





Africa's Foremost Investment Channel

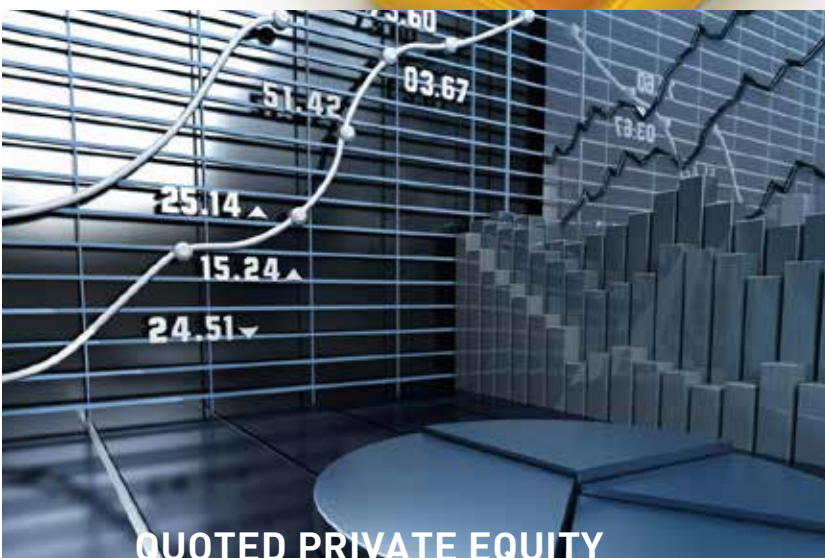
“At Centum, we focus on sustainable wealth creation, leveraging on teamwork and the expertise of our people to not only identify but also create topnotch investment opportunities and products that consistently give superior returns to our shareholders, customers and co-investors.”

James Mworia
Chief Executive Officer

PRIVATE EQUITY



AGRIBUSINESS



QUOTED PRIVATE EQUITY



REAL ESTATE

OUR MISSION STATEMENTS

OUR VISION

To be Africa's foremost investment channel

OUR MISSION

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

OUR VALUES

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

F N 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

LAWYERS

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

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

Simba & Simba Advocates
Finance House
P.O. Box 10312 – 00100
Nairobi

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)
Dr Mc Fie (Appointed on 1 April 2014)
I Khan
Dr. L Macharia
R.K. Bunyi (Resigned 31 March 2014)

INVESTMENT COMMITTEE

C J Kirubi - Chairman
P M Kimurwa
J M Mworia
Dr. L Macharia
I Khan

AUDIT AND RISK COMMITTEE

I Khan - Chairman
Dr. L Macharia (Appointed 1 April 2014)
R K Bunyi (Resigned 31 March 2014)
H C Njoroge
M Byama

NOMINATION & GOVERNANCE COMMITTEE

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

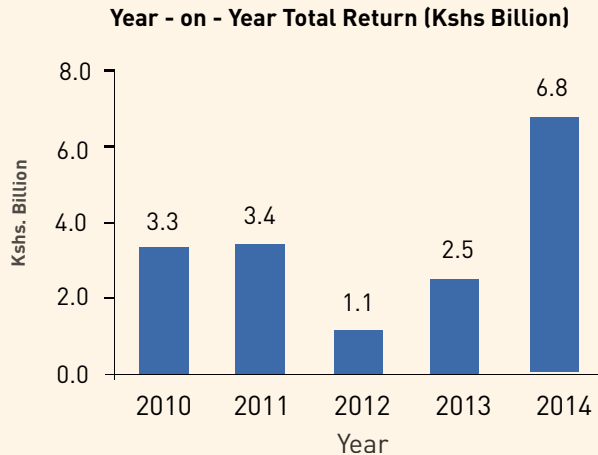
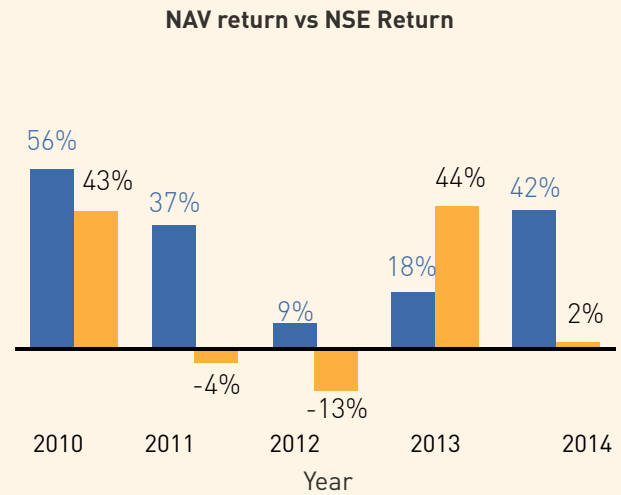
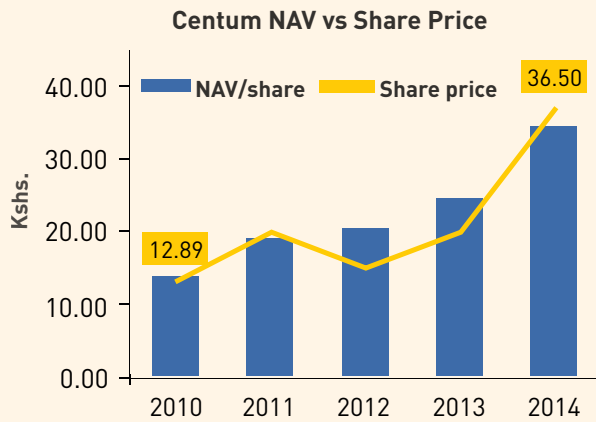
BRANDING COMMITTEE

H C Njoroge - Chairman
C J Kirubi
J M Mworia



PERFORMANCE

Active portfolio management to deliver consistent market beating returns



Centum share price recorded a 372% improvement while NAV increased by 291% over the five year period.

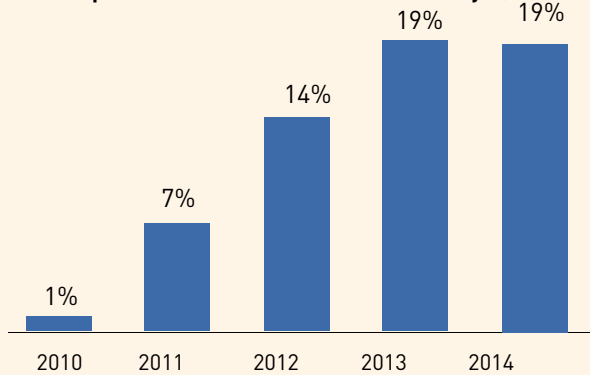
Centum NAV return outperformed the NSE in 4 years out of the 5 year period. Delivering an aggregate return of 291% against an aggregate return of 75% delivered by the NSE. A 216% outperformance. Annualized average year-on-year return over the period was 31%, an outperformance of 19% relative to the the NSE.

2009-14 STRATEGIC PILLARS

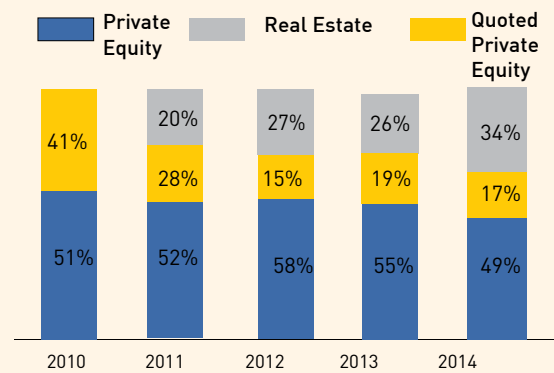
DIVERSIFICATION

Increase geographical diversification through Pan African investments

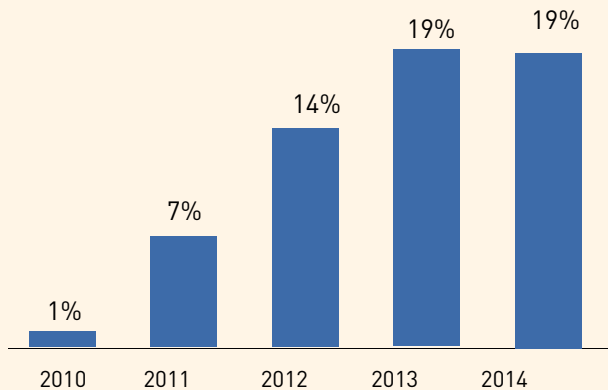
Proportion of Investments Outside Kenya (%)



Asset Class Diversification



Geographical Diversification (Kshs billion)



Geographical diversification of our portfolio outside Kenya increased from less than 1% to 19% at the close of the strategy period. Representing assets of Kshs 5.3 billion compared to assets of Kshs 0.04 billion at the beginning of the strategy period.

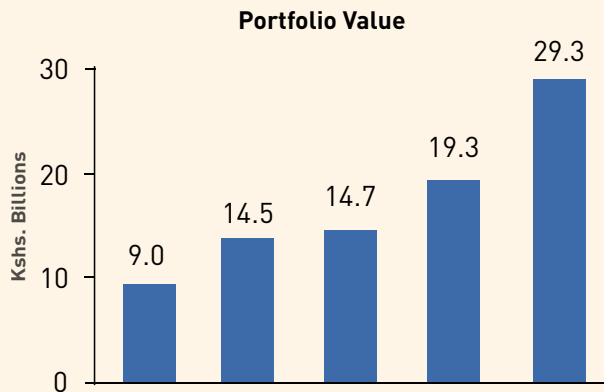
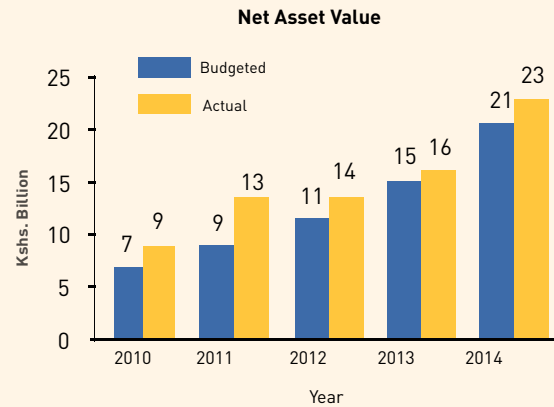
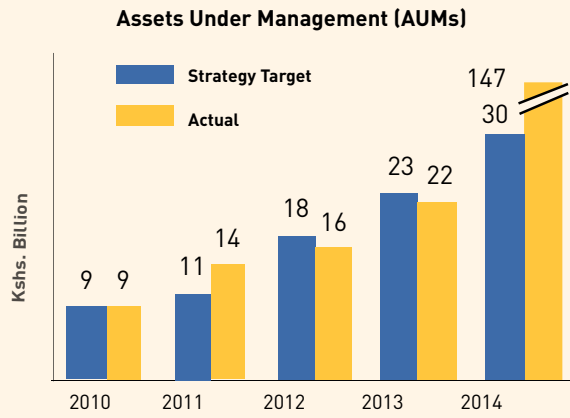
Increase in the proportion of Private Equity and Real Estate to Centum AUM to 81% from 62% in 2009, indicating a reduced reliance on quoted investments, which is in line with our objective of providing investors with access to inaccessible investment opportunities.

2009-14 STRATEGIC PILLARS



GROWTH

Grow Total Assets Under Management to Kshs 30 billion by 2014



Total Assets Under Management* have grown 23 times, increasing from Kshs 6Billion in 2009 to Kshs 147Billion in 2014.

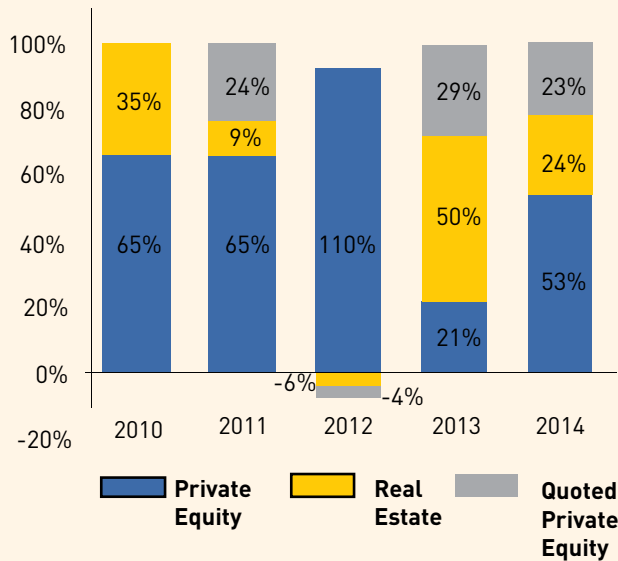
Net Asset Value (NAV) has grown by Kshs 17 billion from Kshs 5.9 billion to Kshs 22.9 billion, translating to a 291% growth. The NAV growth exceeded the strategy target by 9.5%, having achieved a NAV of Kshs 23 billion against a target of Kshs 21 billion.

* Total Assets Under Management = Centum Portfolio Value + Third Party Assets

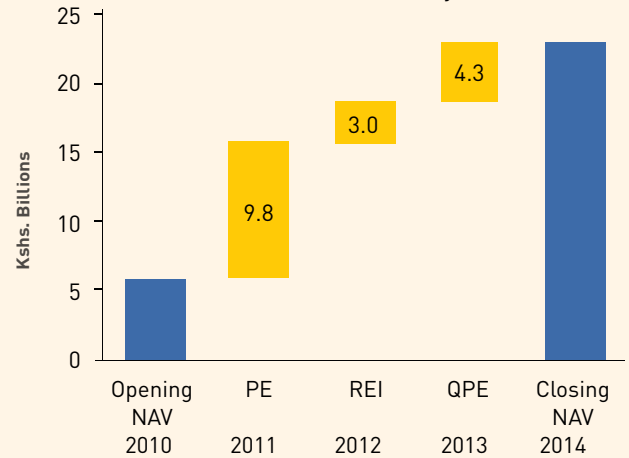
2009-14 STRATEGIC PILLARS

OTHER

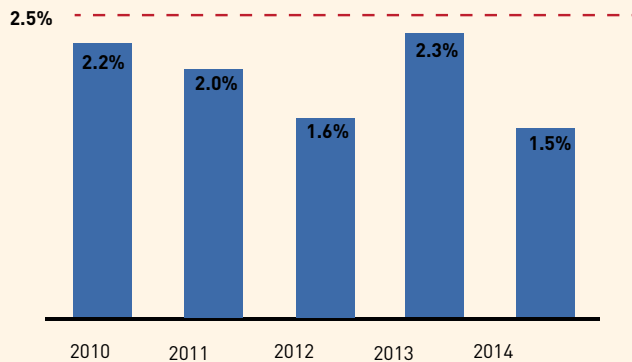
Total Return Contribution Asset Class



5-Yr NAV Growth Attribution by Asset Class



Cost efficiency



Despite the growth in the Real Estate portfolio over the last five years, Private Equity is still the main contributor to Centum's total return performance. Over the period, private equity accounted for 57% of the total return delivered while QPE and Real Estate accounted for 18% and 25% respectively.

Across the strategy period, we have consistently maintained costs well below our 2.5% ceiling.

FIVE YEAR PERFORMANCE HIGHLIGHTS



	FY2013/14	FY2012/13	FY2011/12	FY2010/11	FY2009/10
Return					
Total return (Kshs million)	6,800	2,451	1,133	3,395	3,298
Return on opening equity (%)	42.1%	17.9%	9.0%	37.1%	56.3%
5-Year aggregated return on opening equity (%)	291%	-	-	-	-
Outperformance relative to NSE 20 share index (%)	40%	-26%	22%	41%	13%
Cost efficiency (%)	1.5%	2.3%	1.6%	2.0%	2.2%
Financial Position (Kshs million)					
Total Assets	28,811	21,407	15,721	15,004	9,840
Portfolio Value	29,371	19,307	14,694	14,463	9,015
Other assets/liabilities	(943)	979	(9)	77	142
Net debt	(5,492)	(4,149)	(1,000)	(1,988)	-
Net Asset Value (NAV)	22,936	16,137	13,685	12,552	9,157
Gearing (%)	23.9%	25.7%	7.3%	15.8%	-
Third party funds (Kshs million)	117,834	2,393	1,393	-	-
NAV per share (Kshs)	34.47	24.25	20.57	18.86	13.76
Share price per share (Kshs)	36.50	19.90	14.70	19.55	12.89
Market Capitalization (Kshs million)	24,289	13,242	9,782	13,009	8,578



BACKGROUND INFORMATION

Centum Investment Company Limited (NSE: ICDC, USE: CENT) is a leading Pan-African investment company, that was established in 1967. It has interests in private equity and real estate investments in East Africa as well as investments in listed securities across sub-sahara Africa. The Company is listed on the Nairobi Securities Exchange (NSE) and cross-listed on the Uganda Securities Exchange (USE). Our investment portfolio consists of over 20 investee companies, consisting of wholly and partly owned subsidiaries, associate companies and unquoted companies. Through our investments, we have been able to offer our shareholders access to quality and diversified investments. The history of Centum can be summarized as follows:

FY1967/68 - 2008/09

Centum 1.0

Investment Focus: Generalist investor Significantly invested in quoted equities and private equity investments

Investment management model: Passive portfolio investor.

Investment Objective: To deliver market beating returns.

FY2009/10- 20131/09

Centum 2.0

Investment Focus: Investment through 3 business lines:Private Equity, Quoted Private Equity and Real Estate

Establishment of wholly owned Asset Management, Real Estate Development and Shared services busines to a allow focus on the management of third party funds.

Investment management model: Active portfolio investor participating in value creation activities.

Investment Objective: To deliver market beating returns.

Centum 3.0

Investment Focus

Investment in 8 sectors: Financial Services,Energy Agriculture,Education, Health, FMCG, ICT and Real Estate.

Investment management model: Developer of investment grede opportunities in the 8 focus sectors.

Investment Objective: To deliver market beating returns.

BACKGROUND INFORMATION

In line with our 2009-2014 strategic objectives, we continue to deploy and manage funds actively through three principal business lines.

1. PRIVATE EQUITY (PE)

Private Equity represents the entrepreneurial heart of Centum and in the 2014-2019 strategic period it has the mandate to develop and scale up Centum's quest to venture into 5 new sectors namely; Energy, Agriculture, ICT, Health and Education. Private equity will also explore opportunities to increase the depth of investment participation in the Fast Moving Consumer Goods (FMCG), Financial Services and Real Estate sectors.

The primary objective of the PE team is to drive shareholder wealth creation through the development of extraordinary enterprises that will deliver long-term value appreciation in invested capital through proactive management of these investments and other value creation activities, and to deliver a return in excess of 35% per annum. Private Equity performs an investment management role within Centum by monitoring the investment performance and capital allocation decisions. The Private Equity portfolio is currently valued in excess of Kshs 14 billion and represents 49 % of the Centum's investment portfolio.

2. ASSET MANAGEMENT (AM)

Formally known as Quoted Private Equity (QPE), we have renamed this business unit as Asset Management after an increased focus on the management of third party funds following the incorporation of Centum Asset Managers and the acquisition of Genesis Kenya Investment Management Limited.

Asset Management is focused on the management of third party funds as well as Centum's investments in listed securities.

The Asset Management division comprises two independent fund management businesses; Centum Asset Managers Limited and Genesis Kenya Investment Management Limited. These companies collectively managed over Kshs 117 billion in third party funds as at 31 March 2014.

Centum Asset Managers (CAM), a wholly owned subsidiary, is the entity responsible for the management of Centum's listed

securities, currently valued at Kshs 5 billion. CAM also manages Kshs1.2 billion worth of third party funds drawn from institutions and high net worth individuals. CAM's key competitive advantage is financial product innovation and development. In this regard, CAM has been able to develop bespoke investment products to its clients as well as to its principal shareholder, Centum. An example of such innovative investment products is the Centum Africa Collective Investment Scheme, Kenya's first and only Africa-focused collective investment scheme. CAM is a registered Fund Manager as well as a Real Estate Investment Trust (REIT) Manager, having received its licences from the Capital Markets Authority (CMA) in 2013. It also received a pension fund management licence from the Retirement Benefits Authority (RBA) in the same year. It is now poised to offer a full breadth of fund management services to suit the various needs of its investors.

Genesis Kenya Investment Management Limited, acquired in December 2013, is the second largest fund manager in Kenya and manages over Kshs 116 billion in pension funds. Having managed third party funds for almost 20 years, Genesis Kenya has the expertise needed to excel in the fund management business and provides the Group with the scale needed to increase fund management incomes.

3. REAL ESTATE (RE)

Centum's strategy in real estate is to identify high potential areas with attractive catchment areas for the development of mixed use commercial developments. The Group has developed the capacity to develop master plans, infrastructure design, secure approvals, identify and attract anchor tenants, legal structuring as well as sourcing and securing debt and equity capital. We participate in the entire development process beginning with land development, moving on to the property development and finally the property and portfolio management process. Our pioneering real estate developments in Nairobi, Two Rivers, and Entebbe, Peal Marina, are focused on the creation of commercially successful, diverse, pedestrian-friendly, compact and vibrant mixed use urban communities.

Athena Properties Limited, a wholly owned subsidiary, provides a complete suite of end to end solutions in large scale property development not only for Centum's real estate portfolio investments but also to third party clients.

OUR STRATEGY

CENTUM 2.0 (2009-2014)

1 PERFORMANCE ▶ Constantly deliver market beating returns

2 DIVERSIFICATION ▶ Diversify by geography and asset class

3 GROWTH ▶ Grow AUM to Kshs 30Bn by 2014

4 BRAND ▶ Deliver through people

5 COSTS ▶ Maintain costs below 2.5% of AUM

Focused on control or minority stakes in key sectors.

OWNERSHIP

Portfolio manager looking for growth capital and consolidation opportunities

APPROACH

Developed three business units, with PE having no specific sector focus

Active promoter and developer of investment grade opportunities in the above sectors.

FOCUS

Focus will be placed on 8 priority sectors: Financial Services, Energy, Agriculture, Education, Health, FMCG, ICT and Real Estate.

To deliver market-beating returns

INVESTMENT OBJECTIVE

To deliver market-beating returns

OUR STRATEGY



Target annual return of 30%-35%

RETURN

Long-term value creation

Target annual return of 35%+

PERSPECTIVE

Open to investing alongside or into other Private Equity funds

Disproportionate value creation in development phase, often coupled with longer term value creation post-development

COMPETITION

Preference to invest in current or near-off market leaders

Interested in supplying investment grade assets to mid- and large-cap Private Equity funds

TARGETS

Preference to creating and building up market leaders, rather than investing in incumbent leaders where entry valuations are high

Interested primarily in majority stakes, where Centum can exercise control over the creation of investment grade assets. This is premised on the notion that control of the process of value creation is more important than control of ownership.

CENTUM 3.0 (2014-2019)

1 RETURN



- Generate 35%+ annualized return over the strategic period

2 FOCUS



- Develop, scale and grow investment capabilities in the 8 new sectors, Agriculture, Education & Health, Energy, Financial Services, FMCG and ICT and further grow our existing Real Estate investments

3 SCALE



- To grow Centum Total Assets Kshs 120Bn by 2019
- Third party AUMs to Kshs 600Bn

4 BRAND



- Develop teams with sector expertise
- Build a track record of project development in our targeted sectors

5 COSTS



- To maintain costs below 2.0% of total assets

NOTICE OF THE 47TH ANNUAL GENERAL MEETING

Notice Is Hereby Given that the 47th Annual General Meeting of Centum Investment Company Limited will be held on Friday, 29 August 2014 at Two Rivers (please see map on page 160), 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 46th Annual General Meeting held on Friday, 18 October 2013.

3. Ordinary Business

i) Report of the Auditors and Consolidated Financial Statements for the year ended 31 March 2014:

To receive, consider and approve the Consolidated Financial Statements for the financial year ended 31st March 2014 together with the Directors' and Auditors' report thereon.

ii) Remuneration of Directors:

To confirm the payment of fees to Directors for the financial year ended 31st March 2014.

iii) Election of Directors:

- To re-elect Mr. Henry Njoroge a director retiring by rotation, who being eligible, offers himself for re-election.
- To re-elect Mr. Imtiaz Khan a director retiring by rotation, who being eligible, offers himself for re-election.
- To elect Dr. James B. McFie a director appointed to fill a casual vacancy, who being eligible, offers himself for election.

iv) 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

Ratification of incorporation of Subsidiaries and Related Companies

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

- THAT the incorporation of Two Rivers Property Owners Company Limited (incorporated in Kenya) as a wholly-owned subsidiary of the Company be ratified.
- THAT the incorporation of Two Rivers Lifestyle Centre Limited (incorporated in Kenya) as a branch of Two Rivers Lifestyle Centre Limited in Mauritius be ratified.
- THAT the incorporation of King Beverages Limited (incorporated in Kenya) as a wholly-owned subsidiary of the Company be ratified.

- THAT the incorporation of Bakki Holdco Limited (incorporated in Kenya) as a wholly-owned subsidiary of the Company be ratified.
- THAT the incorporation of Shefa Holdings Limited (incorporated in Mauritius) be ratified.
- THAT the acquisition of 73.35% shareholding in Genesis Investment Management Kenya Limited be ratified.
- THAT the acquisition of 30% shareholding in Broll Kenya Limited be ratified.

5. Any Other Business

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

BY ORDER OF THE BOARD


Fred Murimi
Company Secretary
21 July 2014

PLEASE NOTE:

- The annual report and consolidated financial statements, together with the auditors' report for the year 2013/2014 has been made available in the downloads section on the company's website at www.centum.co.ke
- A shareholder who wishes to receive a printed version of the annual report and consolidated financial statements should apply to the company at its registered office at 5th Floor International House, Nairobi, Kenya.
A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy who need not be a member of the company. A Proxy Form is available from the registered office of the company at 5th Floor International House, Nairobi, Kenya and in the downloads section on the company's website at www.centum.co.ke.
Shareholders who do not propose to be at the Annual General Meeting are requested to complete and return the Proxy Form to the registered office of the company at 5th Floor International House, Nairobi, Kenya so as to arrive not later than 10.00 a.m. on Thursday, 28 August 2014.
- Registration of members and proxies for the Annual General Meetings will commence at 7.00 a.m. on Friday, 29 August 2014. 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.
- Map of venue (See map on page 160)
- There will be buses at the Kenyatta International Conference Centre in Nairobi to transport bona fide shareholders to the venue of the AGM at the following times:
 - From 7.15 a.m.
 - From 8.15 a.m.
 - From 9.15 a.m.
 - From 10.15 a.m.

NOTISI JUU YA MKUTANO WA MWAKA WA 47

Notisi inatolewa kuwa mkutano wa mwaka wa 47 wa kampuni ya Centum Investment utafanyika mnamo Ijumaa, 29 Agosti 2014 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 46 uliofanyika Ijumaa, 18 Oktoba 2013.

3. Shughuli za kawaida

- (i) Ripoti ya wahasibu na taarifa ya fedha iliyojumuishwa ya mwaka uliokwisha tarehe 31 Machi 2014
Kupokea na kuthatmini kama inafaa kuidhinisha ripoti ya kifedha pamoja na taarifa ya wakurugenzi na ripoti ya wahasibu ya mwaka uliokwisha 31 Machi 2014
- (ii) Mishahara ya wakurugenzi
Kubainisha malipo kwa wakurugenzi kwa mwaka uliokwisha 31 Machi 2014
- (iii) Uchaguzi wa wakurugenzi
 - (a) Kumchagua tena Bw. Henry Njoroge anayestaafu kwa zamu lakini kwa kuwa ana ruhusa anajitolea tena ili kuchaguliwa.
 - (b) Kumchagua tena Bw. Imtiaz Khan, ambaye ni mkurugenzi anayestaafu kwa zamu na kwa kuwa ana ruhusa anajitolea tena ili kuchaguliwa.
 - (c) Kumchagua tena Dr. James B. Mcfie, mkurugenzi aliyeteuliwa kujaza nafasi iliyotokezea, na kwa kuwa ana ruhusa anajitolea ili kuchaguliwa.
- (iv) Uteuzi wa Wahasibu na kuidhinisha malipo yao
Kuteua PricewaterhouseCoopers (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.

- (i) Kuidhinisha usajili wa kampuni tanzu.
Kutafakari kama inafaa kuidhinisha maazimio yafuatayo ya kawaida.
 - (a) KWAMBA, usajili wa kampuni Two Rivers Property Owners Company Limited (nchini Kenya) kuwa kampuni tanzu uidhinishwe
 - (b) KWAMBA, usajili wa kampuni Two Rivers Lifestyle Centre Limited (nchini Kenya) tawi la Two Rivers Lifestyle Centre Limited, iliyosajiliwa nchini Mauritius, uidhinishwe
 - (c) KWAMBA, usajili wa kampuni King Beverages Limited (nchini Kenya) kuwa kampuni tanzu uidhinishwe

- (d) KWAMBA, usajili wa kampuni Bakki Holdco Limited (nchini Kenya) kuwa kampuni tanzu uidhinishwe
- (e) KWAMBA usajili wa kampuni Shefa Holdings Limited (nchini Mauritius) uidhinishwe
- (f) KWAMBA ununuzi wa asilimia 73.35% ya hisa za Kampuni ya Genesis Investment Management Kenya Limited uidhinishwe.
- (g) KWAMBA ununuzi wa asilimia 30% ya hisa za Kampuni ya Broll Kenya Limited uidhinishwe.

5. Shughuli zinginezo

Kutekeleza shughuli zinginezo ambazo hutekelezwa kwenye mkutano wa mwaka

KWA AMRI YA HALMASHAURI YA WAKURUGENZI


Fred Murimi
Katibu
21 Julai 2014

FAHAMU KUWA

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

Umepewa fomu ya uwakilishi pamoja na ripoti hii. Wale wenyehisa ambao hawatahudhuria mkutano wa mwaka wanaombwa kujaza fomu hizo na kuzirudisha kwa afisi ya usajili kabla ya saa nne asubuhi ya jumanne, 28 Agosti 2014
2. Usajili wa wanachama na wawakilishi wanaohudhuria mkutano mkuu utanza saa 8.00 asubuhi Ijumaa, 29 Agosti 2014. Wanachama na wawakilishi watahitajika kubeba vitambulisho na nakala ya daftari ya akaunti ya CDSC ili kurahizisha usajili.
3. Ramani ya mahali pa mkutano (tazama uk.162)
4. Tafadhali fahamu kwamba basi la usafiri litakuwa hapo Kenyatta International Conference Centre Jijini Nairobi litakalofirisha wanachama halisi hadi mahali pa mkutano wa mwaka kwa saa zifuatazo:
 - a. Kuanzia saa 7.15 ya asubuhi
 - b. Kuanzia saa 8.15 ya asubuhi
 - c. Kuanzia saa 9.15 ya asubuhi
 - d. Kuanzia saa 10.15 ya asubuhi.

Nakala ya ripoti ya mwaka wa 2013/14 inapatikana kwenye tovuti ya kampuni kwa anwani www.centum.co.ke.



THE BOARD OF DIRECTORS



From Left to Right:

Mr. James N. Mugiuyi (70yrs)

- Mr. James N. Mugiuyi 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. Mugiuyi 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.

