



CENTUM

tangible wealth

Centum Investment Company Limited
Annual Report and Financial Statements
2014-2015



OUR MISSION

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

OUR VISION

To be Africa's foremost investment channel

OUR VALUES

*We deliver to promise
We have unity of purpose
We are partners
We invest responsibly*



Financial Services



Power



Education



Healthcare



Real Estate



ICT



Agribusiness



Fast Moving Consumer Goods (FMCG)



CENTUM

tangible wealth

AFRICA'S FOREMOST INVESTMENT CHANNEL



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CENTUM 3.0 (2014-2019)



Generate 35% + annualized return over the strategic period



Develop investment-grade opportunities of scale in 8 key sectors; Real Estate, Power, Financial Services, FMCG, Agribusiness, Education, Healthcare and ICT



To grow Centum total assets to Kes.120Bn [USD 1.38Bn] by 2019 and total AUMs including third party AUMs to Kes. 720Bn (USD 8.28Bn)



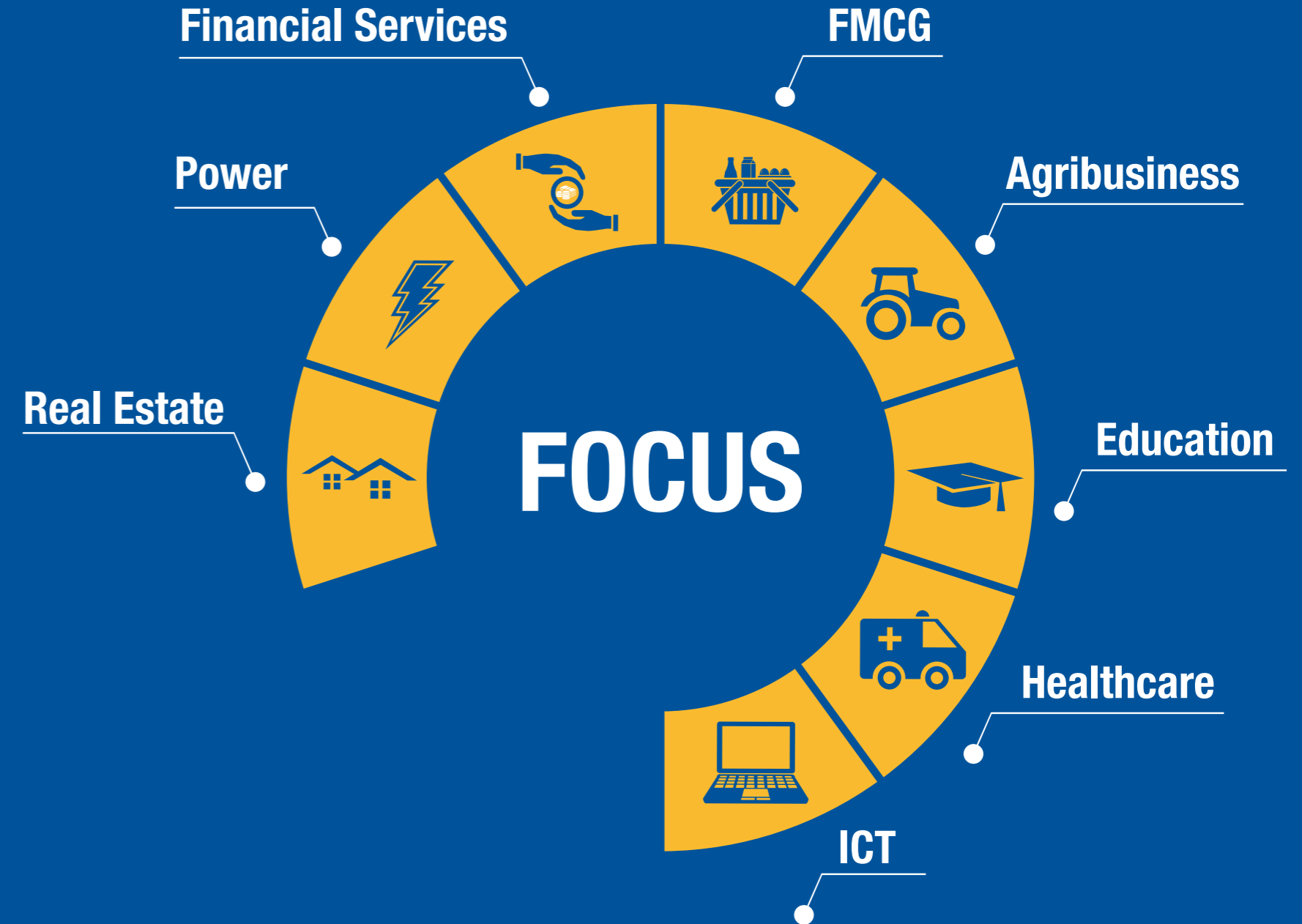
Develop teams with sector expertise and build a track record of project development in our targeted sectors



Maintain costs below 2.0% of total assets

**CENTUM
3.0**

Develop investment-grade opportunities of scale in 8 key sectors;



REGISTERED OFFICE

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

COMPANY SECRETARY

*Loise Gakumo
Certified Public Secretary (Kenya)
International House
Mama Ngina Street
P.O.Box 10518-00100
Nairobi

AUDITOR

PricewaterhouseCoopers
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
5th Floor, West Wing, ICEA Lion Centre
Riverside Park, Chiromo Road
PO Box 10643-00100
Nairobi

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

K N Associates
3rd Floor, Ngong Lane Plaza, Ngong Lane
Off Ngong Road
P.O. Box 27547-00100
Nairobi

Anjarwalla & Khanna
3rd Floor, The Oval
Ring Rd Parklands/Jalaram Rd, Westlands
PO Box 200-00606
Nairobi

BOARD OF DIRECTORS

J N Muguiyi - Chairman
J M Mworia - Managing Director
Dr. J B McFie - Deputy Chairman
Dr. 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)
I. Khan
Dr. L. Macharia

INVESTMENT COMMITTEE

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

AUDIT AND RISK COMMITTEE

I Khan - Chairman
Dr. L Macharia
H C Njoroge
M M Byama
J M Mworia

NOMINATION & GOVERNANCE COMMITTEE

P M Kimurwa - Chairman
J N Muguiyi
Dr. C J Kirubi
J M Mworia
M M Byama
Dr. L Macharia

BRANDING COMMITTEE

H C Njoroge - Chairman
Dr. C J Kirubi
J M Mworia
P M Kimurwa

ICT COMMITTEE

H C Njoroge - Chairman
J M Mworia

*F N Murimi was the company secretary until August 2015. Loise Gakumo was appointed company secretary in August 2015.
** Representing ICDC. Resigned in July 2015.

Centum Strategic Pillars

RETURN

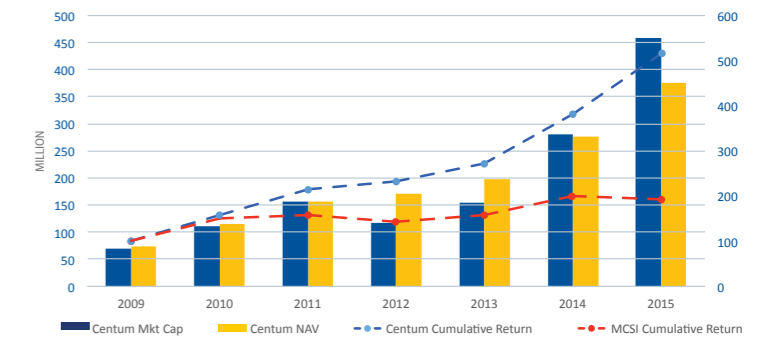
A SOLID TRACK RECORD OF VALUE CREATION AND REALIZATION

The year ended 31 March 2015 was the first financial year in our new Centum 3.0 strategy period spanning 2014 – 2019. Our focus during Centum 3.0 strategy period will be to develop investment grade opportunities of scale in eight key sectors of the economy.

NAV RETURN VS NSE RETURN

YEAR	NSE 20 RETURN	CENTUM NAV RETURN	CENTUM OUTPERFORMANCE
2010	43%	56%	13%
2011	(4%)	37%	41%
2012	(13%)	9%	22%
2013	44%	18%	(26%)
2014	2%	42%	40%
2015	8%	39%	31%
Geometric Average	11%	33%	22%
Cumulative return	86%	447%	361%

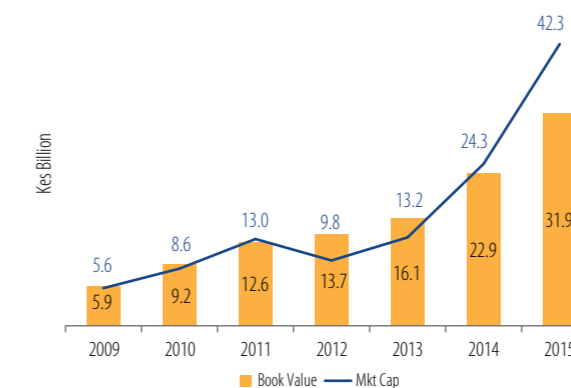
MARKET CAPITALISATION & BOOK VALUE (USD)



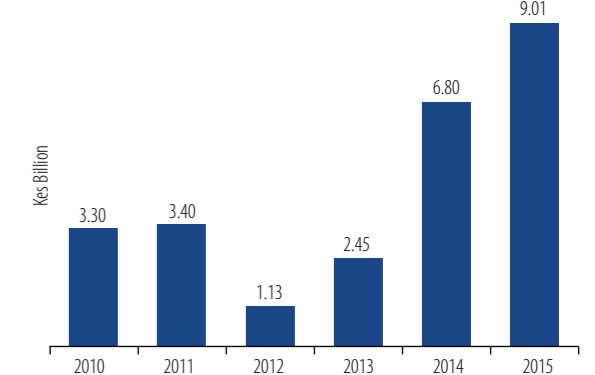
PERFORMANCE

Growing shareholder wealth by consistently delivering returns that are above market.

