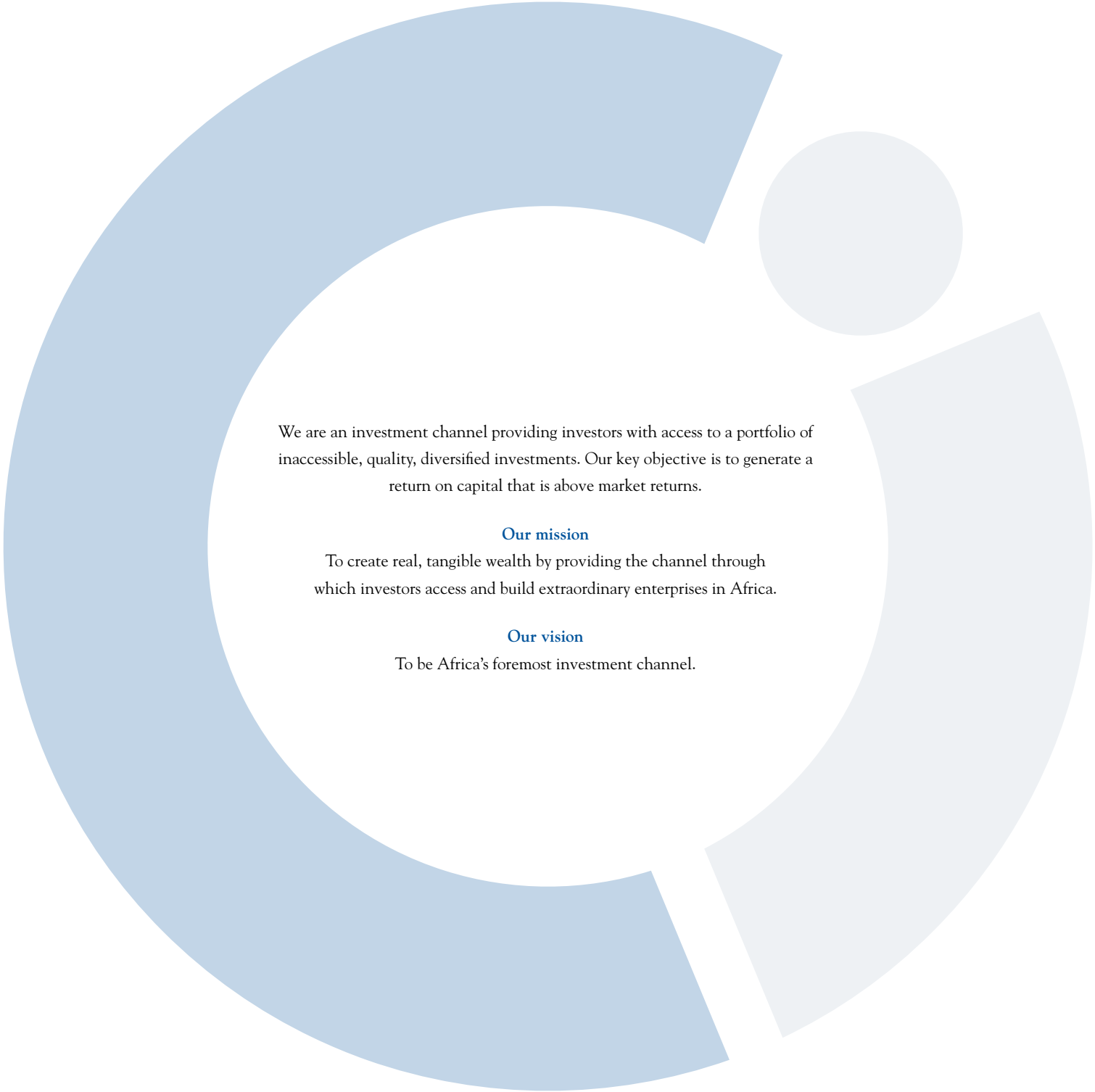




**Centum Investment Company Limited**  
Annual Report & Financial Statements  
fy 08/09



We are an investment channel providing investors with access to a portfolio of inaccessible, quality, diversified investments. Our key objective is to generate a return on capital that is above market returns.

**Our mission**

To create real, tangible wealth by providing the channel through which investors access and build extraordinary enterprises in Africa.

**Our vision**

To be Africa's foremost investment channel.

As at 31 March 2009 your Company's

Number of Shareholders	38,424
Years of existence	42
Assets under management	KSh 6.4 Bn

# Contents

<b>Part 1: Overview</b>	
Notice of the Annual General Meeting	02-07
Board of Directors	08-09
Chairman Statement	10-13
Management Team	14
Chief Executive Officer's Statement	15-22
Highlight of the Private Equity Portfolio	23-24
Risk Management and Internal Controls	25-26
Corporate Governance	27-31

<b>Part 2: Financial Statements</b>	
Corporate Information	33
Board Committee Members	34
Report of the Directors	35
Directors Responsibilities	36
Report of the Auditors	37
Consolidated Income Statement	38
Consolidated Balance Sheet	39
Company Balance Sheet	40
Consolidated Statement of Changes in Equity	41
Company Statement of Changes in Equity	42
Consolidated Cash Flow Statements	43
Notes to the Financial Statements	44-73

<b>Part 3: Information for Shareholders</b>	
Historical Performance	75-76
Equity Portfolio at a glance	77
Financial Highlights	78
Shareholding Information	79
Registrar Services	80
Proxy Form	83
Voting Form	84

# Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 42nd Annual General Meeting of the Company will be held on Friday 17th July 2009 at the Safari Park Hotel Limited, Nairobi at 10.00 a.m. for the following purposes: -

## AGENDA

### 1. Constitution of the Meeting

The Secretary to read the notice convening the meeting and determine if a quorum is present.

### 2. Confirmation of Minutes

To confirm the minutes of the 41st Annual General Meeting held on Wednesday, 14 January 2009.

### 3. Ordinary Business

#### (i) Report of the Auditors and Consolidated Financial Statements for the year ended 31 March 2009:

To receive and consider the Consolidated Financial Statements for the financial year ended 31st March 2009 together with the Directors' and Auditors' report thereon.

#### ii) Remuneration of Directors:

To approve the Boards' remuneration for the year ended 31 March 2009.

#### iii) Election of Directors:

(a) To re-elect Industrial and Commercial Development Corporation (ICDC), a director retiring by rotation, who being eligible, offers itself for re-election.

(b) To re-elect Mr. J. N. Muguiyi, a director retiring by rotation, who being eligible, offers himself for re-election.

#### iv) Appointment and Remuneration of Auditors:

To note that Deloitte & Touche, Auditors of the Company having expressed their willingness to continue in office in accordance with the provisions of section 159(2) of the Companies Act (Cap 486) and to authorize the directors to fix the auditors remuneration.

### 4. Special Business

#### (i) Approval of borrowing;

To consider and if thought fit to pass the following Special Resolution:

"THAT the Directors be and are hereby authorized to borrow up to KSh. 2,000,000,000."

### (ii) Amendment of Articles of Association:

#### a) Borrowing Powers – Article 112

To consider and if thought fit to pass the following Special Resolution, that Article 112 of the Articles of Association of the Company be and is hereby deleted in its entirety and replaced with the following new article in lieu thereof:

"The Board may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue income notes, bonds, debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party."

#### b) Proceedings of the Board – Article 96

To consider and if thought fit to pass the following Special Resolution, that Article 96 of the Articles of Association of the Company be and is hereby amended by inserting the following new sentence at the end of that Article:

"Directors may participate in any meeting of the Board by means of telephone conference or other communication facilities to permit all persons participating in the meeting to hear each other simultaneously and such participation shall constitute a presence at a meeting of the Board as if those participating were present in person."

#### c) Notices – Article 134 to 136D

To consider and if thought fit to pass the following Special Resolutions, that Articles 134, 135 to 136D of the Articles of Association of the Company be and are hereby deleted in their entirety and replaced with the following new articles in lieu thereof:

#### "134. Nature of Notice

Any notice to be given to or by any person pursuant to these Articles (other than a notice calling a meeting of Directors) but including a notice of an Annual General Meeting of the Company shall be in writing and shall be sent in accordance with these Articles and any applicable laws.

#### 135. Service of Notices, Documents and Information

135.1 Subject to these Articles and any applicable laws, the Company may give any notice, send or supply any other document (including a share certificate) or information to any member:

## Notice of the Annual General Meeting

(a) by delivering it to him personally;

(b) by leaving it at or sending it by post in a prepaid envelope to such member at his registered address; or

(c) by sending it by electronic means to an address for the time being notified to the Company by the member (generally or specifically) for that purpose.

135.2 Subject to these Articles and any applicable laws, the Company may give any notice or and or supply any other document or information to any member by making it available on an official Company website or such other website as may be prescribed for such purpose, where:

(a) that member has agreed (generally or specifically) that the document or information may be sent or supplied to him in that manner and has not revoked that agreement;

(b) that member is notified in accordance with Article 135.1 or Article 135.3 of:

i) the fact that the document or information has been made available on the website;

ii) the address of the website; and

iii) the place on the website where the document or information may be accessed and how it may be accessed.

135.3 If at any time, by reason of the suspension or curtailment of postal services within Kenya the Company is unable to give the notification required by Article 135.2 (b) by post, such notification may be given (without prejudice to any other means of giving such notification) by a notice advertised in at least one leading national daily newspaper. Such notification shall be deemed to have been received by all members entitled to receive the same at noon on the day when the advertisement appears or, if more than one advertisement is placed, at noon on the day when the last advertisement appears.

135.4 The provisions of this Article apply, subject to the provisions of any applicable laws, in relation to any notice, document or information referred to in these Articles, including the documents required by section 148(1) of the Act to be laid before the Company in a general meeting whether or not the provisions of the Article(s) in question use the words “give”, “send” or “supply” or uses other words (such as “deliver” or “provide”) to refer to the sending or supplying of a document, notice or information.

135.5 Where a notice or other document or information is:

(a) delivered to a member personally or left at his registered address in Kenya, it shall be deemed to have been received on the day it was so delivered or left;

(b) sent by post to a registered address in Kenya, it shall be deemed to have been received at the expiration of 24 hours (where first class post is used) or 48 hours (where second class post is used) or to an address outside Kenya at the expiration of 96 hours after the time when the envelope containing the same is posted and, in proving such receipt, it shall be sufficient to prove that such envelope was properly addressed, prepaid and posted;

(c) sent or supplied by electronic means, it shall be deemed to be received on the day that it was sent;

(d) made available on a website, it is deemed to have been received when it was first made available on the website, or (if later) on the date on which the notification pursuant to Article 135.2 (b) is received or deemed to be received; and in calculating when a notice or other document or information is deemed to be received, no account shall be taken of any part of a day that is not a working day.

135.6 A member present in person or by proxy at the meeting of the Company or a meeting of the holders of a particular class of shares is deemed to have received notice of the meeting and, where required, of the purposes for which it was called.

135.7 If on two consecutive occasions notices or other documents have been sent by post to any member at his registered address or his address for the service of notices but have been returned undelivered, such member shall not thereafter be entitled to receive notices or other documents or information from the Company until he shall have communicated with the Company and supplied in writing a new registered address or a new postal address for the service of notices and other documents and information as the case may be or an address to which notices and other documents and information may be sent to him using electronic means.

### 136 A. Joint Holders

136 A.1 Any notice, document or information given to that one of the joint holders of a share whose name stands first in the Register in respect of the share shall be sufficient notice to all the joint holders in their capacity as such. For such purpose, a joint holder whose registered address is not within Kenya and who has not given the Company a postal address as his address for the service of notices and other documents and information or an address to which notices and other documents and information may be sent to him using electronic means shall be disregarded. The joint holder to whom, in accordance with this Article, notice may be given such that the notice is sufficient notice to all of the joint holders in their capacity as such shall be called the “First Named Holder”.

## Notice of the Annual General Meeting

136 A.2 In the case of joint holders of a share, the consent or deemed consent (generally or specifically) of the First Named Holder that any notice or other document or information may be sent by the Company to those joint holders in electronic form or by being made available on a website and/or the notification to the company by such First Named Holder of an address for the purposes of receipt of any communications by electronic means shall be effective consent and/or notification (as the case may be) of all joint holders of such share. The First Named Holder may also effectively revoke any such consent and/or notification of address.

### 136 B. Deceased and Bankrupt Members and Transferees

136 B.1 A person entitled to a share by transmission on supplying to the Company such evidence as the Directors may reasonably require to show his title to the share and on supplying also a postal address for the service of notices and other documents and information or an address to which notices and other documents and information may be sent to him using electronic means, shall be entitled to have sent or supplied to him at such address any notice or other document or information to which the member but for his death or bankruptcy would have been entitled. Such sending or supply shall for all purposes be deemed to be sufficient sending or supply of such notice or other document or information on all persons interested (whether jointly with or claiming through or under him) in the share. Until such evidence and address have been supplied, any notice or other document or information may be sent or supplied in any manner in which it might have been sent or supplied if the death or bankruptcy or other event giving rise to the transmission had not occurred.

136 B.2 Every person who becomes entitled to a share by transmission, transfer or otherwise shall be bound by any notice in respect of that share which, before his name is entered in the Register in respect of such share, has been duly served on or delivered to a person from whom he derives his title.

### 136 C. Suspension of Postal Services

Any notice (other than a notice of general meeting) or other document or information required to be given by the Company to members and not expressly provided for by the provisions of these Articles or by the terms of issue of any shares shall be sufficiently given if given by a notice advertised in at least one leading national daily newspaper. Such document or information shall be deemed to have been received by all members entitled to receive the same at noon on the day when the advertisement appears or, if more than

one advertisement is placed, at noon on the day when the last advertisement appears. The holder of a share warrant shall be entitled to receive notices or other documents or information only by advertisement in the manner provided for in this Article 136 C.

### 136 D. Statutory Requirements as To Notices

Nothing in any of the Articles 135 to 136 D shall affect any requirements of any applicable law that any particular offer, notice or other document be served in any particular manner.”

### 4. Any Other Business

a) To consider and, if thought fit, to pass the following Ordinary Resolution:

“That the establishment of Rasimu Limited as a wholly owned subsidiary of the Company, to act as a holding company for purposes of our investment activities, be and is hereby ratified”.

b) The Secretary be directed to file at the Companies Registry the requisite forms and returns dealing with the resolutions set out above.

c) To transact any other business that may legally be transacted at an Annual General Meeting.

### BY ORDER OF THE BOARD

David O. Owino  
Company Secretary

11 May 2009

### PLEASE NOTE:

A member entitled to attend and vote at this meeting is entitled to appoint a proxy who need not be a member of the Company.

# Ilani ya Mkutano Mkuu

ILANI INATOLEWA HAPA KWAMBA Mkutano Mkuu wa Mwaka wa Kampuni utafanyika Ijumaa 17th Julai 2009 katika hoteli ya Safari Park Hotel Limited, Nairobi saa nne asubuhi kwa madhumuni yafuatayo :-

## AJENDA

### 1. Katiba ya Mkutano

Katibu atasoma ilani inayoitisha mkutano na kuamua kama idadi inayostahili imetimia.

### 2. Kuthibitisha Kumbukumbu

Kuthibitisha kumbukumbu za Mkutano Mkuu wa Mwaka wa 41 uliofanyika Jumatano 14 Januari 2009.

### 3. Shughuli za Kawaida

#### (i) Ripoti ya Wakaguzi wa Mahesabu na Taarifa za Fedha Zilizojumuishwa kwa mwaka uliomalizika 31 Machi 2009:

Kupokea na kujadili taarifa za kifedha zilizokaguliwa za mwaka uliomalizika 31 Machi 2009 pamoja na ripoti ya Wakurugenzi na Wakaguzi wa Mahesabu ya Pesa.

#### ii) Malipo ya Wakurugenzi:

Kuidhinisha malipo ya wakurugenzi kwa mwaka uliyomalizika tarehe 31 Machi 2009.

#### iii) Uchaguzi wa Wakurugenzi:

(a) Kuchagua upya Industrial & Commercial Development Corporation (ICDC), mkurugenzi anayestaafu kwa zamu, ambaye kwa vile anaweza anajitolea kuchaguliwa tena.

(b) Kumchagua upya, Bw. J. N. Muguiyi, mkurugenzi anayestaafu kwa zamu ambaye kwa vile anaweza anajitolea kuchaguliwa tena.

#### iv) Uteuzi na Malipo ya Wakaguzi wa Hesabu:

Kufahamishwa kwamba kwa kuwa Deloitte & Touche, wakaguzi wa hesabu, walidhihirisha hiari yao, wataendelea na kazi hio kufuatia kifungu 159(2) cha Sheria za Makampuni (Sehemu 486), vile vile kuidhinisha wakurugenzi kuweka malipo ya wakaguzi wa hesabu.

### 4. Shughuli Maalum

#### (i) Idhini ya Kuomba Fedha;

Kupitisha Pendekezo Maalum lifuatalo:

“KWAMBA Wakurugenzi waruhusiwe na wanaidhinishwa hapa kuomba hadi KSh. 2,000,000,000.”

#### (ii) Marekebisho ya Kifungu cha Sheria za Kiushirika:

##### a) Mamlaka ya Kuomba Fedha- Kifungu cha 112

Kutathmini na kupitisha Pendekezo Maalum lifuatalo, kwamba kifungu cha 112 cha Sheria za Kiushirika cha Kampuni kiondolewe na kinaondolewa hapa jinsi kilivyo na kubadilishwa na kifungu kipya na kwa kuzingatia:

“Halmashauri inaweza kutekeleza mamlaka yote ya Kampuni kuomba ama kuchangisha pesa na kuuza ama kulipisha katika shughuli zake, mali na uwekezaji usiohitajika ama sehemu yoyote ile na kutoa hawala za mapato, bondi, umilikaji na vitegauchumi vingine ama ulinzi wa madeni, hasara ama wajibu wa kampuni au za mashirika zingine.”

##### b) Shughuli za Halmashauri – Kifungu 96

Kutathmini na kupitisha Pendekezo Maalum lifuatalo, kwamba kifungu cha 96 cha Sheria za Kiushirika cha Kampuni kirekebishwe na kinarekebishwa hapa kwa kuweka sentensi mpya mwisho wa kifungu hicho:

“Wakurugenzi wanaweza kushiriki katika mkutano wowote wa Halmashauri kupitia kongamano za simu ama aina nyingine ya mawasiliano ili kutoa nafasi kwa watu wote wanaoshiriki mkutano kusikiza kila mtu na ushirikishi wa aina hiyo utajumuisha kuweko kwa Mkutano wa Halmashauri sawa na kama ambaye wale wanaoshiriki wako hapo binafsi.”

##### c) Ilani – Kifungu cha 134 hadi 136D

Kutathmini na kupitisha Pendekezo Maalum lifuatalo, kwamba Vifungu 134, 135 hadi 136D vya Sheria za Kiushirika za Kampuni viondolewe na vinaondolewa hapa kwa jumla na kubadilishwa na vifungu vifuatavyo kulingana:

#### “134. Hali halisi ya Ilani

Ilani yoyote ya kutolewa kwa ama na mtu yeyote kulingana na vifungu hivi (mbali na ilani ya kuitisha mkutano wa wakurugenzi) itaandikwa na kutumwa kulingana na vifungu hivi na pia sheria zozote zinazoambatana.

#### 135. Namna ya Kutoa Ilani, Nyaraka na Taarifa

135.1 Kufuatia Vifungu hivi ama sheria yoyote inayohusika, Kampuni huenda ikatoa ilani, kutuma ama kusambaza stakabadi yoyote nyingine (ambayo ni pamoja na hati ya hisa) ama habari kwa mwanachama yoyote:

(a) Kwa kuiwasilisha kwake binafsi;

(b) Kwa kuiwacha ama kutuma kwa posta katika bahasha ambayo imelipiwa kwa anwani yake; ama

## Ilani ya Mkutano Mkuu

(c) Kwa kutuma kwa njia za elektroniki kwa anwani ambayo Kampuni itakuwa imefahamishwa na mwanachama (kwa jumla ama maalum) ama kwa madhumuni hayo.

135.2 Kulingana na Vifungu hivi vya sheria zozote zinazohusika, Kampuni huenda ikatoa ilani, kutuma ama kusambaza stakabadhi yoyote nyingine ama habari kwa mwanachama kwa kwa kuiweka kwa mtandao rasmi au mtandao nyingine ambayo umeagizwa kwa nia hiyo, ambapo:

(a) Mwanachama huyo amekubali (kwa jumla ama maalum) kwamba stakabadhi ama habari hizo zinaweza kutumwa ama kusambazwa kwake kwa njia hiyo na hajafutilia mbali mkataba huo;

(b) Kwamba mwanachama amejulishwa kulingana na Kifungu cha 135.1 ama Kifungu cha 135.3:

i) Kuwa stakabadhi ama habari zimewekwa kwa mtandao;

ii) Anwani ya mtandao; na

iii) Sehemu kwa mtandao ambapo stakabadhi ama habari zinaweza kupatikana na jinsi ambavyo zitafikiwa.

135.3 Ikiwa wakati wowote, kwa sababu ya kusimamisha ama kukatiza huduma za posta katika maeneo ya Kenya, Kampuni haitaweza kutoa ilani kama inavyohitajika na Kifungu cha 135.2 ( b) Kupitia posta ilani hiyo huenda bila mighafala yoyote kwa njia yoyote ile ya utoaji taarifa kwa kutangazwa katika moja wapo ya magazeti yanayoongoza. Ilani ya aina hiyo itachukuliwa kupokewa na wanachama wote ambao wanastahili kupokea ilani hiyo saa sita za mchana siku ambapo tangazo linalotokea, ama ikiwa zaidi ya tangazo moja limewekwa saa sita mchana siku ambapo tangazo la mwisho linatokea.

135.4 Sehemu za Kifungu hiki zinatumiwa kulingana na sheria zinazotumiwa, kuhusiana na ilani, stakabadhi ama habari iliyoelezwa katika Vifungu, kuzingatia stakabadhi zinazotakikana na sehemu 148(1) ya Sheria za Kampuni kutajwa katika mkutano mkuu hivi ikiwa sehemu hizo za vifungu vinavyoelezwa zimetumia ama hazijatumia maneno “Peano”, “Tuma” ama “Sambaza” ama kutumia maneno mengine (kama “kufikisha” ama “kutoa”) kumaanisha kutuma ama kusambaza stakabadhi, ilani ama habari.

135.5 Ikiwa ilani ama stakabadhi nyingine ama habari:

(a) Imewasilishwa kwa mwanachama binafsi ama kuwachwa katika anwani yake iliyosajiliwa, itachukuliwa kupokelewa siku iliyopeleka ama kuwachwa;

(b) Kutumwa kwa posta katika anwani yake iliyosajiliwa, itachukuliwa kupokelewa baada ya saa 24 kumalizika (ikiwa huduma za posta za hali ya juu zimetumika) au

baada ya masaa 48 (ikiwa huduma za posta ya kawaida zimetumika) au baaada ya masaa 96 ikiwa imetumwa kwa anwani iloyoye nje ya Kenya wakati ambapo bahasha yenye habari sawa na hizo inatumwa, na kuthibitisha kupokelewa kwake, itatosha kuthibitisha kwamba bahasha hiyo ilikuwa imeandikwa anwani vyema, kulipiwa mapema na kutumwa;

(c) Kutumwa ama kusambazwa kwa njia za elektroniki, itachukuliwa kuwa imepokelewa siku iliyotumwa;

(d) Kuwekwa kwa mtandao, itachukuliwa kwamba imepokelewa wakati ambapo iliwekwa kwa mara ya kwanza katika, ama (ikiwa baadaye) katika tarehe ya kufahamishwa kulingana na Kifungu cha 135.2 (b) inapokelewa ama kukisiwa kwamba imepokelewa; na kuchunguza wakati ambapo ilani ama stakabadhi nyingine ama habari inadhaniwa kupokelewa, hakuna akaunti ambayo itashughulikiwa wakati wowote wa siku ambayo si siku ya kazi.

135.6 Mwanachama ambaye yuko yeye binafsi ama kuwakilishwa na mwanachama wa siri katika mkutano wa Kampuni ama mkutano wa wamiliki wa aina fulani ya hisa wanaodhaniwa kupokea ilani ya mkutano ama, ambapo inahitajika, wanafahamu madhumuni ambayo umeitishwa.

135.7 Ikiwa katika matukio mawili ya kufuatana ilani ama stakabadhi zingine zimetumwa kwa anwani ya mwanachama yeyote kwa anwani yake iliyosajiliwa ama anwani yake ya huduma humu nchini Kenya lakini zimerudishwa kwa kukosa kufika, mwanachama wa aina hiyo, hatawahi tena kupokea ilani ama stakabadhi zingine na habari kutoka kwa Kampuni hadi awasiliane na Kampuni na kuwasilisha kwa kuandika anwani mpya iliyosajiliwa ama anwani mpya ya posta nchini Kenya kwa huduma za kupokea taarifa na ilani, stakabadhi zingine na habari kama inavyofanyika ama anwani ambayo ilani ama stakabadhi na habari zinaweza kutumwa kwa njia za elektroniki.

