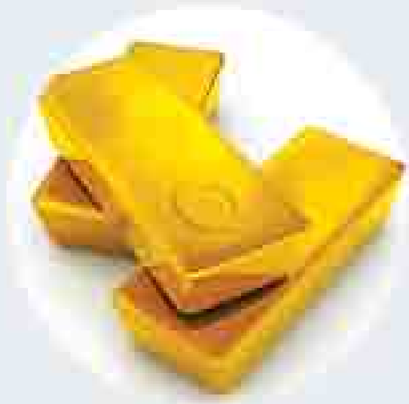
CENTUM

tangible wealth



Centum Investment Company Limited

Annual Report & Financial Statements

fy 09/10

Contents

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 2010 your Company's	
Number of Shareholders	37,510
Years of existence	43
Assets under management (Kshs millions)	9,360

Notice of the 43rd Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 43rd Annual General Meeting of the Company will be held on Friday 27th August 2010 at the Tsavo Room, KICC, 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 42nd Annual General Meeting held on Friday, 17th July 2009.

3. Ordinary Business

i) Report of the Auditors and Consolidated Financial Statements for the year ended 31 March 2010:

To receive, consider and approve the Consolidated Financial Statements for the financial year ended 31st March 2010 together with the Directors' and Auditors' report thereon.

ii) Remuneration of Directors:

To authorise the Board of Directors to fix their remuneration.

iii) Election of Directors:

(a) To re-elect the PS Ministry of Trade, a director retiring by rotation, who being eligible, offers himself for re-election.

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

(c) To elect Mr. M. Mwangi, who was appointed to fill a casual vacancy on the Board, who being eligible offers himself for re-election.

iv) Retirement of Auditors:

To note that Deloitte and Touche who retire from office as the company's auditors do not present themselves for re-appointment in accordance with section 160(1) of the Companies Act.

v) Appointment and Remuneration of Auditors:

To appoint PricewaterhouseCoopers (PwC) as auditors for the Company in accordance with section 160(1) of the Companies Act and to authorize the directors to fix the auditors remuneration.

Ilani ya Mkutano wa mwaka makala 43

ILANI INATOLEWA KUWA MKUTANO wa mwaka makala 43 utafanyika Ijumaa 27 Agosti 2010 katika ukumbi wa KICC, chumba cha Tsavo, Nairobi, saa nne asubuhi ili kutekeleza shughuli zifuatazo:

AJENDA

1. Kuandaa mkutano

Katibu wa kampuni kusoma ilani ya kuandaa mkutano na kuhakikisha kuwa kuna idadi tosha ya wanachama.

2. Kuidhinisha majadiliano ya mkutano uliopita

Kuidhinisha mambo yaliyojadiliwa kwenye mkutano wa mwaka makala ya 42 uliofanyika 17 Julai 2009.

3. Shughuli za kawaida

(i) Ripoti ya kifedha ya mwaka uliokwisha tarehe 31 Machi 2010:

Kupokea na kuidhinisha ripoti ya kifedha pamoja na taarifa ya wakurugenzi na ripoti ya wahasibu ya mwaka uliokwisha 31 Machi 2010.

ii) Mishahara ya wakurugenzi:

Kuidhinisha halmashauri ya wakurugenzi kuamua mishahara yao.

iii) Uchaguzi ya wakurugenzi:

(a) Kumchagua tena katibu mkuu katika wizara ya Biashara anayestaafu kwa zamu, ambaye kwa kuwa na ruhusa anajitolea tena ili kuchaguliwa.

(b) Kumchagua tena Bw. C. J. Kirubi, mkurugenzi anayestaafu kwa zamu na kwa kuwa ana ruhusa anajitolea tena ili kuchaguliwa.

(c) Kumchagua upya Bw. M. Mwangi aliyechaguliwa kujaza nafasi iliyotokea kwa Halmashauri ya Wakurugenzi ambaye kwa vile anaweza anajitolea kuchaguliwa tena.

(iv) Kustaafu kwa Wahasibu:

Kufahamu kuwa wahasibu Deloitte & Touche wanastaafu na kwa kulingana na sehemu ya 160 aya ya (1) ya kanuni na Sheria za Kampuni hawako tayari kuteuliwa.

(v) Uteuzi na malipo kwa wahasibu:

Kuteua PricewaterhouseCoopers (PwC) kuwa wahasibu ya kampuni kulingana na sehemu ya 160 aya ya (1) ya kanuni na sheria za kampuni na kuidhinisha wakurugenzi kuamua malipo yao.

4. **Special Business**

(i) Approval of Bonus issue of Shares

To Consider and if approved to pass the following Special Resolution:

"That subject to the approval of the Capital Markets Authority and the Nairobi Stock Exchange the sum of Shs 27,497,591.50 being part of the money now standing to the credit of the retained earnings reserves of the Company be capitalized and that the same be applied in making payment in full at par for 54,995,183 ordinary shares of Shs. 0.50 each in the capital of the Company. Such shares to be distributed as fully paid among the persons who were registered as holders of the ordinary shares in the capital of the company at the close of business on 16th July 2010 at the rate of one new fully paid ordinary share for every ten ordinary shares held by such holders respectively and that such shares shall rank parri passu in regard to voting, dividends, liquidation proceeds, future capital increase or any other special circumstances with the existing shares in the share capital of Centum.

5. **Any Other Business**

(i) Incorporation of Subsidiaries:

THAT, for the purposes of the business of the Company and in the interests of the Company:

a) THAT the incorporation of Reli Holdings Limited, a British Virgin Islands company as a wholly-owned subsidiary of the Company be ratified.

b) THAT the incorporation of Uhuru Heights Limited, a Kenyan company as a wholly-owned subsidiary of the Company be ratified.

c) THAT the incorporation of Runda Closeburn Limited, a Kenyan company as a wholly-owned subsidiary of the Company be ratified.

d) THAT the acquisition of Pearl Marina Estates as an associate of the Company be ratified.

(ii) The Secretary is directed to file at the companies registry the requisite forms and returns dealing with the resolutions set out above.

4. **Shughuli maalum**

(i) Toleo la hisa za ziada

Kutafakari na ikiidhinishwa kupitisha azimio lifuatalo:

"Ya kwamba kwa idhini ya shirika la Capital Markets Authority na Soko la Hisa la Nairobi tutatumia fedha zilizowekwa kama akiba za kiasi cha shilingi 27,497,591.50 kugharamia toleo ya hisa za ziada 54,995,183 kwa shilingi 0.50 kila moja. Hisa hizo zitatolewa na kulipiwa wanachama wote waliokuwako katika orodha ya uzajili mwisho ya siku ya tarehe 16 Julai 2010, na ambapo hisa moja itatolewa kwa umiliki wa hisa kumi; na ya kwamba hisa hizo za ziada zinahitimu kwa kila hali katika upigaji kura, mgao wa faida, kufilisika kwa kampuni, ongezeko la hisa za kampuni kwa siku za usoni au kwa shughuli zingine maalum, kwa jinsi hisa za kawaida za Centum zinahitimu.

5. **Shughuli zingine**

(i) Usajili wa kampuni tanzu:

KWAMBA kwa mathumuni ya kampuni:

a) Usajili wa umiliki wa kampuni tanzu ya Reli ambayo ni kampuni kutoka British Virgin Islands.

b) Usajili wa umiliki wa kampuni tanzu ya Uhuru Heights Limited ambayo ni kampuni kutoka humu nchini Kenya.

c) Usajili wa umiliki wa kampuni tanzu ya Runda Closeburn Limited, ambayo ni kampuni kutoka humu nchini Kenya.

d) Usajili wa umiliki wa kampuni shirika ya Pearl Marina Estates Limited ambayo ni kampuni kutoka nchini Uganda.

(ii) Katibu wa kampuni anaamrisha kusajili fomu ya maazimio hayo katika afisi zetu za usajili.

(iii) Kutekeleza shughuli zinginezo ambazo sheria zinaruhusu kufanyika katika mkutano wa mwaka.

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

BY ORDER OF THE BOARD

Naomi E. Nyamongo
Company Secretary

28 July 2010

PLEASE NOTE:

1. 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.

2. A Proxy Form is provided with this report. Shareholders who do not propose to be at the Annual General Meeting are requested to complete and return the form to the Registered Office of the Company so at to arrive not later than 10.00 a.m. on Thursday, 26th August, 2010.

3. Registration of members and proxies for the Annual General Meetings will commence at 9.00 a.m. on Friday, 27 August, 2010. Members and proxies should carry their national ID cards and a copy of a relevant Central Depository and Settlement Corporation (CDSC) account statement for ease of the registration.

KWA AMRI YA HALMASHAURI YA WAKURUGENZI

Naomi E. Nyamongo
Katibu

Tarehe 28 Julai 2010

TAFADHALI ZINGATIA:

1. Mwanachama mwenye kibali cha kuhudhuria na kupiga kura katika katika mkutano anaweza kuteua mwakilishi ambaye si lazima awe mwanachama wa kampuni.

2. Umepewa fomu ya uwakilishi pamoja na ripoti hii. Wale wenyehisa ambao hawatahudhuria mkutano wa mwaka wanaombwa kujaza fomu hizo na kuzirudisha kwa afisi ya usajili kabla ya saa nne asubuhi Alhamisi tarehe 26 Agosti, 2010.

3. Usajili wa wanachama na wawakilishi wanaohudhuria mkutano mkuu utaanza saa tatu asubuhi Ijumaa tarehe 27 Agosti 2010. Wanachama na wawakilishi watahitajika kubeba vitambulisho na nakala ya daftari ya akaunti ya CDSC ili kurahizisha usajili.

Chairman's Statement

"We had set out to improve the quality of our financial reporting and this is an objective we take very seriously because it is at the core of good corporate governance practices."

Dear Shareholder,

I am pleased to present to you the Annual Report and Financial Statements of Centum Investment Company Ltd (Centum) for the year to March 31, 2010.

Performance

The Kenyan economic environment began to make modest improvements in 2009 and it is my hope that this trend will be sustained:

- There was a modest improvement in economic growth to 2.4% in 2009 up from 1.7% in 2008;
- Overall inflation came down to 4%;
- Interest rates started coming down towards the end of our financial period.

In spite of the slow economic growth, your Company did fairly well. Company total comprehensive income increased to Kshs 3.2 Billion from a loss of Kshs 2.7 Billion the previous year. Group Profit after tax increased by 228% to Kshs 1.028 Billion, Company profit after tax went up 9.3x to Kshs 888 Million and net asset value per share increased by 56%.

Your Company's good performance against the backdrop of a very modest economic recovery is testament to the resilience of your Company's investment portfolio, the soundness of its strategy and the Management team's ability to execute.

I expect that the global and regional economy will rebound in the coming years, therefore creating even more opportunities for your Company. In 2009/10 your Company achieved a number of milestones that I believe place it in an even better position to take advantage of emerging opportunities.

We closed the year with an exceptionally strong balance sheet, with zero debt and a very healthy liquidity position with a war chest in excess of Kshs 2.0 Billion.

In the course of the financial period we completed the reorganization of the business into the Private Equity (PE), Quoted Private Equity (QPE) and Real Estate Business lines, which will provide us with an even greater focus in our investment process while maintaining the benefits of our diversified portfolio.

We revamped our investment processes adopting global best practices. Your Board engaged KPMG to serve as the Company's internal auditor to provide an added degree of independent oversight on the effectiveness of our processes and the level of compliance.