EXPONENTIAL GROWTH OF SHAREHOLDER WEALTH



YEAR-ON-YEAR TOTAL RETURN (KES BILLION)



In the year 2014/15, the net asset value of the company grew by 39% while its market capitalization soared by 74% as compared to the NSE 20 return of 8%. This consistency in delivering superior returns to our shareholders has seen every shilling invested in the company 6 years ago grow sevenfold to stand at a value of Kes 7.55 at 31 March 2015.

The annualized year-on-year NAV return over the past 6 years was 33%, which was 22% higher than the average annual NSE return over the same period.

Centum Strategic Pillars

FOCUS

We have developed opportunities in four sectors and plan to also develop opportunities of scale in an additional four sectors during the strategic period.

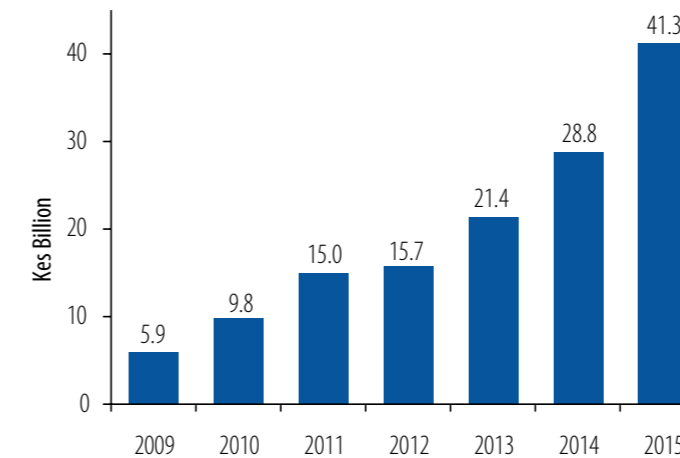


Centum Strategic Pillars

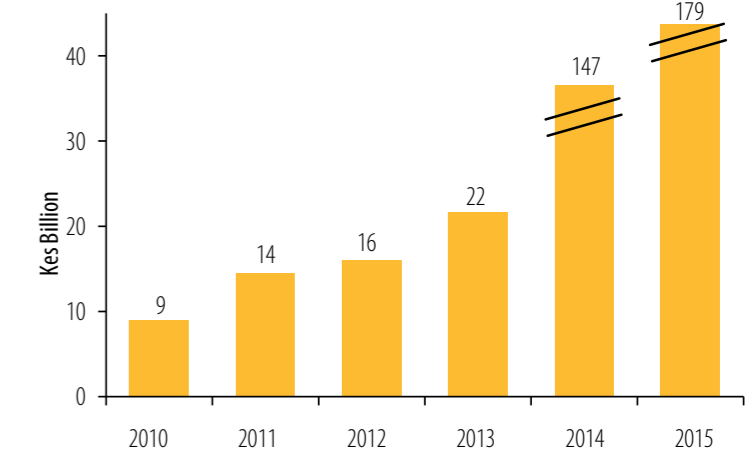
SCALE

Our total assets have grown four times in the last six years. We focus to grow Centum total assets to Kes 120 billion and total AUMs including third party funds to Kes 720 billion by 2019.

TOTAL ASSETS



ASSETS UNDER MANAGEMENT (INCLUDING THIRD PARTY FUNDS)



Centum Strategic Pillars

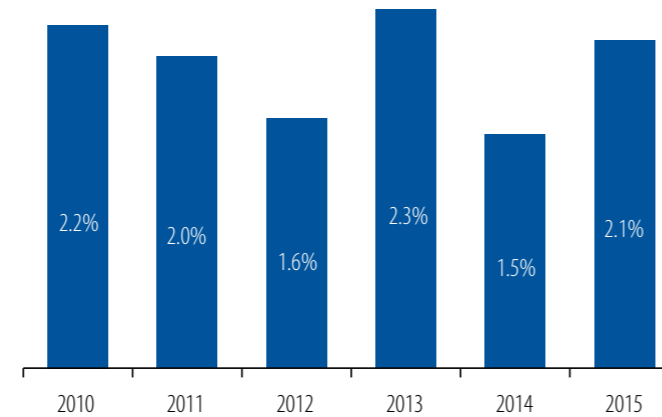
BRAND

For us, brand refers to delivering to promise through our people. We have focused on delivery through building internal sector specific capacity within our sectors of focus. During the FY2015, we built capacity in the FMCG, Power, and Agribusiness sectors.

COST

Cost efficiency is a key strategic focus. We have maintained an average cost efficiency of 1.95% of total company assets over the past six years.

COST EFFICIENCY- PERCENTAGE OF TOTAL COMPANY ASSETS



Five Year Performance Highlights

FIVE YEAR PERFORMANCE HIGHLIGHTS

COMPANY	FY2014/15	FY2013/14	FY2012/13	FY2011/12	FY2010/11
Return					
Total return (Kes Million)	9,003	6,800	2,451	1,133	3,395
Return on opening equity (%)	39.25%	42.10%	17.90%	9.00%	37.10%
Outperformance relative to NSE 20 share index (%)	31%	40%	(26%)	22%	41%
Cost efficiency (%)	2.1%	1.5%	2.3%	1.6%	2.0%
Financial Position (Kes Million)					
Total Assets	41,328	28,811	21,407	15,721	15,004
Portfolio Value	37,465	29,371	19,307	14,694	14,463
Other assets/liabilities	2,043	(943)	979	(9)	77
Debt	(7,569)	(5,492)	(4,149)	(1,000)	(1,988)
Net Asset Value (NAV)	31,939	22,936	16,137	13,685	12,552
Gearing (%)					
Gearing (%)	12%	23%	20%	7%	16%
Third party funds (Kes Million)	136,549	117,834	2,393	1,393	-
NAV per share (Kes)	48.00	34.47	24.25	20.57	18.86
Share price (Kes)	63.57	36.50	19.90	14.70	19.55
Market Capitalization (Kes Million)	42,300	24,289	13,242	9,782	13,009



Notice of the 48th Annual General Meeting

Notice is hereby given that the 48th Annual General Meeting of Centum Investment Company Limited (the "Company") will be held on Tuesday, 29th September 2015 at Two Rivers, Limuru Road, 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 47th Annual General Meeting held on Friday, 29th August 2014.

3. Ordinary Business

i. Consolidated Financial Statements and Directors' and Auditors' reports for the financial year ended 31st March 2015:

To receive, consider and approve the Consolidated Financial Statements for the financial year ended 31st March 2015, 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 2015.

iii. Election of Directors:

- To re-elect Dr. Christopher John Kirubi, a director retiring by rotation, who being eligible, offers himself for re-election.
- To re-elect Industrial Commercial and Development Corporation, a director retiring by rotation, who being eligible, offers itself for re-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 of the Laws of Kenya) and to authorize the directors to fix the their remuneration.

4. Special Business

- Approvals under regulation G.06 of the Fifth Schedule of The Capital Markets (Securities)(Public Offers, Listing and Disclosures) Regulations 2002.

For the purposes of regulation G.06 of the Fifth Schedule of The Capital Markets (Securities)(Public Offers, Listing and Disclosures) Regulations 2002 to consider, and if thought fit, to pass the following resolutions as Ordinary Resolutions in regard to the business of the Company, and in the interests of the Company:

- THAT the incorporation of Mwaya Investment Company Limited (incorporated in Kenya) as a wholly-owned subsidiary of the Company be ratified.
- THAT the incorporation of Mwaya Investment Company Limited (incorporated in Mauritius) as a wholly-owned subsidiary of the Company be ratified.
- THAT the incorporation of Vipingo Development Limited (incorporated in Kenya) as a wholly-owned subsidiary of the Company be ratified.
- THAT the incorporation of Lamu Power Partners LLP (incorporated in Kenya) be ratified.
- THAT the incorporation of Two Rivers Development LLP (incorporated in Kenya) be ratified.
- THAT the incorporation of Two Rivers ICT Company Limited (incorporated in Kenya) as a wholly-owned subsidiary of Two Rivers Development Limited (a subsidiary of the Company) be ratified.
- THAT the incorporation of Two Rivers Power Company Limited (incorporated in Kenya) as a wholly-owned subsidiary of Two Rivers Development Limited (a subsidiary of the Company) be ratified.
- THAT the incorporation of Two Rivers Water and Sanitation Company Limited (incorporated in Kenya) as a wholly-owned subsidiary of Two Rivers Development Limited (a subsidiary of the Company) be ratified.

Notice of the 48th Annual General Meeting

PLEASE NOTE:

- A member of the Company 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 provided with this Notice. 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 International House, 5th floor, Mama Ngina Street, Nairobi or at the offices of the Company's share registrars C&R Share Registrars, at Bruce House, 6th floor, Standard Street, Nairobi so as to arrive not later than 10.00 a.m. on Monday, 28th September 2015.