### 136 A. Washiriki wa Pamoja

136 A.1 Ilani yoyote, stakabadhi ama habari itakayotolewa kwa mmoja wa wamiliki wa pamoja wa hisa ambaye jina lake ndilo la kwanza katika Rejista kulingana na hisa itakuwa ilani tosha kwa wamiliki wote wa pamoja kulingana na nafasi yao. Kwa madhumuni kama hayo, mmiliki wa pamoja ambaye anwani yake iliyosajiliwa haipo humu nchini Kenya na ambaye hajaipatia Kampuni anwani ya Posta iliyopo humu nchini kama anwani ya huduma ya ilani na stakabadhi zingine na habari huenda zikatumiwa kwake kwa njia za elektroniki zitapuuzwa. Mmiliki wa pamoja ambaye kulingana na Kifungu huenda akapatiwa ilani hiyo ambayo itakuwa ilani tosha kwa wamiliki wote wa pamoja kulingana na nafasi yao na atajulikana kama “Mmiliki Aliyetajwa Kwanza.”



## Ilani ya Mkutano Mkuu

136 A.2 Katika suala la wamiliki wa pamoja wa hisa, idhini ama idhini inayodhaniwa (ya jumla ama maalum) ya Mmiliki wa Kwanza ya Jina Aliyetajwa kwamba ilani ama stakabadhi nyingine ama habari huenda ikatumwa na Kampuni kwa wamiliki wa pamoja kwa njia za elektroniki ama kwa kuwekwa kwa mtandao ama / kutolewa kwa ilani kwa kampuni na Mmiliki wa Kwanza wa Jina Lilitajwa kuhusu anwani kwa madhumuni ya kupokea mawasiliano kwa njia za elektroniki itakuwa idhini ya kutosha ama / ilani (kama inavyoweza kuwa) kwa wamiliki wote wa hisa. Mmiliki wa Kwanza wa Jina Lilitajwa anaweza kufutilia mbali idhini yoyote ama/ ilani ya anwani.

### 136 B Wafwa na Wanachama Waliofilisika na Watakaopewa Ridhaa

136 B.1 Mtu anayekubaliwa kupata hisa baada ya kuitumia kampuni ushahidi wa aina hiyo na wakurugenzi watakavyoonyesha huenda akahitajika kuonyesha nafasi yake kwa hisa na baada ya kutoa hayo pia kutoa anwani yake ya posta kwa huduma ya ilani na stakabadhi zingine na habari huenda zikatumwa kwake kwa njia za elektroniki, ataweza kutumiwa ama kusambaziwa kwa anwani hiyo na habari ama stakabadhi nyingine ambayo mwanachama na ambayo inaweza kutumika wakati mwanachama huyo amefariki ama kufilisika. Kutumwa ama kusambazwa kwa madhumuni yote kunaweza kuchukuliwa kama njia mojawapo inayotosheleza kutuma ama kusambaza ilani na habari nyingine kwa watu wote wanaostahili (aidha kwa pamoja ama kudai kwa niaba yake) katika hisa hiyo. Hadi ushahidi huo na anwani zitakapotolewa, ilani ama stakabadhi ama habari huenda zitakatumwa ama kusambazwa kwa njia yoyote ambayo ingetumwa ikiwa kifo kimetoa ama amefilisika ama tukio lolote lingine la uhamisho halijafanyika.

136 B.2 Kila mtu anayekuwa na uwezo wa kupata hisa kwa usambazaji, uhamisho ama sababu nyingine inayokubalika atawajibika na ilani kulingana na hisa hizo, kabla ya jina yake kuingizwa katika Rejista kulingana na hisa hiyo, ikiwa ilani imewasilishwa ama kutolewa kwa mtu ambaye anatoa nafasi yake.

### 136 C. Kuondoa au Kukatiza Huduma za Posta

Ilani yoyote (mbali na ilani ya mkutano mkuu) ama stakabadhi ama habari nyingine zinazohitajika kutolewa na Kampuni kwa wanachama na ambayo haipo katika vitengo vya Vifungu hivi ama kulingana na masharti ya kutolewa kwa hisa zozote zitatolewa vilivyo kupitia kwa ilani itakayotangazwa kwa angalau mojawapo ya magazeti ya kitaifa yanayoongoza. Stakabadhi ama habari hiyo itachukuliwa kupokelewa na wanachama wote wanaostahili kupokea stakabadhi ama habari hizo kufikia saa sita mchana siku ile ambapo tangazo litachapishwa, ama ikiwa zaidi ya tangazo moja litawekwa mchana siku

ambapo tangazo la mwisho litakapotokea. Mmiliki wa hati ya hisa atakuwa na nafasi ya kupokea ilani hizo ama stakabadhi ama habari kwa matangazo pekee kwa njia inayoidhinishwa katika kifungu hiki cha 136 C.

### 136 D. Kanuni za Kisheria kwenye Ilani

Hakuna kitu katika vifungu hivi vya 135 hadi 136 D vitaingilia kati ya mahitaji ya sheria zozote zinazotumika kwamba toleo lolote, ilani ama stakabadhi nyingine itolewe kwa njia maalum.

### 4. Shughuli nyingine zozote

a) Kutathmini na kupitisha pendekezo lifuatalo kama pendekezo la kawaida:

“Kwamba kubuniwa kwa Kampuni ya Rasimu Limited kama kampuni tanzu kwa maazimio ya uwekezaji kama ilivyonunuliwa lipitishwe katika mkutano huu.”

b) Katibu wa kampuni anaagizwa hapa kuwasilisha katika Usajili wa Kampuni fomu za maombi ambazo zinahusika na maamuzi yaliyotajwa hapo juu.

c) Kuendesha shughuli nyingine ambazo huenda zimefanyika kisheria katika Mkutano Mkuu wa Mwaka .

### KWA MAAGIZO YA HALMASHAURI

David O. Owino  
Katibu wa Kampuni

11 Mei 2009

### TAFADHALI ZINGATIA:

Mwanachama anayekubaliwa kuhudhuria na kupiga kura katika mkutano huu anaruhusiwa kuteua muwakilishi wa siri ambaye si lazima awe mwanachama wa kampuni.

## Board of Directors



## Director's Profiles

### 01 Mr. James N. Muguiyi

Mr. Muguiyi was appointed Non-Executive Director and Chairman of the Board in December 2003. He is the Group Managing Director of UAP Holdings Ltd., a leading financial institution in East Africa.

He is also a Non-Executive Director UAP Insurance Ltd., UAP Insurance Uganda Ltd., UAP Properties Ltd., UAP Insurance Sudan Ltd., Mount Kenya Bottlers Ltd. and One Network Ltd.

He is a fellow of the Institute of Certified Public Accountants of Kenya (ICPAK) and an associate member of the Chartered Institute of Management Accountants (CIMA) and the Chartered Institute of Public Finance and Accountancy (CIPFA).

### 04 Mr. Isaac B. Mogaka

Mr. Mogaka was appointed as the alternate Director representing the Industrial and Commercial Development Corporation (ICDC) on the Board in June 2006. He is the Executive Director of ICDC.

He represents ICDC as a non-executive director on the boards of Rift Valley Bottlers Ltd., Mount Kenya Bottlers Ltd., Kisii Bottlers Ltd., Aon Minet Insurance Brokers Ltd., Development Bank of Kenya Ltd., General Motors East Africa Ltd., KWA Holdings Ltd., and Kenya Industrial Estates among others.

He is an advocate of the High Court of Kenya. He is a member of the Law Society of Kenya, Chartered Institute of Arbitrators and Institute of Certified Public Secretaries of Kenya (ICPSK).

### 07 Mr. Henry C. Njoroge

Mr. Njoroge was appointed Non Executive Director in October 2005. He is the Managing Director of OpenView Business Systems, a leading ICT solutions provider operating in Eastern Africa and part of Access Kenya group. He previously worked at UUNET Kenya as the Managing Director and before then at Telcorp and Fintech Kenya both as General Manager.

He is a non-executive director of X&R technologies, the sole authorised distributor of Xerox in Kenya and Global Equity Ventures.

### 02 James M. Mworia

Mr. Mworia was appointed Managing Director and Chief Executive Officer in October 2008. Prior to his appointment he was the Head of Investments at TransCentury Ltd.

He represents Centum as a non executive director on the Boards of UAP Holdings Ltd., Mount Kenya Bottlers Ltd., Rift Valley Bottlers Ltd., Kisii Bottlers Ltd. and KWA Holdings Ltd.

Mr. Mworia is an advocate of the High Court of Kenya. He is also a member of the CFA Institute, Institute of Certified Public Accountants of Kenya (ICPAK) and The Chartered Institute of Management Accountants (CIMA).

### 05 Mrs. Margaret M. Byama

Mrs. Byama was appointed to the Board in January 2009 as the alternate to the PS Ministry of Trade. She is the Chief Finance Officer in the Ministry of Trade.

She is the Chairperson of the Wildlife Clubs of Kenya and was the immediate former Chief Executive Officer of the National Humanitarian Fund for IDPs.

Mrs. Byama has over 21 years experience in Public financial management.

### 08 Mr. Imtiaz Khan

Mr. Khan was appointed Non-Executive Director in November 2008. He is a founding director of Cassia Capital Partners Ltd., an enterprise that focuses on corporate finance advisory and private equity investment opportunities in East Africa.

He is an Executive Director of Cassia Capital Partners and a member of Eastern Africa Association.

### 03 Mr. Christopher J. Kirubi

Mr. Kirubi was appointed Non-Executive Director in December 1997 and served as Chairman of the Board from 1998 to 2003. Mr. Kirubi is a well-known Kenyan industrialist.

He is Chairman of the Boards of DHL World Wide Express Ltd., Haco Industries Ltd., Kiruma International Ltd., International House Ltd., Nairobi Bottlers Ltd., Sandvik East Africa Ltd. and Capital FM. He is a non-executive director of Bayer East Africa Ltd., UAP Holdings Ltd. and Beverage Services of Kenya Ltd.

### 06 Mrs. Pauline M. Muriuki

Mrs. Muriuki was appointed Non-Executive Director in October 2005. She is the Chief Executive Officer of Smart Applications International (K) Ltd, an ICT company with the exclusive rights to initiate implementation of the first biometrically controlled smart card technology in the management of fraud in various sectors of the economy. Previously, she was the Marketing Director at Unilever Kenya Ltd.

She is a non-executive director of E-Soft International Ltd and Linepal Holdings Ltd.

### 09 Mr. Robert K. Bunyi

Mr. Bunyi was appointed Non-Executive Director in January 2009. He is the Managing Director of Mavuno Capital Ltd., a personal investment advisory business. Mr. Bunyi has a solid background in investment and financial analysis, with a strong emphasis in listed shares in sub Sahara Africa.

## Chairman's Statement



*“That your Company continued to generate profits and managed to control the decline in Net Asset Value per share better than the market as a whole is a demonstration of the diversification and resilience of your Company’s investment portfolio.”*

### Dear Shareholder,

I am pleased to present to you the Annual Report and Financial Statements of Centum Investment Company Limited (Centum) for the financial year ended March 31, 2009

### Performance

The financial period ended 31 March 2009 was a challenging year with great uncertainty at a global and domestic level. We witnessed the sad events of the post election violence at the beginning of the year. The effects of the global economic slump, which began to be felt locally, further dampened the business climate.

Against this backdrop, there was a deterioration of key economic fundamentals on the domestic front:

- Overall average inflation rose to an all time high of 26%;
- Economic growth slowed down from 7% in 2007 to 1.7% in 2008; and
- The NSE 20 share index adjusted for dividends came down 40%.

Centum’s own performance was also affected by the 84% write down of the carrying value of our investment in Rift Valley Railways (Pty) Limited. Overall, in the year to March 31, 2009, our Net Asset Value per share came down 22% against the 40% decline on the NSE while Profits After Tax declined by 64% to Kshs 313 Million.

That your Company continued to generate profits and managed to control the decline in Net Asset Value per share better than the market as a whole is a demonstration of the diversification and resilience of your Company’s investment portfolio.

While I expect continuing challenges in the operating environment, it is my view that your Company has entered this difficult period well positioned to not only weather the turbulence but to take advantage of the opportunities that will be created and is well placed to make investments that will create tangible wealth.

Centum’s strengths originate from its healthy and diversified portfolio, strong balance sheet and its focused investment management approach.

Looking forward, the current gloomy economic conditions have created a window of opportunity for your Company to increase its investment activity and expand its geographical footprint to other parts of Africa. The combination of your Company’s strengths and the opportunities available make it a secure investment channel that will allow you to access a diversified portfolio of assets.

To finance our investment program we are in the process of raising a long-term bond from the capital markets. This will provide your Company with competitively priced long-term capital that will enable it to increase its investment activity. Your Board also made a decision not to recommend the payment of a dividend so as to take maximum advantage of the investment opportunities available and to reinvest the internally generated funds to create real tangible wealth in to the future.

### Strategy

Your Board and Management recently concluded a detailed review of the business and has developed a strategy for 2009 – 2014 period that we believe will steer your Company to be Africa’s foremost investment channel.

We also clarified our business model, which is providing a diversified, focused and secure investment channel that creates real wealth and builds extraordinary enterprises.

### Our strategic objectives are:

- To scale up assets under management.
- To achieve return on shareholder funds, that is consistently above market returns. Over the last strategy period we beat our benchmark index, the NSE 20 share index, and we intend to sustain and improve on that track record.
- To maintain total costs at below 2.5% of assets under management.
- To increase the geographical footprint of your company to the rest of Africa.

## Chairman's Statement



*“Your Company has entered this difficult period well positioned to not only weather the turbulence but to take advantage of the opportunities that will be created and is well placed to make investments that will create tangible wealth.”*

We are confident that the Management team we have in place supported by the Board will execute this strategy, and that within the next five years we will be well on our way to realizing our vision of becoming Africa's foremost investment channel while providing investors with an opportunity to invest in and build extraordinary enterprises.

### Board and Management Changes

In the year to March 31 2009, there were Board and Management changes that we discussed during the last Annual General Meeting (AGM).

Other changes on the Board during the year were the election of Mr. Robert K. Bunyi as an independent non-executive director at the last AGM held on 14 January 2009 replacing Mr. Kibuga K. Kariithi. Mr. Bunyi is the Managing Director of Mavuno Capital Limited, a personal investment advisory business seeking to help investors invest wisely in Kenya. Mr. Bunyi has a solid background in investment and financial analysis, with a strong emphasis in listed equities in sub Sahara Africa.

To support our Strategic Plan we have recruited Mr. Edwin H. Dande who joins Senior Management. Mr. Dande has joined Centum from Bank of America Merrill Lynch in New York where he was Vice President Financial Institutions Group; he has a wealth of experience in corporate finance and in managing business development process across various products. We strongly believe that the new members will make a strong contribution to the execution of our strategy.

### Strengthening of Internal Controls

To strengthen internal controls and improve risk governance your Board has appointed KPMG as the Company's internal auditors. This will help the Board exercise better oversight of the internal control environment within the Company.

### Dividend

Any sound business is based on the principle of buying low and selling high. The current environment has created an opportunity to buy low and your Board has made a decision not to recommend a dividend this year to enable

the Company take advantage of this opportunity. Your Company's recent 23% equity investment in Carbacid Investments Limited is an example of the sort of investments your Company will be making in the future.

The Board is confident that its decision to scale up investment activity in this times is in the best interest of shareholders and will position the Company very well once the economic turnaround occurs.

### Appreciation

I would like record my sincere gratitude to you shareholders for the support you have continued to provide your Company. I would also like to recognize the contribution of the Boards and Management of the companies we have invested in, without whom we would not have a business. Finally I would like to appreciate the contribution and efforts of the Centum Board and Management throughout the year and urge them to redouble their efforts in the coming year.

God bless you all.

**James N. Muguviyi**  
Chairman

## Taarifa ya Mwenyekiti



### Mwenyehisa Mpendwa,

Nina furaha kuwasilisha kwako Ripoti ya Mwisho wa Mwaka na Taarifa za Kifedha za kampuni ya Centum Investment Company Limited (Centum) kwa mwaka wa fedha uliomalizikia Machi 31, 2009.

### Matokeo

Mwaka wa fedha uliomalizikia Machi 31, 2009 ulikuwa mwaka wenye changamoto na sintofahamu nyingi katika ngazi za humu nchini nahali kadhalika kimataifa. Katika mwanzo wa mwaka tulishuhudia matukio ya kuhuzunisha sana ya ghasia za baada ya uchaguzi. Athari za kudorora kwa uchumi ulimwenguni ambazo zilianza kipindi hicho pia zilishuhudiwa nchini, kwani ziliharibu zaidi mazingira ya kiuchumi.

Kufuatia hali hii, masuala muhimu ya uchumi nchini yaliathiriwa pakubwa:

- Jumla ya kiwango cha wastani cha mfumuko wa kiuchumi kupanda hadi asilimia 26%;
- Ukuaji wa uchumi ulipunguza kasi yake kutoka asilimia 7% mnamo 2007 hadi asilimia 1.7% katika mwaka wa 2008;
- Kiwango cha vipimo 20 vya hisa za Kampuni ya Soko la Hisa la Nairobi (NSE) zilibadilisha mgawo wa hisa 20 na kushuka hadi asilimia 40%.

Nayo matokeo ya Centum yaliathiriwa na kupungua kwa thamani ya uchukuzi wa uwekezaji katika kampuni ya Rift Valley Railways (Pty) Limited kwa asilimia 84%. Kwa jumla, katika mwaka huo hadi Machi 31, 2009, thamani ya hisa yetu ilishuka kwa asilimia 22% dhidi ya upungufu wa asilimia 40% katika Soko la Hisa Nairobi, ilhali faida baada ya ushuru ilipungua kwa asilimia 64% hadi shilingi Milioni 313.

Hata hivyo, Kampuni yako iliendelea kutengeza faida na kufanikiwa kuzuia upungufu wa Thamani Kamilifu (Net Asset Value) kwa hisa basi kufanya vyema kushinda soko kwa jumla ni dhahirisho la jinsi kampuni ilivyopanuka na uthibiti wake katika nyanja za uwekezaji.

Huku nikitara jia changamoto hizi kuendelea katika mazingira ya kazi, ni maono yangu kwamba Kampuni yako imeingia katika kipindi hiki kigumu ikiwa imejiandaa vyema sio tu

*“Hata hivyo, Kampuni yako iliendelea kutengeza faida na kufanikiwa kuzuia upungufu wa Thamani Kamilifu (Net Asset Value) kwa hisa basi kufanya vyema kushinda soko kwa jumla ni dhahirisho la jinsi kampuni ilivyopanuka na uthibiti wake katika nyanja za uwekezaji.”*

kukabiliana na hali hiyo bali pia kutumia nafasi ambazo zitazojitokeza na zinazofaa kuwekeza na ambazo zitabuni mali.

Kampuni ya Centum inapata nguvu yake kupitia rasilimali yake tofauti tofauti na vitabu vya mahesabu ya pesa pamoja na mwelekeo wake katika usimamizi wa uwekezaji.

Tukitazama mbele, hali mbaya ya uchumi imeunda nafasi ya kampuni yako kuongeza shughuli zake za uwekezaji na kupanua kuwoko kwake katika sehemu nyingine za Afrika. Uwezo wa Kampuni yako na nafasi zilizopo inaifanya kuwa chombo salama cha uwekezaji ambacho kitakuruhusu kufikia orodha pana ya mali.

Ili kufadhili vyema mipango yetu ya uwekezaji kwenye biashara zetu, tuko katika harakati ya kuchangisha fedha katika masoko ya kifedha. Hatua hii itapatia kampuni yako mtaji wa muda mrefu ambao utaongeza shughuli zake za uwekezaji.

Halmashauri yako pia ilifanya uamuzi wa kutopendekeza malipo ya mgawo ili kuchukua nafasi zote za uwekezaji zilizopo na kuwekeza upya pesa zinazopatikana ndani ili kuunda mali thabiti katika siku za usoni.

### Mpango Kabambe

Halmashauri yako na Wasimamizi hivi majuzi walikamilisha shughuli ya kuangalia upya biashara na kuunda mikakati ya 2009-2014 ambayo tunaamini itapeleka mbele kampuni yako kuwa chombo kikuu cha uwekezaji Afrika.

Pia tulibainisha mbinu yetu ya biashara ambayo inatoa mwelekeo mpana, wenye msimamo na chombo salama cha uwekezaji ambacho kinaunda mali ya kweli na kujenga biashara zisizo za kawaida.

### Malengo yetu kabambe ni:

- Kuongeza rasilimali chini ya usimamizi.
- Kupata faida nzuri kutoka kwa hazina ya wenyehisa, inayozidi mapato yetu kila wakati. Katika kipindi kilichopita cha mikakati, tulipitisha kiwango kilichokuwa kimewekwa cha mfuwo wa hisa 20 za Soko la Hisa la Nairobi, na tuna nia ya kuboresha hali hiyo.

## Taarifa ya Mwenyekiti



*“Tukitazama mbele, hali mbaya ya uchumi imeunda nafasi ya kampuni yako kuongeza shughuli zake za uwekezaji na kupanua kuweco kwake katika sehemu nyingine za Afrika.”*

- Kudumisha gharama za usimamizi kuwa chini ya asilimia 2.5% ya mali chini ya usimamizi.
- Kuongeza maeneo ya uwekezaji ya kampuni yetu katika sehemu nyingine za bara la Afrika.

Tuna imani kwamba kundi la Wasimamizi ambao tuko nao na wakiungwa mkono na halmashauri watatekeleza mpango huu, na kwamba katika miaka mitano ijayo tutakuwa tunaalekea kutimiza ndoto yetu ya kuwa chombo maalum cha uwekezaji Afrika pamoja na kuwapatia wawekezaji nafasi ya kuwekeza na kujenga biashara zisizo za kawaida.

### Mabadiliko ya Halmashauri na Wasimamizi

Katika mwaka huo hadi Machi 31 2009, kulikuwa na mabadiliko ya Halmashauri na Wasimamizi ambayo yalijadiliwa katika Mkutano Mkuu wa Mwisho wa Mwaka (AGM).

Mabadiliko mengine kwa Halmashauri katika mwaka huo yalikuwa uchaguzi wa Bw. Robert K. Bunyi kama mkurugenzi huru asiye na mamlaka katika mkutano mkuu wa mwisho wa mwaka (AGM) uliyofanyika Januari 14 2009 na kuchukua nafasi ya Bw. Kibuga K. Kariithi. Bw. Bunyi ni Mkurugenzi wa Mavuno Capital Limited, biashara ya ushauri wa uwekezaji wa kibinafsi ambayo inalenga kuwashauri wawekezaji kuwekeza kwa busara humu nchini Kenya. Bw. Bunyi ana ufahamu mzuri wa uwekezaji na tathmini ya masuala ya kifedha na sikitizo lake kuu ni kwa kampuni hii iwe miongoni mwa zile kampuni zilizo orodheshwa kwenye soko la hisa barani Afrika.

Ili kusaidia Mpango wetu Maalum, tumemujiri Bw. Edwin H. Dande ambaye anajiunga na Usimamizi wa Ngazi za Juu. Bw. Dande amejiunga na Centum kutoka Bank of America, New York ambapo alikuwa Makamu wa Rais wa Asasi za Kifedha za (Financial Institutions Group); Pia ana ujuzi mwingi katika usimamizi wa fedha za kiushirika na kusimamia harakati za kukuza biashara katika bidhaa tofauti. Tunaamini kwa dhati kwamba wanachama wapya watafanya mchango mkubwa katika utekelezaji wa mipango yetu.

### Kuboresha Usimamizi

Kuboresha vithibiti vya ndani na kuimarisha usimamizi wa hatari, Halmashauri yako imeteua KPMG kama wakaguzi

wa ndani wa Kampuni. Hii itasaidia Halmashauri kuelewa vyema mazingira ya vithibiti vya Kifedha vya ndani katika kampuni.

### Mgawo

Biashara yoyote inayofaa huwa na msingi wa kununua kwa bei ya chini na kuuza kwa bei ya juu. Mazingira yaliyopo sasa yameunda nafasi ya kununua kwa bei ya chini na hivyo basi Halmashauri yako imefanya maamuzi ya kutopendekeza mgawo mwaka huu ili kuwezesha kampuni hii itumie nafasi hii vilivyvo. Uwekezaji wa kampuni yako kwa asilimia 23% hivi majuzi kwa kampuni ya Carbacid Investments Limited ni mfano wa aina yake ya uwekezaji ambao kampuni yako itafanya katika siku zijazo.

