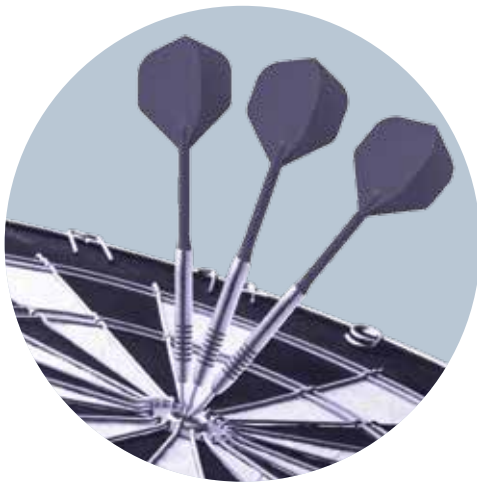
A full-page background image showing a bright sun rising over a mountain range. The sun is positioned in the lower-left quadrant, casting long, golden rays across the sky. Below the sun, a thick layer of white clouds stretches across the horizon, creating a 'sea of clouds' effect. The foreground shows the dark, silhouetted peaks of mountains. The sky transitions from a deep blue at the top to a warm orange and yellow near the horizon.

We are an investment
channel Providing investors
with access to a portfolio of
inaccessible quality and
diversified investments

The partner of choice...

our **VISION** is to be Africa's
foremost investment
channel



our **MISSION** is to create real,
tangible wealth by providing the
channel
through which investors can access and build
extraordinary enterprises in Africa.



our **VALUES** are to deliver to
promise, to invest as partners,
to invest responsibly and to have
unity of purpose

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CORPORATE INFORMATION

REGISTERED OFFICE

International House
Mama Ngina Street
P.O.Box 10518-00100
Nairobi

COMPANY SECRETARY

Fredrick Murimi
Certified Public Secretary (Kenya)
International House
Mama Ngina Street
P.O.Box 10518-00100
Nairobi

AUDITOR

PricewaterhouseCoopers
The PwC Tower
Waiyaki Way/Chiromo Road, Westlands
P. O. Box 43963-00100
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

NIC BANK LIMITED
NIC House, Masaba Road
P.O. Box 44599 - 00100 GPO
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

Anjarwalla & Khanna Advocates
ALN House
Eldama Ravine Gardens
Off Eldama Ravine Road, Westlands
P.O. Box 200 - 00606
Nairobi, Kenya

BOARD OF DIRECTORS

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

INVESTMENT COMMITTEE

C J Kirubi - Chairman
P M Kimurwa
M Mwangi
J M Mworia
R K Bunyi
I Khan

AUDIT AND RISK COMMITTEE

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

NOMINATION & GOVERNANCE COMMITTEE

P M Kimurwa - Chairman
J N Muguiyi
C J Kirubi
M Mwangi
M Byama

BRANDING COMMITTEE

H C Njoroge - Chairman
C J Kirubi
J M Mworia
M Mwangi

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BACKGROUND INFORMATION

Company Overview

Centum is a public limited liability company whose shares are listed on the Nairobi Securities Exchange (NSE) and the Uganda Securities Exchange (USE). Founded in 1967, Centum is the largest listed investment company in East Africa by market capitalisation with a market capitalisation of KShs 13.2 Bn as at 31st March 2013 (source: NSE market). Centum invests across three principal business lines Private Equity (PE), Real Estate & Infrastructure (RE&I) and Quoted Private Equity (QPE). As at 31st March 2013, Centum's total assets were valued at KShs 21.4 Bn.

The PE business line is Centum's largest accounting for 55% of the total assets. The PE business line focus is on management of a portfolio of private equity investments and acquisition of control and significant minority equity positions in unlisted companies. RE&I accounts for 26% of the total assets with a primary focus on acquiring medium to large sized parcels of land and developing world class master planned destinations. QPE focuses on acquiring significant equity positions in listed companies across Africa in addition to managing a portfolio of publicly traded equity and debt securities. QPE also performs a treasury function providing liquidity due to the ease of buying and selling securities.

Our History

Centum was formed in 1967, as ICDC Investment Company Limited and was listed on the Nairobi Securities Exchange in the same year.

In 1998, an independent management team was formed, with ICDC ceding day-to-day management. ICDC later changed its name to Centum Investment Company Limited (Centum) in 2008.

In 2009 Centum embarked on an aggressive 5 year Pan African strategy that saw the company re organised into three distinct business lines; Private Equity (PE) Quoted Private Equity (QPE) and Real Estate business line (RE&I).

In 2012 the company repositioned itself to better manage third party funds through establishment of distinct subsidiaries namely;

- i. Athena Properties Limited. Athena offers a complete suite of end to end solutions in large scale property development ranging from master planning, urban planning, project

management, construction management, development management, urban management and project finance. We are pleased that since its establishment, Athena has been able to attract world class talent, which has not only enhanced our capability to deliver on our projects but Athena is quickly establishing itself in the market as the go to Company for the delivery of large projects.

- ii. Centum Asset Managers Limited. The focus of Centum Asset Managers (CAM) shall be to leverage Centum's ability to originate high quality investment opportunities in Private Equity and Real Estate across the continent to then create attractive portfolio's that are accessible to third party institutional and individual investors. CAM obtained a fund management licence from the Capital Markets Authority in April 2013, currently, the entity has in excess of Kshs 6 Bn in assets under management.
- iii. Centum Capital Partners will be established with a mandate to manage Centum's Private Equity Portfolio as well as third party funds
- iv. Centum shared services that provides all non investment related/support services to Centum and it's subsidiaries.

Our Business lines

Private Equity (PE)  Pg 55-60



BACKGROUND INFORMATION

The PE business line invests in companies that largely serve the needs of the domestic and other African markets. The PE investment strategy is underpinned by the growth in consumer spending and investment, which is being driven by economic growth. At the close of the financial year the PE business line portfolio was valued at Kshs 10.5 Bn, which accounted for 55% of Centum's portfolio value.

PE targets to deliver a 30% - 35% return on the PE portfolio and have done so over the last three years, where the average annual return has been 40%. Since 2009, the PE business line has pursued a three-pronged strategy in managing the its business:

- i. Active portfolio management to address underperforming assets and working with partners to implement value creation plans for each investee company.
- ii. Strengthening investment processes and relationships across the region to enable development of a proprietary pipeline of attractive opportunities and making quality investments structured to ensure alignment between Centum and partners.
- iii. Pursuit of geographical diversification with a target to have 50% of assets invested outside Kenya by 2014.

Pursuit of the above strategic pillars has seen Centum's PE business line grow from KShs 4.0 Bn in 2009 to KShs 10.6 Bn, which has primarily been driven by a 59%(CAGR) growth in the earnings of the underlying portfolio.

[Quoted Private Equity \(QPE\)](#)  Pg 61 - 63

The QPE business line leverages on Centum's private equity expertise to invest and create value in quoted companies that exhibit private-equity like traits. This business line focuses on making investments in listed entities that are under-researched, illiquid, with significant growth potential and where Centum can obtain a significant equity stake.

The second mandate of the QPE business line is to provide liquidity management for the overall portfolio. The QPE business line provides an avenue to deploy surplus funds and



is also a source of liquidity by providing collateral for borrowing or by the disposal of marketable securities. The QPE business line also allows Centum to compare the valuations of entities in the private markets against those of entities in public markets across the continent. This flexibility has contributed greatly to more efficient asset allocation.

In each of the last three years of the 2009-2014 Strategy Period, the QPE business line has outperformed the NSE Index by an average of 9%. In the 2012/2013 financial period, the QPE business line outperformed the NSE by delivering 50% total return on opening Net Asset Value.

As at March 2013, the QPE business line had Kshs 6.1 Bn in assets under management. This amount included Kshs 3.7Bn in Centum's investments in QPE and Kshs 2.4Bn in third party funds.

The QPE portfolio valued at Kshs 3.7Bn represents 19% of Centum's portfolio value.

BACKGROUND INFORMATION

Real Estate business line (RE&I) Pg 64 - 76

Centum's strategy in real estate is to participate in the entire development process beginning with land development, moving on to the property development and finally the property and portfolio management process. Centum's real estate management process is hinged on developing a real estate solution that addresses a compelling market need. In this case, the opportunity to develop quality environments for commercial activity and with an integrated blend of uses ranging from retail, entertainment, offices, hotel and serviced apartments has been identified as a compelling and unmet need.



The value of Centum's investments in the RE&I has grown tremendously from KShs 36Mn in 2010 to KShs 5.1 Bn in 2013. The key driver of this growth in value is the successful completion of acquisition of two prime undeveloped properties in 2011 followed by land development processes on the properties. Our pioneering real estate developments are in Nairobi and Entebbe.

In Nairobi, our Two Rivers project is located in the diplomatic blue zone in Gigiri. Our vision is to develop a premium world class master planned urban address set within a controlled and secure development that will be a number one regional destination & address in East Africa and beyond for a long time to come.

In Uganda, our Pearl Marina project is located on the Garuga peninsula in Entebbe. Our vision is to develop a mix of a world class commercial, resort and residential water front development named Pearl Marina.

In both cases, the opportunity to develop quality environments for commercial activity with an integrated blend of uses ranging from retail, entertainment, offices, hotel and serviced apartments has been identified as a compelling and unmet need.

Our master plans seamlessly integrate commercial, retail, residential and recreational and social amenities on the same site to optimize on land use. Our current developments are the foundation for a permanent real estate investment vehicle designed to provide investors with access to sizeable, diversified investment grade real estate assets.

NOTICE OF THE 46TH ANNUAL GENERAL MEETING

Notice Is Hereby Given that the 46th Annual General Meeting of Centum Investment Company Limited will be held on Friday, 18 October 2013 at the Two Rivers Nairobi from 11.00 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 45th Annual General Meeting held on Wednesday, 25 July 2012.

3. Ordinary Business

i) Report of the Auditors and Consolidated Financial Statements for the year ended 31 March 2013:

To receive, consider and approve the Consolidated Financial Statements for the financial year ended 31st March 2013 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 Mr. M. Mwangi a director retiring by rotation, who being eligible, offers himself for re-election.
- (b) To re-elect Permanent Secretary, Ministry of Trade a director retiring by rotation, who being eligible, offers himself for re-election.

iv) Election of Director over the age of 70

To elect Mr. James Muguviyi, who offers himself for re-election as a director of the company and in respect of whom special notice has been received pursuant to section 186(5) of the Companies Act (Cap. 486 of the Laws of Kenya) of the intention to propose the following resolution as an ordinary resolution:

"THAT Mr. James Muguviyi, who having attained the age of 70 years, be and is hereby re-elected a director of the company."

v) Appointment and Remuneration of Auditors:

To appoint PricewaterhouseCoopers as Auditors for the Company in accordance with section 159(2) of the Companies Act (Cap 486) and to authorize the directors to fix the auditors remuneration.

4. Special Business

To consider, and if thought fit, to pass the following resolutions as Ordinary Resolutions

(i) Ratification of incorporation of Subsidiaries and Related Companies

For the purposes of the business of the Company and in the interests of the Company:

- (a) THAT the incorporation of Centum Asset Managers Limited (incorporated in Kenya) as a wholly-owned subsidiary of the Company be ratified.
- (b) THAT the incorporation of Centum Shared Services Company Limited (incorporated in Kenya) as a wholly-owned subsidiary of the Company be ratified.
- (c) THAT the acquisition of 79.17% shareholding in Kilele Holdings Limited a company (incorporated in Mauritius) be ratified.
- (d) THAT the incorporation of Two Rivers Lifestyle Centre Limited (incorporated in Mauritius) be ratified.
- (e) THAT the incorporation of Mvuke Power Limited (incorporated in Mauritius) be ratified.
- (f) THAT the incorporation of Liberty Beverages Limited (incorporated in Mauritius) be ratified

To consider, and if thought fit, to pass the following resolutions as Special Resolutions

(ii) Amendment of the Company's Articles of Association:

- (a) Include the following definition in Article 2: "Statutes" shall mean the Act and every other statute or subordinate legislation for the time being in force concerning companies and affecting the Company (including The Capital Markets Act (Chapter 485A), The Central Depositories Act, 2000, the Unclaimed Financial Assets Act (No. 40 of 2011) and the Central Depositories Act (Act 4 of 2000)) including every amendment or re-enactment (with or without amendment) thereof for the time being in force;
- (b) To include at the beginning of Article 12 the following wording: "Subject to the Statutes..."
- (c) With effect from 1 November 2013 Article 13 to be deleted in its entirety.
- (d) To include at the beginning of Article 25 the following wording: "Subject to the Statutes..."
- (e) To include at the beginning of Article 26 the following wording: "Subject to the Statutes ..."
- (f) To include at the beginning of Article 27 the following wording: "Subject to the Statutes ..."

- (g) To include at the beginning of Article 29 the following wording: "Subject to the Statutes..."
- (h) To include at the beginning of Article 30 the following wording "Subject to the Statutes..."
- (i) To include at the beginning of Article 32 the following wording: "Subject to the Statutes ..."
- (j) Articles 46A and 46B to be renumbered as Articles 46 and 47 respectively.
- (k) Insert new Article 48 as follows:
"The Company shall, as required by the Unclaimed Financial Assets Act, deliver or pay to the Unclaimed Financial Assets Authority any unclaimed assets including but not limited to shares and dividends in the Company presumed to be abandoned or unclaimed in law and any dividends remaining unclaimed beyond prescribed statutory periods and the Board may perform such acts as may be necessary to effect such delivery or payment. Upon such delivery or payment, the unclaimed assets shall cease to remain owing by the Company and the Company shall no longer be responsible to the member, or his or her estate, for the relevant unclaimed assets".
- (l) Article 86 to be amended as follows:
Insert the word "every" after the first word "At" in place of the word "the" in the first line and delete the following words "to be held in the year 1969 and at every succeeding Annual General Meeting"
The word "Act" in Article 104 be deleted and substituted with the word "Statutes"
- (m) With effect from 1 November 2013, Article 135.1 be amended by deleting the following wording in its entirety: "[including a share certificate]".
- (n) Article 135.1 (c) be amended by deleting the following wording in its entirety: "[generally or specifically]"
- (o) Article 135.2 (a) to be deleted in its entirety.
- (p) Articles 135.2 (b) (i) (ii) and (iii) be renumbered (a) (b) and (c) respectively.
- (q) Article 135.5 be amended by deleting the following wording:
"[or where Article 135.2 (a) applies to that member, to have notification in accordance with Article 135.2 (b) sent to him at that address.]"
- (r) Reference to Article 135.2 (b) at Article 135.6 (d) be amended by deleting reference to sub-article (b).
- (s) For the all of the numbered paragraphs and sub-paragraphs of the Articles to be renumbered accordingly.

5. Any Other Business

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

BY ORDER OF THE BOARD



Fred Murimi
Company Secretary

12 September 2013

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. 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 as to arrive not later than 10.00 a.m. on Thursday, 17 October 2013
2. Registration of members and proxies for the Annual General Meetings will commence at 8.00 a.m. on Friday, 18 October 2013. 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.
3. The Map to the venue (see page 62)
4. Please note that there will be a bus at the Kenyatta International Conference Centre in Nairobi to transport bona fide shareholders to the venue of the AGM at the following times:
 - a. From 7.30 a.m.
 - b. From 8.30 a.m.
 - c. From 9.30 a.m.
 - d. From 10.30 a.m.

NOTISI JUU YA MKUTANO WA MWAKA 46

Notisi inatolewa kuwa mkutano wa mwaka wa 46 wa kampuni ya Centum Investment utafanyika mnamo Jumatano, 18 Oktoba 2013 katika sehemu ya Two Rivers, (tazama ramani uliyopewa), Nairobi kuanzia saa 11.00 ili kutekeleza shughuli zifuatazo: -

YATAKAYO KUWEMO (AJENDA)

1. Kuandaa mkutano

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

2. Kuidhinisha majadiliano ya mkutano uliopita

Kuidhinisha mambo yaliyojadiliwa kwenye mkutano wa mwaka wa 45 uliofanyika Jumatano, 25 Julai 2012

3. Shughuli za kawaida

(i) Ripoti ya wahasibu na taarifa ya fedha iliyojumuishwa ya mwaka uliokwisha tarehe 31 Machi 2012

Kupokea na kuthatmini kama inafaa kuidhinisha ripoti ya kifedha pamoja na taarifa ya wakurugenzi na ripoti ya wahasibu ya mwaka uliokwisha 31 Machi 2013

(ii) Mishahara ya wakurugenzi

Kuidhinisha halmashauri ya wakurugenzi kuamua mishahara yao.

(iii) Uchaguzi wa wakurugenzi

(a) Kumchagua tena Bw. M.Mwangi anayestaafu kwa zamu lakini kwa kuwa ana ruhusa anajitolea tena ili kuchaguliwa.

(b) Kumchagua tena katibu wa kudumu ya wizara ya Biashara, ambaye ni mkurugenzi anayestaafu kwa zamu na kwa kuwa ana ruhusa anajitolea tena ili kuchaguliwa.

(iv) Uchaguzi wa mkurugenzi ambaye umri wake unazidi miaka

Kumchagua Bw. James Muguyi, ambaye anajitolea ili kuchaguliwa tena kuwa mkurugenzi wa kampuni, na ambaye kwa ajili yake notisi maalum imepokelewa kwa mujibu wa fungu la 186(5) ya Sheria za kampuni (sura ya 486 ya sheria za Kenya), juu ya kupendekeza azimio lifuatalo la kawaida: "KWAMBA, Bw. James Muguyi, ambaye umri wake umetimia miaka 70, anateuliwa kuwa mkurugenzi wa Kampuni."

(v) Uteuzi wa Wahasibu na kuidhinisha malipo yao

Kuteua Price Water House Coopers PWC kuwa wahasibu wa kampuni kulingana na sehemu ya 159(2) ya kanuni na sheria za kampuni (fungu la 486) na kuidhinisha wakurugenzi kuamua malipo yao

4. Shughuli maalum.

Kuthatmini, na kama ni sawa, kupitisha azimio lifuatalo la kawaida:

(i) Kuidhinisha usajili wa kampuni tanzu.

- Ili kufanikisha biashara na kwa madhumuni ya kampuni,
- (a) KWAMBA usajili wa kampuni ya Centum Asset Managers Ltd (iliyosajiliwa nchini Kenya) kuwa kampuni tanzu, uidhinishwe
 - (b) KWAMBA usajili wa kampuni ya Centum Shared services Ltd (iliyosajiliwa nchini Kenya) kuwa kampuni tanzu, uidhinishwe
 - (c) KWAMBA ununuzi wa asilimia 79.17 ya hisa za Kampuni ya Kilele Holdings Limited, (iliyosajiliwa nchini Mauritius), uidhinishwe.
 - (d) KWAMBA usajili wa Kampuni tanzu ya Two Rivers Lifestyle Centre Limited, (iliyosajiliwa nchini Mauritius) uidhinishwe.
 - (e) KWAMBA usajili wa Kampuni tanzu ya Mvule Power Limited (iliyosajiliwa nchini Mauritius) uidhinishwe
 - (f) KWAMBA usajili wa Kampuni tanzu ya Liberty Beverages Limited (iliyosajiliwa nchini Mauritius) uidhinishwe

Kuthatmini, na kama ni sawa, kupitisha azimio lifuatalo maalum:

(ii) Marekebisho ya Kanuni na Sheria za Kampuni.

- (a) Kuongeza maelezo yafuatayo kwenye fungu la 2: "statutes" inamaanisha sheria au kanuni au mamlaka ambayo yamewekwa ili kuratibu Kampuni (yakiwa ni mamlaka ya Capital Markets (fungu la 485A), mamlaka ya Central Depositories, 2000, Mamlaka ya Unclaimed Financial Assets (namba 40 ya 2011), na mamlaka ya Central Depositories (namba 4 ya 2000), pamoja na marekebisho au kubuniwa ubya (bila kufanyiwa marekebisho), na kwa ambayo kwa muda yanatumika.
- (b) Kuweka mbele ya fungu la 12, maneno "subject to the statute"
- (c) Kufuta fungu la 13 kuanzia 1 Novemba 2013
- (d) Kuweka mbele ya fungu la 25, maneno "subject to the statutes"
- (e) Kuweka mbele ya fungu la 26, maneno "subject to the statutes"
- (f) Kuweka mbele ya fungu la 27, maneno "subject to the statutes"
- (g) Kuweka mbele ya fungu la 29, maneno "subject to the statutes"

- (h) Kuweka mbele ya fungu la 30, maneno "subject to the statutes"
- (i) Kuweka mbele ya fungu la 32, maneno "subject to the statutes"
- (j) Fungu la 46A na fungu la yaorodheshwe kama 46 na 47 mtawalia
- (k) Ongeza fungu lifuatalo lipya la 48:

"Kampuni itaweza, kwa mujibu wa mamlaka ya Unclaimed Financial Assets, kuwasilisha au kulipa mamlaka ya Unclaimed Financial Assets Authority, rasilimali zozote au mgao wa faida ambazo zitakuwa zimewachwa na wawekezaji kwenye Kampuni, na ambazo kulingana na sheria, ulipaji wa mgao huo umepitwa na wakati, na Halmashauri ya wakurugenzi watafanya wawezavyo ili kuwasilisha au kufanikisha ulipaji huo. Baada ya kuwasilishwa au kulipwa, kampuni haitahitajika kuwajibika kwa mwenyehisa kuhusu rasilimali hizo"

- (l) Fungu la 86 kurekebisha kama ifuatavyo: Weka neno "every" baada ya "at" badala ya "the" kwenye mstari wa kwanza, na kufuta maneno yafuatayo "to be held in the year 1969 and at every succeeding Annual General Meeting"
- (m) Neno "Act" kwenye fungu la 104 lifutwe na kubadilishwa na neno "statutes" Kuanzia 1 Novemba 2013, fungu la 135.1 litarekebisha kwa kufuta maneno yafuatayo: (including a share certificate)
- (n) Fungu la 135.1 (C) litarekebisha kwa kufuta maneno yafuatayo: "generally or specifically"
- (o) Fungu la 135.1(a) lifutwe
- (p) Fungu la 135.2(b) (i) (ii) na (iii) kuoandishwa kama a, b, na c mtawalia
- (q) Fungu la 135.5 litarekebisha kwa kufuta maneno yafuatayo: "or where article 135.2 (a) applies to that member, to have notification in accordance with Article 135.2(b) sent to him at that address"
- (r) Marejeleo kwa fungu la 135.2 (b) katika fungu la 135.6 (d) kurekebisha kwa kufuta marejeleo kwa fungu (b)
- (s) Kurekebisha nambari za uorodheshaji ya sehemu na fungu zote.

5. Shughuli zinginezo

Kutekeleza shughuli zinginezo ambazo hutekelezwa kwenye mkutano wa mwaka

KWA AMRI YA HALMASHAURI YA WAKURUGENZI



Fred Murimi
Katibu
12 September 2013

Fahamu kuwa

1. Mwanachama mwenye kibali cha kuhudhuria na kupiga kura katika mkutano anaweza kuteua mwakilishi ambaye si lazima awe mwanachama wa kampuni. Umpewa fomu ya uwakilishi pamoja na ripoti hii. Wale wenyehisa ambao hawatahudhuria mkutano wa mwaka wanaombwa kujaza fomu hii na kuzirudisha kwa afisi ya usajili kabla ya saa nne asubuhi ya Athamisi, 17 Oktoba 2013
2. Usajili wa wanachama na uwakilishi wanaohudhuria mkutano mkuu utaanza saa 8.00 asubuhi Ijumaa, 18 Oktoba 2013. Wanachama na uwakilishi watahitajika kubeba vitambulisho na nakala ya daftari ya akaunti ya CDSC ili kurahisisha usajili.
3. Ramani ya mahali pa mkutano (ukurasa 162)
4. Tafadhali fahamu kwamba basi la usafiri litakuwa hapo Kenyatta International Conference Centre Jijini Nairobi litakalosalifirisha wanachama halisi hadi mahali pa mkutano wa mwaka kwa saa zifuatazo:
 - a. Kuanzia saa 7.30 ya asubuhi
 - b. Kuanzia saa 8.30 ya asubuhi
 - c. Kuanzia saa 9.30 ya asubuhi
 - d. Kuanzia saa 10.30 ya asubuhi

BOARD



From Left to Right:

Mr. Robert K. Bunyi (42yrs)

- Mr. Robert Bunyi was appointed non-executive Director of the Board in January 2009.
- He is the Chairman of Centum Asset Managers Limited Board
- He is the founder of Mavuno Capital, a personal investment advisory business focusing on listed equities, corporate capital strategies and real estate investment in Kenya.
- His expertise is in investment and financial analysis, with a strong emphasis in listed shares in sub Sahara Africa.
- He is a Non executive director in Tamarind Investments, one of Kenya's largest real estate development companies that focuses on large scale residential development in Kenya.

Mr. Henry C. Njoroge (47yrs)

- Mr Henry Njoroge was appointed a non-executive Director in October 2005.
- He is the Chairman of the Centum Branding Committee
- He is an Executive Director of Xtranet Communication Limited.
- He was previously the Managing Director of Open View Business Systems and UUNET Kenya respectively and before then at Telcorp and Fintech Kenya both as General Manager.
- He is a non-executive director of X&R Technologies Limited, the sole authorized XEROX distributor and Global Equity Ventures Limited.
- He is a Trustee of the Kenya Youth Business Trust, a non-profit organization which empowers youth entrepreneurs through mentorship and micro business loans.

Mr. Imtiaz Khan (44yrs)

- Mr Imtiaz Khan has been a non-Executive Director since November 2008.
- He is the Chairman of the Centum Audit and Risk Committee
- He is a specialist in corporate finance and PE investment with over 20 years experience. Undertaken investment and financial advisory projects in 18 countries across four continents, including in four of the five BRICS countries, which are widely regarded as the world's leading emerging markets.
- He is a founding and executive co-director of Cassia Capital Partners Ltd, which focuses on private equity investments in East Africa.
- Mr. Khan is a qualified accountant and holds an MBA with distinction from London Business School as well as a BCom (hons) from the University of Nairobi.
- Chairman of Oltepesi Properties Limited and represents Cassia Capital Partners Ltd on the board of EA-Power Ltd.

Dr. Christopher J. Kirubi (71yrs)

- Dr. Christopher J. Kirubi has been a non-executive Director since December 1997, he served as Chairman of the Board between 1998 and 2003.
- He is the Chairman of Centum Investment Committee.
- He is a well known Kenyan industrialist with interest in FMCG, media and communications.
- He is a graduate of Insead and the Harvard Business School.
- He was appointed a director Harvard Business School in 2012.
- He is the Chairman of DHL World Wide Express Limited, Haco Industries Kenya Limited, Kiruma International Limited,

International House Limited, Nairobi Bottlers Limited, Sandvik East Africa Limited and Capital FM.

- He is Non-executive director of Bayer East Africa Limited, UAP Provincial Insurance Company Limited and Beverage Services of Kenya Limited.

Mr. James M. Mworira (35yrs)

- Mr. James M. Mworira is the Chief Executive Officer of Centum Investment Company Limited and its subsidiaries since October 2008.
- He has over ten years work experience including Investment Management at Trans-century and Centum.
- Mr. Mworira is a CFA Charter holder, Certified Public Accountant, holds a Bachelor of Law Degree from the University of Nairobi and an Advocate of the High Court of Kenya.
- Member of Law Society of Kenya (LSK) and a member of the Chartered Institute of Management Accounting (CIMA).
- Chairman of UAP Financial Services Limited.
- Represents Centum as a non executive director on the Boards of UAP Holdings Limited, UAP Insurance Company Limited, UAP Insurance Sudan Limited, UAP Life Assurance Limited, UAP Properties Limited, Nairobi Bottlers Limited, Mount Kenya Bottlers Limited, General Motors East Africa Limited and NAS Airport Services Limited and SIA (K) Holdings Limited.



Mr. James N. Muguiyi (69yrs)

- Mr. James N. Muguiyi is the Chairman and Non-Executive Director of Centum Investment Company Limited and its subsidiaries since December 2003.
- He was formerly the Group Managing Director of UAP Holdings Limited.
- He is a fellow of the Institute of Certified Public Accountants of Kenya (ICPAK).
- He is a member of the Chartered Institute of Management Accountants (CIMA) and the Chartered Institute of Public Finance and Accountancy (CIPFA).
- Mr. Muguiyi is a non-executive Director of UAP Insurance Company Limited, UAP Insurance (Uganda) Limited, UAP Insurance Sudan Limited, UAP Properties Limited, UAP Financial Services Limited, One Network Limited, Aimssoft Kenya Limited, One Solution Limited and Mount Kenya Bottlers Limited.

Mrs. Margaret M. Byama (57yrs)

- Mrs. Margaret M. Byama represents the PS Ministry of Trade as a non executive Director on the Board of Centum Investment Company Limited and its subsidiaries since January 2009
- She is the Chief Finance Officer in the Ministry of Trade with over 20 years experience in public financial management.
- She holds a Bachelor of Arts Degree from University of

Nairobi and Certificate in Public Financial Management from Manchester University.

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

Mr. Maina R. Mwangi (49yrs)

- Mr. Maina Mwangi was appointed to the Board in July 2010.
- He is a founder of Maina Mwangi & Associates, a boutique advisory firm specialising in cross-border Mergers and Acquisitions and infrastructure finance.
- He is a seasoned investment banker with over 22 years' experience in the industry, including 15 in senior positions in Africa. He has led teams and closed transactions in 14 African countries and has developed an extensive network of contacts in business circles throughout Africa. He was educated at Harvard University (Economics) and at Trinity College, Oxford (Law).
- He represents Centum on the Board of UAP Financial Services Limited.

9. Mr. Peter M. Kimurwa (42yrs)

- Mr. Peter M. Kimurwa represents Industrial Commercial and Development Corporation (ICDC) as a non-executive director on the Board of Centum Investment Company Limited and its subsidiaries since 10 May 2011.
- He is the Chairman of Centum Nomination and Governance Committee and Centum Shared Services Limited Board.
- He is an executive Director of ICDC since July 2010.
- He is a specialist in strategy and financial management. Extensive and varied business experience spanning over 15 years in senior positions at PricewaterhouseCoopers (PWC), British American Tobacco (BAT), Boc Kenya Limited, East African Breweries Limited (EABL) and Linksoft Communications System Limited.
- Mr Kimurwa is a Certified Public Accountant and holds a Master of Business Administration (MBA) from Insead and Bachelor of Commerce degree from Kenyatta University.
- He represents ICDC as a non executive Director on the Boards of Eveready Batteries E.A Limited, Rift Valley Bottlers Limited, Mount Kenya Bottlers Limited, Kisii Bottlers Limited, General Motors East Africa Limited and Development Bank of Kenya Limited.

OUR STRATEGIC PILLARS

Performance

Active portfolio management to ensure consistent market beating returns

Diversification

Increase geographical diversification through Pan African investments

Growth

Grow assets under management to Kshs 30 Bn by 2014

Brand

Position Centum as Africa's foremost investment channel

Cost

Maintain costs at 2.5% of Assets Under Management



INNOVATION RESPONSIVE WEALTH RETURNS

In crafting the five-year strategy for the 2009-2014 period we identified our ability to offer investors access to inaccessible investment opportunities as our key value proposition.



Good progress has been achieved in every one of our ambitious 5 year strategic objectives

Dear Shareholder,

On behalf of the board of Directors of Centum, it is my pleasure to present to you the Annual Report and the Financial Statements of the Company for the year ended 31st March 2013.

Strategy

On January 30, 2009 the Board of Centum approved the 2009-2014 strategic plan, which has been our blue print for the last 4 years.

Guided by our mission to create real tangible wealth by providing the channel through which investors access and build extraordinary enterprises in Africa, we defined our business as an investment channel that sought to provide investors access to an otherwise inaccessible, quality and diversified portfolio of investments.

The value proposition was to be achieved through execution of the five strategic objectives below:

1. To achieve return on shareholder funds, that is consistently above market returns. In 2009, our returns were strongly related to the performance of the NSE;
2. To scale up assets under management with a target of Kshs. 30 Billion by 2014 from Kshs. 6 Billion in 2009. The 2014 target of Kshs 30 Billion was broken down into Kshs 23 Billion of assets on the balance sheet of Centum and Kshs 8 Billion of third party assets under management by Centum or its subsidiaries;
3. To maintain our portfolio costs at below 2.5% of assets under management;
4. To increase our geographical footprint to the rest of Africa with a target of at least 50% of the portfolio outside Kenya by the end of the Strategy period. In 2009 less than 1% of assets under management were invested outside Kenya
5. Enhance Centum's brand by developing processes, systems, controls and the human capital to ensure that the Company consistently delivered to promise.

I am proud to report that four years since we embarked on our five year strategic plan we have made excellent progress.

1. We have delivered market-beating returns in three of the last four years. In the year to March 31, 2013 we delivered a return of 18% on opening shareholder funds against a return of 44% recorded by the NSE 20 share index. Cumulatively over the last four years the business has delivered a return of 174% as opposed to the NSE 20 share index return of 56%. In the year to March 31, 2013 the Quoted Private Equity business line delivered a return of 50%, well above the NSE return, while

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the Real Estate business line delivered a return of 27% and the Private Equity business line delivered a return of 6%. I expect that as we get into the development phase the return of the Real Estate business line shall be sustained and possibly improve. The relatively low return on the Private Equity business line was on account of the accounting treatment of the merger of the three Coca-Cola bottling plants in the Company financial statements while resulted in a major difference between the return booked by the Private Equity business line in the Company financial statement of 6% and that booked in the Group financial statements of 34%. Please refer to the Financial Business Review on page 52 – 53 for a more detailed explanation and the segment reports on pages 127 to 133.

2. Centum's portfolio increased by 31% in the year to Kshs. 19.3 Billion from Kshs. 14.7 Billion the previous year. This was ahead of the strategy objective we had set for March 31, 2013 and is 8% shy of our goal of Kshs. 23 Billion of Centum's portfolio on our Balance Sheet by March 31, 2014. In addition to this we began managing third party funds through Centum Asset Managers (CAM), a wholly owned subsidiary of Centum Investment Company Limited. As at March 31, 2013 CAM was managing Kshs. 2.4 Billion in third party funds against a strategy target of Kshs 4.6 Billion by March 31, 2013. The total funds under management as at March 31, 2013 were Kshs 21.7 Billion which is a 272% growth since the beginning of the strategy period. I shall later in my statement explain our rationale and strategy for raising third party funds
3. Costs to Asset ratio (excluding third party funds) was at 2.3% against our ceiling of 2.5%. This is 0.4% increase from the cost ration we experienced in the previous year. I had explained in last years statement that it was necessary to beef up the team to drive execution of business plans in the different business lines and that I was expecting costs to increase in the coming year.
4. The proportion of our assets invested outside Kenya increased to 19% from 14% in the previous year. In absolute terms this is a 94% growth in the value of our portfolio outside Kenya, which grew from Kshs 2.1 Billion in the year to March 31, 2012 to Kshs 4.07 Billion in the year to March 31, 2013.

Assets Under Managements (Bn)



5. Our understanding of a strong brand is one that consistently delivers to promise. Our focus as a business has been on consistently developing the structures within the business to ensure that we deliver on the promises that we make. We are proud that four years into the strategy period we are ahead of our ambitious strategy targets on the key metrics of growth in assets and growth in shareholder funds.

Operating Environment and our performance

The year 2012 saw gradual stabilization of the economy from the turbulent economic environment in 2011. During 2012, inflation declined sharply, the exchange rate stabilized and interest rates began to fall. The year has its uncertainties given that it was an election year.

Faced with this uncertainty, we took a number of steps aimed at reducing the exposure of our business to economic volatility. Your Board took the decision to issue a five year – fixed rate bond so as to ensure that the business had the liquidity to funds its ongoing operations at a fixed cost and therefore immunize the business from future volatility in the cost of capital. I am very pleased that we managed to raise Kshs 4.2 Billion in a blend of fixed rate and equity linked five -year notes. We used some of the surplus liquidity we had in the year to retire all our expensive bank debt and the time we closed the year we did not have any bank debt on our balance sheet.

The turbulent economic environment in 2011 created a number of very attractive opportunities in the equity markets and we therefore increased our allocation to marketable securities by 96% to bring the value of our QPE to Kshs 3.7 Billion up from Kshs 2.8 Billion. This decision paid off with the business line delivering a 59% gross return up from the 1.4% gross return the previous year.

Our ability to quickly and proactively respond to the changing business environment is one of our major strengths and I would like to commend the Board and Management for the manner in which they have managed the asset allocation over the last 3 years of volatility.

Brand & Developments in the Organisational Structure

For us brand is more than just a public relations exercise. A strong brand is built by an organization that has what it takes to continue delivering consistently on the promises it makes. We have over the years invested in our people, in the quality of our processes, in the systems and this has resulted in the growth that we have achieved and the various accolades and awards that we have won. In the year to March 31, 2013 your Company was the recipient of the following awards.

1. The Winner- Industrial, Commercial and Services Category by the FIRE Awards
2. Winner- Champion of Corporate Governance by ICPSK
3. Winner- Acquisition company of the year by Mergers & acquisition International

You will recall that in 2009 your Board made a decision to manage the business of the Company through three business lines: Private Equity, Quoted Private Equity and Real Estate and Infrastructure so as to better achieve the desired focus. This decision has served us well and it has played a significant role in the success that we have enjoyed so far. In the year that ended your Board made a decision to progress this even further by establishing new subsidiary Companies that would specialize in offering solutions for our Quoted Private Equity, Real Estate business line and support the administrative functions of Centum. The new Companies would allow the management team to not only manage Centum funds and projects but also third party funds and projects. To this end we established Centum Asset Managers, Centum Shared Services Limited and renamed Kenya National Properties, which owned Kimathi House, Athena Properties Limited. The sum total of the restructuring will lead to the achievement of greater focus, the ability to leverage the Company's capability to manage 3rd party funds and assets and the conversion of cost centers to profit centers which shall make the Company more efficient.

In the year, the Company outsourced the investment management function of its Quoted Private Equity portfolio to Centum Asset Managers. Pius Muchiri who was previously the Senior Investment Office responsible for the QPE business line

was promoted to Managing Director of CAM, supported by the team that was previously in the QPE business line. As at March 31, 2013 CAM was managing Kshs 6.1 Billion of assets. The funds were split Kshs 3.7 Billion of Centum's assets and Kshs 2.4 Billion of 3rd party assets. This structure will allow the Company to leverage the organizations structure that has been developed to attract more funds under management and allow the Company to earn a share of the returns generated on the 3rd party assets.