- Registration of members and proxies for the Annual General Meeting will commence at 7.00 a.m. on Tuesday, 29th September 2015. To facilitate registration on the day members and proxies should carry their national ID cards or passports and a copy of the Central Depository and Settlement Corporation (CDSC) account statement applicable to the member for the shareholding in the Company.

- The Map to the venue (see map on page 236)

- There will be buses at the Kenyatta International Conference Centre in Nairobi to transport bona fide shareholders and proxies to the venue at the following times:

- From 7.15 a.m.
- From 8.15 a.m.
- From 9.15 a.m.
- From 10.15 a.m.

The annual report and financial statements of the Company for the year ended 31st March 2015 have been made available on the Company's website www.centum.co.ke in the downloads section of the website.

- THAT the incorporation of Two Rivers Office Suites Limited (incorporated in Kenya) as a wholly-owned subsidiary of Two Rivers Development Limited (a subsidiary of the Company) be ratified.
- THAT the incorporation of Two Rivers Luxury Apartments Limited (incorporated in Kenya) as a wholly-owned subsidiary of Two Rivers Development Limited (a subsidiary of the Company) be ratified.
- THAT the incorporation of Tenebo Breweries Limited (incorporated in Kenya) as a wholly-owned subsidiary of King Beverage Limited (a subsidiary of the Company) be ratified.
- THAT the acquisition by the Company of additional shares comprising 65.87% of the issued share capital of K-Rep Bank Limited be ratified.
- THAT the proposed acquisition of a 51% shareholding in Amu Power Company Limited be approved.
- THAT the acquisition of a 3% additional shareholding in Almasi Beverages Limited (resulting Almasi Beverages Limited becoming a subsidiary in which the Company holds an aggregate of 50.95% of the issued share capital), be ratified.

15. Any Other Business

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

BY ORDER OF THE BOARD



Loise Gakumo
Company Secretary

28th August 2015



Notisi Juu Ya Mkutano Wa Mwaka Wa 48

Notisi inatolewa kuwa mkutano wa mwaka wa makala ya 48 wa kampuni ya Centum Investment Company Limited utafanyika mnamo Jumanne, tarehe 29 Septemba 2015 katika sehemu ya Two Rivers, Nairobi kuanzia saa 11.00 asubuhi 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 47 uliofanyika Ijumaa, Agosti 2014.

3. Shughuli za kawaida

iv. Ripoti ya wahasibu na taarifa ya fedha iliyojumuishwa ya mwaka uliokwisha tarehe 31 Machi 2015

Kupokea na kuthatmini kama inafaa kuidhinisha ripoti ya kifedha pamoja na taarifa ya wakurugenzi na ripoti ya wahasibu ya mwaka uliokwisha 31 Machi 2015.

v. Mishahara ya wakurugenzi

Kubainisha malipo kwa wakurugenzi kwa mwaka uliokwisha 31 Machi 2015.

vi. Uchaguzi wa wakurugenzi

- Kumchagua tena Dr.Christopher John Kirubi, anayestaafu kwa zamu lakini kwa kuwa ana ruhusa anajitolea tena ili kuchaguliwa.
- Kuchagua tena Shirika la ICDC, linalostaafu kwa zamu lakini kwa kuwa linaruhusa linajitolea tena ili kuchaguliwa.

iv. Uteuzi wa Wahasibu na kuidhinisha malipo yao:

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

4. Shughuli maalum.

Maidhinisho kwa mujibu ya mamlaka ya sehemu ya G.06 ya masharti ya Halmashauri ya Capital Markets Authority (Kuhusiana na toleo la hisa kwa umma, usajili na maelezo) ya mwaka wa 2002

Kuthatmini maazimio ya kawaida yafuatayo kulingana na sehemu ya G.06 ya masharti ya Halmashauri ya Capital Markets Authority (Kuhusiana na toleo la hisa kwa umma, usajili na maelezo) ya mwaka wa 2002 na ikiwa itafaa; kupewa idhinisho kwa minajili ya kufanikisha shughuli za kampuni:

- KWAMBA usajili wa kampuni ya Mwaya Investment Company Ltd (Nchini Kenya) kama kampuni tanzu uidhinishwe.
- KWAMBA usajili wa kampuni ya Mwaya Investment Company Ltd (Nchini Mauritius) kama kampuni tanzu uidhinishwe.
- (KWAMBA usajili wa kampuni ya Vipingo Development Limited (Nchini Kenya) kama kampuni tanzu uidhinishwe.
- KWAMBA usajili wa kampuni ya Lamu Power Partners LLP (Nchini Kenya) kama kampuni tanzu uidhinishwe.
- KWAMBA usajili wa kampuni ya Two Rivers Development LLP (Nchini Kenya) kama kampuni tanzu uidhinishwe.
- KWAMBA usajili wa kampuni ya Two Rivers ICT Company Limited (Nchini Kenya) ambayo iko chini ya umiliki wa Two Rivers Development Limited (Kampuni Tanzu) uidhinishwe.
- KWAMBA usajili wa kampuni ya Two Rivers Power Company Limited (Nchini Kenya) ambayo iko chini ya umiliki wa Two Rivers Development Limited (Kampuni Tanzu) uidhinishwe.
- KWAMBA usajili wa kampuni ya Two Rivers Water and Sanitation Company Limited (Nchini Kenya) ambayo iko chini ya umiliki wa Two Rivers Development Limited (Kampuni Tanzu) uidhinishwe.
- KWAMBA usajili wa kampuni ya Two Rivers Office Suites Limited (Nchini Kenya) ambayo iko chini ya umiliki wa Two Rivers Development Limited (Kampuni Tanzu) uidhinishwe.
- KWAMBA usajili wa kampuni ya Two Rivers Luxury Apartments Limited (Nchini Kenya) ambayo iko chini ya umiliki wa Two Rivers Development Limited (Kampuni Tanzu) uidhinishwe.
- KWAMBA usajili wa kampuni ya Tenebo Breweries Limited

Notisi Juu Ya Mkutano Wa Mwaka Wa 48

(Nchini Kenya) ambayo iko chini ya umiliki wa King Beverage Limited (Kampuni Tanzu) uidhinishwe.

- KWAMBA ununuzi wa hisa zingine ya K-Rep Bank Limited na kumiliki asilimia ya 65.87 ya benki hiyo uidhinishwe.
- KWAMBA mpango wa kununua hisa za Amu Power Company Limited na kumiliki asilimia 51 ya Kampuni hiyo uidhinishwe.
- KWAMBA ununuzi wa hisa zingine za Almasi Beverages Limited (Jambo linalotimisha umiliki wa hisa za Almasi Beverages Limited kwa asilimia 50.95 na kwa hivyo kuwa Kampuni Tanzu); uidhinishwe.

5. Shughuli zinginezo

Kutekeleza shughuli zinginezo ambazo hutekelezwa kwenye mkutano wa mwaka.

KWA AMRI YA HALMASHAURI YA WAKURUGENZI

Loise Gakumo
Katibu
28th Agosti, 2015

FAHAMU KUWA

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

Fomu ya uwakilishi imeambatanishwa pamoja na ripoti hii. Wenyekisho ambao hawatahudhuria mkutano wa mwaka wanaombwa kujaza fomu hizo na kuzirudisha kwa makao makuu ya Kampuni, ghorofa ya 5, International House, Bara bara ya Mama Ngina, Nairobi au kwenye afisi ya C&R Share Registrars inayopatikana jumba la Bruce House, ghorofa ya 6, Bara bara ya Standard street, kabla ya saa 10.00 asubuhi ya Jumatatu, 28 Septemba 2015.

2. Usajili wa wanachama na wawakilishi wanaohudhuria mkutano mkuu utanza saa 7.00 asubuhi Jumanne, tarehe 29 Septemba 2015. Wanachama na wawakilishi watahitajika kubeba vitambulisho na nakala ya daftari ya akaunti ya CDSC ili kurahisisha usajili.

3. Ramani ya mahali pa mkutano.

4. Tafadhali fahamu kwamba basi la usafiri litakuwa hapo Kenyatta International Conference Centre Jijini Nairobi litakalosafrisha wanachama halisi hadi mahali pa mkutano wa mwaka kwa saa zifuatazo:

- Kuanzia saa 7.15 ya asubuhi
- Kuanzia saa 8.15 ya asubuhi
- Kuanzia saa 9.15 ya asubuhi
- Kuanzia saa 10.15 ya asubuhi.

Nakala ya ripoti na taarifa za kifedha za mwaka pamoja na ripoti ya wahasibu ya mwaka uliokwisha 31 Machi 2015 inapatikana kwenye tovuti ya kampuni kwa anwani www.centum.co.ke.