Halmashauri yako ina imani kwamba uamuzi wake wa kuongeza shughuli za uwekezaji katika kipindi hiki ni uamuzi mzuri na itaiweka Kampuni hii katika nafasi nzuri uchumi utakapoboreka.

### Shukrani

Ningependa kutoa shukrani zangu za dhati kwenu nyinyi wenyehisa kwa usaidizi ambao mumeendelea kuipatia kampuni yenu. Pia ningependa kutambua mchango wa Halmashauri na Wasimamizi wa kampuni ambazo tumewekeza pamoja kwani bila ushirika wao hatungekuwa na biashara kama ilivyo sasa. Mwisho kabisa, ningependa kushukuru mchango na juhudi za Halmashauri ya Centum na Wasimamizi katika mwaka wote na kuwashauri waongeze juhudi zao mara dufu.

Mungu awabariki nyote.

**James N. Muguiyi**  
Mwenyekiti

## Management Team



01

**01 James M. Mworia**  
Managing Director

- James is responsible for the overall stewardship of the company. Prior to his appointment as Managing Director of Centum, he was the head of Investments at TransCentury Ltd. Prior to that, he served as the Investment Manager at Centum.
- Mr. Mworia is a CFA Charter Holder and an advocate of the High Court of Kenya. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and Chartered Institute of Management Accountants (CIMA).



02

**02 David O. Owino**  
Investment Manager & Company Secretary

- David is Centum's Investment Manager & Company Secretary and is responsible for managing the company's investment portfolio and advising the Board on corporate secretarial and governance matters. He was previously the company's Finance manager.
- Mr. Owino is a member of Institute of Certified Public Accountants of Kenya (ICPAK), the Institute of Certified Public Secretaries of Kenya (ICPSK) and the Institute of Directors (IOD).
- He holds a Bachelor of Science Degree in Business Administration (Finance & Accounting) from the United States International University-Africa (USIU-A).



03

**03 Risper A. Mukoto**  
Finance and Human Resource Manager

- Risper is Centum's Finance & Human Resources Manager. She served as the Company's Financial Accountant prior to her appointment to this position.
- Mrs. Mukoto is a member of Institute of Certified Public Accountants (ICPAK) and Association of Certified Chartered Accountants (ACCA).
- She holds a Bachelor of Arts Degree in Business Management from Moi University as well as an MBA from the United States International University-Africa (USIU-A).



04

**04 Edwin H. Dande**  
Business Development Manager

- Edwin is Centum's Business Development Manager and is responsible for the overall management of the investment transaction process and capital raising initiatives. Prior to his appointment he served as the Vice President, Financial Institutions at Bank of America Merrill Lynch in New York.
- Mr. Dande is a member of New Jersey Society of Certified Public Accountants.
- He holds a Bachelor of Science Degree in Accounting from Monmouth University, as well as an MBA in Finance from the Wharton School, University of Pennsylvania.



## Chief Executive's Statement



*"It is our belief that this is a winning investment strategy because as the economies of Africa continue to grow domestic demand will grow as buying power increases."*

Dear Shareholder,

### Performance Analyses

Your Company's financial performance for the financial period ended 31 March 2009 was heavily influenced by developments in the capital markets and the weakening of economic fundamentals locally and globally.

This notwithstanding your Company outperformed the NSE 20 Share Index by 18%. This performance maintains the trend over the last 5 years where your Company has consistently outperformed the general market.

The Net Asset Value per share, which is an important measure of shareholder return, declined by 22% in the period compared to a 40% decline of the NSE 20 share index.

The table below illustrates Centum's book value performance compared to the NSE index since 2005.

Year	Annual Percentage Change		
	Per Share Net Asset Value of Centum incl. Dividends	NSE Index with Dividends included	Relative Performance
2009	-22%	-40%	18%
2008	0%	-5%	5%
2007	39%	21%	18%
2006	37%	8%	29%
2005	62%	49%	13%

Profit after tax declined by 64% from Kshs 868 Million to Kshs 313 Million. One of the main factors contributing to this decline was a Kshs 271 Million write-down in the carrying value of the Company's investment in Rift Valley Railways (Pty) Limited (RVR) and a decline in realized capital gains.

The write down in the carrying value of RVR was in reflection of the recapitalization terms of the anticipated second financing round in RVR. The Governments of Kenya and Uganda and the shareholders of RVR are committed to make the company a success. However, to comply with International Financial Reporting Standards we are required to carry our investment in RVR at the current fair value hence the decision to write down the carrying value by 84%. We are of the opinion that the performance of RVR

will improve with the entry of a tested technical partner and the new equity investment of over USD 50 Million.

The NSE 20 share index adjusted for dividends came down 40% in the 12 months to March 31, 2009. The 40% decline in prices in our view overcompensated for the deterioration in economic conditions over the period. We therefore took the view that the market was a buyers market and limited our selling activity even though we had scope to sell shares and realize gains to the tune of Kshs 831 Million.

Our share of associate company profits came down 6%. However, the performance of our associate companies at a sector level was mixed. The profitability of our associate companies in the beverage sectors grew 34%. This was an impressive performance especially given the challenges that they faced with a very high inflation level that eroded consumer purchasing power, the post election violence and the slowdown in economic growth.

The profitability of our portfolio companies in the financial services sector declined by 46%. This decline was largely driven by the fall in prices on the NSE.

Total operating expenses were 1.6% of portfolio value, which is lower than our target of 2.5%.

### Portfolio Review

The equity investment portfolio of your Company is invested 64% in private equity, 36% in listed securities. For a sector perspective kindly refer to page 77 and 78.

The enterprises that your Company has invested in primarily serve the domestic market within East Africa and they produce basic goods and services that are required by the population.

It is our belief that this is a winning investment strategy because as the economies of Africa continue to grow domestic demand will grow as buying power increases. The growth in demand in goods and services will need to be satisfied by local enterprises and Centum will continue to make investments in companies playing in this space with a view to creating real tangible wealth and building extraordinary enterprises. Within the financial sector your

## Chief Executive's Statement

*“Our focus as management is to continue to seek attractive opportunities to add onto the portfolio and to work with our partners in the portfolio companies to develop them into extraordinary enterprises.”*



Company has holdings in Aon Minet Insurance Brokers, UAP Holdings and Kenya Commercial Bank. These three companies are market leaders in their respective markets and are poised to experience good growth in the future.

In the beverage sector, your company has holdings in Kenya Wine Agencies, Mount Kenya Bottlers, Nairobi Bottlers, Rift Valley Bottlers, Kisii Bottlers and East African Breweries. These companies are well known Kenyan companies, that are in some cases the largest employers in their regions and which produce products that have significant brand equity.

Your Company is also an investor in General Motors East Africa (GMEA), which is accounted for under the automotive sector. This is an independent company in which General Motors Corporation is one of the shareholders. GMEA commands a 20% market share of the new motor vehicle market in Kenya and is well known for the Isuzu range of buses, trucks and pickups, Chevrolet passenger cars and the Hummer. Last year GMEA recorded its best financial performance over the last five years.

Your Company made an investment in Longhorn Publishers, which gives it exposure to the fast growing education-publishing sector.

In May 2009, your Company acquired a 23% equity stake in Carbacid Investments Limited (Carbacid) to become the second largest shareholder of the Company. Carbacid is in the business of mining Carbon dioxide and selling liquid carbon dioxide, dry ice and wet ice. This acquisition fits very well with our strategy of investing in companies that fulfill domestic consumer demand. Carbon dioxides current principle application in this market is as a preservative in the food and beverage industry, which remains a growth sector. Other potential applications of carbon dioxide are in the oil and gas sector, in the plastic business and in health care and safety. From a performance perspective Carbacid has strong fundamentals, sales increased by 43% in the first half of their year ended January 2009, with the net profit margin in excess of 36%.

Our focus as management is to continue to seek attractive opportunities to add onto the portfolio and to work with our partners in the portfolio companies to develop them into extraordinary enterprises.

It is our view that the current economic crisis has created an attractive investment environment. This view is underpinned by the following factors:

- (a) The price of assets across most asset classes and in almost all major African markets has come down significantly;
- (b) Market sentiment is low and this has reduced competition for assets, and
- (c) Many foreign investors have either exited or scaled back their investment activity in Africa further reducing competition and prices.

Your Company is competitively placed to take advantage of this window of opportunity because:

- (a) It has a permanent capital base with a portfolio generating consistent cash flows;
- (b) Your Company's portfolio companies, with their focus on serving domestic demand and their strong, in most cases market leading positions, are relatively less exposed to the global crises;
- (c) Your Company has the flexibility to invest in diversified assets across all geographies; and
- (d) Your Company has a solid track record in making and managing investments.

Against this backdrop the Board and Management developed a five-year strategy for the 2009- 2014 period with a vision to make your company Africa's foremost investment channel. To achieve that vision and position Centum as a channel that creates real wealth for investors, our strategic objectives are:

1. To scale up assets under management;
2. To consistently deliver market beating return to our shareholders;
3. To maintain the total costs at below 2.5% of assets under management each year;
4. To increase the geographical footprint of your company to the rest of Africa.

To support the attainment of these strategic objectives we will be implementing the following initiatives over the strategy period:

## Chief Executive's Statement

*"It is our view that the current economic crises has created an attractive investment environment."*



### i. Scaling up assets under management.

The ongoing global economic turbulence has created unprecedented investment opportunities. We intend to take advantage of this window of opportunity to scale up our investment activity and increase assets under management. We have historically relied on your shareholder capital as our main source of funding. We now intend to scale up assets under management by:

- (a) The prudent employment of long-term debt. To this end we plan to raise approximately Kshs 2 Billion by the issue of a long-term bond in 2009;
- (b) Raising and managing third party funds and
- (c) Ploughing back our earnings into investments instead of paying out dividends over the strategy period so as to take maximum advantage of the current attractive acquisition opportunities for as long as they prevail.

### ii. Focused management of assets.

We have recently reorganized our businesses into three segments – private equity, quoted private equity and real estate in order to enable a more focused management of our business.

The private equity business line will focus on acquiring controlling and minority positions in unlisted companies.

The quoted private equity business line will concentrate on taking influential positions in listed companies and employing private equity techniques to create value.

Finally, our real estate business line will seek to build a diversified portfolio of real estate assets.

The target asset allocation between these asset classes is 60%-70% private equity; 20%-30% quoted private equity and 0%-15% in real estate.

We are in the process of reorganizing the management structure to enable dedicated focus on these business lines. This will enable us to plan and manage our performance along specific and distinct business lines

and allow us to build track records along our business lines that will facilitate the raising of third party funds.

### iii. Geographical diversification:

In line with our vision to be Africa's foremost investment channel we plan to diversify into other African countries. However, given the diversity of African countries our priority will be on establishing a footprint in East Africa first and then building networks that will allow us to expand to both Southern and West Africa.

### iv. Active Portfolio management.

We have in the past taken minority positions and assumed a largely buy and hold investment philosophy. We intend to be more active owners of our assets with a more robust engagement with the management of portfolio companies to create value. We are currently rationalizing our investment portfolio with the goal of strengthening our positions and developing value creation strategies for the investments that we like and developing exit plans for investments that no longer fit our business model.

### v. Strengthen internal process and capacity.

In order to provide our investors with above average return and high quality services, we strive to continuously invest in our people and how they work together, and are enhancing our technology, financial reporting and compliance.

### vi. Proactive brand development:

To position Centum as Africa's foremost investment channel it is important that Centum consistently delivers to the promise made to its customers. We are therefore aligning our internal processes, people, communication and identity to our brand.

### Corporate Social Responsibility (CSR)

In addition to fulfilling our primary roles, Management devotes time to activities that foster education and entrepreneurship in the community. The main initiatives we

## Chief Executive's Statement

*"We will aim to deliver market-beating returns and we believe that the profitability of your Company will improve."*



supported during the year were the Little Rock Educational Centre (Little Rock), Eastlands College of Technology and The Smart Youth Investment Challenge.

Little Rock is a community based organization with various programmes that are tailored to meet the needs of the children aged between 2 and 15. Your Company in partnership with our associate company Longhorn Publishers supported the expansion of the Little Rock library through contribution of books. This initiative has been beneficial to the current Little Rock students as well as alumni who come back to enjoy the range of school books and facilities offered in the after school program.

We also sponsored 22 students at The Eastlands College of Technology who acquired 150 hours of training in business management and computer skills to enable them grow sustainable enterprises.

The Smart Youth Challenge is an investment challenge based on a direct simulation of the activities at the Nairobi Stock Exchange. The participants maintained virtual listed securities portfolio whose performance was evaluated. In addition to co-sponsoring the challenge, we mentored the youth and provided advice on how to go about making investment decisions. The participants noted that they benefited from the experience and would be able to make informed investment decisions.

### The Coming Year

2009/2010 financial year will be a challenging and busy year for your Company. We will aim to deliver market-beating returns and we believe that the profitability of your Company will improve. Some of the key initiatives in the 2009/2010 financial period will be:

1. *Increased investment activity:* Your Company has already made one significant investment in the new financial year and we will continue with the same momentum.
2. *Capital raising:* To support our investment program your Company will raise a Kshs 2 Billion bond within this financial year. This bond will provide your Company with competitively priced long-term capital to invest, now that prices are low.

3. *Management reorganization:* We will reorganize the management structure to be better aligned with our business activity.

I am confident that my team supported by our able Board of Directors and you shareholders will deliver against this strategy and we will in a few years be proud to have built Africa's foremost investment channel.

**James M. Mworira**  
Chief Executive Officer

## Taarifa ya Mkurugenzi Mkuu



*“Imani yetu ni kwamba mpango huu wa uwekezeji ni wenye kuvutia ushindi kwa sababu chumi za Afrika zinapoendelea kukua mahitaji ya nyumbani nayo yatakuwa uwezo wa kununua ukiendelea kuongezeka.”*

### Mwenyehisa Mpendwa,

#### Uchanganuzi wa Matokeo

Matokeo ya Kampuni Yako kwa kipindi cha fedha kilichomalizikia Machi 31 2009 yalichangiwa kwa kiasi kikubwa na yaliyotokea katika masoko ya hisa na kudhoofika kwa misingi ya kiuchumi humu nchini na kimataifa.

Hata hivyo, Kampuni Yako ilifanya vyema sana katika viwango vya hisa vya NSE 20 Share Index kwa asilimia 18%. Matokeo haya yanaendeleza mkondo wa zaidi ya miaka mitano iliyopita ambapo kampuni yako iliendelea kufanya vyema zaidi kushinda soko kwa jumla.

Thamani kamili ya rasilimali kwa kila hisa (Net Asset Value per share), ambayo ni kipimo muhimu kwa mapato ya mwenyehisa, ilipungua kwa asilimia 22% katika kipindi hicho kikilinganishwa na upungufu wa asilimia 40% ya viwango vya hisa vya NSE 20 share index.

Jedwali lililopo hapo chini linaonyesha thamani ya matokeo ya Centum ikilinganishwa na viwango vya hisa vya NSE index tokea 2005.

Mabadiliko ya Asilimia ya Mwaka			
Mwaka	Thamani Kamili ya rasilimali Centum Kwa kila hisa pamoja na mgawo	Viwango vya Soko la Hisa la Nairobi na vikiwa mgawo	Matokeo ya wastani
2009	-22%	-40%	18%
2008	0%	-5%	5%
2007	39%	21%	18%
2006	37%	8%	29%
2005	62%	49%	13%

Faida baada ya ushuru ilipungua kwa asilimia 64% kutoka shilingi Milioni 868 hadi shilingi Milioni 313. Mojawapo ya sababu lililochangia kupungua huku ni kudorora kwa shilingi Milioni 271 kwenye thamani ya uchukuzi ya shirika la reli la Rift Valley Railways (Pty) Limited (RVR) na kupungua kwa mapato yatakayo kuwa uuzaji wa rasilimali.

Upungufu huo wa thamani ya RVR uliotokana na kupimisha thamani ya rasilimali uliyo wekezwa katika kampuni hiyo na thamani mpya iliyotumiwa ambayo ni ndogo na ni ishara ya thamani ya kampuni hiyo. Serikali za Kenya na Uganda na wenyehisa wa RVR wamejitolea kuhakikisha kwamba RVR itafulu. Hata hivyo, kuweza kutimiza viwango vya ubora

vya kuripoti vya kimataifa International Financial Reporting Standards tunahitajika kufanya uwekezaji wetu katika RVR kulingana na thamani ya sasa na ndio sababu ya uamuzi wa kupungua kwa thamani ya uchukuzi kwa asilimia 84%. Kwa maoni yetu tunaona matokeo ya RVR yataimarika baada ya mshirika mpya wa kiufundi kujiunga nayo na pia uwekezaji mpya wa pesa wa zaidi ya Dola Milioni 50 za Marekani.

Viwango vya hisa vya The NSE 20 Share Index ilibadilika kwa mgawo na kushuka kwa asilimia 40% katika miezi 12 hadi Machi 31, 2009. Kwa maoni yetu upungufu wa asilimia 40% katika bei zetu ulilipia zaidi kudorora kwa uchumi katika kipindi hicho. Kwa hivyo tuliona kwamba soko ni la wanunuzi na kupungua shughuli zetu za uuzaji hata ingawaje tulikuwa na nia ya kuuza hisa na kupata faida ya Kshs 831 Milioni.

Faida ya kampuni yetu ya hisa tunayoshirikiana ilipungua kwa 6%. Hata hivyo, matokeo ya kampuni zetu tunazoshirikiana katika ngazi za sekta zilikuwa na mchanganyiko.

Faida katika kampuni hizo za kiushirika kwenye sekta za vinywaji ziliongezeka kwa asilimia 34%. Haya yalikuwa matokeo ya kuvutia hasa ikizingatiwa kwamba walikabiliwa na changamoto za mfumuko mkubwa ambao ulipungua uwezo wa wateja wa kununua, ghasia za baada ya uchaguzi mkuu na kupungua kwa kasi ya ukuaji wa uchumi.

Faida ya shughuli ya kampuni zetu kwenye sekta za huduma za kifedha ilipungua kwa asilimia 46%. Upungufu huu ulichangiwa kwa kiasi kikubwa na kuanguka kwa bei katika Soko la Hisa la Nairobi.

Gharama za jumla za kuendesha shughuli zilikuwa asilimia 1.6% ambayo ni chini ya lengo letu la asilimia 2.5%.

#### Uhakiki wa Shughuli Zetu

Uwekezaji wa biashara yetu ya Kampuni yako umewekeza asilimia 62% katika mgawo ya kibinafsi, asilimia 35% ya biashara za kifedha na salio lake limewekezwa katika biashara ya nyumba na biashara nyinginezo za amali iliyopo. Kulingana na sekta hii, shughuli za kampuni yako imewekeza asilimia 44% katika sekta ya kifedha, asilimia 24% vinywaji, asilimia 16% katika viwanda na washirika na asilimia 4% katika uchapishaji na huduma.

## Taarifa ya Mkurugenzi Mkuu

*“Lengo letu kama wasimamizi ni kuendelea kutambua na kutafuta nafasi za kuvutia kuongezea biashara zetu na kufanya kazi na washirika wetu katika kampuni zetu za portfolio kuziendeleza kuwa kampuni zisizo za kawaida.”*



Biashara ambazo Kampuni yako imewekeza kwake kwa msingi huhudumia soko la nyumbani katika Afrika Mashariki na hutengeza bidhaa muhimu na huduma ambazo zinahitajika na watu.

Imani yetu ni kwamba mpango huu wa uwekezaji ni wenye kuvutia ushindi kwa sababu chumi za Afrika zinapoendelea kukua mahitaji ya nyumbani nayo yatakuwa uwezo wa kununua ukiendelea kuongezeka. Kuongezeka kwa mahitaji ya bidhaa na huduma utahitaji kutoshelezwa na biashara za nyumbani na Centum itaendelea kuwekeza katika kampuni zinachangia kwa nafasi hiyo kwa lengo la kuunda mali ya kweli na kujenga mashirika yasiyo ya kawaida.

Katika sekta ya Kifedha, Kampuni ina hisa katika Aon Minet Insurance Brokers, UAP Holdings na Kenya Commercial Bank. Kampuni hizi tatu zinaongoza katika masoko yao maalum na zina matumaini ya kuwa na ukuaji mzuri katika siku za usoni.

Katika sekta ya vinywaji, Kampuni ina hisa katika Kenya Wine Agencies Limited, Mount Kenya Bottlers, Nairobi Bottlers, Rift Valley Bottlers, Kisii Bottlers na East African Breweries. Hizi ni kampuni zinazotambulika vyema Kenya na baadhi nyinginezo ni waajiri wakubwa katika maeneo yao na ambazo zinatengeza bidhaa zenye ubora unaotambulika wa bidhaa.

Kampuni yako pia imewekeza katika General Motors East Africa (GMEA), ambayo inahesabiwa chini ya sekta ya viwanda na washirika. Hii ni kampuni huru ambapo General Motors Corporation ni mojawapo ya wenyehisa. GMEA inachukua asilimia 20% ya soko la na magari mapya Kenya na inatambulika vyema kwa magari yake ya Isuzu kama vile mabasi, malori, pickups, magari ya abiria ya Chevrolet na Hummer. Mwaka jana, GMEA ilirekodi mwaka wake mzuri zaidi wa kifedha katika miaka mitano iliyopita.

Kampuni yako iliwekeza pia katika Longhorn Publishers, ambayo inapatia nafasi katika sekta ya uchapishaji masuala ya elimu ambayo inakua kwa kasi. Longhorn ndio inaongoza katika soko la uchapishaji wa vitabu vya kielimu nchini Kenya.

Mnamo Mei 2009, Kampuni yako ilipata asilimia 3% usawa wa kibiashara katika Carbacid Investments Limited

(Carbacid) na kuwa mwenyehisa mkubwa wa pili katika kampuni hiyo. Carbacid inaendesha biashara za kuchimba gesi za Carbon dioxide na kuzaa carbon dioxide ya maji maji, barafu ngumu na barafu nyevu. Kuingia kwa kampuni hii kunaambatana vyema na mpango wetu wa uwekezaji katika kampuni ambazo zinatimiza mahitaji ya wateja wa soko la nyumbani.

Carbon dioxide inatumizwa katika soko la sasa kuhifadhi chakula na sekta ya vinywaji, ambayo inaendelea kuwa sekta inayokua. Matumizi mengine yanayoweza kufaywa na carbon dioxide ni katika sekta ya gesi na mafuta, biashara ya plastiki na afya na usalama.

Kwa upande wa matokeo Carbacid ina misingi mikuu, mauzo yaliongezeka kwa asilimia 43% katika nusu ya kwanza ya mwaka ambayo ilimalizika Januari 2009, faida ya watan ikizidi asilimia 36%.

Lengo letu kama wasimamizi ni kuendelea kutambua na kutafuta nafasi za kuvutia kuongezea biashara zetu na kufanya kazi na washirika wetu katika kampuni zetu za portfolio kuziendeleza kuwa kampuni zisizo za kawaida.

### Mikakati na Usawa kwa Soko

Ni maoni yetu kwamba msukosuko wa kiuchumi umeunda mazingira ya uwekezaji yanayovutia. Maoni haya yanaungwa mkono na masuala yafuatayo:

- (a) Bei ya rasilimali katika viwango vyote vya rasilimali na katika masoko mengi makubwa Afrika zimepungua kwa kiasi kikubwa;
- (b) Maoni kuhusu Soko yamepungua na hii im epunguza ushindani wa rasilimali na
- (c) Wawekezaji wengi wa kigeni aidha wameondo ka ama kupunguza shughuli zao za uwekezaji Afrika na kupunguza zaidi ushindani na bei.

Kampuni yako iko katika nafasi nzuri ya ushindani ku chukua nafasi hii kwa sababa:

- (a) Ina mtaji wa kudumu na biashara ambayo ina toa pesa kila wakati;
- (b) Kampuni za kibiashara za kampuni zikiwa na mwelekeo wake kuhudumia soko la nyum

## Taarifa ya Mkurugenzi Mkuu

*“Tuko katika harakati za kupanga upya usimamizi ili kuwezesha mwelekeo wa kujitolea kwa dhati katika biashara hizi.”*



- bani na nguvu yao, na wakati mwingi nafasi za masoko yanayoongoza huwa zimefunikwa kiasi kutokana na matatizo ya ulimwengu;
- (c) Kampuni yako ina uwezo wa kuwekeza katika rasilimali tofauti katika sehemu tofauti na
  - (d) Kampuni yako ina rekodi thabiti katika kuteleleza na kusimamia uwekezaji.