In the financial period that ended your Company began actively prospecting for opportunities across a number of African countries. I am pleased with the progress that we have made and particularly the quality of the deal flow in the pipeline. We are in the process of completing two significant real estate acquisitions in the East African region while our QPE business line is now actively investing across a number of African stock exchanges.

We had set out to improve the quality of our financial reporting and this is an objective we take very seriously because it is at the core of good corporate governance practices. The 2008/09 financial statements won the first place FiRe award in the Industrial, Commercial and Services category. The FiRe awards are highly respected with over 50 of Kenya's top companies participating. The Institute of Certified Public Accountants of Kenya, the Capital Markets Authority and the Nairobi Stock Exchange are the organizers of these awards. It is our intention to continue to enhance the quality of our reporting.

Strategy

Your Company made good progress towards achieving the objectives set in the 2009/2014 strategic plan

Our strategic objectives are:

- To scale up assets under management to Kshs 30 Billion by 2014.
- To achieve return on shareholder funds, that is consistently above market returns.
- To maintain management costs at below 2.5% of assets under management.
- To increase the geographical footprint of your company to the rest of Africa.

In the year we achieved the following:

- Increase in net assets under management by 56% to Kshs 9.2 Billion;
- Delivered a 56% return on shareholder funds against an NSE index performance of 43%, outperforming the market by 13%;
- Maintained the total cost to asset ratio at 2.1% which is below our target of 2.5%;
- Made significant progress in increasing the geographical footprint of your Company to the rest of Africa.

Board and Management Changes

In the year to March 31 2010, Mrs. Pauline Muriuki and Mr. Isaac Mogaka two long serving directors of the Company

"The focus of your Board and Management is to invest the capital of the Company to generate a rate of return that is greater than what the market is offering."

retired. Mrs. Pauline Muriuki was instrumental in providing leadership to the successful name change to Centum and in formulating a very robust brand strategy. Mr. Isaac Mogaka contributed greatly to putting in place robust corporate governance structures both at Centum and at a number of investee Companies where he served as a director.

Please join me in thanking these two individuals for their enormous contribution to Centum.

Ms. Mbatha Mbithi joined the Board as ICDC's representative. She brings wide experience gained in the banking sector and I am sure that she will add considerable value to the Board. Your Board appointed Mr. Maina Mwangi to fill the casual vacancy created following the retirement of Mrs. Pauline Muriuki. Mr. Maina has over 22 years experience in the investment industry and has held senior positions in major financial companies in Kenya, Nigeria and South Africa. He has done significant investment transactions in at least 14 African countries and he brings to the board significant networks across most of Sub-Saharan Africa and a deep understanding of the business environment. His appointment is in line with our vision to position Centum as Africa's foremost investment channel.

It is my pleasure to welcome Ms Mbithi and Mr. Maina on board.

In the year we attracted very good talent to join our management team. Lawrence Riungu joined our Real Estate and Infrastructure team as a Senior Investment Officer. Lawrence is a graduate of the Harvard Business School and has wide experience gained in the USA and the United Kingdom in the investment field. Job Muriuki joined our Private Equity team as an Investment Officer. Job is a graduate of the University of Cambridge in the United Kingdom and was working for a global consulting company in the United Kingdom before joining us. Kenneth Kamau joined our Real Estate and Infrastructure team as an Investment Analyst. Ken is a CFA finalist, a CPA finalist and holds an MBA degree. He joined us from a leading private equity company in Kenya. Andrew Gachanja joined our Quoted Private Equity team as an Investment Analyst. Andrew joined the team from Banc of America/Merill Lynch where he had served in the Investment Banking division for a number of years.

Change of Auditors

This year we will be bidding farewell to Deloitte who have been our auditors for the last 11 years. In that period they have helped us raise the standards of reporting and your company has received several awards for excellence in financial reporting. Deloitte's retirement is in line with good corporate governance practices so as to allow rotation of auditors. Your Board is recommending that the shareholders appoint PriceWaterHouseCoopers (PWC) as the company's new external auditors. PWC are one of the big four auditors in the world and we are confident that they will help your company make even greater improvements to the quality of its financial reporting.

Dividend

In line with our corporate strategy, the Board does not recommend the payment of a dividend. The focus of your Board and Management is to invest the capital of the Company to generate a rate of return that is greater than what the market is offering. We have consistently generated market-beating returns over the last 8 years. It is therefore in the best interest of you the shareholder to leave your capital in the Company where it will most likely continue to generate market beating returns that will translate in an appreciation in value of your shares. The over 100% appreciation in the value of the Centum share over the last 12 months is evidence of this fact.

The Board of Directors has recommended a bonus share issue of 1 new share for every 10 shares held. These will give you flexibility to create your own dividend policy. You can achieve this by either selling a part of or your entire bonus shares should you desire some current income or retaining all the shares should you prefer a capital gain instead. My advise to you is that you retain as many shares as you can to enjoy the full upside of what your Company is doing.

Appreciation

I would like record my sincere gratitude to you shareholders for the support you have continued to provide to your Company. I would also like to recognize the contribution of the Board and Management teams' of the companies we have invested in, without whom we would not have achieved the good performance. Finally I would like to appreciate the contribution and efforts of my fellow colleagues in the Centum Board and the Management team and urge them to redouble their efforts.

God bless you all.

JAMES N. MUGUIYI
CHAIRMAN

28th July 2010

Taarifa ya Mwenyekiti

"Tulikusudia kuimarisha jinsi tunavyo wasilisha ripoti ya kifedha, jambo tunalotilia maanani kwa kuwa ni nguzo ya usimamisi muafaka ya mashirika."

Kwa Mwenyehisa,

Ninafurahi kuwasilisha kwako Ripoti ya Mwaka na Taarifa juu ya Matumizi ya Fedha ya kampuni ya Centum Investment Company Ltd (Centum) ya mwaka uliokwisha Machi 31, 2010.

Utendaji Kazi

Hali ya uchumi humu nchini ilianza kunawiri mwaka wa 2009 na ninatarajia kuwa mwelekeo huo utadumishwa:

- Ukuaji wa uchumi uliimarika kwa asilimia 2.4% mwaka wa 2009 ikiwa ni ongezeko la asilimia 1.7% dhidi ya mwaka wa 2008;
- Kwa jumla mfumko wa bei ulipungua kwa asilimia 4%;
- Viwango vya riba vilianza kushuka mwishoni mwa mwaka huo wa fedha.

Licha ya kukokota kwa ukuaji wa uchumi, Centum ilitenda vyema. Faida baada ya ushuru ya Centum pamoja na mashirika zake ziliongezeka kwa asilimia 228% hadi shilingi Bilioni 1.028, ilhali faida baada ushuru ya Kampuni pekee ilipanda kwa mara 9.3 zaidi hadi shilingi Milioni 888 na thamani ya rasilimali kuongezeka kwa asilimia 56%.

Utendaji bora wa Centum katika uchumi unaoinuka ni ishara ya ustadi wa rasilmali ya Kampuni yako, na vile vile uhodari wa mikakati ya utendaji iliyowekwa na wasimamizi wa Centum.

Ni matarajio yangu kuwa hali ya uchumi duniani kote na ya eneo hii itaimarika kwa miaka ijao, na hivyo kuongezea Centum nafasi ya uwekezaji rasilmali. Katika mwaka wa 2009/10 Centum ilitimiza majukumu kadhaa ninayoamini yatawezesha kuwa na nafasi bora ya kunyakua fursa zinazojitokeza.

Tulifunga mwaka tukiwa na rasilimali thabiti, bila deni, na hali nzuri ya fedha iliyokuwa zaidi ya shilingi bilioni 2. Mnamo mwaka huu wa fedha tulitimiza muundo wa biashara ya Kampuni katika vitengo vitatu; Hisa Binafsi, Hisa zilizoorodheshwa katika soko la Hisa, na Ardhi,Ujenzi na Muundo Msingi na tutaangazia zaidi shughuli zetu za uchumishaji kwenye vitengo hivi, huku tukidumisha usambazaji wa rasilimali zetu. Tuliimarisha ratiba zetu na kuzingatia kanuni zinazokubalika duniani. Centum iliteua KPMG kuhudumu kama mkaguzi wa ndani ili kushiriki kutoa mawaidha juu ya shughuli zetu na kuhakikisha kuwa tunazingatia mikakati tulioweka.

Katika mwaka huo wa fedha uliokwisha Centum ilianza kutafuta fursa ya uchumishaji katika nchi kadhaa barani Afrika. Ninafurahi juu ya hatua tulizotimiza na hasa nafasi nzuri tunayofuatilia kwa sasa. Tuko katika harakati ya kufanikisha ununuzi wa shamba mbili katika eneo la Afrika Mashariki, ilhali tunaendelea kuwekeza kwenye kitengo cha Hisa Zilizoorodheshwa kupitia baadhi ya masoko ya hisa Barani Afrika.

Tulikusudia kuimarisha jinsi tunavyo wasilisha ripoti ya kifedha, jambo tunalotilia maanani kwa kuwa ni nguzo ya usimamisi muafaka ya mashirika. Taarifa ya fedha ya mwaka 2008/09 ilishinda tuzo la FiRe katika kitengo cha Viwanda, Biashara na Huduma. Tuzo la FiRe linaheshimiwa sana ambapo kampuni 50 hushiriki. Taasisi Ya Wahasibu Ya Kenya, Shirika la Capital Markets Authority na Soko La Hisa La Nairobi ndio waandalisi wa tuzo la FiRe. Ni nia yetu kuendelesha jinsi tunavyowasilisha taarifa zetu.

Mikakati

Centum ilipiga hatua ili kutimiza shabaha zake kupitia mikakati iliowekwa mwaka 2009/2014 .

Mikakati yetu ni:

- Kuimarisha rasilimali tunazosimamia;
- Kupatia mwenyehisa faida ya juu dhidi ya ile ya Soko la hisa;
- Kudumisha gharama ya usimamisi iliyo chini ya asilimia 2.5% ya rasilimali zetu;
- Kuongeza maeneo ambapo Kampuni yako inashiriki Barani Afrika.

Tulifanikisha yafuatayo katika mwaka huu wa fedha:

- Tuliongeza rasilimali tunazomilki kwa asilimia 56% hadi shilingi Bilioni 9.2;
- Tulifanikisha faida kwa mwenyehisa ya asilimia 56%dhidi ya alama ya asilimia 43% ya Soko la Hisa la Nairobi, hii ikiwa asilimia 13% juu dhidi ya soko la hisa;
- Tulidumisha gharama zote kwa jumla ya asilimia 2.1% dhidi ya thamani ya rasilimali zote, hii ikiwa chini ya asilimia 2.5% tuliyo tarajia.
- Tulipiga hatua ili Kampuni iweze kushiriki katika nchi zingine Barani Afrika.