OUR LEADERSHIP

Board of Directors



Mr. James N. Muguiyi; Chairman & Non Executive Director

Age: 71 years

- Joined the Board in December, 2003.
- (Immediate former) Group Managing Director of UAP Holdings Limited.
- He is a fellow of ICPAK, a member of CIMA and the Chartered Institute of Public Finance and Accountancy.
- He is a Non Executive Director of UAP Insurance Company Limited, UAP Insurance (Uganda) Limited, UAP Insurance South 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; Group Chief Executive Officer & Managing Director

Age: 37 years

- Was appointed Chief Executive Officer of Centum Investment Company Limited and its subsidiaries in October, 2008.
- He has fifteen years experience and he is the recipient of many regional and international awards in recognition of his outstanding business leadership. The most recent of this was the Africa Business Leader of the Year award by the Corporate Council on Africa in Washington DC.
- He is a CFA Charter holder, CPA(K), a Global Chartered Institute of Management Accountant, a holder of LLB from the University of Nairobi and an Advocate of the High Court of Kenya. He is a Fellow of the Archbishop Desmond Tutu African Leadership Institute.
- He is the Chairman of K-Rep Bank and a non-executive director of the Lewa Conservancy.

Dr. James McFie; Non-Executive Director

Age: 68 years

- 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 nonexecutive 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.

Dr. Christopher Kirubi; Non Executive Director

Age: 72 years

- Dr. Kirubi has been a Director since December 1997. He served as Chairman of the Board between 1998 and 2003. He is the Chairman of Centum Investment Committee.
- A well-known Kenyan industrialist with interests in fast moving consumer goods, media and communications; Dr. Kirubi is a graduate of INSEAD and the Harvard Business School.
- He was appointed a Director by Harvard Business School in 2012, and also serves as 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 a Non-Executive Director of Bayer East Africa Limited and Beverage Services of Kenya Limited.

Mr. Peter Kimurwa; Non Executive Director

Age: 44 years

- Mr. Kimurwa represented the Industrial Commercial and Development Corporation (ICDC) on the Board of Centum. He joined the board in May 2011. He resigned from the board in July 2015.
- He served as the Chairman of the Nomination and Governance Committee and Centum Business Solutions Limited.
- He was the Executive Director at ICDC and is a specialist in strategy and financial management with 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.
- He is a CPA (K) and holds a 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.

Board of Directors



From Left to Right,
Mr. James N. Muguiyi,
Mr. James Mworia
Dr. James McFie,
Dr. Christopher Kirubi,
Mr. Peter Kimurwa,
Dr. Laila Macharia,
Mrs. Margaret M. Byama,
Mr. Imtiaz Khan,
Mr. Henry Njoroge

Dr. Laila Macharia; Non Executive Director

Age: 44 years

- Ms. Macharia joined the Board in October, 2013.
- She is the Founder and Chief Executive Officer of Scion Real Estate Limited, a property investment company based in Nairobi that provides financing for builders in Africa's rapidly growing cities through its Africa Metro Property Facility.
- Laila has vast experience managing multi-currency portfolios and transactions in the United States of America and East Africa. While at the New York office of Clifford Chance, a leading global law firm, she coordinated a US\$9 Billion multi-currency bond program.
- Prior to that, she headed the Africa Initiative at the Global Fund for Women in the San Francisco Bay Area.
- Laila is currently the Vice Chairman, Kenya Private Sector Alliance (KEPSA) and a member of the Capital Markets Tribunal. She has previously served as the Chair person of the Kenya Property Developers Association.

Mrs. Margaret M. Byama; Non Executive Director

Age: 59 years

- Mrs. Byama is the representative of the PS Ministry of Trade on the Board since January, 2009.
- She is the Chief Finance Officer in the Ministry of Trade with over 20 years' experience in public financial management.
- Mrs. Byama holds a BA from the 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 Internally Displaced Persons.

Mr. Imtiaz Khan; Non Executive Director

Age: 46 years

- Mr. Khan joined Centum in November 2008 and serves as the Chairman of the Audit and Risk Committee. He is a qualified accountant and holds a MBA with distinction from the London Business School and a BComm from the University of Nairobi.
- He is a specialist in corporate finance and private equity investments with over 20 years' experience undertaking projects in 18 countries across four continents, including Brazil, Russia, India, China and South Africa which are widely regarded as some of the world's leading emerging markets.
- He is a founding partner and Executive Co-Director of Cassia Capital Partners Limited, which focuses on private equity investments in East Africa and chairs Oltepesi Properties Limited and represents Cassia Capital Partners Ltd on the board of EA-Power Limited.

Mr. Henry Njoroge; Non Executive Director

Age: 46 years

- Joined the Board in October 2005 and serves as the Chairman of the Branding Committee.
- He is currently Executive Director of Xtranet Communications Limited. Prior to this, he was the Managing Director of Open View Business Systems and UUNET Kenya respectively. He worked 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 also a Trustee of the Kenya Youth Business Trust, a non-profit organization which empowers youth entrepreneurs through mentorship and micro business loans.





JAMES N. MUGUIYI
Chairman



Chairman's Statement

DEAR SHAREHOLDER

On behalf of the Centum Board of Directors, it is my pleasure to present to you the Company's annual report and financial statements for the first year of our new Strategic Period 2014-2019.

2015/19 STRATEGY (CENTUM 3.0)

The FY2015 represents the first year of our current strategy period dubbed Centum 3.0. True to our vision, we have defined our business as an investment channel through which investors access and build extraordinary enterprises in Africa. We are developers of investment grade opportunities, and look to focus our development activity in eight key sectors of our economy namely; Real Estate, Power, Financial Services, Agribusiness, Information Communication Technology, Fast Moving Consumer Goods, Healthcare and Education. Our choice of sectors was informed by the market, growth potential and our ability to develop and build Centum's capabilities in the development of investment grade assets.

Our five key themes for Centum 3.0 are highlighted below.

1. Return - 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. Focus - To develop opportunities of scale in the eight key sectors as highlighted above. We are currently active in four sectors; Real Estate, Energy, Financial Services and Fast Moving Consumer Goods.

3. Scale – To grow Centum's Total Assets to Kes 120 Billion by 2019 and Total Asset Under Management (AUMs) to Kes 720 Billion by FY2019.
4. Brand – Brand for us means delivery to promise. We look to enhance delivery through development of sector specific expertise and development of a track record of project development in our targeted sectors.
5. Costs – We focus on managing efficiency to maintain costs at below 2.0% of Total Assets. Since FY2010, we have maintained efficiency at an average of 1.9%. In our last strategy period our efficiency target was 2.5% of Total Assets.

OUR PERFORMANCE IN THE OPERATING ENVIRONMENT

Kenya's economy continued its rebound after the 2013 election year. GDP grew by 5.8% in the same year Kenya's economy was rebased and in so doing, Kenya was reclassified as a middle income country with a GDP of USD 55.2 Billion. The economy is expected to grow even faster due to the investment in large infrastructure projects currently being undertaken including the LAPPSET, Standard Gauge Railway, the port expansion and the power generation projects. The Kenya Shilling was largely stable in 2014 albeit it came under pressure due to the reduction in foreign exchange earnings from tourism. This was attributed to the rising cases of insecurity in the country. However, prudent management of the money markets and interest rates through the CBR has seen the shilling hold up a lot better than most of its African peers.

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Guided by our vision
to be Africa's foremost
investment channel



Chairman's Statement

With a stable operating environment we saw an improvement in performance of our underlying assets, across the various sectors of focus.

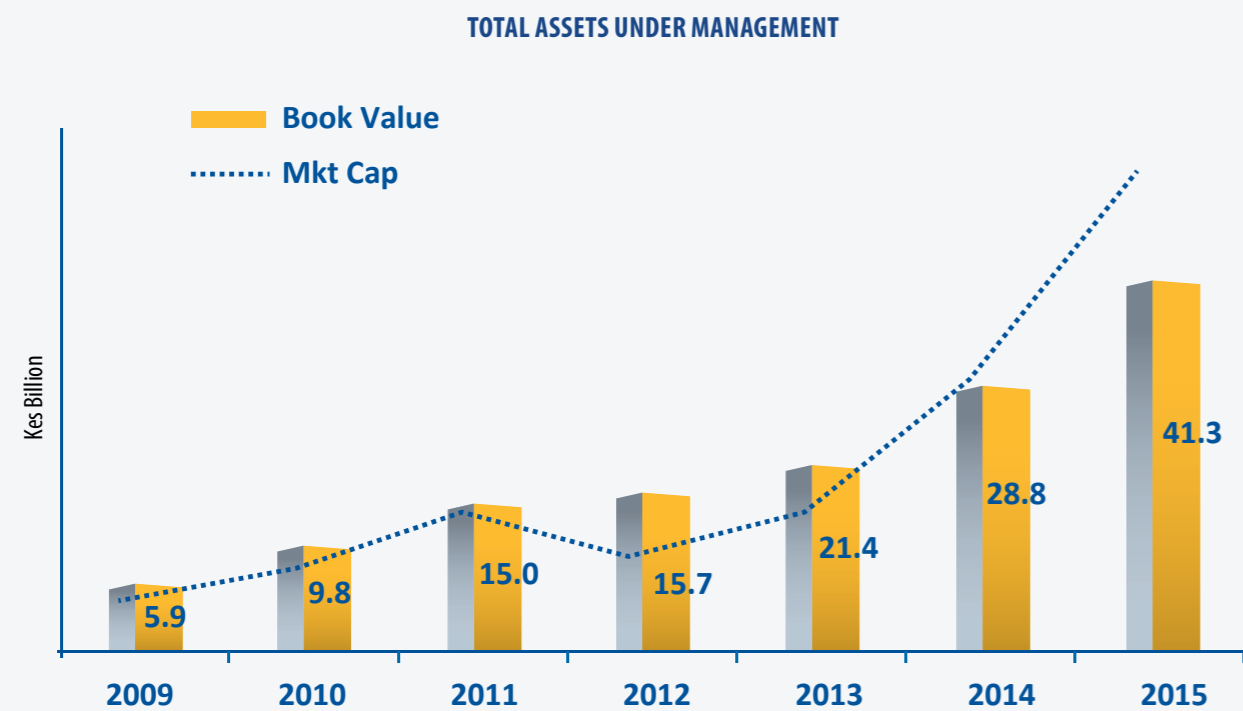
We delivered a 39% return on opening net asset value against a target of 35%. This performance represented a 31% outperformance to the NSE 20 Share Index, and a 39% outperformance relative to the MCSI Frontier Index in dollar terms.