Tunapoyapigia darubini masuala haya, Halmashauri na Wasimamizi waliunda mpango wa miaka mikutano kwa kipindi cha 2009-2014 kwa maono ya kufanya Kampuni yako kuwa chombo kikuu cha uwekezaji Afrika. Kufaulu katika maono hayo na kuweka Centum kama chombo ambacho kinaunda mali kwa kweli kwa wawekezaji, malengo yetu maalum ni kama yafuatayo:

1. Kuongeza rasilimali chini ya usimamizi
2. Kuendelea kila mara kufikia malengo ya wenyehisa wetu kwa kufanya matokeo mazuri;
3. Kudumisha gharama za usimamizi kuwa chini ya asilimia 2.5% ya rasilimali chini ya wasima mizi kila mwaka;
4. Kuongeza kuweko kwetu katika sehemu tofauti na pia kwengine Afrika.

Kusaidia kufaulu kwa malengo haya tutatekeleza jiti hada zifuatazo katika kipindi cha mpango wetu:

### i. Kuboresha Mali chini ya Usimamizi

Msukosuko wa kiuchumi unaoendelea kote limwenguni umeunda nafasi za uwekezaji ambazo hazikutarajwa. Tunanuia kutumia nafasi hii kuongeza shughuli zetu za uwekezaji na kuongeza rasilimali chini ya usimamizi wetu. Kihistoria tumekuwa tukitegemea mtaji wenyu wenyehisa kama njia ya ufadhili wetu. Sasa tunanuia kuongeza rasilimali chini ya usimamizi wetu:

- (a) Ulazima wa kuhusisha madeni ya muda-mrefu. Kwa upande huu tunalenga kuongeza dhamana ya Kshs 2 Biliioni kwa kipindi cha muda mrefu 2009;
- (b) Kuongeza na kusimamia pesa za mshirika wa tatu na
- (c) Kuwekeza upya mapato yetu katika uwekezaji badala ya kulipa mgawo kwa kipindi cha mpango wetu ili kutumia nafasi kamili iliyopo ya sasa ya bora ziwze zipo.

### ii Usimamizi wa Mali Kamilifu.

Majuzi tulipanga upya biashara zetu katika sehemu tatu- biashara za kibinafsi, biashara za kibinafsi zili zohesabiwa ili kuwezesha usimamizi wa biashara zetu wenye mwelekeo zaidi.

Biashara ya kibinafsi itaangazia kununua, kudhibiti na nafasi ndogo katika kampuni ambazo hazijaorodheshwa kwa hisa.

Biashara ya Kibinafsi iliyotanjwa itashughulikia ku chukua nafasi katika kampuni zilizoorodheshwa na kutumia mbinu za kibinafsi ili kutengeza thamani.

Mwisho, biashara yetu ya real estate italenga kujenga biashara kubwa ya rasilimali za nyumba.

Sehemu inayolengwa katika ugawaji wa rasilimali ni 60%-70% biashara ya kibinafsi; 20%-30% biashara ya kibinafsi zilizotajwa na 0%-15% katika biashara ya nyumba.

Tuko katika harakati za kupanga upya usimamizi ili kuwezesha mwelekeo wa kujitolea kwa dhati katika biashara hizi. Hii itaonekana kupanga na kusimamia matokeo yetu pamoja na biashara maalum na pia kuturuhusu kujenga rekodi katika mwelekeo wa biashara zetu ambazo zitasaidia kupata pesa kwa mshirika wa tatu

Uanuai wa Kijiografia: Kulingana na maono yetu ya kuwa chombo kikuu cha uwekezaji Afrika tunapanga kupenyeza katika nchi zingine za Afrika. Hata hivyo, kulingana na upana wa nchi za Afrika, lengo letu litakuwa kuingia kwamba Afrika Mashariki na kisha kujenga uhusiano ambao utatusaidia kuingia Kusini na Magharibi mwa Afrika.

### iii. Usimamizi wa Biashara Zinzafana.

Katika siku za nyuma tumechukua nafasi ndogo na kutumia zaidi filisofia ya uwekezaji wa kununua na kuweka. Tunanuia kuwa wamiliki waliochangamka zaidi wa rasilimali zetu na kuhusika zaidi katika kampuni tunazohusika ili kubuni thamani yake. Kwa sasa tunaangalia biashara zetu tulizowekeza ndani kwa lengo la kufanya thabiti nafasi zetu na kujenga thamani ya mipango yetu ya uwekezaji ambayo tunapenda na

## Taarifa ya Mkurugenzi Mkuu

*“Tatalenga kuleta matokeo yanayofaa katika soko na tunaamini kwamba faida ya Kampuni yako itaimarika.”*



kuunda mipango ya kujiondoa kwa uwekezaji ambao tunaona hauam batani tena na mpangilio wetu wa biashara.

#### iv. Kuboresha Mifumo ya Ndani kwa Ndanina Uwezo wa kazi.

Ili kuwapatia wawekezaji wetu mapato ta wastani na huduma za ubora wa juu, tunajitahidi kuendelea kuwekeza kwa watu wetu na jinsi wanavyofanya kazi, pia tunaimarisha teknolojia yetu, kushughulikia masuala ya kifedha na kutekeleza.

#### v. Uundaji-Mapema wa Kuboresha Bidhaa:

Kuweka Centum kama chombo kikuu cha uwekezaji Afrika ni muhimu kwamba Centum iendelee kutimiza ahadi iliyotota kwa wateja wake. Kwa hivyo, tunaambatanisha harakati zetu za ndani, watu, mawasiliano na utambulizi kwa biashara yetu.

#### Majukumu ya Ushirikiano wa Jamii

Ili kuyatimiza malengo yao ya kimsingi, Idara ya Usimamizi imejitolea kujishirikisha na shughuli za elimu na biashara katika jamii. Miradi muhimu tuliyochangia pakubwa kwayo ilikuwa ni pamoja na kituo cha Little Rock Educational Centre (Little Rock), Eastlands College of Technology na The Smart Youth Investment Challenge.

Little Rock ni shirika la kijamii lililo na miradi mingi iliyoungwa ili kuyafikia mahitaji ya watoto walio na umri kati ya miaka 2 hadi 15. Kampuni yenu kwa ushirikiano na shirika dau letu la Longhorn Publishers lilisaidia kuboresha na kupanua maktaba yetu ya Little Rock kupitia michango ya vitabu vya kila aina. Mradi huu umewafaa watoto wa sasa wa Little Rock na hali kadhalika wale waliokuwepo hapo awali na na ambao sasa hivi wanafurahia shule na vitabu wanavyosoma katika muda wao wa ziada baada ya masomo.

Kadhalika tulifadhili wanafunzi 22 katika chuo cha The Eastlands College of Technology waliofikisha saa 150 za mafunzo ya Usimamizi wa kibiashara na mafunzo ya Kompiuta ili kuwawezesha kukuza biashara endelezi.

The Smart Youth Challenge ni changamoto la uwekezaji ambalo linajikingama pakubwa katika shughuli za Soko la Hisa la Nairobi. Washiriki walitumia vipote vya kiteknolojia ili kupimia na kuchanganua utendakazi wao. Zaidi ya uthamini-dau wetu pia tuliwapa vijana ushauri-nasaha kuhusiana na maamuzi ya uwekezaji. Washiriki walifahamu kwamba wamenufaika na kupata tajriba nzuri na mafunzo hayo yatawawezesha kufanya maamuzi bora ya uwekezaji

#### Mwaka Ujao

Mwaka wa fedha wa 2009/2010 utakuwa wenye changamoto na kazi nyingi kwa Kampuni yako. Tatalenga kuleta matokeo yanayofaa katika soko na tunaamini kwamba faida ya Kampuni yako itaimarika. Baadhi ya jitihada kuu katika mwaka wa fedha wa 2009/2010 zitakuwa:

1. Kuongezeka kwa shughuli za uwekezaji: Kampuni yako tayari imefanya uwekezaji muhimu katika mwaka mpya wa fedha na tutaendelea na msukumo huo.
2. Kutafuta Mtaji: Kusaidia mpango wetu wa uwekezaji Kampuni yako itatoa dhamana ya Ksh2 Bilioni katika kipindi cha mwaka wa fedha. Dhamana hii itapatia kampuni yako mtaji wa muda mrefu wa uwekezaji wakati huu ambapo bei ziko chini.
3. Upangaji mpya wa Usimamizi: Tutapanga upya mpangilio wa Usimamizi ili aambatane vyema na shughuli za biashara yetu.

Nina imani kwamba kundi langu likisaidiwa na Wakurugenzi wetu wa Halmashauri na nyinyi wenyehisa mtafanya kazi kulingana na mpango huu na katika miaka michache ijayo tutajivunia kujenga moja wapo ya chombo cha kikubwa cha uwekezaji Afrika.

**James M Mworio**  
Mkurugenzi Mkuu



## Highlight of the Private Equity Portfolio

*"We provide a diversified and secure investment channel that creates real wealth and builds extraordinary African enterprises."*



**Rift Valley Bottlers**  
Stake: 44.0%  
Sector: Beverages

Rift Valley Bottlers Limited is a Coca Cola Bottling company whose franchise territory spans over Rift Valley and Western provinces in Kenya.

It is the third largest Coca Cola franchise in the country in volume terms.

**Nairobi Bottlers**  
Stake: 27.6%  
Sector: Beverages

Nairobi Bottlers Limited is the largest of the Coca Cola Bottling company's in Kenya. Its territory spans over the whole of Nairobi, parts of Central, Eastern and Rift Valley provinces.

**Mount Kenya Bottlers**  
Stake: 28.6%  
Sector: Beverages

Mount Kenya Bottlers Limited is a Coca Cola Bottling company whose franchise territory spans over Central & Eastern provinces in Kenya.

**Kisii Bottlers**  
Stake: 23.8%  
Sector: Beverages

Kisii Bottlers Limited is a coca cola bottling company whose franchise territory spans over parts of south Rift Valley and Nyanza province.



**KWA Holdings**  
Stake: 26.4%  
Sector: Beverages

Kenya Wine Agencies is a leading manufacturer and distributor of wines and spirits in East Africa with operations in Kenya, Uganda and Rwanda.

The company produces, packages and distributes both alcoholic and non-alcoholic beverages.

The company has partnerships with leading international distilleries and foreign brand owners from which it sources wines and spirits which it then distributes under license.

## Highlight of the Private Equity Portfolio



**UAP Insurance**  
**Stake: 24.2%**  
**Sector: Insurance**

UAP is one of the leading insurance companies in East Africa. The company transacts all classes of general insurance in addition to Marine, Life, Pensions and Healthcare products.

UAP is now the second largest insurer in Uganda and the first foreign underwriter in Southern Sudan.

Its quest for leadership has not come without notice: it was the first insurance company to be ISO 9001:2000 certified; has achieved the highest credit rating, Global Credit Rating (AA); and has won Fire Awards for seven consecutive years



**Aon Minet**  
**Stake: 21.5%**  
**Sector: Insurance**

Aon Minet Insurance Brokers Ltd (AON) is a market leader offering insurance broking, risk management, actuarial consulting, medical scheme administration and medical fund management, life and pensions administration, and employee benefits consulting services to medium and large organizations in Kenya.

AON has a large portfolio of corporate clients to whom it provides brokerage services for coverage of some of the most complex risks.

AON is a service driven organization which aspires to meet the highest standards of its clients.

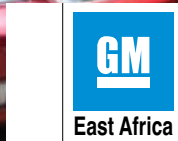


**Longhorn Publishers**  
**Stake: 35.0%**  
**Sector: Publishing**

Longhorn Kenya is a leading regional publisher of educational books and books for general readership.

Longhorn ranks second in market share for both primary and secondary level textbooks.

It has subsidiaries in Uganda and Tanzania and is also exploring opportunities in other African countries such as South Sudan, Rwanda and Zambia.



**General Motors East Africa**  
**Stake: 17.8%**  
**Sector: Automotive**

GM East Africa (GM) markets and sells Chevrolet, Opel and Isuzu vehicles and parts. It locally assembles the Isuzu vehicles.

Majority of GM's sales are domestic. GM also exports to neighboring countries in the COMESA region: Uganda, Tanzania, Rwanda, Burundi, Zambia, Zimbabwe, Mozambique and Ethiopia.

GM East Africa has over 30 years experience in local assembly and service.



**NAS Airport Services**  
**Stake: 9.1%**  
**Sector: Food**

NAS Airport Services Limited (NAS) provides meals and handling services to airlines at the Jomo Kenyatta International Airport and the Mombasa International Airport.

NAS is the only operator offering these services and therefore has a clear leadership of its market.

## Risk Management and Internal Controls



*“Our aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects to our financial performance.”*

### Introduction







Our investing activities expose us to a variety of risks. Investment and operational risks are an inevitable consequence of being in business. Investing activities involve the analysis, evaluation, acceptance and management of a combination of risks. Our aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects to our financial performance. The management team is responsible for implementing risk management policies and internal controls. This is designed to provide reasonable but not absolute assurance of achieving our business objectives. Our risk management policies are set out in the Corporate Risk Management Manual which describes the methodology to be followed to manage all enterprise risks.

### Risk Governance

<b>Board of Directors:</b>	<ul style="list-style-type: none"> <li>• Approves company policies and procedures;</li> <li>• Sets the tone and influences the risk management culture within the Company;</li> <li>• Approves major decisions affecting the company's investment portfolio and its risk profile or exposure.</li> <li>• Advises the Board on the effectiveness of policies and procedures for risk assessment and risk management;</li> </ul>
<b>The Audit and Risk Committee:</b>	<ul style="list-style-type: none"> <li>• Reviews the Company's approach to risk management and recommends changes or improvements to key elements of its processes and procedures;</li> <li>• Provides a statement to the Board annually indicating how the company has complied with good practice with regard to corporate governance and in relation to effective risk management.</li> </ul>
<b>Internal Audit (Out sourced):</b>	<ul style="list-style-type: none"> <li>• Assists the audit and risk committee in ensuring that internal processes and procedures are adequate and complied with.</li> </ul>
<b>Management:</b>	<ul style="list-style-type: none"> <li>• Implements the Board's risk management policy;</li> <li>• Ensures that the major risks associated with significant proposals/prospects have been properly considered and can be appropriately managed within the policy framework set by the Board;</li> <li>• Identifies and evaluates key risks that threaten achievement of the company's objectives;</li> <li>• Identifies strategies to manage such risks, including identification of appropriate risk owners, and monitors the satisfactory operation of the risk management strategy;</li> <li>• Communicates the company risk management policy and risk related information to all staff, subsidiary organizations and external partners.</li> </ul>

# Risk Management and Internal Controls

## Risk Categories

Risk Type	Brief Description	Further Information	Risk Mitigation
Investment Risks	<p>Risks that relate to:</p> <ul style="list-style-type: none"> <li>• specific asset investment decisions;</li> <li>• subsequent performance of the investments;</li> <li>• investment concentration;</li> <li>• valuations and exits.</li> </ul>	<p>CEO's statement   Page 15-22</p> <p>Financial statements   Page 38-43</p> <p>Financial risk disclosures   Page 50</p>	<p>Investment activities are:</p> <ul style="list-style-type: none"> <li>• Guided by an approved strategy;</li> <li>• Implemented under a tested investment approach;</li> <li>• Executed through a rigorous process and approved by the Investment Committee of the BOD; and</li> <li>• Audited for compliance to set policies by the Audit Committee of the BOD and an outsourced Internal Auditor.</li> <li>• Company is able to attract and develop investment professionals.</li> </ul>
Liquidity/Funding Risks	<ul style="list-style-type: none"> <li>• Risk that the company will miss out on attractive investment opportunities due to lack of funding;</li> <li>• Risk that the company will experience difficulties in meeting its financial commitments.</li> </ul>	<p>Financial risk disclosures   Page 53</p>	<ul style="list-style-type: none"> <li>• Available credit facilities;</li> <li>• Available for sale investments that can be quickly converted to cash;</li> <li>• Asset matching for known/expected liabilities.</li> </ul>
Operational Risks	<p>Risks that arise from failed internal controls, people and systems. These include:</p> <ul style="list-style-type: none"> <li>• Failure to meet ethical and governance principles;</li> <li>• Information technology failures;</li> <li>• Fraud and Security breaches.</li> </ul>	<p>Corporate governance statement   Page 27-31</p> <p>Financial risk disclosures   Page 49</p>	<ul style="list-style-type: none"> <li>• Independent internal audit function;</li> <li>• Approved operational procedures;</li> <li>• Framework of Core values;</li> <li>• A code of conduct.</li> </ul>
External Risks	<p>Centum acknowledges existence and accepts the following external risks:</p> <ul style="list-style-type: none"> <li>• Changes in economic and political environment;</li> <li>• Changes in legislation, taxation, regulation;</li> <li>• Changes in policies and trends on expropriation of property, trade sanctions, social impacts, repatriation of funds e,t,c;</li> <li>• Competitive rivalry;</li> <li>• Natural Disasters.</li> </ul>		<ul style="list-style-type: none"> <li>• Diversified investment portfolio;</li> <li>• Tested investment approach;</li> <li>• Insurance;</li> <li>• Business continuity planning;</li> <li>• Best practice business operations.</li> </ul>

## Corporate Governance

*“The Board understands the significance of corporate governance in enhancing investor confidence.”*



### The Board and its functioning

The Board recognises that, at the core of the corporate governance system, it is ultimately accountable and responsible for the performance and affairs of the Company. Towards this end the directors in fulfilment of their fiduciary duty act always in the best interest of the Company and the Shareholders. The Board understands the significance of corporate governance in enhancing investor confidence that results in the efficient functioning of the capital markets and continuously strives to find the correct balance for its businesses between providing competitive strategic leadership and maintaining good governance.

There is a clear division between the roles of Chairman and Managing Director. The Chairman of the Board is a Non-Executive Director. The Board accepts that the Managing Director and the Management are responsible for the management of the day to day affairs of the Company and that delegating authority to Management does not in any way mitigate or dissipate the discharge by the Board and individual directors of their responsibilities.

### Skills and Experience of the Board

In determining the size of the Board, the directors considered the nature, size and complexity of the group as well as its stage of development. The Board believes that having directors with relevant business and industry experience is beneficial to the board as a whole, as directors with such background can provide useful perspectives on significant risks, competitive advantages and an understanding of the challenges facing the business.

The Board, through the Nominations and Governance Committee, monitors the mix of skills and experience of directors in order to assess whether the Board has individuals who are competent, committed with diverse and complementary skills to ensure that there is sufficient breadth of experience at board level necessary to discharge its responsibilities effectively.

A third of directors retire by rotation annually, and if eligible their names are submitted for re-election in the Annual General Meetings. Also all director appointments are subject

to confirmation by shareholders at the subsequent annual general meeting. In addition to the induction program for new directors, there are specific training workshops that our directors participate that are accredited by the Center for Corporate Governance.

### Interaction with Management

The Centum Board has a high level of regular interaction with the Management thereby enabling the directors to infuse their considerable experience and professional knowledge of the target market to the strategic direction. There is a policy of open communication between the Board and Management and this ensures that the Board is fully informed of major matters concerning Centum and its businesses. The Directors may suggest additional items for discussion at meetings and may call for additional information or a briefing on any topic prior to meetings.

### Group Governance Structure

The group has maintained a unitary board structure, which forms the focal point of the system of corporate governance of the organization. The Board is of the opinion that there is an appropriate balance between independent executive and non-executive directors as shown in Table 2. The current Board of Directors includes one Executive Director, and eight Non-Executive Directors, four of whom are Independent directors who comprise one third of the Board as required by clause 2.1.4 of the Guidelines on Corporate Governance Practices by Public Listed Companies in Kenya.

### Board Meetings

At a minimum, board meetings are held every quarter and the board is of the opinion that this is sufficient. The board is constantly reviewing the amount of time spent on corporate performance, strategic issues and the content and quality of non-financial information. In the last financial year a total of 8 board meetings were held and the record of attendance is set out below:

# Corporate Governance

Table 1: Summary of Board attendance of the Financial year ended 31 March 09

Name	28th Apr 08	25th Jun 08	4th Sep 08	3rd Oct 08	15th Oct 08	5th Nov 08	26th Nov 08	14th Jan 09
J. N. Muguiyi (Chairman)	√	√	√	√	√	√	A	√
J. M. Mworia <sup>1</sup> (Managing)	NA	NA	NA	NA	NA	A	A	√
I. B. Mogaka	√	√	√	√	√	√	√	A
C. J. Kirubi	√	√	√	√	√	√	√	A
H. C. Njoroge	√	√	√	√	√	√	√	√
P. M. Muriuki	√	√	√	√	√	√	√	√
I. O. Awuondo	√	A	√	NA	NA	NA	NA	NA
K. Kariithi <sup>2</sup>	NA	NA	NA	√	√	√	A	√
I.Khan <sup>3</sup>	NA	NA	NA	NA	NA	NA	√	√
R. Bunyi <sup>4</sup>	NA	NA	NA	NA	NA	NA	NA	NA
M. M. Byama <sup>5</sup>	NA	NA	NA	NA	NA	NA	NA	√
P. K. Mwangi <sup>6</sup>	√	√	√	√	√	NA	NA	NA
L. N. Ngaithe <sup>7</sup>	√	A	√	√	√	√	√	NA

P Present

A Absent

NA Not a member

## Delegation of Authority

The board has approved and disseminated the delegation of certain authorities to the board sub-committees where applicable and to management. The Board committees have specific mandates to ensure that pertinent issues are addressed with the appropriate attention.

This committee structure permits the board to address key areas in more depth than may be possible in a full board meeting. Decisions about committee membership are made by the full board, based on recommendations from the nominations and governance committee. The board designates the chairman of the various committees.

All committees appraise the full Board of their activities on a regular basis through oral and/or written reports.

## Committees of the Board

The Board currently has four standing committees all of which are guided by clear terms of reference. The committees are instrumental in monitoring company operations, systems and internal controls.

In line with the provisions of the Board Charter which provides that the Board Committees memberships and Chairs be reviewed bi-annually. The Board increased the responsibilities of the Audit Committee by including Risk Management as key aspect of the Committee, the Committee is now known as the Audit and Risk Committee. The Board also reviewed the status of the Brand Committee from ad-hoc to a standing Committee and ceased the operations of the Knowledge Management Committee whose operations have been left to Management and the Audit and Risk Committee to handle.

<sup>1</sup> Appointed on 22 October 2008 as Managing Director

<sup>2</sup> Appointed on 5 September and ceased being Director on 14 January 2009

<sup>3</sup> Appointed on 5 November 2008

<sup>4</sup> Elected on 14 January 2009

<sup>5</sup> Appointed on 14 January 2009 as alternate to PS Ministry of Trade

<sup>6</sup> Resigned on 15 October 2008

<sup>7</sup> Resigned on 14 January 2009 as alternate to PS Ministry of Trade

# Corporate Governance

## Audit and Risk committee

### Composition

The members of this committee are all non-executive directors, the majority of whom qualify as independent non-executive directors as per the applicable listings requirements. All members must exercise objective independent judgment in carrying out their duties. The members are shown on Table 2.

The Managing Director, the Finance Manager and the lead audit partner in charge of the external audit are in attendance at all meetings. In addition, the external auditors have unrestricted access to the managing director and chairman of the Audit Committee, which ensures that their independence is in no way impaired.

### Role of committee

As part of its duty to assist the board in fulfilling its responsibilities, the Audit Committee's primary role is be vigilant and effective overseers of the financial reporting process to ensure the integrity of the company's accounting and financial reporting system. It also plays a key role in protecting the interests of investors and monitoring the component parts of the audit and compliance processes.

### Meeting

The committee held three meetings in the financial year.

## Nomination and Governance Committee

### Composition

The members of this committee are all non-executive directors who are shown on Table 2.

### Role of the Committee

The Board through its Nominations and Governance Committee effectively monitors its corporate governance framework with the objective of maintaining and strengthening its contribution to market integrity and economic performance. The directors shareholding is disclosed in Table 3

### Meetings

The Committee held four meetings in the financial year ended 31 March 2009.

## Investment Committee

### Composition

The committee comprises of a mix of the executive, independent and non-executive directors. The members are as shown on Table 2.

Table 2: Membership of Board Committees of the Financial year ended 31 March 09

Name	Classification	Designation	Investment	Audit & Risk	Nomination & Governance	Branding
J. N. Muguiyi	Non-executive	Chairman	√		√	
J. M. Mworia	Executive	Managing Director	√			√
I. B. Mogaka	Non-executive	Alternate to ICDC	√		√	√
H. C. Njoroge	Independent non-executive	Chairman Audit Committee	√		√	
P. M. Muriuki	Independent non-executive	Chairman Branding Committee		√	√	√
C. J. Kirubi	Non executive	Chairman Investment Committee	√		√	√
I. Khan	Independent non-executive	Member	√	√		
R. Bunyi	Independent non-executive	Member	√	√		
M. M. Byama	Non-executive Director	Alternate to the PS Ministry of Trade		√		

# Corporate Governance

## *Role of Committee*

The committee exercises oversight on the implementation of the investment strategy.