The Board took a decision to establish Athena Properties Limited (Athena) so as to develop the required capabilities to not only manage the Two Rivers and Pearl Marina projects but to also create an entity that would retain the intellectual capital that would be generated in the course of the implementation of these two projects and allow us to leverage this learning on future projects. Athena is also geared towards offering Development and Project Management services to other large-scale projects in line with our philosophy of fully leveraging our investment in people, processes and systems. We were fortunate to attract very capable professionals into Athena and we today have a team with a combined experience of more than 70 years and at least three nationalities are represented on its management team. Graeme Reid, who has a wealth of experience in project and urban management at a very senior level and was the first Chief Executive of the Johannesburg Development Agency, leads the Athena team. He is deputized by Chris Ochieng, a civil engineer and who has significant development experience gained working on large mixed use projects in the Middle East. The team also includes Tim Hitchen, the Director of Project Management, who is a Development Infrastructure Executive and has significant experience in residential, retail, commercial and industrial developments in India, Africa and the United Kingdom.

The objective of Centum Shared Services Company Limited is to manage for a fee all the non – core business and support activities Centum and its subsidiaries. These services include legal, human resource management, information technology, finance and accounting, treasury management, statutory compliance and risk management. This structure avoids the duplication of capabilities across the different subsidiaries and creates one center with the required economies of scale to offer a world class service cost effectively. The leadership of Centum Shared Services Center is Risper Mukoto, our Director Finance and Operation and Fred Murimi the Corporate Affairs Director and Company Secretary. Fred Murimi joined Centum in the year and has strengthened capacity in our

CHAIRMAN'S REVIEW

legal, compliance, communication and investor relationship functions, which I indicated last year was required to be beefed up as the business increases in scale and complexity. Fred Murimi is qualified a lawyer, accountant and company secretary and has previously worked as a regulator with the Capital Markets Authority and in the investment banking industry.

We shall in the course of the coming year be setting up Centum Capital Partners, which shall focus on the management of 3rd party funds for the private equity asset class.

Third Party Funds

When we developed our five year strategy in 2009, the mobilization of third party funds was an important component of our strategic objectives. We had targeted that by March 31, 2014 we would have at least Kshs 7 Billion in third party assets under management. We made a deliberate decision to concentrate on the development of our people, processes and investment portfolio before we then pay attention to mobilization of third party funds. Last financial year we felt comfortable to venture into this line of business with the licensing of Centum Asset Managers. It is my expectation that over the next three to five years third party funds shall exceed funds managed on the Centum Balance Sheet. The mobilization of third party funds is an important component of the realization of our vision to be Africa's foremost investment channel. An Asset Management Company is an effective channel for capital mobilization from across the globe for deployment in a broad range of investment opportunities across the continent. We are in the process of developing a range of products geared to raising significant sums of capital from different markets across the Globe and addressing the risk – return requirements of our clients while at the same time allowing us to share in the upside generated.

This shall be a key focus area for the Company in the coming year and we are exploring a number of interesting opportunities.

Centum Leadership

There are three key constraints to growth and profitability in our business. The first is the right people and leadership the second is capital and the third is the availability of good investment opportunities. Of the three constraints the most critical one is leadership, because the right leadership is able to attract capital and unlock attractive investment opportunities.

We have over the last five years developed a team of outstanding professionals, leaders in their own right who have done an excellent job in consistently delivering the results we see today. The varied qualifications and industrial experience in the team I believe make for an excellent mix and we can see this from the results reported.

We operate in a very competitive and volatile business environment where what worked last year from an asset allocation point of view may not work in the following year and this has been very much our experience over the last four years. For our business to remain competitive and to sustain performance in the long term it is critical that we develop and retain a leadership team that has the key competencies that will ensure the success of our business. We have identified the following eight competences as those that are most relevant for our management and leadership team

1. Entrepreneurship;
2. Commercial awareness;
3. Ability to drive execution;
4. Initiative;
5. Ability to sell the vision;
6. Leading change;
7. Coaching and developing others;
8. Building organizational talent.

	FTEs ¹	Key qualifications	Cum. ex-perience
CEO	1	- LLB, CFA - CPA (K), CIMA & LSK	13 years
Private Equity	5	- MBA , BCom (2), BSC Eng (2), MEng (1), - CFA(2), CPS K (1), CPAK (3)	>30 years
Quoted Private Equity	5	- BCom(1), Actuarial Science (3), BA(1) - CPA (2) , CFA Level II & III(3), ACCA(1), Certificate in dealing (1)	>25 years
Real Estate & Infrastructure	10	- MSc in Property Investment and Management(1) - MSc in Facilities Management (1) - MBA (1), LLB (1) - BSC Civil Engineering (3), BA(2) - Certified Project Management Professional (3), CPAK (1), CAIA(1), - CFA (1), CIH&T (1)	>50 years
Shared services ²	13	- MBA (2), LLB(2), BCom(3), Bsc Actuarial Science(1), Bsc Computer Science (2), BA (2) - FCCA(1), CPAK(5), CPSK (2), CFA (K) (1), CIMA (1), IHRM	>30 years

¹ Full time Employees

² Includes Finance, Risk, Legal, ICT, HR and Administration Services

We have endeavored to create an entrepreneurial and business like environment that is supportive of these competencies so that a culture of business, enterprise and initiative can thrive in our Company. Our people do not see themselves as employees but as partners in business who thrive when the business does well. To achieve these we have focused on the following areas in managing our people:

1. Processes: our processes have been simplified and the organizational structure flattened to allow for quick decision making while managing attendant risks.

2. Recruitment: besides focusing on technical competencies we place great emphasis on behavioral competencies with a view to attract talent that is aligned with our culture. This year we launched our Graduate recruitment program, which I believe shall provide us with the leadership pool that we require at Centum, in our subsidiaries and the portfolio companies across Africa.
3. Leadership development: to be successful we much develop our talent to develop from individuals who are good managers of themselves to leaders of business and enterprises so that we can have a critical pool of leadership talent that can convert the many opportunities available to us across the continent into profitable investments.
4. Remuneration: Our remuneration policy is geared towards placing a greater emphasis on performance based pay and less on a fixed pay. A large fixed pay culture is not consistent with the culture and competences that are desired for success in our business. We have therefore succeeded in converting staff costs, which are the largest component of our costs from fixed costs that increase by a fixed percentage annually into variable costs that varies from year to year depending on the performance of the Company. The performance bonus tool that we introduced in 2009, has allowed us to attract, retain and motivate an entrepreneurial management and leadership team. We have also used this tool as an effective retention tool by paying our accrued bonuses over a three-year period subject to future performance and the employee remaining in the service of the Company.

Dividend

In 2009/2010 the Board made a decision not to recommend the payment of a dividend for the five year duration of the strategy period. In keeping with this the Board has not recommended the payment of a dividend this year.

In 2008/2009, which is the most recent year that we paid out a dividend it was Kshs 240 Million. Assuming that we had been paying a dividend for the last 4 years and that annual dividend had grown at a rate of 10% annually the total payout for the last four years would have been Kshs 1.224 Billion. Centum has

CHAIRMAN'S REVIEW

instead utilized these funds and grown shareholder wealth by Kshs 10.25 Billion. This growth has been achieved by the use of very limited debt. For every shilling of dividend retained over the last four years, the Company has created Kshs 8.37 of value per share to its shareholders.

The current strategy period comes to an end on March 31, 2014, the Board shall later this calendar year be crafting the 2014/2019 strategy and one of the important issues that shall be under review will be the dividend policy going forward.

Bonus Shares issue

In this year the board has made a decision not to issue bonus shares largely because we are persuaded that the share price continues to trade at a discount to its intrinsic value. As at March 31, 2013 the share price was trading at a 21% discount to NAV per share. As I mentioned in my report last year NAV per share is in itself a very conservative approximation of the intrinsic value of the business given that our accounting is fairly conservative and that it excludes the value of intangible assets such as the investment management structure, our brand and our pipeline of opportunities and the value of our private equity portfolio, which is the bulk of the investment portfolio is discounted by 30% in arriving at the valuation.

This notwithstanding, we have witnessed a significant improvement in the share price of Centum. The price appreciated by 35% in the year to March 31, 2013 and at the time of writing this statement it had appreciated by a further 16%, making it one of the best performing stock on the NSE this year.

I would like to reiterate, what I stated last year. The history of financial markets shows that market prices and intrinsic values often follow very different paths-sometimes for extended periods- but eventually they meet. We believe that this gap will

close over time and we remain committed to building a great company and consequently building intrinsic value, which is the variable that is largely within our control.

Given that the share is trading at a material discount to intrinsic value the Board was of the view that increasing the supply of shares by issuing bonus shares would have the effect of possibly widening that gap. I am confident that we continue to execute on our strategy this gap shall close

Appreciation

I would like record my sincere gratitude to you the 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. MUGIYI
CHAIRMAN

JUNE 4, 2013.

UVUMBUZI RASILMALI MAPATO USIKIVU

Katika kuandika mkakati wa miaka mitano kwa kipindi cha 2009-2014 tulitambua uwezo wetu wa kuwapa wawekezaji fursa za uwekezaji nadra kama pendekezo letu thamani kwao.



Maendeleo makuu yametimizwa kwa kila mwaka kwenye mikakati ya miaka 5 tuliyoweka.

Kwa mwenyehisa,

Kwa niaba ya Halmashauri ya wakurugenzi wa kampuni ya Centum ,ni furaha kwangu kuwasilisha kwako Ripoti ya mwaka pamoja na Taarifa ya kifedha ya kampuni ya mwaka uliokwisha 31 Machi 2013..

Mikakati

Mnamo Januari 30, 2009, halmashauri ya wakurugenzi ya Centum iliidhinisha mikakati ya kipindi cha 2009-2014, ambayo imekuwa mwongozo wetu kwa miaka minne iliyopita.

Tukiongozwa na azma yetu ya kubuni rasilimali halisi kwa kuwapatia wawekezaji fursa ya kupata na kujenga mashirika ya kipekee Barani Afrika,tulitambua kampuni yetu kuwa njia muafaka ya kuwezesha wawekezaji kununua hisa ya mashirika tofauti ambayo kwa kawaida si rahisi kupatikana.

Tulinuia kutekeleza mikakati hayo kwa kutimiza mambo yafautayo:

1. Kuzalisha faida kwa mwenyehisa ambayo itakuwa ikishinda alama ya soko la hisa. Faida ya mwaka wa 2009 ilikuwa linganifu na alama ya soko la hisa.
2. Kuongeza rasilimali tunazosimamia ili kufikia shilingi(k) Bilioni 30 ifikapo mwaka wa 2014,kutoka shilingi (k) Bilioni 6 mnamo mwaka wa 2009.Lengo letu la kufikia shilingi (k) Bilioni 23 liligawanywa kuwa shilingi (k) Bilioni 23 kwenye takwimu yetu ya kifedha,na shilingi (k) Bilioni 8 zikiwa fedha zinazosimamiwa na Centum au kusimamiwa na kampuni tanzu za centum kwa niaba ya wengine.
3. Kudhibiti gharama isiyozidi asilimia 2.5 ya rasilimali chini ya usimamizi wetu.
4. Kuweza kupenya kwenye maeneo mengi zaidi Barani Afrika, tukinuia kuwa na asilimia 50 ya rasilimali nje ya Kenya ifikapo mwisho wa kipindi cha mikakati.Mnamo 2009 rasilimali zetu zilizokuwa nje ya Kenya zilikuwa chini ya asilimia 1 ya rasilimali zote.

5. Kuimarisha chapa ya Kampuni kwa kuweka usimamizi thabiti,na kuwaajiri wafanyikazi watakaohakikisha kampuni inatimiza ahadi zinazotoa kwa mwenyehisa.

Ninafurahi kujulisha kuwa tangu kuanza kutekeleza mikakati ya miaka mitano tumekuwa na maendeleo makubwa.

1. Tumepata faida inayoshinda ile ya soko kwa miaka tatu mfululiso.Kwa mwaka uliokwisha Machi 31,2013 faida ilikuwa ya asilima 18 dhidi ya alama ya asilimia 44 ya soko la hisa la NSE linalojumuisha kampuni 20.Kwa jumla faida ya miaka minne iliyopita ilikuwa asilimia 174, dhidi ya asilimia 56 ya soko la hisa. Kwa mwaka uliokwisha Machi 31,2013 kitengo cha hisa za kibinafsi zilizoorodheshwa kilizalisha faida ya asilimia 50 ambayo inashinda alama ya soko la hisa,ilihali Kitengo cha Ujenzi na muundo msingi kilizalisha faida ya asilimali 27,na Kitengo cha kibinafsi kuzalisha faida ya asilimia 6. Ninatarajia kuwa tunapoanzisha awamu ya ujenzi, faida kutokana na kitengo cha Ujenzi na muundo msingi itadumishwa ,au hata kuongezeka.Sababu ya hali duni ya faida kwenye kitengo cha Kibinafsi ni kutokana na mbinu ya uhasibu ilyotumika wakati wa kuunganishwa kwa kampuni tatu za coca-cola na kusababisha kuweko kwa tofauti baina ya faida ya asilimia 6 ya Kitengo cha Kampuni za Kibinafsi iliyoripotiwa katika takwimu ya kampuni na faida ya asilimia 34 iliyoripotiwa katika takwimu ya kampuni ikijumuisha mashirika. Pata maelezo zaidi kwenye ukurasa wa 52-53 na pia uchanganuzi kwa vitengo kwenye ukurasa wa 127-133.
2. Rasilimali zote kwenye takwimu za centum ziliongezeka kwa asilimia 31 hadi shilingi (k) Bilioni 19.3 kutoka shilingi (k) Bilioni 14.7 ya mwaka uliopita.Hii ilikuwa juu kuliko tulivyotarajia kupata ifikapo Machi 31,2013 kulingana na mikakati, na ni chini kwa asilimia 8 tu kufikia lengo letu la kusimamia rasilimali ya thamani ya shilingi (k) Bilioni 23 ifikapo Machi 31, 2014. Zaidi ya hayo tulianzisha huduma ya usimamizi wa fedha kwa niaba ya wengine kupitia

Centum Asset Managers (CAM) ,ambayo ni kampuni tanzu ya Centum.Kufikia Machi 31,2013 CAM ilikuwa inasimamia rasilimali ya thamani ya shilingi (k) Bilioni 2.4 dhidi ya shilingi (k) Bilioni 4.6 tulizotarajia.Fedha zote chini ya usimamizi wetu zilikuwa shilingi(k)Bilioni 21.7 mnamo Machi 31,2013,ambayo ni ukuaji wa asilimia 272 tangu kuanzishwa kwa utekelezaji wa mikakati.Hapo baadaye nitaeleza zaidi sababu ya kuanzisha usimamizi wa rasilimali kwa niaba ya wengine.

- Kipimo cha kulinganisha gharama za utendaji dhidi ya rasilimali zote (tukiondoa rasilimali ya wengine) kilikuwa asilimia 2.3 ,na kwa hivyo kuwa chini cha asilimia 2.5 tunachokubaliwa.Hiki ni ongezeko la asilimia 0.4 tu kulinganishwa na cha mwaka uliopita.Nilieleza mwaka uliopita ya kwamba ilikuwa muhimu kuimarisha taaluma kwenye usimamizi ,na kwa hivyo gharama za utendaji zingetarajiwa kupanda.
- Thamani ya rasilimali tuliyoeweza nje ya Kenya iliongezeka hadi asilimia 19 dhidi ya asilimia 14 ya mwaka uliopita.Kwa kipimo cha pesa taslimu ni ukuaji wa rasilimali nje ya Kenya kwa asilimia 85 kutoka shilingi (k) Bilioni 2.2 mnamo Machi 31,2012,hadi shilingi (k) Bilioni 4.07 mnamo Machi 31,2013.

Assets Under Managements (Bn)



- Tunafahamu kuwa chapa nzuri ni ile itakayozalisha faida na kutimiza ahadi tulizotoa. Lengo letu ni kuimarisha usimamizi thabiti ili kuweza kutimiza ahadi tulizotoa. Tunajivunia kuwa mbele katika utekelezaji wa mikakati ya miaka minne kuliko ilivyotarajiwa kwa kuwa thamani ya rasilimali imeongezeka.Matokeo hayo yanawezekana tu ikiwa "ghurudumu" linaloendesha biashara ni thabiti na lenye kuendeleza taaluma ili kuweza kukabili changamoto zinazoibuka.

Mazingira ya utendaji kazi na matokeo

Mwaka wa 2012 ulishuhudia kutulia kwa hali ya uchumi dhidi ya msukosuko wa hali ya mazingira ya kiuchumi uliyokuweco mwaka wa 2011.Mvumko wa bei ya bidhaa ulishuka mwaka wa 2012,kiwango cha ubadilishanaji wa sarafu kilikuwa thabiti,na viwango vya riba kushuka.Mwaka ulikuwa na sitofahamu nyingi kwa kuwa ulikuwa mwaka wa uchaguzi.

Kwa sababu ya hayo tulichukua hatua ya kujikinga dhidi ya matatizo ya kiuchumi.Halmashauri ya wakurugenzi waliamua kutoa bondi ya miaka mitano ili kuhakikisha kuwa tunazo pesa taslimu kwa gharama hakika ,na kwa hivyo kuweza kujikinga dhidi ya mabadiliko ya gharama ya fedha.Ninafurahi kuwa tuliweza kuchangisha shilingi (k) Bilioni 4.2 kupitia hati za bondi ya miaka mitano.Tulitumia fedha zilizosalia kulipia deni tulizokuwa nazo za benki ,ambazo zilikuwa ghali.,na ambapo kwa sasa, wakati wa kufunga mwaka hatukuwa na deni lolote kwenye takwimu za kifedha.

Msukosuko wa hali ya uchumi wa mwaka wa 2011 ulibuni nafasi nyingi za kuvutia katika soko la hisa na kwa hivyo tuliweza kuongeza hisa kwa asilimia 96 na kufanya thamani ya hisa tunazomiliki kufikia shilingi (Bilioni) 3.7 kutoka shilingi (Bilioni) 2.8.Uamuzi huo ulisababishwa na mapato ya asilimia 59 kutokana na kitengo hicho ,dhidi ya asilimia 1.4 ya mwaka uliopita

Uwezo wetu wa kukabiliana na changamoto za kibiashara ni mmojawapo ya nguzo zetu ,na ningependa kuongeza Halmashauri ya wakurugenzi pamoja na wasimamizi kwa jinsi walivyotenda kwa kipindi cha miaka tatu kilichokuwa na msukosuko.

Chapa na muundo wa usimamizi.

Tunavyojua chapa sio tu kwa minajili kuvutia umma.Chapa nzuri kwa kampuni hutokana na usimamizi thabiti wenye uwezo wa kuendeleza na kutimiza ahadi.Kwa miaka iliyopita tumeweza kukuza usimamizi,na kuboresha utendaji ,mambo yaliyowezesha kampuni kukua na kutunukiwa zawadi tulizoshinda.Kwa mwaka uliokwisha Machi 31,2013,Kampuni yako ilitunukiwa zawadi zifuatazo:

- Mshindi - Biashara ,Viwandani na huduma,FiRE Awards
- Mshindi - Usimamizi wa kimashirika –ICPSK
- Mshindi - Unyakuzi wa mashirika –M&AI awards

TAARIFA YA MWENYEKITI

Utakumbuka kuwa mnamo 2009 Halmashauri ya wakurugenzi waliamua kuweka usimamizi kwa vitengo vitatu:Kampuni za Kibinafsi,Kampuni za kibinafsi zilizoordheshwa,na kitengo cha Ujenzi na muundo msingi,ili kuweza kuweka usimamizi thabiti.Uamuzi huo umechangia faida tulizopata hadi sasa. Mnamo mwaka uliokwisha Halmashauri ya wakurugenzi waliamua kuendeleza mbinu hiyo zaidi kwa kuanzisha kampuni tanzu mpya zitakazohusika kwa zaidi na vitengo hivyo tu na pia kuchangia usimamizi wa afisi ya kampuni.Kampuni hizo zitawezesha pia usimamizi wa fedha kwa niaba ya wengine.Kwa hivyo tulibuni kampuni ya Centum Asset Managers,Centum Shared services Limited na kubadilisha jina la Kenya National Properties ,ambayo ni Kampuni inayomiliki Kimathi House ,kuwa Athena Properties Limited.Muundo huo mpya utatilia mkazo utendaji,uwezo wa kufaidika kupitia usimamizi wa fedha kwa niaba ya wengine,na pia usimamizi wa rasilimali kwa jumla, na kuhakikisha gharama za utendaji na faida ni ya kitengo inayohusika pekee, ili kuwa usimamizi bora.

Kwenye mwaka, tuliteua kampuni ya Centum Asset Managers kuendesha shughuli za uwekezaji kwenye kitengo cha Kibinafsi .Bw.Pius Muchiri aliyekuwa afisa katika kitengo cha Kampuni za kibinafsi zilizoordheshwa(QPE) alipadishwa cheo na kuwa Mkurugenzi Mkuu wa kampuni hiyo ya CAM, akisaidiwa na maafisa wengine waliokuwa pamoja katika kitengo cha QPE. Mnamo Machi 31,2013,Kampuni ya CAM ilikuwa ikisimamia rasilimali ya thamani ya shilingi (k) Bilioni 6.6.Muundo wa rasilimali hizi ni ya thamani ya shilingi (K) Bilioni 3.7 ya Centum na shilingi (k) Bilioni 2.9 zilizosimamiwa kwa niaba ya wengine. Muundo huo utawezesha kampuni kuvutia na kunufaika kwa kusimamia rasilimali kwa niaba ya wengine.

Halmashauri ya wakurugenzi waliamua kuanzisha Athena Properties ili kuweza kuwa na uwezo wa kusimamia siyo tu ujenzi wa miradi ya Two Rivers na Pearl Marina,bali pia kubuni kampuni itakayoweza kuvutia na kuajiri maafisa watakaotanguliza ujenzi wa miradi hayo ili kunufaika kwa minajili ya miradi ijayo, kutokana na taaluma waliyonayo. Athena itahusika pia na ujenzi na usimamizi ya miradi kubwa ya ujenzi ili kutumia kikamilivu taaluma hiyo.Hivyo basi Athena ilibahatika kuvutia maafisa waliohitimu ,na wenye uwezo na kwamba leo hii tunao maafisa wenye uzoefu wa zaidi ya miaka 70 kwa pamoja ,ambapo watatu miongoni mwao ni wa kigeni,wakiwa katika kundi la wasimamizi.Bw.Graeme Reid ,mwenye uzoefu wa miaka mingi wa ujenzi mijini ,na ambaye alikuwa Afisa msimamizi mkuu wa Johannesburg Development Agency,anaongoza kundi la wasimamizi la Athena.Naibu wake ni Bw.Chris Ochieng ,ambaye ni mhandisi

wa ujenzi,na mwenye uzoefu wa muda mrefu aliopata katika ujenzi wa miradi mikubwa kule Mashariki ya Kati.Kundi hilo pia inajumuisha Tim Hitchen ,mkurugenzi anayesimamia miradi ya ujenzi,akiwa afisa mtendaji mkuu kwenye ujenzi mwenye uzoefu wa muda mrefu katika ujenzi wa nyumba za kuishi,majengo ya kibiashara na ya viwandani,aliopata katika India ,Afrika,na Uingereza.

Lengo la Centum Shared Centum Services Limited ni kusimamia kwa kutoza ada, ,shughuli zisizokuwa muhimu, na shughuli za kampuni tanzu za Centum.Huduma hizi ni kama vile za kisheria, idara ya wafanyakazi,taaluma ya teknolojia,uhasibu,kihalmashauri,na udhibiti wa madhara. Muundo huo utafanya huduma hizi kuweza kutolewa kikamilivu mahali pamoja na kupunguza gharama.Uongozi wa Centum Shared Services ni Risper Mukoto,ambaye ni Mkurugenzi wetu anayesimamia fedha na Bw.Fred Murimi alijiunga na Centum kwenye mwaka ili kuimarisha idara ya sheria,masharti ,mawasiliano,na uhusiano baina ya wenyehisa,na jinsi nilivyotaja mwaka uliopita ajira hiyo ilikuwa muhimu kwa sababu ya kuongezeka kwa shughuli. Fred Murimi amehitimu sheria,uhasibu na pia ni kama katibu wa kampuni na aliwahi kufanya kazi katika mamlakaya Capital Markets Authority,kama mrekebishi.

Hapo mwakani tutaweza kubuni Centum Capital Partners, itakayoshughulika hasa na usimamizi wa rasilimali kwa niaba yaw engine.

Rasilimali tunazosimamia kwa niaba ya wengine

Tulipoanzisha utekelezaji wa mikakati ya miaka mitano hapo 2009,usimamizi wa rasilimali kwa niaba ya wengine ulikuwa lengo kuu katika kuendesha mikakati.Tulilenga kuwa na shilingi (k) Bilioni 7 ya rasilimali chini ya usimamizi wetu kwa niaba ya wengine.Tuliamua kuimarisha usimamizi na utendaji kwanza kabla ya kutafuta wateja .Mwaka uliopita tuliweza kupata nguvu zaidi kupitia leseni tuliyopata ya Centum Asset Managers.Ni matarajio yangu kuwa kwa miaka mitatu hadi mitano ijayo thamani ya rasilimali chini ya usimamizi kwa niaba itazidi rasilimali kwenye takwimu ya Centum.Utafutaji wa wateja katika kitengo hiki ni shughuli maalum itakayotimiza lengo letu la kuwa nambari moja katika shughuli za uwekezaji Barani Afrika.Kampuni ya usimamizi kwa niaba ni njia muafaka ya kuchangisha fedha kutoka kote duniani ,ili kuwekezwa kwenye nafasi zinazoibuka Barani.Tuko kwenye harakati ya kubuni mbinu tofauti ya kuchangisha fedha kutoka masoko,

TAARIFA YA MWENYEKITI

kote duniani, kujikinga kutokana na madhara,na kushiriki katika kugawa manufaa yatakayopatikana.

Hili ni lengo letu kwa mwaka ujao na ambapo bado tutatafuta nafasi zaidi za kusisimua.

Uongozi wa Centum

Kuna pingamizi tatu zinazokabili ukuaji na faida kwa Centum. Kwanza ni wafanyikazi na uongozi,pili ni fedha,na tatu ni nafasi za kuwekeza.Kati ya hizi tatu,uongozi ndio wa muhimu zaidi, kwa kuwa usimamizi thabiti huweza kuvutia uwekezaji na unyakuzi wa nafasi.

Kwa muda wa miaka mitano iliyopita tumeweza kukuza na kuajiri wafanyikazi waliohitimu,ambao ni viongozi wa kipekee waliotia fora na waliochangia kupata matokeo tunayoshuhudia leo. Wamehitimu katika taaluma mbalimbali na wanayo uzoefu mingi,jambo linalodhihirika kwenye matokeo.

Tunahudumu kwenye hali kigeugeu katika mazingira ya kibiashara, ambapo mambo yaliyojiri mwaka jana katika utendaji ni tofauti na ya mwaka huu, hali ambayo imedumu kwa miaka minne iliyopita.Ili biashara yetu iweze kukabili ushindani ,na kuendelea kupata faida kwa siku zijazo,ni muhimu kuweza kuhifadhi uongozi wa maafisa hawa stadi na waliohitimu watakaohakikisha ufanisi wa kampuni. Tunatambua mambo nane yafuatayo kuwa nguzo yetu ya usimamizi:

1. Maarifa ya kibiashara,
2. Kuelewa biashara,
3. Uwezo wa kuongoza,
4. Ubunifu,
5. Uwezo wa kuuza sera,
6. Kuendesha mabadiliko,
7. Kufundisha
8. Kukuza talanta

	FTEs ¹	Key qualifications	Cum. ex-perience
CEO	1	- LLB, CFA - CPA (K), CIMA & LSK	13 years
Private Equity	5	- MBA , BCom (2), BSC Eng (2), MEng (1), - CFA(2), CPS K (1), CPAK (3)	>30 years
Quoted Private Equity	5	- BCom(1), Actuarial Science (3), BA(1) - CPA (2) , CFA Level II & III(3), ACCA(1), Certificate in dealing (1)	>25 years
Real Estate & Infra-structure	10	- MSc in Property Investment and Management(1) - MSc in Facilities Management (1) - MBA (1), LLB (1) - BSC Civil Engineering (3), BA(2) - Certified Project Management Professional (3), CPAK (1), CAIA(1), - CFA (1), CIH&T (1)	>50 years
Shared services ²	13	- MBA (2), LLB(2), BCom(3), Bsc Actuarial Science(1), Bsc Computer Science (2), BA (2) - FCCA(1), CPAK(5), CPSK (2), CFA (K) (1), CIMA (1), IHRM	>30 years

¹ Full time Employees

² Includes Finance, Risk, Legal, ICT, HR and Administration Services

Overview

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Shareholder Information

TAARIFA YA MWENYEKITI

Tumejaribu kubuni hali ya kibiashara katika mazingira ya kazini ,jambo linalosaidia kuwoko na kunawiri kwa mambo nane tuliyotaja.Maafisa wetu hawajitambui kama wafanyikazi, bali washiriki watakaofaidika wakati kampuni inapofanya vyema.

Ili Kufanikisha hayo,tunafuatilia mwongozo ufuatao katika usimamizi:

1. Utendaji:muundo wa utendaji umerahisishwa ili maamuzi yaweze kufanyika haraka yanapohitajika.
2. Uwajiri: Mbali na kuangazia taaluma,pia tunaweka maanane tabia ,tukinua kuvutia wafanyikazi kulingana na maadili zetu.Mwaka huu tulianzisha mpango wa kuwaajiri vijana jipukizi waliofuzu chuoni hivi majuzi ,ili kuhakikisha kuwa na idadi tosha katika uongozi wa Centum ,kampuni tanzu,na mashirika yaliyoko kote Barani Afrika.
3. Kukuza uongozi:Ili kufaulu ni lazima kukuza talanta na kutoa mafunzo kwa wafanyikazi ili kuwafanya kuwa viongozi wa kesho wenye uwezo wa kuthatmini na kunyakua nafasi zitakazoibuka kote Barani.
4. Mishahara:Sera yetu juu ya ulipaji wa mshahara inategemea utendaji wala si mshahara hakika iliyowekwa .Tumefaulu kubadilisha muundo wa gharama ya mshahara kuwa wenye kubadilika mwaka hadi mwaka kutegemea faida ya kampuni.Mbinu ya kulipa bakshishi ya ziada tuliyoanzisha mwaka wa 2009 imeweza kuvutia na kuwaka motisha kwa maafisa wenye maarifa ya kibiashara wanaochangia kwenye uongozi.Pia mbinu hiyo imeweza kutumika kulipa marupurupu yaliyolimbikizwa kwa muda wa miaka mitatu iliyopita,jambo ambalo limeweza kufanya wafanyikazi kuwa waaminifu na kubaki kwenye kampuni.

Mgao wa faida

Mnamo 2009/2010 Halmashauri ya wakurugenzi waliamua kutolipa mgao wa faida kwa muda wa miaka mitano ya utekelezaji wa mikakati.Kuambatana na hayo Halmashauri ya wakurugenzi haijapendekeza ulipaji wa mgao wa faida mwaka huu.

Mnamo mwaka wa 2008/2009,ambao ni mwaka wa karibu kulipa mgao wa faida ,tulilipa Shilingi (k) milioni 240.Endapo tungelipa mgao wa faida kwa miaka minne iliopita ,na kwamba ukuaji wa mgao huo kudumishwa kwa asilimia 10 kila mwaka,fedha ambazo zingelipwa kwa jumla zingekuwa shilingi (k)Bilioni 1.244.Badala yake Centum imetumia hizi fedha na kuimarisha thamani ya rasilimali kwa shilingi(k) 10.25.Ukuaji huo umepatikana bila ya matumizi ya fedha za mkopo.Kila shilingi iliyohifadhiwa kwa miaka minne imeweza kuzalisha thamani ya shilingi (k) 8.37 kwa mwenyehisa.

Kipindi cha mikakati kitakwisha mnamo Machi 31,2013,na baadaye halmashauri ya wakurugenzi wataweza kupanga mikakati ya kipindi cha 2014/2019 ambapo miongoni mwa mambo muhimu yatakayoangaziwa ni ulipaji wa mgao wa faida.

Hisa za Ziada.

Mwaka huu halmashauri ya wakurugenzi waliamua hisa za ziada sizitolewe kwa kuwa tunaamini kuwa bei ya hisa ni duni kuliko thamani halisi.Mnamo Machi 31,2013,bei ya hisa ilikuwa chini kulinganishwa na thamani halisi ya kila hisa kwa asilimia 21.Kama nilivyosema mwaka uliopita ,alama ya kukadiria thamani halisi ya hisa si kamilivu kwa kuwa vipengele fulani kama vile chapa,maadili ya centum,na thamani ya kampuni

za Kibinafsi ambazo huchukua sehemu kubwa ya rasilimali ya Centum, vilidunishwa kwa asilimia 31.

Licha ya hayo,tumeshuhudia kuimarika kwa bei ya hisa za Centum.Bei ya hisa ilipanda kwa asilimia 35 kwa mwaka uliokwisha Machi 31,2013 ,na tangu wakati huo imepanda kwa asilimia 16 nyingine hadi wa leo.

Ningependa kukariri jambo nililotaja mwaka uliopita .Kwamba historia ya soko huonyesha kuwoko kwa tofauti kati ya bei ya hisa na thamani zake halisi,lakini hatimaye huwa sawa baada ya muda.Tunaamini tofauti kati ya bei ya hisa na thamani halisi itaweza kupungua baada ya muda ,kwa kuwatuko imara kujenga kampuni kubwa kulingana na uwezo wetu ,na kuweza kuongeza thamani halisi .

Kwa kuwa bei ya hisa ni chini kuliko thamani zake,halmashauri ya wakurugenzi walionelea haingefaa kuongeza hisa nyingine sokoni.Ninaimani kuwa kupitia juhudi zetu,tofauti hiyo itapungua.

Shukrani

Ningependa kushukuru wenyehisa kwa kuendelea kuunga mkono kampuni.Pia ningependa kutambua mchango wa Halmashauri ya wakurugenzi ya kampuni Tanzu pamoja na wasimamizi yao.Bila wao kampuni haingeweza kupata matokeo mema tunayowasilisha .Mwisho ningependa kushukuru wenzangu kwenye Halmashauri ya wakurugenzi ya Centum pamoja na wasimamizi ,na ninawasihhi waongeze juhudi maradufu.

Mungu awabariki.



JAMES MUGUYI
MWENYEKITI
JUNI 4,2013



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MANAGEMENT TEAM




James M. Mworia
Group Chief Executive Officer and Managing Director

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




Risper Mukoto
Director - Finance & Operations

- Risper is responsible for the overall management of Centum's business support function.
- Mrs. Mukoto is a member of Institute of Certified Public Accountants (ICPAK) and a Fellow of the Association of Certified Chartered Accountants (FCCA).
- She holds a Bachelor of Arts Degree in Business Management from Moi University as well as an MBA from the United States International University-Africa (USIU-A).



David Owino
Director; Private Equity

- David is the Investment Manager in charge of Centum's Private Equity portfolio. Prior to his appointment to this position, he served as both Investment Manager and Company Secretary.
- Mr. Owino is a member of Institute of Certified Public Accountants of Kenya (ICPAK), the Institute of Certified Public Secretaries of Kenya (ICPSK) and the Institute of Directors (IOD).
- He holds a Bachelor of Science Degree in Business Administration (Finance & Accounting) from the United States International University-Africa (USIU-A), and is currently pursuing an MBA at the Strathmore Business School.




Graeme Reid
Director; Real Estate & Infrastructure & Managing Director Athena Properties Limited

- A Lawyer by profession with over 20 years experience in project management delivery of commercial mixed use developments.
- He was the first Chief Executive Officer of the Johannesburg Development Agency
- He Joined Athena Properties Ltd in February 2013.
- He was the Executive Director of the consultancy Urban Places Africa providing services to the public and private sectors on a range of large scale, mixed use and mixed income developments; urban regeneration; institutional structuring for development projects and processes; and, social and affordable housing.




Chris Ochieng
Deputy Managing Director Athena Properties Limited

- Chris joined Centum in April 2012
- Has over 8 years in construction project management and property development.
- He is a specialist in project development planning. He holds a BSC. in Civil Engineering from Egerton University.
- Mr. Chris is a Certified Project Management Professional (PMP).



Pius Muchiri
Director; Quoted Private Equity & Managing Director Centum Asset Managers

- Pius is in charge of the QPE investment portfolio. Prior to this appointment, he served the company as an accountant. He joined Centum in November 2004 and has over nine years work experience.
- He is a member of East African Investment Professionals.
- He holds Bachelor of Commerce degree from the University of Nairobi. He is a Certified Public Accountant ("CPA") finalist and a 2009 Chartered Financial Analyst ("CFA") Level III Candidate.



Fredrick Murimi
Corporate Affairs Director & Company Secretary

- Fredrick is the legal advisor to the board and management.
- He has Over 10 years experience in Legal and Compliance management
- Joined Centum in January 2013 & previously worked for Renaissance Capital as the Vice President – Legal & Compliance both for the Company and Tatu City as well as with the Capital Markets Authority as the Senior Compliance Officer.

FOCUS EXECUTION DILIGENCE GROWTH

Since 2009 we embarked on our 2009-2014 strategy, shareholder wealth has grown by Kshs 10.25 Billion, a cumulative growth of 174%



Strong performance, achieved through continued focus and exceptional internal capabilities built over the strategy period

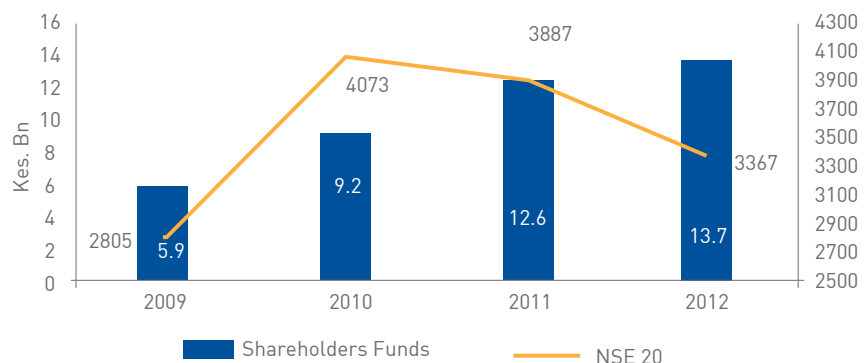
Dear Shareholder,

I am pleased to present to you my shareholders with another set of excellent results on the fourth year of our five year strategy.