Our Total Assets grew by 43% from Kes 28.8 billion as at 31 March 2014 to Kes 41.3 billion as at 31 March 2015. Total Assets Under Management at 31 March 2015 including third

party funds stood at Kes 179 billion.

Our share remained one of the best performing counters on the Nairobi Securities Exchange during the financial year having recorded a 74% appreciation from Kes 36.50 as at 31 March 2014 to Kes 63.50 at the close of the financial year. Our market capitalization grew by 74% from Kes 24.3 Billion in March 2014 to Kes 42.3 Billion at the close of the financial year.

In June 2014, Centum was included in the NSE 20 Share Index.



Chairman's Statement

OUR BRAND AND DEVELOPMENTS DURING THE YEAR

At Centum, brand means delivery to promise through sector specific teams. We have developed a team of outstanding leaders through whom we will continue to deliver to promise. During the period, we enhanced capacity in our energy and agribusiness divisions.

Our Board has a clear mandate to provide oversight and guidance in the execution of strategy. Our Board comprises of a collection of highly experienced business leaders in Kenya committed to steering your company.

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

1. We received Champion of Governance awards by the Institute of Certified Public Secretaries of Kenya (ICPSK);
 - Group CEO James Mworira was recognized as the CEO of the year; and
 - Company Secretary, Fred Murimi was recognized as the Company Secretary of the year.
2. We were recognized as the Winner in the Corporate Governance Category in the Financial Reporting Excellence Awards (FiRe) 2014;
3. Group CEO James Mworira received the award of the African Business Leader of the Year Award from the Corporate Council of Africa (CCA). The CCA is a nonprofit organisation, with a membership of more than 170 companies, which represent nearly 85 percent of total U.S. private sector investments in Africa.

THE CENTUM FOUNDATION

Centum 3.0 has also seen the Company build on its Corporate Social Responsibility through creation of the Centum Foundation- a social investment vehicle that leverages Centum's core business strengths to support the community and build value by identifying, nurturing and investing in excellent innovative ideas and businesses with potential for market leadership.

At Centum, we recognize that as corporations build the economy, they should also build the communities around them. As such, we established the Centum Foundation, a vehicle that is both sustainable and accessible; to improve the state of our communities in Kenya and the wider African continent. The Foundation leverages on partnerships with various institutions and individuals to consolidate, scale and facilitate activities that not only have a high impact on the community,

but also provide sustainable solutions. Many entrepreneurs lack the guidance and resources they need to succeed in running their business. To combat these challenges, the Foundation developed the Centum Entrepreneurship Program which gives promising entrepreneurs access to the training, mentorship, resources and funding they need to turn their business into the market leaders of tomorrow.

The Centum Entrepreneurship Program began its inaugural cycle in January 2015. Through the program, the Foundation

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We recognize that as corporations build the economy, they should also build the communities around them.”



Chairman's Statement

mentored and trained thirteen promising companies, with one of these receiving funding during the year. The Foundation plans to continue investing mentorship, training and other resources in companies to aid them in their entrepreneurial journey.

DIVIDENDS

In April 2014, 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.

We intend to maintain a zero-dividend policy in the 2014/19 strategy period. This decision was informed by current opportunities available that will be funded by the retention and by the ability of Centum to grow retained dividend at a rate higher than market. Every shilling invested in Centum in April 2009 was worth Kes 7.55 as at 31 March 2015.

APPRECIATION

I would like to express my sincerest gratitude to you, shareholders for the continued support to your Company. I recognize the contribution of my fellow Directors and the Management team for the continuous delivery to the promise of building an extraordinary business anchored on solid investments.

I would also like to recognize the contribution of the Board of Directors and management teams of our investee companies, whose efforts enabled the good performance presented.

God bless you all.



Chairman
James N. Mugiye

Chairman's Statement





JAMES N. MUGUYI
Mwenyekiti wa wakurugenzi



Taarifa ya Mwenyekiti

KWA MWENYEHISA

Kwa niaba ya bodi ya Wakurugenzi wa Centum ,ni fahari kuu kwangu kuwasilisha kwako ripoti ya mwaka ya kampuni pamoja na taarifa ya kifedha inayojumuisha mashirika ya mwaka wa kwanza kwenye kipindi cha mikakati cha 2014-2019.

MIKAKATI YA KIPINDI CHA 2015 HADI 2019, (CENTUM 3.0)

Mwaka wa kifedha wa 2015 ndio mwanzo wa kutekeleza mikakati ya Centum 3.0. Tukiongozwa na ari ya kuwa kampuni inayoongoza kwa uwekezaji barani Afrika. Kampuni yetu inatoa fursa kwa mwekezaji kuweza kuwekeza na kujenga kampuni ya kipekee barani Afrika. Tunafanya uwekezaji wa hali ya juu na tutaangazia shughuli hasa katika vitengo nane mahususi humu nchini, vikiwa: Kitengo cha Mashirika ya Ujenzi na Miundo misingi, Mashirika ya Kawi, Mashirika ya Huduma za Kifedha, Mashirika ya Kilimo Biashara, Mashirika ya Kiteknolojia na Mawasiliano, Mashirika ya Bidhaa za reja reja zinazouza kwa kasi, Mashirika ya Huduma za Kiafya, na cha Mashirika ya Elimu. Uamuzi wa kuchagua vitengo ulikuwa baada ya kutilia maanani mahitaji ya masoko, dalili za ukuaji na uwezo wa Centum wa kufanya uwekezaji wa hali ya juu.

Shabaha ya Centum 3.0 ni :

1. Kuzalisha mapato kwa kiwango kinachozidi asilimia thelathini na tano kila mwaka kwenye kipindi cha mikakati.Katika kipindi cha mikakati cha 2.0 tulipata faida ya wastani ya asilimia 31.

2. Kwa kuangazia hasa kuongeza uwekezaji katika vitengo hivyo nane tulivyotaja. Mikakati ya Centum 3.0 yanatuwezesha kuzingatia kila sekta hasa kufuatia kufaulu kwa vitengo vya Mashirika ya kawi; Bidhaa Zinazouza Kwa Kasi, Mashirika ya Huduma za Kifedha na cha Mashirika ya Nyumba, Ujenzi na miundo misingi.
3. Kuimarisha thamani ya rasilimali ya Centum hadi Shilingi (Kes) bilioni 120 na thamani ya rasilimali chini ya usimamizi kutimia shilingi (Kes) bilioni 720 ifikapo mwaka wa 2019.
4. Kuboresha Chapa na hadhi ya Centum kwa kuajiri maafisa wenye taaluma ili kukuza maarifa na ujuzi katika sekta zinazohusika.
5. Kudhibiti gharama kwa kiwango ambacho hakipiti asilimia 2 dhidi ya thamani ya rasilimali zote kwa jumla. Tunatarajia kuendelea kuhakikisha kuwa gharama ni chini ya asilimia 2.5, jinsi ilivyo desturi yetu .

UTENDAJI KAZI NA HALI YA MAZINGIRA KIBIASHARA

Hali ya uchumi humu ilianza kunawiri tena baada ya misukosuko ya baada ya uchaguzi wa 2013 ambapo kiwango cha ukuaji wa uchumi (GDP) kilikuwa asilimia 5.8. Vile vile uchumi wa Kenya ulikadiriwa upya na Kenya kuoordheshwa miongoni mwa nchi za wastani kwa kuwa na kipimo cha

Dola za kimarekani bilioni 55.2. Kuna matarajio ya uchumi kuendelea kukua kwa kasi zaidi kwa sababu ya ujenzi wa miradi kubwa kama vile ujenzi wa mradi wa uchukuzi utakaounganisha bandari ya Lamu, maeneo ya Sudan na Ethiopia (LAPPSET) na ujenzi wa reli ya kisasa kwa jina SGR. Shilingi ambayo ni sarafu ya Kenya, ilikuwa

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Tunaongozwa na ari ya kuwa kampuni inayoongoza kwa uwekezaji barani Afrika