Mabadiliko kwenye Halmashauri ya Wakurugenzi na Usimamisi

Katika mwaka ulioisha Machi 31,2010, Bi Pauline Muriuki na Bw. Isaac Mogaka (anayewakilisha Halmashauri ya Industrial Commercial and Development Corporation (ICDC)) walijiuzulu kama wakurugenzi. Bi Pauline Muriuki

"Ni lengo la Halmashauri ya Wakurugenzi kuwekeza rasilimali za kampuni katika uzalishaji wa faida kubwa kuliko ile inayopatikana kwenye soko la hisa."

alikuwa mstari wa mbele kwa uongozi shubafu uliowezesha kubadilishwa kwa jina kuwa Centum, na pia kubuni mikakati kabambe juu ya sura ya Kampuni. Bw Isaac Mogaka alichangia pakubwa kwa kuhakikisha usimamizi bora wa kimashirika sio tu katika Centum, bali pia kwenye Mashirika mengine alimohudumu. Nawaomba tujiunge pamoja kwa kuwashukuru kwa mchango wao kwa Centum.

Bi. Mbathia Mbithi alijiunga na Halmashauru ya Wakurugenzi kuwakilisha ICDC. Yeye anatuletea ujuzi mwingi aliojipatia katika sekta ya Benki na nina hakika mchango wake utakuwa wa manufaa kwa Halmashauri ya Wakurugenzi.

Halmashauri yako ya Wakurugenzi imemteua Bw. Maina Mwangi kujaza pengo kutokana na kustaafu kwa Bi. Pauline Muriuki. Bw. Maina ana ujuzi wa zaidi ya miaka 22 katika sekta ya uwekezaji wa rasilmali na amewahi kushikilia vyeo vya ukubwa nchini Kenya, Nigeria na Afrika ya Kusini. Pia amefanikisha shughuli za uwekazaji wa rasilmali ya thamani kubwa katika nchi 14 barani Afrika na atachangia katika kueneza uhusiano na mtandao huo wa Kiafrika kwenye Halmashauri ya Wakurugenzi . Kuteuliwa kwake kunalenga kuhitimisha kielelezo cha Centum cha kuwa kampuni nambari moja ya uwekazaji barani Afrika. Ni furaha kwangu kuwakaribisha.

Katika mwaka huu tuliwahi kuvutia na kuajiri maneja mwengine ili kujiunga na kundi la Wasimamizi. Lawrence Riungu alijiunga nasi kwenye kitengo chenye kuhusika na kitengo cha Ardhi,Ujenzi na Muundo Msingi kama afisa msimamizi wa uwekezaji. Lawrence alihitimu kutoka Shule ya Biashara ya Harvard, pamoja na ujuzi katika taaluma ya uchumishaji aliojipatia kule Amerikani na Uingereza. Job Muriuki alijiunga nasi kama afisa mwenye kuhusika na uchumisahaji. Job alihitimu kutoka Chuo Kikuu Cha Cambridge, kule Uingereza na aliwahi kufanya kazi katika shirika moja ya ushauri ya kimataifa kule Uingereza, kabla ya kujiunga nasi Kenneth alijiunga nasi kwenye kitengo chenye kuhusika na Mashirika ya Shamba, Ujenzi na Muundo Msingi kama afisa wa kuchungua uwekezaji. Kenneth amehitimu shahada ya CFA , CPA na MBA. Alijiunga nasi kutoka Kampuni ya Kibinafsi iliyoko humu nchini. Andrew Gachanja alijiunga nasi kwenye kitengo chenye kuhusika na Hisa zilizoorodheshwa katika soko la Hisa kama afisa wa kuchungua uwekezaji. Andrew amejiunga nasi kutoka Benki ya Amerika/Merill Lynch ambapo alihudumu katika kitengo cha uwezekaji benkini kwa miaka mingi.

Kubadilishwa kwa wahasibu

Mwaka huu tutaaga Deloitte ambao wamekuwa wahasibu wetu kwa miaka 11 iliyopita. Katika kipindi hicho wamesaidia kuinua sifa ya uwasilishaji wa taarifa zetu, jambo lililowezesha Centum kutunukiwa zawadi nyingi. Kujiuzulu kwa Deloitte inaenda sambamba na usimamisi bora wa mashirika unaohitaji wahasibu kujiuzulu kwa zamu.Halmashauri ya wakurugenzi wanapendekeza kwa wenyehisa kuteua Price Waterhouse Coopers (PWC) kuwa wahasibu wapya wa Centum PWC ni mmojawapo ya mashirika tatu kubwa ya uhasibu duniani kote na tunatumaini wataboresha hata zaidi sifa ya taarifa na ripoti tutakazowasilisha.

Mgawo wa Faida

Katika kutimiza mikakati ya Kampuni yetu, Halmashauri ya Wakurugenzi wanapendekeza mgao wa faida usilipwe. Ni lengo la Halmashauri ya Wakurugenzi kuwekeza rasilimali za kampuni katika uzalishaji wa faida kubwa kuliko ile inayopatikana kwenye soko la hisa. Tumeendelea kuzalisha faida bora kwa muda wa miaka 8 mfululiso. Kwa madhumuni ya mwenyehisa, ni vyema kubakisha rasilimali yako kwenye kampuni ili kuzalisha faida zaidi na kuimarisha thamani ya hisa zako. Kuimarika kwa thamani ya hisa za Centum kwa asilimia 100 ni ishara tosha ya wazo hilo.

Halmashauri ya Wakurugenzi badala yake wanapendekeza toleo la hisa za ziada la hisa 1 kwa hisa 10. Hii itakuwezesha kuamua jinsi unavyopendelea migao ya faida. Unaweza kuamua kuuza baadhi ya hisa hizo au hata kuuza zote ikiwa utahitaji fedha haraka au waweza kuhifadhi hisa hizo zote kwa minajili ya kufaidi zaidi baadaye.Natoa mawaidha kwako kuhifadhi hisa nyingi uwezavyo ili uweze kufurahia kunufaika kwa kampuni.

Shukrani

Ningependa kutoa shukrani zangu za dhati kwako wewe mwenyehisa kwa kuendelea kutuunga mkono kwa kushiriki katika kampuni yako. Ningependa pia kutambua mchango wa Halmashauri ya Wakurugenzi na pia Wasimamisi wa Mashirika ambamo tumewekeza, kwa kuwa bila wao hatungeweza kupata matokeo bora. Mwisho ningependa kushukuru michango na juhudi kwa mwaka mzima, za wenzangu katika Halmashauri ya wakurugenzi ya Centum na hali kadhalika kwa kundi la Wasimamisi na kuwasihi waongeze juhudi maradufu.

Mungu awabariki nyote.

JAMES MUGUIYI
MWENYEKITI

Tarehe 28 Julai 2010

Corportate Information

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

COMPANY SECRETARY
N E Nyamongo
Certified Public Secretary (Kenya)
International House
Mama Ngina Street
P O Box 10518 – 00100
Nairobi

AUDITORS
Deloitte & Touche
Certified Public Accountants (Kenya)
Deloitte Place, Waiyaki Way, Muthangari
P O Box 40092 - 00100
Nairobi

BANKERS
Co-operative Bank of Kenya Limited
Co-operative Bank House, Haile Selassie Avenue
P O Box 48231 - 00100
Nairobi

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

LAWYERS
Coulson Harney Advocates
Unit A, Nairobi Business Park, Ngong Road
P O Box 10643, 00100
Nairobi

Ndungu Njoroge & Kwach Advocates
12th Floor, International House
P O Box 41546, 00100
Nairobi

Simba & Simba Advocates
Finance House
P O Box 10312 - 00100
Nairobi

Kaplan & Stratton Advocates
Williamson House
4th Ngong Avenue
P.O.Box 40111-00100
Nairobi

BOARD OF DIRECTORS

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

INVESTMENT COMMITTEE

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

AUDIT AND RISK COMMITTEE

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

NOMINATION & GOVERNANCE COMMITTEE

M Mbithi - Chairlady
C J Kirubi
J N Muguiyi
M Byama

BRANDING COMMITTEE

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 2010.

ACTIVITIES

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

RESULTS

	Shs'000
Profit before taxation	1,183,885
Taxation	(90,128)
Profit for the year transferred to revenue reserve	1,093,757

DIVIDEND

The directors do not recommend the payment of a dividend (2009 - nil).

DIRECTORS

The current members of the board are shown on page 9.

I B Mogaka retired from the board on 24 March 2010 as the alternate director to ICDC and was replaced by M Mbithi on the same date. P M Muriuki resigned from the board on 24 March 2010.

SECRETARY

D O Owino resigned as company secretary on 12 May 2010 and was replaced by N E Nyamongo on the same date.

AUDITORS

Deloitte & Touche retire from office at the conclusion of the next Annual General Meeting. The directors recommend the appointment of PricewaterhouseCoopers as the company auditors for the next financial year.

BY ORDER OF THE BOARD

Secretary
7th June 2010
Nairobi

Ripoti ya Wakurugenzi

Wakurugenzi wanawasilisha ripoti yao pamoja na taarifa ya kifedha iliyokaguliwa kwa kipindi kilichomalizika 31 Machi 2010.

SHUGHULI

Shughuli maalum ya kampuni inabaki kuwa ile ya uwekazaji wa resilimali

MATOKEO

	Shilingi '000
Faida kabla ya kutozwa ushuru	1,183,885
Ushuru	(90,128)
Faida iliyowekwa kama akiba	1,093,757

MGAWO WA FAIDA

Wakurugenzi wanapendekeza mgao wa faida usilipwe (2009 - sufuri).

WAKURUGENZI

Wanachama wa halmashauri ya wakurugenzi waliohudumu wameorodheshwa ukurasa wa 9.

Bwana Isaac Mogaka alistaafu kama mkurugenzi mwakilishi wa ICDC mnamo tarehe 24 Machi 2010 na mahali pake kuchukuliwa na Bwana M. Mbithi siku hiyo. Bi P. M. Muriuki alijiuzulu kutoka halmashauri ya wakurugenzi mnamo tarehe 2 Machi 2010.

KATIBU

Bwana D O Owino alijiuzulu kama katibu mnamo tarehe 12 machi 2010 na mahali pake kuchukuliwa na N E Nyamongo siku hiyo.

WAHASIBU

Deloitte & Touche wanastaafu kwa zamu katika mkutano ujao wa mwaka. Wakurugenzi wanapendekeza uteuzi wa PricewaterhouseCoopers katika mkutano ujao wa mwaka ili kuchukua nafasi hiyo.

KWA AMRI YA HALMASHAURI YA WAKURUGENZI

Katibu
Tarehe 7 Juni 2010
Nairobi

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 of the 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. 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 of the group and of the company give a true and fair view of the state of the financial affairs of the group and of the 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 any of the companies in the group 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 Mworia
Chief Executive Officer

2010

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

Deloitte.

Deloitte & Touche
Certified Public Accountants (Kenya)
Deloitte Place,
Waiyaki Way, Muthangari
P.O. Box 40092 - GPO 00100
Nairobi,
Kenya

Tel: +254 (20) 423 0000
+254 (20) 444 1344/05 -12
Fax: +254 (20) 444 8966
Dropping Zone No. 92
E-mail: admin@deloitte.co.ke
www.deloitte.com

Report on the Financial Statements

We have audited the accompanying financial statements of Centum Investment Company Limited, and its subsidiaries, set out on pages 13 to 54 which comprise the consolidated and company statements of financial position as at 31 March 2010, and the consolidated and company statements of comprehensive income, consolidated and company statements of changes in equity and consolidated statement of cash flows 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 about 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 of the group and of the company as at 31 March 2010 and of the group's profit and cash flows 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
i) the company's statement of financial position (balance sheet) and statement of comprehensive income (profit and loss account) are in agreement with the books of account.