## *Meetings*

The Committee held four meetings in the financial year ended 31 March 2009.

## **Branding Committee**

### *Composition*

The committee consists of a mix of executive, independent and non-executive director. The members are as shown on Table 2

### *Role of the Committee*

This steering committee that has been tasked to develop a brand strategy and assess the need of the company to adopt a new corporate identity. They have the mandate to appoint an external consultant to advise on these objectives and implementation of the recommendations highlighted. In addition the Committee shall examine any other matters that may be referred to by the Board with regard to branding.

### *Meeting*

The Committee held two meetings in the financial year ended 31 March 2009.

## **Directors Remuneration**

The remuneration for non-executive directors consists of fees for their services in connection with board and committee meetings. They are not eligible for pension scheme membership and do not participate in any of the company's bonus or other incentive schemes. There were no loans advanced to directors at any time during the year.

Information and disclosures relating to the aggregate amount of emoluments and compensation received by the directors for their in the financial year to 31 March 2009 are contained in note 9 to the financial statements on page 58 in this Annual Report.

## **Communication**

The Board is satisfied that its decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times to ensure adequate disclosure and transparency. The company places a great deal of importance on communication with its shareholders and the financial markets in general and issues notices in the press of its half yearly and yearly financial results. There

are also investor and press briefing sessions after the release of the financial results. The group publishes a full Annual Report and Accounts and provides detailed explanation through notes in the financial statements.

The full Report and Accounts are distributed to all shareholders in compliance with the provisions of the Companies Act and on request to other parties who have an interest in the group's performance. Shareholders also have direct access to the company and management responds on an on-going basis to numerous letters from shareholders and interested parties on a wide range of issues. Regular communication with shareholders also takes place via the company's website.

## **Company Secretary**

All directors have access to the services of the company secretary who is responsible for ensuring that board procedures are followed and plays an active role in the facilitation of the induction of new directors and the improvement and monitoring of corporate governance processes. All directors are entitled to seek independent professional legal advice with respect to Company affairs at its expense.

The appointment, removal and appraisal of the performance of the company secretary is the responsibility of the board of directors.

## **Business Conduct**

The company's business is conducted within a developed control framework, underpinned by policy statements, written procedures and control manuals. The board has established a management structure, which clearly defines roles, responsibilities and reporting lines. Delegated authorities are documented and communicated.

Centum believes in integrity and strong ethical values as a way of doing business. Matters relating to the conduct and core values are currently incorporated in the company's personnel policies and procedures. Employees must refrain from taking part in or exerting influence in any transaction in which their own interest may conflict with the best interest of the group.

## **Performance Reporting**

The business performance of the Company is reported regularly by its Management to the Board. Performance trends, forecasts as well as actual performance against budgets and prior periods are closely monitored. Financial information is prepared using appropriate accounting policies, which are applied consistently.



## Corporate Governance

Table 3: Directors Shareholding of the Financial year ended 31 March 09

No.	Name	Status	FY08/09		FY 07/08	
			No of Shares	% Holding	No. of Shares	% Holding
1.	James Ngatia Muguiyi	Chairman	177,630	0.03%	185,630	0.03%
2.	James Mwirigi Mworira	Managing	190,080	0.03%	-	-
3.	Industrial and Commercial Development Corporation (ICDC)	Director	129,304,130	23.51%	129,304,130	23.51%
4.	Isaac Buddy Mogaka	Alternate	-	0.00%	-	0.00%
5.	PS Ministry of Trade and Industry	Director	-	0.00%	-	0.00%
6.	Margarer Martha Byama	Alternate	-	0.00%	-	0.00%
7.	Christopher John Kirubi	Director	91,287,790	16.60%	89,528,070	16.28%
8.	Pauline Muthoni Muriuki	Director	-	0.00%	6,400	0.00%
9.	Henry Chege Njoroge	Director	199,124	0.04%	100,024	0.02%
10.	Imtiaz Khan	Director	-	-	-	-
11.	Robert Kenneth Bunyi	Director	200	0.00%	50,240	0.01%
	Shares held by Directors		221,158,954	40.18%	219,174,494	39.85%
	Other Shareholders		328,792,876	59.79%	330,777,336	60.15%
	Total Issued Shares		549,951,830	99.97%	549,951,830	100.00%

### Going Concern

The directors confirm that they are satisfied that the group has adequate resources to continue in business for the foreseeable future. For this reason they continue to adopt the going concern basis when preparing the financial statements.

### Group Structure

The holding company of the group is Centum Investment Company Limited, whose only subsidiary was Kenya National Properties Limited, which is a registered company. The establishment of subsidiaries within the group is carefully managed to ensure compliance with both domestic and international regulatory requirements.

**Part 2: Financial Statements**

Corporate Information	33
Board Committee Members	34
Report of the Directors	35
Directors Responsibilities	36
Report of the Auditors	37
Consolidated Income Statement	38
Consolidated Balance Sheet	39
Company Balance Sheet	40
Consolidated Statement of Changes in Equity	41
Company Statement of Changes in Equity	42
Consolidated Cash Flow Statement	43
Notes to the Financial Statements	44-73

# Corporate Information

## BOARD OF DIRECTORS

J N Muguiyi Chairman  
J M Mworia Managing  
C J Kirubi  
Industrial & Commercial Development Corporation (ICDC)  
I B Mogaka (Alternate to ICDC)  
P M Muriuki  
H C Njoroge  
The Permanent Secretary, Ministry of Trade  
M Byama (Alternate to Permanent Secretary, Ministry of Trade)  
I Khan  
R K Bunyi

## COMPANY SECRETARY

D O Owino  
International House  
Mama Ngina Street  
P O Box 10518 – 00100  
Nairobi

## REGISTERED OFFICE

International House  
Mama Ngina Street  
P O Box 10518 – 00100  
Nairobi

## AUDITORS

Deloitte & Touche  
Certified Public Accountants (Kenya)  
“Kirungii” Ring Road, Westlands  
P O Box 40092 - 00100  
Nairobi

## BANKERS

Commercial Bank of Africa Limited  
International House  
Mama Ngina Street  
P O Box 30437 - 00100  
Nairobi

Standard Chartered Bank Kenya Limited  
Stanbank House  
Moi Avenue  
P O Box 40310 - 00100  
Nairobi

CFC Stanbic Bank Limited  
Stanbic Bank Building, Kenyatta Avenue  
P O Box 30550 - 00100  
Nairobi

## Board Committee Members

### INVESTMENT COMMITTEE

C J Kirubi - Chairman  
I B Mogaka  
J N Muguiyi  
H C Njoroge  
J M Mworia  
R K Bunyi  
I Khan

### AUDIT AND RISK COMMITTEE

H C Njoroge - Chairman  
P M Muriuki  
R K Bunyi  
I Khan  
M M Byama

### NOMINATION & GOVERNANCE COMMITTEE

I B Mogaka Chairman  
C J Kirubi  
J N Muguiyi  
P M Muriuki

### BRANDING COMMITTEE

P M Muriuki - Chairman  
H C Njoroge  
C J Kirubi  
J M Mworia

## Report of the Directors

The directors present their report together with the audited financial statements for the year ended 31 March 2009.

### ACTIVITIES

The group's principal activity remains that of engagement in investment activities.

### RESULTS

	Shs'000
Profit before taxation	475,653
Taxation	(162,473)
Profit for the year transferred to revenue reserve	313,180

### DIVIDEND

The directors do not recommend the payment of a dividend (2008 – Shs 0.45 per share).

### DIRECTORS

The current members of the board are shown on page 8.

In accordance with article 86 of the Articles of Association, Industrial & Commercial Development Corporation and J N Muguiyi retire by rotation and, being eligible, offer themselves for re-election.

P K Mwangi resigned on 15 October 2008 and was replaced by J M Mworira on 22 October 2008. I Khan and R K Bunyi were appointed on 5 November 2008 and 14 January 2009 respectively. I O Awuondo resigned on 12 September 2008. K Kariithi was appointed on 2 September 2008 and was replaced on 14 January 2009.

### AUDITORS

Deloitte & Touche Audit of the Company having expressed their willingness, continue in office in accordance with the provisions of section 159(2) of the Companies Act (Cap 486) and to authorize the directors to fix the auditors remuneration.

### BY ORDER OF THE BOARD

**David O. Owino**  
Secretary

Nairobi  
11 May 2009

## Ripoti ya Wakurugenzi

Wakurugenzi wanawasilisha ripoti yao pamoja na taarifa za kifedha zilizokaguliwa kwa mwaka uliomalizikia 31 Machi 2009.

### SHUGHULI

Shughuli kuu ya kampuni itaendelea kuwa ya uwekezaji.

### MATOKEO

	Shilingi '000'
Faida kabla ya ushuru	475,653
Ushuru	(162,473)
Faida iliyohifadhiwa mwakani	313,180

### MGAWO

Wakurugenzi hawapendekezi kulipwa kwa mgawo. (2008 - Shilingi 0.45 kwa kila hisa).

### WAKURUGENZI

Idadi ya sasa ya halmashauri imeonyeshwa katika ukurasa wa 8.

Kulingana na sehemu ya 86 ya Kanuni za Kampuni, Industrial & Commercial Development Corporation pamoja na J N Muguiyi wanastaafu katika mpango wa zamu na ikiwa wanastahili watajiwasilisha kuchaguliwa upya.

P K Mwangi alijiuzulu mnamo 15 Oktoba 2008 na nafasi yake kuchukuliwa na J M Mworira mnamo 22 Oktoba 2008. I Khan na R K Bunyi waliteuliwa mnamo 5 Novemba 2008 na 14 Januari 2009 mtawalia. I O Awuondo alijiuzulu mnamo 12 Septemba 2008. K Kariithi aliteuliwa mnamo 2 Septemba 2008 na nafasi yake kuchukuliwa 14 Januari 2009.

### WAKAGUZI

Deloitte & Touche, wakaguzi wa hesabu, walidhihirisha hiari yao, wataendelea na kazi hio kufuatia kifungu 159(2) cha sheria za makampuni (Cap 486) vile vile kuidhinisha wakurugenzi kuweka malipo ya wakaguzi wa hesabu

### KWA MAAGIZO YA HALMASHAURI

**David O. Owino**  
Katibu

Nairobi  
11 Mai 2009

## Statement of Directors' Responsibilities

The Kenyan Companies Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and company as at the end of the financial year and of the operating results of the group for that year. It also requires the directors to ensure that the companies in the group keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and company. They are also responsible for safeguarding the assets of the group.

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

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the group and company and of the group's operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company and its subsidiary will not remain a going concern for at least the next twelve months from the date of this statement.

**James N. Muguiyi**  
Chairman

**James M Mworio**  
Managing Director

11 May 2009

# Independent Auditors' Report to the Members of Centum Investment Company Limited



Deloitte & Touche  
Certified Public Accountants (Kenya)  
"Kirungui"  
Ring Road, Westlands  
P.O. Box 40092 - GPO 00100  
Nairobi  
Kenya

Tel: +(254 - 20) 423 0000  
+(254 - 20) 444 1344/05 - 12  
+(254 - 20) 444 8966

Fax: Dropping Zone No. 92  
E-mail: admin@deloitte.co.ke

## Report on the Financial Statements

We have audited the accompanying financial statements of Centum Investment Company Limited, set out on pages 38 to 73 which comprise the consolidated and company balance sheets as at 31 March 2009, consolidated income statement, consolidated and company statements of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## Directors' Responsibility for the Financial Statements

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

## Auditors' Responsibility

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

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

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

## Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of financial affairs of the company and its subsidiary as at 31 March, 2009 and of the profit and cash flows of the group for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

## Report on Other Legal Requirements

As required by the Kenyan Companies Act we report to you, based on our audit, that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- iii) the company's balance sheet and income statement are in agreement with the books of account.

## Deloitte & Touche

Certified Public Accountants (Kenya)

Nairobi

11 May 2009

Partners: D.M. Ndonye F.O. Aloo H. Gadhoke\* D.C. Hodges\* J.M. Kiarie M.M. Kisuu J. Nyang'aya S.O. Onyango J.W. Wangai  
\*British

Member of Deloitte & Touche Tohmatsu

## Consolidated Income Statement

for the year ended 31 March 2009

	Note	12 months to 31 March 2009 Shs'000	9 months to 31 March 2008 Shs'000
INCOME	5&6	391,586	581,514
EXPENSES			
Administrative expenses		(66,137)	(52,798)
Other operating expenses		(57,122)	(50,089)
Provision for impairment	7	(271,239)	(54)
Finance costs	8	(12,983)	(18,381)
		(407,481)	(121,322)
SHARE OF PROFITS IN ASSOCIATED COMPANIES	5&20	491,548	525,088
PROFIT BEFORE TAXATION	9	475,653	985,280
TAXATION CHARGE	11	(162,473)	(116,960)
PROFIT FOR THE YEAR/PERIOD	13	313,180	868,320
EARNINGS PER SHARE – Basic & diluted	14	Shs 0.57	Shs 1.58
DIVIDENDS PER SHARE	15	Shs Nil	Shs 0.45



# Consolidated Balance Sheet

As at 31 March 2009

	Note	2009 Shs'000	2008 Shs'000
<b>ASSETS</b>			
<b>Non current assets</b>			
Motor vehicle and equipment	16	3,428	4,150
Prepaid operating lease rentals	17	36,560	37,180
Intangible assets	18	446	699
Investment in associates	5&20	2,885,947	2,945,295
Unquoted investments	5&21	1,212,828	1,835,881
Quoted investments	5&22	2,305,043	2,832,079
Due from a related party	23	2,825	72,380
Deferred tax asset	24	13,350	22,462
Term deposit	25	-	86,532
		6,460,427	7,836,658
<b>Current assets</b>			
Term deposit	25	-	59,687
Receivables and prepayments	26	93,749	111,758
Taxation recoverable	11(c)	5,632	2,928
Fixed deposits	27	-	79,452
Bank balances		10,131	48,303
		109,512	302,128
Non current asset held for sale	28	-	7,064
Total current assets		109,512	309,192
<b>Total assets</b>		<b>6,569,939</b>	<b>8,145,850</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	29	274,976	274,976
Share premium		589,753	589,753
Investment revaluation reserve		1,871,941	3,699,739
Revenue reserve		3,579,363	3,513,661
Shareholders' equity		6,316,033	8,078,129
<b>Current liabilities</b>			
Payables and accruals	30	10,062	25,857
Unclaimed dividends	32	73,863	41,864
Bank overdraft	33	169,981	-
		253,906	67,721
<b>Total equity and liabilities</b>		<b>6,569,939</b>	<b>8,145,850</b>

The financial statements on pages 38 to 73 were approved by the board of directors on 11 May 2009 and were signed on its behalf by:

**James N. Muguiyi**  
Chairman

**James M Mworira**  
Managing Director

# Company Balance Sheet

As at 31 March 2009

	Note	2009 Shs'000	2008 Shs'000
<b>ASSETS</b>			
<b>Non current assets</b>			
Motor vehicle and equipment	16	3,428	4,150
Prepaid operating lease rentals	17	36,560	37,180
Intangible assets	18	446	699
Investment in subsidiary	19	114,735	114,735
Investment in associates	20	756,383	756,383
Unquoted investments	21	1,212,828	1,835,881
Quoted investments	22	2,305,043	2,832,079
Due from a related party	23	2,825	72,380
Deferred tax asset	24	13,350	22,462
Term deposit	25	-	86,532
		4,445,598	5,762,481
<b>Current assets</b>			
Term deposit	25	-	59,687
Receivables and prepayments	26	150,266	283,428
Taxation recoverable	11(c)	5,601	2,897
Fixed deposits	27	-	79,452
Bank balances		10,101	48,267
		165,968	473,731
Non current asset held for sale	28	-	7,064
<b>Total current assets</b>		165,968	480,795
<b>Total assets</b>		4,611,566	6,243,276
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	29	274,976	274,976
Share premium		589,753	589,753
Investment revaluation reserve		1,038,357	2,696,605
Revenue reserve		2,170,574	2,330,168
<b>Shareholders' equity</b>		4,073,660	5,891,502
<b>Current liabilities</b>			
Payables and accruals	30	10,001	25,307
Due to a related party	31	284,061	284,603
Unclaimed dividends	32	73,863	41,864
Bank overdraft	33	169,981	-
		537,906	351,774
<b>Total equity and liabilities</b>		4,611,566	6,243,276

The financial statements on pages 38 to 73 were approved by the board of directors on 11 May 2009 and were signed on its behalf by:

**James N. Muguiyi**  
Chairman

**James M Mworia**  
Managing Director

## Consolidated Statement of Changes in Equity

for the year ended 31 March 2009

	Share capital Sh'000	Share premium Sh'000	Investment revaluation reserve Sh'000	Revenue reserve Sh'000	Total Sh'000
At 1 July 2007	274,976	589,753	4,590,882	2,892,819	8,348,430
Fair value gain/(loss)					
– Investment in quoted companies	-	-	194,163	-	194,163
– Investment in unquoted companies	-	-	(501,097)	-	(501,097)
Share of movement in equity reserves of associates (note 20)	-	-	(192,358)	-	(192,358)
Realised on disposal (note 12)	-	-	(391,851)	-	(391,851)
Dividends – 2007 declared	-	-	-	(247,478)	(247,478)
Profit for the period	-	-	-	868,320	868,320
At 31 March 2008	274,976	589,753	3,699,739	3,513,661	8,078,129
At 1 April 2008	274,976	589,753	3,699,739	3,513,661	8,078,129
Fair value gain/(loss)					
– Investment in quoted companies	-	-	(932,647)	-	(932,647)
– Investment in unquoted companies	-	-	(570,400)	-	(570,400)
Share of movement in equity reserves of associates (note 20)	-	-	(169,550)	-	(169,550)
Realised on disposal (note 12)	-	-	(155,201)	-	(155,201)
Dividends – 2008 declared	-	-	-	(247,478)	(247,478)
Profit for the year	-	-	-	313,180	313,180
At 31 March 2009	274,976	589,753	1,871,941	3,579,363	6,316,033

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

## Company Statement of Changes in Equity

for the year ended 31 March 2009

	Share capital Sh'000	Share premium Sh'000	Investment revaluation reserve Sh'000	Revenue reserve Sh'000	Total Sh'000
At 1 July 2007	274,976	589,753	3,395,390	1,935,494	6,195,613
Fair value gain/(loss)					
– Investment in quoted companies	-	-	194,163	-	194,163
– Investment in unquoted companies	-	-	(501,097)	-	(501,097)
Realised on disposal (note 12)	-	-	(391,851)	-	(391,851)
Dividends – 2008 declared	-	-	-	(247,478)	(247,478)
Profit for the period	-	-	-	642,152	642,152
At 31 March 2008	274,976	589,753	2,696,605	2,330,168	5,891,502
At 1 April 2008	274,976	589,753	2,696,605	2,330,168	5,891,502
Fair value gain/(loss)					
– Investment in quoted companies	-	-	(932,647)	-	(932,647)
– Investment in unquoted companies	-	-	(570,400)	-	(570,400)
Realised on disposal (note 12)	-	-	(155,201)	-	(155,201)
Dividends – 2008 declared	-	-	-	(247,478)	(247,478)
Profit for the period	-	-	-	87,884	87,884
At 31 March 2009	274,976	589,753	1,038,357	2,170,574	4,073,660

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

## Consolidated Cash Flow Statement

for the year ended 31 March 2009

	Note	12 months to 31 March 2009 Shs'000	9 months to 31 March 2008 Shs'000
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations	34(a)	124,671	72,464
Taxation paid	11(c)	(4,416)	(5,191)
Dividends received from associate companies	20	229,697	47,101
Net cash generated from operating activities		349,952	114,374
<b>INVESTING ACTIVITIES</b>			
Purchase of equipment	16	(1,559)	(270)
Purchase of intangible assets	18	(165)	(367)
Purchase of shares in associates	20	-	(244,662)
Purchase of quoted equity investments	22	(625,373)	(166,183)
Proceeds on disposal of quoted investments	12	191,527	538,210
Proceeds on disposal of motor vehicle and equipment		1,828	-
Proceeds on disposal of non current assets held for sale	12	11,664	-
Net cash (used in)/generated from investing activities		(422,078)	126,728
<b>FINANCING ACTIVITIES</b>			
Dividends paid	32	(215,479)	(250,543)
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>		(287,605)	(9,441)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD</b>		127,755	137,196
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD</b>	34(b)	(159,850)	127,755



For sectoral allocation of dividends received from associate companies please go to page 78

# Notes to the Financial Statements

for the year ended 31 March 2009

## 1. SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

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

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

#### *Standards and interpretations effective in the current period*

The following new interpretations issued by the International Financial Reporting Interpretations Committee and revised standards are effective in the current period:

- IFRIC 12, Service Concession Arrangements (effective for accounting periods beginning on or after 1 January 2008);
- IFRIC 13, Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 July 2008);
- IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for accounting periods beginning on or after 1 January 2008);
- IFRIC 16, Hedges of a Net Investment in a Foreign Operation (effective for accounting periods beginning on or after 1 October 2008);
- IAS 39, Financial Instruments: Recognition and Measurement, Reclassification of financial assets (effective from 1 November 2008);
- IFRS 7, Financial Instruments: Recognition and Measurement, Consequential disclosures arising from amendments to October 2008 amendments to IAS 39 (effective from 1 November 2008).

Adoption of these interpretations and the revised standards has not led to any changes in the group's accounting policies.

#### *New and revised standards and interpretations in issue not yet adopted*

At the date of authorisation of these financial statements, the following revised standards and interpretations were in issue but not yet effective.

- IFRIC 15, Agreements for the construction of Real Estate (effective for accounting periods beginning on or after 1 January 2009);
- IFRIC 17, Distributions of Non-cash Assets to Owners (effective for accounting periods beginning on or after 1 January 2009);

- IFRIC 18, Transfer of assets to Customers (effective for the accounting periods beginning on or after 1 July 2009);
- IFRS 1, First-Time Adoption of International Financial Reporting Standards – Amendment relating to cost of an investment on first-time adoption (effective for accounting periods beginning on or after 1 January 2009);
- IFRS 3, Business Combinations – Comprehensive revision on applying the acquisition method (effective for accounting periods beginning on or after 1 July 2009);
- IFRS 8, Operating Segments (effective for accounting periods beginning on or after 1 January 2009); and
- IAS 23, Borrowing Costs, Comprehensive revision to prohibit immediate expensing and amendments resulting from May 2008 improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2009);
- IAS 27, Consolidated and Separate Financial Statements: Consequential amendments arising from amendments to IFRS 3 (effective for accounting periods beginning on or after 1 July 2009);
- IAS 28, Investments in Associates: Consequential amendments arising from amendments to IFRS 3 (effective for accounting periods beginning on or after 1 July 2009);
- IAS 31, Interests in Joint Ventures: Consequential amendments arising from amendments to IFRS 3 (effective for accounting periods beginning on or after 1 July 2009);
- IAS 32, Financial Instruments: Presentation: Amendments relating to puttable instruments and obligations arising on liquidation (effective for accounting periods beginning on or after 1 January 2009);
- IAS 39, Financial Instruments: Recognition and Measurement: Amendments for eligible hedged items (effective for accounting periods beginning on or after 1 July 2009);
- Improvements to IFRSs were issued in May 2008 and April 2009 and their requirements are effective over a range of dates, with the earliest effective date being for annual periods beginning on or after 1 January 2009. This comprises a number of amendments to IFRSs, which resulted from the IASB's annual improvements project. The Directors are currently assessing the impact and expected timing of adoption of these amendments on the companies results and financial position.

### **Impact of the new and revised standards and interpretations in issue but not yet adopted**

The following standards, in particular, will be of considerable relevance to the financial statements of the group, when effective:

#### **IAS 1 (Revised), Presentation of financial statements**

IAS 1 (Revised), 'Presentation of financial statements' was issued in September 2007 and will be effective for

# Notes to the Financial Statements (cont'd)

## for the year ended 31 March 2009

### 1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

annual periods beginning on or after 1 January 2009. The revised standard introduces the concept of a statement of comprehensive income, which enables users of the financial statements to analyse changes in a group's equity resulting from transactions with owners separately from non-owner changes.

The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but provides the option of presenting items of income and expense and components of other comprehensive income either as a single statement of comprehensive income or in two separate statements, the income statement and statement of comprehensive income.

The previous version of IAS 1 used the titles 'balance sheet' and 'cash flow statement' to describe two of the statements within a complete set of financial statements. The revised IAS 1 uses 'statement of financial position' and 'statement of cash flows' for those statements.

#### IAS 17 Leases

The rules requiring that leasehold land must be treated as operating leases have been removed effective for periods beginning on or after 1st January 2010. Long-term leasehold land can now be treated as a finance lease and therefore can be carried at valuation. The Directors are currently assessing the impact of the amendment on the companies results and financial position.