Taarifa ya Mwenyekiti

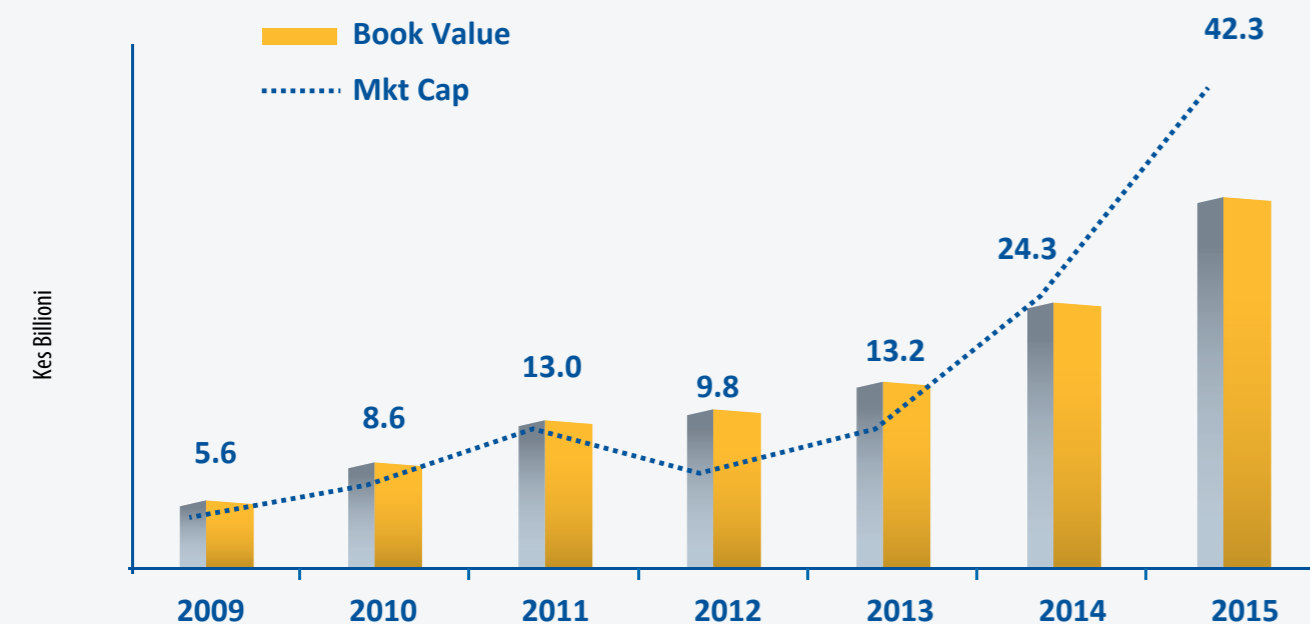
imara mwaka wa 2014 licha ya changamoto ya kupungua kwa fedha za kigeni kutoka sekta ya utalii. Hii ni kufuatia kuongezeka kwa visa vya kutishia usalama humu nchini. Hata hivyo sarafu ya shilingi ni imara ikilinganishwa na zile za nchi zingine barani Afrika kwa sababu ya usimamizi mwema na Benki Kuu ya Kenya na kudhibitiwa kwa viwango vya riba.

Katika hali imara ya mazingira ya utendaji kazi, tulishuhudia kuongezeka kwa faida katika vitengo vyote kwa jumla. Tulipata faida kwa asilimia 39 dhidi ya thamani ya rasilimali zote wakati wa kufungua mwaka ilihali tulikuwa na shabaha ya asilimia 35. Matokeo hayo yanawakilisha ushindi kwa asilimia 31 kulinganishwa na faida ya soko la hisa la Nairobi, na

ushindi kwa asilimia 39 dhidi ya kipimo cha dola cha MCSI cha kigeni.

Hisa zetu katika soko la hisa zimeendelea kutia fora na ni miongoni mwa zile zinaongoza katika kitengo kinachohusika na kurekodi ongezeko kwa asilimia 74 kutoka shilingi 36.50 mnamo 31 Machi 2014 hadi shilingi 63.50 wakati wa kufunga mwaka. Thamani ya hisa zetu zote katika soko iliongezeka kwa asilimia 74 kutoka shilingi bilioni 24.3 mnamo Machi 2014 hadi shilingi bilioni 42.3 wakati wa kufunga mwaka.

Mnamo Juni Centum iliorodheshwa kwa pamoja na Kampuni bora ishirini katika soko la hisa la Nairobi Kielelezo juu ya ongezeko la thamani ya rasilimali.



CHAPA YETU NA MAENDELEO KATIKA SHIRIKA LETU

Katika Centum, nguzo ya chapa ni utendaji kazi kupitia kuajiri maafisa wenye elimu na taaluma kulingana na mahitaji ya kila sekta. Kwa hivyo tumeweza kuajiri maafisa wengine ili kuboresha shughuli katika sekta watakaohudumu na kuhakikisha kuwa tunatimiza kulingana na ahadi tulizotoa. Katika mwaka huu tuliajiri maafisa katika sekta ya Kawi na sekta ya Kilimo biashara.

Jukumu la bodi ya wakurugenzi ni kutoa usimamizi na mwelekeo wa kutekeleza mikakati iliyowekwa. Bodi ya wakurugenzi inaleta kwa pamoja baadhi ya viongozi nchini Kenya ambao ni wataalamu katika maswala ya kibiashara, ili kusimamia shughuli katika kampuni yenu.

Azma yetu kuwa kampuni bora na kutimiza ahadi tulizotoa imewezeshwa kutambuliwa na kupewa tuzo mbali mbali.

1. Tulipewa tuzo kwa kutetea na kuboresha usimamizi wa kimashirika katika kampuni na taasisi ya makatibu (ICPSK) ambapo;
 - Afisa Msimamizi Mkuu, James Mworja alituzwa kama Afisa Msimamizi wa mwaka.
 - Katibu, Fred Murimi, alituzwa kama Katibu wa mwaka.
2. Tulitambuliwa kwa usimamimizi bora wa kimashirika na kuteuliwa kuwa mshindi wa mwaka katika kitengo cha tuzo la FiRe; 2014.
3. Afisa Msimamizi Mkuu Bw. Mworja aliteuliwa kuwa Kiongozi wa Kibiashara wa mwaka na baraza la wasimamizi wakuu wa mashirika barani Afrika (CCA). Baraza hilo ni la kujitolea ikiwa na idadi ya wanachama kutoka kampuni 170,

Taarifa ya Mwenyekiti

ikiwakilisha asilimia 85 ya wawekezaji barani Afrika kutoka Marekani.

TAASISI YA CENTUM FOUNDATION

Mikakati ya Centum 3.0 imetoa fursa kwa Kampuni kunufaika kutokana na juhudi zake za kushiriki katika Jamii kwa kuanzisha taasisi ya Centum Foundation-shirika litakalotoa huduma kwa jamii kwa niaba ya Centum kwa kutambua na kukuza vipaji vya ubunifu na uongozi.

Sisi katika Centum tunatambua kuwa wakati mashirika yanajihusisha na ujenzi wa uchumi, pia yanapaswa kujihusisha na maswala ya kijamii katika sehemu yanamohudumu. Kwa hivyo tulianzisha chombo ambacho ni rahisi kufadhili na kufikiwa ili kuinua maisha ya jamii nchini Kenya na barani Afrika kwa jumla. Taasisi hiyo inatarajiwa kushirikiana na taasisi zingine na watu binafsi ili kwa pamoja tuweze kutoa huduma zenye kuleta mabadiliko katika jamii na pia kutoa suluhisho za kudumu.

Wafanyibiashara wengi wanakosa mwelekeo na fedha za kufaulu katika biashara zao. Kukabiliana na changamoto hizi, taasisi ilianzisha mpango wa kushauri wafanyibiashara chipukizi ili wapate mafunzo na fedha za kuendesha biashara zao ili kwa siku zijazo ziwe kampuni kubwa.

Mpango huo wa Centum ulizindua awamu ya kwanza hapo Januari 2015. Kupitia mpango huo taasisi iliweza kutoa mafundisho kwa kampuni kumi na tatu chipukizi zinazoonyesha dalili ya kufaulu. Mwaka huu, Taasisi ilitoa

tunatambua kuwa wakati mashirika yanajihusisha na ujenzi wa uchumi, pia yanapaswa kujihusisha na maswala ya kijamii



Taarifa ya Mwenyekiti

fedha za kufadhili mojawapo ya hizi kampuni. Taasisi hiyo ina mipango ya kuendelea kugharamia mafundisho na kufadhili kampuni hizo ili kuendeleza biashara zao.

MGAO WA FAIDA

Mnamo 2014 bodi ya wakurugenzi waliamua kutopendekeza ulipaji wa mgao wa faida kwa kipindi cha mikakati ya miaka tano. Kufuatana na hayo bodi ya wakurugenzi hawapendekezi ulipaji wa mgao wa faida mwaka huu.

Nia yetu ni kuendeleza mbinu huo wa kutolipa mgao wa faida katika kipindi cha mikakati cha 2014 hadi 2019. Tulifanya uamuzi huo kwa sababu tutatumia fedha hizo ambazo zingelipiwa mgao wa faida ili kuwekeza katika miradi zinazoibuka pamoja na kuwa Centum inayo uwezo wa kukuza fedha zilizowekwa na kuzalisha faida kwa kiwango kinachoshinda kile kinachopatikana sokoni. Shilingi moja iliyowekezwa mwaka wa 2009 ilikuwa na thamani ya shilingi 7.55 mnamo 31 Machi 2015.

SHUKRANI

Shukrani zangu za dhati ni kwenu wenyehisa kwa kujitolea katika kipindi cha 2009-2014. Ninatarajia kuwa mtaendelea kujitolea hata zaidi kwenye kipindi kipa cha mikakati. Ninatambua mchango wa wenzangu kwenye Bodi ya Wakurugenzi na kwa wasimamizi kwa kuendelea kufanikisha ujenzi wa kampuni thabiti jinsi tulivyoahidi.