Deloitte & Touche

Certified Public Accountants (Kenya)

7 June 2010
Nairobi

Partners: S.O. Onyango F.O. Aloo H. Gadhoke* N.R. Hira* B.W. Irungu J.M. Kiarie D.M. Mbogho A.N. Muraya J. Nyang'aya J.W. Wangai
* British
Member of Deloitte Touche Tohmatsu

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Notes	2010 Shs'000	2009 Shs'000
INCOME	6(a)	1,038,257	391,586
EXPENSES			
Administrative expenses		(122,326)	(66,137)
Other operating expenses		(77,988)	(57,122)
Provision for impairment	7	-	(271,239)
Finance costs	8	(46,940)	(12,983)
		(247,254)	(407,481)
SHARE OF PROFITS IN ASSOCIATES COMPANIES	18	392,882	491,548
PROFIT BEFORE TAXATION	9	1,183,885	475,653
TAXATION CHARGE	11	(90,128)	(162,473)
PROFIT FOR THE YEAR		1,093,757	313,180
OTHER COMPREHENSIVE INCOME:			
Reserves released on disposal of investments	12	(538,965)	(155,201)
Share of other comprehensive income of associates	18	(29,980)	(169,550)
Fair value gain/(loss) in unquoted investments	19	18,961	(570,400)
Fair value gain/(loss) in quoted investments	20	996,361	(932,647)
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		446,377	(1,827,798)
TOTAL COMPREHENSIVE INCOME/(LOSS)		1,540,134	(1,514,618)
EARNINGS PER SHARE – Basic & diluted	13	Shs 1.99	Shs 0.57

Company Statement of Comprehensive Income

For the year ended 31 March 2010

	Notes	2010 Shs'000	2009 (Restated) Shs'000
INCOME	6(a)	1,121,464	505,946
EXPENSES			
Administrative expenses		(122,154)	(66,060)
Other operating expenses		(76,897)	(56,956)
Provision for impairment	7	-	(271,239)
Finance costs	8	(46,940)	(12,983)
		(245,991)	(407,238)
PROFIT BEFORE TAXATION		875,473	98,706
TAXATION CREDIT/(CHARGE)	11	12,967	(10,824)
PROFIT FOR THE YEAR		888,440	87,884
OTHER COMPREHENSIVE INCOME			
Reserves released on disposal of investments	12	(538,965)	(155,201)
Fair value gain/(loss) on investments in subsidiaries	17	565,992	(57)
Fair value gain/(loss) on investments in associates	18	1,867,270	(1,116,697)
Fair value gain/(loss) in unquoted investments	19	18,961	(570,400)
Fair value gain/(loss) in quoted investments	20	495,976	(932,647)
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		2,409,234	(2,775,002)
TOTAL COMPREHENSIVE INCOME/(LOSS)		3,297,674	(2,687,118)

Consolidated Statement of Financial Position

At 31 March 2010

	Notes	2010 Shs'000	2009 Shs'000
ASSETS			
Non current assets			
Motor vehicle and equipment	14	11,347	3,428
Prepaid operating lease rentals	15	35,940	36,560
Intangible assets	16	601	446
Investment in associates	18	2,948,585	2,885,947
Unquoted investments	19	1,251,209	1,212,828
Quoted investments	20	2,967,876	2,305,043
Corporate bonds	21	505,371	-
Due from related parties	22(a)	-	2,825
Deferred tax asset	23	29,477	13,350
		7,750,406	6,460,427
Current assets			
Receivables and prepayments	25	108,849	93,749
Taxation recoverable	11(c)	3,075	5,632
Call deposits	26	345,000	-
Bank balances		48,641	10,131
Total current assets		505,565	109,512
Total assets		8,255,971	6,569,939
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	28	274,976	274,976
Share premium		589,753	589,753
Investment revaluation reserve		3,032,911	1,871,941
Retained earnings		3,958,527	3,579,363
Shareholders' equity		7,856,167	6,316,033
Current liabilities			
Payables and accruals	29	357,154	10,062
Unclaimed dividends	31	42,650	73,863
Borrowings	32	-	169,981
		399,804	253,906
Total equity and liabilities		8,255,971	6,569,939

The financial statements on pages 13 to 54 were approved by the board of directors on 7th June 2010 and were signed on its behalf by:

James N. Muguiyi
Chairman

James M Mworia
Chief Executive Officer

Company Statement of Financial Position

At 31 March 2010

	Notes	2010 Shs'000	2009 (Restated) Shs'000	01.04.08 (Restated) Shs'000
ASSETS				
Non current assets				
Motor vehicle and equipment	14	11,347	3,428	4,150
Prepaid operating lease rentals	15	35,940	36,560	37,180
Intangible assets	16	601	446	699
Investments in subsidiaries	17	850,163	284,063	284,120
Investment in associates	18	4,240,102	2,372,787	3,489,484
Unquoted investments	19	1,251,209	1,212,828	1,835,881
Quoted investments	20	2,080,599	2,305,043	2,832,079
Corporate bonds	21	505,371	-	-
Due from related parties	22(a)	-	2,825	72,380
Deferred tax asset	23	29,477	13,350	22,462
Term deposit	24	-	-	86,532
		9,004,809	6,231,330	8,664,967
Current assets				
Term deposit	24	-	-	59,687
Due from subsidiary	22	412,623	-	-
Receivables and prepayments	25	26,658	150,266	283,428
Taxation recoverable	11(c)	3,044	5,601	2,897
Call deposits	26	345,000	-	79,452
Bank balances		48,168	10,101	48,267
		835,493	165,968	473,731
Non current asset held for sale	27	-	-	7,064
Total current assets		835,493	165,968	480,795
Total assets		9,840,302	6,397,298	9,145,762
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	28	274,976	274,976	274,976
Share premium		589,753	589,753	589,753
Investment revaluation reserve		5,947,916	2,824,089	5,599,091
Retained earnings		2,344,421	2,170,574	2,330,168
Shareholders' equity		9,157,066	5,859,392	8,793,988
Current liabilities				
Payables and accruals	29	356,906	10,001	25,307
Due to related parties	22(b)	283,680	284,061	284,603
Unclaimed dividends	31	42,650	73,863	41,864
Borrowings	32	-	169,981	-
		683,236	537,906	351,774
Total equity and liabilities		9,840,302	6,397,298	9,145,762

The financial statements on pages 13 to 54 were approved by the board of directors on 7th June 2010 and were signed on its behalf by:

James N. Muguiyi
Chairman

James M Mworia
Chief Executive Officer

	Share capital Sh'000	Share premium Sh'000	Investment revaluation reserve Sh'000	Retained earnings Sh'000	Total Sh'000
At 1 April 2008	274,976	589,753	3,699,739	3,513,661	8,078,129
Dividends – 2008 declared	-	-	-	(247,478)	(247,478)
Profit for the year	-	-	-	313,180	313,180
Other comprehensive loss for the year	-	-	(1,827,798)	-	(1,827,798)
Total comprehensive income for the year	**-**	**-**	**(1,827,798)**	**313,180**	**(1,514,618)**
At 31 March 2009	274,976	589,753	1,871,941	3,579,363	6,316,033
At 1 April 2009	274,976	589,753	1,871,941	3,579,363	6,316,033
Transfer of revaluation reserve	-	-	714,593	(714,593)	-
Profit for the year	-	-	-	1,093,757	1,093,757
Other comprehensive income for the year	-	-	446,377	-	446,377
Total comprehensive income for the year	**-**	**-**	**446,377**	**1,093,757**	**1,540,134**
At 31 March 2010	274,976	589,753	3,032,911	3,958,527	7,856,167

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 reduced from the investment revaluation reserve and is recognised in profit or loss (note 12). Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in profit or loss.

The transfer of revaluation reserve in the current year relates to the revaluation of investments erroneously captured in prior years and has now been corrected.

Company Statement Of Changes In Equity

For the year ended 31 March 2010

	Share capital Sh'000	Share premium Sh'000	Investment revaluation reserve Sh'000	Retained earnings Sh'000	Total Sh'000
At 1 April 2008					
- As previously reported	274,976	589,753	2,696,605	2,330,168	5,891,502
Prior year adjustment*	-	-	2,902,486	-	2,902,486
At 1 April 2008					
- Restated	274,976	589,753	5,599,091	2,330,168	8,793,988
Dividends – 2007 declared	-	-	-	(247,478)	(247,478)
Profit for the year	-	-	-	87,884	87,884
Other comprehensive loss for the year	-	-	(2,775,002)	-	(2,775,002)
Total comprehensive income for the year	**-**	**-**	**(2,775,002)**	**87,884**	**(2,687,118)**
At 31 March 2009	274,976	589,753	2,824,089	2,170,574	5,859,392
At 1 April 2009	274,976	589,753	2,824,089	2,170,574	5,859,392
Transfer of revaluation reserve	-	-	714,593	(714,593)	-
Profit for the year	-	-	-	888,440	888,440
Other comprehensive income for the year	-	-	2,409,234	-	2,409,234
Total comprehensive income for the year	**-**	**-**	**2,409,234**	**888,440**	**3,297,674**
At 31 March 2010	274,976	589,753	5,947,916	2,344,421	9,157,066

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 reduced from the investment revaluation reserve and is recognised in profit or loss (note 12). Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in profit or loss.

*The prior year adjustment is as a result of the adoption of fair value model in the valuation of investments in associates and subsidiaries in the company's separate financial statements.

The transfer of revaluation reserve in the current year relates to the revaluation of investments erroneously captured in prior years and has now been corrected.

	Notes	2010 Shs'000	2009 Shs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	33(a)	245,430	124,671
Taxation paid	11(c)	(603)	(4,416)
Dividends received from associated companies	18	197,214	229,697
Net cash generated from operating activities		442,041	349,952
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment	14	(9,403)	(1,559)
Purchase of intangible assets	16	(597)	(165)
Purchase of shares in associates	18	(45)	-
Purchase of other equity investments	19	(79,743)	-
Purchase of quoted equity investments	20	(636,416)	(625,373)
Purchase of corporate bonds	21	(505,371)	-
Proceeds on disposal of quoted investments	12	1,083,606	191,527
Proceeds on disposal of unquoted investments	12	265,147	-
Proceeds on disposal of non current assets held for sale	12	-	11,664
Proceeds on disposal of motor vehicle and equipment		-	1,828
Net cash generated from/(used in) investing activities		117,178	(422,078)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	31	(5,728)	(215,479)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		553,491	(287,605)
CASH AND CASH EQUIVALENTS AT 1 APRIL		(159,850)	127,755
CASH AND CASH EQUIVALENTS AT 31 MARCH	33(b)	393,641	(159,850)

1 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

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

Adoption of new and revised International Financial Reporting Standards (IFRS)

(i) Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised standards and interpretations have been adopted in the current period and have affected the amounts and disclosures reported in these financial statements. Details of other standards and interpretations adopted in these financial statements that have had no effect on the amounts reported are set out in (ii) below;

IAS 1 (Revised), presentation of financial statements

A revised version of IAS 1 was issued in September 2007. It prohibits 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 in a statement of comprehensive income.

According to the amendment of IAS 1 to January 2008, each component of equity, including each item of other comprehensive income, should be reconciled between carrying amount at the beginning and at end of the period. Since the change only impacts presentation aspects, there is no impact on retained earnings.

The group also elected to use the titles per revised IAS 1 of 'statement of financial position' and 'statement of cash flows' to describe the 'balance sheet and 'cash flow statement' respectively.