Mr. James M. Mworia (36yrs)

- Mr. James M. Mworia 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. Mworia 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.

Dr. James McFie

- Dr. McFie is currently the Director of the Strathmore School of Accountancy, where he has served as a lecturer since 1978 and trained generations of accountants in Kenya.
- He also serves as the Chairman of the Board of Directors of Sasini Limited and as a non-executive director of The Standard Group Limited. He has previously served as a Director of the Capital Markets Authority (Kenya) and as a Member of the Value Added Tax Tribunal of Kenya, amongst numerous other responsibilities.
- Dr. McFie holds a PhD from Graduate School of Business, University of Strathclyde, Glasgow, Scotland, an MA (Mathematics) degree from Balliol College, Oxford University, England and a BA (Mathematics) degree from Balliol College, Oxford University, England.

Mrs. Margaret M. Byama (58yrs)

- 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.

THE BOARD OF DIRECTORS



Laila Macharia (42yrs)

- Laila Macharia was appointed a non-executive Director in October 2013.
- She is the Principal and Lead Consultant at Scion Real Estate Limited, an advisory and investment firm focused on property, infrastructure and financial services.
- Laila has more than 15 years' experience in the areas of corporate law and finance, property development and investment and training.
- Her industry experience includes property, urban development, telecommunications, transport and financial services.
- Laila holds a JSD (doctorate in law) from Stanford University with a focus on institutional reform in infrastructure sectors.
- She earned a JD and LLM from Cornell Law School and a BA in Planning from the University of Oregon.
- Laila is admitted to practice law in Kenya as well as New York and Maryland (USA).

Dr. Christopher J. Kirubi (72yrs)

- 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. Imtiaz Khan (45yrs)

- 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.

Mr. Peter M. Kimurwa (43yrs)

- 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.

Mr. Henry C. Njoroge (48yrs)

- 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.



CENTUM BOARD LEADERSHIP

JAMES N. MUGUIYI-CHAIRMAN



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.

DEAR SHAREHOLDER,

On behalf of the Board of Directors, it is my pleasure to present you Centum's annual report and the consolidated and company financial statements for the year ended 31st March 2014.

2009/14 STRATEGY

On January 30th 2009 Centum's Board approved the 2009-2014 Strategic plan. This strategy has been our blueprint for the last 5 years and we have consistently measured our progress against this strategy as we have progressed over the last five 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.

Our value proposition was to be achieved through the execution of the following five strategic objectives:

1. To deliver a return on shareholder funds that is consistently above market returns. Previously, our returns were strongly correlated 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 Centum's own portfolio and Kshs 7 billion of third party assets under management by Centum or its subsidiaries;
3. 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 strategic period. In 2009, less than 1% of assets under management were invested outside Kenya;

4. To enhance Centum's brand by developing processes, systems, controls and human capital to ensure that the Company would consistently deliver on its promises;
5. To maintain our portfolio costs at below 2.5% of assets under management;

I am proud to report that we have delivered on each of the above promises we made to you five years ago;

1. We have continuously delivered market beating returns across the strategic period. In the year ended March 31, 2014 we delivered a return of 42% against a return of 2% recorded by the NSE 20 share index. Annualized over the last 5 years, the business has delivered a return of 31% against NSE's performance of 12%. Aggregate return over the period was 291% against the NSE's aggregate return of 75%, representing a 216% outperformance over the period.
2. We grew the value of Centum's portfolio by Kshs 23.4 billion and third party funds by Kshs 117 billion. Total assets under management at 31 March 2014 stood at Kshs 147 billion. The growth in assets under management is well ahead of the strategic objectives that targeted to grow Centum's portfolio to Kshs 23 billion and third party funds to Kshs 7 billion. In line with our mission of providing access to inaccessible portfolio, our exposure to Private Equity and Real Estate and Infrastructure has increased from 59% to 83% during the strategy period.
3. Our geographical diversification target was to have 50% of our portfolio outside of Kenya by the close of the strategic period. We have progressively increased our exposure outside of Kenya from less than 1% to 19% at the close of the strategy period. The 19% represents assets of Kshs

CHAIRMAN'S STATEMENT

5.3 billion which compares favourably to assets of Kshs 0.04 billion at the beginning of the strategy period invested outside Kenya and total assets of KShs.5.9 billion.

- Our understanding of a strong brand is one that consistently delivers to promise. Consequently, we have been able to build the capacity of the organization through the recruitment of competent and experienced personnel as well as through leadership development. As a result of the strong team working within Centum, we have been able to deliver over and above our ambitious strategy targets.
- The Cost to Asset Ratio (excluding third party funds) improved over the last year to 1.5% in March 31, 2014 from 2.3% in the previous year. Across the strategy period we have consistently operated below 2.3%, below our 2.5% ceiling.

OUR PERFORMANCE IN THE OPERATING ENVIRONMENT

Kenya's economy continued to recover in the second half of 2013 from the slowdown experienced in the first half due to Kenya's general election. Real GDP growth in the year accelerated to 5.2%, 4.3% and 4.6% in the first three quarters of 2013 primarily driven by financial intermediation, tourism, construction and agriculture. The currency remained relatively stable averaging Kshs.86 to the US Dollar.

The economy's short-to-medium-term forecast is for sustained and rising growth based on: increased investor and business confidence in the wake of peaceful March 2013 elections; increased rainfall; a stable macroeconomic environment; lower, stable international oil prices; stability of the Kenya shilling; and reforms affecting security, governance and justice.

With a stable operating environment we saw an improved performance of our underlying assets in Private Equity and our focus in Quoted Private Equity was to increase our exposure to assets outside Kenya and decrease correlation of performance to the NSE index. Our focus in Real Estate was to close on all the pending approvals and begin construction of the Two Rivers Project.

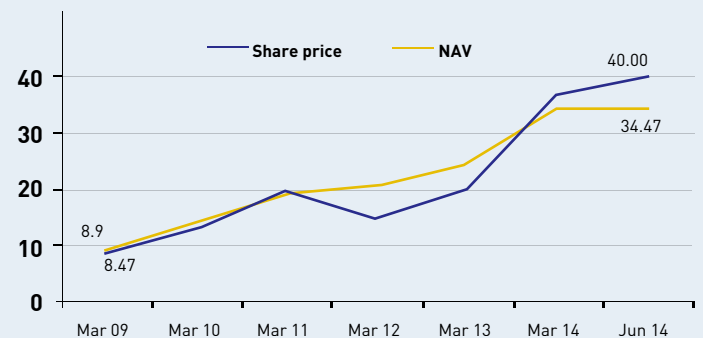
Amidst a dynamic and ever-changing local and global economic environment, our ability to consistently deliver market-beating returns over the last five years has been as a result of the quick decision-making of the Board and Management. Such decision-making was critical to assessing the operating environment, identifying emerging opportunities and allocating our assets to maximize value to you, our shareholders.

OUR BRAND AND DEVELOPMENTS WITHIN THE ORGANIZATIONAL STRUCTURE

Delivery to promise' through people was our key brand focus during the strategy period. This has seen us grow our shareholder wealth, which in turn has been reflected in the growth of our share price.

Our share has been one of the best performing counters in the stock exchange in this financial year having recorded an 85% appreciation from Kshs 19.9 as at 31 March 2013 to Kshs 36.5 at the close of the financial year.

Our share price is largely tracking NAV



Our passion for excellence and delivery to promise saw us feted with several awards;

- Financial Reporting Excellence (FiRe) Awards 2013: Overall Winner East Africa. This was in addition to Overall Winner - Kenya, Winner - Industrial Commercial & Services category, Winner - Listed Entities category and 1st Runners up - IFRS category.
- Champions of Governance Awards: 1st Runners up Finance & Investment and 1st Runners up Certified Company Secretary of the year.
- Wharton Club for Africa (WCA) Award: Centum CEO, James Mworira was awarded Africa CEO of the year award at the WCA Africa Investment Summit held in Nairobi earlier in November.
- Acquisition International Awards: East Africa Investment Business of the year.

You may 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 has played a significant role in the success that we have enjoyed so far. In the previous financial year, we announced the establishment of a number of new service subsidiaries that aimed at positioning Centum to manage third party funds. The subsidiaries established were:

1. Athena Properties Limited - Athena Properties was established to manage Centum's real estate developments as well as those of third party clients. Athena has been able to recruit a highly qualified team which has over 100 years cumulative real estate development experience both locally and internationally. Athena over the current financial year has delivered significant value growth for the Group's real estate portfolio.
2. Centum Asset Managers Limited - Centum Asset Managers (CAM) was established with a mandate to structure investment products and manage third party funds, in addition to managing Centum's quoted investments. Given the outstanding performance of the CAM team in managing Centum's QPE portfolio, CAM is therefore well positioned to attract and replicate this success to third party clients.
3. Centum Shared Services Limited - Centum Shared Services (CSSL) was established to offer business solutions to Centum, its subsidiaries and third party clients. The objective of CSSL is to allow each of its various clients to concentrate on their core business.

The sum total of the above reorganization has been the realization of even greater focus, the ability to leverage Centum's capabilities to manage third party funds and assets and the conversion of cost centers to profit centers which will make the Company more efficient.

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 mobilizing third party funds. Last financial year, Centum Asset Managers was issued with a Fund Management licence by the Capital Markets Authority (CMA). As at 31 March 2014, our third party funds under management stood at Kshs.117 billion; an aggregation of the funds managed by Genesis Kenya, in which Centum acquired a 73% stake in December 2013, and Centum Asset Managers through their Private Wealth Management and cash management products.

2014/19 STRATEGY

Centum's growth over the last five years has been significant. This growth was mainly attributed to utilizing a focused strategy in the 2009/14 strategy period that resulted in the creation of 3 business units; Private Equity, Quoted Private Equity and Real Estate and Infrastructure. Based on the success brought about by our increased focus, as the Board, we believe that there exists even greater opportunity for Centum to realize further growth by adopting a sector-focused strategy. Consequently, in the next five years we intend to focus on 8 sectors; Fast Moving Consumer Goods (FMCG), Financial Services, Real Estate, Energy, Health, Education, Agriculture and ICT.

Our decision to focus on these sectors has been informed by the size of market, growth potential and our ability to develop and build Centum's capabilities in the development of investment grade assets. Through this sector focus, we are well positioned to build extraordinary enterprises that will not only provide investors with access to extraordinary enterprises in Africa but will also result in the attainment of our objective of creating real tangible wealth to you, our shareholders

In line with our 2009/14 Strategy, I would like to share with you our strategic objectives for the next five years:

1. We intend on maintaining our objective of delivering market beating returns. To this regard, we have set an annualized return target of thirty five percent (35%) over the strategic period.
2. As stated above, we will focus on 8 sectors; Real Estate, Financial Services, Fast Moving Consumer Goods (FMCG), Education, Health, Energy, Agriculture and ICT. In each of these sectors, our focus shall be in developing enterprises of scale that shall be capable of attracting significant capital from out investment partners.
3. Scale up the Group by growing Centum's total asset value to Kshs 120 billion by 2019 and total Asset Under Management (AUMs) to Kshs 720 billion.
4. Build the Centum brand by delivering through people and hence develop teams with sector expertise.
5. Maintain our focus on cost containment by maintaining costs below 2.0% of total assets.

DIVIDENDS

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.



CHAIRMAN'S STATEMENT

We also intend to maintain our zero-dividend policy in the 2014/19 strategy period as the Board believes that Centum will require such dividend retention to support the ambitious growth objectives above. Our decision to maintain the zero-dividend policy has been informed by the ability of Centum to grow the retained dividends at a rate higher than that offered by the NSE, an achievement we intend on maintaining into the next strategy period. To put this into perspective, an investment of Kshs 1.00 invested in Centum 5 years ago would be equivalent to Kshs 4.34 today.

APPRECIATION


I would like record my sincere gratitude to you, the shareholders, for the support you have continued to provide to your Company over the last strategic period. I would also like to recognize the contribution of the Board and Management teams of the companies in which we have invested, without which we would not have achieved the good performance which we have. Finally, I would like to appreciate the contribution and efforts of my fellow colleagues on the Centum Board and the Management team and urge the members of both groups to roll-up their sleeves as we start the journey to deliver on the 2014/19 strategic objectives.

God bless you all.



JAMES N. MUGUIYI
CHAIRMAN

Through this sector focus, we are well positioned to build extraordinary enterprises that will not only provide investors with access to extraordinary enterprises in Africa but will also result in the attainment of our objective of creating real tangible wealth to you, our shareholders





TWO RIVERS

ARTS & CULTURE CENTER
MUSEUM
MUSIC HALL
THEATRE
CONCERT HALL
OFFICES
RESIDENTS
RETAIL
RESTAURANTS
HOTEL

WALKWAY
BIKEWAY
LANDSCAPE



MWENYEKITI WA WAKURUGENZI

JAMES N. MUGUIYI



Tukiongozwa na ari yetu ya kuzalisha rasilimali kwa kutoa fursa kwa wawekezaji kuweza kujenga biashara ya kipekee barani Afrika,tulitambua kampuni yetu kuwa njia bora kwa mwekezaji kuweza kujipatia rasilimali ambazo kwa kawaida si rahisi kupatikana, za hali ya juu,na za aina mbali mbali kwa jinsi zilivyosambazwa.

KWA MWENYEHISA,

Kwa niaba ya Halmashauri ya wakurugenzi ,ni furaha kubwa kwangu kuwasilisha kwako ripoti ya mwaka iliyojumuishwa ,ya hesabu na taarifa ya mwaka ya Centum

MIKAKATI YA 2009/14

Mnamo Januari 30,2009 Halmashauri ya wakurugenzi ya Centum ilitoa idhini juu ya kutekeleza mikakati ya 2009 -2014. Mikakati hayo ndiyo yamekuwa mwongozo wetu kwa kipindi cha miaka 5 na kutuwezesha kukadiri maendeleo tuliyoyapata kwa miaka mitano iliyopita.

Tukiongozwa na ari yetu ya kuzalisha rasilimali kwa kutoa fursa kwa wawekezaji kuweza kujenga biashara ya kipekee barani Afrika,tulitambua kampuni yetu kuwa njia bora kwa mwekezaji kuweza kujipatia rasilimali ambazo kwa kawaida si rahisi kupatikana, za hali ya juu,na za aina mbali mbali kwa jinsi zilivyosambazwa.

Tulinuia kutimiza majukumu hayo kupitia kutekeleza mikakati matano yafuatayo.

1. Kupatia mwenyehisa faida ambayo kila mara itakuwa inashinda alama ya mapato katika soko la hisa.Hapo mbeleni faida zetu zilikuwa sawia na za soko la hisa la NSE.
2. Kuongeza thamani ya rasilimali chini ya usimamizi wetu tukilenga kufikia Shilingi bilioni 30 ifikapo 2014 kutoka Shilingi bilioni 6 mnamo 2009.Tuligawanya hizo Shilingi bilioni 30 mara mbili , Shilingi bilioni 6 zikiwa rasilimali za Centum na shilingi bilioni 7 zikiwa rasilimali chini ya usimamizi ya Centum au ya Kampuni tanzu kwa niaba ya wateja,Kuweza kupenya kijogorofia na kushiriki katika maeneo mengine barani Afrika tukinuia kuwekeza zaidi ya asilimia 50 ya rasilimali nje ya kenya kwenye kipindi

cha mikakati.Mnamo 2009 rasilimali tuliyowekeza nje ya Kenya ilikuwa chini ya asilimia 1.

3. Kuboresha chapa Centum kwa kuimarisha utendaji kazi,matumizi ya teknolojia,udhibiti na kupitia maafisa wetu ,ili kuhakikisha kuwa kampuni inatenda jinsi tunavyoahidi.
4. Kudhibiti gharama ya matumizi chini ya asilimia 2.5 dhidi ya thamani ya rasilimali chini ya usimamizi.

Ninajivunia kuwa tumeweza kutimiza kila moja ya ahadi hizo tulizotoa miaka mitano iliyopita.

- 1.Tumewahi kupata faida inayoshinda alama ya soko la hisa katika kipindi hicho cha mikakati.Kwa mwaka uliokwisha Machi 31,2014,tulipata faida ya asilimia 42 dhidi ya alama ya asilimia 2 iliyoandikishwa na soko la hisa la NSE ,inayojumuisha kampuni 20 bora .Kwa mtazamo wa mwaka mmoja kwenye kipindi cha miaka mitano ,tulipata faida ya asilimia 31 dhidi ya asilimia 12 iliyoandikishwa na soko la hisa la NSE.Kwa jumla faida katika kipindi hicho kilikuwa asilimia 291 dhidi ya faida kwa jumla ya asilimia 75 iliyoandikishwa na soko la hisa la NSE,kumaanisha tulikuwa mbele kwa asilimia 216 kwenye kipindi hicho.
- 2.Tuliimarisha thamani ya rasilimali ya centum kwa Shilingi bilioni 23.4 na fedha chini ya usimamizi kwa niaba ya wateja kwa Shilingi bilioni 117.Rasilimali zote kwa jumla tulizosimamia zilikuwa na thamani ya Shilingi bilioni 147 mnamo 31 Machi 2014.Ukuaji huu unazidi jinsi tulivyotarajia ,kwa kuwa malengo ya mikakati yalikuwa kukuza thamani ya rasilimali ya Centum kutimiza Shilingi bilioni 23, na fedha chini ya usimamizi kwa niaba ya wateja kutimiza Shilingi bilioni 7.Ni wajibu wetu kufanikisha uwekezaji wa rasilimali ambazo si rahisi kupatikana ,na kwa hivyo rasilimali katika kitengo cha Kibinafsi na kitengo cha Ujenzi na Muundo misingi zimeongezeka kutoka asilimia 59 hadi asilimia 83 kwenye kipindi cha mikakati.

TAARIFA YA MWENYEKITI

- Tulinuia kuwekeza asilimia 50 ya rasilimali nje ya Kenya mwishoni mwa kipindi cha mikakati. Tumewahi kuongeza uwekezaji nje ya Kenya kutoka chini ya asilimia 1 hadi asilimia 19 mwishoni mwa kipindi cha mikakati. Hiyo nyongesa ya asilimia 19 inawakilisha rasilimali yenye thamani ya Shilingi bilioni 5.3 kulinganishwa na Shilingi bilioni 0.04 hapo mwanzo, zikiwa ni rasilimali zilizowekezwa Nje ya Kenya na pia kulinganishwa na Shilingi bilioni 5.9 ya thamani za rasilimali zote.
- Tunaelewa kwamba chapa nzuri itatuwezesha kutimiza ahadi tulizotoa. Ili kuweza kutimiza hayo, tumewahi kuimarisha maarifa katika usimamizi kwa kuajiri maafisa waliohitimu na wenye ujuzi wa muda mrefu kazini. Pia tumekuza taaluma ya uongozi. Kutokana na kuweco kwa kundi stadi la usimamizi katika Centum, tumewahi kutenda kuliko tulivyotarajia.
- Kipimo cha gharama za matumizi dhidi ya thamani ya rasilimali (tukitoka fedha chini ya usimamizi kwa niaba ya wateja) kilipungua kwenye mwaka hadi asilimia 1.5 mnamo Machi 31 2014 kutoka asilimia 2.3 cha mwaka uliotangulia. Kwa jumla gharama ya matumizi kwenye kipindi hicho imekuwa chini ya asilimia 2.3 ambayo ni afadhali kuliko kiwango cha asilimia 2.5 kinachoruhusiwa.

MAZINGIRA NA UTENDAJI KAZI

Hali ya uchumi ya Kenya iliendelea kuimarika kwenye kipindi cha pili 2013 kulinganishwa na hali duni ilioshuhudiwa kwenye kipindi cha kwanza iliosababishwa na uchaguzi mkuu nchini Kenya. Kipimo cha ukuaji wa Uchumi (GDP) kiliongezeka hadi asilimia 5.2, 4.3, na 4.6 katika vipindi vya robo vya mwaka 2013 hasa kwa sababu ya juhudi za kitaalamu za kifedha, Utalii, Ujenzi na shughuli za kilimo. Sarafu ya Kenya iliendelea kuwa imara na kubadilishwa kwa kiwango cha shilingi 86 dhidi ya dola ya Marekani.

Mtazamo kwa muda mfupi na wastani wa hali ya Uchumi ni kudumisha ukuaji kutokana na wawezekaji wanayo imani juu ya hali ya biashara nchini baada ya uchaguzi wa amani uliofanyika Machi 2013, mvua kubwa, mazingira imara kiuchumi, kushuka kwa bei ya mafuta duniani, shilingi ya Kenya kuendelea kuwa thabiti, na mabadiliko ya sera kuhusiana na usalama, usimamizi na maswala ya haki.

Hali thabiti ya mazingira ya kutenda kazi ilipelekea kuimarika kwa rasilimali zetu kwenye Kitengo cha Kibinafsi. Vile vile tuliangazia Kitengo cha Hisa za Kibinafsi zilizoorodheshwa kwa kuwekeza zaidi nje ya Kenya, ili kuepusha athari za kujipima dhidi ya soko la hisa la NSE.

Lengo letu katika Kitengo cha Nyumba na Ujenzi ilikuwa kutatua maswala yote kuhusiana na masharti yaliyokuweco ili kupata idhini ya kuanza ujenzi wa mradi wa Two Rivers.

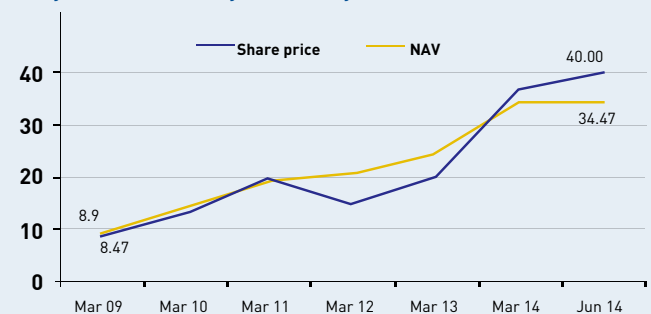
Huku tukikabiliana na changamoto ya kubadilika kila mara kwa mazingira ya kiuchumi humu nchini na kimataifa, uwezo wetu wa kudumisha uzalishaji wa faida ni kutokana na juhudi za Halmashauri ya Wakurugenzi na wasimamizi kufanya maamuzi kwa haraka. Maamuzi hayo ya haraka yalikuwa muhimu katika kutathmini hali ya mazingira ya utendaji kazi, kutambua nafasi zilizoitambua, na kwa kutenga fedha zilizohitajika, ili kuwezesha mwenyehisa kuweza kupata manufaa zaidi.

KUHUSU CHAPA NA MAMBO YALIYOJIRI KATIKA MUUNDO WA KAMPUNI.

Tuliangazia kutimiza ahadi tulizotoa kwa kutumia maafisa wetu ili kuimarisha Chapa yetu katika kipindi cha mikakati. Hili limetuwezesha kuongeza thamani ya rasilimali ya mwenyehisa, jinsi inavyohibitishwa na kupanda kwa bei ya hisa zetu sokoni.

Hisa zetu zimekuwa zikifanya vyema katika kitengo husika la Soko la hisa mwaka huu, na kwa hivyo kurekodi ongezeko la bei kutoka Shilingi (k) 19.9 hapo 31 Machi 2013, hadi shilingi (k) 36.5 mwishoni mwa mwaka.

Bei ya hisa zetu dhidi ya thamani yake



Ari ya kuwa kampuni bora na kutimiza ahadi imetuwezesha kupewa tuzo kadhaa:

- Tuzo la ubora wa utoaji wa ripoti za kifedha (FIRE AWARDS,) 2013: Mshindi katika Afrika ya Mashariki. Hii ni kuongezea tuzo zifuatazo: Mshindi katika Kenya, kitengo cha viwanda, Biashara na huduma, Mshindi-Kitengo cha hisa zilizoorodheshwa, na wa Pili, -IFRS.
- Tuzo la Wanaozingatia Usimamizi wa kimashirika: Wa pili, Fedha na Uwekezaji na pia wa pili Katibu wa kampuni wa mwaka.
- Tuzo la Wharton club for Africa (WCA): Afisa Msimamizi mkuu wa Centum, James Mworia alikuwa mshindi wa tuzo la Afisa Msimamizi Mkuu wa mwaka barani Afrika, kwenye kikao cha WCA kilicholeta pamoja wawezekaji barani Africa iliyofanyika Nairobi hapo Novemba.



4. Tuzo la kimataifa kwa unyakuzi wa biashara: Tuzo la Mwekezaji wa mwaka

Utakumbuka kuwa mnamo 2009 ,Halmashauri ya wakurugenzi walianzisha mtindo wa usimamizi kwa vitengo vitatu:Kitengo cha kibinafsi,Kitengo cha hisa za kibinafsi zilizoorodeshwa,na kitengo cha Nyumba na ujenzi pamoja na muundo msingi.Tulifanya hivyo ili kuangazia zaidi vitengo hivyo.Uamuzi huo umetusaidia na pia kuchangia zaidi katika kutuletea mafanikio tuliyoyapata hadi sasa. Mnamo Mwaka uliotangulia tuliwajulisha juu ya kuanzisha kampuni tanzu tukinua kufanya Centum kuwa na uwezo wa kusimamia fedha kwa niaba ya wateja.Kampuni tanzu tulizoanzisha ni :

1. Athena Properties Limited-Kampuni ya Athena properties ilibuniwa ili kusimamia ujenzi wa miradi yote ya Centum ,na pia miradi ya wateja wengine .Athena imefanikiwa kuajiri maafisa waliohitimu na wenye ujuzi wa zaidi ya miaka 100 katika shughuli za ujenzi,humu nchini na pia kimataifa. Kwenye kipindi hiki,Athena imeweza kuongeza thamani ya Kitengo cha Nyumba,ujenzi na muundo msingi.
2. Centum Assset Managers Limited-Kampuni ya Centum Asset Managers (CAM) kilibuniwa kwa madhumuni ya kuunda aina ya bidhaa za uwekezaji na usimamizi wa rasilimali kwa niaba ya wateja, pamoja na usimamizi wa kitengo cha hisa zilizoorodeshwa.Kwa kuwa kundi la CAM wametenda vyema katika usimamizi wa kitengo hicho cha QPE ,ni dhahiri kuwa wanayo uwezo wa kuvutia na kuigiza mbinu hiyo katika usimamizi wa fedha kwa niaba ya wateja.
3. Centum Shared Services Limited-Kampuni ya Centum Shared Services (CSSL) kilibuniwa ili kutoa ushauri ya maswala ya kifedha kwa Centum,kampuni tanzu,na kwa wateja .Lengo la CSSL ni kuruhusu kila mteja wake kuweza kufanya kazi kwa kuzingatia nguzo yao.

Kuweko kwa muundo huo kunatoa fursa ya kuangazia nguzo zetu,kutumia taaluma kwenye Centum kusimamia fedha kwa niaba ya wateja, pamoja na usimamizi wa rasilimali,na kwa hivyo kupunguza gharama za usimamizi na badala yake kufanya kampuni kuwa na faida,na kuwathabiti.

FEDHA ZA WATEJA

Wakati wa kubuni mikakati ya miaka mitano mnamo 2009 ,ukusanyaji wa fedha za wateja ulikuwa lengo letu muhimu .Tulilenga kuwa na Shilingi (k) bilioni 7 ya fedha chini ya usimamizi kwa niaba ya wateja ,ifikapo Machi 31,2014.Tuliamua kwa hiari kuangazia zaidi uajiri wa maafisa ,mbinu ya uwekezaji ,kabla ya shughuli ya ukusanyaji wa fedha.Mnamo mwaka wa kifedha uliopita Kampuni ya Centum Asset Managers ilikabidhiwa leseni ya kusimamia fedha na halmashauri ya CMA. Kufikia 31 Machi 2014 fedha tulizosimamia kwa niaba ya wateja zilikuwa

Shilingi bilioni 117, zikijumuisha fedha chini ya usimamizi wa Genesis Kenya ,ambamo Centum ilinyakuwa umiliki kwa asilimia 73 mnamo Desemba 2013,na zile ambazo ziko chini ya usimamizi wa Centum Assets Managers kwa kupitia bidhaa maalum za usimamizi.

MIKAKATI YA 2014/19

Ukuaji wa Centum kwa miaka mitano iliyopita umekuwa wa ajabu. Ukuaji huo ulitokana hasa na matumizi ya mikakati ya kipindi cha 2009/14 uliopelekea kubuniwa kwa vitengo hivi vitatu ;Kitengo cha hisa za kibinafsi,Kitengo cha hisa za kibinafsi zilizoorodeshwa,na kitengo cha nyumba ,ujenzi na muundo misingi.Kulingana na manufaa tuliyoyapata kutokana na kuangazia nguzo hizo ,tukiwa Halmashauri ya wakurugenzi tunaamini kwamba bado kunayo fursa ya kufanya Centum kukuwa zaidi kupitia mikakati ya kuangazia nguzo katika kila sekta.

Kufuatana na hayo, tutaangazia kuwekeza zaidi katika sekta 8 ,kwa miaka mitano yajayo;Bidhaa zianzouzwa kwa haraka (FMCG),Huduma za kifedha, Nyumba na ujenzi, Kawi, Afya, Elimu, Kilimo, na Teknolojia.

Uamuzi wetu kuangazia sekta hizi ni kwa sababu ya ukubwa wa soko, kuwepo kwa dalili ya ukuaji ,na taaluma ya Centum kukuza rasilimali ya hali ya juu.Kwa kuangazia sekta hizi ,tunayo nafasi nzuri kujenga kampuni bora ya kipekee ambayo licha ya kupatia mwekezaji nafasi katika kampuni bora barani Afrika ,pia itafanikisha ari yetu ya kuongeza thamani ya rasilimali kwako wewe, mwenyehisa.

Kulingana na mikakati yetu ya 2009/14 ,ningependa kukufahamisha juu ya malengo ya mikakati kwa kipindi cha miaka mitano yajayo.

1. Tunakusudia kudumisha lengo letu la kupata faida inayoshinda ile ya soko.Kwa hivyo tunatarajia kupata faida ya zaidi ya asilimia 35 kwa mwaka katika kipindi cha mikakati
2. Jinsi nilivyotaja hapo juu ,tutaangazia sekta 8 ;Nyumba na ujenzi,Huduma za kifedha,Bidhaa zinazouzwa kwa haraka(FMCG),Elimu,Kawi,Kilimo,na Teknolojia .
3. Kufuatia kufaulu kwetu katika kuongeza rasilimali chini ya usimamizi wetu kwa niaba ya wateja,tunatarajia kukuza thamani ya rasilimali za Centum hadi Shilingi bilioni 120 ifikapo 2019 ambapo pia thamani ya rasilimali zote chini ya usimamizi wetu itakuwa Shilingi bilioni 720
4. Kujenga Chapa Centum kupitia kundi la maafisa wetu ,hivyo basi tutakuza taaluma katika kila sekta.
5. Kuendeleza mbinu ya kudhibiti gharama za matumizi kwa kiwango cha chini ya asilimia 2 dhidi ya thamani ya rasilimali zote.

TAARIFA YA MWENYEKITI

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.