Pia ningependa kushukuru wasimamizi wa kampuni tanzu kwa sababu bila wao hatungeweza kupata matokeo haya mema. Ninawasihi kuendelea kujitolea kufanya kazi kwa dhati ili kujenga kampuni yenye thamani itakayowafaidi nyinyi wenyehisa.

Mungu awabariki.



Mwenyekiti
James N. Muguiyi

Management Team



James M. Mworja;
Group Chief Executive Officer and
Managing Director

- Was appointed Chief Executive Officer of Centum Investment Company Limited and its subsidiaries in October, 2008.
- He has fifteen years' experience and is the recipient of many regional and international awards in recognition of his outstanding business leadership. The most recent of this was the Africa Business Leader of the Year award by the Corporate Council of Africa in Washington DC.
- He is a CFA Charter holder, CPA (K), a Global Chartered Institute of Management Accountant, a holder of LLB from the University of Nairobi and an Advocate of the High Court of Kenya.
- He is a Fellow of the Archbishop Desmond Tutu African Leadership Institute.
- He is the Chairman of K-Rep Bank and a non-executive director of the Lewa Conservancy.



Loise Gakumo;
Chief Legal Advisor and Company
Secretary

- Was appointed Chief Legal Advisor and Company Secretary in August 2015.
- She has 13 years' work experience.
- Prior to her appointment, she served as the Group Legal Manager.
- Loise holds a Bachelor of Laws (LLB) degree from UoN. She is an Advocate of the High Court of Kenya and a Certified Public Secretary.



Fred Murimi;
Director, Centum Capital

- Fred Murimi was appointed to the position of Director for Centum Capital in August 2015. Prior to this he served as the Corporate Affairs Director and Company Secretary for the Company.
- He has over 12 years' experience in the investment industry and is a Fellow of the Archbishop Desmond Tutu African Leadership Institute.
- Centum Capital is the division of Centum Group charged with the responsibility of overseeing the execution of the Centum 3.0 strategy through the development of the investment grade opportunities in the eight sectors of focus.





Pius Muchiri;
Managing Director, Nabo Capital Limited

- Muchiri is the Managing Director of Nabo Capital Limited.
- He has over 12 years' investment management experience and is a Fellow of the Archbishop Desmond Tutu African Leadership Institute.

Nabo Capital is a wholly owned subsidiary of Centum whose core business revolves around the management of traditional asset classes such as equities, money markets and fixed-income portfolios as well as alternative asset classes such as real estate, securitizations and private instruments. Nabo is licensed and regulated by the Capital Markets Authority.



Risper Mukoto;
Managing Director, Centum Business Solutions Limited

- Risper is the Managing Director of Centum Business Solutions (CBS), and also serves as the Group Director for Finance and Operations.
- She has 15 years' experience in financial and operations management. She is a Fellow of the Archbishop Desmond Tutu African Leadership Institute.

CBS is a wholly owned subsidiary of Centum providing intergrated shared services to Centum, Centum subsidiaries, associates and third party clients at a fee. Services provided by Centum Business Solutions Ltd include; legal, HR, tax, finance, marketing & communications, risk and compliance, administration and ICT.



Chris Ochieng;
Managing Director, Athena Properties Limited

- Chris Ochieng is the Managing Director of Athena Properties Limited.
- He has over eight years' experience in real estate development gained from Kenya and Dubai.

Athena Properties Limited is a wholly owned subsidiary of Centum that provides real estate development and project management services to Centum and third parties with a special focus on large scale mixed use developments. Athena's services include project conceptualization and delivery, urban planning, implementation and property management as well as sales and letting.



Nicholas Macharia;
Managing Director, King Beverage Limited

- Nicholas joined King Beverage Limited (KBL) as Managing Director in September 2014.
- He has over 14 years' leadership experience in the FMCG sector and previously served in commercial and marketing roles at Weetabix and Coca Cola.

As part of the FMCG strategy, Centum established King Beverage Limited, a company that has distributorship license for Carlsberg Beer. Carlsberg is the fourth largest brewer in the world. It is based in Denmark and is available in over 150 markets with over 500 beer brands with (12 billion litres sold in 2009). The outlook is to pursue local production in the future.



Charles Ogalo;
Managing Director, Genesis Kenya Investment Management Limited

- Charles serves Genesis Kenya as the Managing Director, a position he has held since joining the entity in 1996.
- He has over 15 years' leadership experience in the banking sector and in fund management.

Genesis Kenya has been one of the leading fund managers in East Africa spanning over two decades of consistent outperformance in the local capital markets. Their client base includes (but is not limited to) pension funds, provident funds, insurance companies and endowment funds.



Joyce Macharia;
Managing Director, Almasi Beverages Limited

- Joyce Macharia was appointed Managing Director of Almasi Beverages Limited in October 2014.
- Joyce has more than 22 years' experience in the FMCG sector servicing in various capacities within Mount Kenya Bottlers Limited where she previously served as Managing Director.

In the financial year, Centum acquired additional shareholding in Almasi Beverages, which is the holding company of three Coca Cola bottling plants namely, Mount Kenya Bottlers, Kisii Bottlers and Rift Valley Bottlers, bringing the total shareholding in Almasi to 50.95%. This shifted Almasi Beverages from an Associate Company to a Subsidiary Company of Centum.



Titus Karanja;
Managing Director, K-Rep Bank Limited

- Titus was appointed Managing Director of K-Rep Bank in July 2015.
- He previously served as a Director at Co-operative Bank and has over 13 years' of experience in banking and investments.

K-Rep is a commercial bank focusing on SMEs with a core focus in micro finance based products. It offers both retail and corporate services and has over 35 branches across the country. Centum acquired a controlling stake of 65% in K-Rep Bank during the year.





JAMES MWORIA
Chief Executive Officer



Chief Executive's Review

DEAR SHAREHOLDER

I am pleased to present you with the performance results for the year ended 31st March 2015; this being the first year of our Centum 3.0 Strategy Period.

STRONG PERFORMANCE

Our focus during the year was on the five key themes of our strategy; return, sector focus, scale, brand enhancement and cost efficiency. The table below and the discussion that follows, highlights our performance against these key themes.

	THEME	TARGET	PERFORMANCE IN FY2015
1	Return	To generate an annualized return in excess of 35%	Generated a return of 39%
2	Focus	To develop opportunities of scale in 8 key sectors of the economy	We are active in 4 sectors: (i) Real Estate, (ii) Energy, (iii) Financial Services, (iv) FMCG
3	Scale	To grow Centum's Total Assets to Kes 120 Billion and Total Assets Under Management including third party funds to Kes 720 Billion by 2019	As at 31 March 2015, Centum Total Assets grew from Kes 28.8 Billion to Kes. 41.3 Billion and Total AUMS from Kes 146 Billion to Kes. 179 Billion
4	Brand	To deliver to promise through sector specific teams	During the period, we enhanced sector specific capacity in Power, Agriculture, Real Estate and the Fast Moving Consumer Goods line
5	Costs	To maintain efficiency at below 2% of Total Assets	Cost efficiency during the period stood at 2.1%

RETURN AND SCALE

In the financial year ended 31 March 2015, your Company recorded a Kes. 9 Billion increase in net worth, representing a Net Asset Value growth of 39% from 22.9 Billion to Kes. 31.9 Billion. The book value of shareholder wealth has since 2009 grown by Kes. 26 Billion, a cumulative growth of 447%.

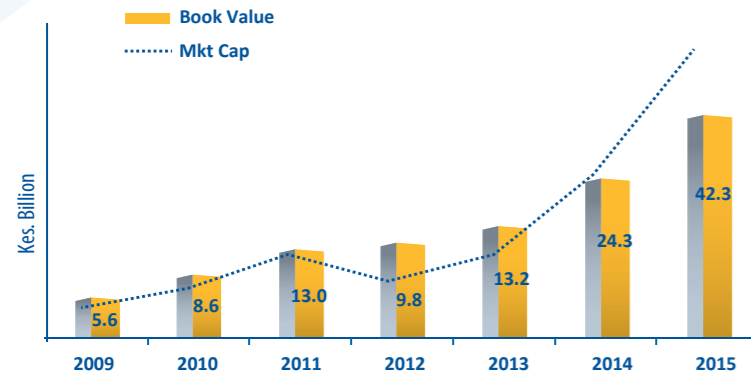
The market value of shareholder wealth grew from Kes 5.6 Billion in March 2009 to Kes. 42.3 Billion in March 2015, representing a 655% growth in value generated to shareholders.

Centum's performance represented a 31% outperformance relative to the NSE 20 Share Index 8% return during the period, and a 22% average outperformance for the six years since 2009.

Consistent Outperformance

YEAR	NSE 20 RETURN	CENTUM NAV RETURN	CENTUM OUTPERFORMANCE
2010	43%	56%	13%
2011	(4%)	37%	41%
2012	(13%)	9%	22%
2013	44%	18%	(26%)
2014	2%	42%	40%
2015	8%	39%	31%
Geometric Average	11%	33%	22%
Cumulative return	86%	447%	361%

Exponential Growth of Shareholder Wealth



FOCUS

Our focus is to consistently deliver a return on the book value of shareholder funds that consistently exceeds the market return. We have so far been successful in this and since we established this objective we have delivered a cumulative return on book value of shareholder funds of 447% which is significantly higher than the rate of return that the stock market has offered.

Our strategy in achieving this objective has evolved over the last six years. Our initial focus was on portfolio investing and this strategy has matured to where we are today as developers of investment grade opportunities of scale.