The company has presented three statements of financial position in the company's separate financial statements because it has applied an accounting policy retrospectively and made a retrospective restatement of items in its financial statements that affected the statement of financial position at the beginning of the earliest comparative period. In particular, the company has adopted the fair value model in accounting for its investments in associated companies and subsidiaries.

IFRS 7 Improving disclosures about financial instruments

The IASB published amendments to IFRS 7 in March 2009. The amendments require enhanced disclosures about fair value measurements and liquidity risk. In particular, the amendments require disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendments results in additional disclosures but does not have an impact on the financial position or the comprehensive income of the group and the company.

IFRS 8, 'Operating segments'

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. The new standard will enable investors to assess the group, business performance from the same perspective as that used by management in making decisions about operating matters.

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

(ii) Standards and interpretations effective in the period, with no effect on these financial statements:

The following new and revised standards and interpretations are effective in the current financial year and have been adopted in these financial statements. Their adoption has not had any impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

- 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 2 Share-based payments – Amendments relating to vesting conditions and cancellations (effective for annual 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);

1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- IFRS 9: Financial instruments Part 1: Classification and Measurement (effective for accounting periods beginning on or after 1 January 2013;
- 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 39: Financial Instruments: Recognition and Measurement – Amendments for eligible hedged items (effective for accounting periods beginning on or after 1 July 2009);
- IFRIC 17: Distribution of non-cash assets to owners (effective for accounting periods beginning on or after 1 July 2009);
- IFRIC 18 Transfers of assets from customers (effective for accounting periods beginning on or after 1 July 2009);
- IFRIC 19: Extinguishing financial liabilities with equity instruments (effective for accounting periods beginning on or after 1 July 2010).

(iii) New and revised standards and interpretations in issue not yet effective

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

- IFRS 9, Financial instruments part 1: Classification and measurement (effective for accounting periods beginning 1 January 2013)
- 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 39, Financial Instruments: Recognition and Measurement: Amendments relating to treatment of loan prepayment penalties as closely related derivatives (effective for accounting periods beginning on or after 1 January 2010)
- IAS 39, Financial Instruments: Recognition and Measurement: Amendments for eligible hedged items (effective for accounting periods beginning on or after 1 July 2009); amendments for embedded derivatives when reclassifying financial instruments (effective for accounting periods ending on or after 30 June 2009)
- IFRS 8, Operating Segments: Amendments on disclosure of information about segment assets (effective for accounting periods beginning on or after 1 January 2010)
- IAS 1, Presentation of Financial Statements: amendment for the classification of convertible instruments (effective for accounting periods beginning on or after 1 January 2010)
- IAS 7, Statement of Cash Flows, Amendment relating to current and non-current classification of convertible instruments (effective for accounting periods beginning on or after 1 January 2010)
- IAS 17, Leases: Amendment for classification of leases of land and buildings (effective for accounting periods beginning on or after 1 January 2010)
- IAS 36: Impairment of Assets: Amendment relating the unit of accounting for goodwill impairment test (effective for accounting periods beginning on or after 1 January 2010)
- IAS 38, intangible Assets: Amendment for measuring the fair value of an intangible asset acquired in a business combination (effective for accounting periods beginning on or after 1 January 2010)

The directors anticipate that the adoption of the above standards and interpretations will have no material impact on the financial statements of the group in the period of initial application.

Improvements to IFRS

'Improvements to IFRS' were issued in May 2008 and April 2009. They contain numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2009 and 1 January 2010 respectively, with earlier application permitted.

The directors anticipate that the adoption of amendments to various IFRS resulting from the International Accounting Standards Board (IASB)'s annual improvements projects, when effective, will have no material impact on the financial statements of the group.

(iv) Early adoption of standards

The group did not early-adopt any new or amended standards in the period.

(a) Basis of preparation

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

1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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 subsidiaries all of which are made up to 31 March each year, details which are disclosed in note 17, and include the group's share of the results of the associated companies as disclosed in note 18.

(d) Investment in subsidiaries

Investments in subsidiaries are accounted for at fair value in the separate financial statements of the company. The fair values of investments in subsidiaries are determined using the net assets values.

(e) Investments in associates

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 statement of financial position at cost plus share of subsequent profits 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.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Investments in associates are accounted for as available for sale financial assets in the separate financial statements of the company and are stated at fair value.They are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve.

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 recognised in other comprehensive income and accumulated in the investment revaluation reserve. Where valuation is below cost, the difference between valuation and cost is charged to profit or loss if, in the opinion of the directors, the reduction in value is not considered temporary. Where the investment is disposed of, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

(f) 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.

1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The annual rates in use are:

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

(g) 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.

(h) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be principally 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) 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.

(j) Financial assets

The group classifies its financial assets into the following categories: financial assets at fair value through profit or loss; loans 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 and receivables

Loans 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 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.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans 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 profit or loss in the year in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously accumulated in the investment revaluation reserve is recognised in profit or loss.

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 the end of each reporting period.

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.

1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 recognised in other comprehensive income and accumulated in the investment revaluation reserve. Where valuation is below cost, the difference between valuation and cost is charged to profit or loss 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 profit or loss.

Corporate bonds are classified as available for sale financial assets and are stated at fair value.

Impairment and uncollectability of financial assets

At the end of each reporting period, 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 recognised in profit or loss 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 profit or loss 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 of financial re-organisation.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(k) 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.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

(l) 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 profit or loss on a straight-line basis over the term of the relevant lease.

1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) 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 end of each reporting period.

(n) Performance Bonus

The company has put in place a performance bonus scheme that seeks to align the incentives of management team with those of shareholders and fund investors, by focusing on cash returns. Entitlement to an annual performance based bonus pool is subject to the company attaining a total return as a percentage of opening shareholder funds of 15% or more in the financial year in question.

(o) 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 profit or loss in the year to which they relate.

(p) Cash and cash equivalents

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

(q) Foreign currencies

Assets and liabilities denominated in foreign currency are translated into Kenya shillings at the rates of exchange ruling at the end of each reporting period. Transactions during the year are translated at the rates ruling on the transaction dates. Exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity

(r) 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.

(s) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. In particular the comparative figures in the company statement of financial position have been modified to incorporate the fair value of investments in associated companies and subsidiaries.

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) 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.

2 FINANCIAL RISK MANAGEMENT (cont'd)

As at 31 March 2010, the group had call deposits of Shs 345,000,000 (2009: nil) and did not have any borrowings (2009: Shs 169,981,000).

As at 31 March 2010, 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 20,895,829 (2009 - Shs 7,774,503) resulting from interest paid on draw downs of overdraft facilities.

The group has invested in corporate bonds with fixed interest rates and this mitigates risk exposure of the group.

b) Price risk

The group's private equity holdings 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 2010, 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 (2009 – 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 other comprehensive income and accumulated in the investment revaluation reserve.

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 the investee company's operations through large shareholding or board representation. The group also seeks compensation for this risk through high return hurdles during the investment appraisal and 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 current practice makes it easier to acquire attractive investments.

Concentration Risk

Over 95% of the group's assets are located in Kenya with over 28% of the portfolio exposed to the fortunes of the financial sector, 27% to the Beverages sector and 21% to the Industrial and Allied sector.

Equity Portfolio sector allocation

Financial services (Banking & Insurance)	26%
Alcoholic beverages and carbonated soft drinks	35%
Automotives	11%
Services	5%
Publishing	2%
Real estate & infrastructure	2%
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 , beverages and industrial and allied sectors have mainly been brought about by organic growth and appreciation of market value. To reduce concentration risks, the group is actively seeking opportunities in the real estate and infrastructure sectors. To reduce exposure to country risk the group is actively looking for regional investment opportunities.

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:

	2010 Shs'000	2009 Shs'000
Loan to a related party (US$)	-	2,825
Quoted investments (UGX)	2,350	3,823
Helios fund II (US$)	58,967	-
	61,317	6,648

The mean exchange rates ruling at 31 March 2010 and 31 March 2009 were:

	2010	2009
1 US Dollar (US$)	77.3314	80.4694
1 Ugandan Shilling (UGX)	0.02696	0.03772

The group currently holds 0.08% (2009 – 0.17%) of its quoted investments in foreign currency. The currency exposure associated with this holding is therefore insignificant.

At 31 March 2010, if the Kenya Shilling had weakened/strengthened by 5% against the US dollar and Ushs with all other variables held constant, the impact total capital would have been Kshs. 3,065,863 (2009: Shs 3,348,494) higher/lower, due change in value of a US dollar investment.

(ii) 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 by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

As at 31 March 2010, over 30% (2009: over 30%) of the groups assets were held in assets that are quickly convertible to cash. The group also had Shs 1,700,000,000 (2009: Shs 330,019,000) unutilised credit facility (See note 32).

	GROUP		COMPANY	
	2010 Sh'000	2009 Sh'000	2010 Sh'000	2009 Sh'000
Bank overdraft	-	169,981	-	169,981

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

2 FINANCIAL RISK MANAGEMENT (cont'd)

(iii) 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, corporate bonds, 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 2010 and 31 March 2009, without taking into account any collateral held or other credit enhancements attached (i.e gross amounts).

	GROUP		COMPANY	
	2010 Sh'000	2009 Sh'000	2010 Sh'000	2009 Sh'000
Corporate bonds	505,371	-	505,371	-
Loan to a related party	-	2,825	-	2,825
Rental debtors	-	1,087	-	-
Call deposits	345,000	-	345,000	-
Bank balances	48,641	10,131	46,168	10,101
	899,012	**12,956**	**896,539**	**12,926**

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

Classification

	Fully performing Shs'000	Past due Shs'000	Impaired Shs'000	Total (gross) Shs'000
31 March 2010				
Corporate bonds	505,371	-	-	505,371
Call deposits	345,000	-	-	345,000
Bank balances	48,641	-	-	48,641
	899,012	**-**	**-**	**899,012**
31 March 2009				
Loan to a related party	-	-	2,825	2,825
Rental debtors	-	-	1,087	1,087
Bank balance	10,131	-	-	10,131
	10,131	**-**	**3,912**	**14,043**

The impaired amounts are fully provided for.

2 FINANCIAL RISK MANAGEMENT (cont'd)

(iv) Fair value hierarchy

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

- Level 1 – Quoted prices in active markets for identical assets or liabilities. This level includes equity securities and debt instruments listed on the Nairobi stock exchange.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly as derived from prices.
- Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The company considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

GROUP

31 March 2010	Note	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
Financial assets:					
Available for sale					
- Unquoted equity instruments	19	-	-	1,251,209	1,251,209
- Quoted equity instruments	20	2,967,876	-	-	2,967,876
- Corporate bonds	21	505,371	-	-	505,371
31 March 2009					
Financial assets:					
Available for sale					
- Unquoted equity instruments	19	-	-	1,212,828	1,212,828
- Quoted equity instruments	20	2,305,043	-	-	2,305,043

COMPANY

31 March 2010	Note	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
Financial assets:					
Available for sale					
- Investment in associates	18	-	-	4,240,102	4,240,102
- Unquoted equity instruments	19	-	-	1,251,209	1,251,209
- Quoted equity instruments	20	2,967,876	-	-	2,967,876
- Corporate bonds	21	505,371	-	-	505,371
31 March 2009					
Financial assets:					
Available for sale					
- Investment in associates	18	-	-	2,372,787	2,372,787
- Unquoted equity instruments	19	-	-	1,212,828	1,212,828
- Quoted equity instruments	20	2,305,043	-	-	2,305,043

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.