Performance

Centum's gain in net worth in the year to March 2013 was Kshs 2.4 Billion, which increased the Net Asset Value (NAV) per share by 18% to Kshs 24.30. The book value of shareholder wealth has since 2009 (since we embarked on our 2009-2014 strategy) has grown by Kshs 10.2 Billion, a cumulative growth of 174% or at a rate of 29% compounded annually.

Growth in shareholder wealth



Our focus is the creation of real tangible wealth at a rate of return that is above market returns.

Strategic Period Track Record:

1. Cumulatively over the last four years the business has delivered a return on the book value of shareholder funds of 174% as opposed to the NSE 20 share index return of 56% a 118% outperformance. In the year to March 31, 2013 we delivered a return of 18% on opening shareholder funds against a return of 44%

CHIEF EXECUTIVE'S REVIEW

recorded by the NSE 20 share index. In the year the Quoted Private Equity business line delivered a return of 50% well above the NSE return, while the Real Estate business line delivered a return of 27% and the Private Equity business line delivered a return of 6%. I expect that as we get into the development phase the return of the Real Estate business line shall be sustained and possibly improve. The relatively low return on the Private Equity business line was on account of the accounting treatment of the merger of the three Coca-Cola bottling plants in the Company financial statements which resulted in a major difference between the return booked by the Private Equity business line in the Company financial statement of 6% and that booked in the Group financial statements of 34%. Please refer to the Financial Business Review on page 52 – 53 and the segment reports on pages 130 to 133. Our diversification away from marketable securities into private equity and real estate, which are asset classes that are less correlated to market returns and where the return pattern is not a regular smooth pattern may result in our returns in individual years being below the market returns. I however expect that over several years we shall consistently outperform the market and that in years when the market records negative returns we should manage to book positive absolute returns. It is instructive that the market has recorded negative returns in two of the last four years with the lowest return the market has recorded being negative 13% in 2012. We have not recorded a single negative return and the lowest return we have generated is 9% in 2012. The experience so far is that our return pattern has been less volatile than the market and that we have managed to deliver a positive absolute return each year.

Centum Performance against NSE

Year	Centum NAV Return	NSE 20 Return	Centum Outperformance
2010	56%	43%	13%
2011	37%	-4%	41%
2012	9%	-13%	22%
2013	18%	44%	-26%
Geometric Average	29%	14%	15%
Cumulative Growth	174%	72%	

Business Line Review

To facilitate the implementation of the 2009-2014 strategic plan and to ensure that we have the appropriate degree of focus, accountability and expertise we re-organised our investment operations into three business lines. The business lines are private equity, real estate and infrastructure and quoted private equity.

i. Private Equity

The Private Equity (PE) business line has invested in companies that largely serve the needs of the domestic and regional market. The investment strategy is underpinned by the growth in consumer spending and investment, which is being driven by economic growth.

At the close of the financial period, the Private Equity portfolio was valued at Kshs 10.5 Bn which represented 55% of Centum's total portfolio. This business line delivered a gross return of 10.4% in the Company financial statements which translated to an absolute gross return of Kshs 897 Million and a gross return of 41.3% in the group financial statements which translates to a gross return of Kshs 2,052 Mn. The difference between the group and Company return numbers result from accounting treatment of investment associates.

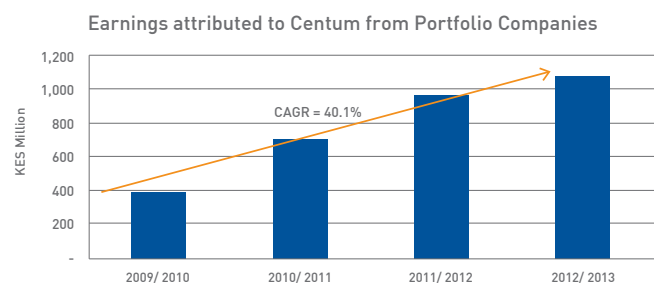
In the group, we apply equity accounting and associates in our balance sheet at Net Asset Value (NAV). Realized and unrealized gains during any reporting period are marked against the opening NAV. In the Company books, we hold investment in associates at fair value. Realized and unrealized gains during any reporting period are marked against the opening fair value.

We have pursued a three pronged strategy in managing our PE business line since 2009.

1. To manage the portfolio actively by addressing underperforming assets and working with our partners to implement value creation plans for each investee company.
2. To strengthen our investment processes and relationships across the region to enable us develop a proprietary pipeline of attractive opportunities and make high quality investment that are structured to ensure alignment between us and our partners.
3. To pursue a geographical diversification agenda with a target to have 50% of assets invested outside Kenya.

CHIEF EXECUTIVE'S REVIEW

We have in the course of the last four years worked on executing these three strategic pillars. Consequently, the value of our private equity portfolio has grown from Kshs. 4 billion to Kshs. 10.6 billion. This growth in value is underpinned by a significant growth in the share of earnings of the portfolio companies. Over the last four years the share of profits attributable to the portfolio companies that are part of the private equity portfolio has increased from Kshs 400 million to more than Kshs 1 Billion a 150% growth.



Highlights on investment activity in the year

We have been working on value creation initiatives within our private equity business line and last year we achieved a number of important milestones. Some of the critical milestones that we believe has positioned our investment portfolio to perform even better in coming years include:

1. The completion of the merger of Rift Valley Bottlers, Mount Kenya Bottlers and Kisii Bottlers and the creation of Almasi Beverages (Almasi), which accounts for 30% of the share of Coca-Cola beverages in Kenya. Almasi is an effective platform for growth by exploiting the economies of scale to support new investments. In addition, we are looking to realize significant enhancement in margins as we realize cost savings by taking advantage of synergies. Our confidence in the prospects of Almasi was demonstrated by our decision to increase our shareholding to 43%, making Centum the largest shareholder within Almasi. The Board of Almasi is in the process of recruiting the senior management team who shall be responsible for executing the post merger integration and realize the benefits of the merger. I am pleased to report that Almasi has attracted a high caliber CEO with significant merger integration and international experience in the beverage industry and I am very confident that the business case of the merger will be realized and possibly exceeded.
2. UAP Holdings, completed a US\$ 60million fund raising and listed its shares in an OTC market as a prelude to

eventual listing on the NSE. UAP is now extremely well positioned to realize its geographical expansion strategy that is currently underway and which we believe will create significant value.

3. Nairobi Bottlers, the largest bottler in Kenya with an over 50% market share launched both the largest PET line in the region and a perform manufacturing facility to support the PET line, which shall offer it a substantial competitive advantage.
4. We made an Kshs 767 million investment in Platinum Credit for a 35.6% equity stake. Platinum Credit is an East African micro finance lender that potentially enjoys significant synergies with other Companies within the Centum portfolio.

ii. Real Estate and Infrastructure

At the close of the financial period, the Real Estate and Infrastructure portfolio was valued at Kshs 5.1 Bn which represented 26% of Centum's total portfolio. This business line delivered a gross return of 37.2%, which translated to an absolute return of Kshs 967 Mn in the Company financial statements and a gross return of Kshs 1,744 Mn in the Group financial statements. The difference between the Company and Group REI gross return is that the former highlights Centum's REI performance as an Investment Company, while the latter highlights Centum's REI performance as a Holding Company. The Company gross return incorporates the net performance/return from each REI subsidiary which are treated as investment assets. The Group gross return on the other hand includes line by line consolidation of all return components from each of the REI subsidiaries.

I have previously informed you that potential value uplift on these projects is considerable. I am pleased to report to you that we have started unlocking this value in our development right sales in our two Rivers project and we expect to realize even more as we move through the development process.

In my report to you in 2011, I indicated that we were targeting to exit our real estate investments through approved Real Estate Investment Trusts (REIT's) and that the process of developing the guidelines was underway. I am pleased to report that the guidelines have now been gazzetted and they create scope to employ the REIT structure to raise capital for real estate development in a tax efficient manner through the use of a Development REIT (D-REIT). We are studying this option and we may employ it for the Two Rivers development.

CHIEF EXECUTIVE'S REVIEW

Highlights on investment activity in the year

- a. Two Rivers Development: in the period we substantially completed the pre-development phase of Two Rivers having secured all the necessary approvals, substantially completed designs and raised most of the funding. The flagship project of Two Rivers <http://www.tworivers.co.ke/> which is the Two Rivers Mall is currently letting. With lettable areas of 47,000 Sq Meters of retail, 10,600 sq meters of offices, 100 serviced residential apartments and in excess of 1,600 parking bays this is the largest retail mall development in East Africa today and we expect it to open in December 2015. We are in advanced discussions with a range of developers seeking to either acquire development rights or partner with Two Rivers for the development of 3 and 5 star hotels, office parks and residential apartments. We had initially projected that we would commence construction of Two Rivers in the first Quarter of 2013 but we experienced delays in the design phase as we modified the designs to meet the needs of the eventual tenants. We have now completed the designs to the satisfaction of the stakeholders and we are targeting to commence construction by October 2013.
- b. Pearl Marina: The Pearl Marina master plan was approved by the local authorities and we are in the final stages of securing the necessary statutory approvals. This project has attracted considerable interest both locally and internationally and we are closely working with the authorities in Uganda to sign off on some of the remaining milestones so as to make it shovel ready in the next 6 – 12 months.
- c. Developed Management Capability: In the year we established Athena Properties Limited (Athena) <http://www.athena-properties.com/> as a subsidiary of Centum. Athena offers a complete suite of end to end solutions in large scale property development ranging from master planning, urban planning, project management, construction management, development management, urban management and project finance. We are pleased that since we established Athena it has been able to attract world class talent, which has not only enhanced our capability to deliver on our projects but Athena is quickly establishing itself in the market as the go to Company for the delivery of large projects. We have appointed Athena as the development and project managers for the Two

Rivers and Pearl Marina development team. This decision has not only retained a significant amount of fees paid within the group but it has also allowed us to have greater control on the development process and to retain the intellectual capital and knowledge that is being built as we develop these two projects.

The Real Estate and Infrastructure business review on page 64 – 76 of the annual report provides a comprehensive update of our strategy and progress within this business line.

iii. Quoted Private Equity

At the close of the financial period, the Quoted Private Equity portfolio was valued at Kshs 3.7 Bn which represented 19% of Centum's total portfolio. This line had an additional Kshs 2.4 Bn of third party funds thus bringing the assets under management to Kshs 6.1 Bn. Quoted Private Equity delivered a gross return of 59.3%, which translated to an absolute return of Kshs 1.47 Bn. This return comprises of dividends, interest, management fees, realized gains and unrealized gains.

The Quoted Private Equity (QPE) business line leverages on our expertise in private equity to invest and create value in quoted companies that exhibit private-equity like traits. This business line focuses on making investments in listed entities that are under-researched, are illiquid, with significant growth potential and where we can obtain a significant equity stake.

The second mandate of the QPE business line is to provide liquidity management for the overall portfolio. The QPE business line provides an avenue to deploy surplus funds and is also a source of liquidity by providing collateral for borrowing or by the disposal of marketable securities.

The QPE business like also allows us to compare the valuations of entities in the private markets against those of entities in public markets across the continent. This flexibility has contributed greatly to more efficient asset allocation.

In the year we outsourced the investment management function of the QPE business line to the newly established Centum Asset Managers, which is a wholly owned subsidiary of Centum.

Highlights on investment activity in the year

In each of the last three years of the 2009 - 2014 strategy period the QPE business line has outperformed the NSE index by an average of 11%. In the 2012/2013 financial period the QPE business line outperformed the NSE by 6%.

This business realized a return in excess of 50% in the year to March 31, 2013. This return was underpinned by an extensive geographical diversifications strategy with more than 50% of

the assets invested in other Sub-Saharan Africa markets. In addition, we obtained a fund management license for Centum Asset Managers and we currently have in excess of Kshs 2.4 Billion in third party funds under management. The focus of this business line and Centum Asset Managers shall be to leverage Centum's ability to originate high quality investment opportunities in Private Equity and Real Estate across the continent to then create attractive portfolio's that are accessible to third party institutional and individual investors.

Awards During the Year



March 2013
Investment company of the year,
Winner- M&A Award



March 2012
Industrial, Commercial and Services,
Winner - FiRE Awards



March 2012
Finance and Investment Category, 2nd
Runners Up - COG Awards

CHIEF EXECUTIVE'S REVIEW

Financing

In November 2012 the company successfully raised Kes.3.2 Billion in five year debt through the issuance of senior unsecured fixed rate notes and senior unsecured equity linked notes by way of private placement. The funds raised represented 80% of the total Kes.4 Billion sought with a GreenShoe Option of Kes.1 Billion. In December through a public offer of the balance raised an additional Kes.1 Billion bringing our total debt to Kes.4.2 Billion.

We further got an approval by the Capital Markets Authority to list the bond in the Fixed Income Segment of the Nairobi Securities Exchange in January 2013.

Many aspect of the Centum Bond makes it one of a kind in Kenya:

- i. It's the largest private placement in the history of Kenya's Capital Markets and is the fourth largest issue after Kengen and more recently Safaricom and Housing Finance.
- ii. It's also the only privately placed bond that has been later opened up to the public
- iii. It's the only privately placed bond to be later listed in the market
- iv. It's the first Equity Linked Note to be listed on the NSE.

The decision to raise the debt was underpinned by the following factors:

- i. The company had developed a pipeline of attractive investment opportunities, which is in excess of its cash holdings
- ii. Centum had significant debt capacity. Prior to the issuance the debt to asset ratio was 7% and post issue the ratio is at 19%. In addition, Centum's investment portfolio is strongly cash generative coupled by our zero dividend policy implies that the company has a significant debt service ability
- iii. The recent decline in the interest rates created a suitable environment for the issuance of a debt instrument at a reasonable cost.

Outlook

I am proud of the fact that we have over the last four years delivered on each of our very ambitious strategic objectives and we have transformed the Company into a significant regional

player. We have tripled our asset base and our shareholder funds over the last four years. We have done this while at the same time building our internal capabilities. I take great pride in the capabilities that with the support of the Board we have built over the last four years. We have developed an exceptional management team, created a very attractive pipeline of proprietary investment opportunities that are now investment ready, built a strong brand that is recognized across the region, developed a strong balance sheet, diversified the business by asset class and by geography and enhanced the cash flow generation ability of the Company. What I would call constructing the pillars that shall anchor a great Company. All these factors have positioned Centum to achieve even greater results and to have a greater impact on the world around us in the years to come

One of the great strengths of Centum is the unity of purpose and alignment between the management team and the Board of Directors. I would like to record my sincere gratitude to the Board for supporting and guiding us and for creating an environment that has nurtured excellence, ambition and an entrepreneurial spirit.

I would like to thank my entire team, which has grown from 12 individuals in 2009 to 35 today. This team bought into the dream of Centum, owned that dream and they have done all what it takes to achieve that dream, The team realizes that there is much work to be done, many obstacles to overcome and a there is a lot greater ground to be covered and each day they put in their all with integrity, passion and dedication to deliver and exceed on the promises that we have made. I owe my success as the Chief Executive to this team and I salute them. I am proud of my team and with them and with the support of our amazing Board of Directors and our body of shareholders, Centum shall realize its vision to be Africa's foremost investment channel.



JAMES MWORIA
CHIEF EXECUTIVE OFFICER

JUNE 4 2013

KUZINGATIA UTENGEVU USITAWI BIDII

Thamani ya rasilimali kwa mwenyehisa imeongezeka tangu 2009 (mwanzo wa kipindi cha mikakati cha 2009-2013) kwa shilingi (K) bilioni 10.25, ikiwa ni ukuaji wa asilimia 174



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Tulizalisha faida kwa kuendelea kuangazia juhudi na bidii tuliyokuza wakati wa kipindi cha mikakati

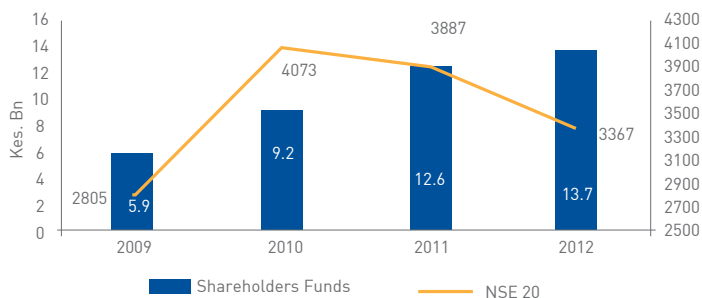
Kwa mwenyehisa,

Ninafurahi kuwasilisha kwako mwenyehisa wangu, kwa mara nyingine ripoti juu ya matokeo mema tuliyoyapata kwa mwaka wa nne wa kipindi cha mikakati cha miaka mitano.

Utendaji

Thamani ya rasilimali ya Centum katika mwaka uliokwisha Machi 31, 2013, ilipanda kwa shilingi (K) Bilioni 2.4, na kufanya thamani ya hisa kuongezeka kwa asilimia 18 hadi shilingi 24.30. Thamani ya rasilimali ya mwenyehisa kwenye vitabu tangu 2009, (mwanzo wa kipindi cha mikakati cha 2009-2014) imepanda kwa shilingi (k) 10.2, ukuaji kwa jumla kwa asilimia 174, au kwa kiwango cha asilimia 29 kila mwaka.

Ukuaji wa rasilimali za mwenyehisa



Lengo letu ni kuimarisha thamani ya rasilimali kwa kuzalisha kiwango cha faida kinachoshinda cha soko.

Kuhusu kipindi cha Mikakati

Kwa miaka minne iliyopita kampuni imezalisha faida kwa jumla kwa mwenyehisa kwa asilimia 174 dhidi ya kiwango cha soko la NSE cha asilimia 56, na hivyo kushinda cha soko kwa asilimia 118. Kwa mwaka uliokwisha Machi 31, 2013, tulizalisha faida kwa mwenyehisa kwa asilimia 18, dhidi ya asilimia 44, iliyoandikishwa na soko la NSE. Mwaka huo kitengo cha Kampuni za kibinafsi zilizoandikishwa kilizalisha kiwango kinachoshinda cha soko, cha asilimia 50, ilihali kitengo cha ujenzi na muundo msingi kilizalisha faida kwa kiwango cha asilimia 27 na kitengo cha kampuni za kibinafsi kuzalisha faida kwa kiwango cha asilimia 6.

Ninatarajia faida kutoka kitengo cha ujenzi na muundo msingi kuweza kudumishwa au hata kuongezeka, hasa tunapoelekea kuanzisha ujenzi. Kiwango cha chini cha faida katika kitengo cha kampuni za kibinafsi ni kutokana na mbinu ya uhasibu iliyotumika wakati wa kuunganishwa kwa kampuni tatu za coca-cola na kusababisha kuweko kwa tofauti baina ya faida ya asilimia 6 ya Kitengo cha Kampuni za Kibinafsi iliyoripotiwa katika takwimu ya kampuni na faida ya asilimia 34 iliyoripotiwa katika takwimu ya kampuni ikijumuisha mashirika. Pata maelezo zaidi kwenye ukurasa wa 52-54 na pia uchanganuzi wa kina wa Afisa mtendaji wa fedha kwenye ukurasa wa 130-133. Tuliangazia zaidi kitengo cha kampuni za kibinafsi na kitengo cha ujenzi na muundo msingi, kwa kuwa faida kutoka vitengo hivi haina uhusiano wowote na soko, kuliko kitengo

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cha hisa zilizo rodheshwa. Licha ya hayo, ninatarajia miaka ijayo tutaweza kuzalisha faida inayoshinda kiwango cha soko. Ni muhimu kufahamu kuwa soko limepata faida duni kwa miaka miwili tu, kati ya miaka minne iliyopita, ambapo kiwango cha chini kabisa kilikuwa asilimia 13, hapo 2012. Alama ya chini tuliyowahi kuandikisha ni asilimia 9, hapo 2012. Mkondo huo unaonyesha kuwa faida yetu haiadhiriwi na soko, na kuwa tumepata faida kila mwaka.

Centum Performance against NSE

Year	Centum NAV Return	NSE 20 Return	Centum Outperformance
2010	56%	43%	13%
2011	37%	-4%	41%
2012	9%	-13%	22%
2013	18%	44%	-26%
Geometric Average	29%	14%	15%
Cumulative Growth	174%	72%	

Uchanganuzi kwa vitengo

Ili kusaidia utekelezaji wa mikakati ya 2009-2014 na kuhakikisha kuwa tunazingatia lengo letu, uwajibikaji na tunayo maarifa inayostahili, tuliweka muundo mpya wa rasilimali kwa vitengo vitatu. Vitengo hivi ni cha Kibinafsi, Ujenzi na muundo msingi, na cha mashirika ya kibinafsi yaliyo rodheshwa.

i. Kitengo cha kibinafsi

Kitengo cha kibinafsi kimeweza kuwa na uwekezaji kwenye kampuni zinazoshiriki sokoni humu nchini na zile zinazoshiriki kwenye masoko ya kanda hili. Sababu kubwa ya uwekezaji huo ni kuongezeka kwa wateja kwa kuwa uchumi umenawiri.

Kitengo cha Kibinafsi kilikuwa na shilingi (k) Bilioni 10.6 chini ya usimamizi mwishoni mwa mwaka, ikiwakilisha asilimia 19 ya rasilimali kwa jumla ya Centum. Kitengo hiki kilizalisha mapato ya asilimia 10.4, ama shilingi (k) Milioni 897, na kuzalisha mapato yaliyo jumlisha ya mashirika ya asilimia 41.3 kwa jumla au shilingi (k) milioni 2,052. Tofauti iliyoko kati ya faida za kampuni ikijumuisha mashirika (Group) na ile ya Centum ni kwa sababu ya mbinu ya uhasibu iliyotumika kukadiriya mapato ya kampuni tanzu.

Katika hesabu za kampuni tunatumia kipimo dhidi ya thamani ya hisa, na kwa kampuni tanzu tunatumia kipimo dhidi ya thamani ya rasilimali (NAV). Faida inayoripotiwa kwenye

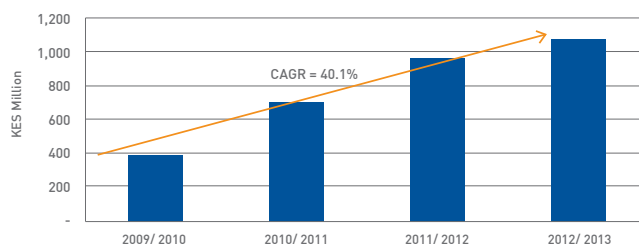
kipindi kutokana na kupanda kwa thamani baada ya ukadiriaji inalinganishwa na thamani (NAV) wakati wa kufungua kipindi. Katika vitabu vya Kampuni thamani ya mtaji yetu kwenye kampuni tanzu inakadiriwa kwa wastani. Faida kutokana na kupanda kwa thamani baada ya ukadiriaji yanalinganishwa kwa wastani na thamani wakati wa kufungua kipindi.

Tumefuata mikakati ya mikondo mitatu kwa kusimamia kitengo cha kibinafsi.

1. Kusimamia kitengo hiki kwa kuangazia rasilimali duni na kwa kushirikiana na washiriki wenzetu ili kubadilisha kuwa zenye kuleta faida.
2. Kuongezea nguvu shughuli ya uwekezaji na uhusiano kote katika Kanda letu ili kunyakua msururu wa nafasi za uwezekaji wa hali ya juu na kutuweka hali sawa na washiriki wenzetu.
3. Kuendeleza ajenda yetu ya kusambaza rasilimali kijogorofia, tukilenga kusimamia asilimia 50 ya rasilimali nje ya Kenya.

Kwa miaka mitatu iliyopita tumekuwa tukishughulikia utekelezaji wa mikakati hayo ambayo ni nguzo yetu. Kufuatana na hayo, thamani ya rasilimali kwenye kitengo cha Kibinafsi iliongezeka kutoka shilingi (k) Bilioni 4 hadi shilingi (k) Bilioni 10.6, kutokana na kuongezeka kwa faida za kampuni tanzu. Ukuaji huo umechangiwa na mapato ya mashirika, ambayo yamekuwa yakiongezeka. Kwa miaka minne iliyopita mchango wa mashirika yanayoorodheshwa kama kampuni za kibinafsi yameongezeka kutoka shilingi (k) milioni 400, hadi zaidi ya shilingi (k) Bilioni 1, ongezeko la asilimia 150.

Earnings attributed to Centum from Portfolio Companies



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Vidokezo juu ya shughuli za uwekezaji mwaka huu.

Tumekuwa tukifanya kazi ili kukuza thamani kwenye kitengo cha kibinafsi ambapo mwaka uliopita tulifaulu kukamilisha shughuli muhimu. Baadhi ya shughuli hizo ambazo tunaamini ni ya manufaa kwetu na kutuwezesha kufaidika zaidi kwa miaka ijayo ni:

1. Kukamilika kwa muungano wa Rift valley bottlers, mount kenya bottlers na kisii Bottlers na kubuniwa kwa kampuni inayoitwa Almasi Bevarages (Almasi), ambazo kwa pamoja huchukua sehemu ya asilimia 30, ya soko la coca-cola nchini kenya. Kupitia Almasi tutashuhudia ukuaji na kunyakua nafasi ya uwekezaji. Pia tunanua kuongeza faida kwa kufanya kazi kwa karibu, ili kupunguza gharama za utendaji. Imani yetu kwa Almasi inadhihirika kwa kuwa tuliongeza umiliki kwa asilimia 43, jambo linalofanya Centum kuwa mwekezaji mkubwa wa Almasi. Halmashauri ya wakurugenzi wa Almasi wako katika harakati ya kutafuta maafisa wakuu watakaosimamia utendaji kazi tangu kuunganishwa kwa kampuni hizo, ili kufaulu zaidi kwa kufanya kazi kwa pamoja. Ninafurahi kujulisha kuwa Almasi imevutia Afisa Msimamizi Mkuu mwenye taaluma na uzoefu wa kuendesha biashara ya utengenezaji wa bidhaa za kujiburudisha.
2. Shirika la UAP Holdings lilikamilisha kuchangisha fedha ya kiasi cha Dolalya (Kiamerika) milioni 60 na kwa sasa liko na harakati ya kuorodhesha hisa zake katika soko la hisa la Nairobi. UAP sasa inayo fursa ya kukamilisha mikakati ya kufungua ofisi nje ya kenya, shughuli ambayo inaendelea kutekelezwa, na tunaamini itakuwa na manufaa zaidi.
3. Nairobi Bottlers, ambayo ni kampuni kubwa zaidi nchini katika utengenezaji wa bidhaa zinazopakwa kwa chupa na inayochukua sehemu ya asilimia 50 ya soko hiyo nchini Kenya, ilizindua mradi mkubwa katika kanda hili ya utengenezaji wa bidhaa zinazopakwa kwa chupa za plastiki (PET), ili kuiwezesha kuwa mbele dhidi ya ushindani.
4. Tuliweza kuwekeza kwa kiasi katika shirika la Platinum credit, ambalo ni shirika linalopatikana Mashariki wa Afrika linalokopesha na ambalo hushirikiana kwa karibu na kampuni tanzu zingine za Centum

ii. Kitengo cha ujenzi na muundo msingi.

Mnano mwisho wa mwaka Kitengo cha ujenzi na muundo msingi kilikuwa na rasilimali ya thamani ya shilingi bilioni 5.1 chini ya usimamizi, ikiwakilisha asilimia 26 ya rasilimali ya Centum kwa jumla. Kitengo hiki kilizalisha kiwango cha mapato cha asilimia 37.2 ama shilingi (k) Milioni 967 kulingana na hesabu ya kampuni au mapato ya shilingi milioni 1,744 kwenye hesabu iliyojumuisha kampuni na mashirika. Tofauti kati ya mapato ya Kampuni (Group) na faida ya kampuni tanzu kwenye kitengo cha ujenzi ni kwa sababu katika kampuni tunajumuisha mapato yote katika kitengo hicho. Kwenye vitabu vya kampuni tunatambua kampuni tanzu kama rasilimali na kujumuisha faida zao kama mapato kwa kampuni kutoka kwa kitengo hicho. Niwewahi kueleza hapo awali kuwa kitengo hiki kinayo nafasi ya kuzalisha faida zaidi. Ninafurahi kujulisha kuwa tumeanza kunufaika kupitia uuzaji wa haki ya ujenzi wa muundo msingi wa miradi ya Two Rivers, na mengi yanatarajiwa tunapendelea kujenga.

Kwenye ripoti niliyotoa hapo 2011, nilieleza kuwa tutabadilisha miradi ya ujenzi kwa kununua hisa za REITS, ambayo ni mbinu mpya ya kumiliki nyumba za kibiashara, na kwa wakati ule masharti ya kisheria yalikuwa yakifuatiliwa. Ninafurahi kuripoti kuwa kielelezo cha mwongozo kimechapishwa rasmi, na zinatoa fursa ya kuchangisha fedha za ujenzi kupitia hati zinazoitwa D-REITS. Tunathamini njia hiyo na huenda tukatumia kwa mradi wa Two Rivers.

Vidokezo juu ya shughuli za uwekezaji mwaka huu

- a. Ujenzi wa Two Rivers: Kwenye kipindi hiki tulikamilisha awamu ya kwanza ya ujenzi baada ya kupata idhini juu ya masharti yote, kupiga hatua kubwa katika uchoraji, na kwa kuchangisha fedha. Nguzo ya mradi wa Two Rivers kwenye tovuti <http://www.tworivers.co.ke/> ambayo ni Two Rivers Mall kwa sasa inakodishwa. Likiwa na eneo la 47,000 miraba ya maduka, 10,600 miraba ya ofisi na zaidi ya 1,600 miraba ya uegeshaji, hili ni jengo kubwa la biashara kuwahi kujengwa Mashariki wa Afrika kwa wakati huu, na tunatarajia kufungua septemba 2015. Tumepiga hatua kubwa katika mazungumzo baina yetu na mashirika kadhaa ya ujenzi yanayotafuta aidha haki za ujenzi au kushirikiana na Centum kwa ujenzi wa hoteli ya kifahari ya nyota 3 na ya nyota 5, ofisi, na nyumba za kisasa za kuishi. Tulikusudia kuzindua ujenzi wa mradi wa Two Rivers katika kipindi cha kwanza mwakani 2013, walakini tulichelewa kwa sababu ya marekebisho yaliyofanywa

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kwa uchoraji Kwa wakati huu tumekamilisha uchoraji na kuridhisha washikaji dau,na tunatarajia kuzindua ujenzi mnamo Oktoba,2013.

- b. Pearl Marina: Mpango muruwa ya pearl marina ulipewa idhini na serikali ya kaunti,na hivi karibuni tutapewa kibali cha kisheria.Mradi huu umevutia wawekezaji wa humu nchini na wa kimataifa na tunashirikiana na serikali ya Uganda ili kuweza kuwa tayari kwa muda wa miezi 6-12 zijazo.
- c. Uwezo wa Usimamizi: Mwaka huu tulianzisha kampuni tanzu ya Centum iitwayo Athena Properties Limited, tovuti <http://www.athena-properties.com/>. Athena itafanikisha shughuli zote kuhusiana na miradi kubwa ya ujenzi kuanzia uwekaji wa mipango,uchoraji wa miji ,usimamizi wa ujenzi na ufadhili..Tunafurahi kuwa tangu tulipoanzisha ,Athena imeweza kuvutia wafanyikazi wenye maarifa ambao wametuwezesha sio tu kwa utendaji ,bali pia kufanya Athena kuwa kampuni ya ujenzi wa kuvutia. Tumeteua Athena ili kusimamia ujenzi wa miradi ya Two Rivers na Pearl Marina.Uteuzi huo umezaidia kuepusha gharama za ada ambazo zingelipwa, kutupatia nguvu ya kufanya maamuzi na pia kuweza kunufaika kutokana na taaluma ya maafisa wanaohusika na mradi huo kwa sababu wataendelea kuhudumu .

Pata maelezo zaidi kuhusu shughulu katika kitengo cha ujenzi na muundo msingi kwenye ukurasa ya 64-76.

iii. Kitengo cha Mashirika ya Kibinafsi yaliyoorodheshwa

Mnano mwisho wa mwaka Kitengo cha Mashirika ya Kibinafsi yaliyoorodheshwa kilikuwa na rasilimali ya thamani ya shilingi (k) Bilioni 3.7 chini ya usimamizi,ikiwakilisha asilimia 19 ya rasilimali zote chini ya usimamizi wa Centum.Kitengo hiki pia kina fedha za ziada za washiriki za shilingi (k) Bilioni 2.4 ,na kupelekea rasilimali zote chini ya usimamizi kufikia shilingi (Bilioni) 6. Mashirika ya Kibinafsi yaliyoorodheshwa yalizalisha mapato ya asilimia 59.3,ama shilingi(k) Bilioni 1.47. Hii ni kutoka kwa mgao wa faida,faida ya riba,ada ya wakurugenzi,na faida ya ubadilishanaji wa sarafu za kigeni.

Kitengo cha Mashirika ya Kibinafsi yaliyoorodheshwa kinanufaika kutokana na uzoefu wetu wa uwekezaji kwenye

kampuni zilizoorodheshwa ,zenye muundo wa Kibinafsi. Lengo la Kitengo hiki ni kuwekeza kwenya kampuni ambazo hazijafanyiwa utafiti ya kutosha,zenye upungufu wa fedha ,lakini zina ishara ya kuimarika na tunapokuwa na fursa ya kumiliki pakubwa.

Jukumu letu la pili kwenye kitengo hiki (QPE) ni kusimamia fedha za kampuni kwa jumla. Kitengo cha Mashirika ya Kibinafsi yaliyoorodheshwa hutupatia njia ya kuwekeza fedha za ziada na pia kuwezesha ukopaji unapohitajika, au pia uuzaji wa hisa.

Kitengo hiki cha QPE hutuwezesha kukadiri thamani ya mashirika ya kibinafsi dhidi ya thamani ya Kampuni zilizoorodheshwa Barani Afrika.Uwezo huo umezaidia shughuli za uwekezaji .

Mwaka huu tuliteua kampuni tanzu yetu Centum Asset Managers kusimamia shughuli katika kitengo hiki cha QPE.

Vidokezo juu ya uwekezaji mwaka huu

Kwa kila mwaka kwenye kipindi cha mikakati cha 2009-2014, kiwango cha utendaji wa kitengo cha QPE kilishinda kiwango cha Soko La Hisa La Nairobi kwa asilimia 11.Kwenye kipindi 2012/2013 ,kiwango cha utendaji wa kitengo cha QPE kilishinda chaSoko La Hisa la Nairobi (NSE) kwa asilimia 6.

Kitengo hiki kilizalisha zaidi ya asilimia 50 kwa mwaka uliokwisha Machi 31,2013.Faida hiyo ilipatikana licha ya kuwa tuliweza kutekeleza mikakati ya kuwekeza nje ya kenya ambapo tuliwekeza asilimia 50 ya rasilimali kwenye masoko mengine Barani Afrika.Pia tuliweza kupata leseni ya usimamizi wa fedha kupitia Centum Asset Managers,ambapo kwa wakati huu tunasimamia zaidi ya shilingi (k)Bilioni 6 ya Centum na ya washiriki.

Lengo la Kitengo cha Mashirika ya Kibinafsi yaliyoorodheshwa na la Centum Asset Managers ni kufaidika kutokana na uwezo wa Centum kutanguliza utafutaji wa nafasi nzuri katika mashirika ya kibinafsi na kwa mashirika ya ujenzi kote Barani Afrika ,kisha kuimarisha ili kuwa ya manufaa na kutoa nafasi kwa wawekezaji wa kimashirika na wa kibinafsi.

MAPITIO YA AFISA MTENDAJI MKUU

Tuzo za mwaka



Machi 2013
Kampuni Bora kwa uwekezaji
Mshindi - Tuzo la M&A



Machi 2012
Viwandani, Biashara na Huduma
Mshindi - Tuzo la FIRE



Machi 2012
Kifedha na uwekezaji
Wa pili, Tuzo la COG

Kuhusu Fedha

Mnamo Novemba 2012 Kampuni ilikamilisha kuchangisha shilingi(k) Bilioni 3.2 kupitia mkopo wa kibinafsi wa miaka tano kwa kutoa hati zenya faida hakika na kwa dhamana ya hisa za kampuni. Fedha hizo zinawakilisha asilimia 80 ya shilingi(k) Bilioni 4 zilizohitajika. Mnamo Desemba tulichangisha fedha ili kuziba pengo, kupitia mkopo wa umma, ili kufikia shilingi Bilioni 4.2

Tuliwahi pia kupewa kibali na shirika la Capital Markets Authority juu ya kuorodhesha bondi hizo kwenye kitengo cha faida za hakika cha Soko La Hisa la Nairobi kuanzia Januari 2013

Mambo yanayofanya bondi za Centum kuwa za kipekee nchini Kenya:

- i. Ni toleo la kibinafsi la kwanza kwa ukubwa kuwahi kufanyika katika historia ya soko la hisa nchini Kenya na wa nne kwa ukubwa kufuatia toleo la Kengen na hivi

karibuni la Safaricom na la Housing Finance.

- ii. Pia ni bondi pekee ya kibinafsi ambayo ilitolewa pia kwa umma
- iii. Ni bondi ya kibinafsi pekee iliyoorodheshwa sokoni.
- iv. Ni bondi ya pekee kuwekewa dhamana ya hisa na kuorodheshwa sokoni

Uamuzi wa kuchangisha fedha kupitia toleo la bondi ulisababishwa na mambo yafuatayo:

- i. Kampuni ilikuwa na msururu wa nafasi yaliyohitaji fedha nyingi kuliko tulizokuwa nazo.
- ii. Centum ilikuwa na uwezo wa kukopa. Kabla ya toleo la bondi kiwango cha deni dhidi ya rasilimali kilikuwa asilimia 7 na baada ya bondi kutolewa kilikuwa asilimia 24. Isitoshe uwekezaji wa Centum unahitaji pesa taslimu na kwa kuwa mgao wa faida haulipwi ina maana kwamba tutaweza kumudu ulipaji wa deni hilo.
- iii. Kushuka chini kwa viwango vya riba hivi majuzi kulitupatia fursa ya kukopa kwa ada nafuu.