Tunakusudia pia kudumisha sera ya kutolipa mgao wa faida katika kipindi cha mikakati cha 2015/19 kwa kuwa Halmashauri ya Wakurugenzi wanahitaji fedha hizo ili kufadhili mipango ya kuendeleza ukuaji wa kampuni, jinsi ilivyotajwa hapo juu. Uamuzi wetu wa kutolipa mgao wa faida ni kwa sababu ya uwezo wa Centum kuzalisha faida kutokana na fedha hizo kwa kiwango kinachoshinda cha soko la hisa la NSE, mafanikio tunayotarajia kudumisha katika kipindi cha mikakati kinachofuata. Kwa kufafanua ina maana kwamba shilingi 1 iliyowekezwa katika Centum miaka mitano iliyopita, itakuwa na thamani ya Shilingi 4.34 leo.

SHUKRANI

Ningependa kutoa shukrani kwa nyinyi wenyehisa kwa kuendelea kuunga mkono kampuni yenu katika kipindi cha mikakati kilichopita. Pia ningependa kutambua mchango wa Halmashauri ya Wakurugenzi na makundi ya wasimamizi ya mashirika yetu ambamo tumewekeza, kwa kuwa bila wao hatungepata matokeo hayo bora. Mwisho ningependa kupongeza Mchango wa wenzangu kwenye Halmashauri ya wakurugenzi ya Centum pamoja na kundi la Wasimamizi, na kuhimiza waendeleo kutia bidii tunapoanza kutimiza malengo yaliyowekwa kwenye mikakati ya 2014/19. Na mwisho ni kwa Kundi la Centum kwa kujitolea kutenda kazi kwa makini ili kuwa na matokeo mema tunayoshuhudia.

Mungu awabariki nyote.

JAMES N. MUGUIYI
MWENYEKITI

Kwa kuangazia sekta hizi, tunayo nafasi nzuri kujenga kampuni bora ya kipekee ambayo licha ya kupatia mwekezaji nafasi katika kampuni bora barani Afrika, pia itafanikisha ari yetu ya kuongeza thamani ya rasilimali kwako wewe, mwenyehisa.







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 delivery of Centum Business Solutions (CBS) which provides non investment related business solutions to the Group.
- 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).



James Kaguchia

Acting Director; Private Equity

- James Kaguchia joined Centum in March 2013 having previously worked with Kewberg Cables in South Africa as Managing Director and CEO
- James is the Investment Manager in charge of Centum's Private Equity portfolio.
- He holds a Bachelor of Commerce degree [Accounting option] from the Kenyatta University
- He is also a CPA (K) and has various attended various Executive Development Courses.



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.



Graeme Reid

**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 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.



Pius Muchiri

**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.



Chris Ochieng

**Deputy Managing Director
Athena Properties Limited**

- Chris 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).



CENTUM MANAGEMENT LEADERSHIP

JAMES MWORIA
CHIEF EXECUTIVE OFFICER



Cumulatively over the last five years your Company has delivered a return on the book value of shareholder funds of 291% as opposed to the NSE 20 share index return of 75%, representing a 216% outperformance.

DEAR SHAREHOLDER

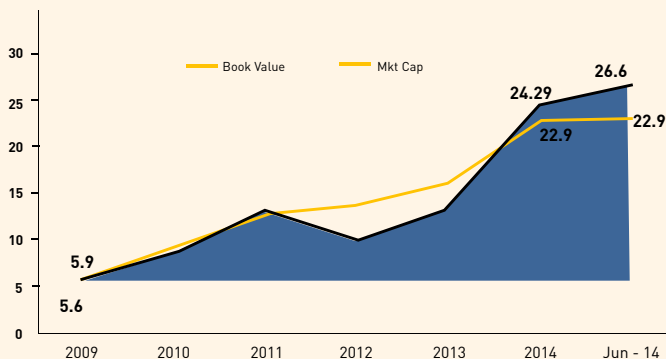
I am pleased to present you, our shareholders, with another set of excellent results on the last year of our 2009-2014 strategic period.

PERFORMANCE

Centum's gain in net worth in the year to March 2014 was Kshs 6.8 billion, which increased the Net Asset Value (NAV) per share by 42% to Kshs 22.9 billion. The book value of shareholder wealth has since 2009 (since we embarked on our 2009-2014 strategy) grown by Kshs 17.0 billion, a cumulative growth of 291% or at a rate of 31% compounded annually.

Market value of shareholder funds grew from Kshs 5.6 billion in March 2009 to Kshs 24.3 billion in March 2014 representing 334% growth in value generated to shareholders.

Growth on shareholders wealth graph



STRATEGIC TRACK RECORD

Cumulatively over the last five years your Company has delivered a return on the book value of shareholder funds of 291% as opposed to the NSE 20 share index return of 75%, representing a 216% outperformance. In the year to March 31 2014, we delivered a return of 42% on opening shareholder funds against a return of 2% recorded by the NSE 20 share index. In the year, the Quoted Private equity business line delivered a return of 33% well above the NSE return, while the Real estate business line delivered a return of 63% and the Private equity business line delivered a return of 42%. As a whole, the business returns have improved as compared to same period last year attributed to the strong fundamentals and growth on the underlying assets across the businesses.

NSE outperformance table

Year	Centum NAV Return	NSE 20 Return	Centum Out-performance
2010	56%	43%	13%
2011	37%	-4%	41%
2012	9%	-13%	22%
2013	19%	44%	-26%
2014	42%	2%	40%
Geometric Average	31%	12%	19%
Aggregated return	291%	75%	216%

CHIEF EXECUTIVE'S REVIEW

BUSINESS LINE REVIEW

To facilitate the implementation of the 2009-2014 strategic plan and to ensure that we had the appropriate degree of focus, accountability and expertise we reorganized our investment operations into three business lines, namely: 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. Its 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 14.1Billion which represented 49% of Centum's total portfolio. This business line delivered a gross return of 45% in the Company financial statements which translated to an absolute gross return of Kshs 3,925 Million.

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 to 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.

We have in the course of the strategy worked on executing this three-pronged strategy. Consequently, the value of our private equity portfolio has grown from Kshs. 4 billion to Kshs.14 billion in the last 5 years. This growth in value has been driven mostly by a significant growth in financial performance of the portfolio companies thus resulting in an improvement in our share of earnings.

ii. Real Estate and Infrastructure

At the close of the financial period, the Real estate and infrastructure portfolio was valued at Kshs 10.3 Billion which represented 34% of Centum's total portfolio. This business line delivered a gross return of 84%, which translated to an absolute return of Kshs 2,062 Million in the Company financial statements. As mentioned to you previously, the potential uplift from our real estate portfolio is considerable. I am pleased to report to you our progress in realizing this value from our real estate projects.

a) The Two rivers Development

Funding

We have signed investment commitments from two institutional investors, who will invest a total of USD 75 million for 42.8% equity stake in the Two Rivers Development Limited. At the completion of this transaction, the value of Centum's stake in the Two Rivers Development will be Kshs 9.0 billion (US\$ 104 million), with a post-money valuation of Kshs 15.0 billion (US\$ 178 million). In addition to equity financing, we have secured Kshs 5.2 billion (US\$ 60 million) in 10-year, long term debt funding from The Co-operative Bank of Kenya as project debt financing for the Two Rivers Mall. Consequently, I am pleased to report that the Two Rivers project is now substantially funded.

As part of our efforts to realize value from our Two Rivers Development, we have engaged in advanced discussions with a number of investors who are interested in participating alongside us in a number of joint venture developments within Two Rivers. We shall provide details once these joint venture arrangements have been concluded.

Project update

The construction of Phase 1 infrastructure at the Two Rivers development project commenced in August 2013 and is currently on schedule for commissioning at the end of June 2015. The infrastructure project also involves the construction of an interchange on Limuru Road and also on the Northern By-pass, the first privately funded road interchange construction in Kenya.

The construction of Two Rivers Lifestyle Centre commenced in October 2013 and is on schedule for opening in October 2015. The Centre will be the largest retail mall in sub-Saharan Africa, excluding South Africa. Approximately 50% by area of the 670,000 sq.ft retail gross leasable area (GLA) is pre-let and a further 20% is in final negotiations. 10% of the 230,000 sq.ft of office towers above the Centre is pre-let. An estimated 45% of the total GLA will be occupied by new international brands.

The Two Rivers Lifestyle Centre signed Carrefour as its anchor tenant. Carrefour is the 4th largest retail group in the world, with 1,421 Hypermarkets established in 34 countries. It has taken up 110,000 sq.ft to establish a hyper market which will be the largest of its kind in the region and will reinforce the Two Rivers positioning as a destination. There will be an additional 160 retail outlets located within the mall when fully occupied, which will provide the widest variety of retail outlets in the region.

In my report to you in 2013, I stated that Real Estate Investment Trusts (REIT's) guidelines had been gazetted. I am pleased to report that we have submitted our application to the Capital



Markets Authority to convert Two Rivers Development Limited into a Development Real Estate Investment Trust (D-REIT). A D-REIT offers the Two Rivers Project a tax efficient way in which to raise capital as well as offering investors an opportunity to invest in this world-class destination.

b) Pearl Marina Project

The Pearl Marina project is also on track for ground-breaking during the 2014 calendar year, having received almost all required approvals. The project has attracted a lot of interest both locally and internationally and is expected to be the premier tourist destination in East Africa. The concept designs for Phase one have been finalized and they will include a boutique luxury hotel with residences, a club house, conference rooms, a business centre, a wellness centre, a fully equipped gym, a bar and restaurant, a wide range of sports and recreational amenities, a mix of 2,3 and 4 bedroom signature villas. We intend to offer limited off-plan sales on some of the units once construction of the villas has begun.

c) Investment in Broll East Africa

We entered into a joint venture with the Broll Property Group, the largest commercial property services group in Africa, to establish Broll East Africa. The partnership with Broll gives Centum the opportunity to provide end-to-end real estate development solutions. Centum has 30% interest in the joint venture.

iii. Quoted Private equity

At the close of the financial period, the Quoted Private equity portfolio was valued at Kshs 5 billion which represented 17% of Centum's total portfolio. Quoted Private equity delivered a gross return of 35%, which translated into an absolute return of Kshs 1,753 million. This return comprises 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 the characteristics of private equity. This business line focuses on making investments in listed entities that are under-researched and illiquid, with significant growth potential, allowing us to obtain a significant equity stake.

The second mandate of the QPE business line is to provide liquidity management for the overall portfolio. It, therefore, 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 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.

Throughout the 2009-2014 strategic period the QPE business line has outperformed the NSE index by an average of 18%. In the 2013/2014 financial period, the QPE business line outperformed the NSE by 31%. This business realized a return of 33% in the year to March 31, 2014. This return was underpinned by an extensive geographical diversifications strategy with more than 60% of the assets invested in other Sub-Saharan Africa markets.

Centum Asset Managers ("CAM") was among the first to receive a REIT manager license from the CMA. It is now seeking to introduce a D-REIT and I-REIT that will go a long way in developing our stock market offering to the benefit of various stakeholders in the economy. CAMs have also obtained a license from the retirement Benefits Authority ("RBA") to manage pension funds. In addition, CAMs represent the tail end of introducing an Africa-Focused Collective Investment Scheme.

Investment in Genesis Kenya Investment Management Limited

Centum completed the acquisition of 73.35% of Genesis Kenya Investment Management Limited - the second largest fund manager in Kenya- effectively bringing an additional Kshs 116 billions' worth of third party assets under our management. Following the acquisition, our third party assets under management now stand at Kshs 117 billion, an increase from last year's figure of Kshs 2.4 billion.

Centum Business Solutions

Formerly Centum Shared Services Limited, CBS was established during the year with a mandate to provide non investment related solutions to the Group. Its establishment has allowed the various subsidiaries within the Group to focus on their core activities, while providing a opportunity for standardization, collaboration and improvement of efficiency across the Group.

People

Enhancement of execution capacity and leadership development were the key people focus areas during the year.

We enhanced capacity in our real estate development, legal and tax divisions that has been essential for the successful execution of our growth strategy.

Leadership development remains key and during the period we focused on developing individuals within Centum, who will over time mature into higher levels of leadership proficiency and lead the enterprises we look to create across Africa in Centum 3.0.

Our inaugural 2013 Graduate Program participants are now successfully serving within Centum as Analysts. As part of the learning and development initiative within the program, and to promote diversity exposure, two of the participants; Mehul Soni



CHIEF EXECUTIVE'S REVIEW

and Lawrence Kiarie have been seconded to Investec in South African on an exchange program.

Following the success of our inaugural program, our 2014 graduate program participants are scheduled to join Centum in July 2014. To support the Group's growth agenda, we have recruited 20 participants with a diverse array of technical skills from across the region; Kenya, Uganda, Tanzania and Rwanda. The participants will be exposed to a series of development interventions, corporate operations and be assigned specific projects to deliver. Those who are successful will thereafter take up positions within the Centum Group.

Strategy 2014-2019

31 March 2014 marked the close of Centum 2.0. In April 2014, Centum's Board approved the new strategy for the five year period to March 31st, 2019, dubbed Centum 3.0. Centum 3.0 shifts our focus from being a portfolio manager to becoming developers of investment grade opportunities. Thus, we shall focus on developing investment grade opportunities in eight key sectors: Real Estate, Power, Financial Services, Agriculture, Information Communication Technology, Fast Moving Consumer Goods, Healthcare and Education.

Our key targets for Centum 3.0 are listed below;

1. To generate in excess of thirty five percent (35%+) annualized return over the strategic period. During Centum 2.0 strategy period we delivered an average return of 31% over the period
2. To focus on developing, scaling up and growing investment capabilities in the eight new sectors. Centum 3.0 gives greater focus on sectors and this is mostly premised on our successes in the Fast Moving Consumer Goods (FMCG), Financial Services and Real Estate sectors.
3. Scale up the group by growing the Centum portfolio value to Kshs 120 billion by 2019 and Total Assets Under Management (AUMs) to Kshs 720 billion.
4. To enhance our Brand by delivering through people and hence develop teams with sector expertise.
5. To maintain our cost-containing culture by restricting costs to below 2.0% of total assets, as opposed to 2.5% previously.

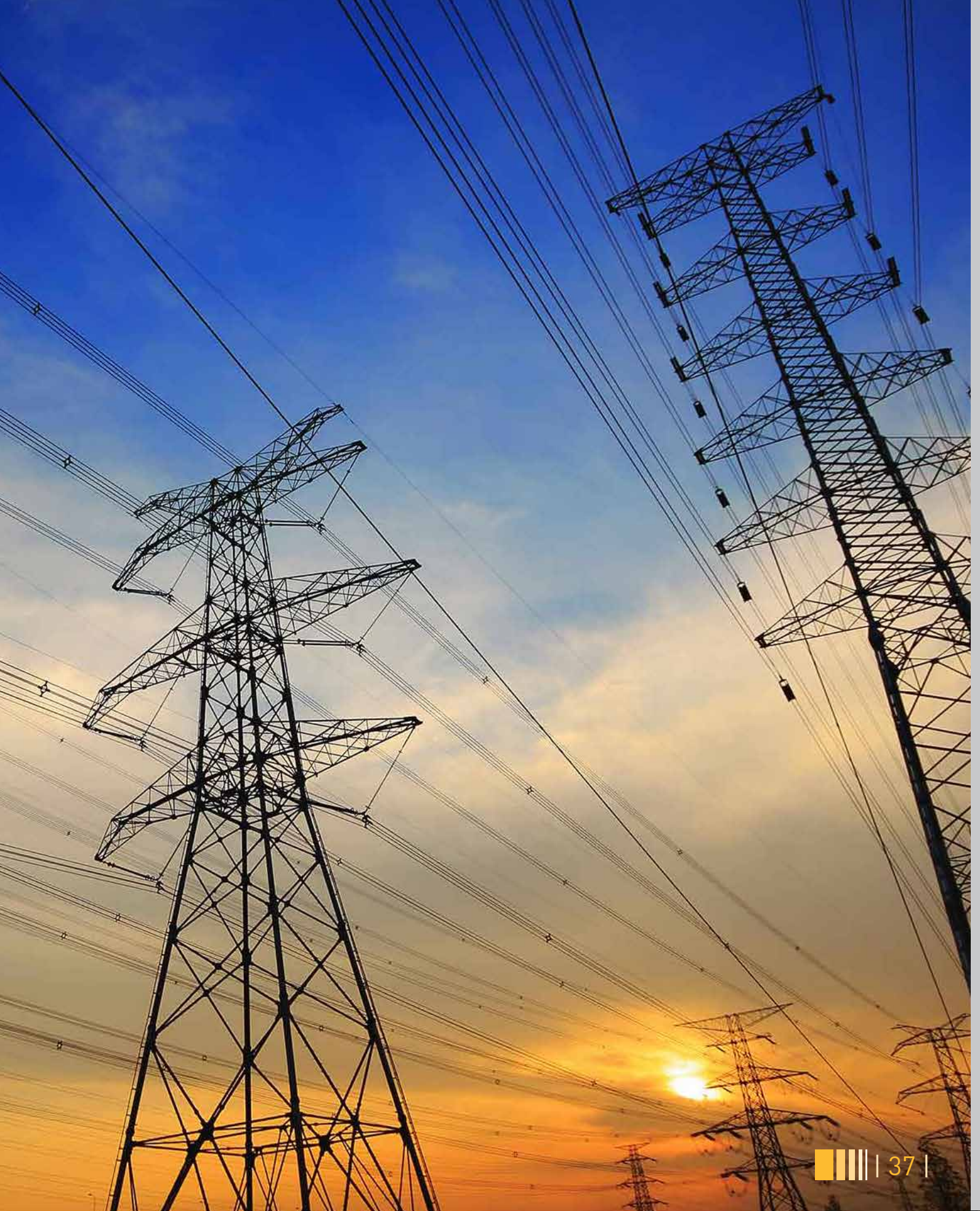
Our strategy will be executed using funds which will be generated internally. The Board of Directors has reviewed the dividend policy and has made a decision to extend the Zero Dividends Policy into the next five year strategic period, to end in 2019. The retained dividends will finance the new investments, which the Board believes will yield market beating returns.

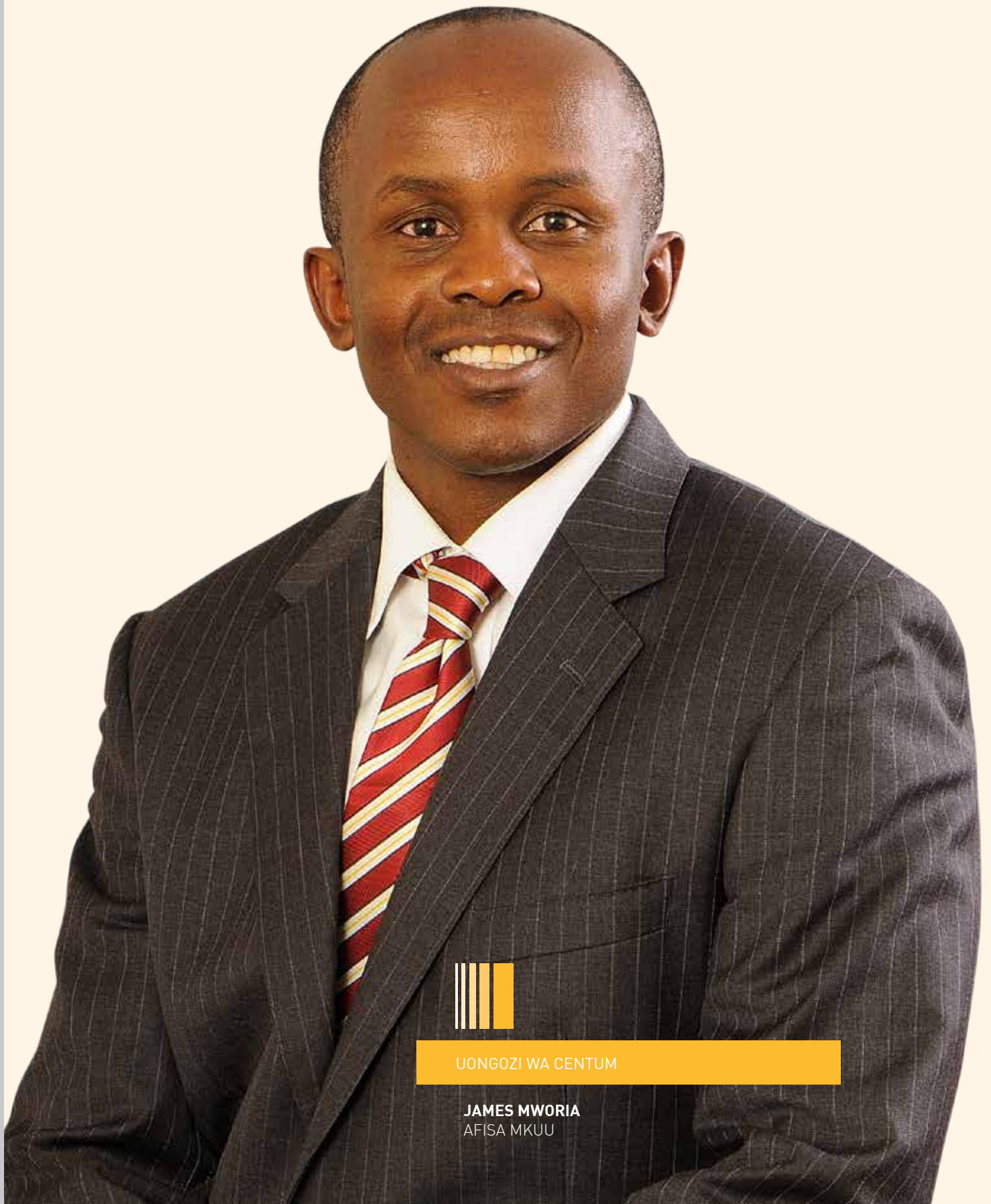
With a clear strategy and a strong management team, we look to the future with confidence as we are confident that we shall achieve the ambitious strategic objectives outlined above.

I would like to thank my entire team, which has grown from 12 individuals in 2009 to 52 today. This team bought into the dream of Centum, owned that dream and they have done all that it takes to achieve that dream. The team acknowledges the Centum 3.0 objectives and has committed to endeavor to deliver and exceed on them with unity of purpose, integrity, passion and dedication. I owe my success as Chief Executive Officer largely to this team. I am proud of its members and I salute them. Throughout this just concluded strategic period, all of us have been fortunate to have had the support of a hardworking, committed and very capable Board of Directors as well as the support of you, our shareholders. I sincerely believe we that are on track to realize Centum's vision of becoming Africa's foremost investment channel.



JAMES MWORIA
CHIEF EXECUTIVE OFFICER





UONGOZI WA CENTUM

JAMES MWORIA
AFISA MKUU



Tukijumlisha matokeo ya miaka mitano katika kipindi cha mikakati, kampuni yako imepatia mwenyehisa faida ya asilimia 291 dhidi ya asilimia 75 ya Soko la hisa la Nairobi (NSE), hii ikiwa ni ushindi kwa asilimia 216.

KWA MWENYEHISA

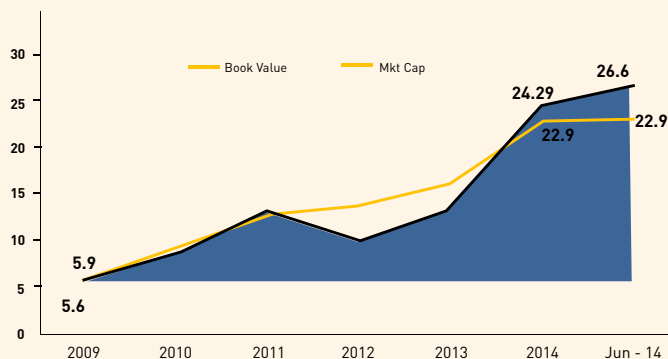
Ni furaha kwangu kuwasilisha kwako mwenyehisa matokeo bora kwa mara nyingine, wa mwaka wa mwisho ya kipindi cha mikakati cha 2009/14

UTENDAJI

Thamani ya rasilimali ya Centum iliongezeka hadi kufikia Shilingi (k) bilioni 6.8, na kufanya thamani ya kila hisa kuongezeka kwa asilimia 42 hadi shilingi (k) bilioni 22.9. Thamani ya rasilimali ya mwekezaji iliyoandikishwa kwenye vitabu vya hesabu tangu 2009 (tangu kuanza kutekeleza mikakati ya 2009-2014) imekua kwa shilingi (k) bilioni 17.0, au asilimia 291 ikijumuishwa pamoja, na asilimia 31 kwa hesabu za kila mwaka.

Thamani ya rasilimali kulingana na bei ya soko iliongezeka kutoka Shilingi (k) bilioni 5.6, Machi 2009 hadi shilingi (k) bilioni 24.3 Machi 2014 ikiwakilisha ukuaji wa thamani ya rasilimali ya mwenyehisa kwa asilimia 334.

Jedwali linaloonyesha ukuaji wa thamani ya rasilimali ya mwenyehisa



KUHUSU MIKAKATI

Tukijumlisha matokeo ya miaka mitano katika kipindi cha mikakati, kampuni yako imepatia mwenyehisa faida ya asilimia 291 dhidi ya asilimia 75 ya Soko la hisa la Nairobi (NSE), hii ikiwa ni ushindi kwa asilimia 216. Kwa mwaka uliokwisha Machi 31, 2014, tulipata faida ya asilimia 42 dhidi ya thamani ya rasilimali tulipofungua mwaka, ilhali Soko La Hisa (NSE) iliandikisha asilimia 2 pekee. Mwaka huu kitengo cha Hisa za kibinafsi zilizoorodheshwa kilipata faida ya asilimia 33 na kushinda kwa mbali faida ya NSE, wakati ambapo kitengo cha Nyumba na Ujenzi kilipata faida ya asilimia 63 na Kitengo cha Kibinafsi kupata faida ya asilimia 42. Kwa jumla faida za kambuni zimeongezeka kulinganishwa na ya mwaka uliopita kutokana na nguzo thabiti na ukuaji wa rasilimali kote katika kampuni.

Jinsi Faida ya Centum ilivyoshinda soko la hisa ikionyeshwa kwenye jedwali.

Mwaka	Faida ya Centum	Faida ya NSE	Tofauti
2010	56%	43%	13%
2011	37%	-4%	41%
2012	9%	-13%	22%
2013	19%	44%	-26%
2014	42%	2%	40%
Kwa wastani	31%	12%	19%
Kwa kujumuishwa	291%	75%	216%

TAARIFA YA AFISA MKUU

UCHAMBUZI KWA VITENGO

Ili kutekeleza mikakati tuliyoweka 2009-14,na kuhakikisha kuwa tunazingatia nguzo zenyewe ,kuwajibika na taaluma inayostahili,tulibadilisha muundo wa rasilimali kwa vitengo vitatu. Vitengo hivyo ni Kitengo cha kibinafsi,kitengo cha Nyumba, ujenzi na muundo misingi,na Kitengo cha hisa za kibinafsi zilizoordheshwa.

1.Kitengo cha hisa za kibinafsi

Uwekezaji katika Kitengo cha hisa za kibinafsi ni kwenye Kampuni zinazohudumu kwenye masoko ya humu nchini na kwenye kanda letu .Tulitumia mkakati huu kwa sababu ya kuongezeka kwa wateja na ari ya uwekezaji kutokana na ukuaji wa uchumi.

Tunatumia mbinu tatu ili kusimamia kitengo cha hiki cha PE

1. Kusimamia kitengo kwa kuangazia biashara ambazo hazifanyi vizuri ili kushirikiana na washiriki katika kuongeza maarifa ili kugeuza mashirika hayo kuwa yenye kufaulu .
2. Kuimarisha shughuli zetu za uwekezaji na uhusiano mwema katika kanda letu ili kutuwezesho kunyakua nafasi za kuvutia zinazojitokeza na kufanya uwekezaji wa hali ya juu na kuleta uwiano kibishara kati ya sisi na washiriki wetu.
3. Kutafuta kuwekeza katika maeneo mengi Kijogorofia tukiunia kutimiza lengo letu la kuwa na asilimia 50 ya rasilimali nje ya Kenya.

Kwenye kipindi cha mikakati tumewahi kutekeleza nguzo hizo tatu.Kufuatana na hayo,thamani ya rasilimali katika kitengo cha kibinafsi imeongezeka kutoka Shilingi (k) bilioni 4 hadi shilingi (k) bilioni 14 kwa miaka 5 iliyopita.Ongezeko hilo ni kutokana na kuimarika kwa hali ya fedha za kampuni zilizomo ,iliyosababisha kuongezeka kwa mgao wa mapato kutoka kwao

ii Kitengo cha Nyumba ,Ujenzi na muundo misingi

Kufikia mwisho wa mwaka ,thamani ya rasilimali katika Kitengo cha nyumba ,ujenzi na muundo misingi kilikadiriwa kuwa Shilingi (k) bilioni 10.3 na kuwakilisha asilimia 34 ya rasilimali zote za Centum.Kitengo hiki kilikuwa na mapato ya asilimia 84 ,au pesa taslimu shilingi(k) milioni 2,062 iliyorekodiwa kwenye vitabu vya Kampuni.

Kama tulivyotaja hapo awali , uwezo wa kitengo hiki kustawi zaidi ni mkubwa.Ni furaha kwangu kuelezea juu ya hatua za kimaendeleo katika ujenzi wa miradi kwenye kitengo hiki.

a) Habari mpya kuhusu Mradi wa Two Rivers.

Fedha

Tumetia sahihi maafikiano kati yetu na wawekezaji wawili watakaotele pesa kwa kiasi cha milioni 75 Dola za Marekani ili

kuweza kumiliki asilimia 42.8 katika Two Rivers Development. Mwishoni mwa shughuli hiyo ,thamani ya rasilimali ya Centum katika Two Rivers itakuwa shilingi(k) bilioni 9 (Milioni 104 Dola za Marekani) wakati ambapo thamani ya Two Rivers inakadiriwa kuwa Shilingi (k) bilioni 15 (Milioni 60 Dola za marekani).Pamoja na toleo la hisa hizo ,tumepata shilingi (K) bilioni 5.2, ikiwa mkopo wa muda wa miaka 10 kutoka benki ya Cooperative ili kugharamia ujenzi wa mradi wa Two Rivers Mall.Kwa hivyo ninafurahi kuwafahamisha kuwa ufadhili wa mradi wa Two Rivers umekamilika pakubwa.

Kwa kuwa nia yetu ni kuongeza manufaa kutokana na mradi wetu wa Two Rivers, tuliweza kufanya mazungumzo katika ngazi za juu na baadhi ya wawekezaji wenye nia ya kushirikiana nasi katika ujenzi wa miradi mengine ndani ya Two Rivers ,na tutatoa habari zaidi juu ya jambo hili baada ya kukamilisha mipango hayo ya ushirikiano.

Ujenzi wa mradi

Ujenzi wa awamu ya kwanza wa mradi wa Two Rivers ulianza mnamo Agosti 2013 na tunatarajia kukamilisha tayari kufunguliwa hapo juni 2015.Ujenzi wa muundo misingi ya mradi huo unahusu ujenzi wa barabara ya kuunganisha barabara zingine na barabara yaLimuru Road na pia barabara ya Northern By Pass,hii ikiwa ujenzi wa aina hiyo kuwahi kufadhilwa na shirika la kibinafsi nchini Kenya.