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	
	2010 Sh'000	2009 Sh'000	2010 Sh'000	2009 Sh'000
Share capital	274,976	274,976	274,976	274,976
Share premium	589,753	589,753	589,753	589,753
Investment revaluation reserve	3,032,911	1,871,941	5,947,916	2,824,089
Retained earnings	3,958,527	3,579,363	2,344,421	2,170,574
Equity	7,856,166	6,316,033	9,157,064	5,859,292
Total borrowings	-	169,981	-	169,981
Less: Bank balances	(48,641)	(10,131)	(48,168)	(10,101)
Net borrowings	(48,641)	159,850	(48,168)	159,880
Gearing (%)	Nil	2.5%	Nil	2.7%

The overdraft balance as at year end was nil (2009 - Shs 169,981,000).

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 entities accounting policies are dealt with below:

Impairment losses

At the end of each reporting period, 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.

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.

5 SECTORAL INFORMATION

The group has adopted IFRS 8 Operating Segments with effect from 1 April 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of IFRS 8, the identification of the group's reportable segments has changed.

The group organizes its activity by business lines and these are defined as the group's reportable segments under IFRS 8, Operating Segments. The three business lines are; Private equity, Quoted equity and Real Estate & Infrastructure. Performance is reviewed from a total return perspective.

Total Return

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

Gross portfolio return

Gross return is equivalent to "revenue" for the purposes of IAS 1. Gross return is analyzed into the following components:

Portfolio income

Portfolio Income is that portion of income that is directly related to the return from individual investments. It is recognized to the extent that it is probable that there will be economic benefit and the income can be reliably measured. Portfolio income includes; dividend income, interest income, rental income, fee income as well as realized profits on disposal of investments.

- **Dividend income** from investment in associates is included as portfolio income.

- **Realized profits on the disposal of investments** are the difference between the fair value of the consideration received less any directly attributable costs, on the sale of equity, and its carrying value at the start of the accounting period.

Unrealized value movements in the portfolio

Gross return includes portfolio income plus unrealized value movements in the carrying value of investments between the start and end of the accounting period.

Portfolio costs

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

5 SECTORAL INFORMATION

(a) GROUP

At 31 March 2010	Private equity Shs'000	Quoted equity Shs'000	Real estate & infrastructure Shs'000	Total Shs'000
Dividend income	247,527	45,839	-	293,366
Interest income	-	6,022	-	6,022
Other income	21,711	9,699	2,910	34,320
Realised gains	201,998	113,663	-	315,661
Unrealized value movements	128,691	996,361	-	1,125,052
Gross return	599,927	1,171,584	2,910	1,774,421
Finance costs	(28,761)	(17,036)	(1,143)	(46,940)
Portfolio costs	(119,289)	(64,757)	(16,268)	(200,314)
Net return	451,877	1,089,791	(14,501)	1,527,167
Tax	496	11,010	1,461	12,967
Total return	452,373	1,100,801	(13,040)	1,540,134
Gross return (%)	14.9%	51.9%	8.1%	28.1%
Total return (%)	11.3%	48.7%	(36.4%)	24.4%
Opening net asset value:				
Portfolio value	4,101,600	2,305,043	36,560	6,443,203
Net assets	27,253	15,315	243	42,811
Borrowings	(108,206)	(60,810)	(965)	(169,981)
	4,020,647	2,259,548	35,838	6,316,033
Closing net asset value:				
Portfolio Value	4,199,794	3,818,248	35,940	8,053,982
Net liabilities	(103,152)	(93,780)	(883)	(197,815)
	4,096,642	3,724,468	35,057	7,856,167
Value movement in the period/(Total return)				1,540,134

5 SECTORAL INFORMATION (cont'd)

(b) GROUP

At 31 March 2009	Private equity Shs'000	Quoted equity Shs'000	Real estate & infrastructure Shs'000	Total Shs'000
Dividend income	248,072	117,277	-	365,349
Interest income	-	3,224	-	3,224
Other income	3,745	2,117	121	5,984
Realised gains	(23,636)	-	-	(23,636)
Unrealised value movements	(514,596)	(932,647)	-	(1,447,243)
Gross return	(286,415)	(810,019)	121	(1,096,313)
Finance costs	(8,288)	(4,695)	-	(12,983)
Portfolio costs	(78,422)	(41,759)	(3,078)	(123,259)
Provision for investment	(271,239)	-	-	(271,239)
Net return	(644,364)	(856,473)	(2,957)	(1,503,794)
Tax	(6,375)	(4,245)	(204)	(10,824)
Total return	(650,739)	(860,718)	(3,161)	(1,514,618)
Gross return (%)	(5.6%)	(27.9%)	0.3%	(13.6%)
Total return (%)	(12.7%)	(29.6%)	(8.3%)	(18.7%)
Opening net asset value:				
Portfolio value	4,999,775	2,832,079	37,180	7,869,034
Net assets	159,453	90,321	1,186	250,960
Borrowings	(26,600)	(15,067)	(198)	(41,865)
	5,132,628	2,907,333	38,168	8,078,129
Closing net asset value:				
Portfolio value	4,101,600	2,305,043	36,560	6,443,203
Net assets	27,253	15,315	243	42,811
Borrowings	(108,206)	(60,810)	(965)	(169,981)
	4,020,647	2,259,548	35,838	6,316,033
Distribution				(247,478)
Value movement in the period/(total return)				(1,514,618)

5 SECTORAL INFORMATION (cont'd)

(c) COMPANY

At 31 March 2010	Private equity Shs'000	Quoted equity Shs'000	Real estate & infrastructure Shs'000	Total Shs'000
Dividend income	409,708	45,840	-	455,548
Interest income	-	6,022	-	6,022
Other income	18,924	9,975	4,296	33,195
Realised gains	-	87,735	-	87,735
Unrealised value movements	1,886,230	1,061,968	-	2,948,198
Gross return	2,314,862	1,211,540	4,296	3,530,698
Finance costs	(28,761)	(17,036)	(1,143)	(46,940)
Portfolio costs	(118,543)	(64,364)	(16,144)	(199,051)
Net return	2,167,558	1,130,140	(12,991)	3,284,707
Tax	496	11,010	1,461	12,967
Total return	2,168,054	1,141,150	(11,530)	3,297,674
Gross return (%)	65.3%	53.2%	11.9%	60.3%
Total return (%)	61.1%	50.1%	(31.9%)	56.3%
Opening net asset value:				
Portfolio value	3,588,440	2,305,043	36,560	5,930,043
Net liabilities	60,105	38,609	616	99,330
Borrowings	(102,860)	(66,073)	(1,048)	(169,981)
	3,545,685	2,277,579	36,128	5,859,392
Closing net asset value:				
Portfolio value	5,491,311	3,832,369	35,940	9,359,620
Net liabilities	(118,840)	(82,938)	(776)	(202,554)
	5,372,471	3,749,431	35,164	9,157,066
Value movement in the period/(total return)				3,297,674

5 SECTORAL INFORMATION (cont'd)

(d) COMPANY

At 31 March 2009	Private equity Shs'000	Quoted equity Shs'000	Real estate & infrastructure Shs'000	Total Shs'000
Dividend income	248,072	117,277	-	365,349
Interest income	-	3,224	-	3,224
Other income	3,618	1,928	262	5,808
Realised gains	(23,636)	-	-	(23,636)
Unrealised value movements	(1,687,154)	(932,647)	-	(2,619,801)
Gross return	(1,459,100)	(810,218)	262	(2,269,056)
Finance costs	(8,288)	(4,695)	-	(12,983)
Portfolio costs	(78,272)	(41,673)	(3,071)	(123,016)
Provision for investment	(271,239)	-	-	(271,239)
Net return	(1,816,899)	(856,586)	(2,809)	(2,676,294)
Tax	(6,375)	(4,245)	(204)	(10,824)
Total return	(1,823,274)	(860,831)	(3,013)	(2,687,118)
Gross return (%)	(24.8%)	(28.3%)	(0.7%)	(25.8%)
Total return (%)	(30.9%)	(30.1%)	(8.0%)	(30.6%)
Opening net asset value:				
Portfolio value	5,835,147	2,832,079	37,180	8,704,406
Net assets	60,054	29,145	383	89,582
	5,895,201	2,861,224	37,563	8,793,988
Closing net asset value:				
Portfolio value	3,588,440	2,305,043	36,560	5,930,043
Net liabilities	60,105	38,609	616	99,330
Borrowings	(102,860)	(66,073)	(1,048)	(169,981)
	3,545,685	2,277,579	36,128	5,859,392
Distribution				247,478
Value movement in the period/(total return)				(2,687,118)

	GROUP		COMPANY	
	2010	2009	2010	2009
	Sh'000	Sh'000	Sh'000	Sh'000
6(a) INCOME				
Dividends receivable	143,289	250,803	455,547	365,349
Rent income	2,259	120	1,134	120
Interest receivable	6,022	3,224	6,022	3,224
Gain on disposal of investments (note 12)	854,626	131,566	626,700	131,566
Write back of unclaimed dividends	25,485	-	25,485	-
Other income	6,576	5,873	6,576	5,687
	1,038,257	391,586	1,121,464	505,946
Income earned on financial assets, analysed by category of asset, is as follows:				
Available for sale financial assets	1,003,937	382,369	1,088,269	496,916
Held to maturity investments (fixed deposits)	-	3,224	-	3,224
	1,003,937	385,593	1,088,269	500,140
Investment income earned on non-financial assets	34,320	5,993	33,195	5,806
	1,038,257	391,586	1,121,464	505,946
6(b) DIVIDEND INCOME				
Associates	-	-	150,077	114,546
Subsidiary	39,819	-	201,999	-
Unquoted investments	57,631	133,526	57,632	133,526
Quoted investments	45,839	117,277	45,839	117,277
	143,289	250,803	455,547	365,349
7 PROVISION FOR IMPAIRMENT				
Provision for impairment on unquoted investment	-	271,171	-	271,171
Provision for impairment of shareholder loan to Rift Valley Railways (Pty) Ltd (note 23a)	-	68	-	68
	-	271,239	-	271,239

	GROUP 2010 Sh'000	GROUP 2009 Sh'000	COMPANY 2010 Sh'000	COMPANY 2009 Sh'000
8 FINANCE COSTS				
Interest on borrowings	44,758	13,705	44,758	13,705
Commitment fees	1,500	2,090	1,500	2,090
Exchange loss/(gain)	682	(2,812)	682	(2,812)
	46,940	12,983	46,940	12,983
9 PROFIT BEFORE TAXATION				
The profit before taxation is arrived at after charging:				
Staff costs (note 10)	106,778	49,935	106,778	49,935
Directors' emoluments:				
Non-executive - fees	1,838	1,709	1,838	1,709
- other	2,592	2,395	2,592	2,395
Executive remuneration	18,576	16,958	18,576	16,958
Auditors' remuneration (including VAT)	2,194	1,793	2,194	1,793
Depreciation (note 14)	1,426	1,818	1,426	1,818
Amortisation of prepaid operating lease rentals (note 15)	620	620	620	620
Amortisation of intangible assets (note 16)	442	418	442	418
Loss on disposal of equipment	58	-	58	-
and after crediting:				
Dividend income (gross) - quoted investments	(45,839)	(117,278)	(45,839)	(117,278)
- unquoted investments	(57,631)	(133,525)	(57,631)	(133,525)
- Subsidiary	39,819	-	(201,999)	-
Rent receivable	(2,184)	(120)	(2,184)	(120)
Gain on disposal of motor vehicle and equipment	-	(1,365)	-	(1,365)
10 STAFF COSTS				
Salaries	48,641	45,320	48,641	45,320
Performance bonus provision	46,942	-	46,942	-
Retirement benefit scheme contributions	3,049	2,714	3,049	2,714
National Social Security Fund contributions (NSSF)	71	31	71	31
Leave pay provision	1,615	(1,938)	1,615	(1,938)
	100,318	46,127	100,318	46,127
Staff medical expenses	1,980	1,250	1,980	1,250
Staff welfare and training expenses	4,480	2,558	4,480	2,558
	106,778	49,935	106,778	49,935