MAPITIO YA AFISA MTENDAJI MKUU

Mtazamo wa siku zijazo

Najivunia kuwa kwa muda wa miaka minne tumeweza kutimiza malengo tuliyoweka kwenye mikakati ,na kufanya kampuni kuwa mhusika mkubwa katika kanda letu.Kwa miaka minne iliyopita,tumeongeza rasilimali za mwenyehisa chini ya usimamizi kwa mara tatu.Tumefanya hivyo ,huku pia tukikuza uwezo wetu wa usimamizi.Tumeweza kuweka usimamizi wa kipekee ,kunyakua nafasi nzuri ,kuchenga chapa nzuri inayotambuliwa katika kanda letu, kufanya kampuni kuwa thabiti kifedha,kuwekeza rasilimali wa kila aina kwa hali na kijogorofia,na kuwa na fedha tosha za matumizi.Hayo ni mambo ninayotambua kama nguzo ya kampuni thabiti.Mambo hayo yamefanya Centum kuzalisha faida kubwa na kuwa mshawishi mkubwa katika eneo letu,kwa miaka ijayo.

Nguzo ya Centum ni kupitia kufanya kazi kwa kushirikiana kwa karibu baina ya wasimamizi na Halmashauri ya wakurugenzi. Ningependa kutoa shukrani zangu za dhati kwa Halmashauri ya wakurugenzi kwa ushirikiano na mwongozo waliotupatia na kukuza usimamizi thabiti wenye ari na maarifa ya Kibiashara. Ningependa kushukuru kundi langu zima la wasimamizi ,na ambao wameongezeka kutoka 12 hapo 2009 hadi 40 kwa wakati huu.Wanaamini na kuendeleza lengo la centum, na

kujitolea kufanya kazi ili kufanikisha malengo hayo.Wanaelewa kuwa kuna mengi ya kufanywa,kuna matatizo mengi ya kukabiliana,na kila wakati wanaweka juhudi kwa ari ili kuweza kutimiza yale tunayoahidi.Kufaulu kwangu kama Afisa Mtendaji mkuu kunategemea juhudi zao,na ninawatolea heko.Najivunia kundi langu ambao,kwa pamoja ,na kwa kushirikiana na Halmashauri ya Wakurugenzi pamoja na wenyehisa ,Centum itaweza kutimiza ndoto yake ya kuwa Kampuni ya uwekezaji nambari moja Barani Afrika



**JAMES MWORIA ,
AFISA MTENDAJI MKUU
JUNI 4,2013**

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SUSTAINABILITY REPORT

At Centum we view sustainability as the development of a culture that promotes an enduring positive connection between our social activity, the communities within which we operate and our pursuit to create real tangible wealth.

As a responsible corporate citizen, we are conscious of the fact that we operate within a broader ecosystem both human and non-human. Building and sustaining long-term reciprocal relationships with stakeholders is therefore a key area of focus Centum.

Direct stakeholders include our investors, clients, employees, government & regulators. Indirect stakeholders are the communities in which we operate.

Our commitment to sustainability includes the following;

- Creating long term shareholder value by embracing opportunities and managing risks
- Implementing sound people & leadership development practises
- Promoting a culture of entrepreneurship and execution with well-thought out investment propositions
- Commitment to sound governance practises
- Conducting business ethically
- Commitment to our community in various ventures to build capacity, enhance knowledge and learning
- Ensuring that our footprint on the planet is as light as possible

Our Investors

At Centum we aim to add value to our investors by providing a platform for the responsible investment in enterprises with a sustainable competitive advantage and the potential to become tomorrow's market leaders. We are aware that Africa's investment landscape is changing to be more inclusive, more transparent and even more conscious about the impact we have on our planet. Our approach to our investee companies includes the delivery of sound investment strategies that encourage adoption of best practice in regards to governance, employee health and safety, and positive impact on community and environment. These are key considerations as we make investment decisions.

Our People

Our culture

At Centum, people are the primary asset. We therefore recruit and invest in the best talent in the market. Our success has been and will continue to be highly dependent on the performance and accountability of our youthful team. Our culture of entrepreneurship, initiative & high performance is enhanced by a relatively flat organizational structure that promotes a free flow of ideas and communication between all levels. We embrace passion; for business and for excellence and are guided by fifteen golden rules.

- We think positively
- It's our business to create & share value
- We don't do tomorrow what could have been done yesterday
- We escalate solutions never problems
- We move with speed and when in doubt if we are moving too fast we move faster
- Good is never good enough
- We believe that no great business was built working Monday to Friday with a 1 hour lunch break
- We talk less & deliver more
- We do not email where a conversation will do
- We think big, enjoy ourselves, learn & teach
- We make decisions
- We get it done!
- We make money! Tangible wealth!
- We think!
- Integrity!

At commencement of our current strategy period in 2009 Centum had 12 team members. This number has grown to 35 as at March 2013, with females employees representing 31% of the team. Over the years we have successfully maintained regrettable separation at below 5% through employment of sound HR practices.

Centum is an equal opportunity employer.

Performance management

At Centum, the high performance culture is guided by a performance management systems and corporate values which focus on both quantitative and qualitative performance of the team.

Through the system, alignment of individual and corporate objectives is achieved to ensure a win-win situation for stakeholders and the Centum team.

Whereas management of quantitative performance is aimed at growth of real tangible wealth for the investors; management of qualitative performance is aimed at personal growth of the individual team members.

Guided by our competency framework, personal development plans, training & development initiatives, we strive to support team members to achieve their aspirations.

We focused on maintaining an environment that supports and develops the team. Variable/performance based reward is key at Centum as it addresses the critical balance between employee reward and shareholder wealth creation. We have in place a bonus structure which is recognizes outperformance. Participation in the bonus pool is determined by both corporate and individual performance. On corporate performance, a return on opening shareholder funds in excess of a hurdle rate of 15% is targeted each year. Should this be achieved, the team is then entitled to a bonus pool of 20% of the return in excess of the hurdle rate.

Leadership development

We believe that readily available talent helps maintain our agility, a critical characteristic in a dynamic and competitive

environment. Creating and maintaining a sustainable leadership pipeline is therefore a critical business imperative for Centum.

During the financial year, Centum established a leadership development programme (LDP) aimed at providing a platform for systematically and sustainably developing talent into leaders for effective running of the business today and in future. Through use of a series of initiatives, the program is intended to enhance our leadership bench strength and ensure adequate cover for all critical roles required to drive strategy today and in the future.

At Centum we acknowledge that the current business constraint is an adequate and sustainable pool of leaders to drive the enterprises we create across the continent. The LDP is geared towards addressing this.

One key initiative within the LDP is the graduate programme (GP) which we launched during the financial year. The GP is an annual initiative through which we identify qualified fresh graduates with a winning attitude and high leadership potential from renown universities across East Africa. We look to absolve ten candidates each year and have partnered with our investee companies to place other top performing candidates.

Our inaugural 2013 graduates will commence their two year program in August 2013. The graduates from Kenya and Uganda possess a breath of educational and professional qualifications including commerce, actuarial science, engineering, ICT and Economics critical for serving different business lines. They will be exposed to a series of leadership development interventions and various corporate operations after which they will take up positions within the Centum Group.

SUSTAINABILITY REPORT



Centum 2013 Graduate Program Participants

Standing L-R: Peter Kamau, Lorraine Vuguza, David Maina
Seated L-R: Newton Mureithi, Joy Ngugi, Lawrence Kiarie, Kerubo Nyamwaro, Mehul Soni, Michael Karimi
Not in the Picture: Cliff Bakashaba

Michael Karimi

Educational Background

- BSC. Mechatronics - 2nd class Upper division from JKUAT
- Grade A in KCSE

Qualifications

- CPA Finalist

Previous Internships

- Data Centre Training, Centurion Systems & GMEA

Lawrence Kiarie

Educational Background

- BSC. Telecommunication & Information Engineering- 2nd class Upper division from JKUAT
- BSC in Applied Accounting from Oxford University
- Grade A in KCSE

Qualifications

- CFA Level 2
- FRM part 1
- * ACCA finalist

Previous Internships

- East Africa Breweries Limited and DT Dobie East Africa

Mehul Soni

Educational Background

- BSC. Investment & Financial Risk Management from Sir John Class Business school (UK)
- GCE- Grade A equivalent

Qualifications

- CFA Level 1

Previous Internships

- Africa Alliance Securities & Praful Soni Associates

Kerubo Nyamwaro

Educational Background

- Bachelor of Commerce- 2nd class upper division from University of Nairobi

Qualifications

- CPA finalist

Previous Internships

- GlaxoSmithKline Limited, LG Electronics, Kenya Airways & Barclays Bank Kenya.

Newton Mureithi

Educational Background

- BSC in Compute Science, 2nd Class upper division from JKUAT
- A- score in KCSE

Qualifications

- CPA Section 4

Previous Internships

- NHIF hospital - Nyeri & Standard Media

Joy Waithera

Educational Background

- BSC in Economics- University of Nairobi
- Grade A- In KCSE

Qualifications

- ACCA finalist

Previous Internships

- Stanbic Investment Management Services & Edeel Enterprises

Cliff Bakashaba

Educational Background

- BSC Actuarial Science- Makerere University
- Grade A equivalent in A levels

Qualifications

- Actuaries Exams: CT1

Previous Internships

- Jubilee Insurance & Riley Distributors in Kampala

Lorraine Vuguza

Educational Background

- Bachelor of commerce; 2nd class Upper - UON
- Grade B+ in KCSE

Qualifications

- ACCA affiliate

Previous Internships

- Deloitte E A and currently at Centum Investment

David Maina

Educational Background

- BSC. Actuarial Science - Maseno University
- Grade A in KCSE

Qualifications

- CPA section 4, Actuaries exams: P1, FM 2 & VEE economics

Previous Internships

- Paynet Group, Genghis Capital and Centum

Peter Kamau

Educational Background

- Bachelor of Commerce- 1st class Honors; Strathmore University
- Grade A- in KCSE

Qualifications

- ACCA Affiliate

Previous Internships

- Centum Investment

Our Environment

Environmental considerations at Two Rivers Development and Two Rivers Mall

Currently Kenya does not have Kenyan Green Rating Tools and many developers and investors have difficulty engaging local support in terms of sustainable developments and have been driven in many instances to implement LEED Rating Tools which has meant green buildings have had difficulty in registering in Kenya and receiving final accreditation. The Green Building Association of Kenya was registered in late 2012 and is in the process of establishing itself as the local green building institution.

Athena Properties Limited, working closely with the Kenyan Green Building Association have engaged with South African sustainability professionals WSP Green-by-design Limited in the development of a Country Specific Context Report utilizing the Green Star South African Rating Tools. This will allow developers, should they wish, to utilize the GreenStar South Africa Rating Tools to accredit their developments through the Green Building Council South Africa and enable the drive of more active accreditation of green buildings in Kenya.

The Two Rivers Development is a mixed use master planned development promoting the live-work-play concept reducing travel time for commuters and promoting a walk-able pedestrian lifestyle where the majority of services are available within convenient distances. Master planning of infrastructure development, environmental and social impact assessments, regulatory controls and living guidelines create the basis for sustainable development.

Bulk infrastructure has been developed in line with maximum demand projections taking into account resource sensitivities and an Environmental Social and Impact Assessment has been undertaken on the Two Rivers development site to review any environmental impacts with an Environmental Management Plan implemented.

In order to ensure that all developments within Two Rivers conform to the highest possible standards, Two Rivers has adopted the Draft Republic of Kenya, National Planning and Building Authority, Planning and Building Regulations 2009 with which all structures within Two Rivers must comply. A Two Rivers Building Standards manual has been introduced which supplements the Draft Kenya National Planning and Building Authority, Planning and Building Regulations 2009

and deals with issues such as sustainable building materials, the prevention of the use of Formaldehyde products etc.

A Two Rivers Design Review Committee (DRC) has been established to review and regulate building and planning activities within the development in line with the Two Rivers vision and to ensure that the regulatory framework is maintained and sustained.

The Two Rivers Urban Design and Built Form Criteria addresses issues such as lighting pollution, walkability of the development, access control to individual plots and the built form etc.

The public environment within Two Rivers will be privately managed and infrastructure maintained through effective operational and life cycle cost budgeting to allow for replacement and refurbishment of infrastructure. Pro-active maintenance, monitoring and management is the key principle underpinning the development.

The Two Rivers Mall and all major commercial buildings will have a Building Management System (BMS) to monitor, regulate and optimise all building services system functions such as environmental control systems, electrical power systems, security, access and CCTV systems, gas detection systems etc.

Resource efficiency

- Reduction in energy consumption is realised by:
 - o The reduction of the use of air-conditioning within the public areas of the Mall which is open and naturally ventilated. Traditionally air-conditioning of a Mall of this size would require approximately 25W/m² equating to 1 175kW per operational day
 - o The use of LED and other low energy consumption lighting, as well as appliances, both within the Mall and at Two Rivers
 - o The introduction of reticulated gas and the promotion of the use of alternate technologies will reduce the demand on electrical consumption
- Reduction in water consumption by:
 - o Rain water harvesting at the Mall and public parking garage to feed the Mall's river front
 - o The introduction of reed beds and water purification systems in river front entertainment area
 - o The use at Two Rivers of a water and sanitation system that reclaims waste water and re-uses it,

SUSTAINABILITY REPORT



A view of the public areas of the mall which will be open and naturally ventilated. This reduces the use of air-conditioning within the malls

reducing the daily raw water take by approximately 70%.

- o The introduction of water meters and leak detection sensors throughout the development to ensure the minimisation of water loss
- Solid waste management
 - o Waste management plans are required by contractors working within the Two Rivers Development.
 - o Two Rivers Development Limited have commissioned the preparation of a Solid Waste Management Strategy and Plan for Two Rivers which includes the preparation of educational programmes.
 - o The solid waste management system at the Mall and at Two Rivers is based in principles of 'Reduce, Recycle, Re-Use' with active programmes to reduce the percentage of waste-to-landfill
 - o The motivation for the establishment of a SME to manage waste collection and disposal at Two Rivers

Social facilities and natural open spaces

- The river front at the Mall is re-developed as programmable public space providing passive and active recreational facilities for the general public as well as providing a place of respite and connection to nature for employees and visitors.
- Natural open spaces, wetlands and riverine areas are rehabilitated, invasive alien plants removed and replanted with indigenous plants and trees. Approximately 4 500 indigenous trees are programmed for planting.
- The Two Rivers Environmental Impact Assessment reports no presence of threatened or endangered species within the development area.
- Approximately 30% of the development site has been allocated to public and natural open spaces.
- Social facilities, including child care facilities and sports fields, are provided at Two Rivers
- Pedestrian paths, jogging trails and biking lanes and paths are provided within the development and natural open spaces to encourage use of the network of green spaces by the public

Transport

The use of public transport and non-motorised forms of transport are encouraged through:

- The introduction of a 'city-bike' system providing temporary bicycle hire from strategic locations within the development
- The provision of bicycle racks at the Mall and strategic locations within the development
- The provision of public transport facilities and an internal public transport system within Two Rivers

Corporate Social Responsibility

Centum's CSR Mission is to help the community improve its values, ethics, positive culture and economic well being. This is achieved by building capacity through facilitation of knowledge and learning. At Centum we have the unique opportunity to impact our community directly, as an independent firm and indirectly, through our investees.

As an investor we have had a great opportunity to positively impact our communities and environment through our diverse portfolio. All our investee companies are committed to Corporate Social Responsibilities for example Mount Kenya Bottlers in Nyeri has been involved in the afforestation of the Zaina forest, Rift Valley Bottlers Limited sponsors community sensitisation and awareness training on HIV/AIDS and UAP Holdings sponsors Ndakaini Marathon for water conservation purposes.

As an independent firm, Centum has engaged with the community in various ventures to build capacity, enhance knowledge and learning, and invest in our society. Our projects include:

- The Greenhorn Mentorship programme: This is an initiative by the University of Nairobi to provide a networking

opportunity and active interaction with the mentees. So far, we have recruited 6 mentors into the program with the aim of advancing and sharing knowledge and skills acquired within the company to bright young students. The growing practice of mentoring is a rewarding process. By sharing hands-on experience, mentors can help their mentee in discovering and developing their potential for positive impact in the society and simultaneously enabling the mentor to self-actualize. The Benefits of Mentorship to the corporate world include among others easier recruitment of the best talent, more rapid induction of the new recruits, improved staff retention, improved equal opportunities, performance and diversity management, increased effectiveness of formal training, reinforcement of cultural change, a portfolio of skills acquired during the mentorship, improved networking and communication and reinforcement of other learning initiatives.

- Little Rock Foundation: As part of our efforts to enhance knowledge and learning we have continuously supported the reading culture at Little Rock Inclusive ECD Centre by developing the school library. Centum, in the past has donated course books for Little Rock's graduates and story books for Little Rocks children
- Kianda Endowment Fund: In the same spirit of enhancing knowledge and learning, Centum began contributing to the fund in 2012. The fund seeks to educate and mentor young girls from poor backgrounds.
- Kenya Association of Investment Groups (KAIG) and Bank of Africa (BOA): In 2012 Centum partnered with the BAO and the KAIG with the aim of assisting investment groups to provide prudent and ethical investment management practices.

Going forward, Centum remains committed to ensuring sustainability in our group activities

SUSTAINABILITY REPORT



Centum sponsored and participated in the Lewa marathon towards conservation initiatives



Centum boosts the Kianda School Scholarship kitty



A forum where Centum partnered with the Bank of Africa (BAO) and the Kenya Association of Investment Groups (KIAG) to help investment group in their investing activities



Centum donation towards The Little Rock Foundation through the development of the school's library to develop a reading culture.

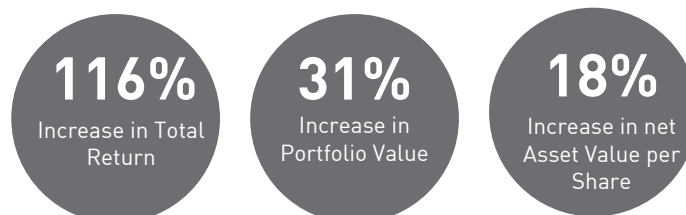


BUSINESS REVIEW



Risper Mukoto
Director; Finance & Operations

Company's FY 2012/2013 Key Performance Highlights



1. FINANCIAL REVIEW

Introduction

Consistent with past financial years, Centum financial statements include the Company financial performance in addition to the Group performance. This disclosure is aimed at creating focus on the financials that best represent the value of Centum as an investment company.

The Group financials highlight Centum's performance as a Holding Company. In the Group financials, investments in associate companies; which are those entities in which we don't have controlling majority but hold more than 25%, are valued at net asset value in accordance with International Financial Reporting Standards.

The Company financials on the other hand, highlight Centum's performance as an Investment Company. All investments are disclosed at fair value. In the Company financial statement the Company performance will therefore remain Centum's focus when tracking performance and will form the basis of our Financial and Business review.

Reporting

The financial statements are prepared in accordance to International Financial Reporting Standards (IFRS). In accordance with IFRS, different investment classes are

recognised differently in the Group(Consolidated) financial statement.

Investment Type	Income Recognition in the Statement of Comprehensive Income	Asset Recognition in the Statement of Financial Position
Subsidiary (more than 51% equity ownership)	Line by line consolidation of revenue and expenses	Line by line consolidation of assets
Associate (more than 20% but less than 51%)	Share of associate company earnings	Share of net asset value of associates
Other Equity Investments (less than 20% equity stake)	Income earned i.e. dividends	Fair value of equity investment
Investment property	Unrealized movements in property valuation	Fair value, based on annual valuations by external valuers

To address the challenge of differing treatments of different types of assets in the group financial statements, we introduced the total return statement to better measure value creation.

The total return statement measures the value created during the financial period and recognizes each type of investment in a consistent manner.

Total Return

We believe that the performance of your Company should be assessed based on its increase of NAV per share relative to the general market returns, in our case the NSE 20 Share Index. The NAV per share is a conservative measure of shareholder value and its movement is a proxy of the rate of growth of the intrinsic business value per share.

Total return refers to the value created during the period both realised and unrealised. Except for the disclosure format, total return represents total comprehensive income as highlighted on page 13 and 99 of the financial statements.

Total return is calculated as the gross portfolio return less portfolio and funding costs. It can be expressed as an absolute amount or as a percentage of the opening portfolio.

Gross portfolio return is the sum of cash return and value movements in the period. It is computed by adding portfolio income (made up majorly of dividend income, interest income and realized gains) to unrealised value movements in the portfolio. It can also be expressed as an absolute amount or as a percentage of opening portfolio value.

The difference between the group and Company return numbers result from accounting treatment of investment associates. In the group, we apply equity accounting and associates in our balance sheet at Net Asset Value (NAV). Realized and unrealized gains during any reporting period are marked against the opening NAV. In the Company books, we hold investment in associates at fair value. Realized and unrealized gains during any reporting period are marked against the opening fair value. We focus on company total return (Marked to market) when tracking performance.

Centum recorded a total return of 18% in the financial year ended 31 March 2013. In absolute terms, the gain in net worth in the year was Kshs 2.45 Billion.

In March 2013, we completed 4 years since we embarked on the 2009/2014 strategy. In that period shareholder wealth has grown by 10.25 Billion, a cumulative growth of 173% or at a rate of 28.5% compounded annually.

Details of return are highlighted in the table below.

Kshs. m	2013	2012
Dividend Income	283	404
Interest Income	107	52
Other Income	79	52
Realised gains	9	84
Unrealised gains	2,850	859
Gross Portfolio Return	3,331	1,451
Finance Costs	(401)	(50)
Portfolio costs	(442)	(227)
Tax	(37)	(41)
Total Return	2,451	1,133
Gross return	24%	12%
Total return	18%	9%

Cost efficiency

Kshs.'m	2013	2012
Portfolio costs	442	227
Closing portfolio value	19,307	14,694
Cost efficiency	2.3%	1.6%

Centum's cost efficiency metric is defined as the portfolio costs which include operating and administrative expenses as a percentage of the closing portfolio value. Centum's target is to maintain this ratio at below 2.5%.

The absolute cost increased by Kshs 215million from Kshs 227million to Kshs 442 million. The increase was in line with growth plans implemented during the year.

BUSINESS REVIEW

Statement of Financial Position

Centum's strong financial position provides a solid platform for growth.

During the year, the company reported a 31% increase in portfolio value. Each of the three business lines recorded growth.

The value of our investment properties increased to Kshs 5.1 billion (2012: Kshs 3.99 billion) was driven by the substantial completion of the pre-development phase of Two Rivers having secured all the necessary approvals, substantially completed designs and raised most of the funding. During the year we disposed our Uhuru Highway plot at a price of Kshs 415 Mn.

The value of our Unquoted Investments increased to Kshs 10.5 billion (2012: Kshs 8.6 billion) on account of investments and value creation activities during the year.

The value of our Quoted Investments increased to Kshs 3.7 billion (2012: Kshs 2.1 billion) a significant achievement on the back of concerted efforts to divest geographically and in various quoted asset classes simultaneously.

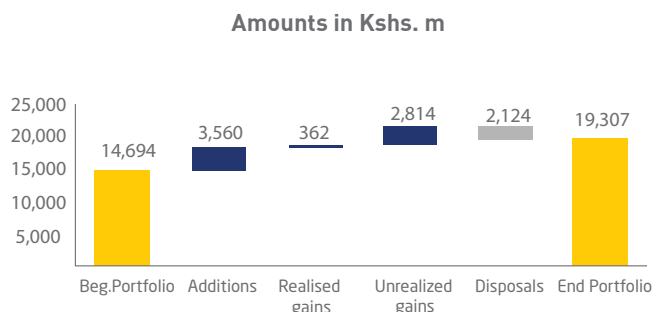
Kshs. Million	Mar'13	Mar'12
Portfolio value	19,307	14,694
Other assets	2,100	1,027
Total Assets	21,407	15,721
Borrowings	4,149	1,000
Other Liabilities	1,121	1,036
Capital and Reserves	16,137	13,685
Total Capital and Liabilities	21,407	15,721
NAV per share (Kshs.)	24.23	20.57

Portfolio value

Centum's portfolio value includes the carrying value of investments as well as marketable securities at the reporting date. Movements in portfolio value are as a result of; new investments, value realization through disposals as well as unrealized value movements on revaluation of the portfolio.

Centum's portfolio grew by 32% from Kshs. 15Bn in 2012 to Kshs. 19Bn as at 31 March 2013. The movement in Centum's

Portfolio from 1st April 2012 to 31st March 2013 is highlighted below:



During the year ended 31st March 2013, Centum invested Kshs 3.5 Bn in its three business lines.

Realizations during the year amounted to Kshs 2 Bn.

Centum currently has in excess of Kshs 2.4 Bn in third party funds under management. The focus is to leverage Centum's ability to originate high quality investment opportunities and create attractive portfolio's that are accessible to third party institutional and individual investors.

Funding & Gearing

In the year we raised Kshs 4.2 Billion in a blend of 5 year fixed rate and equity linked notes. In addition to the coupon the investors in the equity linked note would enjoy an additional return that was linked to the appreciation in Net Asset Value. We are pleased that in less than 4 months since they invested they have realized an additional 9% return linked to the growth in NAV in the year to March 31, 2013. This medium term funding coupled with the internally generated cash flows in excess of Kshs 1.8 Billion in the year have provided us with the necessary liquidity to meet the funding requirements of our portfolio.

In July 2012 we were accorded an A- Long term and an A1 short term rating by Global Credit Rating.



David Owino
Director; Private Equity

PRIVATE EQUITY BUSINESS LINE REVIEW

Introduction

Private Equity is Centum's largest business line with approximately 55% of the total portfolio. Centum's established track record, our proprietary deal flow, our networks in the private equity industry and our long established status - a channel through which investors can participate in PE investments - makes Centum the partner of choice in East Africa Private Equity space.

PE business line has invested in companies that largely serve the needs of the domestic and other African markets. The PE investment strategy is underpinned by the growth in consumer spending and investment, which is being driven by economic growth. PE targets to deliver a 30% - 35%. Since 2009, PE has pursued a three-pronged strategy in managing the business line:

- i. Active portfolio management to address underperforming assets and working with partners to implement value creation plans for each investee company.
- ii. Strengthening investment processes and relationships across the region to enable development of a proprietary pipeline of attractive opportunities and making quality investments structured to ensure alignment between Centum and partners.
- iii. Pursuit of geographical diversification with a target to have 50% of assets invested outside Kenya by 2014.

Industry

The Sub Saharan Private Equity industry experienced an overall growth both in fund raising and deals closed in 2012 compared to 2011. Funds raised in 2012 amounted to US\$ 1.4 Billion compared to US\$ 1.3 Billion in 2011 a slight increase. This however is however minute compared with funds raised globally in emerging markets which totaled US\$ 40.3 Billion. In terms of investments, Private equity funds completed 61 deals in sub-Saharan Africa in 2012; the highest since 2008 with 50 deals, deploying more than US\$ 1.2 Billion in investments. This shows that private equity environment is growing and is expected to continue on this trajectory in the medium to long term. In East Africa, the number of fund managers remained on the rise increasing by 4 to an approximate 35 fund managers in 2012 solely dedicated to investing in East Africa. More players are expected to come into the market with continued fund raising efforts in place. With this, there is increased competition in the traditional markets for example Kenya. However, we believe this year's activity trends reflect a maturing industry, with a true variety of both old and new players investing in both established and frontier markets. Also the competitive landscape keeps improving with opening up of other economies and government institutions putting in place procedures to tap new investments improvement in governance, laws and general investing environment e.g. in Ethiopia, Tanzania, Uganda and Rwanda. Ethiopia and Tanzania saw some of the largest PE deals in East Africa in 2012 which translates to more opportunities for Centum which is well positioned to take advantage of the opening markets.

Opportunities for Centum Private Equity

The opportunities to Centum private equity to continue being a market leader are mainly advised by the following propositions:





- Fundamental nature of the business - Centum's focus is to invest in high growth companies that require capital to grow fast either locally or internationally through organic and inorganic growth with managements value addition.
- Depth of regional markets- lack of depth in regional markets provides room for development of a rich deal pipeline because most dominant companies in the market are largely privately held and we offer a better alternative to traditional financing,
- Partnerships - success in PE investments is underpinned by strategic partnerships we have with industry leaders, private investors, fellow PE players and professionals in the market who we work with to add unrivaled value.






BUSINESS REVIEW

Portfolio

The key PE portfolio companies are highlighted below:

Table 1: Private Equity Portfolio

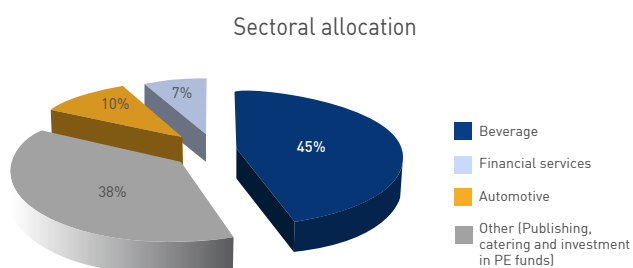
Financial Sector – Insurance and Financial Services		
	<p>UAP Holdings</p> <p>Stake: 13.7%</p> <p>Sector: Insurance & Financial Services</p>	<ul style="list-style-type: none"> – UAP is a composite insurance company with operations in Uganda and Southern Sudan. – UAP has also expanded into Rwanda and DRC. – UAP raised US\$ 50.0Mn additional growth capital in 2012 to spur further growth. – It was ISO 9001:2000 certified; has achieved a high credit rating, Global Credit Rating (AA); and has won FiRe Awards for eight consecutive years.
	<p>Aon Insurance Brokers (Kenya)</p> <p>Stake: 21.5%</p> <p>Sector: Insurance Brokerage & Consulting services</p>	<ul style="list-style-type: none"> – Aon Kenya Insurance Brokers Ltd (AON) offers insurance broking, risk management, actuarial consulting, medical scheme administration and medical fund management, life and pension’s administration, and employee benefits consulting services to medium and large organizations in Kenya. – AON has a large portfolio of corporate clients to whom it provides brokerage services for coverage of some of the most complex risks. AON is a service driven organization which aspires to meet the highest standards of its clients.
	<p>Platinum Credit</p> <p>Stake: 35.6%</p> <p>Sector: Non Deposit Taking Micro Finance</p>	<ul style="list-style-type: none"> – Platinum Credit is one of the leading non deposits taking Micro Finance Companies with operations in Kenya, Uganda and Tanzania. – Platinum credit has more than 50 branches in the region. – Platinum prides in fast disbursement of loans within 24 hours.
Beverage Sector - Carbonated Soft Drinks		
	<p>Almasi Beverages Ltd</p> <p>Stake: 42.8%</p> <p>Nairobi Bottlers</p> <p>Stake: 27%</p>	<ul style="list-style-type: none"> – Centum has invested in Almasi, a consolidation of three bottlers in Kenya: Rift Valley Bottlers, Mount Kenya Bottlers and Kisii Bottlers. – Rift Valley Bottlers Limited is a Coca Cola bottling company whose franchise territory spans across Rift Valley and Western provinces in Kenya. – It is the third largest Coca Cola franchise in the country in volume terms. – Mount Kenya Bottlers Limited is a Coca Cola bottling company whose franchise territory spans across Central & North Eastern provinces in Kenya – Kisii Bottlers Limited is a Coca Cola bottling company whose franchise territory spans across parts of south Rift Valley and Nyanza province. <ul style="list-style-type: none"> – Nairobi Bottlers Limited is the largest of the Coca Cola franchises in Kenya. – Its territory spans across the whole of Nairobi, parts of Central Eastern and Rift Valley provinces.

Beverages – Alcoholic and Non-alcoholic		
	<p>KWA Holdings Stake: 27%</p>	<ul style="list-style-type: none"> - Kenya Wine Agencies is a manufacturer and distributor of wines and spirits in East Africa with operations in Kenya, Uganda and Rwanda. - The Company is in line for privatization by the GoK
Others		
	<p>NAS Servair Sector: Food Stake: 15%</p>	<ul style="list-style-type: none"> - NAS Servair provides meals and handling services to airlines at the Jomo Kenyatta International Airport and the Mombasa International Airport.
	<p>General Motors East Africa Sector: Automotive Stake: 17.8%</p>	<ul style="list-style-type: none"> - GM East Africa (GM) markets and sells Chevrolet, Opel and Isuzu vehicles and parts. It locally assembles the Isuzu and Chevrolet vehicles. - Majority of GM's sales are domestic. GM also exports to neighboring countries in the COMESA region: Uganda, Tanzania, Rwanda, Burundi, Zambia, Zimbabwe, Mozambique and Ethiopia. - GM East Africa has over 30 years experience in the local assembly and services industry.
	<p>Helios Fund 2 Sector: Pan Africa Fund Commitment: US\$ 5Mn Fund Size: US\$ 800 Mn</p>	<ul style="list-style-type: none"> - Helios Investment partners is an investment firm founded in 2004 and focused on making private equity and special situation investments in African companies. - The fund targets growth equity investments in hitherto-neglected sectors exhibiting high growth potential, and acquisition of large, established businesses, such as non-core subsidiaries of multinational companies.
	<p>Cape III Sector: Pan Africa Fund Commitment: US\$ 2Mn Fund Size: US\$ 350Mn</p>	<ul style="list-style-type: none"> - CAPE III is the third private equity fund by African Capital Alliance (ACA) managers. Founded in 1997, ACA is the leading private equity firm with a focus on the Gulf of Guinea. - The fund is underpinned by a growing and reforming economy, and a higher focus on energy than in previous funds sponsored by ACA. The fund focuses on the following sectors: energy, financial services, logistics, telecommunications and information technology. - CAPE III structures its investments for on-going liquidity, a majority interest or significant minority interest with strong governance rights in the respective companies.

BUSINESS REVIEW

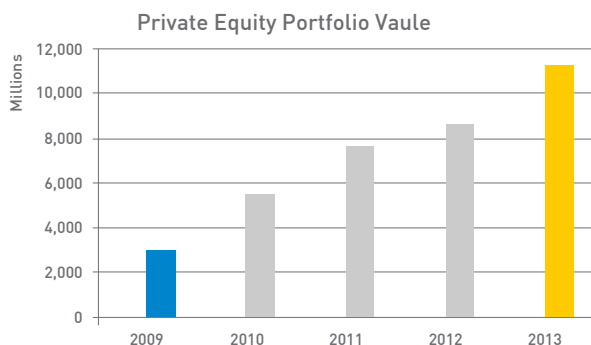
Portfolio Diversification

Centum PE seeks to diversify its portfolio across different sectors with a main focus on consumer facing industries. The current portfolio is highly weighted towards beverages and financial services.



Performance

Since the beginning of the strategy period in 2009, the PE portfolio has on average grown by 42% year on year to 11.3 Billion both through additional investment and organic growth as depicted below.

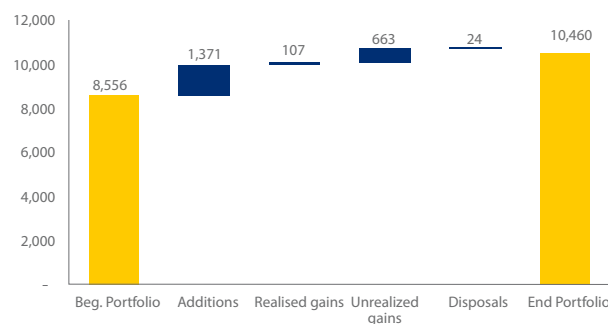


The table below summarizes the PE business line performance for the years ended 31 March 2013 and 2012. During the year, the PE business line generated a total return of Ksh 1.8 Billion, equivalent to 21% over the opening portfolio base of Ksh 8.6 Billion.

PE Performance Summary

Kshs M	2013	2012	2011	2010
Portfolio Income	296	375	554	429
Unrealised Gains	1,940	992	1,880	1,886
Gross Return	1,936	1,367	2,434	2,315
Total Return	1,802	1,245	2,268	2,168
<hr/>				
Gross return (%)	22%	18%	43%	65%
Total return	21%	16%	40%	61%
Closing portfolio value	11,269	8,609	7,662	5,491

The chart below is a summary of the movement in Centum's PE portfolio from 1 April 2012 to 31 March 2013.



Portfolio value

In the 2012-13 financial years, the portfolio value increased mainly due to a change in the multiples used in valuing the portfolio companies with 1.4 billion representing a 48% increase in the value of PE assets. This was followed by increased investments which increased the asset value by 1.2 billion, a 41% increase in the PE portfolio value with the remaining increment being represented by increase in portfolio earnings and price of the listed portfolios.

Valuation Methods

Centum uses the international Private Equity and Venture Capital Valuation Guidelines (IPEV December 2012 Guidelines) in the valuation of its private Equity portfolio and is based on fair value. Fair Value is the price that would be received for selling an asset in an orderly transaction between market participants at the measurement date.

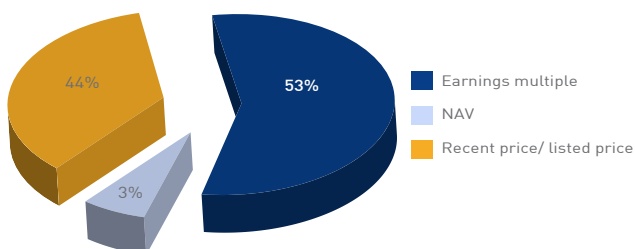
Centum determines the fair value using the following methods in order of recommendation by IPEV.

- i) Listed Price – This is the price of private equity investments that are listed in the stock exchange and are observable.
- ii) Price of Recent Investment - In applying this method, the initial cost of the investment itself, excluding transaction costs is used or, where there has been subsequent investment, the price at which a significant amount of new Investment into the company was made is used to estimate the enterprise value within a year, following the date of the relevant transaction.
- iii) Earnings Multiple – This involves applying a multiple derived from the market that is appropriate and reasonable indicator of value (given the size, risk profile and earnings growth prospects of the underlying company) to the maintainable earnings of the company
- iv) Net Assets Value – This is used in businesses that are consistently returning losses or their going concern element cannot be sustained and liquidating the business and selling its assets has a greater value.
- v) Discounted Cash Flows - Here the value of the company is determined using reasonable assumptions and estimations of expected future cash flows and discounting to the present by applying the appropriate risk adjusted rate.
- vi) Cost – This is used where the fair value cannot be reliably measured.

The chart below shows that Centum values its private equity portfolio primarily using the earnings multiple method. When we value our portfolio using this method, there are three sources of value uplift.