#### IFRS 8, Operating segments

IFRS 8, 'Operating segments', replaces IAS 14, 'Segment reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments will be reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker.

#### Impact of other standards and interpretations

The directors anticipate that the adoption of the other standards and interpretations and amendments to other IFRSs resulting from the International Accounting Standards Board (IASB)'s annual improvements project published in May 2008, when effective, are not expected to have a material impact on the financial statements of the group.

#### (a) Basis of preparation

The financial statements are prepared under the historical cost convention, as modified by the revaluation of equity investments.

#### (b) Revenue recognition

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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

#### (c) Consolidation

Subsidiary undertakings, being those companies in which the group either directly or indirectly has an interest of more than 50% of the voting rights or otherwise has power to exercise control over the operations, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the group and are no longer consolidated as from the date of disposal. All inter company transactions balances and unrealised surpluses and deficits on transactions with the subsidiary company have been eliminated.

The group financial statements reflect the result of the consolidation of the financial statements of the company and its wholly owned subsidiary, details which are disclosed in note 19, and include the group's share of the results of the associated companies as disclosed in note 20.

#### (d) Motor vehicle and equipment

Motor vehicle and equipment are stated at cost less depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the motor vehicle and equipment in equal annual instalments over their estimated useful lives.

The annual rates in use are:

Motor vehicle and motor cycles	20%
Furniture, fittings and office equipment	10%
Computers	33.3%

# Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

## 1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (e) Leasehold land

Payments to acquire leasehold interest in land are treated as prepaid operating lease rentals and are amortised over the period of the lease.

### (f) Investment in subsidiary

Investment in the subsidiary is accounted for at cost in the books of the company.

### (g) Investments in associated companies

Investments in associated undertakings are accounted for by the equity method of accounting. These are undertakings in which the group has between 20% and 50% of the voting rights and over which the group exercises significant influence but which it does not control.

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. A listing of the group's associated undertakings is shown in note 20.

Investments in associates are accounted for at cost less any accumulated impairment losses in the books of the company.

### (h) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

### (i) Taxation

Current taxation is provided for on the basis of the results for the year as shown in the financial statements, adjusted in accordance with tax legislation and gazetted tax concessions given to the group.

Deferred income tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for

financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

A deferred tax asset is recognised to the extent that it is probable that future taxable benefits will be available against which the unused tax credits can be utilised.

### (j) Employee entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the liability for annual leave accrued but not taken at the balance sheet date.

### (k) Retirement benefit obligations

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

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

The group contributions in respect of retirement benefit schemes are charged to the income statement in the year to which they relate.

### (l) Computer software development costs

Costs incurred on computer software are initially accounted for at cost as intangible assets and subsequently at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is calculated on the straight line basis over the estimated useful lives not exceeding a period of 3 years.

### (m) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the terms of the relevant leases.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.



# Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

## 1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (n) Financial instruments

A financial asset or liability is recognised when the group becomes party to the contractual provisions of the instrument.

#### *Financial assets*

The group classifies its financial assets into the following categories: Financial assets at fair value through profit or loss; loans, advances and receivables; held-to-maturity investments; and available-for-sale assets. Management determines the appropriate classification of its investments at initial recognition.

#### *Financial assets at fair value through profit or loss*

This category has two sub-categories: Financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading.

#### *Loans, advances and receivables*

Loans, advances and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable.

#### *Held-to-maturity*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale of other than an insignificant amount of held-to-maturity assets occurs, the entire category is classified as available for sale.

#### *Available-for-sale financial assets*

Available-for-sale assets are financial assets that are not (a) financial assets at fair value through profit or loss, (b) loans, advances and receivables, or (c) financial assets held to maturity.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the company has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans, advances and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the group's right to receive payment is established.

Fair values of quoted investments in active markets are based on quoted bid prices. Equity securities for which fair values cannot be measured reliably are valued at cost less impairment.

#### *Investments*

Quoted investments are those companies listed on the stock exchange. They are classified as available for sale and are stated at the middle market value as at balance sheet date.

Unquoted investments are the unlisted non-associate companies in which the company has invested. They are classified as available for sale and are stated at fair value. Where a significant amount of new investment into a company has been made within the financial year, the price at which the investment was made is considered the fair value. For all other investments, the earnings multiple method is employed. This method, which draws on market based measures of risk and return, involves the application of an earnings multiple to the earnings of the business being valued in order to derive a value for the business. The earnings multiple that is applied is derived from comparable companies or transactions with similar prospects from a return and growth perspective. Where fair value cannot be reliably measured, the unquoted investment is carried at cost.

The difference between valuation and cost is transferred to the investment revaluation reserve. Where valuation is below cost, the difference between valuation and cost is charged to the income statement if, in the opinion of the directors, the reduction in value is not considered temporary. On the disposal of an investment, the difference between the net disposal proceeds and the cost is charged or credited to the income statement.

# Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

## 1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *Impairment and uncollectability of financial assets*

At each balance sheet date, the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognized in the income statement whenever the carrying amount of the asset exceeds its recoverable amount.

If it is probable that the group will not be able to collect all amounts due (principal and interest) according to the contractual terms of loans, receivables or held-to-maturity investments carried at amortised cost, an impairment or bad debt loss has occurred. The carrying amount of the asset is reduced to its estimated recoverable amount through use of an allowance account. The amount of the loss incurred is dealt with in the income statement for the year.

For unlisted shares classified as available for sale, a significant or prolonged decline in the value of the security below its cost is considered to be objective evidence of impairment.

Other factors considered by the group in determining impairment for other financial assets include:

- Significant financial difficulty of the issuer or counter party
- Default or delinquency in interest or principal repayments
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

### *Financial liabilities*

Financial liabilities, including borrowings, are initially measured at fair value net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

#### (o) Foreign currencies

Assets and liabilities denominated in foreign currency are translated into Kenya shillings at the rates of exchange ruling at the balance sheet date. Transactions during the year are translated at the rates ruling on the transaction dates. Differences on exchange are dealt with in the income statement.

#### (p) Cash and cash equivalents

For the purposes of the cashflow statement, cash and cash equivalents comprise of bank balances and deposits at call with the banks net of bank overdrafts.

#### (q) Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are not accrued for until they have been ratified at the Annual General Meeting.

#### (r) Comparatives

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

# Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

## 2. FINANCIAL RISK MANAGEMENT

### Introduction and overview

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

- Market risk - includes currency, interest rate and other price risk
- Credit risk
- Liquidity risk

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

### Risk management framework

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

The group's general risk management approach is to increase the likelihood of success in its strategic activities, that is, to raise the potential reward of its activities relative to the risks undertaken. Accordingly, the group's approach to risk management is intended to increase risk awareness and understanding, and thus support taking risks where appropriate, in a structured and controlled manner. The group however recognizes that in pursuit of its mission and investment objectives it may choose to accept a lower level of reward in order to mitigate the potential hazard of the risks involved.

To assist in implementing its risk management policy, the group has:

- Identified, analyzed and produced a risk management strategy for those risks which might inhibit it from achieving its strategic objectives and which would threaten its ongoing survival as a leading investment company;
- Raised awareness of and integrated risk management into its management policies.
- Promoted an understanding of the importance and value of risk management, particularly associated with investment opportunities;
- Established risk management roles and responsibilities for its board of directors, audit and risk committee and the risk department.

The risk management function is supervised by the Audit and Risk Committee. Management identifies, evaluates and hedges financial risks under policies approved by the board of directors. The board provides written principles for overall risk management, as well as written policies covering specific areas such as price risk, foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity.

The Board put in place an internal audit function to assist it in assessing the risk faced by the company on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

### i) Market risks

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

### a) Price risk

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

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

At 31 March 2009, if the prices at the Nairobi Stock Exchange had appreciated/depreciated by 5% with all other variables held constant, the impact on the revaluation reserves would have been Shs 164,458,275 (2008 – Shs 215,100,800) higher/lower. Price fluctuation has no effect on the profit since changes in fair value for quoted investments are dealt with in equity.

# Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

## 2. FINANCIAL RISK MANAGEMENT (cont'd)

### Investment holding period risk

Over 60% of the group's investments are private equity investments, which are not traded on any formal exchange. Disposal of these investments is constrained in many instances by pre-emptive rights, shareholder agreements and the absence of willing trade buyers or an active secondary market. The timing of realised proceeds on disposal may pose a risk to the group.

The group mitigates this risk by seeking influence through large shareholding or board representation while laying emphasis on dividend generating potential.

However, the group has got no fixed time horizon for its investments, and does not enforce exit options on investments as it believes this makes it easier to acquire attractive investments.

### Concentration Risk

Over 95% of the group's assets are located in Kenya with over 42% of the portfolio exposed to the fortunes of the financial sector and 30% in beverages.

#### Equity Portfolio sector allocation

Financial services (Banking & Insurance)	42%
Alcoholic beverages and carbonated soft drinks	30%
Automotives	15%
Services	5%
Publishing	4%
Industrial and Allied	2%
Infrastructure	1%
Agriculture	1%

Each investment asset is considered independently by the Investment Committee and the board according to a structured process that includes extensive due diligence, industry analysis, consideration of existing assets and future capital commitments. Whereas sector limits are in place, concentration in the financial and beverage sectors have mainly been brought about by organic growth and appreciation of market value. To reduce exposure to country risk, the group is actively looking for regional investment opportunities.

### b) Interest rate risk

The group is exposed to interest rate risk as it borrows funds at floating interest rates in the form of short term loans (overdrafts) and also holds cash deposits with financial institutions. The interest rates on the cash deposits are fixed and agreed upon in advance while interest rates on overdrafts are pegged to the bank's base lending rate or prevailing Treasury Bills rates.

Management closely monitors the interest rate trends to minimize the potential adverse impact of interest rate changes. Deposits are placed at fixed interest rates and management is therefore able to plan for the resulting income. For the facilities with variable rates, the company is in regular contact with the lenders in a bid to obtain the best available rates.

As at 31 March 2009, the group had no fixed and term deposits (2008 – Shs 79,452,000 and Shs 146,219,000 respectively).

As at 31 March 2009, a 5% increase/decrease of the annual interest rate would have resulted in an increase/decrease in pre-tax profit and total capital of Shs 7,774,503 (2008 - Shs 798,400).

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

### 2. FINANCIAL RISK MANAGEMENT (cont'd)

#### c) Foreign exchange risk

The group's exposure to fluctuations in the foreign currency rates relate to conversion rates for valuation of overseas holdings. The group does not have any foreign denominated financial liabilities.

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

	2009 Shs'000	2008 Shs'000
Term deposit (US\$)	-	146,219
Loan to a related party (US\$)	2,825	72,380
Quoted investment (UGX)	3,823	8,609
	6,648	227,208
The mean exchange rates ruling at 31 March 2009 and 31 March 2008 were:		
1 US Dollar (US\$)	80.4694	62.8478
1 Ugandan Shilling (UGX)	0.03772	0.03729

The group currently holds only 0.17% (2008 – 0.30%) of its quoted investments in foreign currency. The currency exposure associated with this holding is therefore insignificant.

At 31 March 2009, if the Shilling had weakened/strengthened by 5% against the US dollar with all other variables held constant, the impact on total capital would have been Shs 141,250 (2008: Shs 15,711,950) higher/lower, due to the change in value of the outstanding US dollar loan to a related party (Rift Valley Railways).

At 31 March 2009, if the Shilling had weakened/strengthened by 5% against the Ushs with all other variables held constant, the impact on total capital would have been Shs 191,107 (2008: Shs 365,603) higher/lower, due to the to the change in value of the investment in the Ugandan Stock Exchange.

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

### 2. FINANCIAL RISK MANAGEMENT (cont'd)

#### ii) Credit risks

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

The credit risk exposures are classified in three categories:

- Fully performing
- Past due
- Impaired

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

#### Maximum exposure to credit risk before collateral held or other credit enhancements

The table below represents the maximum credit risk exposure to the group at 31 March 2009 and 31 March 2008, without taking into account any collateral held or other credit enhancements attached (i.e gross amounts).

	GROUP		COMPANY	
	2009 Sh'000	2008 Sh'000	2009 Sh'000	2008 Sh'000
Dividends receivable	90,953	66,669	147,470	238,369
Bank balances	10,131	48,303	10,101	48,267
Term deposits	-	146,219	-	146,219
Fixed deposits	-	79,452	-	79,452
	<b>101,084</b>	<b>340,643</b>	<b>157,571</b>	<b>512,307</b>

The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by the banking regulatory authority.

Other receivables are classified as follows:

	Fully performing Shs'000	Past due Shs'000	Impaired Shs'000	Total (gross) Shs'000
<b>31 March 2009</b>				
Dividends receivable	90,953	-	-	90,953
Rental debtors	-	-	1,087	1,087
<b>Total</b>	<b>90,953</b>	<b>-</b>	<b>1,087</b>	<b>92,040</b>
<b>31 March 2008</b>				
Dividends receivable	66,699	-	-	66,699
Rental debtors	-	-	1,087	1,087
	<b>66,699</b>	<b>-</b>	<b>1,087</b>	<b>67,786</b>

The impaired amounts are fully provided for.

# Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

## 2. FINANCIAL RISK MANAGEMENT (cont'd)

### iii) Liquidity risks

This is the risk that the group will encounter difficulties in meeting its financial commitments from its financial liabilities. Prudent liquidity risk management includes maintaining sufficient cash to meet company obligations. Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the group's short, medium and long term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

As at 31st March 2009 over 30% (2008: over 30%) of the group assets were held in assets that are quickly convertible to cash. The group also had Shs. 330,019,000 (2008: Shs. 500,000,000) unutilized credit facilities. (See note 33).

	GROUP		COMPANY	
	2009 Sh'000	2008 Sh'000	2009 Sh'000	2008 Sh'000
Bank overdraft	169,981	-	169,981	-

The overdraft of Shs 169,981,000 drawn down as at the end of the financial year 2009 compared to a nil position in the previous year resulted to the significant increase in current liabilities.

The borrowings which were mainly utilized for investment purposes together with accruing interest are matched by expected future cash inflows within 12 months.

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

### 3. CAPITAL RISK MANAGEMENT

The group's objectives when managing capital are:

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

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

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

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

There have been no material changes in the group's management of capital during the period.

The constitution of capital managed by the company is as shown below:

	GROUP		COMPANY	
	2009 Sh'000	2008 Sh'000	2009 Sh'000	2008 Sh'000
Share capital	274,976	274,976	274,976	274,976
Share premium	589,753	589,753	589,753	589,753
Revaluation reserve	1,871,941	3,699,739	1,038,357	2,696,605
Revenue reserve	3,579,363	3,513,661	2,170,574	2,330,168
<b>Equity</b>	<b>6,316,033</b>	<b>8,078,129</b>	<b>4,073,660</b>	<b>5,891,502</b>
Total borrowings	169,981	-	169,981	-
Less: Bank balances	(10,131)	-	(10,101)	-
<b>Net borrowings</b>	<b>159,850</b>	<b>-</b>	<b>159,880</b>	<b>-</b>
Gearing (%)	2.5%	-	3.9%	-

The overdraft balance as at year end was Sh 169,981,000 (2008- nil).



## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

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

The key areas of judgement in applying the entity's accounting policies are dealt with below:

#### *Impairment losses*

At each balance sheet date, the group reviews the carrying amounts of its financial assets to determine whether there is any indication that those assets have suffered an impairment loss. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

#### *Valuation of unquoted investments*

For equity instruments for which no active market exists, the group uses the price of a recent investment or the earnings multiple to estimate the fair value of these investments. Management uses estimates based historical data relating to earnings of the investee company and other market based multiples in arriving at the fair value. The primary assumption in employing the earnings multiple method is that the market has assigned an appropriate value to the benchmark company. The methodology and assumptions used for arriving at the market based multiples are reviewed and compared with other methodologies to ensure there are no material variances.

#### *Held -to-maturity investments*

The group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the group evaluates its intention and ability to hold such investments to maturity. If the group fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

### 5. SECTORAL INFORMATION

	12 months to 31 March 2009										9 months to 31 March 2008
	Automotive Shs ' 000	Beverage Shs ' 000	Financial Shs ' 000	Agricultural Shs ' 000	Industrial & allied Shs ' 000	Services Shs ' 000	Publishing Shs ' 000	Infrastructure Shs ' 000	Property Shs ' 000	Total Shs ' 000	Total Shs'000
<b>INCOME</b>											
Dividend income											
- unquoted investments	101,564	-	-	-	-	31,962	-	-	-	133,526	24,200
- quoted investments	11	24,263	82,321	62	7,338	2,559	723	-	-	117,277	88,396
	101,575	24,263	82,321	62	7,338	34,521	723	-	-	250,803	112,596
Rent income	-	-	-	-	-	-	-	-	120	120	-
Interest income	-	-	3,224	-	-	-	-	-	-	3,224	15,968
Gain on disposal of investment	-	-	130,607	(3,641)	-	4,600	-	-	-	131,566	442,969
Other investment income	-	907	2,588	-	544	1,372	282	-	180	5,873	9,981
	101,575	25,170	218,740	(3,579)	7,882	40,493	1,005	-	300	391,586	581,514
<b>Share of results of associated companies</b>											
Share of profit	-	287,841	167,855	-	-	-	35,852	-	-	491,548	525,088
Share of tax	-	(89,339)	(48,814)	-	-	-	(13,496)	-	-	(151,649)	(116,828)
	-	198,502	119,041	-	-	-	22,356	-	-	339,899	408,260
<b>EQUITY INVESTMENTS</b>											
<b>Associates</b>											
Share of net assets	-	1,585,638	1,043,214	-	-	-	257,095	-	-	2,885,947	2,945,295
Non current asset held for sale	-	-	-	-	-	-	-	-	-	-	7,064
<b>Unquoted investments</b>											
Fair value	977,758	-	23,901	-	-	150,846	-	60,323	-	1,212,828	1,835,881
<b>Quoted investments</b>											
Market value	-	342,360	1,638,091	21,836	136,458	166,298	-	-	-	2,305,043	2,832,079
<b>Total</b>	<b>977,758</b>	<b>1,927,998</b>	<b>2,705,206</b>	<b>21,836</b>	<b>136,458</b>	<b>317,144</b>	<b>257,095</b>	<b>60,323</b>	<b>-</b>	<b>6,403,818</b>	<b>7,620,319</b>

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

	GROUP	
	12 months to 31 March 2009 Shs'000	9 months to 31 March 2008 Shs'000
<b>6. INCOME</b>		
Dividends receivable	250,803	112,596
Rent income	120	-
Interest receivable	3,224	15,968
Gain on disposal of investments (note 12)	131,566	442,969
Other income	5,873	9,981
	391,586	581,514
Income earned on financial assets, analysed by category of asset, is as follows:		
Available for sale financial assets	382,369	557,192
Held to maturity investments (fixed deposits)	3,224	15,968
	385,593	573,160
Investment income earned on non-financial assets	5,993	8,354
	391,586	581,514
<b>7. PROVISION FOR IMPAIRMENT</b>		
Provision for impairment on unquoted investment (note 21)	271,171	54
Provision for impairment of shareholder loan to Rift Valley Railways (Pty) Ltd (note 23)	68	-
	271,239	54
<b>8. FINANCE COSTS</b>		
Interest on borrowings	13,705	5
Commitment fees	2,090	1,649
Exchange loss - realised	-	6
Exchange (gain)/loss - unrealised	(2,812)	16,721
	12,983	18,381

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

	GROUP	
	12 months to 31 March 2009 Shs'000	9 months to 31 March 2008 Shs'000
<b>9. PROFIT BEFORE TAXATION</b>		
The profit before taxation is arrived at after charging:		
Directors' emoluments:		
Non-executive - fees	1,709	1,379
- other	2,395	1,944
Executive remuneration	16,958	11,718
Auditors' remuneration (including VAT)	1,793	1,746
Depreciation	1,818	1,719
Amortisation of leasehold land	620	465
Amortisation of intangible assets	418	231
Loss on disposal of equipment	-	4
Staff costs (note 10)	48,080	42,886
and after crediting:		
Dividend income (gross) - quoted investments	(117,278)	(88,396)
- unquoted investments	(133,526)	(24,200)
Rent receivable	(120)	-
Gain/(loss) on disposal of motor vehicle and equipment	(1,365)	-
<b>10. STAFF COSTS</b>		
Salaries	45,320	36,444
National Social Security Fund contributions (NSSF)	31	23
Retirement benefit scheme contributions	2,714	1,995
Staff medical expenses	-	1,065
Staff welfare and training expenses	1,953	1,915
Leave pay provision	(1,938)	1,444
	48,080	42,886

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

	GROUP	
	12 months to 31 March 2009 Shs'000	9 months to 31 March 2008 Shs'000
<b>11. TAXATION CHARGE</b>		
(a) Current taxation based on adjusted profit for the year at 30%	1,712	5,834
Deferred tax charge/(credit) (note 24)	9,112	(5,702)
	10,824	132
Share of associated companies' taxation:		
Current taxation based on adjusted profit for the year	72,243	49,564
Deferred tax credit	79,406	67,619
Prior year (under)/over provision	-	(355)
	79,406	67,264
Share of tax of associates (note 20)	151,649	116,828
Taxation charge/(credit)	162,473	116,960
(b) Reconciliation of taxation charge to expected tax based on accounting profit:		
Accounting profit before taxation	475,653	985,280
Tax at the applicable rate of 30%	142,696	295,584
Tax effect of dividend income not taxable	(75,794)	(128,402)
Tax effect of income not taxable	(76,456)	(87,660)
Tax effect of expenses not deductible for tax purposes	171,267	37,793
Adjustments in respect of prior year (net)	760	(355)
	162,473	116,960
(c) Taxation recoverable		
At beginning of the year:		
Payable	-	657
Recoverable	(2,928)	(4,228)
	(2,928)	(3,571)
Charge for the year	1,712	5,834
Payments during the year	(4,416)	(5,191)
Taxation recoverable	(5,632)	(2,928)

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

### 12. GAIN ON DISPOSAL OF INVESTMENTS

	Cost Shs'000	Proceeds Shs'000	2009 Gain on disposal Shs'000	Cost Shs'000	Proceeds Shs'000	2008 Gain on disposal Shs'000
Quoted investments	64,561	191,527	126,966	95,241	538,210	442,969
Non current assets held for sale (note 28)	7,064	11,664	4,600	-	-	-
	71,625	203,191	131,566	95,241	538,210	442,969
Comprising:						
Transfer from investment revaluation reserve			155,201			391,851
(Loss)/gain during the year			(23,635)			51,118
			131,566			442,969

### 13. PROFIT FOR THE YEAR

The profit attributable to shareholders dealt with in the company financial statements is Shs 87,884,000 (2008 - Shs 642,152,000).

### 14. EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit attributable to shareholders by the number of ordinary shares in issue during the year. There were no potentially dilutive shares at 31 March 2009 (2008 - nil).

	12 months to 31 March 2009	9 months to 31 March 2008
Earnings (Shs)	313,180,000	868,320,000
Number of shares in issue	549,951,830	549,951,830
Earnings per share (Shs)		
- Basic	0.57	1.58
- Diluted	0.57	1.58

### 15. PROPOSED DIVIDEND

The directors do not propose a dividend in respect of the year ended 31 March 2009. In 2008, Shs 0.45 per share amounting to a total Shs 247,478,000 was proposed and approved at the Annual General Meeting.

Payment of dividends is subject to withholding tax at a rate of 10% for non-resident shareholders and 5% for resident shareholders.

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

### 16. MOTOR VEHICLE AND EQUIPMENT

#### GROUP & COMPANY

	Motor vehicle and motor cycles Shs'000	Furniture and fittings Shs'000	Computers Shs'000	Office equipment Shs'000	Total Shs'000
COST					
At 1 July 2007	5,881	5,999	3,035	1,715	16,630
Additions	-	-	270	-	270
Disposals	-	(23)	(180)	-	(203)
At 31 March 2008	5,881	5,976	3,125	1,715	16,697
At 1 April 2008	5,881	5,976	3,125	1,715	16,697
Additions	147	-	705	707	1,559
Disposals	(5,881)	-	(1,080)	(60)	(7,021)
At 31 March 2009	147	5,976	2,750	2,362	11,235
DEPRECIATION					
At 1 July 2007	4,018	3,445	2,584	980	11,027
Charge for the period	882	450	259	128	1,719
Eliminated on disposals	-	(19)	(180)	-	(199)
At 31 March 2008	4,900	3,876	2,663	1,108	12,547
At 1 April 2008	4,900	3,876	2,663	1,108	12,547
Charge for the period	701	598	326	193	1,818
Eliminated on disposals	(5,577)	-	(929)	(52)	(6,558)
At 31 March 2009	24	4,474	2,060	1,249	7,807
NET BOOK VALUE					
At 31 March 2009	123	1,502	690	1,113	3,428
At 31 March 2008	981	2,100	462	607	4,150

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

### 17. PREPAID OPERATING LEASE RENTALS

#### GROUP AND COMPANY

	2009 Sh'000	2008 Sh'000
COST		
At 31 March	59,487	59,487
AMORTISATION		
At the beginning of the year/period	22,307	21,842
Charge for the year/period	620	465
At 31 March	22,927	22,307
NET BOOK VALUE		
At 31 March	36,560	37,180

### 18. INTANGIBLE ASSETS

Computer software

#### GROUP AND COMPANY

COST		
At the beginning of the year/period	1,146	3,410
Additions	165	367
Disposals	-	(2,631)
At 31 March	1,311	1,146
AMORTISATION		
At the beginning of the year/period	447	2,847
Charge for the year/period	418	231
Eliminated on disposals	-	(2,631)
At 31 March	865	447
NET BOOK VALUE		
At 31 March	446	699



## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

	COMPANY	
	2009 Shs'000	2008 Shs'000
<b>19. INVESTMENT IN SUBSIDIARY (UNQUOTED AT COST)</b>		
Kenya National Properties Limited 100% owned	114,735	114,735

The principal activities of the subsidiary company are the ownership and development of property for rental purposes. The subsidiary did not trade during the year/period.