	GROUP 2010 Sh'000	GROUP 2009 Sh'000	COMPANY 2010 Sh'000	COMPANY 2009 Sh'000
11 TAXATION				
(a) Current taxation based on adjusted profit for the year at 30%	3,115	1,712	3,115	1,712
Prior year under provision	45	-	45	-
	3,160	1,712	3,160	1,712
Deferred tax charge/(credit) (note 23)	(16,173)	9,112	(16,173)	9,112
Prior year deferred tax	46	-	46	-
	(16,127)	9,112	(16,127)	9,112
	(12,967)	10,824	(12,967)	10,824
Share of associated companies' taxation:				
Current taxation based on adjusted profit for the year	106,217	72,243	-	-
Prior year over provision	(138)	-	-	-
	106,079	72,243	-	-
Deferred tax credit	(2,984)	79,406	-	-
Share of tax of associates (note 18)	103,095	151,649	-	-
Taxation charge/(credit)	90,128	162,473	(12,967)	10,824
(b) Reconciliation of taxation charge to expected tax based on accounting profit:				
Accounting profit before taxation	1,183,885	475,653	875,473	98,708
Tax at the applicable rate of 30%	355,165	142,696	262,642	29,612
Tax effect of dividend income not taxable	(42,986)	(75,794)	(136,664)	(109,605)
Tax effect of income not taxable	(272,094)	(76,456)	(188,988)	(39,999)
Tax effect of expenses not deductible for tax	49,952	172,027	49,952	130,816
Prior year current tax under provision	45	-	45	-
Prior year deferred tax under provision	46	-	46	-
	90,128	162,473	(12,967)	10,824

11 TAXATION (cont'd)

	GROUP		COMPANY		
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000	01.04.08 Shs'000
(c) Taxation recoverable					
At beginning of the year/period	(5,632)	(2,928)	(5,601)	(2,897)	(4,228)
Charge for the year	3,160	1,712	3,160	1,712	4,115
Payments during the year	(603)	(4,416)	(603)	(4,416)	(2,784)
At end of year/period	(3,075)	(5,632)	(3,044)	(5,601)	(2,897)

12 GAIN ON DISPOSAL OF INVESTMENTS

	GROUP			COMPANY		
At 31 March 2010	Cost Shs'000	Proceeds Shs'000	Gain on disposal Shs'000	Cost Shs'000	Proceeds Shs'000	Gain on disposal Shs'000
Quoted investments	430,979	1,083,606	652,627	399,076	1,025,776	626,700
Unquoted investment	63,148	265,147	201,999	-	-	-
	494,127	1,348,753	854,626	399,076	1,025,776	626,700
Comprising:						
Reserves released on disposal of investment			538,965			538,965
Gain during the year			315,661			87,735
			854,626			626,700

	GROUP AND COMPANY		
At 31 March 2009	Cost Shs'000	Proceeds Shs'000	Gain on disposal Shs'000
Quoted investments	64,561	191,527	126,966
Non current assets held for sale (note 28)	7,064	11,664	4,600
	71,625	203,191	131,566
Comprising:			
Reserves released on disposal of investment			155,201
Loss during the year			(23,635)
			131,566

13 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 2010 (2009 - nil).

	GROUP	
	2010	2009
Earnings (Shs)	1,093,757,000	313,178,907
Number of shares in issue	549,951,830	549,951,830
Earnings per share (Shs)		
- Basic	1.99	0.57
- Diluted	1.99	0.57

14 MOTOR VEHICLES & EQUIPMENT

GROUP AND COMPANY

	Motor vehicle and motor cycles	Furniture and fittings	Computers	Office equipment	Total
COST					
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
At 1 April 2009	147	5,976	2,750	2,362	11,235
Additions	-	6,033	1,574	1,796	9,403
Disposals	-	(840)	(168)	-	(1,008)
At 31 March 2010	147	11,169	4,156	4,158	19,630
DEPRECIATION					
At 1 April 2008	4,900	3,876	2,663	1,108	12,547
Charge for the year	701	598	326	193	1,818
Eliminated on disposal	(5,577)	-	(929)	(52)	(6,558)
At 31 March 2009	24	4,474	2,060	1,249	7,807
At 1 April 2009	24	4,474	2,060	1,249	7,807
Charge for the year	29	646	507	244	1,426
Eliminated on disposal	-	(782)	(168)	-	(950)
At 31 March 2010	53	4,338	2,399	1,493	8,283
NET BOOK VALUE					
At 31 March 2010	94	6,831	1,757	2,665	11,347
At 31 March 2009	123	1,502	690	1,113	3,428
At 1 April 2008	981	2,100	462	607	4,150

	GROUP AND COMPANY		
	2010 Shs'000	2009 Shs'000	01.04.08 Shs'000
15 PREPAID OPERATING LEASE RENTALS			
COST			
At 1 April and 31 March	59,487	59,487	59,487
AMORTISATION		-	
At 1 April	22,927	22,307	21,842
Charge for the year	620	620	465
At 31 March	23,547	22,927	22,307
NET BOOK VALUE			
At 31 March	35,940	36,560	37,180
16 INTANGIBLE ASSETS			
Computer software			
COST			
At 1 April	1,311	1,146	3,410
Additions	597	165	367
Disposals	-	-	(2,631)
At 31 March	1,908	1,311	1,146
AMORTISATION			
At 1 April	865	447	2,847
Charge for the year	442	418	231
Eliminated on disposals	-	-	(2,631)
At 31 March	1,307	865	447
NET BOOK VALUE			
At 31 March	601	446	699

17 INVESTMENTS IN SUBSIDIARIES (AT FAIR VALUE)

			COST			FAIR VALUE	
	Share capital Shs'000	1.04.09 Shs'000	Additions Shs'000	31.03.10 Shs'000	31.03.10 Shs'000	31.03.09 Shs'000	01.04.08 Shs'000
Subsidiaries – 100% owned							
Kenya National Properties Limited	31,300	114,735	-	114,735	284,063	284,063	284,120
Rasimu Limited	100	-	100	100	566,092	-	-
Reli Holdings Limited	7	-	8	8	8	-	-
		114,735	108	114,843	850,163	284,063	284,120

Subsidiary	Country of Incorporation	
Principal activity		
Kenya National Properties Limited	Kenya	Management, ownership and development of property for rental purposes. At the moment, the Company has no developed property but is actively prospecting for opportunities.
Rasimu Limited	Kenya	Incorporated in July 2008 and principal activity is engagement in investment activities. During the period the Company acquired shares in Carbacid Investment Ltd (note 21). As at 31 March 2010 an amount in respect of funding was due to Centum (note 23b).
Reli Holdings Limited	British Virgin Islands	Incorporated in October 2009 and principal activity is engagement in infrastructure investments. As at 31 March 2010 an amount in respect of divestment was due to Centum (note 23b).

FAIR VALUE MOVEMENT- COMPANY	2010 Shs'000	2009 Shs'000	01.04.08 Shs'000
Closing valuation of subsidiaries	850,163	284,063	284,120
Opening valuation of subsidiaries	284,063	284,120	266,654
Additions in the year	108	-	-
	284,171	284,120	266,654
Fair value gain/(loss) in subsidiaries	565,992	(57)	17,466

18 INVESTMENT IN ASSOCIATES

	GROUP		COMPANY		
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000	01.04.08 Shs'000
At 1 April	2,885,947	2,945,295	2,372,787	3,489,484	4,901,438
Share of profits before taxation	392,882	491,548	-	-	-
Share of taxation (note 11)	(103,095)	(151,649)	-	-	-
	289,787	339,899	-	-	-
Share of other comprehensive income	(29,980)	(169,550)	-	-	-
Fair value gain/(loss)	-	-	1,867,270	(1,116,697)	(1,656,616)
Dividends received	(197,214)	(229,697)	-	-	-
Acquisitions during the year	45	-	45	-	244,662
	(227,149)	(399,247)	1,867,315	(1,116,697)	(1,411,954)
At 31 March	2,948,585	2,885,947	4,240,102	2,372,787	3,489,484

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

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

Summarised financial information in respect of the associates is set out below:

	2010 Shs'000	2009 K Shs'000
Total assets	22,750,223	21,828,481
Total liabilities	12,371,340	11,436,663
Net assets	10,378,883	10,391,818
Total revenue	17,483,461	14,425,114
Total profit for the year	1,110,356	1,089,222
Group's share of associate's contingent liabilities	226,422	7,501

The extent to which an outflow of funds will be required on the group's share of associate's contingent liabilities is dependent on the future operations of the associates being more or less favourable than currently expected.

19 UNQUOTED INVESTMENTS

	GROUP AND COMPANY		
	2010 Shs'000	2009 Shs'000	01.04.08 Shs'000
Opening valuation of quoted investments	1,212,828	1,835,881	2,224,315
Movements in the period:			
Additions during the year	79,743	218,518	57,250
Disposals/write offs during the year	(60,323)	(271,171)	-
Fair value gain/(loss)	18,961	(570,400)	(445,684)
	38,381	(623,053)	(388,434)
Closing valuation of unquoted investments	1,251,209	1,212,828	1,835,881

20 FAIR VALUE GAIN/(LOSS) IN QUOTED INVESTMENTS

	GROUP		COMPANY		
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000	01.04.08 Shs'000
Opening valuation of quoted investments	2,305,043	2,832,079	2,305,043	2,832,079	2,958,825
Movements in the period:					
Additions during the year	636,416	625,373	217,620	625,373	166,183
Disposals at cost during the year	(430,979)	(64,561)	(399,075)	(64,561)	(95,241)
Reserves released on disposal of investments	(538,965)	(155,201)	(538,965)	(155,201)	(391,851)
Fair value gain/ (loss) on quoted investments	996,361	(932,647)	495,976	(932,647)	194,163
	662,833	(527,036)	(224,444)	(527,036)	(126,746)
Closing valuation of quoted investments	2,967,876	2,305,043	2,080,599	2,305,043	2,832,079

	GROUP		COMPANY		
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000	01.04.08 Shs'000
21 CORPORATE BONDS – Available for sale					
Kenya Electricity Generating Company Limited	505,371	-	505,371	-	-
Maturity analysis:					
- maturing after 5 years	505,371	-	505,371	-	-

The weighted average effective interest rate on corporate bonds at 31 March 2009 was 12.50%.