Ujenzi wa mradi wa Two Rivers Lifestyle ulianza Oktoba 2013 na tunatarajia kufungua Oktoba 2015.Jumba hilo ndilo litakuwa kubwa zaidi barani Afrika ,Kusini mwa Sahara ,tukiondoa Afrika ya Kusini.Takriban asilimia 50 ya eneo lenye futi 670,000 mraba tayari imekodishiwa wateja na tunakaribia kukamilisha mipango ya kukodesha asilimia 20 ya eneo lililosalia.Asilimia 10 ya eneo la futi 230,000 mraba ya nyumba ya ghorofa ni ofisi ambazo tayari zimekodishwa.Takriban asilimia 45 ya eneo lote litapangishwa na kampuni zenye hadhi za kimataifa.

Kampuni kwa jina Caffour ni mpangaji kubwa wa Two Rivers Lifestyle Centre. Caffour ni kampuni ya 4 kwa ukubwa duniani katika biashara ya rejareja,ikiwa na idadi ya maduka makubwa 1,421 katika nchi 34 duniani.Wameweka mkataba pamoja nasi wa kupangisha eneo la futi 110,000 mraba litakalotumika kama supamaketi kubwa na ambayo pia ndiyo itakayokuwa kubwa zaidi katika kanda letu ,na kufanya Two Rivers kuvutia zaidi.

Kwenye ripoti yangu ya 2013 niliwaeleza ya kwamba mwongozo kuhusiana na bidhaa za REITS ,ulikuwa umechapishwa rasmi na gazeti la serikali.Ni furaha kwangu kuwajulisha kuwa tayari tumewasilisha maombi kwa halmashauri ya Capital Markets Authority ili kupata kibali cha kutuwezesho kubadilisha Two Rivers Development Limited kuwa D-REIT.Mbinu hiyo itafanya utozaji wa ushuru ya Two Rivers kuwa nafuu wakati inapochangisha fedha za ujenzi,na kutoa fursa kwa uwekezaji katika jengo la kimataifa.

b) Mradi wa Pearl Marina

Tuko kwenye harakati ya kuanzisha ujenzi mradi wa Pearl Marina ambapo tunatarajia kuzindua mnamo 2014 ,baada ya kutimiza masharti yote yaliyohitajika. Mradi huu umeweza kuvutia wawekezaji wa kutoka humu nchini na pia wa kimataifa na unatarajiwa kuongoza kwa kuvutia watalii wengi katika Afrika ya Mashariki .Uchoraji wa mradi wa awamu ya kwanza umekamilika na kutakuwa na maduka ya kuuza nguo,hoteli yenye sehemu ya vilabu,Kumbi za mikutano,kituo cha biashara ,ukumbi wa kufanyia mazoezi, bar ,aina mbalimbali ya michezo na bidhaa zinginezo za kustarehesha, na pia vyumba aina ya vila, vyenye mseto wa vitanda 2,3,4 .Tunatarajia kutoa nafasi chache kwa wale watakaopenda uhuru wa kujenga jinsi wanavyotaka,wakati tutakapoanza ujenzi wa hizo vila.

c) Uwekezaji katika Broll East Africa

Tulishirikiana na kampuni ya Broll Property Group ,ambayo ni kampuni kubwa zaidi yenye kuhusika na nyumba za kibiashara barani Afrika,katika kubuni Broll East Afrika.Ushirikiano huo unatoa fursa kwa Centum kuweza kutimiza miradi ya ujenzi. Umiliki wa Centum katika shirika hilo ni asilimia 30.

ii, Hisa za kibinafsi zilizo rodesha.

Mnamo mwisho wa mwaka wa kifedha ,thamani ya rasilimali kwenye kitengo cha Hisa za kibinafsi Zilizo rodesha ilikuwa shilingi (k) bilioni 5 na kuwakilisha asilimia 17 ya rasilimali zote za Centum.Kitengo kilizalisha mapato ya asilimia 35 ,au kwa pesa taslimu Shilingi (k) milioni 1,753.Mapato hayo ni kutokana na mgao wa faida,riba,ada ya usimamizi, na faida kutokana na ukadiriji wa thamani ya rasilimali.

Kitengo cha Hisa za kibinafsi zilizo rodesha kinategemea ujuzi wetu tuliopata kutoka kitenga cha hisa za kibinafsi kuweza kuwekeza katika yale mashirika yenye hali yanayofanana na za kibinafsi .Kitengo hiki kinazingatia hasa uwekezaji kwenye kampuni zilizo rodesha walakini hazijafanyiwa utafiti ya kutosha ,zenye fedha ,na zenye kuonyesha dalili ya kukua na ambapo tunayo nafasi ya kupata umiliki.

Jukumu la pili la kitengo cha QPE ni kuhakikisha kuwa hali ya fedha katika kampuni inasimamiwa vyema.Kitengo cha QPE huonyesha njia ya matumizi ya fedha za ziada na pia kusaidia kutoa dhamana kwa minajili ya mikopo,au katika uuzaji wa hisa sokoni.

Kitengo cha QPE pia huwezesha kukadiri juu ya thamani ya kampuni za kibinafsi kulinganishwa na thamani ya kampuni za umma katika masoko mengine barani Afrika.

Katika kipindi cha mikakati cha 2009-2014 utendaji wa kitengo cha QPE umeweza kushinda alama ya soko la NSE kwa wastani wa asilimia 18 .Kwenye mwaka 203/2014 wa kifedha faida katika kitengo cha QPE kilishinda alama ya soko la NSE kwa asilimia 31.Faida ya kitengo hiki kufikia Machi 31, 2014 ilikuwa asilimia 33.Faida hiyo ilitokana na kuingia katika maeneo mengi kijogorofia ,huku tukimiliki zaidi ya asilimia 60 ya rasilimali katika masoko ya Afrika ,kusini mwa sahara.

Kampuni ya Centum Assets Managers (CAM) ilikuwa miongoni mwa zile za kwanza kupata leseni ya REIT kutoka kwa halmashauri ya CMA.Kwa sasa tuko katika harakati ya kuanzisha bidhaa kwa jina D-REIT na I-REIT ambazo zitazaidia kuendeleza soko letu la hisa na kuleta manufaa kwa washika dau wote humu nchini.

Kampuni ya CAM pia imepata leseni kutoka shirika la Retirement Benefit Authority (RBA) ili kuweza kusimamia fedha za malipo uzeeni.Isitoshe, CAM pia iko katika harakati ya kuanzisha mpango wa uwekezaji utakaoleta pamoja washiriki kutoka bara lote la Afrika.

Uwekezaji katika kampuni ya Investment Management Limited.

Centum ilikamilisha unyakuzi wa asilimia 73.35 ya Genesis Investmet Management Limited –ambayo ni kampuni ya pili kwa ukubwa katika usimamizi wa fedha nchini kenya –na hivyo kusababisha ongezeko la shilingi bilioni 117 kwa fedha chini ya usimamizi kwa niaba ya wateja kutoka shilingi bilioni 2.4 mwaka uliopita.

Centum Business Solutions

Kampuni ya Centum Business Solutions,CBS, ambayo hapo awali ilijulikana kama Centum Shared services ilianzishwa katika kipindi cha mwaka huu.Hii imezaidia kutoa nafasi kwa kampuni tanzu kuweza kuangazia shughuli ambazo ni nguzo zao na vilevile kunufaika kutokana na huduma zinazofanana ,kuboresha utendaji kazi ,na kupunguza gharama za matumizi.

na huduma zinazofanana ,kuboresha utendaji kazi ,na kupunguza gharama za matumizi.

Maafisa wetu

Lengo letu katika kipindi cha mwaka lilikuwa kuongeza maarifa kwa maafisa wanaohudumu na vilevile kutoa mafunzo ili kukuza taaluma ya uongozi.Tuliweza kuajiri maafisa katika kitengo cha nyumba na ujenzi,sheria,na wataalamu katika mambo ya ushuru, mambo ambayo yamekuwa muhimu kwa kuhakikisha kufaulu kwa mikakati yetu ya ukuaji.

TAARIFA YA AFISA MKUU

Jambo lingine ambalo ni la muhimu kwetu ni kukuza taaluma ya uongozi katika Centum, na kwa hivyo tuliwahi kutambua baadhi ya maafisa ambao wataendelea kunawiri hadi mahali watakapokuwa wamekomaa kuwa viongozi katika ngazi za juu ili kusaidia katika usimamizi wa kampuni wakati inapojiandaa kufanya biashara barani Afrika kupitia Centum 3.0.

Mpango wa kutoa mafunzo kwa vijana chipukizi ambao wamefuzu kutoka vyo vikiu hivi majuzi na ambao tulianzisha mnamo 2013 umefaidi wale waliochaguliwa kwa kuwa wanafanya kazi kwa sasa katika Centum. Ili kuweza kuongeza maarifa na kupata ujuzi mpango huo pia unahusu baadhi yao kuweza kufanya kazi nje ya Kenya, na ambapo kwa wakati huu, Mehul Soni na Lawrence Kiarie wanafanya kazi nchini Afrika Kusini, kwa mpango wa ubadilishanaji.

Kutokana na kufaulu kwa mpango huu, wengine wanatarajiwa kujiunga na Centum mnamo Julai 2014. Ili kusaidia katika maendeleo ya kampuni, tumechagua 20 wao kutoka taaluma na nchi mbali mbali kama vile Kenya, Uganda, Tanzania, na Rwanda, katika kanda ya Afrika ya Mashariki.

Wataweza kufundishwa juu ya usimamizi wa kimashirika na pia kupewa fursa ya kusimamia miradi. Wale watakaofaulu watapewa nafasi ya kuajiriwa katika Kampuni ya Centum.

Mikakati ya 2014-2019

Tarehe 31 Machi 2014 ulikuwa wa mwisho kwa Centum 2.0. Mnamo April 2014, bodi ya Centum ilitoa idhini ya utekelezaji wa mikakati ya miaka mitano hadi Machi 31, 2019, na kubandikwa jina Centum 3.0. Centum 3.0 inatufanya kubadilisha mbinu kutoka usimamizi wa rasilimali na kuwa yenye kuhusika na uwekezaji wa hali ya juu. Lengo letu ni kuangazia uwekezaji katika sekta 8 muhimu; Nyumba na Ujenzi, Kawi, Huduma za kifedha, Kilimo, Teknolojia, Bidhaa zinazouzwa kwa haraka, Huduma za afya, na Elimu.

Malengo yetu muhimui katika Centum 3.0 ni :

- Kupata zaidi ya asilimia 35 ya faida kwa mwaka katika kipindi cha mikakati. Wakati wa mikakati ya Centum 2.0 tulipata faida ya asilimia 31 kila mwaka
- Kuangazia kuimarisha utendaji wa shughuli na kuongeza uwekezaji hasa katika sekta mpya 8 ambazo tumetaja.

Centum 3.0 inatoa fursa zaidi ya utendaji kwa kuangazia sekta mbalimbali kufuatana na jinsi tulivyofaulu katika sekta ya Bidhaa zinazouzwa kwa Haraka, Huduma za Kifedha na ya Nyumba na Ujenzi.

- Kufanya kampuni kuwa thabiti kwa kuongeza thamani ya rasilimali ya Centum kufikia Shilingi (k) bilioni 120, na thamani ya rasilimali zote chini ya usimamizi (AUM) kufikia Shilingi (k) bilioni 720.
- Kuboresha Chapa Centum kupitia sifa ya maafisa wetu na kwa hivyo kukuza kundi lenye maarifa katika kila sekta.
- Kudhibiti gharama za matumizi chini ya asilimia 2 ya thamani ya rasilimali zote chini ya usimamizi. Tunalenga kudumisha sera ya kuweka gharama za matumizi chini ya asilimia 2.5 kilichoruhusiwa hapo mbeleni.

Tutagharamia fedha za matumizi katika kutekeleza mikakati kwa matumizi ya fedha za zilizowekwa kama akiba. Halmashauri ya wakurugenzi imeamua kuendeleza mbinu ya kutolipa mgao wa faida kwa kipindi kingine cha miaka mitano kinachokuja, hadi 2019. Fedha ambazo zingetumiwa kulipia mgao itatumika kufadhili uwekezaji mpya, kwa kuwa bodi inaamini italeti faida itakayoshinda ile inayopatikana kwenye soko.

Tukitekeleza haya mikakati pamoja na kuweko kwa kundi lenye maarifa ya wasimamizi, tunatazamia siku za usoni kwa imani kuwa tutatimiza malengo hayo ya mikakati jinsi yalivyotajwa hapo juu.

Ningependa kushukuru kundi langu zima la wasimamizi, na ambao wameongezeka kutoka 12 hapo 2009 hadi 50 leo. Kundi hili wanaamini ndoto ya Centum, wanachukulia kama yao, na kufanya lo lote kuhakikisha kuwa ndoto hiyo inaafikiwa. Wanaelewa na kujitolea kufanikisha malengo ya Centum 3.0 kwa kushirikiana kwa pamoja, uadilifu, ari na kujitolea kufanya kazi ili kutimiza yale tunayoahidi kutekeleza kwenye Centum 3.0. Nimefaulu kama Afisa Msimamizi mkuu kwa sababu yao. Ninajivunia kundi langu la wasimamizi na ninawapongeza. Kwenye kipindi cha mikakati kilichomalizika sisi zote tumebahatika kuungwa mkono na Bodi stadi waliofanya kazi kwa bidii, na pia wenyehisa ambao wamesimama na sisi. Ninaimani kuwa tuko katika harakati ya kufanya Centum kuweza kutimiza ndoto yake ya kuwa Kampuni ya uwekezaji nambari moja Barani Afrika.



JAMES MWORIA
AFISA MSIMAMIZI MKUU







FINANCIAL REVIEW

INTRODUCTION

Consistent with past financial years, Centum financial statements comprise both Group and Company financial performance as stipulated by International Financial Reporting Standards (IFRS).

The Group's financial statements highlight Centum's performance as a holding company. Investments in associate companies, that is in those companies in which we do not have a controlling majority but hold more than a 25% stake, are valued at net asset value, in accordance with International Financial Reporting Standards.

On the other hand, the Company's financial statements highlight Centum's performance as an Investment Company. In these financial statements, all investments are held at fair value as stipulated by International Financial Reporting Standards. The Company's performance therefore remains Centum's area of focus and results concerning its performance will form the basis of our Financial and Business review.


REPORTING

The Group and Company financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). In accordance with IFRS, various investment classes are recognised differently in the Group's consolidated, financial statements.

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, we introduced the total return statement to measure value creation more efficiently.

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



The Company's performance therefore remains Centum's area of focus and results concerning its performance will form the basis of our Financial and Business review.

BUSINESS REVIEW

IFRS PERFORMANCE

Consolidated profit after tax increased by 22% to Kshs 3 billion from Kshs 2.5 billion in the previous year. This performance was largely driven by a 25% increase in investment income. An improvement in the performance of the associate companies resulted in a 49% increase in share of associate earnings.

Costs in the year were at 1.5% of total assets, well within our stated 2.5% ceiling.

Other comprehensive income increased by 227% to Kshs 3.6 billion from Kshs 1 billion representing the growth in unrealized value of Centum's equity portfolio.

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 130 of the financial statements. Total return is thus the internal means of tracking performance against past years' performance, current year's budget and projected performance.

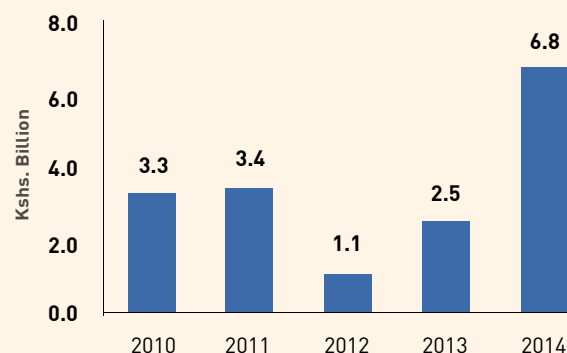
Total return is calculated as the gross portfolio return less portfolio and funding costs. It can be expressed as an absolute amount or as a percentage of the opening portfolio

Gross portfolio return is the sum of cash return and value movements in the period. It is computed by adding portfolio income (made up 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.

Centum recorded a total return of 42% in the financial year ended 31 March 2014. In absolute terms, the gain in net worth in the year was Kshs 6.8 Billion. This compares to a total return of 18% in the Financial year ended 31 March 2013.

Over the period of the 2009/2014 Strategy period Centum has consistently recorded positive total return. During the year we recorded an increase in total return of 177% compared to prior year.

Year-on-Year Total Return (Kshs Billion)



COMPARISON WITH PRIOR YEAR

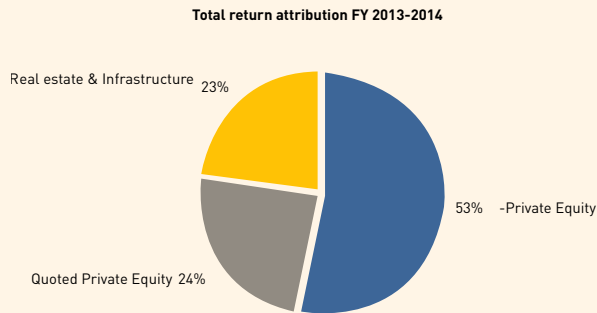
Total Return Statement

Kshs. Million	2013/2014	2012/2013
Dividend Income	1,789	283
Interest Income	40	107
Other Income	11	79
Realised gains	15	9
Unrealised gains	5,885	2,850
Gross Return	7,740	3,331
Finance Costs	(462)	(401)
Portfolio costs	(431)	(442)
Tax	(48)	(37)
Total Return	6,799	2,451
Gross return	48%	24%
Total return	42%	18%

Increased focus on the five year strategic period between 2009 and 2014 led to an increase in investment activity and performance improvement by subsidiaries within the Group. During the year we recorded a significant increase in dividends from subsidiaries. Improved associate performance led to increased associate dividends. The acquisition of majority stakes in Genesis Kenya Investment Management Limited and Kilele Holdings Limited led to the introduction of non-controlling interest in the financial statements.

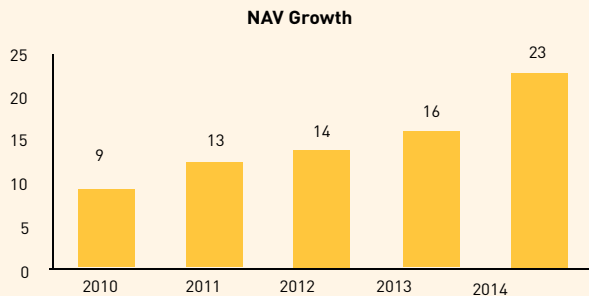
The Company recorded a Kshs 6.8 billion increase in net worth, representing a Net Asset Value (NAV) growth of 42% to Kshs 22.9 billion as at 31 March 2014.

Private Equity contributed 53% of total return, Quoted Private Equity 24% while Real Estate and Infrastructure accounted for the balance of 23%. The return attribution of the three business lines is highlighted below.



NET ASSET VALUE

In the FY2014 the Company recorded a Kshs 6.8 Billion increase in net worth, representing a Net Asset Value (NAV) growth of 42% to Kshs 22.9 Billion as at 31 March 2014. Over the five year strategy period, the cumulative increase in the book value of the shareholder funds was 291%.



PORTFOLIO COSTS/COST EFFICIENCY

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%.

Kshs. Million	2014	2013
Portfolio costs	431	442
Closing portfolio value	29,356	19,307
Cost efficiency	1.5%	2.3%

The absolute cost decreased by 11m from Kshs 442 million to Kshs 431 million, following increased focus on cost efficiency despite a growth in the portfolio value.

FINANCIAL POSITION

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

Kshs. Million	2014	2013
Portfolio value	29,371	19,307
Other assets/(liabilities)	(943)	979
Borrowings	(5,492)	(4,149)
Capital and Reserves	22,936	16,137
NAV per share (Kshs.)	34.47	24.23

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. The portfolio grew by 52% from Kshs. 19.3 Billion in 2013 to Kshs. 29.4 Billion as at 31 March 2014, driven by investment activities, value creation activities as well as investment performance of the underlying portfolio.

FUNDING AND GEARING

We continue to fund our investments through a blend of internally generated funds and the Kshs 4.2 billion bond. However, owing to the significant amount of investments made in the current year, we sourced an additional credit line of Kshs 2.0 billion from our lenders. At the end of the financial year, we had utilized Kshs 1.3 billion of the facility. Therefore, total debt stood at Kshs 5.5 billion while net debt was Kshs 4.6 billion, after deducting cash and bank balances. Consequently, a leverage of 22.93% had been employed as at 31 March 2014.

For our Equity Linked Note investors, we are pleased to report that we have surpassed the Kshs 30.00 NAV per share and therefore, these investors will realize the maximum 15% appreciation on the par value of the note.

In the year, we also undertook an annual review of Centum's credit rating and we are pleased to report that our credit rating has been upgraded to A for Long Term and A1 for Short-term with a stable outlook. This is an improvement from last year's A- Long Term and A1 Short-term rating, with a positive outlook. The credit rating review was done by Global Credit Rating (GCR).



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NAS

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BUSINESS LINE REVIEW

PRIVATE EQUITY BUSINESS LINE REVIEW

Introduction

Private Equity (PE) is Centum's largest business line accounting for approximately 49% 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's private equity space.




The 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 aims to deliver a 30% - 35% return. 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 make quality investments structured to ensure alignment between Centum and its partners.
- iii. Pursuit of geographical diversification with a target to have 50% of assets invested outside Kenya by 2014.

The growth of the Private Equity portfolio over the last five years is a testament of our ability to realize value from our existing portfolio. Our current portfolio, therefore, sets a good foundation on which we intend to utilize to realize the Centum 3.0 strategy.

BUSINESS LINE REVIEW

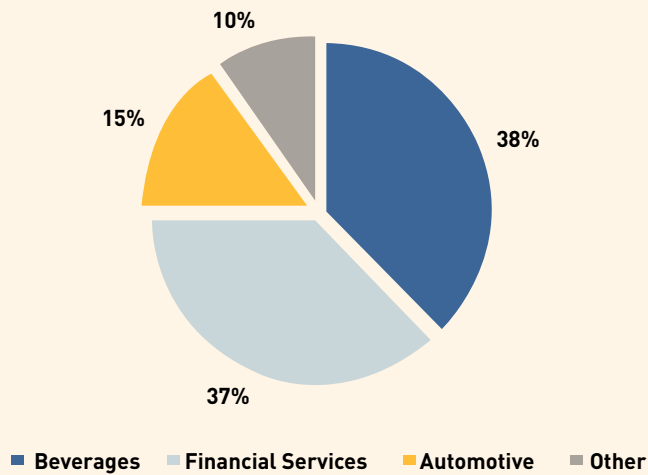


Beverages – Alcoholic and Non-alcoholic		
	<p>KWA Holdings Stake: 27%</p>	<ul style="list-style-type: none"> - Kenya Wine Agencies Limited is a leading manufacturer, distributor and importer of wines and spirits in East Africa with operations in Kenya, Uganda and Rwanda. - The Company is in line for privatization by the Government of Kenya.
Others		
	<p>NAS Servair Sector: Food Stake: 15%</p>	<ul style="list-style-type: none"> - NAS Servair is an on-site airport catering facility supplying over 30 International airlines that fly into and out of Jomo Kenyatta International Airport (JKIA) in Nairobi and Moi International Airport (MIA) in Mombasa. - It supplies high quality in-flight products and services and is recognized for both its professional standards and in-depth knowledge and understanding of local and international aviation hospitality requirements. - NAS is the leading operator offering these services in Kenya and, therefore, has clear leadership credentials within its market.
	<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 a leading 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 size 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 attractive 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 LINE REVIEW

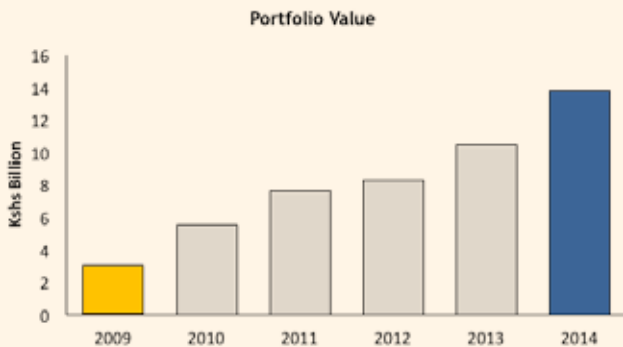
Portfolio Diversification

Centum PE seeks to diversify its portfolio across different sectors with a main focus on consumer facing industries. The investments in the beverage and financial services sectors account for 75% of the PE portfolio.



Performance

Since the beginning of the strategy period in 2009, the PE portfolio has on average grown by 31% year on year to Kshs 14.1 Billion both through additional investment and organic growth as



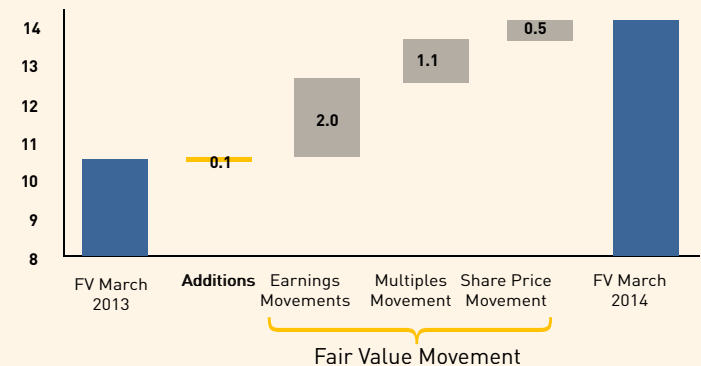
depicted below.

The table below summarizes the PE business line performance during Centum 2.0. During the year, the PE business line generated a total return of Ksh 3.6 Billion, equivalent to 42% over the opening portfolio base of Ksh 10.4 Billion

PE Performance Summary

KES Million	2014	2013	2012	2011	2010
Portfolio Income	531	142	375	554	429
Unrealised gains	3,395	755	992	1,880	1,886
Gross return	3,926	897	1,367	2,434	2,315
Total return	3,623	507	1,245	2,268	2,168
Gross return (%)	45%	10%	18%	43%	65%
Total return (%)	42%	6%	16%	40%	61%
Closing portfolio value	14,060	10,459	8,556	7,571	5,491

The chart below is a summary of the movement in Centum's PE portfolio from 1 April 2012 to 31 March 2014.



PORTFOLIO VALUE

As illustrated in the chart above, in the 2014 financial year, portfolio value increase was mainly due to an increase in the earnings of the underlying investee companies accounting for 54% of the increase in the portfolio. Portfolio value increase attributable to increases in the multiples used in valuing the portfolio companies accounted for 30% of the portfolio value growth.

BUSINESS LINE REVIEW

Valuation Methods

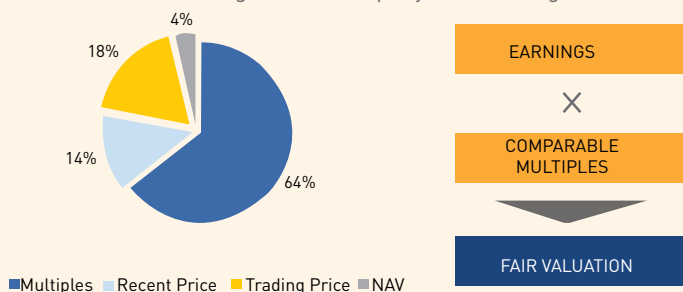
Centum uses the International Private Equity and Venture Capital Valuation (IPEV) December 2012 guidelines in the valuation of its private equity portfolio and is based on fair value. Fair Value is the price that would be received to sell an asset in an orderly transaction between market participants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

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

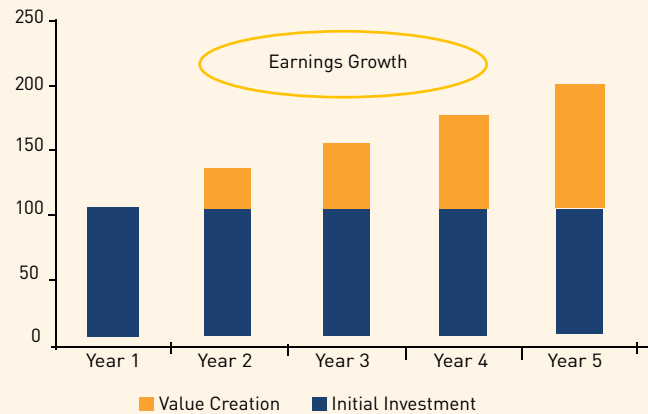
- i) Listed Price – This is the price of private equity investments that are listed in the stock exchange and are observable.
- ii) Price of Recent Investment - In applying this method, the initial cost of the investment itself, excluding transaction costs is used or, where there has been subsequent 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 whose going concern element cannot be sustained and, therefore, 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.

- 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.



Outlook

The growth of the Private Equity portfolio over the last five years is a testament of our ability to realize value from our existing portfolio. Our current portfolio, therefore, sets a good foundation on which we intend to utilize to realize the Centum 3.0 strategy. Centum PE intends to leverage on our expertise in the financial services, FMCG and real estate sectors to build and scale our capabilities in the new sectors identified. Specifically, we intend to build extraordinary African enterprises in each of these sectors through identifying viable investment opportunities, recruiting sector specialists and positioning Centum as the project developer of choice in each of these sectors.

BUSINESS LINE REVIEW

REAL ESTATE & INFRASTRUCTURE REVIEW

Introduction

The Real Estate and Infrastructure business line was established in line with Centum's central mission to offer investors access to inaccessible, quality, and diversified investments. This business line has grown from Kshs 36 million in 2010 to Kshs 10.3 billion at the end of the financial year 2014.

To manage its real estate business effectively, in 2013 Centum established Athena Properties Limited, a wholly owned subsidiary. Athena's mandate was to develop in-house capability to execute real estate developments on behalf of the Group as well as offer project management and development management services to third parties. Athena has been able to recruit an experienced management team with international experience and prides itself on having a team with over 100 years cumulative work experience in the real estate sector. This remarkable team is currently managing Centum's Two Rivers and Pearl Marina projects as well as other third party projects.

Centum's successful execution of its real estate strategy in Two Rivers Development and Two Rivers Lifestyle Centre has seen Centum's stake increase from an initial investment of Kshs 2.3 Billion to Kshs 9.0 Billion, a 390% increase in value. In Pearl Marina, the value of Centum's investment has increased through acquisition of additional land parcels in addition to obtaining various planning and physical interventions relating to the land throughout the financial year.

Property Portfolio

Centum has two major real estate portfolios. The first property, Two Rivers, measures 100 acres and is located in the diplomatic blue zone in the Gigiri/Limuru Road area of Nairobi. The site is only a 10 minutes' drive from the United Nations Complex, about a 20 minutes' drive from the Nairobi Central Business District and a 30 minutes' drive to the Jomo Kenyatta International Airport.

It is bordered by, and has access from, the Northern By-Pass and Limuru road, and is located within the most affluent suburbs in Kenya with an annual spend of US\$ 500 million within a 50 KM radius. The development is set to become East Africa's premier address and destination.