### 20. INVESTMENT IN ASSOCIATES

	GROUP	
	2009 Shs'000	2008 Shs'000
At the beginning of the year/period	2,945,295	2,425,019
Share of profits before taxation	491,548	525,088
Share of taxation (note 11)	(151,649)	(116,828)
	339,899	408,260
Share of movements in equity reserves	(169,550)	(192,358)
Dividends received	(229,697)	(47,101)
Acquisitions during the year/period	-	244,662
Transfer from unquoted investments	-	113,877
	2,885,947	2,952,359
Transferred to non current asset held for sale	-	(7,064)
At 31 March	2,885,947	2,945,295

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

### 20. INVESTMENT IN ASSOCIATES (Continued)

	Number of shares held		% owned		GROUP Cost adjusted for post acquisition changes in net assets	COMPANY At cost	
	31.3.09	31.3.08	31.3.09	31.3.08		31.3.09	31.3.08
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
UNQUOTED							
Aon Mimet Insurance Brokers Ltd*	332,330	332,330	21.50	21.50	166,615	136,971	12,298
KWA Holdings Ltd**	25,373,936	25,373,936	26.43	26.43	263,161	209,874	17,235
Mather & Platt (Kenya) Ltd	-	220,278	-	29.77	-	7,064	7,118
Mt Kenya Bottlers Ltd*	1,250,695	1,250,695	27.80	27.80	208,810	192,080	10,006
Nairobi Bottlers Ltd*	981,971	981,971	27.62	27.62	660,172	644,044	133,020
Rift Valley Bottlers Ltd*	8,087,460	2,695,820	44.03	44.03	296,148	270,742	63,815
UAP Provincial Insurance Co Ltd *	29,070,636	29,070,636	24.23	24.23	876,599	1,088,722	163,144
Kisii Bottlers Ltd *	4,266,292	4,266,292	23.89	23.89	157,348	159,875	113,878
Longhorn Kenya Ltd **	4,095,000	4,095,000	35.00	35.00	257,094	242,987	242,987
					2,885,947	2,952,359	756,383
Less transferred to non current assets held for sale ( Note 28)					-	(7,064)	-
					2,885,947	2,945,295	756,383

The share of the results and net assets of the associates at 31 March 2009 were based on audited accounts to 31 December 2008 (\*) and management accounts at 31 December 2008 (\*\*).

Longhorn Kenya Limited was valued at cost as at 31 March 2008, having been acquired after 31 December 2007.

During the year the Company divested from Mather & Platt.

The increase in the company's holding in Rift Valley Bottlers was a result of a bonus issue during the year.

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

### 21. UNQUOTED INVESTMENTS – Available for sale

GROUP AND COMPANY	Number of shares at 01.04.08	Additions/ (disposals)/ (transfers) in the year	Number of shares at 31.3.09	% owned	Cost at 1.4.08 Shs'000	Additions in the year Shs'000	Disposals/ transfers in the year Shs'000	Translation difference Shs'000	Cost at 31.3.09 Shs'000	Valuation 31.3.09 Shs'000	Valuation 31.3.08 Shs'000
Capital Markets Challenge Fund Ltd*	50,000	-	5,000	10.00	5,000	-	-	-	5,000	5,000	5,000
General Motors Kenya Ltd***	279,300	-	279,300	17.82	184,536	-	-	-	184,536	977,759	1,277,103
NAS Airport Services Ltd***	73,056	-	73,056	9.13	7,397	-	-	-	7,397	150,846	366,749
K-Rep Bank Limited**	37,801	-	37,801	3.78	39,324	-	-	-	39,324	18,900	91,389
Rift Valley Railways Investments (Pty) Ltd****	20,000	1,480,000	1,500,000	10.00	95,639	218,518	-	17,337	331,494	60,323	95,640
Total					331,896	218,518	-	17,337	567,751	1,212,828	1,835,881
<b>OFFSHORE INVESTMENT</b>											
Wildlife Works Inc (USA) preferred stock – net	55,632	-	55,632		19,713	-	-	-	19,713	-	-
Total					351,609	218,518	-	17,337	587,464	1,212,828	1,835,881

The fair value of unquoted investments have been determined using the price of a recent investment (\*\*\*) or the earnings multiple method (\*\*\*\*). Where fair value could not be reliably measured, the investment is carried at cost (\*).

The investment in Wildlife Works Inc (USA) is fully impaired.

During the period, 10,000 Rift Valley Railways (Pty) Limited (RVR) shares were acquired from draw down of the term deposit (note 25). An additional 1,470,000 shares were acquired on conversion of a shareholders loan at a value of USD 928,000 (Shs 67,947,139) (Note 23). An 84% impairment provision (Kshs 271, 171,000) was recognised with respect to the investment in RVR during the year. The provision was charged to the income statement. (\*\*\*\*\*)

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

### 22. QUOTED INVESTMENTS - Available for sale

#### GROUP AND COMPANY

QUOTED INVESTMENTS	At 01.04.08			At 31.03.09			At 01.04.08			At 31.03.09			At 31.03.08		
	Units	Additions Units	Disposals Units	Units	Disposals Units	At Shs '000'	Units	Disposals Shs '000'	At Shs '000'	Additions Shs '000'	Disposals Shs '000'	At Shs '000'	At Shs '000'	Disposals Shs '000'	At Shs '000'
Athi River Mining Ltd	124,000	-	-	124,000	-	11,633	-	-	11,633	-	-	8,060	11,222	-	8,060
Barclays Bank of Kenya Ltd.	1,111,565	-	-	1,111,565	-	87,262	-	-	87,262	-	-	44,740	75,031	-	44,740
Bamburi Cement Ltd	35,000	-	-	35,000	-	1,593	-	-	1,593	-	-	4,165	6,510	-	4,165
British American Tobacco Kenya Ltd	68,600	-	-	68,600	-	13,306	-	-	13,306	-	-	9,535	10,702	-	9,535
Carbacid Investment Company Ltd	92,059	-	-	92,059	-	3,291	-	-	3,291	-	-	12,612	12,612	-	12,612
CMC Holdings Ltd	24,060	-	-	24,060	-	558	-	-	558	-	-	314	339	-	314
East African Breweries Ltd	2,977,043	-	-	2,977,043	-	63,298	-	-	63,298	-	-	342,360	458,465	-	342,360
Eveready East Africa Ltd	8,419,023	*10,429	-	8,429,272	-	1,596	-	-	1,596	-	-	26,099	55,145	-	26,099
Kenya Power & Lighting Company Ltd	471,169	-	-	471,169	-	91,355	-	-	91,355	-	-	53,242	94,234	-	53,242
Kenya Commercial Bank Ltd	72,326,721	14,325,523	(7,319,800)	79,332,444	-	309,270	390,760	(59,134)	640,896	1,566,816	-	1,880,495	1,880,495	-	1,566,816
Kenya Airways Ltd	1,462,876	-	-	1,462,876	-	160,945	-	-	160,945	-	-	28,892	76,069	-	28,892
Kenya Electricity Generating Company Ltd	141,992	-	-	141,992	-	5,182	-	-	5,182	-	-	1,796	3,372	-	1,796
Kenya Oil Company Ltd	391,600	-	-	391,600	-	40,846	-	-	40,846	-	-	17,622	35,832	-	40,846
Kenya Re-Insurance Corporation Ltd	2,188,215	-	-	2,188,215	-	38,187	-	-	38,187	-	-	26,039	30,635	-	38,187
Mumias Sugar Company Ltd	3,860,688	-	-	3,860,688	-	64,617	-	-	64,617	-	-	17,759	44,012	-	64,617
Nation Media Group Ltd	65,714	**65,714	-	131,428	-	2,173	-	-	2,173	-	-	16,823	21,226	-	2,173
Rea Vipingo Plantations Ltd	296,500	-	-	296,500	-	7,519	-	-	7,519	-	-	3,855	5,574	-	7,519
Sasini Tea & Coffee Ltd	400	-	-	400	-	-	-	-	-	-	-	2	5	-	-
Safaricom Limited	-	40,089,700	-	40,089,700	-	-	234,613	-	234,613	-	-	120,270	-	-	-
Unilever Tea Kenya Ltd	28,827	-	(28,827)	-	-	5,428	-	(5,428)	-	-	-	1,614	-	-	-
Williamson Tea Kenya Ltd	4,675	-	-	4,675	-	1,308	-	-	1,308	-	-	219	376	-	1,308
<b>REGIONAL INVESTMENTS</b>															
British American Tobacco Uganda Ltd	140,000	-	-	140,000	-	7,000	-	-	7,000	-	-	3,327	7,649	-	7,000
Stanbic Uganda Ltd	109,500	-	-	109,500	-	312	-	-	312	-	-	496	960	-	312
<b>TOTAL INVESTMENTS</b>	<b>916,679</b>	<b>625,373</b>	<b>(64,562)</b>	<b>1,477,490</b>	<b>(64,562)</b>	<b>1,470,178</b>	<b>2,301,220</b>	<b>(64,562)</b>	<b>1,477,490</b>	<b>2,301,220</b>	<b>(64,562)</b>	<b>2,832,079</b>	<b>2,832,079</b>	<b>(64,562)</b>	<b>2,301,220</b>

Quoted investments with a market value of Shs 582,671,745 (2008-Shs 692,784,082) have been pledged as security to secure banking facilities granted to the group (see note 33).

\* Additions as a result of an IPO reconciliation during the year

\*\* Additions as a result of a share split during the year

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

	GROUP		COMPANY	
	2009 Shs'000	2008 Shs'000	2009 Shs'000	2008 Shs'000
<b>23. DUE FROM A RELATED PARTY</b>				
Shareholder loan to Rift Valley Railways Investments (Pty) Ltd	2,825	72,380	2,825	72,380

The balance of shareholder loan as at 31 March 2008 was USD 1,151,667. During the year USD 928,000 was capitalised resulting in a closing loan balance of USD 223,667. An 84% impairment provision for the balance of loan was recognised during the period through the income statement.

	GROUP		COMPANY	
	2009 Shs'000	2008 Shs'000	2009 Shs'000	2008 Shs'000
The movement in the shareholder's loan is as follows:				
At beginning of the year/period (USD 1,151,667)	72,380	80,387	72,380	80,387
Capitalisation of loan (USD 928,000)	(67,947)	-	(67,947)	-
Exchange difference	(1,540)	(8,007)	(1,540)	(8,007)
Impairment Provision	(68)	-	(68)	-
At end of year/period	2,825	72,380	2,825	72,380

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

### 24. DEFERRED TAX ASSET

Deferred income taxes are calculated on all temporary differences under the liability method using the currently enacted tax rate of 30%.

The deferred tax asset is attributable to the following items:

	GROUP		COMPANY	
	2009 Shs'000	2008 Shs'000	2009 Shs'000	2008 Shs'000
Deferred tax liabilities:				
Exchange gain	(844)	-	(844)	-
Deferred tax assets:				
Exchange losses	-	8,317	-	8,317
Leave pay provision	346	927	346	927
Tax losses	1,359	1,080	1,359	1,080
General provision for doubtful debts	12,121	12,121	12,121	12,121
Accelerated capital allowances	368	17	368	17
	14,194	22,462	14,194	22,462
	13,350	22,462	13,350	22,462
The movement on the deferred tax account is as follows:				
At July	22,462	16,760	22,462	16,760
Income statement (charge)/credit – note 11(a)	(9,112)	5,702	(9,112)	5,702
At 31 March	13,350	22,462	13,350	22,462

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

	GROUP & COMPANY	
	2009	2008
	Shs'000	Shs'000
<b>25. TERM DEPOSIT- Held to maturity</b>		
Balance brought forward	146,219	227,338
Draw down	(146,219)	(61,402)
Interest receivable	-	-
Exchange loss	-	(19,717)
	-	146,219
Maturity analysis:		
- maturing within one year	-	59,687
	-	59,687
- maturing between two and five years	-	86,532
	-	146,219

This was a deposit of USD 3,250,000 that was held with American Express Bank. The purpose of the Term Deposit was to secure an irrevocable Letter of Credit in favour of Rift Valley Railways (Pty) Limited (RVR) and International Finance Corporation towards the acquisition of shares in RVR. During the period a total of USD 2,326,560 was drawn down for an additional 10,000 shares (2008 – USD 923, 440 for 5,000 shares) representing a 10% stake.

	GROUP		COMPANY	
	2009	2008	2009	2008
	Shs'000	Shs'000	Shs'000	Shs'000
<b>26. RECEIVABLES AND PREPAYMENTS</b>				
Dividends receivable	90,953	66,699	147,470	238,369
Sundry receivables and prepayments	2,796	45,059	2,796	45,059
	93,749	111,758	150,266	283,428
<b>27. FIXED DEPOSITS - Held to maturity</b>				
Maturing within 90 days:				
Call deposits	-	79,452	-	79,452

The effective interest rate on call deposit at 31 March 2009 was nil (2008: 8.25%.)

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

	GROUP		COMPANY	
	2009 Shs'000	2008 Shs'000	2009 Shs'000	2008 Shs'000
<b>28. NON CURRENT ASSETS HELD FOR SALE</b>				
At 1 April	7,064	-	7,064	-
Transfer from investment in associates	-	7,064	-	7,064
Disposals	(7,064)	-	(7,064)	-
At 31 March	-	7,064	-	7,064

During the year ended 31 March 2008, the directors resolved to divest from the group's investment in Mather & Platt (Kenya) Limited. The sale was concluded on 31 May 2008 and the group realised Shs 11.6 million in disposal proceeds.

	2009 Shs'000	2008 Shs'000
<b>29. SHARE CAPITAL</b>		
<b>GROUP AND COMPANY</b>		
Authorised:		
800,000,000 Ordinary shares of Shs 0.50 each	400,000	400,000
Issued and fully paid:		
549,951,830 ordinary shares of Shs 0.50 each	274,976	274,976

	GROUP		COMPANY	
	2009 Shs'000	2008 Shs'000	2009 Shs'000	2008 Shs'000
<b>30. PAYABLES AND ACCRUALS</b>				
Sundry payables and accruals	8,909	22,766	8,850	22,216
Leave pay provision	1,153	3,091	1,151	3,091
	10,062	25,857	10,001	25,307
<b>31. DUE TO A RELATED PARTY</b>				
Kenya National Properties Ltd (KNP)	-	-	284,061	284,603



## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

	GROUP & COMPANY	
	2009	2008
	Shs'000	Shs'000
<b>32. UNCLAIMED DIVIDENDS</b>		
At the beginning of the year/period	41,864	44,929
Declared during the year/period	247,478	247,478
Paid during the year/period	(215,479)	(250,543)
At end of the year/period	73,863	41,864

### 33. BORROWINGS

As at 31 March 2009, the group had undrawn committed borrowing facilities amounting to Shs 330,021,000 (2008 – Shs 500,000,000). The overdraft balance as at year end was Sh 169,981,000 (2008- nil). The effective interest rate as at 31 March 2009 was 8.23%.

The overdraft and other facilities are secured by certain quoted investments. The market value of the shares held as security at 31 March 2009 was Shs 582,671,745 (2008 - Shs 692,784,082).

	12 months to 31 March 2009 Shs'000	9 months to 31 March 2008 Shs'000
<b>34. NOTES TO THE CASH FLOW STATEMENT</b>		
(a) Reconciliation of profit before tax to cash generated from operations		
Profit before tax	475,653	985,280
Adjustments for:		
Depreciation	1,818	1,719
Amortisation of intangible assets	418	231
Amortisation of leasehold land	620	465
Exchange (gains)/loss capitalised	(2,812)	21,668
(Gain)/loss on disposal of equipment	(1,365)	4
Gain on disposal of quoted investments (note 12)	(126,966)	(442,969)
Gain on disposal of non current assets held for sale (note 12)	(4,600)	-
Provision for impairment of unquoted investment (note 21)	271,171	-
Provision for impairment of amount due from a related party (note 23)	68	-
Share of profits from associated companies	(491,548)	(525,088)
Operating profit before working capital changes:	122,457	41,310
Decrease in receivables and prepayments	18,009	32,937
Decrease in payables and accruals	(15,795)	(1,783)
Cash generated from operations	124,671	72,464

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

### 34. NOTES TO THE CASH FLOW STATEMENT (Continued)

	12 months to 31 March 2009 Shs'000	9 months to 31 March 2008 Shs'000
(b) Analysis of balances of cash and cash equivalents		
Bank balances	10,131	48,303
Fixed deposits	-	79,452
Bank overdraft	(169,981)	-
	(159,850)	127,755

For the purposes of the cash flow statement, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity at the balance sheet date and borrowings.

	2009 Shs'000	2008 Shs'000
<b>35. CAPITAL COMMITMENTS</b>		
<b>GROUP &amp; COMPANY</b>		
Authorised but not contracted for	18,150	25,956
Authorised and contracted for	-	-

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2009

### 36. RELATED PARTIES

The group transacts with companies related to it by virtue of common shareholding and also by virtue of common directors.

During the period the following transactions were entered into with the related parties:

	12 months to 31 March 2009 Shs'000	9 months to 31 March 2008 Shs'000
Purchase of goods/services		
Rent and service charge paid	3,612	1,657
Share registration services	2,506	1,879
Insurance paid	2,899	2,283
Training	847	-
Purchase of goods	124	-

The remuneration of executive directors and other key management during the year/period is as follows:

	12 months to 31 March 2009 Shs'000	9 months to 31 March 2008 Shs'000
Salaries and other benefits	33,759	28,405

### 37. OPERATING LEASE ARRANGEMENTS

#### The group as a lessee

At the balance sheet date, the company had outstanding commitments under operating leases, which fall due as follows:

	2009 Shs'000	2008 Shs'000
Within one year	1,819	2,809
In the second to fifth year inclusive	9,605	11,237
	11,424	14,046

Operating lease payments represent rentals payable by the group for its office premises. Leases are negotiated for an average term of 5 years. The group's leases were negotiated during the year.

### 38. COUNTRY OF INCORPORATION

The company is incorporated and domiciled in Kenya under the Companies Act.

### 39. CURRENCY

The financial statements are presented in Kenya Shillings thousands (Shs'000).

**Part 3: Information for Shareholders**

Historical Performance	75-76
Equity Portfolio at a glance	77
Financial Highlights	78
Shareholding Information	79
Registrar Services	80
Proxy Form	83
Voting Form	84

## Historical Performance

*“From a successful past to a promising future, we keep giving value to our share holders.”*



Kshs.'000

Group Income Statement	9-Months									
	2009	2008	2007*	2006	2005	2004	2003	2002	2001	2000
Investment income	391,586	581,514	804,888	403,742	239,786	354,570	221,028	153,975	124,375	178,650
Administration and operating costs	(123,259)	(102,941)	(89,605)	(119,207)	(80,165)	(80,303)	(80,434)	(64,478)	(73,398)	(41,387)
Finance costs	(15,795)	(1,660)	(41,641)	(29,502)	(21,241)	(6,281)	(8,172)	(10,263)	(12,269)	-
Forex exchange movements	2,812	(16,720)	-	-	-	-	-	-	-	-
Market gain on investment property	-	-	-	-	-	8,938	-	-	-	-
Exceptional item	-	-	-	-	-	-	-	-	-	(20,863)
Provision for impairment	(271,239)	-	-	(9,526)	(9,526)	-	-	-	-	-
Share of profits in associate companies	491,548	525,088	512,136	450,982	245,145	71,527	70,526	228,291	188,452	205,367
<b>Profit before taxation</b>	<b>475,653</b>	<b>985,281</b>	<b>1,185,778</b>	<b>696,489</b>	<b>373,999</b>	<b>348,451</b>	<b>202,948</b>	<b>307,525</b>	<b>227,160</b>	<b>321,767</b>
Taxation	(162,473)	(116,960)	(70,718)	(89,981)	(78,765)	(107,101)	(43,799)	(60,089)	(72,826)	(94,620)
<b>Profit after tax</b>	<b>313,180</b>	<b>868,321</b>	<b>1,115,060</b>	<b>606,508</b>	<b>295,234</b>	<b>241,350</b>	<b>159,149</b>	<b>247,436</b>	<b>154,334</b>	<b>227,147</b>
<b>Summary Group Balance Sheet</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
<b>Assets</b>										
<b>Non current assets</b>										
Investment properties	-	-	-	-	250,000	250,000	239,356	159,975	325,000	380,000
Investment in associates	2,885,947	2,945,295	2,425,019	1,906,866	1,596,805	1,381,319	1,205,133	1,170,007	1,226,302	1,012,297
Unquoted investments	1,212,828	1,835,881	2,389,453	1,587,688	1,481,976	525,940	606,636	551,969	494,955	536,590
Quoted investments	2,305,043	2,832,079	2,958,825	2,532,281	1,442,340	796,910	617,704	246,670	247,513	139,576
Fixed income securities	-	-	-	51,539	51,530	129,982	151,713	131,688	4,500	11,634
Term deposit	-	86,532	148,213	-	-	-	-	-	-	-
Other non current assets	56,609	143,935	140,958	45,936	53,988	55,771	47,296	58,496	8,362	8,212
	6,460,427	7,843,722	8,062,468	6,124,310	4,876,639	3,139,922	2,867,838	2,318,805	2,306,632	2,088,309
<b>Current assets</b>										
Receivables and prepayments	99,381	114,686	148,923	282,339	143,056	24,131	52,732	80,403	54,386	92,451
Cash and cash equivalents	10,131	187,442	210,265	22,635	13,251	90,123	906	15,572	26,705	23,093
	109,512	302,128	359,188	304,974	156,307	114,254	53,638	95,975	81,091	115,544
<b>Total assets</b>	<b>6,569,939</b>	<b>8,145,850</b>	<b>8,421,656</b>	<b>6,429,284</b>	<b>5,032,946</b>	<b>3,254,176</b>	<b>2,921,476</b>	<b>2,414,780</b>	<b>2,387,723</b>	<b>2,203,853</b>
<b>Equity and liabilities</b>										
<b>Capital and reserves</b>										
Share capital	274,976	274,976	274,976	274,976	274,976	274,976	274,976	274,976	230,156	191,820
Share premium & reserves	6,041,057	7,803,153	8,073,454	5,913,522	4,416,974	2,721,562	2,427,574	2,028,155	1,919,648	1,879,069
	6,316,033	8,078,129	8,348,430	6,188,498	4,691,950	2,996,538	2,702,550	2,303,131	2,149,804	2,070,889
<b>Non current liabilities</b>										
Borrowings	169,981	-	-	134,460	110,597	160,000	128,794	-	132,333	-
Other current liabilities	83,925	67,721	73,226	57,722	48,201	37,142	33,206	73,858	35,685	48,696
	253,906	67,721	73,226	240,786	340,996	257,638	218,926	111,649	237,919	132,964
<b>Total equity and liabilities</b>	<b>6,569,939</b>	<b>8,145,850</b>	<b>8,421,656</b>	<b>6,429,284</b>	<b>5,032,946</b>	<b>3,254,176</b>	<b>2,921,476</b>	<b>2,414,780</b>	<b>2,387,723</b>	<b>2,203,853</b>