	GROUP		COMPANY		
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000	01.04.08 Shs'000
22(a) DUE FROM RELATED PARTIES					
Shareholder loan to Rift Valley Railways investments (Pty) Ltd	-	2,825	-	2,825	72,380
	-	2,825	-	2,825	72,380

During the year, Centum Investment Company Limited novated the shareholder loan to a subsidiary company, Reli Holdings Limited. Reli Holdings Limited subsequently during the year, novated the loan on disposal of its stake in Rift Valley Railways investments (Pty) Ltd (RVRI). In 2008, an 84% provision for the balance of this loan was recognised through profit for the year.

	GROUP		COMPANY		
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000	01.04.08 Shs'000
The movement in the shareholder's loan is as follows:					
At the beginning of the year	2,825	72,380	2,825	72,380	80,387
Capitalisation of loan	-	(67,947)	-	(67,947)	-
Exchange difference	-	(1,540)	-	(1,540)	(8,007)
Impairment loss provision	-	(68)	-	(68)	-
Disposal of investment in RVRI	(2,825)	-	(2,825)	-	-
At end of year	-	2,825	-	2,825	72,380

	COMPANY		
	2010 Shs'000	2009 Shs'000	01.04.08 Shs'000
22(b) DUE FROM SUBSIDIARY – COMPANY			
Rasimu Holdings Limited	335,299	-	-
Reli Holdings Limited	77,324	-	-
	412,623	-	-

23 DEFERRED TAXATION 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		
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000	01.04.08 Shs'000
Deferred tax liabilities:					
Exchange gain	-	(844)	-	(844)	-
Deferred tax assets:					
Performance bonus provision	14,083	-	14,083	-	-
General provision for doubtful debts	12,121	12,121	12,121	12,121	12,121
Exchange losses	181	-	181	-	8,317
Tax losses	2,127	1,359	2,127	1,359	1,080
Leave pay provision	831	346	831	346	927
Accelerated capital allowances	134	368	134	368	17
	29,477	14,194	29,477	14,194	22,462
	29,477	13,350	29,477	13,350	22,462
The movement on the deferred tax account is as follows:					
At 1 April	13,350	22,462	13,350	22,462	16,760
Statement of comprehensive income credit/ (charge) - Note 11(a)	16,127	(9,112)	16,127	(9,112)	5,702
At 31 March	29,477	13,350	29,477	13,350	22,462

	GROUP		COMPANY		
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000	01.04.08 Shs'000
24 TERM DEPOSIT- Held to maturity					
Balance brought forward	-	146,219	-	146,219	227,338
Draw down	-	(146,219)	-	(146,219)	(61,402)
Exchange loss	-	-	-	-	(19,717)
	-	-	-	-	146,219
Maturity analysis:					
Maturing within one year	-	-	-	-	59,687
Maturing between two and five years	-	-	-	-	86,532
	-	-	-	-	146,219
25 RECEIVABLES AND PREPAYMENTS					
Dividends receivable	9,295	90,953	18,676	147,470	238,369
Sundry receivables and prepayments	99,554	2,796	7,982	2,796	45,059
	108,849	93,749	26,658	150,266	283,428
26 CALL DEPOSITS - Held to maturity					
Maturing within 90 days:					
Call deposits	345,000	-	345,000	-	79,452

The effective interest rate on call deposit at 31 March 2010 was 5.38% (2009: nil, 2008: 8.25%)

	GROUP		COMPANY		
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000	01.04.08 Shs'000
27 NON CURRENT ASSETS HELD FOR SALE					
At 1 April	-	7,064	-	7,064	-
Transfer from investment in associates (note 19)	-	-	-	-	7,064
Disposals	-	(7,064)	-	(7,064)	-
At 31 March	-	-	-	-	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.

	GROUP AND COMPANY		
	2010	2009	01.04.08
28 SHARE CAPITAL	Shs'000	Shs'000	Shs'000
Authorised:			
800,000,000 ordinary shares of Shs 0.50 each	400,000	400,000	400,000
Issued and fully paid:			
549,951,830 ordinary shares of Shs 0.50 each	274,976	274,976	274,976

	GROUP		COMPANY		
	2010	2009	2010	2009	01.04.08
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
29 PAYABLES AND ACCRUALS					
Sundry payables and accruals	7,654	8,909	7,406	8,850	22,216
Settlement in respect of corporate bond purchase	300,943	-	300,943	-	-
Leave pay provision	1,615	1,153	1,615	1,151	3,091
Performance bonus provision	46,942	-	46,942	-	-
	357,154	10,062	356,906	10,001	25,307
30 DUE TO RELATED PARTIES					
Kenya National Properties Ltd	-	-	283,680	284,061	284,603
31 UNCLAIMED DIVIDENDS					
At the beginning of the year/period	73,863	41,864	73,863	41,864	44,929
Declared during the year/period	-	247,478	-	247,478	247,478
Paid during the year/period	(5,728)	(215,479)	(5,728)	(215,479)	(250,543)
Write back of long outstanding dividends (note 6)	(25,485)	-	(25,485)	-	-
At end of the year/period	42,650	73,863	42,650	73,863	41,864

	GROUP		COMPANY		
	2010	2009	2010	2009	01.04.08
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
32 BORROWINGS					
Bank overdraft	-	169,981	-	169,981	-

At 31 March 2010 the group had undrawn committed borrowing facilities amounting to Shs 1,700,000,000 (2009: Shs 330,021,000).

The effective interest rate for bank overdraft was 10.54% (2009: 8.23%) and 13.00% (2009: nil) for long term loan.

The long term loan facility is secured by a floating charge over all the listed securities other than Shs 1,357,649,623 (2009: nil) which are security over the overdraft facilities. Overdraft facilities are secured by certain quoted investments. The market value of the shares held as security at 31 March 2010 was Shs 1,357,649,623 (2009 - Shs 582,671,745).

	2010	2009
	Shs'000	Shs'000
33 NOTES TO THE STATEMENT OF CASH FLOWS		
(a) Reconciliation of profit before taxation to cash generated from operations		
Profit before taxation	1,183,885	475,653
Adjustments for:		
Depreciation (note 14)	1,426	1,818
Amortisation of intangible assets (note 16)	442	418
Amortisation of leasehold land (note 15)	620	620
Exchange (gains)/loss capitalised	-	(2,812)
(Gain)/loss on disposal of equipment	58	(1,365)
Gain on disposal of quoted investments (note 12)	(652,627)	(126,966)
Gain on disposal of unquoted investments (note 12)	(201,999)	-
Gain on disposal of non current assets held for sale (note 12)	-	(4,600)
Provision for impairment of unquoted investment (note 7)	-	271,171
related party (note 22)	-	68
Write back of long outstanding dividends (note 31)	(25,485)	-
Share of profits from associated companies (note 18)	(392,882)	(491,548)
Adjusted profit before working capital changes:	(86,562)	122,457
Decrease in receivables and prepayments	(15,100)	18,009
Decrease in payables and accruals	347,092	(15,795)
Cash generated from operations	245,430	124,671

33 NOTES TO THE STATEMENT OF CASH FLOWS (cont'd)

	2010 Shs'000	2009 Shs'000
(b) Analysis of balances of cash and cash equivalents		
Bank balances	48,641	10,131
Call deposits	345,000	-
Bank overdraft	-	(169,981)
	393,641	(159,850)

For the purposes of the statement of cash flows, 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 end of each reporting period and borrowings.

34 CAPITAL COMMITMENTS

	2010 Shs'000	2009 Shs'000
GROUP AND COMPANY		
Authorised but not contracted for	24,500	18,150
Authorised and contracted for	15,000	-

35 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:

	2010 Shs'000	2009 Shs'000
Purchase of goods/services		
Rent and service charge paid	3,153	3,612
Share registration services	-	2,506
Insurance paid	3,970	2,899
Training	-	847
Purchase of goods	-	124

35 RELATED PARTIES (cont'd))

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

	2010 Shs'000	2009 Shs'000
Salaries and other benefits	35,609	33,759
Directors' emoluments		
(Included in key management compensation above)	18,576	16,958

36 OPERATING LEASE ARRANGEMENTS

The group as a lessee

At the end of the reporting period, the company had outstanding commitments under operating leases, which fall due as follows:

	2010 Shs'000	2009 Shs'000
Within one year	3,648	1,819
In the second to fourth year inclusive	9,423	9,605
	13,071	11,424

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.

37 COUNTRY OF INCORPORATION

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

38 CURRENCY

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

Proxy Form

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 **43rd Annual General Meeting of the Company will be held on Friday 27th August 2010 at the Tsavo Room, KICC, Nairobi at 10.00a.m.** and at any adjournment thereof.

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

As witness I/We lay my/our hand(s) this____________day of________2010.

Signature(s) ____

Notes:

1. This proxy form is to be delivered to the Secretary's office not later than11.00a.m. on **Thursday, August 26, 2010.**
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 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.

Fomu Ya Uwakilishi

Mimi/Sisi____

Nambari ya akaunti ya hisa ____________________________

anwani____

Kama mwanahisa/wanahisa wa Centum Investment Company Limited, namteua/tunamteua ____________________

____

na akikosa yeye, nateua/tunamteua Mwenyekiti was mkutano kama mwakilishi wangu/wetu, kupiga jura kwa niaba yangu/yetu kwenye Mkutano Mkuu was **mwaka makala 43 utafanyika Ijumaa 27 Agosti 2010 katika ukumbi la KICC, chumba cha Tsavo, Nairobi, saa nne asubuhi** ama siku yoyote ile endapo mkutano hua utahirishwa.

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___________2010.

Sahihi ____

Maelezo muhimu:

1. Uwapo 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, Agosti 26, 2010.**
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 haijaelekezwa 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*

	For	Against	Vote Withheld
ORDINARY RESOLUTION To adopt and approve the accounts for the year ended 31 March 2010.			
ORDINARY RESOLUTION To approve the directors remuneration for the year ended 31 March 2010.			
ORDINARY RESOLUTION To re-elect the following directors retiring by rotation:			
P.S. Ministry of Trade			
Christopher J. Kirubi			
ORDINARY RESOLUTION To elect a director to fill the casual vacancy on the Board.			
Maina Mwangi			
ORDINARY RESOLUTION To approve the retirement of Deloitte and Touche as the Company's auditors.			
ORDINARY RESOLUTION To approve the appointment of PriceWaterhouseCoopers as the Company auditors.			

	For	Against	Vote Withheld
SPECIAL RESOLUTION To approve the issue of bonus shares at the rate of 1 share for every 10 shares held.			
ORDINARY RESOLUTION To approve establishment of Reli Holdings Limited.			
ORDINARY RESOLUTION To approve the establishment of Uhuru Heights Limited.			
ORDINARY RESOLUTION To approve the establishment of Runda Closeburn Limited.			
ORDINARY RESOLUTION To approve the acquisition of Pearl Marina Estates Limited.			

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

HOW TO USE THIS FORM

Correctly filled poll form/
kura iliojazwa vyema

	For	Against	Vote Withheld
ORDINARY RESOLUTION To approve the appointment of PriceWaterhouseCoopers as the Company auditors.	X		

Incorrectly filled poll form/
kura iliojazwa vibaya

	For	Against	Vote Withheld
ORDINARY RESOLUTION To approve the appointment of PriceWaterhouseCoopers as the Company auditors.	X	X	

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

Tel: +254 20 316303 / 5015000
Mob: +254 722 205339
Fax: +254 20 2223223
Email: info@centum.co.ke
www.centum.co.ke