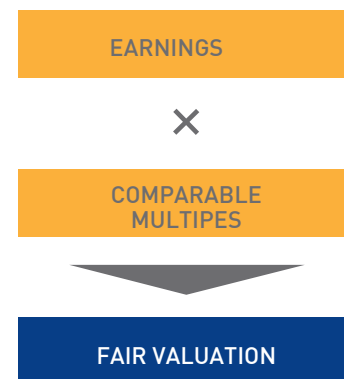
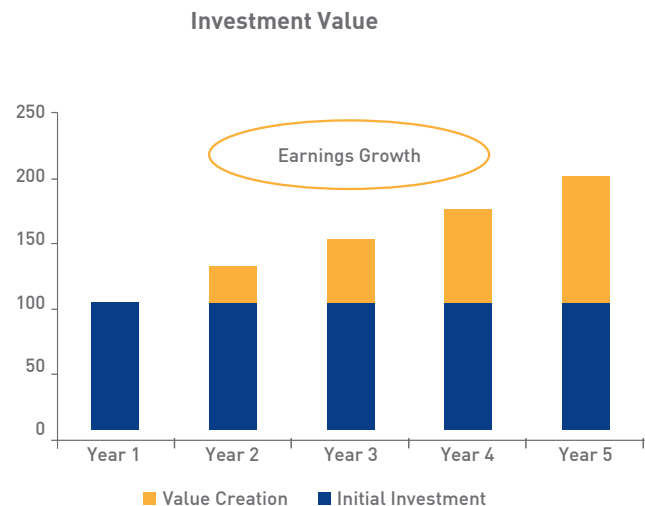
The valuation methodology used

44% of the portfolio has been valued based on price of recent transaction



- a) Increase in prices of listed companies
- b) Multiples expansion
- c) Increase in earnings of the company that is being valued

The chart below shows the sources of value in a multiples valuation over time. At the time of acquisition of a company, its cost is the best estimate of value. As the company's earnings grow, the company has to be valued using one of the methods listed above. At the time that the asset is up for sale, we will value it using the imminent sale value.



BUSINESS REVIEW

Outlook

The focus of Centum's PE business line is three-fold:

- a) To maximize the value of our current portfolio through several initiatives and value addition programs including exiting some of the more mature investments.
- b) Grow assets under management by deploying approximately Kshs 5.5 Billion in new opportunities and by harnessing third party funds in line with our 5-year strategy;
- c) Diversifying our portfolio by ensuring that over 50% of new investments made are outside Kenya by pursuing aggressive regional expansion strategies and;
- d) Focusing on sectors we have experience, networks and skills to ensure we maximize on value growth and efficient utilization of our resources.

Centum will also focus on acquisition of a controlling position of unlisted companies with excellent growth potential and put in place capabilities to ensure achievement of the envisaged growths. Centum will

make investments as ordinary or preference shares, and/or convertible debt. The private equity strategy is to focus on sectors that are driven by a rising consumer class in Africa. These are sectors that we understand and have built capacity and experience. Centum will focus on businesses that are industry leaders that have a sustainable competitive advantage that is supported by a solid track record. Centum will, in exceptional circumstances invest in green fields and brown fields where there is a compelling investment thesis. Centum will keenly pursue diversification of its PE portfolio by geography and sector.

Centum PE is also focusing on utilizing our skills, expertise and people network coupled with experience in the African market to manage third party funds and enable investors' access to proprietary deals. The team has been strengthened with diverse experience, expertise and backgrounds to ensure a robust and efficient execution of the growth strategy.



Pius Muchiri
 Director; Quoted Private Equity & Managing Director: Centum Asset Managers

QUOTED PRIVATE EQUITY BUSINESS LINE REVIEW

Introduction

The Quoted Private Equity (QPE) business line acquires influential and/or controlling stakes in listed companies across Africa, and uses its skills and influence to unlock value in these companies.

We also identify attractive opportunities where we may take Minority Equity stakes as well as invest in Sovereign & Corporate Debt.

We are flexible on the size of our investments, guided by the special circumstances of each deal in line with our strategic objectives.

Opportunities for Centum in QPE:

Centum's QPE opportunity is guided by the following major themes:

- 1. Geographical expansion to other attractive Sub-Saharan Africa markets:** Our focus is on countries that will be the driving force behind the growth of the African economy. With the intention of adding to our current holdings, we continue to actively seek out and identify compelling investment opportunities across Sub-Saharan Africa.

This is with a view to diversify our portfolio, hence decoupling performance from the Kenyan market. Our expanded reach also ensures a steady pipeline of deals from wider coverage. Ultimately, these activities will help deliver the highest risk adjusted returns for our shareholders.

- 2. Flexibility:** Focusing on marketable securities has the added advantage of providing/ ensuring ease of entry and exit. This allows us to take advantage of special situations and emergent opportunities by adapting our strategies to suit market conditions while keeping our valuations current. Over time, this allows us to generate positive returns for our shareholders in different investment climates.
- 3. Scaling-Up Transaction Size:** To generate a meaningful return for our shareholders, we continue to see scale as key to our investment strategy going forward. We have consistently beaten the NSE20-Share Index for the last six years and want to leverage on this strong track record to build and manage third party funds alongside our own.

Business model & focus for QPE:

QPE's business model focuses on acquiring influential and/or controlling stakes in what we deem to be undervalued public listed companies qualifying for Private Equity type investments. We then leverage our private equity skills to create and enhance value in these companies. We also identify and take minority stakes in listed companies where attractive opportunities arise.

QPE also invests in marketable Sovereign & Corporate Debt instruments that play a critical role of managing liquidity for Centum's Portfolio.

We earn our return primarily in the form of dividend income, interest income and capital gains.

Performance

QPE's performance is disclosed as part of segment information in note 5 of the financial statements on (note 5, page 125). The table below summarizes the QPE business line performance as at March 31 2013.

BUSINESS REVIEW

Kshs M	2013	2012	2011	2010
Portfolio Income	338	209	183	150
Unrealised Gains	1,128	(153)	221	1,062
Gross Return	1,466	56	404	1,212
Total Return	1,234	(48)	320	1,131
Gross return (%)	59.3%	1.4%	11.5%	53.2%
Total return (%)	50.0%	-1.7%	9.1%	1
Closing portfolio value	3,748	2,474	3,940	3,847

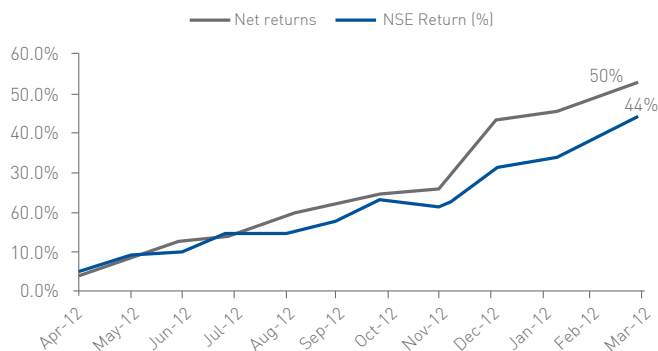
QPE targets to make a net return of 25% p.a. of the beginning portfolio value: though returns on individual investments vary from this target depending on the nature and risk characteristics of each individual investment.

During the year ended March 2013, QPE delivered solid risk-adjusted returns by finding compelling investments in each of our focus areas of Equity & Debt.

Last year, we highlighted that we expected 2012 to be a favorable year for equity markets and also reiterated our desire to access new markets outside Kenya, driven by specific opportunities.

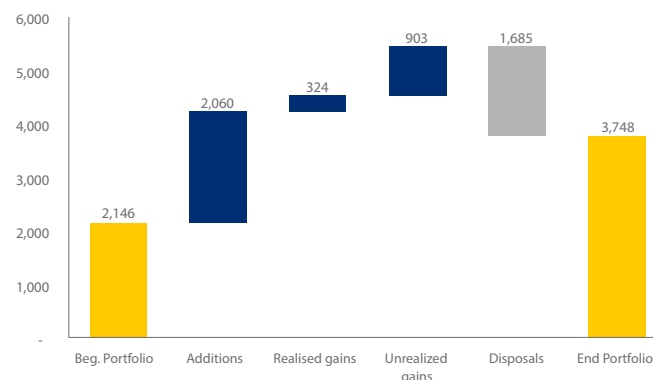
Thus far our thesis appears to be on track. Indeed, during the financial year 2012/2013, we delivered alpha primarily from investments in Sub Saharan Africa that contributed greatly to QPE's absolute return of Kshs 1.2 Bn. This was equivalent to a return of 50% over an opening base of Kshs 2.1 Bn. This performance represented a spread of 6% above the NSE 20 Share Index Return of 44% in the period.

Investment activity



During the period, new investments by QPE amounted to Kshs 2 Bn (2011/12: Kshs 4.2 Billion) as we established long positions in Equities & Debt, aligning our portfolio to match our market views. It was in this period that we made our first investments in Ghana & Nigeria and scaled-up our investment in Tanzania. Entry into these positions was in line with our paradigm of selecting and acquiring well managed, stable and growing businesses at inexpensive valuations. Disposals for the year totaled Kshs 1.7 Bn while the closing portfolio was valued at Kshs 3.7 Bn. Our diversification strategy continues to progress at a reasonable pace. As at the end of this financial year, the QPE portfolio was 50% diversified outside Kenya with investment exposure in 5 other Sub Saharan markets including Uganda, Tanzania, Rwanda, Ghana & Nigeria.

Valuation Methodology



The QPE business line values its portfolio holdings using the respective market prices as at the reporting date, consistent with International Financial Reporting Standards (IFRS) disclosed on note 2 (i) page 112 & 113 of the financial statements.

Centum Asset Managers (CAM)

For over 45 years, Centum has been managing and growing its portfolio exclusively using its shareholder funds. Recently, Centum, through its wholly owned subsidiary Centum Asset Managers (CAM), was granted an Asset Management license by the Capital Markets Authority allowing CAM to manage third party funds as well.

Potential clients will find comfort that CAM will not be venturing into an entirely new business, but rather extending Centum's existing business of managing owners' capital. That is, Centum will leverage on expertise accumulated over the years to not only manage its own funds but also to manage funds belonging to other institutions and private investors. Management of these third party funds will be performed by an independent management team within a distinct entity, CAM.

Other than management of third party funds, CAM will participate in market development through creation of financial products. This will involve packaging financial assets into products with particular risk and return characteristics to meet the needs of specific investors.

CAM's value proposition is to help institutional investors understand the risks they face and develop investment solutions to address these risks. We will utilize our diverse specialist expertise, rich experience and ethical values to create wealth to our clients through value based, focused investing that deeply addresses the underlying investment objectives.

The CAM opportunity is guided by the following major themes:

- **Attractive Sub Saharan Africa markets:** Besides China, Africa is the fastest growing economy in the World and is expected to maintain this momentum going forward. Our interest is to focus on countries that will be the driving force behind this growth in the African economy. During the last 12 months we have made a lot of progress in expanding our footprint outside Kenya and we have identified a number of attractive opportunities that investors can gain exposure to. Besides the obvious benefits of geographical

diversification, like other global fund managers, we will be seeking to competitively channel capital across African markets in search for the best possible risk-adjusted return for our shareholders.

- **Access to alternative investments asset class** – In addition to the conventional equities and fixed income asset classes, funds managed by CAM will have access to alternative investments including Private Equity and Real Estate.
- **Leveraging on market beating performance track record:** To generate a meaningful return to our shareholders, we continue to see scale as key to our investment strategy going forward. We have consistently beaten the NSE 20-Share Index for the last six years and it remains among our key objective. We want to leverage on this strong track record to build and manage third party funds alongside our own funds.

OUTLOOK:

QPE will continue to drive execution and seek out compelling opportunities in new markets outside Kenya with current focus areas being Zambia, Zimbabwe and Egypt. These markets offer asymmetric return profiles based on current valuations and we hope to report substantial progress and positive returns therefrom.

BUSINESS REVIEW



Graeme Reid
Director; Real Estate & Infrastructure & Managing Director; Athena Properties Limited



Chris Ochieng
Deputy Managing Director; Athena Properties Limited

2. REAL ESTATE & INFRASTRUCTURE REVIEW

Introduction

The Real Estate & Infrastructure (REI) business line was established in line with Centum's central mission, that is, to offer investors access to inaccessible, quality, and diversified investments.

Established in the third quarter of the 2009/2010 fiscal year, the business line has grown from less than 1% to 26% of Centum's total assets under management. Centum strategy in real estate is to participate in the entire development process beginning with land development, moving on to the property development and finally to property and portfolio management process.

Centum real estate management process is hinged on developing a real estate solution that addresses a compelling market need. In this case, the opportunity to develop quality environments for commercial activity and with an integrated blend of uses ranging from retail, entertainment, office parks, hotels, marina, and serviced apartments has been identified as a compelling and unmet need

The value of Centum's investments in the REI business line has grown tremendously from Kshs 36Mn in 2010 to Kshs 5.1 billion at the end of FY2012/2013. The value uplift is

attributable to the value creation activities undertaken on the property portfolio during the period.

In line with our real estate strategy of participating through the entire development process, Centum has established a new subsidiary Athena properties Limited that offers comprehensive end to end range of urban and property development management services in projects where centum is the developer or a partner.

Athena has assembled a world class team with a combined experience of over 70 years in real estate and property development. The team will guide centum real estate and property development process.

Property Portfolio

Centum has a real estate portfolio in East Africa including two prime properties in Kenya and Uganda. The first property measures 100 acres and is located in the diplomatic blue zone in the Gigiri/Limuru Road area of Nairobi. The site is only about 10 minutes drive from United Nations Complex; about 20 minutes drive from Nairobi Central Business District and 30 minutes to the Jomo Kenyatta International Airport.

It is bordered by, and with access from, the Northern By-Pass and Limuru Road, and is located within the most affluent suburbs in Kenya with an annual spend of over USD 500

BUSINESS REVIEW

- **Demographics** – It is estimated that over 70% of the East African population is aged 34 years and below. This young population forms the core of the region's rapidly growing middle class and driving the formation of new households which in turn feeds the demand for new housing stock.
- **Improved living standards** – The aspiration needs of the rapidly growing middle class in the region has led to an emerging trend towards integrated, mixed use residential developments that cater to lifestyles and which are comparable to those available in developed countries.
- **Growing Investor Interest** – The rapid growth of the regional economies has generated significant interest in the real estate sector from both local and international investors. Some of the key constraints to investor participation in the sector regionally include the long and difficult land acquisition and sale process, high transaction costs, and the size of investment required to provide adequate diversification both regionally and in various real estate products (commercial, retail, residential).

It is in view of the foregoing trends that Centum has added two real estate properties in its portfolio and has further established Athena Properties Limited that will guide in the development process.

Our vision is to develop premium world class master planned urban addresses in these two sites that will be number one regional destinations in East Africa and beyond for a long time to come with the aim of generating market beating returns for our investors.

Opportunities for Centum in Infrastructure

Centum defines Infrastructure investments as those made in capital-intensive businesses providing essential services over the long-term, often on a regulated basis or with a significant component of revenue and costs that are subject to long-term contracts.

Centum's Infrastructure investments are informed by the growing importance of Public Private Partnerships (PPPs) to address resource constraints within national governments

and local authorities in providing essential services such as electricity, transportation, water and waste management. Centum's current focus is primarily on investments in independent power projects (IPPs) and especially in the geothermal sector.

Development Activity:

a) Two Rivers Project

During the FY 2012/2013, Centum, through its subsidiary, Two Rivers Development Ltd, completed the design and tender process of retail and infrastructure projects

The construction of infrastructure project commenced in August 2013 and ground breaking for the retail project is scheduled for October 2013.

Development Vision

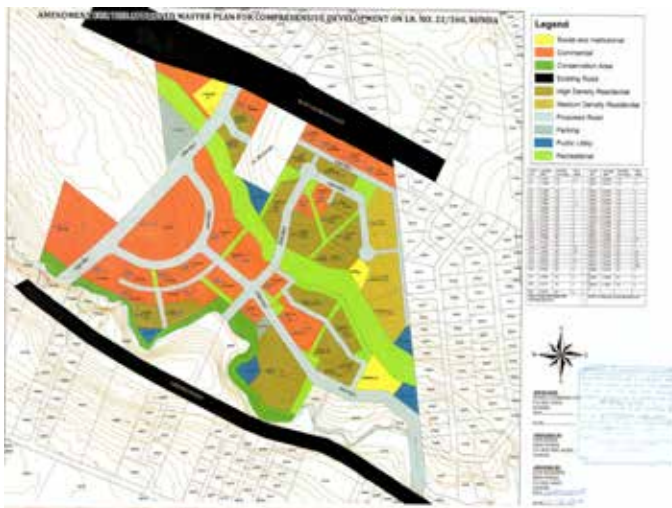
The Vision of Two Rivers Development is to develop a premium world class master planned urban address set within a controlled and secure development that will be a number one regional destination & address in East Africa and beyond for a long time to come.

Two Rivers development will provide East Africa's largest Retail, Entertainment and lifestyle centre with an exciting mix of local and international brands, 3 and 5 star hotels, offices and residential apartment within a well managed environment providing the highest level of urban amenity supported by first world sustainable infrastructure.

The site will be developed in an environmentally sustainable manner that will seek to protect and preserve the flora and fauna, the unique physical features including the water resources and the riparian reserve. To achieve this noble objective, the master plan has allocated about 30% of the total area to preservation of green areas.

The development will be constructed in phases and when complete it will have a total build up area of about 851,000 SQM

Development Phasing



Centrally managed state of the art sustainable infrastructure will be put in place to support a mix of integrated components.

Phase 1: Development



Phase one integrated premium facilities comprise:

1. East Africa's largest retail, entertainment and lifestyle centre set to open in October 2015
 - 47,000 m² of lettable space
 - Providing both local and international brands
 - State of the art design, with Piazza, event spaces, and open to vibrant entertainment area on 3 levels along the water front
 - 10,000 m² office development in a 8 floor tower above the retail, entertainment and lifestyle centre
 - Premium serviced apartments in an 8 floor tower above the retail, entertainment and lifestyle centre
2. Premium office space with grade A facilities to serve the increasing demand in the region
3. 5 star and 3 star hotel to cater for the continued increase in tourism, business tourism, and expatriate professionals in the region
4. A mix of long stay and short stay apartments to take advantage of the lack of such facilities in such a high demand area
5. Luxury residential apartments
6. A safe secure and attractive urban environment with high level of urban amenity and recreation areas, including outdoor water front, water sports, and entertainment areas
7. State of the art sustainable infrastructure to support the development components
8. Open green areas and well landscaped public realm with a commercialized water front to include play parks, water sports, recreational facilities all within the breath taking view of the river
 - o Infrastructure Provision

The built up facilities will be supported by centrally managed first world sustainable infrastructure comprising but not limited to;

 - wide dual roads,
 - ample visitor parking,
 - jogging/walking paths,
 - landscaped public realm,
 - ICT Infrastructure
 - potable water,
 - reticulated LPG
 - firefighting facilities ,
 - street, landscape and security lighting,
 - power & back up power,
 - Sewer reticulation treatment plants.

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This development will offer investors a number of alternative exit options and realize the value created. These include:

- a) Exiting the completed developments once they become revenue generating to a REIT vehicle and subsequently selling the REIT interest to a range of investors.
- b) Selling our equity in the project companies.

Milestones on Two Rivers development:

1. Statutory Approvals

Item	Status	Delivery Date
Existing Title Obtained	√	January 2011
Change of User Approval - Nairobi City Council	√	December 2011
Master Plan Approval - Nairobi City Council	√	December 2011
Riparian Reserve Approval - WRMA	√	March 2012
Master Plan EIA Approval - NEMA	√	May 2012
Borehole (1) Approval - WRMA	√	May 2012
Change of User Consent - Commissioner of Lands	√	July 2012
Borehole (3) Approval - WRMA	√	April 2013
New Title Approval - Ministry of Lands	√	May 2013
Temporary Construction Access Approval - KURA	√	June 2013
Amended Master Plan Approval - Nairobi City Council	√	July 2013
Design Approval for Roadwork's - Nairobi City Council	√	August 2013
Design Approval for Gate house and Perimeter Fence - Nairobi City Council	√	August 2013
Retail Building Approval - Nairobi City Council	√	August 2013
Access EIA Approval - NEMA	√	August 2013
Retail EIA Approval - NEMA	√	August 2013

2. Phase 1 Infrastructure

The construction of phase 1 state of art sustainable infrastructure commenced in August 2013 with the expected completion date of June 2015

3. Financing

Centum raised kes 3.2 Bn through private placement in September 2012. In December 2012 a further Kes 1 Bn was raised and the Kes 4.2 Bn bond listed in February 2013.

58.8% of these funds will be used to fund real estate development

4. Project Implementation

- Construction of phase 1 infrastructure is ongoing
- 30% of the Retail, Entertainment & lifestyle centre has been pre-let
- Construction of Retail, Entertainment & Lifestyle centre is scheduled to commence in October 2013 and the centre will open in October 2015
- Phase 1 roll out and sale of bulk rights to 3rd party developers is on going
- The Two Rivers project implementation timelines were revised from Q1 2013 to Q3 2014 This was informed the following key factors:
 1. Market Demand: The master plan was amended to respond to market need due to growth of UN and discovery of oil & gas in
 2. Master plan Approval: -To allow Master Plan Approval by Nairobi City County
 3. Land Commission: To allow for establishment of new land commission and issue the new title

Phase 1 Development: Product Offering



3 Star and 5 star hotels to cater for the continued increase in tourism, business tourism and expatriate professionals in the region



A development anchored by the largest retail centre in East Africa, opening in November 2015 and offering 47,000 m2 of lettable retail space, 10,000 m2 of office and 1,440 parking bays

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Retail Perspective Views



R.E.L Concept – Multi Franchise Motor Showroom



R.E.L Concept – Rooftop Parking

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b) Pearl Marina Project

In addition, during the year, Centum through its Ugandan subsidiary, Pearl Marina Estates Ltd (PMEL) obtained master plan approval from Wakiso Council and was issued with investment certificate from Uganda Investment Authority for the development of 300 acres of land located in Garuga on the Lake Victoria waterfront in Entebbe, Uganda.

Development Vision

The vision of Pearl Marina is to develop a premium integrated world-class waterfront destination address, recognized as the number one tourism destination in East Africa and beyond will

- Attract a diverse group of visitors and residents
- Optimize spend in the commercial and leisure developments
- Serve different needs to diverse groups of people
- Optimize and build value from the unique island – lake setting by creating an environment of high quality

The site's more than two kilometers of lake frontage is ideal for water –related commercial, leisure and entertainment facilities such as marinas, restaurants, beaches, retail outlets, amphitheatres and fish market.

The development will be constructed in an environmentally sustainable manner and will protect and preserve the flora fauna and the unique physical features including water resources and the riparian reserve.

Development Phasing

The Intermediate goal of Centum is to profitably open up the site and increase value of the residual land by providing the following facilities in the following order on Phase One;

i) Eco-Estate - is an exclusive and luxurious residential estate offering

- o 49 signature villas, state of the art, green homes with stunning views over Lake Victoria.
- o Each home:
 - has its own infinity swimming pool and out-door dining area.
 - is located within discreet and exclusive sub-clusters with landscaped gardens and terraces.
- o An exclusive guest/club house providing meeting rooms and a business centre, fine dining, convenient store, a

coffee shop, sales and marketing office, and management office

- o A wide range of activities including sports, yachting, spa, tennis, cycling, tennis, swimming, fishing, basket ball, mini-soccer and kids play areas
- o Nature trails through the over 320 acre estate and bird watching
- o High quality, reliable and sustainable infrastructure within a secure walk able environment

ii) Resort, Hotel, Apartments, school & Hospital

Development of high quality resort facility that will include but not limited to;

- 3/5 star hotel brand
- Private Square for private functions such as weddings.
- Conference facilities
- Swimming pool & Spa

The resort will be operated by an international brand hotel operator and will leverage on the proximity of the site to the airport to target business travelers, conferences and leisure tourist

The apartments will be offered for sale to investors and managed by the resort operator.

iii) Retail Facility: a shopping area providing Main Street retail for residential and visitors. This area shall have restaurants, coffee shops, night club, pubs, convenience store, sports shop, pharmacy, a bank, ATM's, a gym, laundry, media, book store, travel agency, craft shop, and grocery.

iv) Hospital: Pearl Marina will have a specialized hospital affiliated to a recognized private hospital within East African region. The site's proximity to the airport and Kampala make it a good location for the medical facility.

v) School: Pearl Marina will have an International Boarding and Day School. The school will also promote the profile of Pearl Marina across the region and help establish its status as a regional destination. The school will have various sports facilities that will be shared by the residents and visitors.

vi) Office Space: set in a office park environment this will contribute to maximization of synergies of other mixed uses like retail, hotels, serviced apartments and leisure and thus help in opening up the development as a commercial destination.

vii) Marina: the development will take advantage of the water frontage to develop a marina that will provide a variety of water activities that will provide unique experience to residents and visitors. It will have a jetty for fishing, jet skiing, fish market, boat launching and berthing facilities.

viii) Sporting & Recreational Activities - A wide range of activities including kids club, fitness centre, spa, tennis, cycling, tennis, swimming, fishing, basket ball, mini-soccer, and bird watching .

ix) Ferry/ boat service: A boat and ferry service is planned that will provide alternative connection between:

- a. Entebbe and Pearl Marina, which is 10 km by water and
- b. Between Port Bell (near kampala) and Peal Marina, which is 26 km by water.

The objective is to reduce commuter time, enhance the quality of the experience and promote convenience

Milestones on Pearl Marina Development

1. Master plan has been approved
2. Market survey undertaken and completed
3. Investment Licence has been issued by Uganda Investment Authority
4. Design is ongoing
5. Preparation of information memorandums and discussions with potential investors is ongoing.

We expect to obtain all the necessary approvals for this project in this financial year and also sign on some of the key partners. Ground breaking for the eco-estate is set for Q2 2014

Phase 1 Development: Product Offering



Hotel resort Concept

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Golf Course Concept



Beach Concept



Marina Concept



Luxury Apartment Concept

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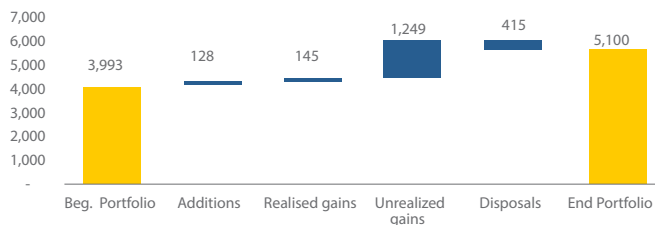
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Development and Financing Strategy

Our strategy on real estate is consistent with our vision to be Africa's foremost investment channel. Both the Two Rivers project and Pearl Marina present an exciting opportunity for local and international investors to partner with us in the creation of world-class destinations. The financing strategy is to partner with investors at an individual project level

The entire project shall therefore have different sub-projects with different investors. The different sub-projects will be ring fenced by creating sub-leases, which will then be held by the different project companies. The leases will have attached to them a development code that will regulate the construction and post construction management protocols. Our objective is to convert the land into viable investment projects and swap interest in the land, infrastructure and all the value created so far into an equity participation in the individual projects.

Performance



Valuation

In arriving at our valuation, the professional valuers have considered the current market conditions, the current user of the property in relation to the others in the neighborhood and the prevailing economic conditions.

The most appropriate approach to value is the Direct Comparison Approach (Comparable Sales Method). This method involves comparison of the property to be valued (professionally referred to as 'the subject property') with transactions of similar properties. Comparisons can be made in many forms including straight comparison, or analysis on a rate per area basis (such as rate per square metre (p.m.), per acre or rate per hectare of land). Recent sales in the areas that are deemed similar in important respects to the subject property being valued are analyzed. The sales price and the physical, functional and location attributes of each of the properties are compared to the property under consideration to arrive at an estimate of value. After the analysis of the differences between

the subject property and the comparable properties that sold, a market value for the subject property is then determined.

Our Real Estate Development Approach

To meet our strategic objectives in Real Estate (RE) division, our focus is on activities that will generate high value both for investors and end users.

- (i) For investors we are creating a permanent investment grade vehicle for real estate investments that will generate income and capital appreciation over the long term. To match our investment horizon, therefore, we are focusing on sustainable developments that will still be relevant for a long time after completion. An additional benefit for investors is that the store of value for Centum's RE investments will be easily tradable financial instruments (e.g. through REITS) providing a more efficient exit as opposed to discrete land or property sales which are highly regulated, costly to effect and take longer to complete.

Further, to support capital appreciation, Centum's large scale developments will be phased to fully capitalize on the value created by each phase of development and also be responsive to market needs.

Finally, from an investor's perspective, given that today, the world's most successful real estate brands are also the world's most valuable properties, Centum's focus on creating an emotional connection with end-users will serve to further enhance the value created by our developments.

- (ii) For end users, Centum will be providing developments that are managed both during implementation and post completion. In addition, Centum, as financial sponsor, will be the Lead Developer thus setting the tone for the entire development. By putting our development capital at risk and applying international development standards, end users are assured that the quality of the developments will be to the highest international standards. For those end-users who invest directly in some of the properties, our approach will assure both conservation and growth in the value of their investment.

In summary, then, our key business focus in FY2013/2014 for the two projects will be to:

- (i) Complete construction of phase 1 infrastructure
- (ii) Break ground for the construction of the mall
- (iii) Roll out 137,000 sq.m of bulk to 3rd party investors
- (iv) Close on funding for other development components.



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Fredrick Murimi
Corporate Affairs
Director & Company
Secretary

Risk Management and Internal Controls

Introduction

Centum Investment Company has a risk management framework which provides a structured and consistent process for identifying, assessing and responding to risks in relation to the company's strategy and business objectives. Risk management is the process of avoiding unacceptable losses, namely those losses that are not planned for. Risk Management does not mean risk avoidance, but rather is the process of extracting optimum reward from an acceptable risk exposure whilst minimizing cost.

Our investing activities expose us to a variety of risks. Investment and operational risks are an inevitable consequence of being in business. Investing activities involve the analysis, evaluation, acceptance and management of a combination of risks. Our aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects to our business.

The Board, save for the Managing Director is composed of entirely non-executive directors and has the independent investment committee function for Centum to approve all investment related decisions. The Board is charged with the responsibility for implementing and maintaining a risk management strategy governing Centum's investment function and related processes.

In addition, a formalized risk management framework serves as a reference tool for management to understand the Board's requirements and how their own activities relate to the entire operation. Sound policies ensure that transactions are executed in accordance with the terms of the Board's authorization and that management actions are consistent at all times.

The Board is ultimately responsible for any financial loss or reduction in shareholder value. It is therefore responsible for recognizing all risks to which Centum is exposed and ensuring that the requisite culture, practices, policies and systems are in place. To achieve this, the Board has closely defined the duties and responsibilities of the significant structural elements of Centum's risk management systems and processes on the one hand, and risk monitoring on the other.

The management team is responsible for implementing risk management policies that are set by our Board of Directors. The risk management framework is designed to provide reasonable but not absolute assurance of achieving our business objectives. Our Corporate Risk Management Manual describes the methodology to be followed to manage all enterprise risks.

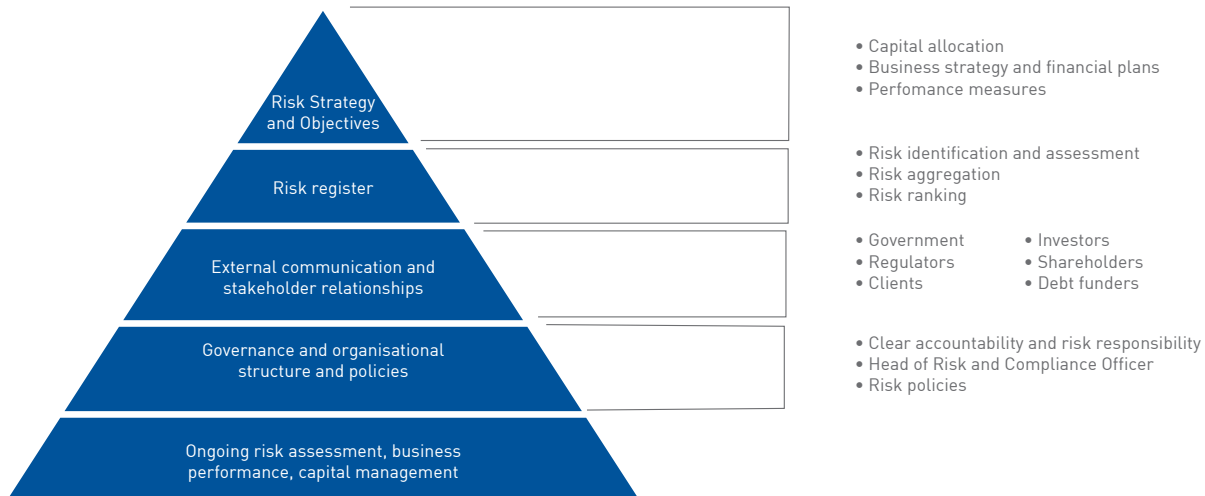
We have a variety of processes for obtaining assurance on the adequacy of risk management and internal controls. These include

- i) A structured process to identify and review risks to achieving our corporate objectives;
- ii) A risk based audit of the company's operations and systems;
- iii) An outsourced internal audit function;
- iv) A business control incident reporting and provisioning process; and
- v) An ethics and compliance program.

These established mechanisms allow the Board, through its Audit and Risk Committee, to regularly consider the overall effectiveness of the risk management systems.

Our financial risk exposures have been reported in line with IFRS 7 standard which provides a qualitative and quantitative way of disclosing financial risk. (See note 2 & 3 on page 103 to 113).

Risk Management Framework



The Risk Management Framework (RMF) contains or references to the following risk management elements:

- Risk management strategy and objectives
- Responsibilities and delegations of authority
- Committees responsible for the oversight and monitoring of risk
- Risk management and control policies
- Business continuity including the Disaster Recovery Plan.

The individual components of the RMF are tailored for the requirements of each business function, and are directed towards each key step in Centum’s risk management cycle.

Risk Strategy, Objectives and Appetite

In determining Centum’s risk philosophy, performance and risk objectives have been established for each business function as part of the business planning process. The business planning process is conducted annually by end of the financial year, setting out strategic priorities and considerations for the next financial year in line with our strategy.

This business planning process is managed contemporaneously with the annual budgeting exercise, ensuring that operational and financial goals are appropriately aligned and subjected to rigorous scrutiny, reasonability testing and scenario analysis.

As part of the risk strategy and business planning process, determination is made of:

- Capital to be placed at risk as a result of investment activities
- Responsibility for the active management of financial risk arising from each investment
- Policies regarding the extent of risk exposures which may be assumed
- Policies regarding the instruments that may be used

Individual objectives for each investment are defined, including where relevant:

- Funding
- Investment

The Board has established a set of risk limits to control the extent of risk exposures arising from investment activities. The nature of the risk exposures is adequately understood and policies considered appropriate given the expertise of Centum Staff and the extent of other risk exposures.

Risk Register

The risk management requirements and relevant investment and accounting processes and activities are assessed to determine their materiality and risk to the operation. This is achieved through the Risk Register, which is submitted to the Audit and Risk Committee

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The Risk Register is compiled by the Company to address the following key components of the RMF (and the risk management cycle):

- Risk/event identification classified according to key risk areas for
- Risk assessment (involving the quantification of a severity rating that is mapped to a probability rating to determine

the inherent risk rating for the risk identified)

- Risk response through mitigating factors and controls
- Control activities (involving the assessment of the effectiveness of identified controls and mitigating factors, resulting in the quantification of the residual risk exposure)
- Information and communication (including the identification of the risk owner)

Monitoring:

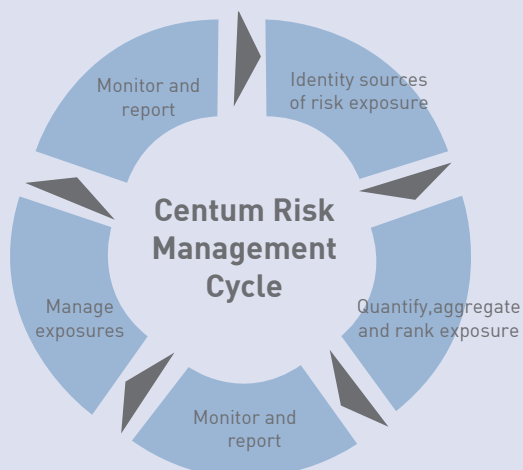
- Regular investment reporting
- Compliance function reviews
- Internal and external audit reviews

Reporting:

- To Board, Audit and Risk Committee, regulators, investors

Risk Management tools

- Independence (segregation) of key steps
- Internal control framework
- Risk limits and delegation of authority framework
- Independent evaluation
- Policy and procedure framework
- System and process documentation
- Security and access controls (physical and logical)
- Disaster Recovery Plan and Business Continuity Plan



Risk exposures identified according to the framework:

- Business model risks
- Macro-environment risks
- Stakeholder risks
- Financial risks
- Legal and regulatory risks
- Compliance risks
- Taxation risks
- Investment asset risks

Governance and Organisational Structure And Policies

The Board of Directors

Sets the tone and influences the risk management culture within the Company and approves major decisions affecting the company's investment portfolio and its risk profile. The board (through the whole board or its committees) plays their role in risk governance as follows:

- The Board has the independent investment committee function for Centum and has the final say on all investment related decisions.
- The Board retains the duty to annually report to the general meeting on operations and financial performance of Centum.

- The Board is specifically responsible for approving Centum's investment strategy and setting the acceptable level of risk together with key policies.
- In addition, it ensures that its obligations towards its stakeholders are understood and met, reporting to stakeholders on how it has fulfilled its responsibilities

The audit and risk committee

This is a committee of the board that has been given the task of reviewing the company's approach to risk management and advise the board on the effectiveness of policies and procedures for risk management. Other roles of the risk management committee include:

- providing satisfaction to the Board that adequate and

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- appropriate financial and operating controls are in place;
- ensuring compliance with appropriate standards of governance, reporting and other regulations;
- reviewing and approving internal audit, risk and compliance policies, reports and findings;
- ensuring that significant business, financial and other risks have been identified and are being managed; and
- reviewing and recommending to the Board the adoption of the interim and annual financial statements.

Investment committee

- Oversight over the implementation of the investment strategy.

Outsourced Internal Audit

Centum Investments Limited has outsourced its internal audit function. Internal audit ensures that there is an independent reviewer in the risk management framework who can give an independent view of the risk management status of the company. Some of the roles of the internal audit function in risk management include:





- Reviewing risk management processes and ensuring they are adequate and there is compliance.
- Reviewing the internal controls put in place.
- Reviewing any exposures identified and testing their adequacy.

Management











The role of management is to implement the Board's risk management policy through identification of the key risks affecting Centum and coming up with the mitigating strategies to minimize the likelihood of losses while increasing that of gains.

- Assists the audit and risk committee in ensuring that internal processes and procedures are adequate and complied with.
- Identifies strategies to manage such risks, including identification of appropriate risk owners, and monitors the satisfactory operation of the risk management strategy;
- Communicates the company risk management policy and risk related information to all staff, subsidiary organizations and external partners.