The second property, Pearl Marina, is set on 360 acres on the Garuga Peninsula on the shores of Lake Victoria in Entebbe, Uganda. The site is situated between Entebbe International Airport and Kampala, about 22 km from the airport and about 32 km from Kampala. The property will be developed as a premium integrated water front destination, resort town, and a premier Uganda tourist destination. The development provides premium tourism and residential facilities including hotels, conference facilities, luxury apartments, villas, marinas, hospitals, international schools, a modern office park and a retail center.



The project is currently at its final design development stage with phase 1 set to break ground in Q3 2014.

Investment Focus and Value Creation

Centum will focus on the development of large mixed use developments. There is demand for this type of developments and we are among the best placed in the market to deliver. Smaller mixed use developments in very prime locations will also be considered. These projects are less capital intensive, easier to execute and require the same skills as the large mixed use developments. Centum will be primarily focused on the development phase but open to following attractive opportunities along the property value chain to yield exceptional returns.

Centum will continue to maximize value from its property portfolio. Based on conservative valuations used for the purposes of preparing the financial statements, the real estate portfolio delivered a total return of 42% in FY2014.

Opportunities for Centum in Real Estate

In the real estate sector, Centum seeks opportunities that leverage our ability to mobilise funds quickly for investment as well as our sector experience, thereby unlocking attractive development opportunities that will lead to the creation of new communities and address shortages in the commercial and residential real estate markets.

Centum's real estate investments are guided by the following major regional trends:

- **Demographics** – It is estimated that 40% of Africa's population or 300 million people live in cities. This number will rise to 800 million by 2030. Africa's population is also young, with 60% of it under the age of 25 and it is expected that the majority yet to be conceived will live in cities.
- **Improving Living Standards** - Africa's economies have been growing consistently and the effect is that 85 million Africans earn over \$ 5000 per annum. This will rise to 130 million by 2020. Locally, Kenyans are increasingly purchasing items from formal retailers. This has seen informal shopping outlets sink by 29% while modern distribution outlets have grown by more than 34%.
- **Growing Economies** – Africa's GDP is expected to almost double from \$ 1.6 trillion in 2008 to \$ 2.6 trillion in 2020. Consumer spending power will increase from \$ 860 billion in 2008 to \$ 1.4 trillion by 2020..

DEVELOPMENT ACTIVITY

1. TWO RIVERS

During the FY 2013/2014, Centum, through its subsidiary, Two Rivers Development Limited, commenced the construction of retail and infrastructure projects. The construction of the infrastructure project commenced in August 2013 and the retail project had its ground breaking in October 2013

Development progress on Two Rivers Project

Construction for the Two Rivers project is taking place in line with the vision of developing a premium world class master planned urban address set within a controlled and secure development that will be a number one regional destination in East Africa and beyond.

BUSINESS LINE REVIEW

Progress for the project is as shown below:

a) Additional Statutory Approvals Received

We received additional statutory approvals to construct access roads on Limuru Road and the Northern By-pass. These access roads involve the construction of interchanges on either side of Two Rivers, providing access to the project from Limuru Road and the Northern By-pass. This is the first privately funded construction of a major interchange in Kenya.

b) Phase 1 Infrastructure

In our report last year, we reported that we began construction of Phase 1 of the infrastructure in August 2013. The project is 37% complete and is currently on track for completion in June 2015. The progress on some of the infrastructure components is outlined below:

- i) Concrete crossings on the Rivers Gichi and Ruaka and traffic hoarding and diversion on the Limuru road have been completed. Additional approvals have been received for the temporary access on the Limuru road and construction is ongoing.
- ii) Survey and setting is ongoing for waterworks, sewer works, mechanical services and electrical services.
- iii) Drilling and equipping of boreholes has been completed.
- iv) Detailed design and landscaping of open spaces has been completed

c) Two Rivers Mall

Construction commenced on 17th October 2013 with overall progress for the mall at about 10% as at July 2014.

Due to increased demand from local and international brands, the size of the retail gross leasable area (GLA) was increased from 50,000 SQM to 62,000 SQM, making Two

Rivers Lifestyle Centre the largest retail mall in Sub-Saharan Africa (SSA), excluding South Africa. In addition, the Centre will have 20,000 SQM of office GLA.

On the Two Rivers Mall construction, the key milestones as per the project plan are:

Milestone	Planned
Earliest tenant beneficial occupation	16 February 2015
Completion of Retail Mall	16 September 2015
Completion of construction including office towers	31 December 2015

d) Financing

We have signed investment commitments from two institutional investors, who will invest Kshs 6.5 billion (US\$ 75 million) for a 42% equity stake in the Two Rivers Development. Further, we have secured debt funding of Kshs 5.0 billion (USD 60 million) in 10-year long term debt from the Cooperative Bank of Kenya. As a result, the Two Rivers project is now fully funded.

e) Project Implementation

- i) An exciting mix of local and international brands is already on board to occupy the Two Rivers Mall
- ii) We have the commitment of a developer for a 3 star hotel and we are engaging with a developer for a 5 star hotel.
- iii) We also commitment for the development of residential and serviced apartments.
- iv) 40% of the GLA (Gross Lettable Area) of the Retail, Entertainment and Lifestyle centre has been pre-let.



BUSINESS LINE REVIEW



BUSINESS LINE REVIEW

2. PEARL MARINA ESTATES LIMITED

Pearl Marina Estates Limited is a wholly owned subsidiary of Centum Investment Company Limited. Pearl Marina Estates is a Ugandan entity that owns 360 acres of prime property on the Garuga Peninsula in Entebbe.

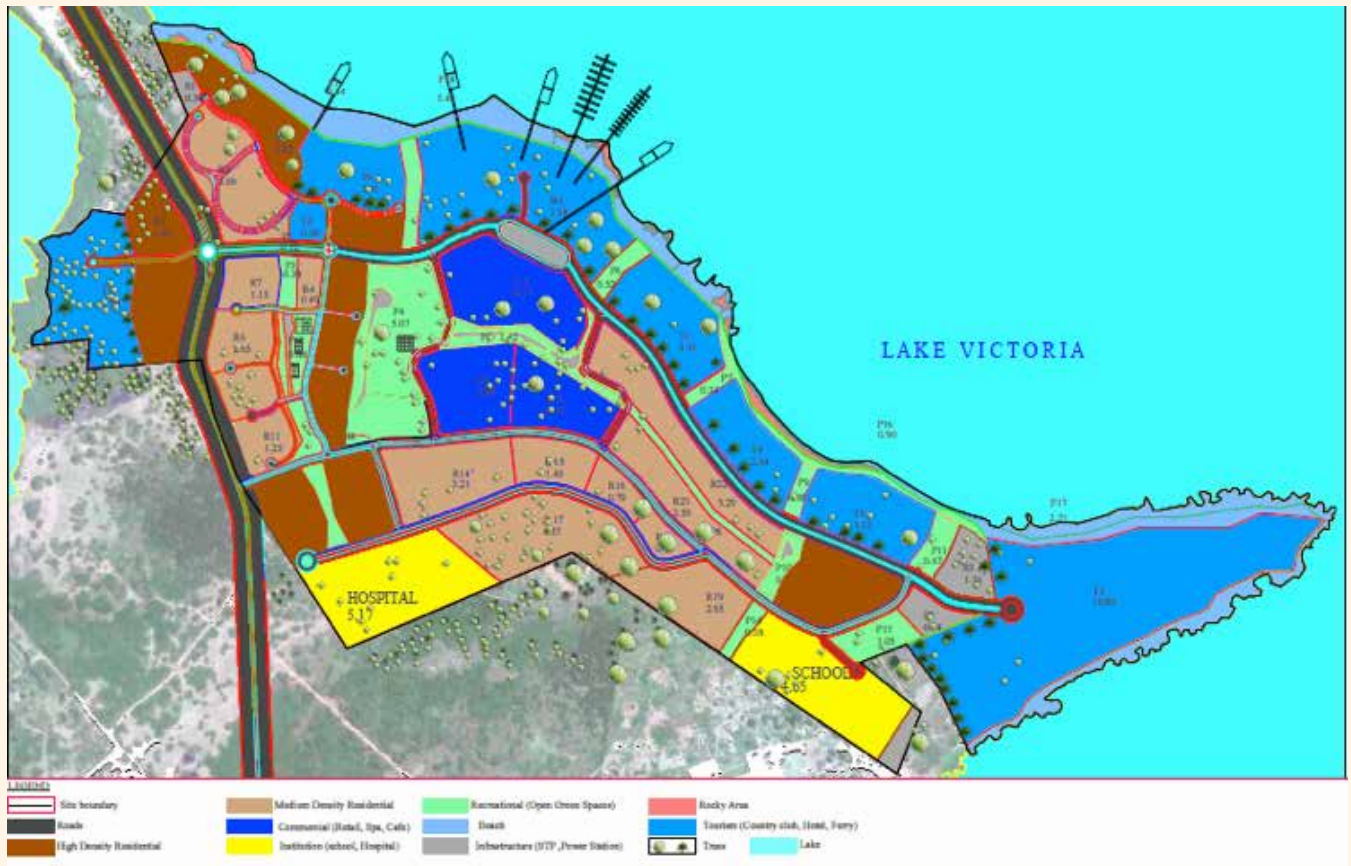
The site enjoys beautiful views of the lake with over 3.5 kilometers of lake frontage. This has been the inspiration behind the Pearl Marina concept and vision. It is an ideal location for a water front resort town attracting local Ugandans, visitors from the diaspora and tourists from all over the world.

Uganda has significant demand for high quality residential and commercial developments. Uganda's economy as part of the African growth story is on an upward trajectory with the middle class increasing from 28% of the population in 2006 to 33% in 2013. Centum's real estate process is hinged on developing real

estate solutions that address compelling market needs. Pearl Marina Estates Limited was formed with this end in mind.

Pearl Marina is designed to be a self-sufficient private municipality. It will have residential houses, offices, hotels, a school, a hospital, state-of-the-art sports facilities, and as the name suggests, a marina. Pearl marina will have its own urban management node. Urban management involves coordinating and integrating public and private activities with the aim of building a more competitive, equitable and sustainable development. Urban management services include the setting up of an institutional framework, integrated development plans, a spatial development framework, urban management plans and provision of both social and physical infrastructure services.

To achieve the stated vision, the following master plan has been created for Pearl Marina:



Phasing Plan

Due to the size of the property the development will be done in phases. This allows for smoother financing processes as well as easier introduction to the market.

Phase I:

Phase I will consist of residential houses, an international school, a hospital and a hotel.

(a) Residential Houses:

A total of 128 residential houses will be developed in the first phase. Consisting of a mix of 72 two bedroom duplexes, 40 three bedroom villas and 16 five bedroom villas. The 128 units will be built in clusters, each cluster containing approximately 10 houses. The clusters are designed to provide both exclusivity and an element of community at the same time. As each cluster looks away from the other while each house has views of both the lake and the common loan at the center. Below is a view of phase on and the arrangement of the clusters.



The houses are designed to appear 'light and unobtrusive.' Pearl Marina is the hidden gem in nature that integrates the landscaped gardens and views of the lake into the architecture. Some of the concept designs are shown below:





BUSINESS LINE REVIEW

b) A Club House

Development of a club house for the villas to host guests and for the public to have conference facilities;

- The club house will be run by an international hotel brand
- A private square for private functions such as weddings.
- Conference facilities
- A swimming pool and Spa

The resort will be operated by an international brand hotel operator.

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

c) An International School

Uganda has a large young population and coupled with a rising middle class this inherently creates a high demand for good schools. Investors realize that Pearl Marina is a great site for a school as it provides enough space to create a serene learning environment. In addition the development will be managed privately giving parents the assurance of security.

In this regard, Centum leveraging on its strong brand, is in discussions with various investors to bring an international school to the development. In this we are seeking to partner with an international brand. That will be attractive to both Ugandan citizens and expatriates in the region.

d) An International Hospital

According to the Health Ministry of Uganda, the hospitals country wide have only 61% of the staff required. In addition to this, Uganda's disease burden is increasing, especially from lifestyle related illnesses. This creates a gap for good healthcare provision in Uganda.

To this end Centum is in talks with major health care providers in the world to come into Pearl Marina on a partnership basis in an effort to relieve this burden. The hospital will provide health care services to Ugandans at large.

Phase II:

In Phase II of the project, the following will be included in the development:

- i) Office Space: set in an office park environment this will contribute to the maximization of synergies of other mixed uses like retail, hotels, serviced apartments and leisure facilities and thus help in opening up the development as a commercial destination.
- ii) 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 a unique experience to residents and visitors. It will have a jetty for fishing, jet skiing, a fish market, boat launching and berthing facilities.
- iii) Sporting and Recreational Activities: A wide range of facilities and will be on offer including a children's club, a fitness centre, a health spa, tennis, cycling, tennis, swimming, fishing, basketball, mini-soccer, and bird watching .
- iv) A ferry-cum-boat service: A boat and ferry service is planned that will provide an alternative connection between:
 - a. Entebbe and Pearl Marina, which is 10 km by water and
 - b. Between Port Bell (near Kampala) and Pearl Marina, which is 26 km by water.

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

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 and as Athena Properties, our focus is on activities that will generate high value both for investors and end users.

- i) For investors, through the fund, 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 real estate 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.

Furthermore, 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.

Outlook

In summary, our key focus for the financial year 2014/2015 for the two projects will be to:

- i) Monitor the progress of the Two Rivers infrastructure and Mall projects to ensure that these remain on track.
- ii) Break ground on the construction of Phase 1 of the Pearl Marina Project.
- iii) Make progress on the conversion of Two Rivers into a Development REIT.
- iv) Bring closure to joint venture arrangements for other sites.



BUSINESS LINE REVIEW

QUOTED PRIVATE EQUITY BUSINESS LINE REVIEW

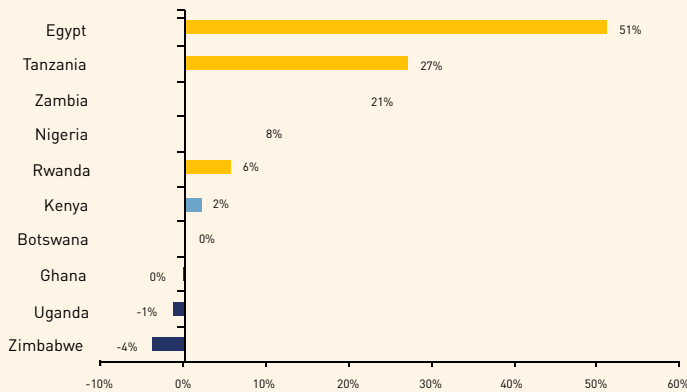
Introduction

The QPE business line leverages on Centum’s private equity expertise to invest and create value in quoted companies that exhibit private-equity like characteristics. Our 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. Additionally, we invest in minority stakes that are in line with our strategic objectives across marketable equity and fixed income markets.

QPE now accounts for 17% of Centum’s portfolio, equivalent to Kshs 5.0 Billion. As at the end of this financial year, 63% of the QPE portfolio was invested outside Kenya, with investment exposure in other Sub Saharan economies including Uganda, Tanzania, Rwanda, Nigeria and Ghana.

Industry review

US Dollar adjusted equity returns for the period covering 1st April 2013 – 31st March 2014



The year 2014 was rewarding in some sub-Saharan African countries despite tighter global financing conditions, declining commodity prices and political unrest. Economies with strong links with global financial markets as well as those largely commodity based, were particularly vulnerable of capital outflows.

The tapering of asset purchases by the US Federal Reserve weighed down on most emerging market currencies in countries that rely on short-term flows into their bond and equity markets to fund current account and budget deficits.

A protracted decline in commodity prices owing to increased output and weaker global demand, as a result of the Chinese economic slowdown, was in part a contributing factor to the depreciation of most undiversified SSA currencies against the US dollar.

Domestically, the macro economy was characterized by declining inflation, a lower interest rate environment and a relatively stable shilling. Our national economic resilience was particularly manifested during the months of August and September 2013 during the fire incident at the Jomo Kenyatta International Airport and the terrorist attack at the Westgate Shopping Mall. In the days following the two incidents, exchange rate stability was maintained, an indication of sustained confidence in the economy. Investor optimism was evident in the market with the NSE 20 Share Index gaining 18.53% for the full year up till December 2013. The month of November saw the index reach a five year high of 5,125.74 points.

In the Fixed income market, yields came off towards the end of FY2013. This trend has come against the backdrop of high liquidity in the market attributable, in part, to government payments, net redemption of government securities as well as an expected Eurobond offering. However, timely intervention by the Central Bank of Kenya by mopping up excess liquidity has served to defend the local unit.

In conclusion, the QPE portfolio continued to report strong performance despite the challenging operating environment. Increased asset allocation to markets such as Tanzania and Nigeria proved very fruitful.

BUSINESS LINE REVIEW

QPE Performance Summary for the period April 2013 to March 2014

The QPE performance is disclosed as part of segment information in note 5 of the financial statements on (note 5, page 130). The table below summarizes the QPE business line performance for a 5 year period 2010 to 2014.

KES Million	2014	2013	2012	2011	2010
Portfolio Income	1,273	339	208	185	150
Unrealized Gains	480	1,128	(153)	221	1,062
Gross Return	1,753	1,467	55	406	1,212
Total Return	1,644	1,235	(65)	320	1,141
Gross return (%)	35.2%	59.3%	1.4%	11.5%	53.2%
Total return (%)	33.0%	49.9%	(1.7%)	9.1%	50.1%
Closing portfolio value	5,025	3,748	2,146	3,940	3,487

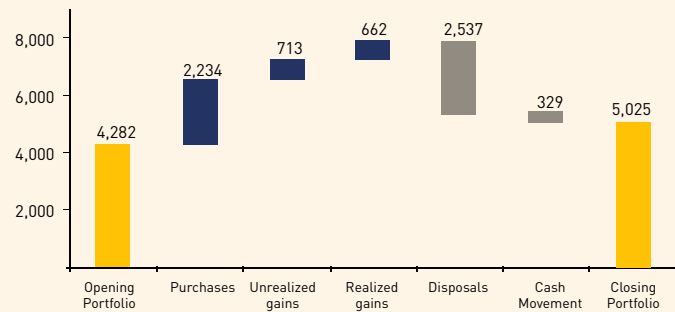
QPE targets to make a net return of 25% p.a. of the beginning portfolio value. Returns on individual investments vary from this target depending on the risk characteristics of individual investments.

During the year ended, QPE generated a gross absolute return

of Kshs 1.8 Billion, equivalent to a gross return of 35.2%. This performance was impressive, representing a spread of 33% above the NSE-20 Share Index return of 2%, over the same period.

As at March 31, 2014, the portfolio was valued at Kshs 5.0 Billion. The portfolio movement during the financial period is highlighted below:

QPE Investment activity during the financial year



During the period, new investments by QPE amounted to Kshs 2.2 Billion while disposals for the year totaled Kshs 2.5 Billion driven by our venture into Tanzania, Nigeria and Ghana and our divesture from the Kenyan market during the period.



BUSINESS LINE REVIEW

Geographical Diversification

The following figure maps out the geographical diversification of the QPE portfolio;





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

Centum Asset Managers (CAM)

In May 2013, Centum's wholly owned subsidiary, Centum Asset Managers (CAM), was awarded a fund management license by the Capital Markets Authority allowing CAM to manage third party funds as well.

CAM will leverage on expertise accumulated over the years to not only manage Centum's 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 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 to which investors can gain exposure.. 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 our 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.



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE AT CENTUM

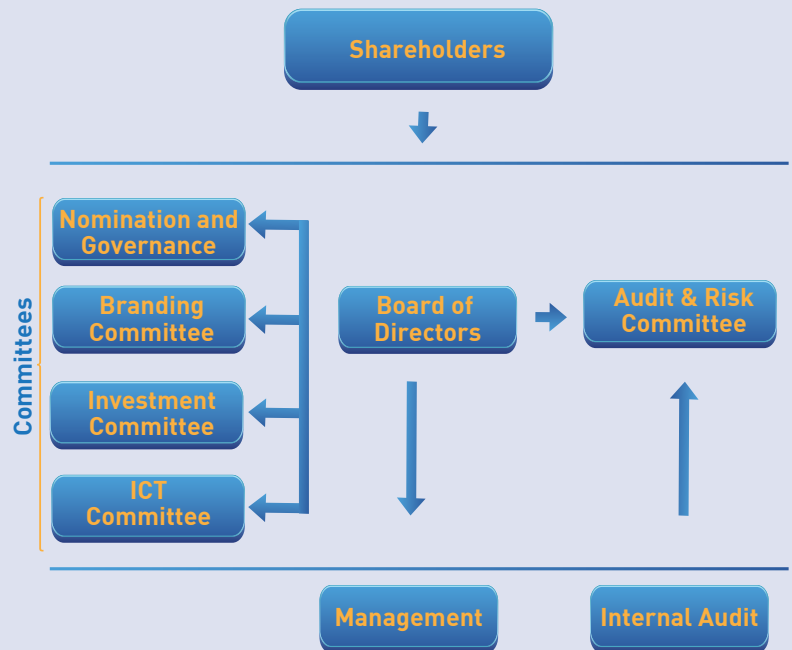
Centum has continued to steer the agenda to be the foremost investment channel in Africa, and this is largely attributable to the top-notch leadership and corporate governance practises upheld by the Group.

The culture and decorum of the Centum family is a reflection of the clear direction and commitment of the Board of Directors to the principles of transparency, professionalism and high performance culture for the benefit of stakeholders.

As a public listed company, Centum is vigilant to uphold best practice in corporate governance. In this regard, the Board has entrenched company policies and guidelines in line with the regulatory framework of the Capital Markets Authority, Nairobi Securities Exchange and the Constitution of Kenya.

The performance of the company in the realization of the Strategy 2.0 over the period 2009 to 2014, depicts the sound governance practices and the confidence of the Board in pursuing high interest for the shareholders of the company.

Centum governance structure is as shown below:





CORPORATE GOVERNANCE REPORT

Corporate governance permeates all levels of management and this has led to the success of Centum through creation of value for the benefit of shareholders.

BOARD OPERATIONS AND CONTROL

The Board is the principal governance organ in the business of the company and the key roles of the Board are:

- a) To act as the custodian of Company's resources: The Board acknowledges that the fiduciary responsibility over the assets and actions of company lies with the Board of Directors. This promotes accountability to shareholders and transparency in disclosure of information.
- b) To provide leadership and business direction: The Board has continuously supported the Company's growth strategy and plays a prominent role in the strategy-development process. The Board participates in strategy formulation and has also supported management in realization of long-term and short-term strategies for the business by providing oversight in adequate resourcing, setting stretch targets and following up on the implementation of strategy objectives of the business.
- c) To oversee risk management and responsible investment: The Board has been actively participating in risk management and to ensure business is conducted responsibly and that the internal control framework is all risks identified are mitigated. This has been through proactive management of financial, reputational and business risks. The Board evaluates the performance of top management staff in a bid to uphold high accountability standards.
- d) To grow resources for profit: The Board is actively involved in the evaluation of the company's growth agenda and steers the approval of investment opportunities, capital allocation and divestures.
- e) To ensure high compliance with relevant laws and regulation.
- f) To direct business observance of environmental, social and governance best practices: The Board acknowledges that a holistic model for value creation covers social, economic and environmental performance.
- g) Review and approve the publication of financial statements.

BOARD OF DIRECTORS

Board Composition

The Group maintains a unitary Board structure to a great extent. 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 has in place a succession plan for the role of the Chairman, CEO and other senior executives and officers is in place.

Independence of Directors

All Directors except the Managing Director are non-executive directors.

The Chairman of the Board who is a non-executive director is however not independent by virtue of his previous role as Managing Director of UAP Holdings Limited.

The Board has continued to benefit from the breadth of Mr. Muguiyi's experience and good governance he has championed within the group. Additionally, the Chairman is no longer the Managing Director of UAP and does not hold any other chairmanship position in a listed company.

The Board appointed Dr. James McFie as Deputy Chairman of the Board. McFie provides independence at the leadership level of the Board being both independent and non-executive.

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 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 companies.

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 Board Committees through which the board discharges its mandate are: Audit and Risk Committee, Investment Committee, Branding Committee, Nominations and Governance Committee. The ICT Committee is currently being constituted to oversee key projects on automation of business processes for efficiency.

Each Committee is constituted by at least three members and the membership and Chairman 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 details of the Committees are as summarized below:

Audit and Risk Committee

- **Membership**

The Audit and Risk Committee (ARC) consists of four non-executive directors, the majority of who qualify as independent non-executive directors. The Managing Director, the Finance Manager, Senior Risk Officer 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.

- **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 6 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: Consider the interim and final results and recommends to the Board for approval. Review the content of the summarized 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 twice 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 and



CORPORATE GOVERNANCE REPORT

non-executive directors. The Senior Risk Officer attends the meeting as an ex-officio member.

- **Mandate**
The key role of the IC is to provide leadership in the achievement of attractive returns on the Group's investment 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 once 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 Genesis Investments Kenya Limited and Broll Kenya Limited to the Board.

Branding Committee

- **Membership**
The Branding Committee (BC) comprises of a four members being a mix of the executive and 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 met twice and reviewed the alignment of the brand with the group's strategic direction and values.

Board Appointments and continuous improvement

The Nominations and Governance Committee is charged with the responsibility of appointment of Directors through a well outlined process. Appointment of Directors is geared towards bringing on board the right skill set and zeal to drive the Group's agenda in realizing maximum value for shareholders.

The newly appointed Directors are taken through a rigorous induction program managed by the Chairman, Chief Executive Officer and Company Secretary. The programme is aimed at imparting relevant organizational knowledge for an in-depth understanding of the Centum culture. The induction 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.

Continuous improvement is key in ensuring the Board keeps abreast with the economic environment that Centum operates. In the recent Board and Executive Committee retreat held over 14 April 2014 to 18 April 2014, there were various consultative discussions on topical issues on soft skills and technical trainings to cover investment strategies and portfolio management.

The Board also noted the need to build capacity and manage the succession planning through mentorship and leadership programmes at the Board and Management levels.

Re-election of Directors

A third of directors retire by rotation annually, and if eligible their names are submitted for re-election at the Annual General Meetings.

Also all director appointments to fill casual vacancies are subject to confirmation by shareholders at the subsequent annual general meeting.

Evaluation of Board performance in 2013/14

At Centum, feedback is integral in continuous improvement for peak performance. The Board retreat provided an avenue for candid discussions and feedback on Board performance review over the period. Specifically, the performance review focused on the Board Committees, Managing Director and Company Secretary.

The evaluation was on certain pillars of success as pre-agreed between the attendees as follows:

- Individual understanding of the role of director at the respective Committee and Board level;
- General understanding of the Group's vision, mission and strategy;
- Personal initiative and development to keep abreast with trends and topical issues affecting the business of the Group;
- Skill set of each member and the match of skills with the expectations for value addition to the Group;
- Adequate preparation and active participation in meetings at the Committee as well as Board level;
- Attendance of Board and Committee meetings; and
- Awareness and adherence to regulations and policies on Corporate Governance and Ethics.

Based on the self-evaluation results, it was concluded that:

- The Board was fully aware of the Group's vision, mission and strategy;
- The Board and Committees conducted their business satisfactorily over the period; and
- The Board and Committees provided guidance and advisory support to the Management team.

CORPORATE GOVERNANCE REPORT

It is noteworthy that during the period, the Board sanctioned an internal audit review of the Corporate Governance structures by independent professional advisors. The audit covered the following areas:

- Compliance with Laws and Regulations;
- Transparency and disclosure;
- Communication with stakeholders;
- Leadership and strategic management;
- Board independence and governance;
- Corporate Social Responsibility; and
- Board systems and procedures.

The results shared following the review highlighted overall high level of compliance and that the co-operation and communication between Directors was laudable, as there was clear teamwork and networking for the benefit of the Group.

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.

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.

Remuneration of Directors

The Board remunerates directors and executives fairly and responsibly based on a compensation structure 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 of KShs 40,000 per meeting.

The details on non-executive directors' remuneration are disclosed in Note 32, page 150.

Directors Participation at Meetings

The Board is the custodian of the group strategy. Attendance and active participation in meetings is the avenue for discussion on progress of strategy implementation. Through the year, the Company Secretary maintains a Board calendar with pre-set meeting dates and he convenes the meetings as they fall due.

The Company Secretary shares the agenda and board papers on the content of discussion items well in advance for adequate preparation and for constructive discussions. Generally, the Board members attend Board and Committee meetings as scheduled and send through apologies for non-attendance before meetings. The Board may be called for ad-hoc meetings from time to time, to deliberate on matters in the interest of the group.

The table below shows the attendance at Centum Board meetings during the year ended 31 March 2014:

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	7/7	-	2/2	-	-
2	James Mwirigi Mworira	CEO	7/7	-	-	1/1	2/2
3	Peter Kimurwa	Chairman of NGC	5/7	1/6	1/2	1/1	-
4	Margaret Martha Byama	Member	4/7	4/6	1/2	-	-
5	Christopher John Kirubi	Chairman of IC	7/7	-	2/2	1/1	2/2
6	Henry Chege Njoroge	Chairman of BC	6/7	5/6	-	-	2/2
7	Imtiaz Khan	Chairman of ARC	6/7	6/6	-	1/1	-
8	Robert Bunyi*	Member	7/7	5/6	-	-	-
9	Laila Macharia**	Member	4/4	1/1	1/2	-	1/2

* Resigned 31 March 2014

** Appointed 18 October 2013



CORPORATE GOVERNANCE REPORT

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 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 and Closed Periods

Centum's Policy and Guidelines on Insider Trading is a reflection of the Capital Markets restrictions on transactions of the Company's directors, employees, agents and consultants in relation to its securities as well as the securities of other companies where it is a corporate director or insider.

Such covered persons have an open period to transact on restricted securities so as to avert any occurrence of insider trading. The open period runs thirty days after the making of any public announcement and disclosure of all material non-public information.

The closed period is the time between the completion of financial results and the announcing of these results to the public. The closed period is intended to prevent trading in a company's shares by its insiders ahead of the public dissemination of its financial results.

In the closed period, all the investor interaction is limited to discussions on publicly available information.

Internal Audit

The internal audit function 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 it's 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 realization of strategic goals; whether controls are in place and functioning effectively to mitigate these; and the opportunities that will promote the realization of strategic goals that are identified, assessed and effectively managed by the company's management team.

Going Concern

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

Rights of shareholders

Central to the Board's mandate is the duty to uphold the shareholders rights and to oversee that the business of the Company is run in the best interest of shareholders. In this regard, the Board has in several occasions sanctioned the dissemination of key information to shareholders through Shareholder Circulars and Press Notices. Such communication is set out in clear concise manner and is widely circulated through the media.

Governing Stakeholder Relationships

The Board 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. The Board appreciates that stakeholders' perceptions affect a company's reputation.

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 as 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.





Ethics and social responsibility

The Board has continued to play a pivotal role in ensuring the organizational culture depicts high ethical values through the manner in which Directors and employees conduct their duties and responsibilities.

This is encapsulated in the company's Code of Conduct which overall sets standards for acceptable business and personal ethics to guide conduct between the Company together with its agents and the general public.

On a social front, Centum has been seen to play an active role in promoting education through charitable donations to high calibre, needy deserving students as highlighted in page XXX. The company's association with the top schools is a clear indication of the Board's appreciation for excellence and success.