## Historical Performance

Kshs.'000	9-Months									
	2009	2008	2007*	2006	2005	2004	2003	2002	2001	2000
<b>Summary Cash Flow Statements</b>										
<b>Operating activities</b>										
Cash generated from operations	367,351	137,946	242,146	277,669	169,556	147,322	185,769	135,464	194,369	153,629
Proceeds from disposal of investments	205,019	538,210	1,057,308	386,306	81,460	274,172	123,339	33,671	42,897	132,639
Interest paid	(12,983)	(18,381)	(41,641)	(29,502)	(21,241)	(6,282)	(8,172)	(10,263)	(12,269)	-
Taxation paid	(4,416)	(5,191)	(5,330)	(13,374)	(6,558)	(6,961)	(4,923)	(1,014)	(10,046)	(23,578)
<b>Net cash generated from/(used in) the period</b>	<b>554,971</b>	<b>652,584</b>	<b>1,252,483</b>	<b>621,099</b>	<b>223,217</b>	<b>408,251</b>	<b>296,013</b>	<b>157,858</b>	<b>214,951</b>	<b>262,690</b>
<b>Investing activities</b>										
Purchase of quoted equity investments	(625,373)	(166,183)	(329,531)	-	-	-	-	-	-	-
Purchase of private equity investments	-	(244,662)	(145,999)	(354,596)	(212,140)	(219,517)	(298,740)	(105,464)	(265,496)	(255,668)
Other investments	(1,724)	(637)	(317,246)	(317)	(2,126)	(14,087)	(33,799)	(142,505)	(2,095)	(9,302)
<b>Net cash generated from/(used in) investing activities</b>	<b>(627,097)</b>	<b>(411,482)</b>	<b>(792,776)</b>	<b>(354,913)</b>	<b>(214,266)</b>	<b>(233,604)</b>	<b>(332,539)</b>	<b>(247,969)</b>	<b>(267,591)</b>	<b>(264,970)</b>
<b>Financing activities</b>										
Dividend paid	(215,479)	(250,543)	(210,686)	(158,443)	(158,642)	(116,636)	(106,934)	(89,161)	(80,965)	(58,962)
Loan received/(repaid)	-	-	-	(195,555)	195,555	-	-	-	-	-
Proceeds from share issue (net)	-	-	-	-	-	-	-	300,472	-	-
<b>Net cash generated from/(used in) financing activities</b>	<b>(215,479)</b>	<b>(250,543)</b>	<b>(210,686)</b>	<b>(353,998)</b>	<b>36,913</b>	<b>(116,636)</b>	<b>(106,934)</b>	<b>211,311</b>	<b>(80,965)</b>	<b>(58,962)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(287,605)</b>	<b>(9,441)</b>	<b>249,021</b>	<b>(87,812)</b>	<b>45,864</b>	<b>58,011</b>	<b>(143,460)</b>	<b>121,200</b>	<b>(133,605)</b>	<b>(61,242)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>127,755</b>	<b>137,196</b>	<b>(111,825)</b>	<b>(24,013)</b>	<b>(69,877)</b>	<b>(127,888)</b>	<b>15,572</b>	<b>(105,628)</b>	<b>27,977</b>	<b>89,219</b>
<b>Cash and cash equivalents at end of the year</b>	<b>(159,850)</b>	<b>127,755</b>	<b>137,196</b>	<b>(111,825)</b>	<b>(24,013)</b>	<b>(69,877)</b>	<b>(127,888)</b>	<b>15,572</b>	<b>(105,628)</b>	<b>27,977</b>
<b>Key performance ratios</b>										
Earnings per share (Kshs)	0.57	1.58	2.03	1.10	0.54	0.44	0.29	0.48	0.34	0.49
Gearing	2.5%	0.0%	0.0%	1.8%	2.1%	2.3%	4.7%	0.0%	4.9%	0.0%
Cost to portfolio value	1.6%	1.3%	1.5%	2.4%	2.6%	2.8%	3.5%	2.8%	3.5%	1.8%
Net asset value (NAV) per share (Kshs)	11.48	14.69	15.18	11.25	8.53	5.45	4.91	4.51	4.67	4.50
Return on equity	-21.8%	-0.3%	38.9%	36.6%	62.1%	17.0%	13.7%	1.4%	8.3%	-26.7%
Price to NAV ratio	0.89	1.70	1.84	0.88	0.78	1.23	1.04	0.42	1.02	1.10
Market price as at 31st March (Kshs)	10.25	25.00	28.00	9.95	6.65	6.70	5.10	1.90	4.78	4.95
Market capitalisation (Kshs 000)	5,636,988	13,748,750	15,398,600	5,472,003	3,657,168	3,684,665	2,804,745	969,342	2,197,980	2,278,535
NSE Index	2,805.03	4,855.36	5,146.73	4,260.14	3,972.15	2,639.75	1,934.96	1,082.62	1,657.4	2,003.10

\* 30th June prior to 2008 and 31st March from 2008

### Definition of key performance ratios

Earnings per share (EPS) -	The portion of a company's net profits allocated to each outstanding share of common stock. It is calculated by dividing net profits by the number of shares outstanding.
Gearing -	A term used to describe the level of a company's net debt (net of cash or cash equivalents) compared with its total assets, and usually it is expressed as a percentage of borrowing at the end of the year to total asset at year end.
Cost to portfolio ratio -	Expressed as a percentage of administrative and operating cost to opening assets under management.
NAV per share -	A term used to express the value of an entity's assets less the value of its liabilities on a per share basis. NAV may also be used as a synonym for the book value of a business. NAV per share is calculated by dividing the NAV by the number of shares outstanding
Return on equity (ROE) -	A measure of return to shareholders equity. ROE is calculated by dividing closing NAV per share plus dividends per share by the opening NAV per share.
Price to NAV ratio-	Is used to compare the stock market value of an entity with its NAV. It is calculated by dividing the current closing price of the stock by the NAV per share

## Centum Investment Company Limited Equity Portfolio at a Glance

Investments in Associates	Description of Business	Sector	% holding	Cost - 31.03.09	Value - 31.03.09
ACN Minet Insurance Brokers Ltd	Insurance brokerage services	Finance	21.50%	12,298,000	166,615,000
Loughorn Kenya Ltd	Educational publishers	Publishing	35.00%	242,987,000	257,094,000
Kisii Bottlers Ltd	Production of carbonated soft drinks	Beverages	23.89%	113,878,000	157,348,000
KWA Holdings Ltd	Production & distribution of alcoholic beverages	Beverages	26.43%	17,235,000	263,161,000
Mount Kenya Bottlers Ltd	Production of carbonated soft drinks	Beverages	27.80%	10,006,000	208,810,000
Nairobi Bottlers Ltd	Production of carbonated soft drinks	Beverages	27.62%	133,020,000	660,172,000
Rift Valley Bottlers Ltd	Production of carbonated soft drinks	Beverages	44.03%	63,815,000	296,148,000
UAP Provincial Insurance Co. Ltd	Insurance services	Finance	24.23%	163,144,000	876,599,000
				<b>756,383,000</b>	<b>2,885,947,000</b>

### Unquoted Investments

Capital Markets Challenge Fund Ltd	Financial intermediaries	Finance	10.00%	5,000,000	5,000,000
General Motors (Kenya) Ltd	Assembly and Sale of vehicles	Automotives	17.82%	184,536,000	977,759,000
K-Rep Bank Ltd	Micro-Finance Institution	Finance	3.78%	39,324,000	18,900,000
NAS Airport Services Ltd	Airline catering	Services	9.13%	7,397,000	150,846,000
Rift Valley Railways (Pty) Ltd	Rail transport	Infrastructure	10.00%	331,494,000	60,323,000
				<b>567,751,000</b>	<b>1,212,828,000</b>

### Quoted Investments

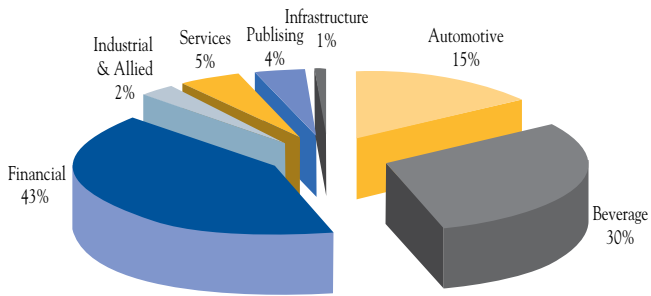
Athi River Mining Ltd	Industrial mineral mining and cement production	Industrial & Allied	0.13%	11,633,000	8,060,000
Barclays Bank of Kenya Ltd	Commercial banking services	Finance	0.01%	87,262,000	44,740,000
Bamburi Cement Ltd	Industrial mineral mining and cement production	Industrial & Allied	0.08%	1,593,000	4,165,000
BAT Kenya Ltd	Manufacture and sale of tobacco	Industrial & Allied	0.07%	13,306,000	9,535,000
BAT Uganda Ltd	Manufacture and sale of tobacco	Industrial & Allied	0.29%	7,000,000	3,327,000
Carbacid Investment Co. Ltd	Carbon Dioxide mining	Industrial & Allied	0.81%	3,291,000	12,612,000
CMC Holdings Ltd	Sale of vehicle	Services	0.00%	558,000	314,000
East Africa Breweries Ltd	Production of Alcoholic & Non-alcoholic beverages	Beverages	0.45%	63,298,000	342,360,000
Eveready East Africa Ltd	Manufacture of batteries	Industrial & Allied	4.01%	1,596,000	26,099,000
Kenya Power and Lighting Company Ltd	Electricity distribution	Industrial & Allied	0.01%	91,355,000	53,242,000
Kenya Commercial Bank Ltd	Commercial banking services	Finance	3.58%	640,896,000	1,566,816,000
Kenya Airways Ltd	Airline services - passenger & cargo	Services	0.32%	160,945,000	28,892,000
Kenya Reinsurance Corporation	Reinsurance services	Finance	0.39%	38,187,000	26,039,000
Kengen Ltd	Electricity generation	Industrial & Allied	0.60%	5,182,000	1,796,000
Kenol Ltd	Market oil and gas products	Industrial & Allied	0.36%	40,846,000	17,622,000
Mumias Sugar Ltd	Production of sugar and electricity generation	Agricultural	0.76%	64,617,000	17,759,000
Nation Media Group Ltd	Media - print, radio, internet and television	Services	0.18%	2,173,000	16,823,000
Rea Vipingo Plantations Ltd	Cultivation and production of sisal	Agricultural	0.49%	7,519,000	3,855,000
Safaricom Ltd	Mobile network operator	Services	0.10%	234,613,000	120,270,000
Sasini Tea & Coffee Ltd	Production of coffee and tea	Agricultural	0.00%	273	2,000
Stanbic Uganda Ltd	Commercial banking services	Finance	0.00%	312,000	496,000
Williamson Tea Ltd	Production of tea	Agricultural	0.05%	1,308,000	219,000
				<b>1,477,490,273</b>	<b>2,305,043,000</b>
				<b>2,801,621,273</b>	<b>6,403,818,000</b>

“Our strength is in our diversified portfolio.”

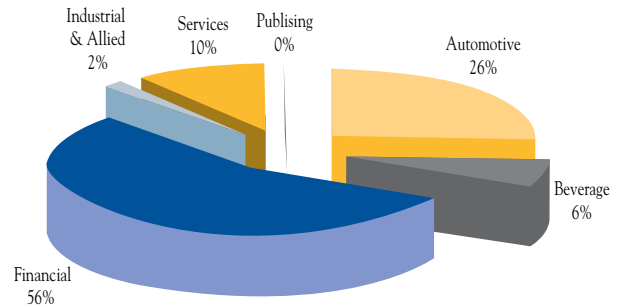


# Financial Highlights

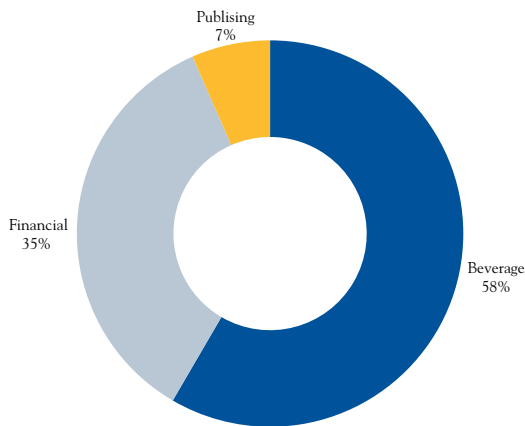
Sector Allocation of Equity Portfolio



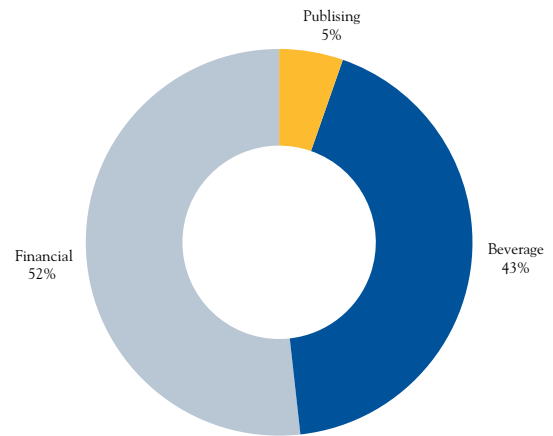
Sector Allocation of Investment Income



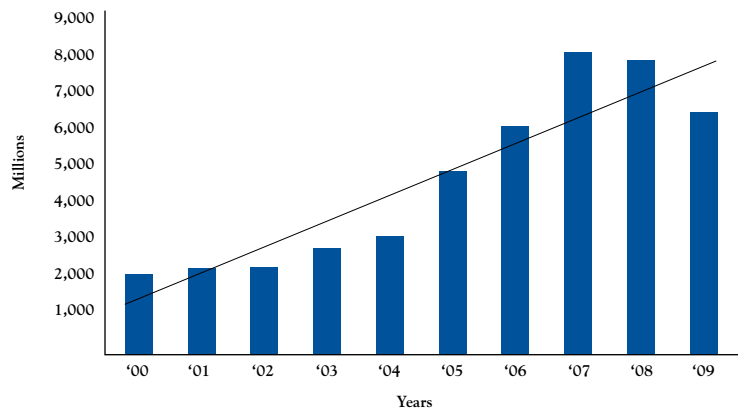
Share of Results of Associate Companies



Dividend Received from Associate Companies



Assets under Management





# Shareholding Information

## Top Ten Shareholders

No.	Name	fy 2008/09		fy 2007/08	
		Number shares of	% Holding	Number of shares	% Holding
1.	Industrial and Commercial Corporation Development (ICDC)	129,304,130	23.51%	129,304,130	23.51%
2.	Christopher John Kirubi	91,287,790	16.60%	89,528,070	16.28%
3.	Stanbic Nominees Ltd A/C R 48701	29,385,490	5.34%	31,082,490	5.65%
4.	Kiruma International Ltd	28,348,995	5.15%	28,348,995	5.15%
5.	International House Ltd	23,051,050	4.19%	23,051,050	4.19%
6.	Kirubi Limited	4,856,880	0.88%	-	-
7.	Jubilee Insurance Company of Kenya Limited	4,315,650	0.78%	3,400,830	0.62%
8.	Barclays (K) Nominees Ltd A/C 1256	4,289,880	0.78%	4,289,880	0.78%
9.	Barclays (K) Nominees Ltd A/C 1853	2,604,940	0.47%	4,537,550	0.83%
10.	John Kibunga Kimani	2,365,130	0.43%	2,365,130	0.43%
<b>Total</b>		<b>319,809,935</b>	<b>58.15%</b>	<b>315,908,125</b>	<b>57.44%</b>
Others		230,141,895	41.85%	234,043,705	42.56%
<b>Total Issued Shares</b>		<b>549,951,830</b>	<b>100.00%</b>	<b>549,951,830</b>	<b>100.00%</b>

## Analysis of the shareholding

Share Ranges	fy 2008/09				fy 2007/08			
	Shares	Shares (%)	Holders	Holders(%)	Shares	Shares (%)	Holders	Holders(%)
1 - 500	2,930,896	0.53%	11,435	29.76%	9,406,861	1.71%	18,828	48.35%
501 - 5,000	41,006,852	7.46%	20,432	53.18%	35,082,692	6.38%	13,547	34.79%
5,001 - 10,000	24,552,344	4.46%	3,282	8.54%	24,737,285	4.50%	3,289	8.45%
10,001 - 100,000	75,823,975	13.79%	2,993	7.79%	54,543,134	9.92%	2,684	6.89%
100,000 - 1,000,000	62,164,068	11.30%	252	0.66%	22,558,210	4.10%	314	0.81%
>1,000,000	343,473,695	62.46%	30	0.08%	403,623,648	73.39%	280	0.72%
<b>Total</b>	<b>549,951,830</b>	<b>100.00%</b>	<b>38,424</b>	<b>100.00%</b>	<b>549,951,830</b>	<b>100.00%</b>	<b>38,942</b>	<b>100.00%</b>

## NSE Statistics

Share Price	fy 2008/09	fy 2007/08
High for the year	30.00	34.75
Low for the year	8.50	23.25
31st March	10.25	25.00
<b>Shares traded</b>		
Number of shares	39,774,235	69,940,604
Value of shares traded (Kshs millions)	863	1,945
Turnover in shares traded as a percentage of issued share capital	7%	13%
Number of shares in issue	549,951,830	549,951,830
End of period	549,951,830	549,951,830
Weighted average	549,951,830	549,951,830
Market Capitalisation as at 31st March (Kshs millions)	5,637	13,749

## Registrar Services



Custody and Registrars Services (C&R) were appointed managers of the Company's Share Register with effect from 1st April 2009.

As the Company's Share Registrars, C&R will provide the following services to shareholders.

- Respond to enquiries on the status of a shareholder's shares,
- Update shareholder information,
- Replacement of old or misplaced dividend cheques,
- Replacement for lost or stolen share certificates,
- Arrange for the transfer of shareholding from a deceased shareholder to his/her beneficiaries,
- Provide support during share purchase, sale and immobilization process by updating the register and verifying signatures.

Sometimes shareholders change or forget the manner in which they first signed documentation when they bought their shares. It is therefore important that if you have changed the manner in which you sign, you contact the Registrar to update your signature records.

When you visit C&R, you will be required to provide valid identification and fill out the necessary paperwork to process your request.

The contact details for C&R are as below:

**Custody and Registrars Services Limited**  
**Bruce House 6th Floor, Standard Street**  
**P.O. Box 8484-00100 Nairobi, Kenya**  
**Tel: 254 20 2230518**  
**Fax: 254 20 2211773**  
**Email: [crs@crsltd.co.ke](mailto:crs@crsltd.co.ke)**  
**Web site: [www.crsltd.co.ke](http://www.crsltd.co.ke)**



CUSTODY AND REGISTRARS SERVICES LTD





I/We \_\_\_\_\_

Share A/c No \_\_\_\_\_

of (address) \_\_\_\_\_

being a member(s) of Centum Investment Company Limited,  
hereby appoint \_\_\_\_\_

or failing him/her the duly appointed Chairman of the meeting to be my/our proxy, to vote for me/us and on my/our behalf at the 42nd Annual General Meeting of the Company, to be held on Friday, 17 July 2009 at Safari Park Hotel at 10.00 a.m. or at any adjournment thereof.

I/We direct the Proxy to vote for/against/withhold vote for the resolution(s) as indicated on the back of this proxy.

As witness I/We lay my/our hand(s) this.....day of July 2009.

Signature(s) \_\_\_\_\_

**Notes:**

1. This proxy form is to be delivered to the Secretary's office not later than 11.00 am on Thursday, July 16, 2009.
2. In the case of a Corporation, the proxy must be under the Common Seal or under the hand of an Officer or Attorney duly authorized.
3. The back of this form is to be used for voting for or against or to withhold your vote on the resolutions. If neither for nor against is struck out or your vote is not withheld you will be deemed to have authorised the Proxy to vote as they think fit.
4. Please note that voting will only take place if a poll is demanded at the meeting in accordance with sections 137 and 138 of the Companies Act (Cap 486).

Mimi/Sisi \_\_\_\_\_

Nambari ya akaunti ya hisa \_\_\_\_\_

anwami \_\_\_\_\_

kama mwanahisa/wanahisa wa Centum Investment Company Limited, namteua/tunamteua \_\_\_\_\_

na akikosa yeye, nateua/tunamteua Mwenyekiti was mkutano kama mwakilishi wangu/wetu, kupiga kura kwa niaba yangu/ yetu kwenye Mkutano Mkuu was mwaka wa arubaini na mbili wa kampuni utaofanyika tarehe 17 Julai 2009 saa nne asubuhi katika Hoteli ya Safari Park ama siku yoyote ile endapo mkutano huo utahairishwa.

Mimi/Sisi tunamuagiza Muwakilishi kupiga kura kuunga mkono/dhidi ya/kukuzuia kura kwa maamuzi kama ilivyoelekezwa katika sehemu ya nyuma ya fomu hii ya uwakilishi.

Sahihi hii/hizi imewekwa/zimewekwa Tarehe.....ya Julai 2009

Sahihi \_\_\_\_\_

**Maelezo muhimu:**

1. Iwapo hutaweza kuhudhuria mkutano huu wewe mwenyewe binafsi, ni lazima fomu hii ya uwakilishi ijazwe kikamilifu na kufikishwa kwa Katibu wa Kampuni kabla ya saa tano asubuhi Alhamisi, Julai 16, 2009.
2. Iwapo mteuaji ni shirika, fomu hii ya uwakilishi ni lazima ipigwe muhuri wa kampuni hiyo.
3. Sehemu ya nyuma ya fomu hii inafaa kutumika kuunga mkono/dhidi ya/kuizuia kura yako. Ikiwa maamuzi ya kuunga mkono ama dhidi ya ama kuzuia kura yako haijalekezwa katika fomu ya uwakilishi basi itaeleweka kwamba umemuidhinisha muwakilishi wako kupiga kura kama wanavyofikiria.
4. Upigaji kura utafanyika iwapo kura itaitishwa katika mkutano ikiambatana na kifungu 137 na 138 ya Sheria za Kampuni (Cap 486).

The Company Secretary,  
Centum Investment Company Limited  
International House, 5th floor, Mama Ngina Street  
P O Box 10518 - 00100 Nairobi, Kenya.

# Voting Form\*

**ORDINARY RESOLUTION**  
To adopt and approve the accounts for the year ended 31 March 2009.

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**ORDINARY RESOLUTION**  
To approve the directors remuneration for the year ended 31 March 2009.

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**ORDINARY RESOLUTION**  
To re-elect the following directors by rotation:

**ICDC**

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
James N. Muguiyi	<input type="checkbox"/>	<input type="checkbox"/>

**ORDINARY RESOLUTION**  
To approve the appointment of Deloitte and Touche as the Company auditors.

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**ORDINARY RESOLUTION**  
To approve the establishment of Rasimu Ltd. as a wholly owned subsidiary of the Company.

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*\*Please insert a mark in whichever box is desired.*

**SPECIAL RESOLUTION**  
To authorise the Ksh Two billion (2,000,000,000) borrowing.

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SPECIAL RESOLUTION**  
To approve the replacement of Article 112.

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SPECIAL RESOLUTION**  
To approve the amendment of Article 96.

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SPECIAL RESOLUTION**  
To approve the replacement of:

For	Against	Vote Withheld
Article 134	<input type="checkbox"/>	<input type="checkbox"/>
Article 135	<input type="checkbox"/>	<input type="checkbox"/>
Article 136	<input type="checkbox"/>	<input type="checkbox"/>

## HOW TO USE THIS FORM

Correctly filled poll form/  
kura iliojazwa vyema

For	Against	Vote Withheld
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**ORDINARY RESOLUTION**  
To approve the appointment of Deloitte and Touche as the Company auditors.

For	Against	Vote Withheld
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Incorrectly filled poll form/  
kura iliojazwa vibaya

For	Against	Vote Withheld
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**ORDINARY RESOLUTION**  
To approve the appointment of Deloitte and Touche as the Company auditors.

For	Against	Vote Withheld
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>



# CENTUM

*tangible wealth*

## We are a **preferred** partner because of our **unique** approach...

At Centum, our business is investing. We selectively deploy our capital and private equity skills to opportunities that we believe will generate attractive returns to our shareholders.

We look for opportunities in private equity, quoted private equity and real estate. We seek companies whose products and services are targeted to the growing domestic and regional consumer demand, and have a distinct and sustainable competitive advantage. We seek to build a partnership with our portfolio companies: we believe that a constructive and collaborative relationship with management of our portfolio companies as experts in their business, and we as providers of capital and private equity skills is the best way to engage our portfolio companies and create maximum value.

While we are flexible with respect to economic interest, we are keen to have either an outright controlling or a minority stake with significant governance rights with a view to influencing key issues that ultimately impact ability to create value.

## ...are you interested?

[www.centum.co.ke](http://www.centum.co.ke)

**Centum Investment Company Limited**  
International House  
5th Floor, Mama Ngina Street  
PO Box 10518-00100  
Nairobi, Kenya.

**Tel:** +254 20 316303  
**Mob:** +254 722 205339  
**Fax:** +254 20 223223  
**Email:** [info@centum.co.ke](mailto:info@centum.co.ke)  
[www.centum.co.ke](http://www.centum.co.ke)