Risk Categories

	Brief Description	Further Information	Risk Mitigation
Strategic risks	Arises from the design & implementation of our business model and out of the key decisions made in relation to investment & capital allocation.	Financial statements  Pg 98 -154	Managed through periodic strategy reviews, involvement of board committees in strategic decisions and disciplined management of key projects
Investment Risks	These are risks that arise from : <ul style="list-style-type: none"> • Underperformance by investee companies • Concentration risk • Exchange rate fluctuations • Adverse change in the Political Economic , social factors Economic outlook 	CEO's statement  Pg 30 -43 Financial statements  Pg 98 -154 Financial Risk disclosures  Pg 117-125	<ul style="list-style-type: none"> • Investment activities: <ul style="list-style-type: none"> • Are implemented under a tested investment approach; • Include a thorough due diligence and analytical assessments are completed by the Investment Team on all investments considered by the Board • Centum officers represent the Centum investment on investee company boards • We only invest in investments where we have deep knowledge of investee company operations • We ensure there is continual interaction with investee executives. • Diversification is one of the key themes of our 2009-2014 strategy • Company is able to attract and develop investment professionals.

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	Brief Description	Further Information	Risk Mitigation
Liquidity/ Funding Risks	<ul style="list-style-type: none"> Risk that the company will miss out on attractive investment opportunities due to lack of funding; Risk that the company will experience difficulties in meeting its financial commitments. 	Financial risk disclosures  Pg 117-125	Managed through innovative capital raising strategies at corporate level, supported by targeted financing at project and business line level such as: <ul style="list-style-type: none"> Available credit facilities; Available for sale investments that can be quickly converted to cash; Asset matching for known/expected liabilities.
Operational Risks	Risks that arise from failed internal controls, people and systems. These include: <ul style="list-style-type: none"> Failure to meet ethical and governance principles; Information technology failures; Fraud and Security breaches. Loss of key employees 	Corporate governance statement  Pg 84 -93 Financial risk disclosures  Pg 117-125	<ul style="list-style-type: none"> Independent and specialized internal audit function; Approved operational procedures; Framework of Core values; A code of conduct. Management of this risk is embedded in all business processes and decisions and is part of performance targets for all staff. Management and the board continue to develop a pool and to seek innovative ways to find and retain skilled staff. A good example is the graduate recruitment program that has been launched.
External Risks	Centum acknowledges existence and accepts the following external risks: <ul style="list-style-type: none"> Changes in economic and political environment; Changes in legislation, taxation, regulation; Changes in policies and trends on expropriation of property, trade sanctions, social impacts, repatriation of funds etc; Competitive rivalry; Natural Disasters. 	Chairman's &  Pg 14-27 CEO's statement  Pg 30 -43	<ul style="list-style-type: none"> Diversified investment portfolio; Tested investment approach; Insurance; Business continuity planning; Best practice business operations.
Legal risks	This is the risk that Centum's business may be adversely affected by: <ul style="list-style-type: none"> New laws / regulations affecting our core business Ongoing litigation against Centum, its subsidiaries or associates 	CEO's statement  Pg 30 -43 Financial statements  Pg 98 -154 Financial Risk disclosures  Pg 117-125	As part of portfolio management, we seek the opinions of the legal experts at our disposal to ensure that we are aware of all the foreseeable legal implications
Reputation risk	This is a risk that arises once Centum is adversely mentioned.	Corporate governance statement  Pg 84 -93 Financial risk disclosures  Pg 117-125	The board and the management constantly monitor and address issues that can adversely impact Centum's reputation as well as other facets of the business that have an impact on reputation



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CORPORATE GOVERNANCE

The Board and Management of Centum Investment Company Limited (Centum) aims to comply with established best practice in the field of corporate governance. At the heart of Centum's core values is integrity which dictates the adherence to a strict ethical code in how we approach our work, business relationships, decisions and actions.

Principal Activity

Centum's vision and mission are premised on Africa's economic renaissance. Centum's vision is to become Africa's foremost investment channel creating real wealth for investors by providing a trusted and secure means through which they can access and build extraordinary enterprises in Africa.

Centum is the largest listed investment company in the East African region and together with its subsidiaries is engaged in the business of investment across private equity, real estate and infrastructure and quoted private equity asset classes. Centum is listed on both the Nairobi Securities Exchange (NSE) and Uganda Securities Exchange (USE).

Group Structure

The holding company of the Group is Centum which is incorporated and domiciled in Kenya. The use of subsidiaries (special purposes vehicles) is necessary to allow for flexibility in structuring of transactions, financing and risk management particularly of contagion. The principal activities of the subsidiaries are disclosed in note 18 of the financial statements.

During the year the Board reorganised the Group to enable it manage third party funds across the three asset classes and agreed on the governance control framework between the Group and its subsidiary boards. The governance control framework is underpinned by policy statements, written procedures and control manuals.

Outside Directorships

To ensure that Centum is able to influence key decisions and create value, Centum takes either an outright controlling interest or a minority stake with significant governance rights. Centum has a policy to replicate the Centum Board Composition in the wholly owned subsidiaries with the discretion to invite additional or reduce the directors to provide the required

expertise depending on the business. For Associates, Centum is the director and appoints Management to serve on its behalf in a representative capacity on the Board of the associates

Going Concern

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

Board Responsibilities

The Board of Directors ("Board") is the focal point for the observance of corporate governance and provides effective leadership to the Group based on an ethical foundation. The Board recognises that it is ultimately responsible and accountable for the performance and affairs of the Group. The Board ensures that all deliberations, decisions and actions are based on the foundations of good governance being responsibility, accountability, fairness and transparency.

In addition the Board appreciates that strategy, risk, performance and sustainability are inseparable. The Group has in place a robust corporate governance framework with particular emphasis on risk management and internal controls. The Board's aim is to achieve an appropriate balance between risk and return to ensure not only superior performance but also sustainability. Like any other company incorporated under the Companies Act, the principal governance organs comprise the Board of Directors, Management and the body of shareholders in general meetings.

The Board Charter sets out the Boards responsibilities which can be briefly summarised below:

The Governance of Strategy

The Board has continuously directed the implementation of the FY 2009-2014 strategy and operations to build a sustainable business. The Board has been very focussed on strategy and delivering consistent and measurable improvements in shareholder returns. The success of this strategy is highlighted on page 152 and page 14 to 23. In its deliberations the Board considers the short- and long-term impacts of the strategy on the economy, society and the environment, ensures that business is conducted ethically.

The Board has put in place sufficient internal controls to satisfy itself that strategy and business plans are not encumbered by risk that have not been thoroughly examined by Management. The investment process is rigorous to ensure all investment decisions are sound. The Investment Process is an inclusive process designed to ensure that the Group's capital is deployed in a manner that guarantees the best returns to our shareholders. The investment process has been specifically approved by the Board and detailed in the Investment Manual. All prospective transactions are screened through criteria designed to ensure a fit with the investment strategy. If considered prima facie suitable, a preliminary investment appraisal is undertaken to determine their economic viability. If the investment case is compelling, Management then prepares a proposal to the Investment Committee for approval to undertake financial and legal due diligence. A final report including the due diligence findings is then tabled to the Investment Committee which makes a recommendation to the Board. The ultimate decision on an investment rests with the Board.

The Governance of Risk

The Board takes responsibility for risk governance and has approved a policy and plan for a system and process of risk management which is highlighted on page 78 to 82. The Board is confident of the effectiveness of the system and process of risk management detailed in the Risk Manual which is necessary to provide assurance to the users of the annual report. The Board's decision making process monitors that risks taken are within the tolerance and appetite levels.

The Board regularly reviews the implementation of the risk management plan through quarterly reports received from the Audit and Risk Committee.

Management's Responsibility for Risk Management: Assessment, Response, Monitoring and Assurance

Management has the delegated responsibility to design, implement and monitor the risk management plan. Management is accountable for integrating risk in the day-to-day activities of the company and have access and interact regularly on strategic matters with the Board, Audit and Risk Committee and Investment Committee. Management has implemented a mechanism to ensure that a framework and processes are in place to anticipate unpredictable risks.

Management conducts a systematic and formal risk assessment annually following which a Risk Register is prepared. The risks are quantified where practicable, prioritised and ranked to focus responses and interventions. Management regularly reports to the Board on the risk response provided.

The Governance of Reporting

The Board has implemented an effective organisational and reporting structure to ensure there are clear reporting lines within the Group and well defined roles and responsibilities. This is to ensure that the right decisions are being made with involvement from the right people. The Board also interviews senior management appointments and has approved a group organisational structure with defined level of materiality and approve a delegation of authority framework.

The Board has implemented controls to enable it to verify and safeguard the integrity of its information in the annual report. The annual report is prepared every year and conveys adequate information regarding the company's financial and sustainability performance and focus on substance over form. Sustainability reporting and disclosure is integrated with the company's financial reporting.

Governance of Information Technology

The Board assumes the responsibility for the governance of Information Technology (IT) and ensures that this is a regular board agenda. The Board has established and implemented an IT Charter which promotes an ethical IT governance culture and awareness. Management has implemented steps to ensure that the Group has adequate business resilience arrangements in place for disaster recovery and information assets are managed effectively.

Board of Directors Structure

Board Composition

The Group maintains a unitary Board structure. The current Board of Centum includes one Executive Director and eight Non-Executive Directors, four of whom are Independent directors who comprise more than one third of the Board. The Board regularly considers whether its size, diversity and demographics make it effective. The Board have in place a succession plan for the role of the Chairman, CEO and other senior executives and officers is in place.

GOVERNANCE AND RISK

Independence of Directors

The Board save for the Managing Director are all non executive directors. These non - executive directors are all independent save for The Chairman of the Board who is not independent by virtue of his previous role as Managing Director of UAP Holdings Limited. The Chairman does not hold any other chairmanship position in a listed company.

Division of Responsibilities

The roles of Chairman and Managing Director/Chief Executive Officer are separate. The Chairman leads the Board in agreeing on strategy, monitoring operational and financial performance and establishing the Group's risk appetite. The Chairman facilitates effective contribution of non executive directors and constructive relations between the Executive Director and non executive Directors.

The Managing Director/Chief Executive Officer has the direct charge of day to day business of the Group and is accountable to the Board for the financial and operational performance of the group. The and establish a framework for the delegation of authority.

The non executive directors constructively challenge and help develop proposals on strategy, review the performance of management in meeting the agreed objectives and monitor the reporting of performance. They seek assurance on the integrity of the financial information that the financial controls and systems of risk management are robust and defensible.

Board Structure

The complementary roles of and responsibilities for Group boards are formally documented in the respective Board Charters. The Centum Board focuses on material issues which impact on shareholder value creation and the long term sustainable growth of the business.

The implementation and adoption of policies, processes or procedures of the holding company is considered and approved by each of the subsidiary company.

Outside Directorships

To ensure that Centum is able to influence key decisions and create value, Centum takes either an outright controlling

interest or a minority stake with significant governance rights. The use of subsidiaries (special purposes vehicles) is necessary to allow for flexibility in structuring of transactions, financing and risk management particularly of contagion. The subsidiaries are disclosed in note 18 to the financial statements.

A governance framework is agreed between the Group and its subsidiary boards. Centum has a policy to replicate the Centum Board Composition in the wholly owned subsidiaries with the discretion to invite additional or reduce the directors to provide the required expertise depending on the business.

For Associates, Centum is the director and respects the fiduciary duties of the director serving in a representative capacity on the Board of the associates.

Board Appointments

In determining structure of the Board, the Group was minded of the nature, size , diversity and demographics, complexity of the business and the requisite mix of skills and competencies. Directors are appointed by the Board in a formal and transparent manner.

The Nomination and Governance Committee considers suitable candidates and nominates persons for appointment as directors to the Board. The suitability of candidates is dependent on skills, business experience and qualifications. Gender diversity is also considered in appointing new directors.

Resignations by serving directors are not disclosed in the Annual Report together with the details and circumstances necessitating the resignation.

Directors Rotation

At least one third of the non-executive directors should retire by rotation at the Annual General Meeting of shareholders. Retiring directors may offer themselves for re-election

Removal of Directors

The Board has the power to fill in a casual vacancy and any such appointment is subjected to election by shareholders at the Annual General Meeting.

Board Committees

The Board has delegated certain functions to committees with approved formal terms of reference which are reviewed yearly without abdicating its ultimate responsibility. The terms of reference clearly identify matters reserved for the Board and Committees for decisions.

The membership and Chairmanship of these Committees is regularly reviewed by the Board who are responsible for filling any vacancies. The Board is cognizant that members collectively have sufficient qualifications and experience to fulfil the duties of the respective Committee. The elected Chairman appraises the full Board of their activities on a quarterly basis through oral and/or written reports. The Chairman of the committees participates in setting and agreeing the Agenda for meetings.

Audit and Risk Committee

- **Membership**

The Audit and Risk Committee (ARC) consists of four non-executive directors, the majority of whom qualify as independent non-executive directors. The Managing Director, the Finance Manager and the lead audit partner in charge of the internal and external audit are in attendance at meetings. The Chairman of the Audit and Risk Committee is independent. The Chairman of the audit committee is present at the AGM.

- **Mandate**

The role of the ARC is to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparations of accurate financial statements in compliance with all applicable legal requirements and accounting standards.

- **Activity**

During the year the ARC met 5 times provided oversight over the following:

Annual Report: Assessed all factors and risks that may impact on the integrity of the annual report. Review and comment on the financial statements and disclosure of sustainability issues in the annual report to ensure that it is reliable.

External Assurance Provider: Nominated the external auditor for appointment and approved the terms of engagement and remuneration for the external audit engagement; monitored and reported on the independence of the external auditor; approved the policy for non-audit services provided by the external auditor and the contracts for non-audit services and

reviewed the quality and effectiveness of the external audit process.

Interim and Final Results: Considered the interim and final results and recommended to the Board for approval. Review the content of the summarised information that is published in the media.

Risk Management: Reviewed the risk management policy and plan and monitor the risk management process and are assured that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.

Information Technology: Received independent assurance on the effectiveness of the IT internal controls and aligned with strategy.

Disaster Recovery: Reviewed the adequacy of the business resilience arrangements in place for disaster recovery.

Nomination and Governance Committee

- **Membership**

The Nomination and Governance Committee (NGC) consists of five directors who are all non-executive directors.

- **Mandate**

The role of the NGC is to develop and implement policies with respect to both the strategic priorities of the Board and human resources on matters of governance.

- **Activity**

During the year the NGC met three times and considered the human resource strategic priorities to ensure the Group delivers to promise. The NGC also approved the recruitment of new members to the team and made recommendations on review of the performance management system.

Investment Committee

- **Membership**

The Investment Committee (IC) is made up of six directors and includes the executive director in addition to non-executive directors.

- **Mandate**

The key role of the IC is to provide leadership in the achievement of attractive returns on the Group's investment

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and clear guidelines on investment policies that a consistent and structured, research-based and risk sensitive approach to value investing. The IC exercises oversight on the implementation of the investment strategy and policy of the Group.

- **Activity**

During the year the IC met two times and regularly monitored the Group's performance of recent investments against budget and strategic objectives. This included the review of the overall portfolio to monitor exposure on sectors, asset class and geography. They recommended the approval of acquisitions of Platcorp Holdings to the Board.

Branding Committee

- **Membership**

The Branding Committee (BC) comprises of four members comprising of one executive and three non-executive directors.

- **Mandate**

The role of the BC is to oversee the development of the brand of the Group ensuring consistency with the group's strategic direction necessary for creating tangible wealth.

- **Activity**

During the year the BC reviewed the alignment of the brand with the group's strategic direction and values. Directors Participation in Meetings

Directors Participation at Meetings

The table below shows the attendance at Centum meetings during the year ended 31 March 2013:

No.	Name	Role	Board of Directors (BOD)	Audit and Risk Committee (ARC)	Nomination & Governance Committee (NGC)	Investment Committee (IC)	Branding Committee (BC)
1	James Ngatia Muguiyi	Chairman of the BOD	4/5	-	3/3	-	-
2	James Mwirigi Mworua	CEO	5/5	-	-	2/2	1/1
3	Peter Kimurwa	Chairman of NGC	3/5	-	3/3	2/2	-
4	Margaret Martha Byama	Member	4/5	4/5	3/3	-	-
5	Christopher John Kirubi	Chairman of IC	4/5	-	3/3	2/2	1/1
6	Henry Chege Njoroge	Chairman of BC	4/5	3/5	-	-	1/1
7	Imtiaz Khan	Chairman of ARC	4/5	5/5	-	2/2	-
8	Robert Kenneth Bunyi	Member	5/5	5/5	-	1/2	-
9	Maina Mwangi	Member	3/5	-	2/3	2/2	1/1

Directors Actions

- **Conflict of Interest**

The Board must act in the best interests of the company and directors should disclose to the Chairman any real or a perceived conflict is which are noted in the Conflict of Interests Register.

- **Independent Professional Advice**

The Directors or the Board or Committees are permitted to take independent professional advice in connection with their

duties at the cost of the company with respect to company affairs subject to the laid down procedures on procurement of services.

- **Related Party Transactions**

The Group defines a related party transaction broadly and includes where there is a relationship either by shareholding or directorship that can result in the exercise of control. The table below discloses Centum's common shareholding with its directors:

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Centum and Directors	Aon Kenya Insurance Brokers Limited	General Motors East Africa Limited	Kenya Wine Agencies Limited	Almasi Beverages Limited	UAP Holdings Limited
Centum	21.5%	17.8%	26.4%	43.19%	13.75%
ICDC	20.0%	20.0%	72.7%	35.2%	-
C. J. Kirubi	-	-	-	-	9.58%
J N Muguji	-	-	-	-	5.97%

All transactions with related parties by virtue of common shareholding, directorships and employment are carried out at arm's length and are disclosed on note 32. The directors do not own any shares in subsidiaries. The directors' interest in Centum is noted below:

No.	Name	Role	FY 2012/13		FY 2011/12	
			No of Shares	% Holding	No of Shares	% Holding
1	James Ngatia Muguji	CEO	346,096	0.05%	346,096	0.05%
2	James Mwirigi Mworja	Chairman	324,294	0.05%	124,294	0.02%
3	Industrial and Commercial Development Corporation (ICDC)	Director	152,847,897	22.97%	156,457,997	23.51%
4	Peter Mwandani Kimurwa	Alternate to ICDC	-	-	-	-
5	Permanent Secretary Ministry of Trade (PS)	Director	-	-	-	-
6	Margaret Martha Byama	Alternate to the PS	-	-	-	-
7	Christopher John Kirubi	Director	122,984,106	18.48%	115,507,826	17.36%
8	Henry Chege Njoroge	Director	110,028	0.02%	110,028	0.02%
9	Imtiaz Khan	Director	-	-	-	-
10	Robert Kenneth Bunyi	Director	242	0.00%	242	-
11	Maina Mwangi	Director	-	-	-	-
	Shares held by Directors		276,612,663	41.57%	272,546,483	40.96%
	Other Shareholders		388,829,051	58.43%	392,895,231	59.04%
	Total Issued Shares		665,441,714	100.00%	665,441,714	100.00%

GOVERNANCE AND RISK

Director Induction and Development

Newly appointed directors participate in an induction programme managed by the Chairman, Chief Executive Officer and Company Secretary. The programme is tailored to the needs of each director based on their qualifications, knowledge and experience. The programme besides providing orientation regarding the Group's orientation forwarding the Group's business also provides awareness for relevant policies such as disclosure of conflict of interest and obligation to declare interests, the insider trading policy and code of ethics and business Conduct.

Ongoing director development is undertaken through attendance by directors at appropriate external measures and workshops and periodic technical updates on legislative changes by the Company Secretary.

Company Secretary

The Company Secretary provides guidance to the Board on the duties of the directors and good governance, ensures Board and Committee charters are kept up to date, prepares and circulate board papers, elicit responses, input, feedback for board and Board Committee meetings, assist in drafting yearly board work plans and ensure preparation and circulation of minutes of board and committee meetings.

Board Evaluation

The evaluation of the board, its committees and the individual directors is performed carried out regularly. The Board determines its own role, functions, duties and performance criteria as well as that for directors on the Board and Board committees to serve as a benchmark for the performance. The Chairman's ability to add value and his performance against what is expected of his role and function is assessed annually. The role and function of the CEO is formalised and the performance of the CEO is evaluated against agreed predetermined performance goals.

The results of performance evaluations are used to identify training needs for directors.

Remuneration of Directors

The Board remunerates directors and executives fairly and responsibly which are aligned with the strategy of the company and linked to individual performance. The Shareholders at every Annual General Meeting approve the director's

remuneration. The Non-executive Director fees comprise a base fee as well as an attendance fee per meeting.

The details on non executive directors remunerations are available on note 7 (a), page 135 while for executive remuneration is on note 32 (iii), page 152.

Compliance with Laws, Rules, Codes and Standards

Compliance is an ethical imperative. Compliance with applicable laws is understood not only in terms of the obligations that they create, but also for the rights and protection that they afford.

The Board through the guidance of the Company Secretary ensures that the company's complies with applicable laws and considers adherence to non binding rules codes and standards. Exceptions permitted in law, shortcomings and proposed changes expected are handled ethically.

Code of Conduct

The Code of has outlined the ethical standards which the Directors, Employees and other stakeholders who come into contact with the company would adhere to when conducting the affairs of the group.

The Board ensures that the company's ethics are managed effectively. Annually all directors, employees and other stakeholders renew their written commitment to abide to the Code of Conduct. The Company builds and sustains an ethical corporate culture in the company through recognition of ethical staff. The Company is looking into ways of measuring ethical standards.

Insider Trading Policy

Centum complies with the rules of the relevant stock exchange in respect of insider trading. The Insider Trading policy provides the guidelines in dealing in securities by directors, officers and selected employees.

Open Period

The closed period runs thirty days after any public announcement.

Closed Period

All the investor interaction during this time is limited to discussions on publicly available information.

Shareholding Information

Shareholding Analysis by Holding:

No.	Name	As at 2012/13		As at 2011/12	
		Number of shares Holding	%	Number of shares Holding	%
1	Industrial and Commercial Corporation Development (ICDC)*	152,847,897	22.97%	156,457,997	23.51%
2	Christopher John Kirubi*	122,174,626	18.36%	115,507,826	17.36%
3	Kiruma International Ltd **	32,102,282	4.82%	32,102,282	4.82%
4	CFC Stanbic Nominees Ltd A/C R 48701 and 48703 ** ‡	36,737,182	5.52%	36,737,182	5.52%
5	Standard Chartered Nominees Limited A/C 9389	9,957,720	1.50%		0.00%
6	USE Shareholders ^	9,900,000	1.49%	9,900,000	1.49%
7	CFC Stanbic Nominees Kenya Ltd A/C NR1030624	5,542,945	0.83%	4,942,945	0.74%
8	International House Ltd **	5,394,237	0.81%	6,286,676	0.94%
9	Jubilee Insurance Company of Kenya Limited	5,222,190	0.78%	5,222,190	0.78%
10	John Kibunga Kimani	5,003,021	0.75%	4,472,521	0.67%
Top Ten Shareholders		384,882,100	57.84%	371,629,619	55.85%
Others		280,559,614	42.16%	293,812,095	44.15%
Total Issued Shares		665,441,714	100.00%	665,441,714	100.00%

Source - Custody and Registrars Limited, Company's Registrar

* Director of Centum

** Company in which a Director of Centum has an interest

‡ A nominee account for UAP Holdings where Centum holds a 13.75% stake

^ A nominee account for shareholders on the Uganda Securities Exchange

Shareholder Analysis by Volume:

VOLUME	As at 2012/13				As at 2011/12			
	SHARES	%	HOLDERS	%	SHARES	%	HOLDERS	%
1-500	2,290,484	0.34%	11,503	31.01%	2,325,090	0.35%	11,103	29.64%
501-5,000	37,299,720	5.61%	18,298	49.32%	38,441,020	5.78%	18,860	50.36%
5,001- 10,000	23,767,582	3.57%	3,324	8.96%	24,237,841	3.64%	3,402	9.08%
10,001 - 100,000	89,084,819	13.39%	3,595	9.69%	91,504,172	13.75%	3,708	9.90%
100,001 - 1,000,000	88,691,781	13.33%	340	0.92%	88,730,145	13.33%	342	0.91%
>1,000,000	424,307,328	63.76%	37	0.10%	420,203,446	63.15%	39	0.10%
TOTALS	665,441,714	100%	37,097	100%	665,441,714	100%	37,454	100%

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Shareholder Analysis by Domicile:

Domicile	fy 2012/13			fy 2011/12		
	Shares	%	Holders	Shares	%	Holders
Foreign Institutions	15,870,991	2.39%	20	17,036,353	2.56%	22
Foreign Individuals	1,140,103	0.17%	146	1,289,806	0.19%	156
Local Institutions	326,514,725	49.07%	1,810	335,285,698	50.39%	1,947
Local Individuals	321,915,895	48.38%	35,121	311,829,857	46.86%	35,329
TOTAL	665,441,714	100.00%	37,097	665,441,714	100.00%	37,454

Internal Audit

The internal audit has adopted a risk based approach to its internal audit plan and is informed by the strategy and risks of the Group. Internal audit is independent from Management. Internal audit is outsourced to ensure that its strategically positioned to achieve its objectives. Internal audit provides a written assessment of the effectiveness of the company's system of internal controls and risk management over financial matters, but also operational, compliance and sustainability issues.

Internal audit is an objective provider of assurance that considers: the risks that may prevent or slow down the realisation of strategic goals; whether controls are in place and functioning effectively to mitigate these; and the opportunities that will promote the realisation of strategic goals that are identified, assessed and effectively managed by the company's management team.

Governing Stakeholder Relationships

The Board appreciates that stakeholders' perceptions affect a company's reputation and ensures that its conduct and that of Management aligns to the values and is adhered to in all aspects of its business and promotes the stakeholder inclusive approach of governance. Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.

Communication with Stakeholders

Complete, timely, relevant, accurate, honest and accessible information is provided by the Group to its stakeholders whilst having regard to legal and strategic considerations. Communication with stakeholders is in clear and understandable language.

The Board ensures that all shareholders are treated equally with protections for minority shareholders. The Board encourages shareholders to attend AGM's through regular advertisement in both print and social media, circulation lists of the Nairobi Securities Exchange and Uganda Securities Exchange, Centum's website (www.centum.co.ke), twitter and blogs. This is supplemented by Custody and Registrar's who is the point of contact for shareholders making enquiries on their holding. Through the Annual General Meeting, the shareholders receive the auditor's opinion on the true and fair view of the state of financial affairs of the group and raise any issues of concern to the Board. Investor Presentations are live streamed.

Awards

Financial Year

March 2013
 March 2012
 March 2012
 March 2011

 March 2010

 March 2009
 March 2008
 June 2007
 June 2006
 June 2005

Award

Investment company of the year, Winner- M&A Award
 Finance and Investment Category, 2nd Runners Up – COG Awards
 Industrial, Commercial and Services, Winner – FiRE Awards
 Overall Champions of Governance, 1st Runners Up – COG Awards
 Finance and Investment Category, 2nd Runners Up – COG Awards
 Industrial, Commercial and Services, 1st Runners Up – FiRE Awards
 Overall Champions of Governance, 2nd Runners Up – COG Awards
 Finance and Investment Category, 1st Runners Up – COG Awards
 Industrial, Commercial and Services, Winner – FiRE Awards
 Corporate Governance, 1st Runners Up – FiRE Awards
 Industrial, Commercial and Services, 1st Runners Up – FiRE Awards
 Listed Category, Winner – FiRE Awards
 Overall Winner, 1st Runners Up – FiRE Awards
 Listed Category, 1st Runners Up – FiRE Awards





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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act requires the directors to prepare financial statements for each financial year that 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 Group's profit or loss. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the Kenyan Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and of the Company and of the Group's and the Company's profit in accordance with International Financial Reporting Standards. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

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



Robert Bunyi
Director



James M Mworia
Managing Director

04 June 2013

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DIRECTOR'S REPORT

RIPOTI YA WAKURUGENZI

The directors submit their report together with the audited financial statements for the year ended 31 March 2013, in accordance with Section 157 of the Kenyan Companies Act, which discloses the state of affairs of Centum Investment Company Limited (the Company) and its subsidiaries (together, the Group).

PRINCIPAL ACTIVITIES

The principal activity of the Group and its subsidiaries remains that of engagement in investment activities.

RESULTS

For year ended 31 March

	2013 Kshs'000	2012 Kshs'000
Profit before taxation	3,247,973	1,366,675
Taxation	(738,577)	(177,270)
Profit for the year transferred to retained earnings	2,509,396	1,189,405

The results for the year are set out fully on pages 98 to 154 in the attached financial statements.

DIVIDEND

Directors do not recommend the payment of a dividend (2012: Nil).

DIRECTORS

Current members of the board are shown on page 10-11.

In accordance with Article 86 of the Articles of Association, Mr. M. Mwangi and Permanent Secretary, Ministry of Trade retire by rotation and being eligible, offer themselves for re-election.

AUDITORS

PricewaterhouseCoopers having expressed their willingness, continue in office in accordance with the provisions of section 159 (2) of the Companies Act (Cap 486).

APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 4 June 2013.

By order of the Board



Fredrick Murimi
Secretary
Nairobi

04 June 2013

Wakurugenzi wanawasilisha ripoti yao pamoja na taarifa ya kifedha iliyoaguliwa kwa mwaka uliokwisha 31 machi 2013 kwa mujibu wa sehemu ya 157 ya sheria na kanuni za kampuni, ambayo inabainisha hali ya kifedha ya kampuni ya Centum Investment Company Limited (Kampuni) pamoja na mashirika yake (Kwa pamoja yakiitwa Kundi ya Mashirika)

SHUGHULI

Shughuli maalum ya kampuni pamoja na mashirika yake inabakia kuwa uwekezaji wa rasilimali

MATOKEO

Mwaka uliokwisha 31 Machi

	2013 Kshs'000	2012 Kshs'000
Faida kabla ya kutozwa ushuru	3,247,973	1,366,675
Ushuru	(738,577)	(177,270)
Faida iliyowekwa kama akiba	2,509,396	1,189,405

Maelezo kamili kuhusu matokeo yanapatikana ukurasa wa 98 hadi 154

MGAWO WA FAIDA

Wakurugenzi hawapendekezi ulipaji wa mgao wa faida (Mwaka 2012 mgao haukulipwa)

WAKURUGENZI

Wanachama wa halmashauri ya wakurugenzi waliohudumu wameorodheshwa ukurasa wa 10-11

kwa mujibu wa Kanuni 86 ya Kanuni na sheria za kampuni, Bw.M.Mwangi na Katibu wa kudumu wa wizara ya Biashara wanastaafu kwa zamu, lakini kwa kuwa wana kibali, wanajitolea ili kuchaguliwa

WAKAGUZI WA HESABU

Pricewaterhouse, kwa kuonyesha nia yao ya kuendelea, wanaendelea kuwa ofisini kulingana na kanuni ya kifungu cha 159(2) ya sheria za kampuni(sura 486)

IDHINISHO KWA TAARIFA YA KIFEDHA

Taarifa za kifedha ziliidhinishwa na halmashauri ya wakurugenzi mnamo 4 Juni 2013.

Kwa amri ya halmashauri ya wakurugenzi



Fredrick N Murimi
Katibu
Nairobi

04 Juni 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTUM INVESTMENT COMPANY LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Centum Investment Company Limited (the Company) and its subsidiaries (together, the Group) set out on pages 94 to 150. These financial statements comprise the consolidated statement of financial position at 31 March 2013, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, together with the statement of financial position of the Company standing alone as at 31 March 2013, the statements of comprehensive income and changes in equity of the Company 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 with the requirements of the Kenyan Companies Act and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the 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 our audit to obtain reasonable assurance that 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 the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in

the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 opinion.


Opinion

In our opinion the accompanying financial statements give a true and fair view of the financial affairs of the Group and of the Company at 31 March 2013 and of their profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

Report on other legal requirements

The Kenyan Companies Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

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



Certified Public Accountants
04 June 2013

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Notes	2013 Kshs'000	2012 Kshs'000
Income	6	3,905,657	1,272,313
Expenses			
Administrative expenses	7(a)	(379,960)	(148,094)
Operating expenses	7(b)	(140,220)	(121,709)
Finance costs	8	(400,763)	(229,872)
		(920,943)	(499,675)
Share of profits of associate companies	19	263,259	594,037
Profit before tax		3,247,973	1,366,675
Income tax expense	10	(738,577)	(177,270)
Profit for the year		2,509,396	1,189,405
Other comprehensive income for the year			
Reserves released on disposal of investments	11	(791,726)	(562,349)
Share of other comprehensive income/(loss) of associates	19	41,918	(91,117)
Fair value gain in unquoted investments	20	1,018,737	114,597
Fair value gain/(loss) in quoted investments	21	835,057	(166,121)
Currency translation differences		(11,883)	(2,550)
Total other comprehensive income/(loss)		1,092,103	(707,540)
Total comprehensive income		3,601,499	481,865
Earnings per share for profit attributable to the equity holders of the Company	12	Kshs 3.77	Kshs 1.79

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Notes	2013 Kshs'000	2012 Kshs'000
Income	6	1,913,776	764,460
Expenses			
Administrative expenses	7(a)	(364,482)	(136,368)
Operating expenses	7(b)	(77,649)	(90,707)
Finance costs	8	(400,697)	(49,979)
		(842,828)	(277,054)
Profit before income tax		1,070,948	487,406
Income tax expense	10	(36,850)	(41,264)
Profit for the year		1,034,098	446,142
Other comprehensive income for the year			
Reserves released on disposal of investments	11	(1,423,723)	(127,243)
Fair value gain in subsidiaries	18	1,657,737	13,619
Fair value gain in associates	19	382,919	882,934
Fair value gain in unquoted investments	20	371,936	114,597
Fair value gain/(loss) in quoted investments	21	428,270	(196,952)
Total other comprehensive income		1,417,139	686,955
Total comprehensive income		2,451,237	1,133,097

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Notes	2013 Kshs'000	2012 Kshs'000
Assets			
Investment property	15	5,456,057	3,992,754
Motor vehicle and equipment	16	43,999	26,467
Intangible assets	17	5,298	1,926
Investment in associates	19	3,659,198	3,614,550
Unquoted investments	20	4,306,221	1,427,206
Quoted investments	21	2,732,872	1,666,309
Corporate bonds at fair value through profit or loss	22	995,313	480,000
Receivables and prepayments	24	260,825	36,079
Cash and cash equivalents	25	1,501,769	322,410
		18,961,552	11,567,701
Capital and reserves attributable to the Company's equity holders			
Share capital	27	332,721	332,721
Share premium	27	589,753	589,753
Investment revaluation reserve	28	2,828,301	1,736,198
Retained earnings		9,891,966	7,382,570
Total equity		13,642,741	10,041,242
Liabilities			
Borrowings	26	4,149,532	1,000,000
Payables and accrued expenses	29	287,858	355,956
Unclaimed dividends	30	32,504	34,437
Current income tax	10(c)	19,254	5,114
Deferred income tax	13	829,663	130,952
		5,318,811	1,526,459
		18,961,552	11,567,701

The financial statements on pages 98 to 154 were approved for issue by the board of directors on 4 June 2013 and signed on its behalf by:



Robert Bunyi
Director



James M Mworia
Managing Director

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Notes	2013 Kshs'000	2012 Kshs'000
Assets			
Deferred income tax	13	7,354	5,150
Motor vehicle and equipment	16	43,999	26,467
Intangible assets	17	1,720	1,926
Investment in subsidiaries	18	3,442,759	1,784,954
Investment in associates	19	6,152,947	7,128,721
Unquoted investments	20	3,539,417	1,427,206
Quoted investments	21	1,088,778	1,289,540
Corporate bonds at fair value through profit or loss	22	105,560	480,000
Due from subsidiary companies	23	5,969,488	3,104,780
Receivables and prepayments	24	123,796	155,344
Cash and cash equivalents	25	930,896	317,340
		21,406,714	15,721,428
Capital and reserves			
Share capital	27	332,721	332,721
Share premium	27	589,753	589,753
Investment revaluation reserve	28	10,210,128	8,792,989
Retained earnings		5,004,099	3,970,001
Total equity		16,136,701	13,685,464
Liabilities			
Borrowings	26	4,149,532	1,000,000
Payables and accrued expenses	29	230,182	134,078
Due to subsidiary companies	23	838,300	862,303
Unclaimed dividends	30	32,504	34,437
Current income tax	10(c)	19,495	5,146
		5,270,013	2,035,964
		21,406,714	15,721,428

The financial statements on pages 98 to 154 were approved for issue by the board of directors on 4 June 2013 and signed on its behalf by:



Robert Bunyi
Director



James M Mworia
Managing Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Notes	Share capital Kshs'000	Share premium Kshs'000	Investment revaluation reserve Kshs'000	Retained earnings Kshs'000	Total equity Kshs'000
Year ended 31 March 2013						
At start of year		332,721	589,753	1,736,198	7,382,570	10,041,242
Comprehensive income						
Profit for the year		-	-	-	2,509,396	2,509,396
Other comprehensive income:						
Reserves released on disposal of investments	11	-	-	(791,726)	-	(791,726)
Share of other comprehensive income of associates	19	-	-	41,918	-	41,918
Fair value gain in unquoted investments	20	-	-	1,018,737	-	1,018,737
Fair value gain in quoted investments	21	-	-	835,057	-	835,057
Currency translation differences		-	-	(11,883)	-	(11,883)
Total other comprehensive income		-	-	1,092,103	-	1,092,103
Total comprehensive income		-	-	1,092,103	2,509,396	3,601,499
At end of year		332,721	589,753	2,828,301	9,891,966	13,642,741

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

For the year ended 31 March 2013

	Notes	Share capital Kshs'000	Share premium Kshs'000	Investment revaluation reserve Kshs'000	Retained earnings Kshs'000	Total equity Kshs'000
Year ended 31 March 2012						
At start of year		302,474	589,753	2,443,738	6,223,412	9,559,377
Comprehensive income						
Profit for the year		-	-	-	1,189,405	1,189,405
Other comprehensive income:						
Reserves released on disposal of investments	11	-	-	(562,349)	-	(562,349)
Share of other comprehensive loss of associates	19	-	-	(91,117)	-	(91,117)
Fair value gain in unquoted investments	20	-	-	114,597	-	114,597
Fair value loss in quoted investments	21	-	-	(166,121)	-	(166,121)
Currency translation differences		-	-	(2,550)	-	(2,550)
Total other comprehensive income		-	-	(707,540)	-	(707,540)
Total comprehensive income		-	-	(707,540)	1,189,405	481,865
Transactions with owners						
Issue of bonus shares	27	30,247	-	-	(30,247)	-
Total transactions with owners		30,247	-	-	(30,247)	-
At end of year		332,721	589,753	1,736,198	7,382,570	10,041,242

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COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Notes	Share capital	Share premium	Investment revaluation reserve	Retained earnings	Total equity
		Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Year ended 31 March 2013						
At start of year		332,721	589,753	8,792,989	3,970,001	13,685,464
Comprehensive income						
Profit for the year		-	-	-	1,034,098	1,034,098
Other comprehensive income:						
Reserves released on disposal of investments	11	-	-	(1,423,723)	-	(1,423,723)
Fair value gain in subsidiaries	18	-	-	1,657,737	-	1,657,737
Fair value gain in associates	19	-	-	382,919	-	382,919
Fair value gain in unquoted investments	20	-	-	371,936	-	371,936
Fair value gain in quoted investments	21	-	-	428,270	-	428,270
Total other comprehensive income		-	-	1,417,139	-	1,417,139
Total comprehensive income		-	-	1,417,139	1,034,098	2,451,237
At end of year		332,721	589,753	10,210,128	5,004,099	16,136,701

COMPANY STATEMENT OF CHANGES IN EQUITY CONTINUED

For the year ended 31 March 2013

	Notes	Share capital	Share premium	Investment revaluation reserve	Retained earnings	Total equity
		Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Year ended 31 March 2012						
At start of year		302,474	589,753	8,106,034	3,554,106	12,552,367
Comprehensive income						
Profit for the year		-	-	-	446,142	446,142
Other comprehensive income:						
Reserves released on disposal of investments	11	-	-	(127,243)	-	(127,243)
Fair value gain in subsidiaries	18	-	-	13,619	-	13,619
Share of other comprehensive income of associates	19	-	-	882,934	-	882,934
Fair value gain in unquoted investments	20	-	-	114,597	-	114,597
Fair value loss in quoted investments	21	-	-	(196,952)	-	(196,952)
Total other comprehensive income		-	-	686,955	-	686,955
Total comprehensive income		-	-	686,955	446,142	1,133,097
Transactions with owners						
Issue of bonus shares	27	30,247	-	-	(30,247)	-
Total transactions with owners		30,247	-	-	(30,247)	-
At end of year		332,721	589,753	8,792,989	3,970,001	13,685,464

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	Notes	2013 Kshs'000	2012 Kshs'000
Cash flows from operating activities			
Cash used in operations	31	(251,761)	(216,890)
Interest paid	8	(343,576)	(179,243)
Income tax paid	10(c)	(25,726)	(9,897)
Dividends received from associates	19	217,072	280,941
Net cash used in operating activities		(403,991)	(125,089)
Cash flows from investing activities			
Purchase of investment property	15	(128,671)	(111,016)
Purchases of motor vehicles and equipment	16	(22,594)	(4,156)
Proceeds from disposal of motor vehicle and equipment		-	112
Purchases of intangible assets	17	(4,812)	(259)
Purchase of shares in associates	19	(1,784,911)	(15,266)
Purchase of unquoted equity investments	20	(837,929)	(85,240)
Purchase of quoted equity investments	21	(1,112,066)	(364,097)
Purchase of corporate bonds	22	(947,663)	(3,879,824)
Proceeds from disposal of unquoted investments	11	1,367,306	111,295
Proceeds from disposal of quoted investments	11	974,577	1,691,927
Proceeds on disposal of treasury and corporate bonds	11	529,397	4,088,389
Proceeds from disposal of investment property		415,000	-
Net cash (used in)/generated from investing activities		(1,552,366)	1,431,865
Cash flows from financing activities			
Net proceeds from borrowings		4,149,532	-
Dividends paid to Company's shareholders	30	(1,933)	(612)
Loan repayment		(1,000,000)	-
Net cash generated from/(used in) financing activities		3,147,599	(612)
Net increase in cash and cash equivalents		1,191,242	1,306,164
Movement in cash and cash equivalents			
At start of year		322,410	(981,204)
Increase		1,191,242	1,306,164
Exchange gains/(losses) on cash and cash equivalents		(11,883)	(2,550)
At end of year	25	1,501,769	322,410

The statement of cashflows as presented in the Annual Report has been reformatted to conform to Centum Investment Company Limited's business model. Refer to Additional Information on page 158.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

1 GENERAL INFORMATION

Centum Investment Company Limited is incorporated in Kenya under the Kenyan Companies Act as a public limited liability Company and is domiciled in Kenya. The Company's shares are listed on the Nairobi Securities Exchange. The address of its registered office is:

International House
5th Floor, Mama Ngina Street
P.O Box 10518 – 00100 Nairobi.