In the foreseeable future, the Board is keen to introduce a sustainable Corporate Social Responsibility program to tap into craftsmanship in the unemployed youth. This will not only eradicate poverty among the youth but shall create a pool of talent for quality craftsmanship in the economy.

Transparency and disclosure

To provide stakeholders a platform for informed decision making, the Board has adopted a transparent mode of operation. Through this principle, stakeholders remain well informed of key transactions of the Group. Some of the policies applied include:

Procurement

In the period, the company has engaged various contractors to discharge the mandate given by shareholders in realization of

specific projects. Procurement is by competitive bidding where successful bidders are vetted on technical as well as financial proposals for delivery of an engagement.

Whistle-blowing policy

The Board maintains high accessibility to shareholders and encourages open and honest communication. Feedback channels available for stakeholders include hotline, website and e-mail reporting of any incidence of non-compliance or misconduct.

The whistle-blowing policy was formulated to provide an avenue to guide the impartial handling of feedback and reports on non-compliance by directors, agents and employees.

Conflict of interest policy

The Board has implemented a conflict of interest policy that requires utmost honesty and adherence to the code of conduct and code of ethics for directors, management and employees.

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

The Directors are permitted to take independent advice in connection with their duties at the cost of the company subject to an approved process being followed. The Committees and the Board are permitted to consult with specialists or consultants subject to board-approved process.

CORPORATE GOVERNANCE REPORT

Shareholding Information

Shareholding Analysis by Holding:

No.	Name	31 March 2014		31 March 2013	
		Number of shares Holding	%	Number of shares Holding	%
1	Industrial and Commercial Corporation Development (ICDC)*	152,847,897	22.97%	152,847,897	22.97%
2	Christopher John Kirubi*	123,768,506	18.60%	122,174,626	18.36%
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 ** ‡	31,764,324	4.77%	36,737,182	5.52%
5	Standard Investment Dealing – Standard Investment Bank -	10,810,522	1.62%	-	-
6	USE Shareholders ^	9,900,000	1.49%	9,900,000	1.49%
7	Standard Chartered Nominees Limited A/C 9389	6,957,720	1.05%	9,957,720	1.50%
8	John Kibunga Kimani	5,549,821	0.83%	5,003,021	0.75%
9	CFC Stanbic Nominees Kenya Ltd A/C NR1030624	5,542,945	0.83%	5,542,945	0.83%
10	International House Ltd **	5,394,237	0.81%	5,394,237	0.81%
Top Ten Shareholders		379,244,017	56.98%	384,882,100	57.84%
Others		286,197,697	43.01%	280,559,614	42.16%
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 13.7% stake

^ A nominee account for shareholders on the Uganda Securities Exchange

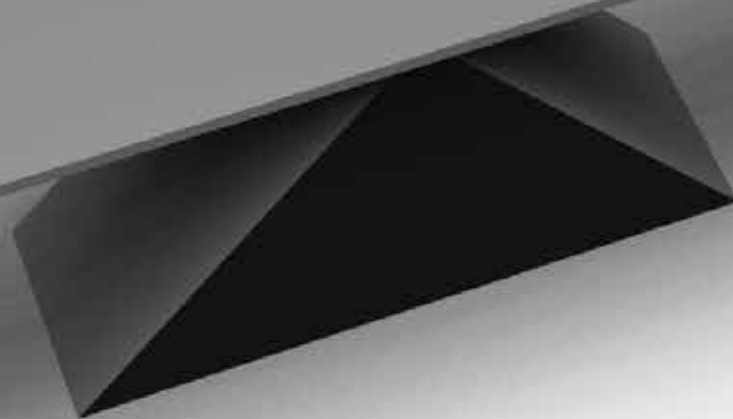
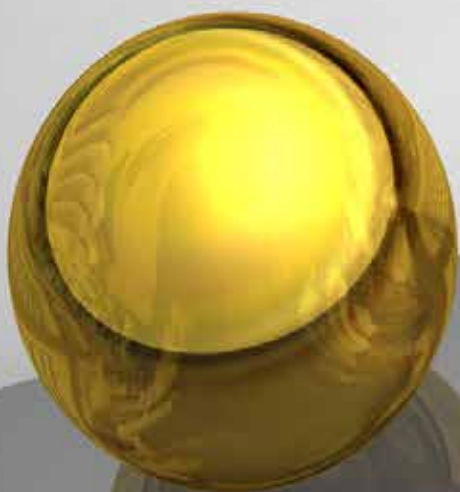
Shareholder Analysis by Volume:

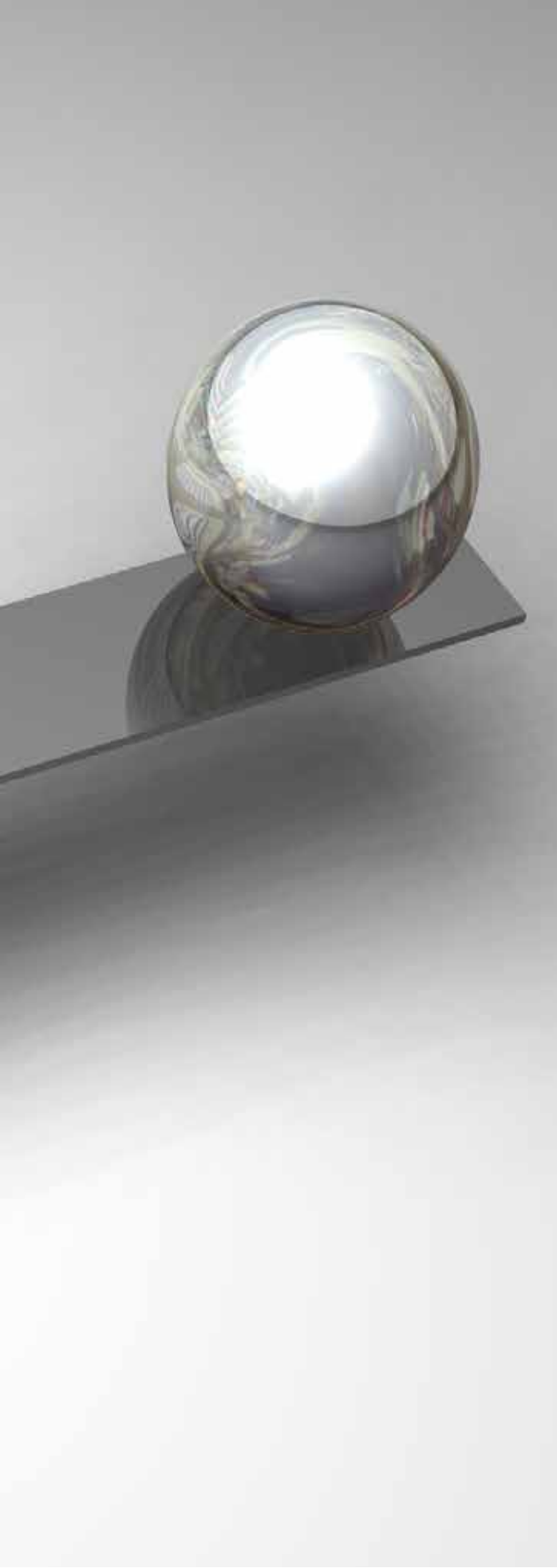
VOLUME	31 March 2014				31 March 2013			
	SHARES	%	HOLDERS	%	SHARES	%	HOLDERS	%
1-500	2,266,865	0.34%	12,145	33.46	2,290,484	0.34%	11,503	31.01%
501-5,000	35,581,038	5.35%	17,365	47.84	37,299,720	5.61%	18,298	49.32%
5,001- 10,000	22,286,232	3.35%	3,121	8.60	23,767,582	3.57%	3,324	8.96%
10,001 - 100,000	81,895,709	12.31%	3,334	9.18	89,084,819	13.39%	3,595	9.69%
100,001 - 1,000,000	74,648,425	11.22%	293	0.81	88,691,781	13.33%	340	0.92%
>1,000,000	448,763,445	67.44%	43	0.12	424,307,328	63.76%	37	0.10%
TOTALS	665,441,714	100%	37,097	100%	665,441,714	100%	37,454	100%



Shareholder Analysis by Domicile:

Domicile	31 March 2014			31 March 2014		
	Shares	%	Holders	Shares	%	Holders
Foreign Institutions	29,895,513	4.49%	20	15,870,991	2.39%	20
Foreign Individuals	1,202,855	0.18%	149	1,140,103	0.17%	146
Local Institutions	322,395,009	48.45%	1,717	326,514,725	49.07%	1,810
Local Individuals	311,948,337	46.88%	34,415	321,915,895	48.38%	35,121
TOTAL	665,441,714	100.00%	36,301	665,441,714	100.00%	37,097





RISK MANAGEMENT REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

Introduction

Comprehensive risk management practices form an integral part of the operations at Centum. The nature of business the company is engaged in exposes it to a slew of complex and variable risks. The rapid and continuous changes in the business environment have ensured that the organisation becomes increasingly risk focused to achieve its strategic objectives. Centum's policies ensure timely identification, management and mitigation of relevant risks, such as credit risk, liquidity risk, interest rate risk, operational risk, reputational and regulatory risks, which help the company move forward with vigour.

The Group's robust risk management framework is driven by the following fundamentals:

- To identify key risks
- To evaluate the probability of occurrences and their impact
- To position tolerance limits and establish adequate review mechanisms to monitor and control risks
- To incorporate a robust reporting mechanism and to adopt appropriate mitigation processes

The Group sees strong risk management capabilities as vital to the success of a well-managed investment company. The Risk Management (RM) function is the central resource for driving such capabilities in Centum.

The key components of Centum's risk management approach are: strong risk governance and culture; robust and comprehensive processes to identify, measure, monitor, control and report risks; sound assessments of investment opportunities relative to risks; and a rigorous system of internal control reviews involving internal auditors and other internal control units as well as external auditors.

Risk Governance

Under the Group's risk management framework, the Board of Directors, through the Board Risk Management Committee (BRMC), sets risk appetite, oversees the establishment of robust enterprise-wide risk management policies and processes, and sets risk limits to guide risk-taking within the Group.

The Senior Risk Officer (SRO) has been appointed to oversee the risk management function. The SRO is a member of the Group Executive Committee and has a dual reporting line to the CEO and to the Board. Working closely with the business lines, the SRO is responsible for the following:

- Management of the risks in the Group including developing and maintaining systems and processes to identify, approve, measure, monitor, control and report risks;
- Engagement of senior management on material matters relating to the





RISK MANAGEMENT REPORT

various types of risks and development of risk controls and mitigation processes;

- Ensuring the effectiveness of risk management and adherence to the risk appetite established by the Board.

CENTUM'S RISK CULTURE

Risk management is well embedded in Centum's standard operating procedures for all activities. The risk culture in Centum is defined by the tone being set from the top. This is largely incorporated in the Group's defined business strategy, Risk Appetite Statement, accountability, reporting lines, and escalation processes. The combination of these items defines the Group's risk tolerance and ensures the Group stays within that risk tolerance.

In addition, the risk management department is ably complemented by outsourced internal audit functions which evaluate the extent of standard operating procedures compliance to locate gaps. Furthermore, the risk management department manages market related risks as well as continuously helps to improve the processes and procedures to mitigate risks.

Portfolio risk limits for the quantifiable risk types are established through a top down approach and operationalised through a formal framework. Other significant risk aspects are guided by qualitative expression of principles.

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 its 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 report annually to the general meeting on Centum's operations and financial performance.
- 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 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. Other roles of management in the risk management process include;

- Assisting 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 MANAGEMENT REPORT

TOP AND EMERGING RISKS

In recognising top and emerging risks, the Group looks at both its major existing risk as well as new emerging risk.

As an East African investment company presence in across some major African markets, the Group, in addition to global macro-economic risk, is exposed to both currency risk and convertibility risk in its major markets.

Regulatory Developments: The global regulatory landscape is evolving continuously. The Group remains vigilant in tracking international and domestic regulatory developments to ensure

that it stays on top of these developments. New requirements are promptly disseminated to the respective action parties and, where applicable, embedded into the Group's processes and systems. Standards of compliance behaviour expected of all staff are reinforced through training sessions, briefings and other means of communication and dissemination. In addition, individuals who perform certain activities may be required to fulfil specific training and examination criteria.

The Group also recognizes the importance of proactive engagement with regulators. Towards this end, the Group strives to build and maintain positive relationships with regulators that have oversight responsibilities in the locations where it operates.

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	Managed through periodic strategy reviews, involvement of board committees, hiring of strategy consultants 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 Financial statements Financial Risk disclosures	<ul style="list-style-type: none"> • Investment activities: 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.
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	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 Financial risk disclosures	<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.

RISK MANAGEMENT REPORT

	Brief Description	Further Information	Risk Mitigation
External Risks	<p>Centum acknowledges existence and accepts the following external risks:</p> <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. 	<p>Chairman's & CEO's statement</p>	<ul style="list-style-type: none"> • Diversified investment portfolio; • Tested investment approach; • Insurance; • Business continuity planning; • Best practice business operations.
Legal risks	<p>This is the risk that Centum's business may be adversely affected by:</p> <ul style="list-style-type: none"> • New laws / regulations affecting our core business • Ongoing litigation against Centum, its subsidiaries or associates 	<p>CEO's statement</p> <p>Financial statements</p> <p>Financial Risk disclosures</p>	<p>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</p>
Reputation risk	<p>The risk of a negative impact to that can result from the deterioration of Centum reputation among stakeholders resulting to:</p> <ul style="list-style-type: none"> • Revenue loss • Reduced client loyalty • litigation, regulatory sanction or additional oversight, and • Declines in Centum's share price. 	<p>Corporate governance statement</p> <p>Financial risk disclosures</p>	<p>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</p>



RISK MANAGEMENT IN THE NEW STRATEGY PERIOD

Cognisant of the fact that Centum recently developed a new strategy to cover the period 2014 – 2019; the Risk Management function has aligned its operational plan to ensure that businesses have access to the best risk and compliance support in their pursuit to realise their business objectives.

By adopting the 2015/19 strategy, the Group faces new risks arising primarily from:

- Shift from the portfolio manager to investment promoter/project developer model
- Transition from generalist to sector specialist
- Growth in size — Assets Under Management (AUM), staff, new business units etc.
- Increase in complexity and diversity of operations across the Group

To address the emerging risks, Centum is dedicated to identifying, understanding and managing these risks. As the Group becomes more diverse and specialised, so will our approach to risk management. This will be achieved by:

- Firm commitment the across senior leadership to managing risk
- Robust documentation, review and monitoring of processes

- Prioritization and evaluation of risks using agreed methodologies
- Mitigation of risks through an “Avoid, Control, Accept, or Transfer” model
- Development of expertise and specialist risk managers
- Splitting risks between those managed centrally and those managed at business unit level
- Increased efficiency through automation of risk management

In the new strategy period, the primary focus will be to deliver value-adding, cost efficient and best-in-class services to the whole business. To this end, therefore, the Risk Management Framework becomes as follows:

Risks managed centrally	Risks managed at business unit level
Capital risk Liquidity risk Foreign exchange risk Reputational risk Strategy risk Country risk	Business risk Financing risk Legal, regulatory and compliance risk Operational risk Model risk



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 of the impact we have on our planet. Our approach to our investee companies includes the delivery of sound investment strategies that encourage the adoption of best practice with regard to governance, employee health and safety, and making a positive impact on the community and the environment. These are key considerations as we make investment decisions.

OUR PEOPLE

Our values

At Centum, people are the greatest 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. We strive to achieve the highest standards of business ethics and we drive this through our values. We;

- i. Deliver to promise
- ii. Have unity of purpose
- iii. Are partners
- iv. Invest responsibly

Our culture

Our culture of entrepreneurship, initiative & high performance drives everything we do. By stimulating innovative thinking and positivity, we encourage openness to share ideas and to be receptive to learning from others. This gives the teams the confidence to invest in their personal development and that of their colleagues. Our culture is enhanced by a relatively flat organizational structure that promotes a free flow of ideas and communication between all levels; the board, management and the teams.

We embrace passion; for the business of investing and for excellence and are guided by fourteen golden rules.

1. We think positively.
2. We think big, enjoy life, learn and teach.
3. We believe no great business was built working Monday to Friday with a 1 hour lunch break
4. Good is never good enough.
5. We talk less, deliver more.
6. We create and share value.
7. We do not do tomorrow what could have been done yesterday.
8. We escalate solutions never problems
9. We move with speed, and when in doubt move faster.
10. We do not email where a conversation would do.
11. A bad decision is better than indecision
12. We get it done!
13. We make money; tangible wealth!
14. Integrity! Integrity! Integrity!

Our employment philosophy

Our employment philosophy is to provide equal opportunities and focuses on investing in talent and recognizing excellence. Team members are encouraged to realize their potential irrespective of gender nationality or religion.

At the close of the financial year the Centum Group (excluding its subsidiary Genesis) employed a total of 52 team members, with a 30% female representation. This represents a 3x growth in capacity since 1999 that was integral in driving the growth agenda of Centum 2.0. During this period we successfully maintained regrettable separation at below 5% through employment of sound HR practices.

The HR Service Division of Centum Business Solutions in partnership with the various Group Business units is responsible for the formulation and execution of the people strategy.

Performance management

At Centum, the high performance culture is guided by a performance management system (PMS) and corporate values. Through the PMS, Individual and corporate objectives are aligned, while clarity of focus and purpose is achieved.





The PMS focuses on both the quantitative and qualitative (competency) performance of the team members. Whereas management of quantitative performance is aimed at growth of real tangible wealth for investors in Centum; development of required competencies focuses on 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.

Reward

Our reward strategies are aimed at attracting, motivating and retaining talent whilst promoting a high performance culture across the group. Remuneration practices therefore focus on entrenching the Group's vision, values & culture and are dependent on the achievement of team and individual performance objectives.

Our reward system includes both financial elements; competitive salary, healthcare, insurance systems and performance linked bonus scheme, as well as non financial elements; a work environment that supports team development, wellness programs to promote a balanced lifestyle, recognition systems and career enhancement opportunities.

Our key incentive scheme is our performance based bonus scheme which addresses the critical balance between employee reward and shareholder wealth creation. The scheme recognizes outperformance and participation is dependent on both corporate and individual performance against set targets. 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. 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. Our leadership development programme (LDP) aims at providing a platform for identifying and systematically and sustainably developing the required crop of leaders essential to drive Centum's strategy today and in future.

The program is established on the premise that leaders exist at all levels. Therefore, through a series of interventions we develop individuals who will over time mature into higher levels of leadership proficiency and lead the enterprises Centum creates across Africa.

The Graduate Program

A key initiative within the LDP is the graduate programme (GP) which we launched in 2013. The GP is an annual initiative through which we identify qualified fresh graduates with a winning attitude and high leadership potential from renowned universities across East Africa. In 2013, we absorbed ten participants into the program and partnered with our investee companies to place other top performing candidates. The inaugural 2013 GP participants are now successfully serving Centum and her subsidiaries as Analysts. As part of the learning and development initiative within the program, and to promote diversity exposure, two of the participants have been seconded to Investec in South African on an exchange program.

Our 2014 GP participants are scheduled to join Centum in July 2014. To support the Group agenda, we have recruited 20 participants with a diverse array of technical skills from across the East African region; Kenya, Uganda, Tanzania and Rwanda. The participants will be exposed to a series of development interventions, corporate operations and be assigned specific projects to deliver. Those who are successful will thereafter take up positions within the Centum Group.

Centum partnership with the Africa Leadership Institute

In 2013, Centum commenced a partnership journey through sponsorship of the Archbishop Desmond Tutu Africa Leadership Institute (AfLI). The alignment of focus on leadership development by Centum and AfLI makes this partnership extremely rewarding to Centum.

AfLI is an annual program that was launched in 2006 as a flagship program of the Institute with Archbishop Tutu as the patron of both the program and the institute. 20-25 participants from across Africa aged 25-39 are chosen each year on the basis that they are already leaders but may not be conscious of it nor aware of the significant role they could play in the transformation of Africa. The program acknowledges that people can lead in their spheres of influence in whatever capacity they find themselves in and not just as positional leaders.

The experiential based programme which is held at Mont Fleur in Stellenbosch and Oxford University is also premised on the notion that leaders need to self introspect, be self aware, self regulate and understand how followers experience them. Further, it seeks to navigate the complexities and challenges of African Leadership in a global context appreciating the duality of perspective required of Africa's future leaders. The program develops a network community of future leaders across Africa to influence change and successful development of the continent to reflect its rightful position in the global environment.

Recognizing the quality of the program and the outstanding selection of Tutu Fellows, Al Jazeera filmed the entire 2012 programme for a 3 hour documentary entitled 'Tutu's Children'.



SUSTAINABILITY REPORT

Our CEO James Mworira was a participant in the 2012 programme. Since then, emerging leaders from Centum have been nominated to attend the program each year. This participation is an integral leadership development initiative.

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:**

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.

The use of LED and other low energy consumption lighting, as well as appliances, both within the Mall and at Two Rivers 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:**

Rain water harvesting at the Mall and public parking garage to feed the Mall's river front

The introduction of reed beds and water purification systems in river front entertainment area

The use at Two Rivers of a water and sanitation system that reclaims waste water and re-uses it, reducing the daily raw water take by approximately 70%.





The introduction of water meters and leak detection sensors throughout the development to ensure the minimisation of water loss

- **Solid waste management**

Waste management plans are required by contractors working within the Two Rivers Development.

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.

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.

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 INITIATIVES

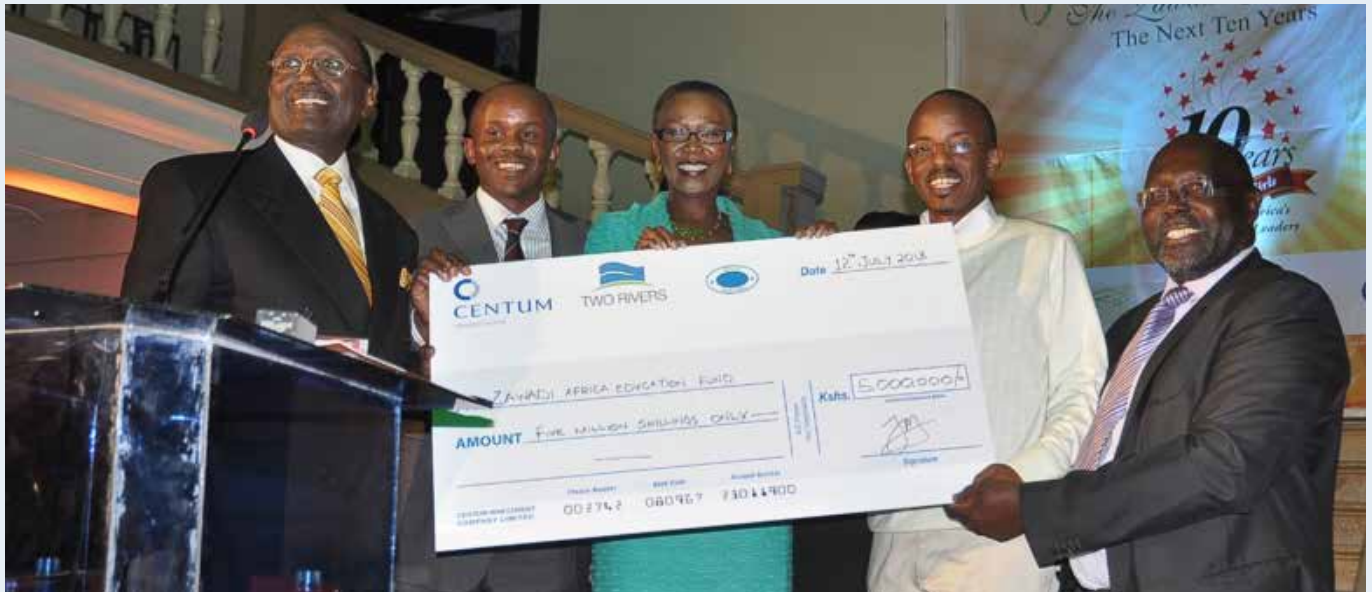
Centum's CSI Mission is to help the community improve its values, ethics, positive culture and economic well-being. This is achieved by building capacity through the facilitation of knowledge and learning. At Centum we have the unique opportunity to impact our community directly, as an independent firm and indirectly, through our investees. As an investor we have had a great opportunity to make a positive impact on our communities and environment through our diverse portfolio and investee companies' various Corporate Social Initiatives.

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:

- **Zawadi Africa Foundation:** In the same spirit of enhancing knowledge and learning, Centum donated to the Zawadi Africa Education Fund, a program designed to provide scholarships to academically gifted girls from disadvantaged backgrounds in Africa, to pursue higher education in the U.S.A, Uganda, Ghana, South Africa and Kenya. We believe that in working with the foundation, we will create Africa's future leaders in these brilliant, young ladies.
- **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, as well as story books as well as foodstuffs for Little Rock's children.
- **Alliance High School Golf Tournament:** To help contribute to the Alliance High School's Needy Students' kitty, we partnered with their alumni to raise funds through a golf tournament. We believe that lack of resources should never be a hindrance to young bright and talented minds.
- **Kianda Endowment Fund:** The education of the girl child is very close to our hearts, as young girls represent the most disadvantaged members of low income families. The Kianda Fund seeks to educate and mentor young girls from poor backgrounds, a worthy cause which we have supported since 2012.

Going forward, Centum remains committed to ensuring continuous sustainability in our group activities by contributing to economic development while improving the quality of community's life through working with various partners in education, environment and entrepreneurship.

SUSTAINABILITY REPORT



Centum Investment contributes Kshs 5 million to the Zawadi Africa Education Fund



The Nairobi University Actuarial Students' Association N'ASA: We partnered with N'ASA to drive our common agenda of enhancing learning and knowledge by mentoring the students and sponsoring their dinner gala where the students got an opportunity to interact with members of the corporate world and to be mentored by them. This presented a perfect opportunity for us to share hands-on experience thus helping them to discover and develop their potential for an optimum impact on society.



The Chase Group Foundation Walk: In the spirit of improving community's well-being, Centum participated in the Chase Group Foundation Stand Up For African Mothers walk whose aim was to extend a hand to giving mothers a chance to experience the joy of motherhood by ensuring that there are enough trained mid-wives to look after them during child birth.



The Chartered Financial Analysts (CFA) Dinner: Centum is dedicated to developing professionals in the Kenyan investment industry. We therefore partnered with the CFA Kenya through their graduation dinner to celebrate professionals who had successfully completed the coveted CFA qualification. Centum has four Chartered Financial Analysts and several others still seeking the qualification.



H.E Mrs. Margaret Kenyatta, The First Lady of the Republic of Kenya, During a cocktail to mark the review of Kianda School Peperuka Scholarship Project on 5th August, 2013 at Kianda School, Nairobi.



8097
7659

5765

4545

3256

STATEMENT OF DIRECTORS' RESPONSIBILITIES



The Kenyan Companies Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the Group's profit or loss for that year. It also requires the directors to ensure that the company maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error. They also accept responsibility for:

- (i) Designing, implementing and maintaining internal control necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- (ii) Selecting and applying appropriate accounting policies; and
- (iii) Making accounting estimates and judgements that are reasonable in the circumstances.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial position of the Group and of the Company at 31 March 2014 and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

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 the next twelve months from the date of this statement.

Approved by the board of directors on 09 June, 2014 and signed on its behalf by:

James Muguiyi
Chairman

James M Mworia
Managing Director

09 June 2014

The directors submit their report together with the audited financial statements for the year ended 31 March 2014, 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	2014 Kshs'000	2013 Kshs'000
Profit before taxation	4,011,451	3,247,973
Taxation	(956,081)	(738,577)
Profit for the year transferred to retained earnings	3,055,370	2,509,396

Dividend

Directors do not recommend the payment of a dividend (2013: Nil).

Directors

Current members of the board are shown on page 18-19.

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 9 June, 2014.

By order of the Board



Fredrick N Murimi
Secretary
Nairobi
9 June, 2014

Wakurugenzi wanawasilisha ripoti yao pamoja na taarifa ya kifedha iliyokaguliwa kwa mwaka uliokwisha 31 Machi 2014 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 yakiiitwa Kundi ya Mashirika)

Shughuli

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

Matokeo

Mwaka uliokwisha 31 March	2014 Kshs'000	2013 Kshs'000
Faida kabla ya kutozwa ushuru	4,011,451	3,247,973
Ushuru	(956,081)	(738,577)
Faida iliyowekwa kama akiba	3,055,370	2,509,396

Mgawo Wa Faida

Wakurugenzi hawapendekezi ulipaji wa mgao wa faida (Mwaka 2013 mgao haukulipwa)

Wakurugenzi

Wanachama wa halmashauri ya wakurugenzi waliohudumu wameorodheshwa ukurasa wa 18-19

Wakaguzi wa hesabu PricewaterhouseCoopers, 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 9 Juni 2014.

Kwa amri ya halmashauri ya wakurugenzi



Fredrick N Murimi
Katibu
Nairobi
9 Juni 2014

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 98 to 156. These financial statements comprise the consolidated statement of financial position at 31 March 2014, 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 2014, 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 position of the Group and of the Company at 31 March 2014 and of their financial performance 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

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

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

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Richard Njoroge – P/ No 1244.

Certified Public Accountants
Nairobi
9 June, 2014



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	2014 Kshs'000	2013 Kshs'000
Income	6	4,883,200	3,905,657
Expenses			
Administrative expenses	7(a)	(575,485)	(379,960)
Operating expenses	7(b)	(220,341)	(140,220)
Finance costs	8	(469,355)	(400,763)
		(1,265,181)	(920,943)
Share of profits of associate companies	19	393,432	263,259
Profit before tax		4,011,451	3,247,973
Income tax expense	10	(956,081)	(738,577)
Profit for the year		3,055,370	2,509,396
Attributable to:			
Equity holders of the company		3,020,202	2,509,396
Non-controlling interest		35,168	-
		3,055,370	2,509,396
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
Share of other comprehensive income of associates	19	32,761	41,918
Items that may be subsequently reclassified to profit or loss			
Reserves released on disposal of investments	11	(287,772)	(791,726)
Fair value gain in unquoted investments	20	2,965,632	1,018,737
Fair value gain in quoted investments	21	865,064	835,057
Currency translation differences		-	(11,883)
Total other comprehensive income		3,575,685	1,092,103
Total comprehensive income for the year		6,631,055	3,601,499
Attributable to:			
Equity holders of the company		6,362,088	3,601,499
Non-controlling interest		268,967	-
		6,631,055	3,601,499
Earnings per share (basic and diluted)	12	Kshs 4.54	Kshs 3.77

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	2014 Kshs'000	2013 Kshs'000
Income	6	1,988,227	1,913,776
Expenses			
Administrative expenses	7(a)	(282,580)	(364,482)
Operating expenses	7(b)	(148,097)	(77,649)
Finance costs	8	(461,954)	(400,697)
		(892,631)	(842,828)
Profit before income tax		1,095,596	1,070,948
Income tax expense	10	(48,323)	(36,850)
Profit for the year		1,047,273	1,034,098
Other comprehensive income for the year			
Items that may be subsequently reclassified to profit or loss			
Reserves released on disposal of investments	11	(133,208)	(1,423,723)
Fair value gain in subsidiaries	18	3,636,745	1,657,737
Fair value gain in associates	19	421,153	382,919
Fair value gain in unquoted investments	20	1,852,303	371,936
Fair value (loss)/ gain in quoted investments	21	(24,759)	428,270
Total other comprehensive income		5,752,234	1,417,139
Total comprehensive income		6,799,507	2,451,237



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2014

	Notes	2014 Kshs'000	2013 Kshs'000
Assets			
Investment property	15	10,845,392	5,456,057
Motor vehicle and equipment	16	59,954	43,999
Intangible assets	17	988,756	5,298
Investment in associates	19	3,900,851	3,659,198
Unquoted investments	20	7,569,310	4,306,221
Quoted investments	21	3,036,299	2,732,872
Corporate bonds at fair value through profit or loss	22	1,071,046	995,313
Deferred income tax	13	210,017	-
Receivables and prepayments	24	1,071,947	260,825
Cash and cash equivalents	25	843,648	1,501,769
		29,597,220	18,961,552
Capital and reserves			
Share capital	27	332,721	332,721
Share premium	27	589,753	589,753
Investment revaluation reserve	28	6,170,187	2,828,301
Retained earnings		12,912,168	9,891,966
Non-controlling interest		268,008	-
		20,272,837	13,642,741
Liabilities			
Borrowings	26	4,201,029	4,149,532
Bank overdraft	25	1,291,101	-
Payables and accrued expenses	29	1,840,552	287,858
Unclaimed dividends	30	28,987	32,504
Current income tax	10(c)	210,913	19,254
Deferred income tax	13	1,751,801	829,663
		9,324,383	5,318,811
		29,597,220	18,961,552

The financial statements on pages 98 to 156 were approved for issue by the board of directors on 9 June, 2014 and signed on its behalf by:

James Muguiyi
Chairman

James M Mworia
Managing Director

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	2014 Kshs'000	2013 Kshs'000
Assets			
Deferred income tax	13	5,317	7,354
Motor vehicle and equipment	16	-	43,999
Intangible assets	17	-	1,720
Investment in subsidiaries	18	8,159,156	3,442,759
Investment in associates	19	6,594,340	6,152,947
Unquoted investments	20	5,495,272	3,539,417
Quoted investments	21	686,348	1,088,778
Corporate bonds at fair value through profit or loss	22	-	105,560
Due from subsidiary companies	23	7,668,573	5,969,488
Receivables and prepayments	24	27,499	123,796
Cash and cash equivalents	25	174,932	930,896
		28,811,437	21,406,714
Capital and reserves			
Share capital	27	332,721	332,721
Share premium	27	589,753	589,753
Investment revaluation reserve	28	15,962,362	10,210,128
		6,051,372	5,004,099
Retained earnings			
		22,936,208	16,136,701
Total equity			
Liabilities			
Borrowings	26	4,201,029	4,149,532
Bank overdraft	25	1,291,101	-
Payables and accrued expenses	29	204,467	230,182
Due to subsidiary companies	23	121,846	838,300
Unclaimed dividends	30	28,987	32,504
Current income tax	10(c)	27,799	19,495
		5,875,229	5,270,013
		28,811,437	21,406,714

The financial statements on pages 98 to 156 were approved for issue by the board of directors on 9 June 2014 and signed on its behalf by:



James Muguiyi
Chairman



James M Mworio
Managing Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Notes	Share capital	Share premium	Investment revaluation reserve	Retained earnings	Total equity	Non controlling interest	Total equity
		Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Year ended 31 March 2014								
At start of year		332,721	589,753	2,828,301	9,891,966	13,642,741	-	13,642,741
Comprehensive income								
Profit for the year		-	-	-	3,020,202	3,020,202	35,168	3,055,370
Other comprehensive income:								
Reserves released on disposal of investments	11	-	-	(287,772)	-	(287,772)	-	(287,772)
Share of other comprehensive income of associates	19	-	-	32,761	-	32,761	-	32,761
Fair value gain in unquoted investments	20	-	-	2,731,833	-	2,731,833	233,799	2,965,632
Fair value gain in quoted investments	21	-	-	865,064	-	865,064	-	865,064
Currency translation differences		-	-	-	-	-	-	-
Total other comprehensive income		-	-	3,341,886	-	3,341,886	233,799	3,575,685
Total comprehensive income		-	-	3,341,886	3,020,202	6,362,088	268,967	6,631,055
Dividends paid by subsidiaries to non-controlling interest		-	-	-	-	-	(41,739)	(41,739)
Non-controlling interest arising on business combination	33	-	-	-	-	-	40,780	40,780
At end of year		332,721	589,753	6,170,187	12,912,168	20,004,829	268,008	20,272,837

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 March 2014

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



COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	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 2014						
At start of year		332,721	589,753	10,210,128	5,004,099	16,136,701
Comprehensive income						
Profit for the year		-	-	-	1,047,273	1,047,273
Other comprehensive income:						
Reserves released on disposal of investments	11	-	-	(133,208)	-	(133,208)
Fair value gain in subsidiaries	18	-	-	3,636,745	-	3,636,745
Fair value gain in associates	19	-	-	421,153	-	421,153
Fair value gain in unquoted investments	20	-	-	1,852,303	-	1,852,303
Fair value loss in quoted investments	21	-	-	(24,759)	-	(24,759)
Total other comprehensive income		-	-	5,752,234	-	5,752,234
Total comprehensive income		-	-	5,752,234	1,047,273	6,799,507
At end of year		332,721	589,753	15,962,362	6,051,372	22,936,208

COMPANY STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 March 2014

	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



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	Notes	2014 Kshs'000	2013 Kshs'000
Cash flows from operating activities			
Cash generated from/ (used in) operations	31	953,706	(251,761)
Interest paid	8	(660,082)	(343,576)
Income tax paid	10(c)	(50,825)	(25,726)
Net cash used in operating activities		242,799	(621,063)
Cash flows from investing activities			
Purchase of investment property	15	(2,111,258)	(128,671)
Purchases of motor vehicles and equipment	16	(26,915)	(22,594)
Purchases of intangible assets	17	(18,294)	(4,812)
Acquisition of interest in subsidiary	33	(1,079,453)	-
Acquisition of subsidiary, net of cash acquired	33	128,436	
Dividends received from associates	19	204,780	217,072
Purchase of shares in associates	19	(20,240)	(1,784,911)
Purchase of unquoted equity investments	20	(337,123)	(837,929)
Purchase of quoted equity investments	21	(631,068)	(1,112,066)
Purchase of corporate bonds	22	(934,052)	(947,663)
Proceeds from disposal of unquoted investments	11	39,666	1,367,306
Proceeds from disposal of quoted investments	11	1,913,339	974,577
Proceeds on disposal of treasury and corporate bonds	11	725,765	529,397
Proceeds from disposal of investment property		-	415,000
Net cash used in investing activities		(2,146,417)	(1,335,295)
Cash flows from financing activities			
Net proceeds from borrowings		-	4,149,532
Dividends paid to Company's shareholders	30	(3,517)	(1,933)
Dividends paid to non-controlling interests		(41,739)	-
Loan repayment		-	(1,000,000)
Net cash (used in)/ generated from financing activities		(45,256)	3,147,599
Net (decrease)/ increase in cash and cash equivalents		(1,948,874)	1,191,242
Movement in cash and cash equivalents			
At start of year		1,501,769	322,410
Increase		(1,948,874)	1,191,242
Exchange losses on cash and cash equivalents		(348)	(11,883)
		25	1,501,769

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 xxx.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014



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 sixteen 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 applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the 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

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 April 2013:

Amendment to IAS 1, 'Presentation of Financial Statements' regarding other comprehensive income is effective for accounting period beginning on or after 1 July 2012. 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 the amendments has mainly impacted the presentation of the primary statements.

IAS 27 (revised 2012) includes the requirements relating to separate financial statements following the issue of IFRS 10, 11 and 12. The standard has been renamed and now deals solely with separate financial statements. The amended standard does not have any significant impact on the Company as the existing guidance and disclosure requirements for separate financial statements are unchanged.

IAS 28 (revised 2012) includes the requirements for associates and joint ventures that have to be equity accounted following the issue of IFRS 11. IAS 28 is renamed and the scope exception for venture capital organisations, or mutual funds, unit trusts and similar entities, including investment-linked insurance funds has been eliminated and has been characterised as a measurement exemption from the requirement to measure investments in associates and joint ventures using the equity method. The revised standard does not have any significant impact on the Company

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

(i) New and amended standards adopted by the Company and the Group (Continued)

difficult to assess. The adoption of IFRS 10 did not have a significant impact on the Company.

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. With the adoption of IFRS 12 increased disclosures have been made in respect of the subsidiaries and associates in the financial statements.

IFRS 13, 'Fair value measurement' 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 adoption of IFRS 13 increased disclosures around fair value in the financial statements.

There are no other IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning 1 April 2013 that would be expected to have a material impact on 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 2013, 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, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. Issued in November 2009 and October 2010, 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 intend to adopt IFRS 9 no later than the accounting period beginning 1 April. The directors will also consider the impact of the remaining phases of IFRS 9 when completed by the IASB.

IFRS 10 (Amendment), 'Consolidated financial statements' (effective 1 January 2014) defines an investment entity and introduces an exception from consolidation. This will particularly benefit private equity funds, as those that qualify will fair value all of their investments, including those that are controlled. The amendment to IFRS 10 was also accompanied by amendments to IFRS 12 and IAS 27. The directors are yet to assess the impact of the amendment and intend to adopt it no later than the accounting period beginning 1 April 2014.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (Continued)

(i) Subsidiaries (Continued)

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 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (Continued)

(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.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

(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 for the sale of services 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.
- (iii) Provision of services are recognised in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a percentage of the total services to be provided.
- (iv) Rental income is recognised as income in the period in which it is earned. All investment income is stated net of investment expenses.

(f) Investment property

Buildings, or part of a building, (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investment property (Continued)

capital appreciation and are not occupied by the Group are classified as investment property under non-current assets. Investment property is carried at fair value, representing open market value determined annually by external valuers. Properties under construction and development sites with projected use as Investment properties are valued at projected fair values taking into account current market conditions. Changes in fair values are included in investment income in the income statement.

(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%

(h) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill on subsidiaries is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made

to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(ii) Computer software

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

Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. The directors determine the classification of financial assets at initial recognition.

(i) 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 are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets and are carried at amortised cost.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets and are included in non-current assets unless the investment matures or the directors intend to dispose of the investments within 12 months of the end of the reporting period.

(iii) Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Group as at fair value through profit or loss upon initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (Continued)

(iii) Financial assets at fair value through profit or loss

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The Group designates certain financial assets upon initial recognition as at fair value through profit or loss (fair value option). This designation cannot subsequently be changed and can only be applied when the following conditions are met:

- the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise or
- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis or
- the financial assets consists of debt host and an embedded derivatives that must be separated.

Financial assets at fair value through profit or loss are carried at fair value. Purchases and sales of financial assets at fair value through profit or loss are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Fair value changes relating to financial assets designated at fair value through profit or loss are recognized in the statement of profit or loss in the year in which they arise.

Recognition and measurement

Regular purchases and sales of available-for-sale financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell

the asset. Available-for-sale financial assets are initially recognised at fair value plus transaction costs and are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Changes in fair value are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss.

(j) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(k) Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only 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 loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment of financial assets

- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio; and
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

Assets carried at amortised cost

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial

asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

(l) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(m) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) 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 rewards employees of the Group 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits (Continued)

(i) Retirement benefit obligations (Continued)

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

The performance bonus for employees of Athena Limited is computed at 30% of profit after tax.

(iii) Other entitlements

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

(u) 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.

(v) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Current and deferred income tax (Continued)

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.

(w) 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 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

(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 2014, Group and Company held deposits of Kshs 224,017,580 and Kshs 108, 850,547 respectively (Both Group and Company 2013: Kshs 902,499,873) and had unutilised bank credit facilities of Kshs 708,898,947 (2013: 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 Kshs 43,161,899 and Kshs 31,126,650 (2013: Kshs 45,124,993) for both Group and Company resulting from interest paid on deposits.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(i) Interest rate risk (Continued)

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 International 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 2014, 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 172,701,438 (2013: Kshs 186,409,000) 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 34,317,377 (2013: Kshs 59,717,000) higher/lower.

(iii) Investment holding period risk

87% (2013: 81%) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(iv) Concentration risk

81% (2013: 80%) of the Group's assets are located in Kenya with over 13% (2013: 12%) in the wider East African Region and 5% (2013: 8%) outside East Africa.

Investment portfolio sectoral allocation

GROUP allocation		Sector	COMPANY allocation	
2014	2013		2014	2013
38%	40%	Real Estate	0%	28%
27%	22%	Financial Services	37%	31%
2%	4%	Industrial and Allied	3%	4%
23%	24%	Alcoholic and Carbonated beverages	33%	28%
7%	8%	Automotive	19%	5%
2%	2%	Services	6%	3%
1%	0%	Publishing	3%	1%
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 2014 and 31 March 2013 were:

	2014 Kshs'000	2013 Kshs'000
1 US Dollar (Usd)	86.44	85.64
1 Ugandan Shilling (UgX)	0.034	0.033
1 Rwandese Franc (RwF)	0.127	0.135
1 Tanzania Shilling (Tshs)	0.053	0.053
1 Nigerian Naira (NgN)	0.524	0.541
1 Ghana Cedi (GhC)	32.774	44.201

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(v) Foreign exchange risk (Continued)

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

GROUP			COMPANY	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
30,527	13,118	Quoted investments (UgX)	30,527	10,882
221,993	212,984	Quoted investments (RwF)	221,993	212,984
1,135,104	540,161	Quoted investments (Tshs)	-	-
686,234	1,137,169	Quoted investments (GhC)	-	-
90,961	127,577	Quoted investments (NgN)	-	-
497,028	336,532	Investment in Funds (Usd)	497,028	336,532
2,663,576	1,671,821	Investment property (Usd)	-	-
227,903	30,436	Cash and equivalents (Usd)	-	30,436
5,553,326	4,069,798		749,548	590,834

If all other variables were held constant, at 31 March 2014, 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	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
169,425	101,939	1 US Dollar (Usd)	24,851	101,939
1,526	655	1 Ugandan Shilling (UgX)	1,526	544
11,100	10,649	1 Rwandese Franc (RwF)	11,100	10,649
56,775	27,008	1 Tanzanian Shilling (Tshs)	-	-
4,548	6,378	1 Nigerian Naira (NgN)	-	-
34,312	56,858	1 Ghanaian Cedi (GhC)	-	-
277,686	203,487		37,477	113,132

(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 2014

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risks (Continued)

As at 31 March 2014, over 21% (2013: over 28%) of the Groups assets were held in assets that are quickly convertible to cash. The Group also had Kshs 708,848,947 (2013: Kshs 1,200,000,000) unutilised credit facility (See note 25).

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

GROUP			COMPANY	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
		Assets		
3,036,299	2,732,872	Quoted investments	686,348	1,088,778
1,071,046	995,313	Corporate bonds	-	105,560
-	-	Due from subsidiary companies	7,668,573	5,969,488
1,071,947	260,825	Receivables	27,499	123,796
224,018	902,500	Deposits	108,851	902,500
619,630	599,269	Cash	66,081	28,396
6,022,940	5,490,779		8,679,198	8,218,518
		Liabilities		
1,840,552	287,858	Payables and accruals	204,467	230,182
-	-	Due to subsidiary companies	121,846	838,300
28,987	32,504	Unclaimed dividends	28,987	32,504
1,291,101	-	Overdraft	-	-
4,201,029	4,149,532	Borrowings	5,492,130	4,149,532
7,361,669	4,469,894		5,847,430	5,250,518
(1,338,729)	1,020,885	Net liquid assets	2,831,768	2,968,000

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	Between 1 and 2 years	Between 2 and 5 years
At 31 March 2014	Kshs'000	Kshs'000	Kshs'000
Borrowings	553,136	553,136	4,576,179

Group and Company

	Less than 1 years	Between 1 and 2 years	Between 2 and 5 years
At 31 March 2013	Kshs'000	Kshs'000	Kshs'000
Borrowings	553,136	553,136	5,682,451

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.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value hierarchy (Continued)

Group		Level 1	Level 2	Level 3	Total
31 March 2014	Note	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Financial assets:					
Unquoted equity instruments	20	-	-	7,569,310	7,569,310
Quoted equity instruments	21	3,036,299	-	-	3,036,299
Corporate bonds	22	1,071,046	-	-	1,071,046
31 March 2013					
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
Company					
31 March 2014					
Financial assets:					
Investment in subsidiaries	18	-	-	8,159,156	8,159,156
Investment in associates	19	-	-	6,594,340	6,594,340
Unquoted equity instruments	20	-	-	5,495,272	5,495,272
Quoted equity instruments	21	686,348	-	-	686,348
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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value hierarchy (Continued)

There were no transfers into or out of level 3 in 2014 and 2013.

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

GROUP			COMPANY	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
4,306,221	1,427,206	At start of year	13,129,466	10,340,881
337,124	837,929	Additions	1,243,110	1,856,104
(39,666)	(8,063)	Disposals	(39,666)	(1,474,454)
-	1,030,412	Transfer from associates	-	-
2,965,631	1,018,737	Fair value gains/(loss)	5,866,222	2,406,935
7,569,310	4,306,221	At end of year	20,199,132	13,129,466

GROUP			COMPANY	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
2,965,631	1,018,737	Total gains on level 3 financial assets held at the end of the year as recognised in other comprehensive income	5,860,663	2,406,935

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	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
44,905	16,576	5% change market value	113,673	383,745

(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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Capital management (Continued)

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	
2014	2013		2014	2013
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
6,170,187	2,828,301	Investment revaluation reserve	15,962,362	10,210,128
12,912,168	9,891,966	Retained earnings	6,051,372	5,004,099
268,008	-	Non-controlling interest		
20,272,837	13,642,741	Equity	22,936,208	16,136,701
5,492,130	4,149,532	Total borrowings	5,492,130	4,149,532
(843,648)	(1,501,769)	Less: Cash and bank balances	(174,932)	(930,896)
4,648,482	2,647,763	Net borrowings	5,317,198	3,218,636
22.93%	19.41%	Gearing (%)	23.18%	19.95%

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.



5 SEGMENT INFORMATION (CONTINUED)

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.

The segment information provided to the executive management committee for the reportable segments for the year ended 31 March 2014 is as below.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

5 SEGMENT INFORMATION (CONTINUED)

(a) Group

	Private equity Kshs'000	Quoted equity Kshs'000	Real estate & infrastructure Kshs'000	Total Kshs'000
31 March 2014				
Dividend income	421,352	264,832	-	686,184
Interest income	-	203,112	15,287	218,399
Other income	8,773	267,857	17	276,647
Realized gains	2,416	705,389	-	707,805
Unrealised value movements	3,164,883	747,522	3,049,918	6,962,323
Gross return	3,597,424	2,188,712	3,065,222	8,851,358
Finance costs	(10,876)	(7,400)	(451,079)	(469,355)
Portfolio costs	(272,119)	(308,628)	(215,079)	(795,826)
	(282,995)	(316,028)	(666,158)	(1,265,181)
Net return	3,314,429	1,872,684	2,399,064	7,586,177
Tax	(12,547)	(91,097)	(852,437)	(956,081)
Total return	3,301,882	1,781,587	1,546,627	6,630,096
Gross return (%)	59.4%	41.7%	131.3%	64.9%
Total return (%)	54.5%	33.9%	66.3%	48.6%
Opening net asset value:				
Portfolio value	7,812,006	3,728,185	5,456,057	16,996,248
Other net assets/(liabilities)	(79,939)	1,522,649	(646,685)	796,025
Borrowings	(1,674,336)	-	(2,475,196)	(4,149,532)
	6,057,731	5,250,834	2,334,176	13,642,741
Closing net asset value:				
Portfolio value	11,470,161	4,107,345	10,845,392	26,422,898
Other net asset/(liabilities)	(219,626)	2,259,557	(2,697,862)	(657,931)
Borrowings	(1,710,807)	(1,008,247)	(2,773,076)	(5,492,130)
	9,539,728	5,358,655	5,374,454	20,272,837
Value movement in the period/(total return)				6,630,096

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

5 SEGMENT INFORMATION (CONTINUED)

(b) Group

	Private equity Kshs'000	Quoted equity Kshs'000	Real estate & infrastructure Kshs'000	Total Kshs'000
31 March 2013				
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 (%)	41.35%	59.15%	67.05%	52.39%
Total return (%)	33.48%	49.72%	27.25%	35.87%
Opening net asset value:				
Portfolio value	5,041,756	2,146,309	3,992,754	11,180,819
Other net assets/(liabilities)	(76,965)	327,880	(390,492)	(139,577)
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 net asset/(liabilities)	(79,939)	1,522,649	(646,685)	796,025
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 2014

5 SEGMENT INFORMATION (CONTINUED)

(c) Company

	Private equity Kshs'000	Quoted equity Kshs'000	Real estate & infrastructure Kshs'000	Total Kshs'000
31 March 2014				
Dividend income	519,352	1,218,294	51,000	1,788,646
Interest income	-	39,784	-	39,784
Other income	11,189	-	-	11,189
Realized value movements	-	15,401	-	15,401
Unrealized value movements	3,395,076	479,834	2,010,528	5,885,438
Gross return	3,925,617	1,753,313	2,061,528	7,740,458
Finance costs	(10,876)	-	(451,078)	(461,954)
Portfolio costs	(282,819)	(70,903)	(76,955)	(430,677)
	(293,695)	(70,903)	(528,033)	(892,631)
Net return	3,631,922	1,682,410	1,533,495	6,847,827
Tax	(8,880)	(38,770)	(673)	(48,323)
Total return	3,623,042	1,643,640	1,532,822	6,799,504
Gross return (%)	45.1%	35.2%	84.1%	48.0%
Total return (%)	41.6%	33.0%	62.6%	42.1%
Opening net asset value:				
Portfolio value	10,459,172	3,748,424	5,099,849	19,307,445
Other net assets	(79,939)	1,233,009	(174,282)	978,788
Borrowings	(1,674,336)	-	(2,475,196)	(4,149,532)
	8,704,897	4,981,433	2,450,371	16,136,701
Closing net asset value				
Portfolio value	14,060,848	5,024,502	10,286,150	29,371,500
Other asset/(liabilities)	(91,608)	1,213,962	(2,065,519)	(943,165)
Borrowings	(1,710,807)	(1,008,247)	(2,773,076)	(5,492,130)
	12,258,433	5,230,217	5,447,555	22,936,205
Value movement in the period/(total return)				6,799,504

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

5 SEGMENT INFORMATION (CONTINUED)

(d) Company

	Private equity Kshs'000	Quoted equity Kshs'000	Real estate & infrastructure Kshs'000	Total Kshs'000
31 March 2013				
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 (%)	10.42%	59.29%	37.16%	24.34%
Total return (%)	5.88%	49.92%	27.29%	17.91%
Opening net asset value:				
Portfolio value	8,555,814	2,145,791	3,992,813	14,694,418
Other net assets	53,246	327,938	(390,138)	(8,954)
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 asset/(liabilities)	(79,939)	1,233,009	(174,282)	978,788
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 2014

5 SEGMENT INFORMATION (CONTINUED)

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

	GROUP	
	2014 Kshs'000	2013 Kshs'000
Total return as per internal reporting	6,630,096	3,601,499
Adjustments for:		
Share of associate earnings	393,432	263,259
Share of other comprehensive income of associates	32,761	41,918
Associate dividend income	(225,983)	(217,072)
Unrealised value movements net of dividend relating to associates	(199,251)	(88,105)
Additions in the year	-	-
Total comprehensive income	6,630,096	3,601,499
Other comprehensive income	(3,575,685)	(1,092,103)
Profit for the year	3,055,370	2,509,396

(f) Reconciliation of gross return to total income

Gross return as per internal reporting	8,851,358	5,261,019
Adjustments for:		
Associate dividend income	(225,983)	(217,072)
Unrealised value movements net of dividend relating to associates	(199,251)	(88,105)
Additions in the year	-	-
Items dealt with on other comprehensive income in the financial statements:		
Reserves released on disposal of investments	287,772	791,726
Fair value gain in quoted securities	(865,064)	(835,057)
Fair value gain in unquoted securities	(2,965,632)	(1,018,737)
Currency translation differences	-	11,883
Total income for the year	4,883,200	3,905,657

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

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 2014				
Depreciation and amortisation	6,113	1,589	5,304	13,006
Motor vehicle and equipment	27,902	7,171	24,882	59,954
Intangible assets	9,687	970,334	8,735	988,756
Additions to motor vehicle and equipment	10,409	2,706	9,479	22,594
Additions to intangible assets	-	985,504	-	985,504
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
Company 31 March 2014				
Depreciation and amortisation	-	-	-	-
Motor vehicle and equipment	-	-	-	-
Intangible assets	-	-	-	-
Additions to motor vehicle and equipment	-	-	-	-
Additions to intangible assets	-	-	-	-
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

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 2014

5 SEGMENT INFORMATION (CONTINUED)

(i) Analysis of income by geographical segments is as below

GROUP			COMPANY	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
3,459,999	3,662,561	Kenya	1,983,114	1,912,459
437,979	(59,246)	Uganda	72	1,103
716,848	57,411	Tanzania	-	-
268,374	244,931	Others	5,041	214
4,883,200	3,905,657		1,988,227	1,913,776

Non-current assets by country

GROUP			COMPANY	
2014	2013		2014	2013
Ksh'000	Ksh'000		Ksh'000	Ksh'000
		Kenya		
8,181,816	3,753,800	Investment property	-	-
59,954	(43,999)	Motor vehicles and equipment	-	43,999
988,756	5,297	Intangible assets	967,210	1,720
		Outside Kenya		
2,663,576	1,702,257	Investment property	-	-
-	-	Motor vehicles and equipment	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

6 INCOME

(a) Total investment income

GROUP		Note	COMPANY	
2014 Kshs'000	2013 Kshs'000		2014 Kshs'000	2013 Kshs'000
460,201	300,557	Dividend income	1,788,646	283,468
17	7,062	Rent income	-	-
218,399	222,680	Interest income	39,784	107,979
266,673	-	Fund management income	-	-
993,161	1,495,955	Gain on disposal of investments	148,609	1,433,074
-	145,000	Gain on disposal of investment property	-	-
3,049,918	1,604,632	Unrealised gains on investment property	-	-
(117,309)	48,122	Unrealised (loss)/gains on corporate bond	161	9,560
12,140	81,649	Other income	11,027	79,695
4,883,200	3,905,657		1,988,227	1,913,776
		Income from financial assets:		
1,680,535	2,019,192	Available for sale financial assets	1,977,039	1,824,521
(117,309)	48,122	At fair value through profit & loss	161	9,560
1,563,226	2,067,314		1,977,200	1,834,081
3,319,974	1,838,343	Investment income earned on non-financial assets	11,027	79,695
4,883,200	3,905,657		1,988,227	1,913,776

(b) Dividend income

GROUP		Note	COMPANY	
2014 Kshs'000	2013 Kshs'000		2014 Kshs'000	2013 Kshs'000
-	-	Subsidiaries	1,343,720	-
-	28,742	Associates	225,983	112,109
319,845	127,591	Unquoted investments	195,369	127,591
140,356	144,224	Quoted investments	23,574	43,768
460,201	300,557		1,788,646	283,468

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

7 EXPENSES BY NATURE

(a) Administrative

GROUP			COMPANY	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
513,525	335,333	Staff costs (Note 9)	245,590	327,637
12,891	14,129	Directors' fees and expenses	11,921	14,129
5,177	4,822	Audit fees	3,540	3,744
9,550	6,410	Office rent & service charge	3,498	6,410
11,008	6,502	Depreciation & amortisation	-	6,400
23,334	12,764	Other administrative costs	18,031	6,162
575,485	379,960		213,553	364,482

(b) Operating expenses

14,369	11,935	AGM & annual report printing	14,369	11,935
40,277	29,445	Business development costs	31,402	29,445
80,154	66,487	Legal and consultancy costs	42,864	10,136
18,539	8,624	Advertising & PR costs	10,523	6,871
3,410	3,453	Share registration costs	3,410	3,453
6,113	4,042	Listing expenses	5,716	3,991
57,479	16,234	Other costs	39,813	11,818
220,341	140,220		217,124	77,649

8 FINANCE COSTS

660,082	343,576	Interest on borrowings	431,897	343,543
12,986	5,240	Commitment fees	9,899	5,240
6,558	450	Forex loss	2,270	417
17,888	51,497	Bond related expenses	17,888	51,497
697,514	400,763		461,954	400,697
(228,159)	-	Less: amounts capitalised on qualifying assets 15	-	-
469,355	400,763		461,954	400,697

9 EMPLOYEE BENEFITS EXPENSE

191,102	108,615	Salaries	85,492	100,919
299,400	200,294	Performance bonus accrual	144,652	200,294
4,579	6,390	Retirement benefit scheme contributions	4,579	6,390
91	67	National Social Security Fund contributions (NSSF)	91	67
(789)	1,886	Movement in leave pay provision	(789)	1,886
494,383	317,252		234,025	309,556
8,405	7,301	Staff medical expenses	3,289	7,301
10,737	10,780	Other staff welfare costs	8,276	10,780
513,525	335,333		245,590	327,637

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

10 INCOME TAX EXPENSE

(a) Income tax expense

GROUP			COMPANY	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
240,084	39,866	Current income tax	46,286	39,054
715,997	479,186	Deferred income tax (Note 13)	2,037	(2,204)
-	219,525	Under provision of deferred income tax liability in prior year (Note 13)	-	-
956,081	738,577		48,323	36,850

(b) Reconciliation of taxation charge to expected tax based on accounting profit:

4,011,451	3,247,973	Accounting profit before taxation	1,095,597	1,070,948
1,203,436	974,392	Tax at the applicable rate of 30%	328,679	321,284
(1,315,721)	(961,178)	Tax effect of income not taxable	(648,984)	(520,002)
1,068,366	505,838	Tax effect of expenses not deductible for tax	368,628	235,568
-	219,525	Prior year deferred tax under provision	-	-
956,081	738,577		48,323	36,850

(c) Taxation payable/(recoverable)

19,254	5,114	At start of year	19,495	5,146
2,400	-	Tax payable on acquisition of subsidiary	-	-
240,084	39,866	Charge for the year	46,286	39,054
(50,825)	(25,726)	Payments during the year	(37,982)	(24,705)
210,913	19,254	At end of year	27,799	19,495

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

11 GAINS ON DISPOSAL OF INVESTMENTS

		Cost	GROUP Proceeds	Gain on disposal	Cost	COMPANY Proceeds	Gain on disposal
	Note	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
31 March 2014							
Quoted investments	21	904,933	1,913,339	1,008,406	244,463	392,917	148,454
Unquoted investments	20	39,666	39,666	-	39,666	39,666	-
Treasury bonds	22	741,010	725,765	(15,245)	105,721	105,560	(161)
		1,685,609	2,678,770	993,161	389,850	538,143	148,293
Reserves released on disposal							
- Quoted investments	21	-	-	287,772	-	-	133,208
- Gain during the year		-	-	705,389	-	-	15,085
		-	-	993,161	-	-	148,293
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	-	-	145,075
- Associates	19	-	-	610,213	-	-	1,278,648
Gain during the year		-	-	704,229	-	-	9,351
		-	-	1,495,955	-	-	1,433,074

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.