The Company has ten subsidiaries. Details of the business of the subsidiaries are highlighted in note 18 of the financial statements.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available for sale financial assets and assets at fair value through profit or loss. The financial statements are presented in Kenyan Shillings (Kshs), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Changes in accounting policy and disclosures

- (i) New and amended standards adopted by the Company and the Group
There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on 1 January 2012 that would be expected to have a material impact on the Group and the Company.
- (ii) New standards and interpretations that are not yet effective and have not been early adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company and the Group, except the following set out below:

Amendment to IAS 1, 'Presentation of Financial Statements' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The application of this amendment will mainly impact the presentation of the primary statements. The effective date is annual periods beginning on or after 1 July 2012 and the amendments may be early applied.

IFRS 13, 'Fair value measurement', assuming the Group held investment properties as at 31 December 2012, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

IAS 19, 'Employee benefits', was amended in June 2012. The impact on the Company and the Group will be as follows: to immediately recognise all past service costs;

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The directors are yet to assess the full impact of the amendments. IAS 19 (revised) allows for early adoption but is retrospectively applicable for annual periods beginning on or after 1 January 2013.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2011. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The directors are yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The directors will also consider the impact of the remaining phases of IFRS 9 when completed by the IASB.

IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The directors are yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no

later than the accounting period beginning on or after 1 January 2013.

IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The directors are yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group and the Company.

(b) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

2 Summary of significant accounting policies (Continued)

(b) Consolidation (Continued)

(i) Subsidiaries (Continued)

consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Associates

Investments in associates 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 and other comprehensive income less any impairment in the value of individual investments. Losses of an associate in excess of the group's interest in that associate are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate. A listing of the Group's associates is shown in note 19.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

2 Summary of significant accounting policies (Continued)

(b) Consolidation (Continued)

(iv) Associates (Continued)

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 unless there has been a significant change in conditions since the transaction took place. 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.

(c) Functional currency and translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Kenyan Shillings (Kshs)', which is the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income' or 'other expenses'.

Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale financial assets, are included in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

2 Summary of significant accounting policies (Continued)

(c) Functional currency and translation of foreign currencies (Continued)

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
 - (ii) income and expenses for each income statement amount are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
 - (iii) all resulting exchange differences are recognised in other comprehensive income.
- Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in equity.

(d) Segment reporting

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

The group organises its activity by business lines and these are defined as the Group's reportable segments. The three business lines are; Private Equity, Quoted Equity and Real Estate & Infrastructure. Performance is reviewed from a total return perspective.

(e) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the Group's activities.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below.

Revenue is recognised as follows:

- (i) Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.
- (ii) Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

(f) Investment property

Investment property is shown at fair value, based on annual valuations by external independent valuers. Increases in the carrying amount arising on revaluation of the investment property are dealt with in profit or loss.

(g) Motor vehicle and equipment

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

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

The annual rates in use are:

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

2 Summary of significant accounting policies (Continued)

(h) 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.

(i) 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.

Corporate bonds

Corporate bonds are classified as financial assets at fair value through profit or loss.

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.

Quoted investments are those that relate to 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. 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 unless the conditions have changed since the Group made the investment. 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

2 Summary of significant accounting policies (Continued)

(i) Financial assets (Continued)

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.

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. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows.

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

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

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

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 collateralized borrowing for the proceeds received.

(j) 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.

(k) Accounting for 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.

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2 Summary of significant accounting policies (Continued)

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.

(l) Receivables

Receivables are amounts due from investments in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Receivables are recognised initially at fair value and subsequently recognised at amortised cost, less any provision for impairment.

(m) Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

(n) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

(o) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of bank overdrafts.

(p) Employee benefits

(i) 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 by 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.

(ii) Performance Bonus

The Group has in place a performance bonus scheme. The scheme is a reward system to employees of the Company based on achievement of certain set benchmarks of business success.

The Group's performance bonus scheme is designed to enable achievement of consistent business growth that is tied to the increase in shareholder wealth, which is a primary business objective.

A target of 15% annual increase in opening shareholder funds has been set (hurdle rate).

Employees only qualify for the bonus after achievement of this percentage increase in shareholder wealth.

Actual award of the bonus is in three equal instalments over a period of three years. The annual payment is on condition that shareholder wealth is maintained at the same level or increased. Should there be a drop in shareholder wealth, payment will not be made and will be deferred until the year when shareholder wealth is restored. Should an employee leave employment of the

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

2 Summary of significant accounting policies (Continued)

(p) Employee benefits (Continued)

(ii) Performance Bonus (Continued)

Company before payment is due, he/she will forfeit payment. The amount payable is accrued over the period to the payment of each instalment.

(iii) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

(q) Dividend distribution

Dividends payable to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Proposed dividends are shown as a separate component of equity until declared.

(r) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(s) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may

not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(t) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, if the deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

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2 Summary of significant accounting policies (Continued)

(t) Current and deferred income tax (Continued)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(u) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

(v) Comparatives

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

3 Critical accounting estimates and judgements

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.

Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

3 Critical accounting estimates and judgements (Continued)

Income taxes (Continued)

liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4 Financial risk management

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 minimise 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 recognises 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 recognises 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, analysed 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 has 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.

a) **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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

4 Financial risk management (Continued)

a) Market risks (Continued)

(i) 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 minimise the potential adverse impact of interest rate changes. Deposits are placed at fixed interest rates and management is therefore able to plan for the resulting income. For the facilities with variable rates, the Company is in regular contact with the lenders in a bid to obtain the best available rates.

As at 31 March 2013, both Group and Company held deposits of Kshs 902,499,873 (2012: Kshs: 310,000,000) and had unutilised bank credit facilities of Kshs Nil (2012: Kshs 1,200,000,000).

As at 31 March 2013, a 5% increase/decrease of the annual interest rate would have resulted in an increase/decrease in pre-tax profit and equity of 45,124,993 (2012: Kshs 8,572,000) for both Group and Company resulting from interest paid on deposits.

The Group has invested in corporate bonds with fixed interest rate which is not affected by interest rate fluctuations.

(ii) 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 equity 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 2013, if the prices at the Nairobi Securities Exchange and other exchanges had appreciated/depreciated by 5% with all other variables held constant, the impact on the Group comprehensive income and revaluation reserves would have been Kshs 186,409,000 (2012: Kshs 107,315,000) higher/lower.

At 31 March 2013, if the prices at the Nairobi Securities Exchange and other exchanges had appreciated/depreciated by 5% with all other variables held constant, the impact on the Company comprehensive income and equity would have been Kshs 59,717,000 (2012: Kshs 88,477,000) higher/lower.

(iii) Investment holding period risk

81% (2012: 60%) of the Group and Company's investments 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/Company mitigates this risk by seeking influence in the investee company's operations through large shareholding or board representation. The Group/Company also seeks compensation for this risk through high return hurdles during the investment appraisal and laying emphasis on dividend generating potential.

However, the Group and Company have 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.

(iv) Concentration risk

80% (2012: 87%) of the Group's assets are located in Kenya with over 12% (2012: 11%) in the wider East African Region and 8% (2012: 2%) outside East Africa.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

4 Financial risk management (Continued)

a) Market risks (Continued)

(iv) Concentration risk (Continued)

Investment portfolio sectoral allocation

GROUP allocation		Sector	COMPANY allocation	
2013	2012		2013	2012
40%	35%	Real Estate	28%	27%
22%	25%	Financial Services	31%	25%
4%	6%	Industrial and Allied	4%	5%
24%	21%	Alcoholic and Carbonated beverages	28%	32%
8%	8%	Automotive	5%	7%
2%	2%	Services	3%	2%
0%	3%	Publishing	1%	2%
0%	0%	Agriculture	0%	0%
100%	100%	Total	100%	100%

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 exposure to country risk the Group is actively looking for regional investment opportunities.

(v) 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.

The mean exchange rates ruling at 31 March 2013 and 31 March 2012 were:

	2013 Kshs'000	2012 Kshs'000
1 US Dollar (Usd)	85.64	83.06
1 Ugandan Shilling (UgX)	0.033	0.033
1 Rwandese Franc (RwF)	0.135	0.138
1 Tanzania Shilling (Tshs)	0.053	0.052
1 Ghana Cedi (GhC)	44.201	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

4 Financial risk management (Continued)

a) Market risks (Continued)

(v) Foreign exchange risk (Continued)

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

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
13,118	10,048	Quoted investments (UgX)	10,882	10,048
212,984	87,506	Quoted investments (RwF)	212,984	87,506
540,161	99,074	Quoted investments (Tshs)	-	-
1,137,169	-	Quoted investments (GhC)	-	-
127,577	-	Quoted investments (NgN)	-	-
336,532	227,555	Investment in Funds (Usd)	336,532	227,555
1,702,257	1,672,146	Investment property (Usd)	-	-
30,436	146	Cash and equivalents	30,436	129
4,069,798	2,096,475		590,238	325,238

If all other variables were held constant, at 31 March 2013, the impact on values and reserves of the Shilling weakening or strengthening by 5% against the above currencies would have been as below;

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
101,939	94,992	1 US Dollar (Usd)	101,939	11,384
655	502	1 Ugandan Shilling (UgX)	544	502
10,649	4,375	1 Rwandese Franc (RwF)	10,649	4,375
27,008	4,954	1 Tanzanian Shilling (Tshs)	-	-
6,378	-	1 Nigerian Naira (NgN)	-	-
56,858	-	1 Ghanaian Cedi (GhC)	-	-
203,487	104,823		113,132	16,261

(b) 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 its 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 minimised by use of annually renewable credit facilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

4 Financial risk management (Continued)

b) Liquidity risks (Continued)

As at 31 March 2013, over 28% (2012: over 17%) of the Groups assets were held in assets that are quickly convertible to cash. The Group also had Kshs nil (2012: Kshs 1,200,000,000) unutilised credit facility (See note 26).

The net liquid assets of the Group and Company as at 31 March 2013 as highlighted below.

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
		Assets		
2,732,872	1,666,309	Quoted investments	1,088,778	1,289,540
995,313	480,000	Corporate bonds	105,560	480,000
-	-	Due from subsidiary companies	5,969,488	3,104,780
260,825	36,079	Receivables	123,796	152,360
902,500	310,000	Deposits	902,500	310,000
599,269	12,410	Cash	28,396	7,340
5,490,779	2,504,798		8,218,518	5,344,020
		Liabilities		
298,602	355,956	Payables and accruals	240,926	134,078
-	-	Due to subsidiary companies	838,300	862,303
25,275	34,437	Unclaimed dividends	25,275	34,437
4,419,532	1,000,000	Borrowings	4,149,532	1,000,000
4,473,409	1,390,393		5,254,033	2,030,818
1,017,370	1,114,405	Net liquid assets	2,964,485	3,313,202

The borrowings which are mainly utilised for investment purposes together with accruing interest are matched by expected future cash inflows. All financial liabilities are payable within 12 months except borrowings which are payable after the following periods;

GROUP AND COMPANY	Less than 1 years Kshs'000	Between 1 and 2 years Kshs'000	Between 2 and 5 years Kshs'000
At 31 March 2013			
Borrowings	553,136	553,136	5,682,451
At 31 March 2012			
Borrowings	533,333	466,000	400,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

4 Financial risk management (Continued)

(c) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with credit worthy counterparties.

The credit risk exposures are classified in three categories:

- Neither past due nor impaired
- 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.

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 investing in reputable corporates.

None of the assets subject to credit risk are past due or impaired.

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
		Assets		
253,659	39,382	Receivables	76,664	148,632
7,166	6,697	Interest receivable	7,166	6,697
260,825	36,079	Cash at bank	83,830	155,329
521,650	82,158		167,660	310,658

The above receivables excludes prepayments as included in note 24.

None of the assets subject to credit risk are past due or impaired.

(d) Fair value hierarchy

The Group 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 Group'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 Securities 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

4 Financial risk management (Continued)

(d) Fair value hierarchy (Continued)

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible. The following table shows an analysis of financial instruments reflected at fair value by level of the fair value hierarchy.

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

GROUP		Level 1	Level 2	Level 3	Total
31 March 2013	Note	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Financial assets:					
Unquoted equity instruments	20	-	-	4,306,221	4,306,221
Quoted equity instruments	21	2,732,872	-	-	2,732,872
Corporate bonds	22	995,313	-	-	995,313
31 March 2012					
Financial assets:					
Unquoted equity instruments	20	-	-	1,427,206	1,427,206
Quoted equity instruments	21	1,666,309	-	-	1,666,309
Corporate bonds	22	480,000	-	-	480,000
COMPANY					
31 March 2013					
Financial assets:					
Investment in subsidiaries	18	-	-	3,442,759	3,442,759
Investment in associates	19	-	-	6,152,947	6,152,947
Unquoted equity instruments	20	-	-	3,539,417	3,539,417
Quoted equity instruments	21	1,088,778	-	-	1,088,778
Corporate bonds	22	105,560	-	-	105,560
31 March 2012					
Financial assets:					
Investment in subsidiaries	18	-	-	1,784,954	1,784,954
Investment in associates	19	-	-	7,128,721	7,128,721
Unquoted equity instruments	20	-	-	1,427,206	1,427,206
Quoted equity instruments	21	1,289,540	-	-	1,289,540
Corporate bonds	22	480,000	-	-	480,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

4 Financial risk management (Continued)

(d) Fair value hierarchy (Continued)

There were no transfers into or out of level 3 in 2013 and 2012.

The following is a movement of financial assets classified under level 3.

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
1,427,206	1,338,664	At start of year	10,340,881	9,322,691
837,929	85,240	Additions	1,856,104	118,697
(8,063)	(111,295)	Disposals	(1,474,454)	(111,657)
1,030,412	-	Transfer from associates	-	-
1,018,737	114,597	Fair value gains/(loss)	2,406,935	1,011,150
4,306,221	1,427,206	At end of year	13,252,234	10,340,881

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
		Total gains/(loss) on level 3 financial assets held at the end of the year as recognised		
1,018,737	114,597	in other comprehensive income	2,529,703	1,011,150

Financial assets under level 3 are valued using earnings multiples that are based on the market prices of comparable entities. If the market prices of the comparable entities listed on the Nairobi Securities Exchange appreciated/(depreciated) by 5%, the fair values of the financial assets under level 3 would change by the following.

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
16,576	49,533	5% change market value	383,745	356,436

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

4 Financial risk management (Continued)

e) Capital 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 equity. 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 year.

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

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
332,721	332,721	Share capital	332,721	332,721
589,753	589,753	Share premium	589,753	589,753
2,828,301	1,736,198	Investment revaluation reserve	10,210,128	8,792,989
9,891,966	7,382,570	Retained earnings	5,004,099	3,970,001
13,642,741	10,041,242	Equity	16,136,701	13,685,464
4,149,532	1,000,000	Total borrowings	4,149,532	1,000,000
(599,269)	(12,410)	Less: Bank balances	(28,396)	(7,340)
3,550,263	987,590	Net borrowings	4,121,136	992,660
26.02%	9.84%	Gearing (%)	25.54%	7.25%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

5 Segment information

The Group's chief operating decision maker is the executive management committee.

The Group organises 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 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 portfolio return is equivalent to "revenue" for the purposes of IAS 1. It represents the overall increase in net assets from the investment portfolio. Gross return is analysed 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 recognised 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 as well as fee income.

- Dividend income from investment in associates is included as portfolio income. For the Group dividend income, the equity method of accounting is not applied and as such dividends received from associate investments are incorporated.
- Realised 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.

Although the net realised gains are similar to those in the statement of comprehensive income (SCI), the disclosure differs under the Group's segment reporting.

In the SCI, the difference between the sales proceeds and cost of the investments are accounted for in the income statement, while the difference between the gains and the opening fair value is then disclosed under other comprehensive income as reserves released on disposal of investments.

- Unrealised profits on the revaluation of investments are the movement in the carrying value of investments between the start and end of the accounting year.

Under the Group's segment reporting, there is no differentiation between fair value through profit or loss and fair value through other comprehensive income. All value movements are passed through the statement of total return.

Portfolio costs

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

Portfolio value

Portfolio value includes the carrying value of equity investments as well as marketable securities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

5 Segment information (Continued)

The segment information provided to the executive management committee for the reportable segments for the year ended 31 March 2013 is as below.

All revenue is from external sources.

(a) Group

31 March 2013	Private equity Kshs'000	Quoted equity Kshs'000	Real estate & infrastructure Kshs'000	Total Kshs'000
Dividend income	239,700	144,224	-	383,924
Interest income	-	222,680	-	222,680
Other income	7,361	70,327	7,062	84,750
Realized gains	565,240	142,951	145,000	853,191
Unrealised value movements	1,240,546	883,178	1,592,750	3,716,474
Gross return	2,052,847	1,463,360	1,744,812	5,261,019
Finance costs	(212,537)	(90,859)	(97,367)	(400,763)
Portfolio costs	(177,895)	(105,243)	(237,042)	(520,180)
	(390,432)	(196,102)	(334,409)	(920,943)
Net return	1,662,415	1,267,258	1,410,403	4,340,076
Tax	(448)	(36,972)	(701,157)	(738,577)
Total return	1,661,967	1,230,286	709,246	3,601,499
Gross return (%)	41.3%	59.1%	67.0%	52.4%
Total return (%)	33.5%	49.7%	27.3%	35.9%
Opening net asset value:				
Portfolio value	5,041,756	2,146,309	3,992,754	11,180,819
Other assets	23,943	353,856	(121,838)	255,961
Other liabilities	(100,908)	(25,976)	(268,654)	(395,538)
Borrowings	-	-	(1,000,000)	(1,000,000)
	4,964,791	2,474,189	2,602,262	10,041,242
Closing net asset value:				
Portfolio value	7,812,006	3,728,185	5,456,057	16,996,248
Other assets	51,604	1,574,400	(544,747)	1,081,257
Other liabilities	(131,543)	(51,751)	(255,143)	(438,437)
Borrowings	(1,674,336)	-	(2,475,196)	(4,149,532)
	6,057,731	5,250,834	2,334,176	13,642,741
Value movement in the period/(total return)				3,601,499

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

5 Segment information (Continued)

(b) Group

31 March 2012	Private equity Kshs'000	Quoted equity Kshs'000	Real estate & infrastructure Kshs'000	Total Kshs'000
Dividend income	324,678	90,271	-	414,949
Interest income	-	52,143	-	52,143
Other income	50,774	-	6,135	56,909
Realized gains	-	56,389	-	56,389
Unrealised value movements	346,294	(121,484)	353,610	578,420
Gross return	721,746	77,319	359,745	1,158,810
Finance costs	-	(49,979)	(179,893)	(229,872)
Portfolio costs	(108,287)	(67,557)	(93,959)	(269,803)
	(108,287)	(117,536)	(273,852)	(499,675)
Net return	613,459	(40,217)	85,893	659,135
Tax	(18,340)	(12,937)	(145,993)	(177,270)
Total return	595,119	(53,154)	(60,100)	481,865
Gross return (%)	15.5%	2.0%	38.0%	12.1%
Total return (%)	12.7%	(1.3%)	(6.3%)	5.0%
Opening net asset value:				
Portfolio value	4,715,969	3,723,790	3,525,578	11,965,337
Other net assets	(47,038)	219,996	(590,938)	(417,980)
Borrowings	-	-	(1,987,980)	(1,987,980)
	4,668,931	3,943,786	946,660	9,559,377
Closing net asset value:				
Portfolio value	5,041,756	2,146,309	3,992,754	11,180,819
Other assets	23,943	353,856	(121,838)	255,961
Other liabilities	(100,908)	(25,976)	(268,654)	(395,538)
Borrowings	-	-	(1,000,000)	(1,000,000)
	4,964,791	2,474,189	2,602,262	10,041,242
Value movement in the period/(total return)				481,865

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

5 Segment information (Continued)

(c) Company

31 March 2013	Private equity Kshs'000	Quoted equity Kshs'000	Real estate & infrastructure Kshs'000	Total Kshs'000
Dividend income	239,700	43,768	-	283,468
Interest income	-	107,979	-	107,979
Other income	9,623	70,063	-	79,686
Realized value movements	(107,147)	116,507	-	9,360
Unrealized value movements	754,853	1,128,302	967,267	2,850,422
Gross return	897,029	1,466,619	967,267	3,330,915
Finance costs	(212,537)	(90,859)	(97,301)	(400,697)
Portfolio costs	(177,892)	(104,023)	(160,216)	(442,131)
	(390,429)	(194,882)	(257,517)	842,828
Net return	506,600	1,271,737	709,750	2,488,087
Tax	(448)	(36,842)	440	(36,850)
Total return	506,152	1,234,895	710,190	2,451,237
Gross return (%)	10.4%	59.3%	37.2%	24.3%
Total return (%)	6.0%	49.9%	27.3%	17.9%
Opening net asset value:				
Portfolio value	8,555,814	2,145,791	3,992,813	14,694,418
Other assets	153,985	353,856	(343,135)	164,706
Other liabilities	(100,739)	(25,918)	(47,003)	(173,660)
Borrowings	-	-	(1,000,000)	(1,000,000)
	8,609,060	2,473,729	2,602,675	13,685,464
Closing net asset value				
Portfolio value	10,459,172	3,748,424	5,099,849	19,307,445
Other assets	51,604	1,284,516	22,635	1,358,755
Other liabilities	(131,543)	(51,507)	(196,917)	(379,967)
Borrowings	(1,674,336)	-	(2,475,196)	(4,149,532)
	8,704,897	4,981,433	2,450,371	16,136,701
Value movement in the period/(total return)				2,451,237

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

5 Segment information (Continued)

(d) Company

	Private equity Kshs'000	Quoted equity Kshs'000	Real estate & infrastructure Kshs'000	Total Kshs'000
31 March 2012				
Dividend income	324,678	79,669	-	404,347
Interest income	-	44,740	7,403	52,143
Other income	50,179	-	1,998	52,177
Realized gains	-	83,913	-	83,913
Unrealised value movements	992,246	(152,936)	19,525	858,835
Gross return	1,367,103	55,386	28,926	1,451,415
Finance costs	-	(49,979)	-	(49,979)
Portfolio costs	(103,907)	(53,026)	(70,142)	(227,075)
	(103,907)	(103,005)	(70,142)	(277,054)
Net return	1,263,196	(47,619)	(41,216)	1,174,361
Tax	(18,281)	(18,155)	(4,828)	(41,264)
Total return	1,244,915	(65,774)	(46,044)	1,133,097
Gross return (%)	17.8%	1.4%	3.1%	11.6%
Total return (%)	16.2%	(1.7%)	(4.9%)	9.0%
Opening net asset value:				
Portfolio value	7,571,499	3,939,975	2,951,418	14,462,892
Other net assets	90,419	4,039	(17,003)	77,455
Borrowings	-	-	(1,987,980)	(1,987,980)
	7,661,918	3,944,014	946,435	12,552,367
Closing net asset value				
Portfolio value	8,555,814	2,145,791	3,992,813	14,694,418
Other assets	153,985	353,856	(343,135)	164,706
Other liabilities	(100,739)	(25,918)	(47,003)	(173,660)
Borrowings	-	-	(1,000,000)	(1,000,000)
	8,609,060	2,473,729	2,602,675	13,685,464
Value movement in the period/(total return)				1,133,097

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

5 Segment information (Continued)

(e) Reconciliation of total return to profit after tax for the year

	GROUP	
	2013 Kshs'000	2012 Kshs'000
Total return as per internal reporting	3,601,499	481,865
Adjustments for:		
Share of associate earnings	263,259	594,037
Share of other comprehensive income of associates	41,918	[91,117]
Associate dividend income	[217,072]	[280,941]
Unrealised value movements net of dividend relating to associates	[88,105]	[206,713]
Additions in the year	-	[15,266]
Total comprehensive income	3,601,499	481,865
Other comprehensive income	[1,092,103]	707,540
Profit for the year	2,509,396	1,189,405

(f) Reconciliation of gross return to total income

Gross return as per internal reporting	5,261,019	1,158,811
Adjustments for:		
Associate dividend income	[217,072]	[271,223]
Unrealised value movements net of dividend relating to associates	[88,105]	[216,432]
Additions in the year	-	[15,266]
Items dealt with on other comprehensive income in the financial statements:		
Reserves released on disposal of investments	791,726	562,349
Fair value gain in unquoted securities	[835,057]	[114,597]
Fair value gain in quoted securities	[1,018,737]	166,121
Currency translation differences	11,883	2,550
Total income for the year	3,905,657	1,272,313

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For the year ended 31 March 2013

5 Segment information (Continued)

g) Other segment reporting disclosures

	Private equity Kshs'000	Quoted equity Kshs'000	Real estate & infrastructure Kshs'000	Total Kshs'000
Group 31 March 2013				
Depreciation and amortisation	1,600	1,280	3,622	6,502
Motor vehicle and equipment	11,000	8,800	24,199	43,999
Intangible assets	430	344	4,523	5,297
Additions to motor vehicle and equipment	5,648	4,519	12,427	22,594
Additions to intangible assets	283	226	4,303	4,812

	Private equity Kshs'000	Quoted equity Kshs'000	Real estate & infrastructure Kshs'000	Total Kshs'000
Group 31 March 2012				
Depreciation and amortisation	1,153	1,922	2,748	5,823
Motor vehicle and equipment	5,672	9,452	11,343	26,467
Intangible assets	413	688	825	1,926
Additions to motor vehicle and equipment	891	1,484	1,781	4,156
Additions to intangible assets	55	92	112	259

	Private equity Kshs'000	Quoted equity Kshs'000	Real estate & infrastructure Kshs'000	Total Kshs'000
Company 31 March 2013				
Depreciation and amortisation	1,600	1,280	3,520	6,400
Motor vehicle and equipment	11,000	8,800	24,199	43,999
Intangible assets	430	344	946	1,720
Additions to motor vehicle and equipment	5,648	4,519	12,427	22,594
Additions to intangible assets	283	226	623	1,132

	Private equity Kshs'000	Quoted equity Kshs'000	Real estate & infrastructure Kshs'000	Total Kshs'000
Company 31 March 2012				
Depreciation and amortisation	1,153	1,922	2,322	5,397
Motor vehicle and equipment	5,672	9,452	11,343	26,467
Intangible assets	413	688	825	1,926
Additions to motor vehicle and equipment	891	1,484	1,781	4,156
Additions to intangible assets	55	92	112	259

The Group's investments in associates are classified under Private Equity. The movements in associates are highlighted in note 19.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

5 Segment information (Continued)

(h) Analysis of income by geographical segments is as below

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
3,662,561	1,292,486	Kenya	1,912,459	757,704
(59,246)	(26,282)	Uganda	1,103	647
302,342	6,109	Others	214	6,109
3,905,657	1,272,313		1,913,776	764,460

Non-current assets by country

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
3,753,800	2,307,581	Investment property	-	-
(43,999)	26,467	Motor vehicles and equipment	43,999	26,467
5,297	1,926	Intangible assets	1,720	1,926
		Outside Kenya		
1,702,257	1,685,172	Investment property	-	-
-	-	Motor vehicles and equipment	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

6 Income

(a) Total investment income

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000	Note	Kshs'000	Kshs'000
300,557	143,725	Dividends receivable	283,468	404,347
7,062	6,136	Rent income	-	1,998
222,680	52,143	Interest receivable	107,979	52,143
1,495,955	618,737	Gain on disposal of investments	1,433,074	211,156
145,000	-	Gain on disposal of investment property	-	-
1,604,632	356,160	Unrealised gains on investment property	-	-
48,122	44,637	Unrealised gains on corporate bond	9,560	44,637
81,649	50,775	Other income	79,695	50,179
3,905,657	1,272,313		1,913,776	764,460
		Income from financial assets:		
2,171,254	821,907	Available for sale financial assets	1,824,521	674,947
1,652,754	400,797	At fair value through profit & loss	9,560	44,637
3,824,008	1,222,704		1,834,081	719,584
81,649	49,609	Investment income earned on non-financial assets	79,695	44,876
3,905,657	1,272,313		1,913,776	764,460

(b) Dividend income

28,742	-	Associates	112,109	271,223
127,591	53,454	Unquoted investments	127,591	53,455
144,224	90,271	Quoted investments	43,768	79,669
300,557	143,725		283,468	404,347

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

7 Expenses by nature

(a) Administrative

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
335,333	104,393	Staff costs (Note 9)	327,637	102,548
14,129	13,928	Directors' fees and expenses	14,129	13,928
4,822	4,194	Audit fees	3,744	3,092
6,410	4,077	Office rent & service charge	6,410	4,070
6,502	5,818	Depreciation & amortisation	6,400	5,381
12,764	15,684	Other administrative costs	6,162	7,349
379,960	148,094		364,482	136,368

(b) Operating expenses

11,935	24,072	AGM & annual report printing	11,935	24,072
29,445	27,198	Business development costs	29,445	27,198
-	3,361	Capital raising costs	-	3,361
8,624	6,754	Advertising & PR costs	6,871	5,933
3,453	3,391	Share registration costs	3,453	3,391
4,042	4,729	Listing expenses	3,991	4,686
82,721	52,204	Other costs	21,954	22,066
140,220	121,709		77,649	90,707

8 Finance costs

343,576	179,243	Interest on borrowings	343,543	-
5,240	-	Commitment fees	5,240	-
450	50,629	Forex loss	417	49,979
51,497	-	Bond related expenses	51,497	-
400,763	229,872		400,697	49,979

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

9 Employee benefits expense

GROUP			COMPANY		
2013	2012		2013	2012	
Kshs'000	Kshs'000	Note	Kshs'000	Kshs'000	
108,615	72,234	Salaries	100,919	70,389	
200,294	14,249	Movement in performance bonus provision	200,294	14,249	
6,390	4,947	Retirement benefit scheme contributions	6,390	4,947	
67	105	National Social Security Fund contributions (NSSF)	67	105	
1,886	(789)	Movement in leave pay provision	1,886	(789)	
317,252	90,746		309,556	88,901	
7,301	5,656	Staff medical expenses	7,301	5,656	
10,780	7,991	Other staff welfare costs	10,780	7,991	
335,333	104,393		327,637	102,548	

10 (a) Income tax expense

39,866	15,875	Current income tax	39,054	15,875
479,186	28,602	Deferred income tax (Note 13)	(2,204)	25,389
219,525	132,793	Under provision of deferred income tax liability in prior year (Note 13)	-	-
738,577	177,270		36,850	41,264

(b) Reconciliation of taxation charge to expected tax based on accounting profit:

3,247,973	1,366,675	Accounting profit before taxation	1,070,948	487,406
974,392	410,002	Tax at the applicable rate of 30%	321,284	146,222
(961,178)	(461,020)	Tax effect of income not taxable	(520,002)	(200,453)
505,838	95,495	Tax effect of expenses not deductible for tax	235,568	95,495
219,525	132,793	Prior year deferred tax under provision	-	-
738,577	177,270		36,850	41,264

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

10 (c) Taxation payable/(recoverable)

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
5,114	(2,654)	At start of year	5,146	(832)
39,866	15,875	Charge for the year	39,054	15,875
-	1,790	Current income tax receivable written off	-	-
(25,726)	(9,897)	Payments during the year	(24,705)	(9,897)
19,254	5,114	At end of year	19,495	5,146

11 GAINS ON DISPOSAL OF INVESTMENTS

		GROUP			COMPANY		
	Note	Cost Kshs'000	Proceeds Kshs'000	Gain on disposal Kshs'000	Cost Kshs'000	Proceeds Kshs'000	Gain on disposal Kshs'000
31 March 2013							
Quoted investments		699,047	974,577	275,530	496,317	708,966	212,649
Unquoted investments	20	8,063	8,063	-	8,063	8,063	-
Associates	19	187,743	1,359,243	1,171,500	187,743	1,359,243	1,171,500
Treasury bonds	22	480,472	529,397	48,925	480,472	529,397	48,925
		1,375,325	2,871,280	1,495,955	1,172,595	2,605,669	1,433,074
Reserves released on disposal							
- Quoted investments	21	-	-	181,513	-	-	145,076
- Associates	19	-	-	610,213	-	-	1,278,648
Gain/(loss) during the year		-	-	704,229	-	-	9,350
		-	-	1,495,955	-	-	1,433,074
31 March 2012							
Quoted investments		1,177,929	1,691,927	513,998	889,731	1,019,819	130,088
Unquoted investment		111,295	111,295	-	111,295	111,295	-
Treasury bonds		3,444,461	3,562,111	117,650	2,793,645	2,887,623	93,978
Corporate bonds		539,188	526,278	(12,910)	539,188	526,278	(12,910)
		5,272,873	5,891,611	618,738	4,333,859	4,545,015	211,156
Comprising;							
Reserves released on disposal		-	-	562,349	-	-	127,243
Gain during the year		-	-	56,389	-	-	83,913
		-	-	618,738	-	-	211,156

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

12 Earnings per share

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

	2013 Kshs'000	2012 Kshs'000
Profit attributable to equity holders of the Company	2,509,396	1,189,405
Weighted average number of ordinary shares in issue (thousands)	665,442	665,442
Basic earnings per share (Kshs)	3.77	1.79

13 Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 30%. The movement on the deferred income tax account is as follows:

GROUP			COMPANY	
2013 Kshs'000	2012 Kshs'000		2013 Kshs'000	2012 Kshs'000
(130,952)	30,443	At start of year	5,150	30,539
		(Charge)/ credit to statement of comprehensive		
(698,711)	(161,395)	income (Note 10)	2,204	(25,389)
(479,186)	(28,602)	Current year deferred tax	2,204	(25,389)
(219,525)	(132,793)	Under provision of deferred tax in prior year	-	-
(829,663)	(130,952)	At end of year	7,354	5,150

Deferred income tax assets and liabilities, and deferred income tax charge/(credit) in the statement of comprehensive income are attributable to the following items:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

13 Deferred income tax

The deferred tax asset/ (liability) is attributable to the following items:

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
6,423	5,037	Performance bonus provision	6,423	5,037
124	89	Leave pay provision	124	89
54	24	Accelerated capital allowances	54	24
-	-	Other provisions	753	-
(836,264)	(136,102)	Fair value gain on investment property	-	-
(829,663)	(130,952)		7,354	5,150

14 Contingencies

The Company has investments in four of the six bottling companies in Kenya. On 26 October 2012, the bottling companies lost a case against the Kenya Revenue Authority (KRA) for contested demand for tax arrears, penalties and interest for the period 2006 to 2009 relating to excise tax on returnable containers.