	2014 Kshs'000	2013 Kshs'000
Profit attributable to equity holders of the Company	3,020,202	2,509,396
Weighted average number of ordinary shares in issue (thousands)	665,442	665,442
Basic earnings per share (Kshs)	4.54	3.77

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

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	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
(829,663)	(130,952)	At start of year	7,354	5,150
(715,997)	(698,711)	(Charge)/ credit to Profit/Loss (Note 10)	(2,037)	2,204
(715,997)	(479,186)	Current year deferred tax	(2,037)	2,204
-	(219,525)	Under provision of deferred tax in prior year	-	-
3,876	-	Acquisition of subsidiary	-	-
(1,541,784)	(829,663)	At end of year	(5,317)	7,354

Deferred income tax is calculated on all temporary differences under the liability method using the currently enacted tax rate of 30%. The deferred tax asset/ (liability) is attributable to the following items:

GROUP			COMPANY	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
122,121	-	Tax losses	-	-
84,781	6,423	Performance bonus provision	3,814	6,423
1,582	124	Leave pay provision	85	124
307	54	Accelerated capital allowances	-	54
1,226	-	Other provisions	1,418	753
(1,751,801)	(836,264)	Fair value gain on investment property	-	-
(1,541,784)	(829,663)		5,317	7,354

The deferred income tax balance is analyzed as follows on the statement of financial position:

GROUP			COMPANY	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
210,017	-	Deferred tax asset	5,317	7,354
(1,751,801)	(829,663)	Deferred tax liability	-	-
(1,541,784)	(829,663)		5,317	7,354

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

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.

15 INVESTMENT PROPERTY

GROUP			COMPANY	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
		At start of year		
5,456,057	3,992,754	Valuation	-	-
2,111,258	128,671	Additions	-	-
228,159	-	Capitalized borrowing costs	-	-
-	(270,000)	Transfer out/disposals	-	-
3,049,918	1,604,632	Fair value gains	-	-
10,845,392	5,456,057	At end of year	-	-

Capitalized borrowing costs relate to interest costs incurred during the development phase of Two Rivers Development Limited. An average cost of debt of 10% (2013: Nil) was used as a basis for capitalization.

The fair value model has been applied for the investment property. The Company commissioned an independent qualified valuer to determine the fair value of the investment property as at 31 March 2014 on the basis of open market value. The open market value of all properties was determined using recent market prices.

The following table presents the company's non-financial asset at fair value at 31 March 2014;

Recurring fair value measurements	Level 1 Shs 000	Level 2 Shs 000	Level 3 Shs 000
31 March 2014			
Investment property	-	-	10,845,392
31 March 2013			
Investment property	-	-	5,456,057

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

16 MOTOR VEHICLE AND EQUIPMENT

GROUP Kshs'000		COMPANY Kshs'000
	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
	Year ended 31 March 2014	
43,999	Opening net book amount	43,999
26,915	Additions	-
-	Transfer	(43,999)
(10,960)	Depreciation charge	-
59,954	Closing net book amount	-
	At 31 March 2014	
87,003	Cost	-
(27,049)	Accumulated depreciation	-
59,954	Net book amount	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

17 INTANGIBLE ASSETS

GROUP

	Goodwill Shs'000	Software Shs'000	Total Shs'000
Year ended 31 March 2014			
Cost			
At start of year	-	9,353	9,353
Additions	-	18,294	18,294
On acquisition of subsidiary	967,210	-	967,210
At end of year	967,210	27,647	994,857
Amortisation			
At start of year	-	4,055	4,055
Charge for the year	-	2,046	2,046
At end of year	-	6,101	6,101
Net book value			
31 March 2014	967,210	21,546	988,756
Year ended 31 March 2013			
Cost			
At start of year	-	4,541	4,541
Additions	-	4,812	4,812
At end of year	-	9,353	9,353
Amortisation			
At start of year	-	2,615	2,615
Charge for the year	-	1,440	1,440
At end of year	-	4,055	4,055
Net book value	-	5,298	5,298

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

17 INTANGIBLE ASSETS (CONTINUED)

COMPANY

	2014 Kshs'000	2013 Kshs'000
Cost		
At start of year	5,673	4,541
Additions	-	1,132
Transfer to subsidiary	(5,673)	-
At end of year	-	5,673
Amortisation		
At start of year	3,953	2,615
Charge for the year	-	1,338
Transfer to subsidiary	(3,953)	-
At end of year	-	3,953
Net book value	-	1,720

The goodwill recognised represents the excess of the consideration paid for the acquisition of 73.35% stake in Genesis Kenya Investment management Limited over the fair value of the acquired identifiable assets and liabilities (see note 33).

Given the proximity of the year end to the acquisition of the business at 1 December 2013, the fair values determined at that date were relied upon to support the carrying value of the goodwill recognised. The carrying amount of the goodwill is reviewed annually on the basis of forecast profits of the cash generating assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

18 INVESTMENT IN SUBSIDIARIES

Company	Ownership %	01.04.13		31.03.14		Fair Value	
		Kshs'000	Additions Kshs'000	Disposals Kshs'000	Cost Kshs'000	31.03.14 Kshs'000	31.03.13 Kshs'000
Athena Properties Limited	100	114,735	-	-	114,735	357,966	276,160
Rasimu Limited	100	100	-	-	100	701,495	634,384
Centum BVI Limited	100	8	-	-	8	(97)	(97)
Two Rivers Development Limited	100	100	-	-	100	3,142,604	1,513,539
Uhuru Heights Limited	100	100	-	-	100	159,564	149,213
eTransact Limited	100	100	-	-	100	(7,025)	(7,024)
Centum Exotics Limited	100	100	-	-	100	1,111,564	756,111
Centum Development Limited	100	91	-	-	91	391,872	102,204
Centum Asset Managers Limited	100	18,000	-	-	18,000	100,332	18,201
Kilele Holdings Limited	79	68	-	-	68	1,113,444	68
Genesis Kenya Investment Management Limited	73	-	1,079,452	-	1,079,453	1,079,454	-
Mvuke Limited	100	-	-	-	-	(20)	-
Centum Shared Services Limited	100	-	100	-	100	8,182	-
Two Rivers Lifestyle Centre Limited	100	-	100	-	100	(43)	-
King Beverage Limited	100	-	-	-	-	(136)	-
		133,402	1,079,652	-	1,213,055	8,159,156	3,442,759

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 Development 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 34.5 acres of land in Entebbe Uganda.
eTransact Ltd	Kenya	Incorporated in October 2010 and was engaged in mobile phone software advancement..

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

Subsidiary	Country of Incorporation	Principal activity
Centum Exotics Ltd	Mauritius	Incorporated in July 2011 and the 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 real estate investments.
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 and the principal activity is engagement in private equity investments
Centum Shared Services Limited	Kenya	Incorporated in July 2013 and the principal activity is to provide business solutions to Centum and its subsidiaries
Mvuke Ltd	Mauritius	Incorporated in December 2013 as a special purpose vehicle to explore Geothermal opportunities In Africa.
Genesis Kenya Investment Management Limited	Kenya	The company acquired 73.17% shareholding in Genesis Kenya Investment Management Limited on 1 December 2013 and the principal activity is to provide fund management services.
Two Rivers Lifestyle Centre Limited*	Mauritius	Incorporated in 2013 and the principal activity is engagement in the management, ownership and development of property for rental purposes.

*These subsidiaries are indirectly owned by Centum Investment Company Limited. Pearl Marina is a subsidiary of Centum Development Limited (Mauritius), Oleibon Investment Limited is a Subsidiary of Centum Exotics Limited (Mauritius) while Two Rivers Lifestyle Centre Limited is a subsidiary of Two Rivers Development Limited.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

18 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Fair value movement – Company

	2014 Kshs'000	2013 Kshs'000
Opening valuation of subsidiaries	3,442,759	1,784,954
Additions	1,079,652	68
Fair value gain in subsidiaries	3,636,745	1,657,737
Closing valuation of subsidiaries	8,159,156	3,442,759

Summarised financial information for each subsidiary that has non-controlling interests that are material to the group are set out below.

	Kilele Limited		Genesis Kenya	
	2014 Shs'000	2013 Shs'000	2014 Shs'000	2013 Shs'000
Income	124,476	-	114,359	-
Profit after tax	124,228	-	34,072	-
Total comprehensive income	1,237,556	-	34,072	-
Total assets	1,943,883	-	222,972	-
Total liabilities	(829,635)	-	(88,169)	-
Net assets	1,114,248	-	134,803	-

Genesis Kenya Investment Management Limited and Centum Asset Managers Limited have a different financial reporting period end from that of the Group; of 31 December. These subsidiaries, which are registered fund management companies, are regulated by the Capital Markets Authority and have a statutory year end of 31 December. The financial performance of the Group has however been prepared using financial statements of these subsidiaries for a period that corresponds with the reporting period of the Group.

Investments in subsidiaries are classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

19 INVESTMENT IN ASSOCIATES

GROUP			COMPANY	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
3,659,198	3,614,550	At start of year	6,152,947	7,128,721
393,432	263,259	Share of profits after taxation	-	-
32,761	41,918	Share of other comprehensive income	-	-
-	-	Fair value gain	421,153	382,919
(204,780)	(217,072)	Dividends received	-	-
20,240	1,784,911	Acquisitions during the year	20,240	1,784,911
-	(1,030,412)	Transfer to unquoted investment (Note 20)	-	(1,677,213)
-	(187,743)	Disposals at cost	-	(187,743)
-	(610,213)	Reserves released on disposal (Note 11)	-	(1,278,648)
3,900,851	3,659,198	At end of year	6,594,340	6,152,947

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

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

The associates held at year end are as follows;

	Country	2014 % interest held	2013 % interest held
AON Minet Insurance Brokers Limited	Kenya	21.50	21.50
KWAL 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	Kenya	43.00	42.00



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

19

INVESTMENT IN ASSOCIATES (CONTINUED)

The associates have share capital consisting solely of ordinary shares, which are held directly by the Company.

The results of its principal associates, all of which are unlisted, and their aggregated assets and liabilities are as follows:

	Beverages		Financial Services		Other		Total	
	2014 Shs'000	2013 Shs'000	2014 Shs'000	2013 Shs'000	2014 Shs'000	2013 Shs'000	2014 Shs'000	2013 Shs'000
Dividend income from associate	141,493	82,566	68,155	47,515	16,335	-	225,983	130,081
Income	20,940,434	18,917,391	1,428,451	1,368,448	1,016,899	839,960	23,385,784	21,125,799
Profit after tax	953,186	874,909	366,884	352,696	38,208	83,900	1,358,278	1,311,505
Total comprehensive income	1,152,629	1,008,501	366,884	352,696	38,208	83,900	1,557,721	1,445,097
Total assets	17,862,789	15,849,314	2,967,138	2,704,661	1,171,551	792,346	22,001,478	19,346,321
Total liabilities	(8,963,843)	(7,762,995)	(1,825,149)	(1,594,114)	(678,305)	(329,021)	(11,467,297)	(9,686,130)
Net assets	8,898,946	8,086,319	1,141,989	1,110,547	493,246	463,325	10,534,181	9,660,191

For the purpose of this disclosure the associates have been grouped by industry sector.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

20 UNQUOTED INVESTMENTS

GROUP			COMPANY	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
4,306,221	1,427,206	Opening valuation	3,539,417	1,427,206
		Movements in the year:		
337,123	837,929	Additions	143,218	71,125
(39,666)	(8,063)	Disposals	(39,666)	(8,063)
-	1,030,412	Transfer in from associates (Note 19)	-	1,677,213
2,965,632	1,018,737	Fair value gain	1,852,303	371,936
3,263,089	2,879,015		1,955,855	2,112,211
7,569,310	4,306,221	Closing valuation	5,495,272	3,539,417

Unquoted investments are classified as non-current assets.

21 QUOTED INVESTMENTS

GROUP			COMPANY	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
2,732,872	1,666,309	Opening valuation	1,088,778	1,289,540
		Movements in the year:		
631,068	1,112,066	Additions	-	12,361
(904,933)	(699,047)	Disposals	(244,463)	(496,318)
(287,772)	(181,513)	Reserves released on disposal	(133,208)	(145,075)
865,064	835,057	Fair value gain/(loss)	(24,759)	428,270
303,427	1,066,563		(402,430)	(200,762)
3,036,299	2,732,872	Closing valuation	686,348	1,088,778

Quoted investments are classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

22 CORPORATE BONDS AT FAIR VALUE THROUGH PROFIT OR LOSS

GROUP			COMPANY	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
995,313	480,000	Opening valuation	105,560	480,000
		Movements in the year;		
934,052	947,663	Additions	-	96,472
(741,010)	(480,472)	Disposals	(105,721)	(480,472)
(117,309)	48,122	Fair value (loss)/gain	161	9,560
75,733	515,313		(105,560)	(374,440)
1,071,046	995,313	Closing valuation	-	105,560

Corporate bonds are classified as non current assets.

23 SUBSIDIARY BALANCES

	COMPANY	
	2014	2013
	Kshs'000	Kshs'000
(a) Due from Subsidiaries		
Centum BVI Limited	97	97
Pearl Marina Estates Limited	-	1,433,766
Two Rivers Development Limited	2,509,749	1,516,489
eTransact Limited	7,025	7,021
Uhuru Heights Limited	-	267,008
Centum Exotics Limited	2,009,557	1,977,460
Centum Development Limited	1,881,838	362
Centum Asset Managers Limited	363,504	548
Centum Shared Services	29,278	-
Mvuke Ltd	51,944	-
Genesis Kenya Investment Management Limited	47,000	-
Two Rivers Lifestyle centre	43	-
Centum beverages	136	-
Kilele Holdings Limited	768,402	766,737
	7,668,573	5,969,488
(b) Due to Subsidiaries		
Athena Properties Limited	117,538	275,074
Centum Development Limited	-	10
Rasimu Limited	1,764	563,216
Uhuru Heights Limited	2,544	-
	121,846	838,300
	7,546,727	5,131,188

The balances due to and due from the subsidiaries are interest free and have no specific repayment periods.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

24 RECEIVABLES & PREPAYMENTS

GROUP			COMPANY	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
3,500	-	Dividends receivable	24,493	-
-	-	Land investment prepayments	-	39,966
1,068,362	253,659	Other receivables & prepayments	85	76,664
843,073	-	Equity-linked note – asset (Note 29)	-	-
85	7,166	Interest receivable	2,921	7,166
1,071,947	260,825		27,499	123,796

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	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
224,018	902,500	Call deposits (maturing within 90 days)	108,851	902,500
619,630	599,269	Bank balances	66,081	28,396
843,648	1,501,769		174,932	930,896
(1,291,101)	-	Bank overdraft	(1,291,101)	-
(447,453)	1,501,769		(1,116,169)	930,896

At 31 March 2014 the Group had undrawn committed borrowing facilities amounting to Kshs 708,899,000 (2013: Kshs 1,200,000,000). The effective interest rate for the bank overdraft is 14.5% (2013: 20%).

The overdraft facility is secured by a floating charge over all the listed Kenya securities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

26 BORROWINGS

GROUP & COMPANY

	2014 Kshs'000	2013 Kshs'000
The borrowings are made up as follows:		
Bank loan and overdraft		
At start of year	-	1,000,000
Repayment during the year	-	(1,000,000)
At end of year	-	-
Corporate bond		
At start of year	4,149,532	-
Issue during the year	-	4,167,900
Accrued additional interest on Equity linked note	37,524	37,524
Amortization of bond related expenses	13,973	(55,892)
At end of year	4,201,029	4,149,532
Total borrowings	4,201,029	4,149,532

The company successfully issued a 5 year bond in 2012 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

Group and Company	Year ended 31 March 2014			Year ended 31 March 2013		
	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
At start and 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 (2013: 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)

For the year ended 31 March 2014

29 PAYABLES AND ACCRUALS GROUP

GROUP			COMPANY	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
1,347,227	83,506	Sundry payables and accruals	(14,881)	25,830
843,073	-	Equity-linked note – asset (Note 29)	-	-
33,653	-	Settlements in respect of investments	33,653	-
7,234	4,059	Leave pay provision	4,194	4,059
431,318	200,293	Performance bonus provision	181,501	200,293
1,840,552	287,858		204,467	230,182

The carrying amounts of the payables approximate to their fair values.

Centum Exotics Limited successfully issued a 5 year equity-linked note in 2014 and raised Kshs 843,073,578. The carrying value of the equity-linked note is linked to the fair value of an underlying asset held under receivables (Note 24).

30 UNCLAIMED DIVIDENDS GROUP

GROUP			COMPANY	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
32,504	34,437	At the beginning of the year	32,504	34,437
(3,517)	(1,933)	Dividend paid	(3,517)	(1,933)
28,987	32,504	At the end of the year	28,987	32,504

31 CASH GENERATED FROM OPERATIONS

	Note	GROUP 2014 Kshs'000	2013 Kshs'000
Reconciliation of profit before income tax to cash generated from operations			
Profit before income tax		4,011,451	3,247,973
Adjustments for:			
Interest expense	8	469,355	343,576
Depreciation on motor vehicle and equipment	16	10,960	5,062
Amortisation of intangible assets	17	2,046	1,440
Fair value loss/(gains) on corporate bonds	22	117,309	(48,122)
Fair value gains on investment property	15	(3,049,918)	(1,604,632)
Gains on disposal of quoted investments	11	(1,008,406)	(275,530)
Gains on disposal of associates	11	-	(1,171,500)
Gain on disposal of investment property		-	(145,000)
Loss/ (gain) on disposal of corporate bonds	11	15,245	(48,925)
Share of profit from associates	19	(393,432)	(263,259)
Accrued additional interest on Equity linked note	26	37,524	-
Changes in working capital			
– receivables and prepayments		(811,122)	(224,746)
– payables and accrued expenses		1,552,694	(68,098)
Cash generated from/ (used in) operations		953,706	(251,761)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

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:

i) Purchase of services

GROUP 2014 Kshs'000		COMPANY 2014 Kshs'000
10,697	Office rent (paid to entity controlled by a director)	7,184
13,810	Insurance premiums (paid to an associate)	8,222
24,507		15,406

(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	
2014 Kshs'000	2013 Kshs'000		2014 Kshs'000	2013 Kshs'000
86,717	59,576	Salaries	31,517	59,576
96,975	105,357	Performance bonus	43,848	105,357
4,680	3,859	Retirement benefit scheme contribution	2,509	3,859
188,372	168,792		77,874	168,792

(iii) Directors' remuneration

12,891	14,129	Fees for services as a non-executive director	11,921	14,129
84,991	82,130	Other included in key management compensation above	77,852	82,130
97,882	96,259		89,773	96,259

(iii) Outstanding related party balances

155,955	173,264	Performance bonus	77,852	173,264
155,955	173,264		77,852	173,264

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

33 BUSINESS COMBINATIONS

On 1 December 2013, the Company obtained control of Genesis Kenya Investment Management Limited, a company involved in the provision of fund management services by acquiring 73.35% of the shares and voting interests in the company.

The following table summarises the consideration paid for Genesis Kenya Investment Management Limited, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

	Kshs'000
Cash consideration paid	1,079,453
Fair value of assets acquired (see below)	(153,023)
Non-controlling interest at acquisition	40,780
Goodwill	967,210
Total assets	232,663
Total liabilities	(79,640)
Total net assets acquired during the year	153,023
Non-controlling interest at acquisition	40,780
Majority interest at acquisition	112,243
Total net assets acquired during the year	153,023

The revenue included in the consolidated statement of comprehensive income since 1 December 2013 contributed by Genesis Kenya Investment Management was Kshs 114,359,834 and the profit after tax contributed by Genesis for the same period was Kshs 34,071,525.

Had Genesis Kenya Investment Management been consolidated from 1 April 2013, the consolidated statement of income would show revenue of Kshs 5,126,856 and profit after tax of Kshs 3,145,870.

34 COMMITMENTS

(i) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised in the financial statements is as follows:

GROUP 2014 Kshs'000		COMPANY 2014 Kshs'000
-	Equipment	823

(i) Operating lease commitments

At the end of the reporting year, the Group had outstanding lease commitments under lease obligations which fall due as follows;

2,334	Within one year	3,648
2,651	Within the second to fourth years inclusive	1,671
4,985		5,319

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

35 FINANCIAL INSTRUMENTS BY CATEGORY

(a) Financial assets

GROUP			COMPANY	
2014	2013		2014	2013
Kshs'000	Kshs'000		Kshs'000	Kshs'000
1,071,046	995,313	At fair value through profit or loss	-	105,560
1,815,488	1,762,594	Loans and receivables	7,882,235	7,024,180
10,605,609	7,039,093	Available for sale	20,885,480	14,277,901
13,492,143	9,797,000		28,767,715	21,407,641
		Fair value through profit or loss		
1,071,046	995,313	Corporate bonds	-	105,560
		Loans and receivables:		
1,032,748	260,825	Receivables	27,499	123,796
224,018	902,500	Deposits	108,851	902,500
558,722	599,269	Cash and cash equivalents	66,081	28,396
-	-	Due from subsidiary Companies	7,679,804	5,969,488
1,815,488	1,762,594		7,882,235	7,024,180
		Available for sale:		
-	-	Investment in subsidiaries	8,109,520	3,442,759
-	-	Investment in associates	6,594,340	6,152,947
7,569,310	4,306,221	Unquoted investments	5,495,272	3,593,417
3,036,299	2,732,872	Quoted investments	686,348	1,088,778
10,605,609	7,039,093		20,885,480	14,227,901

(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 2014 and 2013 is shown on note 4(b).



ADDITIONAL DISCLOSURE

Historical Performance

Company's Five Year Financial Review

Statement of financial Position

	2014	2013	2012	2011	2010
	Kshs'Millions	Kshs'Millions	Kshs'Millions	Kshs'Millions	Kshs'Millions
Investment property		5,100	3,993	3,525	-
Investment in associates	6,594	6,153	7,129	6,231	4,240
Unquoted investments	5,495	3,539	1,427	1,339	1,251
Quoted investments	686	1,089	1,290	2,422	2,081
Bonds at fair value	-	106	480	539	505
Other assets	5,765	5,420	1,402	948	1,763
Total assets	28,811	21,407	15,721	15,004	9,840
Shareholder funds	22,936	16,137	13,685	12,552	9,157
Liabilities	5,875	5,270	2,036	2,451	683
Equity and Liabilities	28,811	21,407	15,721	15,004	9,840

Statement of Comprehensive Income

Income	1,988	1,914	764	1,685	1,121
Expenses	(893)	(842)	(277)	(446)	(246)
Profit before tax	1,095	1,071	487	1,239	875
Tax	(48)	(37)	(41)	(2)	13
Profit for year	(1,047)	1,034	446	1,237	888
Other comprehensive income/(loss)	5,753	1,417	687	2,158	2,409
Total comprehensive income/(loss)	6,800	2,451	1,133	3,395	3,297

Key Performance Indicators

	2014	2013	2012	2011	2010
Return on Equity	42%	18%	9%	37%	56%
Earnings per share	4.54	3.77	1.79	3.44	1.64
Net asset value per share	34.47	24.3	20.6	18.9	13.8
Gearing	23%	20%	5%	16%	-
Price to book value per share	1.06	0.82	0.6	1	1.03
Cost efficiency	1.5%	2.3%	1.6%	2.0%	2.2%



Historical Performance

Restated Cash Flow Statements conforming with Centum's Business Model

	2014 Kshs'000	2013 Kshs'000	2012 Kshs'000	2011 Kshs'000	2010 Kshs'000
Operating Inflows:					
Dividends receivable	694,666	490,740	430,892	410,222	407,957
Rent income	17	7,062	6,136	6,276	2,259
Interest receivable	328,638	119,054	45,446	77,950	6,022
Other income	443,291	-12,581	31,172	55,099	45,551
Proceeds from disposal of investments	2,679,323	1,943,036	6,105,779	1,799,547	1,271,422
	4,145,936	2,547,311	6,619,425	2,349,094	1,733,211
Operating outflows:					
Operating & Administrative expenses	(412,014)	(354,683)	(299,181)	(302,784)	(197,999)
Taxes paid	(63,764)	(25,726)	(9,897)	(2,591)	(603)
	(475,778)	(380,409)	(309,078)	(305,375)	(198,602)
Cash from operations	3,670,158	2,166,902	6,310,347	2,043,719	1,534,609
Cash flows from investing activities:					
Investments in equity and property	(4,776,354)	(3,752,276)	(4,769,396)	(4,240,959)	(920,632)
Investment in motor vehicle & equipment	(37,312)	(27,406)	(4,303)	(26,944)	(10,000)
	(4,813,666)	(3,779,682)	(4,773,699)	(4,267,903)	(930,632)
Cash flows from financing activities:					
Net proceeds from borrowings	-	4,149,532	-	1,000,000	-
Loan repayment	-	(1,000,000)			
Dividends paid to Company's shareholders	(237,277)	(1,933)	(612)	(1,392)	(5,728)
Interest paid	(697,514)	(343,576)	(229,872)	(147,914)	(44,758)
	(934,791)	2,804,023	(230,484)	850,694	(50,486)
Net increase/(decrease) in cash	(2,078,299)	1,191,242	1,306,164	(1,373,490)	553,491
Movement in cash and cash equivalents					
At start of year	1,630,120	322,410	(981,204)	393,641	(159,850)
Increase/(decrease)	(2,078,299)	1,191,242	1,306,164	(1,373,490)	553,491
Exchange losses on cash equivalents	-	(11,883)	(2,550)	(1,355)	-
At end of year	(448,179)	1,501,769	322,410	(981,204)	393,641



ADDITIONAL DISCLOSURE

Bond covenants

The following ratios are to be used by the notes trustee over the period the bonds will be outstanding

Ratio	2014	2013	2012	2011	2010	Covenant
Interest Service & coverage	5.3:1	4.7:1	27.45:1	13.2:1	32.7:1	1.5:1
Net Debt to Equity ratio	0.42:2	0.4:2	0.1:2	0.32:2	N/a	=<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	$\frac{\text{Net Debt}}{\text{Company's NAV}}$





BUY

YES

GO

SELL

GO

GO



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.

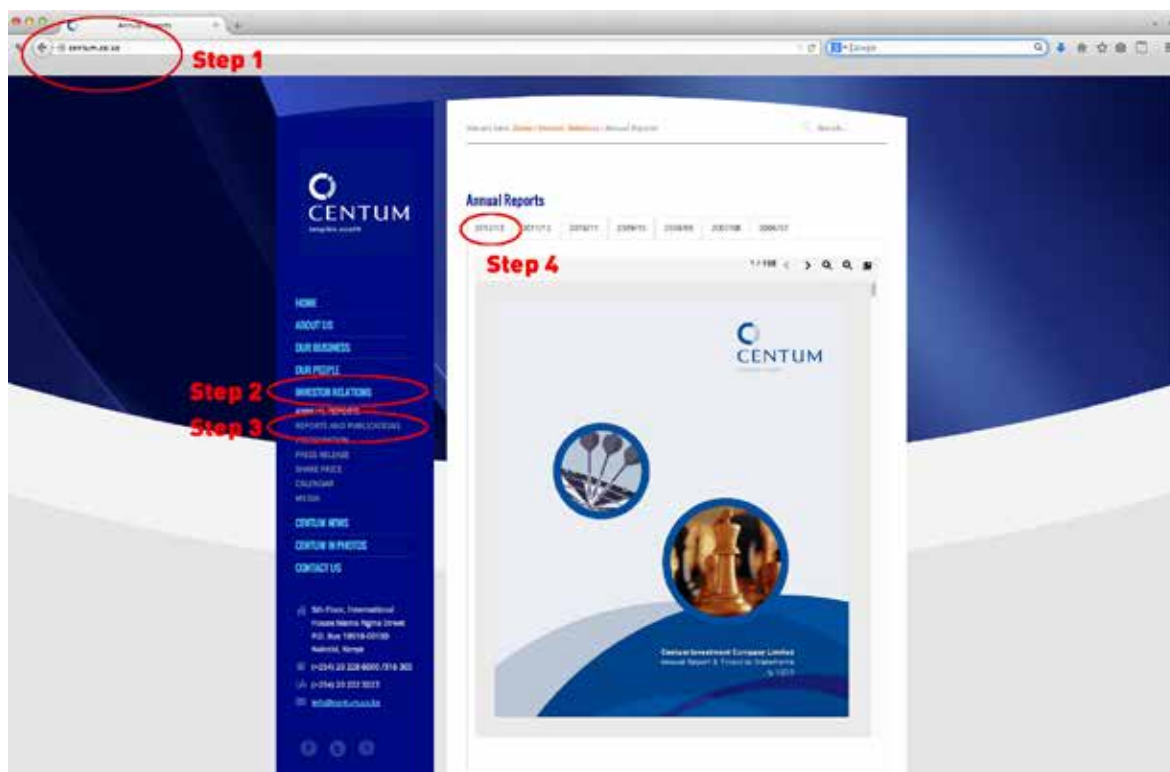
Half Yearly Reports Online

The 2014 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 4 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

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 47th Annual General Meeting of the Company, to be held on Friday, 29 August 2014 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 _____ 2014.

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, 28 August 2014.
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 _____

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

Fomu ya Uakilishi



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 47 utaofanyika Ijumaa, 29 Augusti 2014 katika Two Rivers, Limuru Road, Nairobi 11.00 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 _____ 2014.

Sahihi _____

Maelezo:

1. Ni lazima fomu hii ya uwakilishi ijazwe kikamilifu na kufikishwa kwa Katibu wa Kampuni kabla ya 11.00 a.m. Alhamisi, 18 Agosti, 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].





Voting Form

47TH MEMBERS' ANNUAL GENERAL MEETING HELD ON
THURSDAY, 28 AUGUST 2014 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:

SHAREHOLDING VERIFIED (REGISTRARS)

SIGNED

DATE

.....

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

Agenda No.	ORDINARY RESOLUTION	FOR	AGAINST	VOTE WITHHELD	Agenda No.	ORDINARY RESOLUTION	FOR	AGAINST	VOTE WITHHELD
3 (i)	To adopt and approve the accounts for the year ended 31 March 2014	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4 (i) (a)	To ratify the incorporation of Two Rivers Property Owners Company Limited.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(ii)	To approve the directors remuneration for the year ended 31 March 2014	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(ii)	To ratify the incorporation of Two Rivers Lifestyle Centre Limited Kenya branch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(iii)	To re-elect the following directors retiring by rotation:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(iii)	To ratify the acquisition of 30% shareholding in Broll Kenya Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(a)	Henry Njoroge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(iv)	To ratify the acquisition of 73% shareholding in Genesis Investment Managers Kenya Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b)	(b) Imtiaz khan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(iv)	To ratify the incorporation of King Beverages Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(iv)	To elect Dr. James McFie as a director to fill a casual vacancy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(iv)	To ratify the incorporation of Bakki Holdco Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(iv)	To approve the re-appointment PricewaterhouseCoopers as the Company auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(iv)	To ratify the incorporation of Shefa Holdings 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?

Centum Investment Company Limited

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Web: www.centum.co.ke