The bottling companies lodged an appeal against the ruling and have in the meantime obtained conservatory orders from the court maintaining the status quo/staying any adverse action as the notice of appeal is filed. The Directors' assessment is that the matter will be resolved amicably with minimal impact to the business of the bottling companies.

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15 Investment property

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
		At start of year		
3,992,754	3,525,578	Valuation	-	265,000
128,671	111,016	Additions	-	-
(270,000)	-	Transfer out/disposals	-	(265,000)
1,604,632	356,160	Fair value gains	-	-
5,456,057	3,992,754	At end of year	-	-

The fair value model has been applied for the investment property. The Company commissioned an independent valuer to determine the fair value of the investment property as at 31 March 2013. The fair value was supported by market evidence.

16 Motor vehicle and equipment

GROUP		COMPANY
Kshs'000		Kshs'000
At 1 April 2011		
35,027	Cost	34,963
(8,214)	Accumulated depreciation	(8,209)
26,813	Net book amount	26,754
Year ended 31 March 2012		
26,813	Opening net book amount	26,754
4,156	Additions	4,156
(1,689)	Disposals (cost)	(1,625)
(4,012)	Depreciation charge	(4,012)
1,199	Disposals (accumulated depreciation)	1,194
26,467	Closing net book amount	26,467
At 31 March 2012		
37,494	Cost	37,494
(11,027)	Accumulated depreciation	(11,027)
26,467	Net book amount	26,467
Year ended 31 March 2013		
26,467	Opening net book amount	26,467
22,594	Additions	22,594
(5,062)	Depreciation charge	(5,062)
43,999	Closing net book amount	43,999
At 31 March 2013		
60,088	Cost	60,088
(16,089)	Accumulated depreciation	(16,089)
43,999	Net book amount	43,999

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17 Intangible assets

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
		Cost		
4,541	6,841	At start of year	4,541	4,282
4,812	259	Additions	1,132	259
-	(2,559)	Disposal	-	-
9,353	4,541	At end of year	5,673	4,541
		Amortisation		
2,615	1,437	At start of year	2,615	1,230
1,440	1,811	Charge for the year	1,338	1,385
-	(633)	Released on disposal-	-	-
4,055	2,615	At end of year	3,953	2,615
5,298	1,926	Net book value	1,720	1,926

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18 INVESTMENT IN SUBSIDIARIES (all 100% beneficiary owned)

Company	Share capital		Additions		Cost		Fair Value	
	Kshs'000	01.04.12 Kshs'000	Kshs'000	Kshs'000	Disposals Kshs'000	31.03.13 Kshs'000	31.03.13 Kshs'000	31.03.12 Kshs'000
Athena Properties Limited	114,735	114,735	-	-	-	114,735	276,160	284,002
Rasimu Limited	100	100	-	-	-	100	634,384	613,271
Centum BVI Limited	8	8	-	-	-	8	(97)	(97)
Two Rivers Development Limited	100	100	-	-	-	100	1,513,539	576,196
Uhuru Heights Limited	100	100	-	-	-	100	149,213	1,960
eTransact Limited	100	100	-	-	-	100	(7,024)	(7,021)
Centum Exotics(Mauritius)	100	100	-	-	-	100	756,111	87,388
Centum Development(Mauritius)	91	91	-	-	-	91	102,204	211,690
Centum Asset Managers Limited	18,000	18,000	-	-	-	18,000	18,201	17,565
Kilele Holdings Limited	68	-	68	-	-	68	68	-
		133,334	68	-	-	133,402	3,442,759	1,784,954

Subsidiary	Country of Incorporation	Principal activity
Athena Properties Ltd	Kenya	The principal activity of Athena Properties Limited is the management, ownership and development of property for rental purposes. During the year, the Company had no property but was actively prospecting for opportunities.
Rasimu Limited	Kenya	Incorporated in July 2008 and principal activity is engagement in investment activities. The subsidiary has invested in Carbacid Investment Company Limited.
Centum BVI Limited	British Virgin Islands	Incorporated in October 2009 and principal activity is engagement in infrastructure investments.
Two Rivers D-evelopment Limited	Kenya	Formerly known as Runda Closeburn Estates Limited incorporated in September 2010 and principal activity is engagement in real estate investments.
Pearl Marina Estates Ltd*	Uganda	Incorporated in September 2010 and principal activity is engagement in real estate investments. The subsidiary has invested in 212 acres of land in Entebbe Uganda.
eTransact Ltd	Kenya	Incorporated in October 2010 and principal activity is engagement in mobile phone software advancement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

Subsidiary	Country of Incorporation	Principal activity
Centum Exotics Ltd	Mauritius	Incorporated in July 2011 and principal activity is engagement investment in quoted private equity investments.
Centum Development (Mu)	Mauritius	Incorporated in July 2011 and the principal activity is engagement in real estate.
Centum Asset Managers	Kenya	Incorporated in February 2012 and the principal activity is engagement in fund management.
Uhuru Heights Limited	Kenya	Incorporated in July 2010 and the principal activity is engagement in the management, ownership and development of property for rental purposes.
Oleibon Investment Limited*	Tanzania	Incorporated in October 2011 and the principal activity is to engage in investment in quoted private equity investments.
Kilele Holdings Limited	Mauritius	Incorporated in December 2012 as a special purpose vehicle to acquire investment in Platcorp Holdings Limited.

*These subsidiaries are indirectly owned by Centum Investment Company Limited. Pearl Marina is a subsidiary of Centum Development (Mauritius), while Oleibon Investment Limited is a Subsidiary of Centum Exotics Limited (Mauritius).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

18 Investment in subsidiaries (continued)

Fair value movement – Company	2013 Kshs'000	2012 Kshs'000
Opening valuation of subsidiaries	1,784,954	1,753,506
Additions	68	18,191
Disposals*	-	(362)
Fair value gain in subsidiaries	1,657,737	13,619
Closing valuation of subsidiaries	3,442,759	1,784,954

Investments in Subsidiaries are classified as non-current assets.

*During the year ended 31 March 2012, Centum's investment in Pearl Marina Estates Limited was transferred to its subsidiary Company; Centum Development Limited.

19 Investment in associates

GROUP			COMPANY	
2013 Kshs'000	2012 Kshs'000		2013 Kshs'000	2012 Kshs'000
3,614,550	3,377,305	At start of year	7,128,721	6,230,521
263,259	594,037	Share of profits after taxation	-	-
41,918	(91,117)	Share of other comprehensive income	-	-
-	-	Fair value gain	382,919	882,934
(217,072)	(280,941)	Dividends received	-	-
1,784,911	15,266	Acquisitions during the year	1,784,911	15,266
(1,030,412)	-	Transfer to unquoted investment (Note 20)	(1,677,213)	-
(187,743)	-	Disposals at cost (Note 11)	(187,743)	-
(610,213)	-	Reserves released on disposal (Note 11)	(1,278,648)	-
3,659,198	3,614,550	At end of year	6,152,947	7,128,721

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.

In November 2012, Centum's holding in UAP was diluted from 24% to 13%. This was due to an exercise of convertible debt by some investors in UAP. This resulted in the change from equity accounting of UAP investment to accounting for it as an investment.

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

Summarised financial information in respect of the associates' performance are set out overleaf.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

19 Investment in associates (continued)

The Group's share of the results of its principal associates, all of which are unlisted, and its aggregated assets (including goodwill) and liabilities are as follows:

	Country	2013 % interest held	2012 % interest held
AON Minet Insurance Brokers Limited	Kenya	21.50	21.50
KWA Holdings Limited	Kenya	26.43	26.43
Nairobi Bottlers Limited	Kenya	27.62	27.62
Longhorn Publishers Limited	Kenya	35.00	35.00
UAP Financial Services Limited	Uganda	29.00	29.00
Almasi Limited		42.00	-
Mount Kenya Bottlers Limited*	Kenya	-	27.80
Rift Valley Bottlers Limited*	Kenya	-	43.99
UAP Holdings Limited**	Kenya	-	24.23
Kisii Bottlers Limited*	Kenya	-	23.89

* The three bottlers were consolidated into Almasi Limited during the year.

** UAP Holdings Limited was diluted as a result as result of additional issue of shares during the year hence no longer classified as an associate.

The Group's share of the results of its principal associates, all of which are unlisted, and its aggregated assets (including goodwill) and liabilities are as follows:

	2013 Kshs'000	2012 Kshs'000
Total assets	15,843,551	30,709,119
Total liabilities	(9,943,004)	(17,276,117)
Net assets	9,900,547	13,433,002
Total revenue	22,220,634	26,565,307
Total profit for the year	731,021	1,633,250
Group's share of associate's contingent liabilities	1,389,150	765,187

Investments in associates are classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

20 Unquoted investments

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
1,427,206	1,338,664	Opening valuation	1,427,206	1,338,664
		Movements in the year:		
837,929	85,240	Additions	71,125	85,240
(8,063)	(111,295)	Disposals	(8,063)	(111,295)
1,030,412	-	Transfer in from associates (Note 19)	1,677,213	-
1,018,737	114,597	Fair value gain	371,936	114,597
2,879,015	88,542		2,112,211	88,542
4,306,221	1,427,206	Closing valuation	3,539,417	1,427,206

Unquoted investments are classified as non current assets

21 Quoted investments

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
1,666,309	3,208,611	Opening valuation	1,289,540	2,422,116
		Movements in the year:		
1,112,066	364,097	Additions	12,361	81,350
(880,560)	(1,740,278)	Disposals	(641,393)	(1,016,974)
835,057	(166,121)	Fair value gain	428,270	(196,952)
1,066,563	(1,542,302)		(200,762)	(1,132,576)
2,732,872	1,666,309	Closing valuation	1,088,778	1,289,540

Quoted investments are classified as non current assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

22 Corporate bonds at fair value through profit or loss

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
480,000	539,188	Opening valuation	480,000	539,188
		Movements in the period:		
947,663	3,879,824	Additions	96,472	3,879,824
(480,472)	(3,983,649)	Disposals	(480,472)	(3,983,649)
48,122	44,637	Fair value gain	9,560	44,637
515,313	(59,188)		(374,440)	(59,188)
995,313	480,000	Closing valuation	105,560	480,000

Corporate bonds are classified as non current assets.

23 SUBSIDIARY BALANCES

		COMPANY	
		2013	2012
		Kshs'000	Kshs'000
(a)	Due from Subsidiaries		
	Centum BVI Limited	97	97
	Pearl Marina Estates Limited	1,433,766	1,115,998
	Two Rivers Development Limited	1,516,489	1,461,139
	eTransact Limited	7,021	6,909
	Uhuru Heights Limited	267,008	269,662
	Centum Exotics Limited	1,977,460	250,613
	Centum Development Limited	362	362
	Centum Fund Management	548	-
	Kilele Holdings Limited	766,737	-
		5,969,488	3,104,780
(b)	Due to Subsidiaries		
	Athena Properties Limited	275,074	284,417
	Centum Asset Managers Limited	-	17,623
	Centum Development Limited	10	91
	Rasimu Limited	563,216	560,172
		838,300	862,303
		5,131,828	2,242,477

The balances due to and due from the subsidiaries are interest free and have no specific repayment period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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24 Receivables & prepayments

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
-	6,086	Dividends receivable	-	136,141
-	-	Land investment prepayments	39,966	15
253,659	23,296	Other receivables & prepayments	76,664	12,491
7,166	6,697	Interest receivable	7,166	6,697
260,825	36,079		123,796	155,344

The carrying amounts of the receivable and prepayments approximate to their fair values.

25 Cash and cash equivalents

For the purpose of the statement of cash flows cash and cash equivalents comprise;

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
902,500	310,000	Call deposits (maturing within 90 days)	902,500	310,000
599,269	12,410	Bank balances	28,396	7,340
1,501,769	322,410		930,896	317,340

26 BORROWINGS

	GROUP & COMPANY	
	2013	2012
	Kshs'000	Kshs'000
The borrowings are made up as follows:		
Bank Loan		
At start of year	1,000,000	1,000,000
Repayment during the year	(1,000,000)	-
At end of year	-	1,000,000
Corporate Bond		
At start of year	-	-
Issue during the year	4,167,900	-
Accrued additional interest on Equity linked note	37,524	-
Bond related expenses	(55,892)	-
Repayment during the year	-	-
At end of year	4,149,532	-
Total borrowings	4,149,532	1,000,000

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26 Borrowings (continued)

At 31 March 2012 the Group had undrawn committed borrowing facilities amounting to Kshs 1,200,000,000 (2012: Kshs 1,200,000,000). The effective interest rate for long term loan is 16.67% (2012: 20%).

The long term loan facility is secured by a floating charge over all the listed securities.

During the year, the company successfully issued a 5 year bond and raised Kshs 4,167,900,000. This comprised of fixed rate notes of KShs 2,917,530,000 at an interest rate of 13.5% and equity linked note of Shs 1,250,370,000 at 12.75% with a maximum upside of 15% on the Company's Net Asset Value as at 31 March 2012.

27	SHARE CAPITAL & PREMIUM	Year ended 31 March 2013			Year ended 31 March 2012		
		Number of shares Ksh'000	Ordinary Shares Ksh'000	Share Premium Ksh'000	Number of shares Ksh'000	Ordinary shares Ksh'000	Share Premium Ksh'000
	Group and Company						
	At start of year	665,442	332,721	589,753	604,948	302,474	589,753
	Issue of shares – bonus	-	-	-	60,494	30,247	-
	At end of year	665,442	332,721	589,753	665,442	332,721	589,753

The total authorised number of ordinary shares is 800,000,000 with a par value of Kshs 0.50 per share 665,441,714 shares (2012: 665,441,714 shares) are issued and fully paid up.

28 Reserves

(a) Investment revaluation reserve

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. Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in profit or loss.

(b) Retained earnings

The retained earnings represent amounts available to the shareholders of the Group. Retained earnings are utilised to finance business activity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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29 Payables and accruals

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
83,506	13,398	Sundry payables and accruals	25,830	12,296
-	284,280	Settlements in respect of investments	-	63,504
4,059	2,173	Leave pay provision	4,059	2,173
200,293	56,105	Performance bonus provision	200,293	56,105
287,858	355,956		230,182	134,078

The carrying amounts of the payables approximate to their fair values.

30 Unclaimed dividends

For the purpose of the statement of cash flows cash and cash equivalents comprise;

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
34,437	35,049	At the beginning of the year	34,437	35,049
(1,933)	(612)	Dividend paid	(1,933)	(612)
32,504	34,437	At the end of the year	32,504	34,437

Payment of dividends is subject to withholding tax at a rate of either 5% or 10% depending on the residence of the respective shareholders in the year in which they are declared.

There were no dividends declared in 2012 and 2011. The unclaimed dividends represents dividends declared in prior years but the some shareholders have never redeemed the dividends to date.

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31 Cash generated from operations

	Note	GROUP	
		2013 Kshs'000	2012 Kshs'000
Reconciliation of profit before income tax to cash generated from operations			
Profit before income tax		3,247,973	1,366,675
Adjustments for:			
Interest expense	8	343,576	179,243
Depreciation on motor vehicle and equipment	16	5,062	4,012
Amortisation of intangible assets	17	1,440	1,811
Fair value gains on corporate bonds	22	(48,122)	(44,637)
Fair value gains on investment property	15	(1,604,632)	(356,160)
Loss on disposal of intangible asset		-	1,926
Loss on disposal of motor vehicles and equipment		-	377
Gains on disposal of quoted investments	11	(275,530)	(618,737)
Gains on disposal of unquoted investments	11	(1,171,500)	-
Gain on disposal of investment property		(145,000)	-
Gain on disposal of corporate bonds		(48,925)	-
Share of profit from associates	19	(263,259)	(594,037)
Write-off of tax receivable	10(c)	-	1,790
Changes in working capital			
- receivables and prepayments		(224,746)	204,061
- payables and accrued expenses		(68,098)	(363,214)
Cash used in operations		(251,761)	(216,890)

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32 Related party transactions

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

The following transactions were carried out with related parties:

		GROUP & COMPANY	
		2013	2012
		Kshs'000	Kshs'000
(i)	Purchases of services		
	Office rent (paid to entity controlled by a director)	7,184	3,648
	Insurance premiums (paid to an associate)	8,222	2,435
		15,406	6,083

(ii) Key management compensation

Key management includes executive directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

		GROUP & COMPANY	
		2013	2012
		Kshs'000	Kshs'000
	Salaries	59,576	45,301
	Performance bonus	105,357	14,932
	Retirement benefit scheme contribution	3,859	3,196
		168,792	63,429

(iii) Directors' remuneration

	Fees for services as a non executive director	14,129	13,928
	Other included in key management compensation above	82,259	37,985
		86,259	51,913

(iv) Outstanding related party balances

	Performance bonus	173,264	14,932
	Transaction fees (due to an associate)	-	-
		173,264	14,932

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

33 COMMITMENTS

(i) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised in the financial statements is as follows:

	GROUP & COMPANY	
	2013 Kshs'000	2012 Kshs'000
Equipment	-	823

(ii) Operating lease commitments

At the end of the reporting year, the Group had outstanding lease commitments under lease obligations which fall due as follows;

	GROUP & COMPANY	
	2013 Kshs'000	2012 Kshs'000
Within one year	3,648	3,648
Within the second to fourth years inclusive	1,671	5,319
	5,319	8,967

Review

Management and Business Review

Governance and Risk

Statutory Information & Financial Statements

Additional Disclosures

Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

34 Financial instruments by category

(a) Financial assets

GROUP			COMPANY	
2013	2012		2013	2012
Kshs'000	Kshs'000		Kshs'000	Kshs'000
995,313	480,000	At fair value through profit or loss	105,560	480,000
1,762,594	358,789	Loans and receivables	7,024,180	3,577,464
7,039,093	3,093,515	Available for sale	14,277,901	11,630,421
9,797,000	3,932,304		21,407,641	15,687,885
		Fair value through profit or loss		
995,313	480,000	Corporate bonds	105,560	480,000
		Loans and receivables:		
260,825	36,079	Receivables	123,796	155,344
902,500	310,000	Deposits	902,500	310,000
599,269	12,710	Cash and cash equivalents	28,396	7,340
-	-	Due from subsidiary Companies	5,969,488	3,104,780
1,762,594	358,789		7,024,180	3,577,464
		Available for sale:		
-	-	Investment in subsidiaries	3,442,759	1,784,954
-	-	Investment in associates	6,152,947	7,128,721
4,306,221	1,427,206	Unquoted investments	3,593,417	1,427,206
2,732,872	1,666,309	Quoted investments	1,088,778	1,289,540
7,039,093	3,093,515		14,277,901	11,630,421

(b) Financial liabilities

All the Group's financial liabilities are measured at amortised cost. The carrying value of the Group's and the Company's financial liabilities at the end of 2013 and 2012 is shown on note 4(b).



ADDITIONAL DISCLOSURES

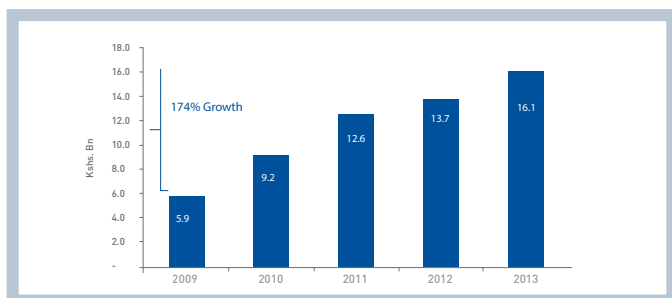
Portfolio Statistics _____ 152

Historical Performance _____ 153-155

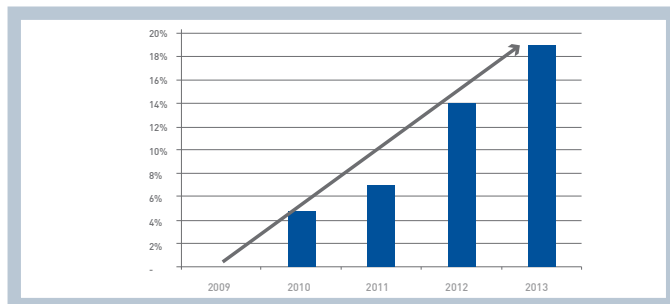
ADDITIONAL DISCLOSURE

Strategic Highlights

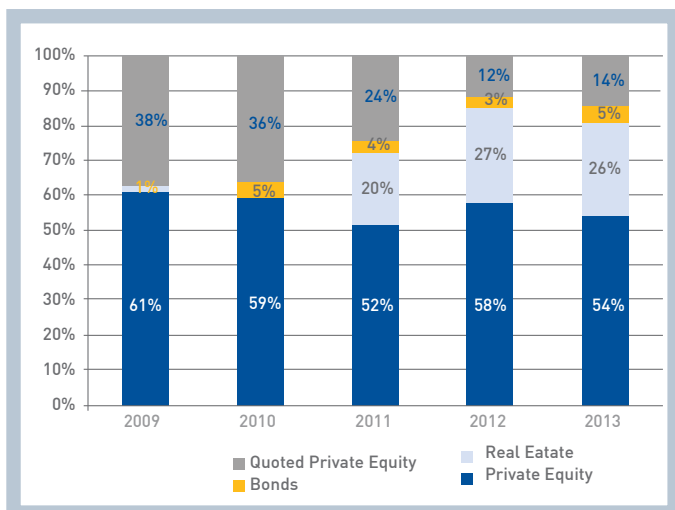
1. We have grown shareholder wealth by Kshs 10.25 billion in 48 months



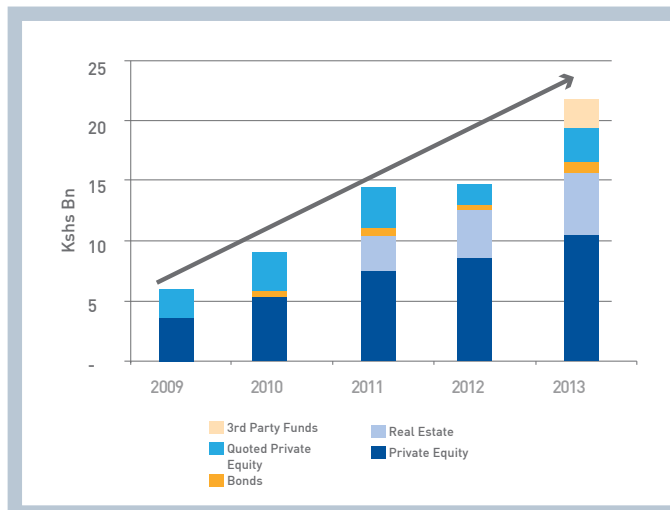
2. Our portfolio outside Kenya increased from less than 1% in 2010 to 19% in 2013



3. We continue to provide access to an otherwise inaccessible portfolio



4. We have grown assets under management to 21.7 billion from 6 billion in 2009



Historical Performance

Company's Five Year Financial Review

Statement of financial Position

	2013 Kshs'000	2012 Kshs'000	2011 Kshs'000	2010 Kshs'000	2009 Kshs'000
Investment property	5,100	3,993	3,525	-	-
Investment in associates	6,153	7,129	6,231	4,240	2,273
Unquoted investments	3,539	1,427	1,339	1,251	1,213
Quoted investments	1,089	1,290	2,422	2,081	2,305
Bonds at fair value	106	480	539	505	-
Other assets	5,420	1,402	948	1,763	507
Total assets	21,407	15,721	15,004	9,840	6,397
Shareholder funds	16,137	13,685	12,552	9,157	5,859
Liabilities	5,270	2,036	2,451	683	538
Equity and Liabilities	21,407	15,721	15,004	9,840	6,397

Statement of Comprehensive Income

Income	1,914	764	1,685	1,121	506
Expenses	(842)	(277)	(446)	(246)	(407)
Profit before tax	1,071	487	1,239	875	99
Tax	(37)	(41)	(2)	13	(11)
Profit for year	1,034	446	1,237	888	88
Other comprehensive income/(loss)	1,417	687	2,158	2,409	(3,068)
Total comprehensive income/(loss)	2,451	1,133	3,395	3,297	(2,980)

Key Performance Indicators

	2013	2012	2011	2010	2009
Return on Equity	18%	9%	37%	56%	-33%
Earnings per share	3.77	1.79	3.44	1.64	2.1
Net asset value per share	24.3	20.6	18.9	13.8	8.9
Gearing	20%	5%	16%	-	3%
Price to book value per share	0.82	0.6	1	1.03	1.06
Cost efficiency	2.3%	1.6%	2.0%	2.2%	2.0%

Historical Performance

Restated Cash Flow Statements conforming with Centum's Business Model

	2013 Kshs'000	2012 Kshs'000	2011 Kshs'000	2010 Kshs'000	2009 Kshs'000
Internally generated cash flows:					
Dividend income	490,740	430,892	410,222	407,957	456,246
Rent income	7,062	6,136	6,276	2,259	120
Interest income	119,054	45,446	77,950	6,022	3,224
Other income	(69,768)	31,172	55,099	45,551	93,037
Proceeds from disposal of investments	1,943,036	6,105,779	1,799,547	1,271,422	203,191
	2,490,123	6,619,425	2,349,094	1,733,211	755,818
Operating outflows:					
Operating & Administrative expenses	(297,496)	(299,181)	(302,784)	(197,999)	(184,554)
Taxes paid	(25,726)	(9,897)	(2,591)	(603)	(4,416)
	(323,222)	(309,078)	(305,375)	(198,602)	(188,970)
Net Internally generated funds	2,166,901	6,310,347	2,043,719	1,534,609	566,848
Investing activities:					
Investments	(3,752,276)	(4,769,396)	(4,240,959)	(920,632)	(625,373)
Investment in motor vehicle & equipment	(27,406)	(4,303)	(26,944)	(10,000)	104
	(3,779,682)	(4,773,699)	(4,267,903)	(930,632)	(625,269)
Financing activities:					
Net proceeds from borrowings	4,149,532	-	1,000,000	-	-
Loan repayment	(1,000,000)	-	-	-	-
Dividends paid to Company's shareholders	(1,933)	(612)	(1,392)	(5,728)	(215,479)
Interest paid	(343,576)	(229,872)	(147,914)	(44,758)	(13,705)
	(2,804,023)	(230,484)	850,694	(50,486)	(229,184)
Net increase/(decrease) in cash	1,191,242	1,306,164	(1,373,490)	553,491	(287,605)
Movement in cash and cash equivalents					
At start of year	(322,410)	(981,204)	393,641	(159,850)	127,755
Increase/(decrease)	1,191,242	1,306,164	(1,373,490)	553,491	(287,605)
Exchange losses on cash equivalents	(11,883)	(2,550)	(1,355)	-	-
At end of year	1,501,769	322,410	(981,204)	393,641	(159,850)

Bond covenants

The following ratios are to be used by the notes trustee over the period the bonds will be outstanding

Ratio	2013	2012	2011	2010	2009	Covenant
Interest Service & coverage	4.7:1	27.45:1	13.2:1	32.7:1	43.6:1	1.5:1
Net Debt to Equity ratio	0.4:2	0.1:2	0.32:2	N/a	0.05:2	=<1:2

Ratio	Ratio Description	Ratio Formulae
Interest service & coverage	This is the ratio of the Group's internally generated cash flows to the finance costs	$\frac{\text{Internally generated cash flows}}{\text{Finance costs}}$
Net Debt to Equity ratio	This is the ratio of Net debt (Outstanding debt less cash & cash equivalents) to the Company's NAV	$\frac{\text{Net Debt}}{\text{Company's NAV}}$

NSE STATISTICS

	2013	2012	2011	2010	2009
Share Price					
High for the year	23.5	19.75*	26.00	19.90	30.00
Low for the year	19.9	10.75	12.00	8.00	8.50
31st March	19.9	13.05	21.50	15.60	10.25
NSE Index	4,861	3,367	4,855	2,805	4,073
Shares Traded					
Number of shares	23,720,200	51,979,370	52,084,700	20,445,143	39,774,235
Value of shares traded (Kshs millions)	520	896	1,096	247	863
Turnover of shares traded as a percentage of issued share capital	4%	11%	9%	4%	7%
No. of shares (at beginning)	665,441,714	604,947,013	549,951,830	549,951,830	549,951,830
No. of shares (at end)	665,441,714	665,441,714	604,947,013	549,951,830	549,951,830
Weighted average	665,441,714	630,153,138	572,866,490	549,951,830	549,951,830
Market Capitalisation as at 31st March (Kshs millions)	13,242	8,223	12,317	8,579	5,637

* Adjusted for Bonus Effect. Books closure date for bonus was 22-July-11

A perspective view of a tunnel with tracks leading to a bright light at the end. The tracks are made of metal rails on a dark, textured bed. The tunnel walls are arched and illuminated from within, creating a warm, golden glow. The light at the end of the tunnel is very bright, creating a lens flare effect. The overall atmosphere is one of hope and forward progress.

SHAREHOLDER INFORMATION

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Voting Form _____ 164

To Register for Electronic Communications

If you would prefer to receive shareholder communications electronically in the future including annual reports and notices of meetings, please visit our Registrar's website www.sharepoweronline.com and follow the instructions to register.

For Investor Relations Information and General Enquiries:
Please visit www.centum.co.ke on the investor relations page

Digital Communication

To Register for Electronic Communications

If you would prefer to receive shareholder communications electronically in the future including annual reports and notices of meetings, please visit our Registrar's website www.sharepoweronline.com and follow the instructions to register.

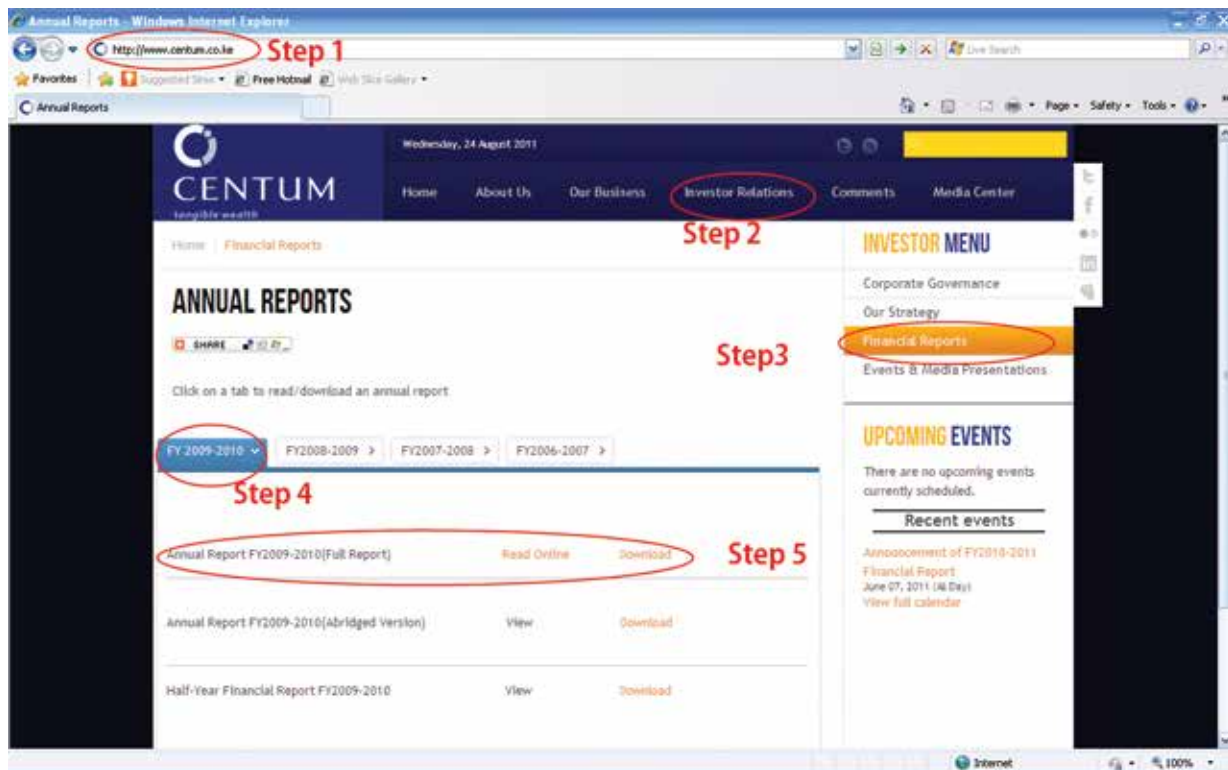
Half Yearly Reports Online

The 2013 half yearly information will only be available online. Please register on our website www.centum.co.ke to ensure you are notified when it becomes available.

For Investor Relations Information and General Enquiries

Please visit www.centum.co.ke on the investor relations page

How to access the Financial Report in 5 easy steps from our website



- Step 1: Open your internet browser and type www.centum.co.ke
- Step 2: Click on Investor Relations link as shown on the web page
- Step 3: Click on Financial Reports
- Step 4: Select the Financial Year
- Step 5: You can either read the report online or download the report



Proxy Form

Fomu ya Uakilishi

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 46th Annual General Meeting of the Company, to be held on Friday, 18 October 2013 at Two Rivers, Limuru Road, Nairobi at 11.00 a.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 _____ 2013.

Signature(s)

Notes:

1. This proxy form is to be delivered to the Secretary's office not later than 11.00 a.m. on Thursday, 17 September 2013.
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. There is a form provided to each shareholder to be used for voting for or against or to withhold your vote on the resolutions. If neither for nor against is struck out or your vote is not withheld you will be deemed to have authorised the Proxy to vote as they think fit.
4. Please note that voting will only take place if a poll is demanded at the meeting in accordance with sections 137 and 138 of the Companies Act

Mimi/Sisi _____

Nambari ya akaunti ya hisa _____

Anwani _____

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

na akikosa, nateua/tunamteua Mwenyekiti wa Mkutano kama mwakilishi wangu/wetu, kupiga kura kwa niaba yangu/yetu kwenye Mkutano Mkuu wa Mwaka Makala ya 46 utaofanyika Ijumaa, 18 Oktoba 2013 katika Two Rivers, Limuru Road, Nairobi 10.00 a.m. ama siku yoyote ile endapo mkutano hua utahirishwa.

Mimi/sisi ninamuagiza/tunamuagiza mwakilishi kupiga kura kuunga mkono/dhidi ya/kuzuia kura kwa maamuzi kama ilivyoelekezwa katika sehemu ya nyuma ya fomu hii.

Sahihi hii/hizi imewekwa/zimewekwa Tarehe _____ ya _____ 2013.

Sahihi

Maelezo:

1. Ni lazima fomu hii ya uwakilishi ijazwe kikamilifu na kufikishwa kwa Katibu wa Kampuni kabla ya 11.00 a.m. Alhamisi, 17 Oktoba, 2013.
2. Iwapo mteuaji ni shirika, fomu hii ya uwakilishi ni lazima ipigwe muhuri wa kampuni hiyo na walio idhinishwa.
3. Kuna fomu ya upigaji kura ambayo inafaa kutimika kuunga mkono/dhidi ya/kuizuia kura yako. Ikiwa maamuzi yakuunda mkono ama dhidi ya ama kuzuia kura yako haijalekezwa katika fomu ya upigaji kura basi itaeleweka kwamba umemuidhinisha muwakilishi wako kupiga kura kama anavyofikiria.
4. Upigaji kura utafanyika iwapo kura ititishwa katikamkutano 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

**46TH MEMBERS' ANNUAL GENERAL MEETING
FRIDAY 18 OCTOBER, 2013, NAIROBI AT 11.00 AM.**

VOTING BY POLL / UPIGAJI KURA

SHAREHOLDER OR PROXY HOLDER

NAMES
(MAJINA KAMILIYA MWENYEHISA)

ADDRESS
(ANWANI:SLP)

FULL NAMES OF PROXY IF APPLICABLE
(MAJINA KAMILI YA MWAKILISHI KAMA YATAKIKANA)

SHAREHOLDERS ACCOUNT No.....
(NAMBARI YAKO KATIKA ORODHA YA WANAHISA)

TOTAL NUMBER OF SHARES.....
(JUMLA YA HISA UNAZOMILIKI)

NOTES

1. Print your full name as the registered shareholder or proxy holder in block capitals. If there are more than one registered shareholder only one may vote.
2. Write in figures the number of shares held.
3. Place an X in the box opposite the name of the candidate to show who you are voting for and against. There are only four vacancies for election to the Board of Directors.
4. Please sign in the space provided.
5. Please place your ballot paper in the ballot boxes provided as you leave the meeting.

FOR OFFICIAL USE ONLY:

SIGNED

DATE

SHAREHOLDING VERIFIED (REGISTRARS)

VERIFICATION AND SIGN-OFF (AUDITORS)

NB: IN THE EVENT THAT THIS FORM IS INCOMPLETE OR INCORRECTLY COMPLETED IN EVERY RESPECT IT WILL BE TREATED AS SPOILED AND WILL NOT BE COUNTED

		FOR	AGAINST	VOTE WITHHELD			FOR	AGAINST	VOTE WITHHELD
Agenda No.	ORDINARY RESOLUTION				Agenda No.	ORDINARY RESOLUTION			
3 (i)	To adopt and approve the accounts for the year ended 31 March 2013	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4(i)	To approve establishment of Centum Asset Managers Limited.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 (ii)	ORDINARY RESOLUTION To approve the directors remuneration for the year ended 31 March 2013	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(ii)	ORDINARY RESOLUTION To approve the incorporation of Centum Shared Services Company Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 (iii)	ORDINARY RESOLUTION To re-elect the following directors retiring by rotation:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(iii)	ORDINARY RESOLUTION To approve the acquisition of 79.17% shareholding in Kilele Holdings Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(a)	Mr M Mwangi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(iv)	ORDINARY RESOLUTION To approve incorporation of Two Rivers Development Zones Limited in Mauritius	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b)	Principal Secretary Ministry of Trade	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(iv)	ORDINARY RESOLUTION To approve the incorporation of Mvuke Power Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 (iv)	ORDINARY RESOLUTION To approve the re-appointment of PricewaterhouseCoopers as the Company auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(iv)	ORDINARY RESOLUTION To approve the incorporation of Liberty Beverages Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed.....



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

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

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

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

...are you interested?