We are currently active developers in four sectors namely; Power, Financial Services, Fast Moving Consumer Goods, and Real Estate. I highlight below the attractive opportunities we have developed in the sectors.

1. POWER

Centum has a development pipeline of about 1,190 MW of Power Plants to date, with two key projects; Amu Power and Akiira Geothermal.

i. Amu Power

In September 2014 a consortium consisting of Centum and Gulf Energy was awarded the tender to build a 1050 MW coal-fired power plant. The plant is to be located in Manda bay, Lamu County. The project is expected to be completed in 2019, and will go a long way in enabling the delivery of Kenya's projected power demand under Vision 2030.

Centum is the lead equity investor and co-developer on the project and our partner Gulf Energy is leading the development process. The project development process has proceeded very well; the Power Purchase Agreement was initialed on 15th January 2015 and approved by the Energy Regulatory Commission on 16th March 2015. Amu Power has executed the Engineering Procurement and Construction contract with Power Construction Corporation of China (Power China) in a joint venture with its subsidiary, Sichuan Electric Power Design and Consulting Company (SEDC). Power China is one of the five largest state-owned power producers in China. In July 2015, the Lamu County Assembly unanimously approved the Amu Power Project due to the positive impact it will have on Lamu County and the country in general.

The Amu Power Plant, which will be constructed at an estimated cost of USD 1.8 billion, shall be the least cost producer of power in the country. It will also be the largest

Independent Power Project in this region and will account for at least 33% of the power generation capacity in Kenya. More importantly, it will help to reduce the cost of generated electricity significantly.

Amu Power's sustainability efforts will include a strong focus on three core values; community partnership, respect for the environment and transforming lives. Amu has already undertaken a number of corporate social initiatives aimed at improving the lives of the residents of Lamu including distributing solar powered lamps in all the wards and sponsoring installation of street solar lights at the sea front of Lamu, among many other things.

ii. Akiira Geothermal

Centum together with three other partners including Danish Fund; Frontier Investments, Ram Energy from USA and Marine Power Generation are in a joint venture to develop a 140 MW geothermal power plant in Olkaria, Naivasha known as Akiira Geothermal Limited (AGL).

Akiira Geothermal Limited (AGL) is the first private sector Greenfield geothermal development in Sub-Saharan Africa. Phase I of the project is currently underway and exploratory drilling began in Q3 of 2015. Phase I will produce 70 MW while phase II will provide the additional 70 MW. Once successful exploration and production wells are completed, a 70 MW power plant will be constructed and commissioned by 2017. A 25-year Power Purchase Agreement priced at US

cents 9.23/kWh was signed on 12th of August 2015 between AGL and Kenya Power, the off-taker of the power.

AGL has also been able to secure a multi-well exploration risk cover from German insurer, Munich Re, for the comfort of the financial investors. Additionally, two grants have been awarded to AGL including a USD 950,000 from US OPIC, as part of President Barack Obama's Power Africa initiative and a USD 1,244,000 Geothermal Risk Mitigation Facility (GRMF) from African Union Commission (AUC) and European donors.

AGL has also adopted the IFC guidelines and policy for Social and Environmental sustainability and is keen on engaging with the Maasai community in the area to ensure they benefit from employment opportunities as well as other benefits resulting from the project.

2. FINANCIAL SERVICES

Centum acquired a controlling stake of 65% in K-Rep Bank during the year. The bank is expected to deliver significant synergies within the Group. We have begun repositioning the bank by revamping its strategy, investing in technology and human capital. Over the next five years, we intend to help K-Rep Bank grow into a leading Tier II bank by 2019.

“
It will also be the largest Independent Power Project in this region and will account for at least 33% of the power generation capacity in Kenya.”



Chief Executive's Review

3. REAL ESTATE

Our strategy in real estate is the development of new urban nodes, where we identify greenfield sites that are ideal for development. We are currently developing three key opportunities; Two Rivers, Pearl Marina and Vipingo.

i. Two Rivers Development

Two Rivers is a commercial mixed use development sitting on 102 acres of land in Nairobi. We expect to complete the first phase of the development by November 2015. Phase 1 of the Two Rivers development consisted of all aspect of infrastructure development necessary to service an urban node with a density of 850,000 Square Metres and the Two Rivers Mall, which is a retail and commercial complex with 870,000 Square Feet of lettable space making it the largest such development in this region.

During the financial year, Two Rivers Development Limited (TRDL) attracted USD 75 Million in equity investment by AVIC and ICDC and a USD 60 million debt facility from the Co-operative Bank of Kenya.

In October 2014, Carrefour officially signed on as the anchor tenant for the mall. Carrefour is the 4th largest retailer in the world in terms of revenue. Since the signing of Carrefour the mall has signed on many of the leading international brands including Virgin Active, LC Waikiki, Bossini, Lacoste and many more.

ii. Pearl Marina Development

Pearl Marina is a waterfront destination in Entebbe, Uganda on the shores of Lake Victoria and sits on 389 acres. The vision is to develop an urban node anchored around a waterfront marina with a mix of uses ranging from residential, commercial, recreational, hospitality and institutional uses. Following extensive market research we settled on the residential component of the development as the anchor development. Construction of the show cluster of Phase I of the project has started and we expect to have the show cluster ready by March 2016.

iii. Vipingo Land

We are in the process of completing the acquisition of 10,546 acres of land in Kilifi County from Rea Vipingo Plantations Limited. Master planning for Phase I of this development is underway and we are considering establishing a mixed use urban node with industrial, commercial, residential, institutional and hospitality users.

“Carrefour is the fourth largest retailer in the world in terms of revenue.”

3. FAST MOVING CONSUMER GOODS (FMCG)

In the financial year, Centum acquired additional shareholding in Almasi Beverages, which is the holding company of three Coca Cola bottling plants namely, Mount Kenya Bottlers, Kisii Bottlers and Rift Valley Bottlers, bringing the total shareholding in Almasi to 50.95%. This shifted Almasi Beverages from an Associate Company to a Subsidiary Company of Centum. Acquisition of a controlling stake in Almasi is part of Centum's strategy to invest in the FMCG sector, a sector whose growth will continue being

Chief Executive's Review

driven by increasing income and a growing population. Almasi is expected to grow revenues by over 19% annually due to planned activation of 10,000 new outlets and increased capacity following the commissioning of a new 36,000 bottle per hour line in Mount Kenya Bottlers and the expected commissioning in the first quarter of 2016 of a new PET line.

As part of the FMCG strategy, Centum established King Beverage Limited, a company that has a distributorship license for Carlsberg Beer. Carlsberg is the fourth largest brewer in the world.

It is based in Denmark and is available in over 150 markets with over 500 beer brands with (12 billion litres sold in 2009). The outlook is to pursue local production in the future.

EDUCATION AND HEALTH CARE OPPORTUNITIES IN THE PIPELINE

We have also made commendable strides in the education and healthcare sectors. We, in July 2015, partnered with Sabis and Investbridge Capital to form a tripartite consortium that will invest in Africa's education sector. Sabis is a global network of schools with over 70,000 students across four continents while Investbridge Capital is a privately-owned, Dubai Financial Services Authority regulated asset manager and corporate advisory firm with a specialty in real estate across MENA region. The consortium plans to build 20 schools across Africa in the next three to five years.

We have recently identified a suitable site for the school and the consortium is in the process of concluding the land acquisition and designing the school. Our target is to have the first school open by 2018.

We have entered into a partnership with a very successful company that owns and manages medical facilities on three continents. We are in the process of kick starting the development of our health care business that shall span the region.

KEY PORTFOLIO DEVELOPMENTS

During the year, we completed the exit of our 13% equity stake in UAP Holdings to the Old Mutual Group for a consideration of Kes 5.2 Billion. This was a significant value uplift on our investment of Kes 245 Million that we made in 2002. The exit consideration was also at a significant uplift to the carrying value in our Balance Sheet. The value of our investment in the shares of UAP Holdings was carried

“Carlsberg is the fourth largest brewer in the world.”

on the Company balance sheet as at March 31, 2014 at Kes 2.2 Billion. The significant uplift on the carrying value in the balance sheet amply demonstrates the point that I have made in previous reports that Net Asset Value as presented in our Balance Sheet is a very conservative estimate of the intrinsic value of the Company. The funds realized from the exit of UAP have been applied towards the development of the platform companies in our sectors of focus.



Chief Executive's Review

BRAND

Our brand focus is to consistently deliver to promise and to do that, we have developed capability across our sectors of focus to ensure successful development of platform companies in these sectors.

During the period, we enhanced the leadership capacity in the Power and Agribusiness business lines. Stephen Chege joined Centum as Head of Agribusiness. He brings on board over 13 years' experience in the Agribusiness sector. Chris Lemayian also joined as a Principal in the Power team. Chris has over 10 years' experience in managing power projects in the US, Kenya and Tanzania. Ted Hollon, with over 35 years' experience and who has developed the equivalent of 6,000 MW of power plants across the world, joined us to support in the development of Amu Power and Akiira Power.

In October 2014, we set up King Beverage Limited, a wholly owned subsidiary of Centum. King Beverage is the exclusive distributor of Carlsberg in Kenya. Nicholas Macharia joined the Company as Managing Director and has developed a team of Operations, Sales and Marketing professionals during the period. Nick brings on board over 14 years' commercial and marketing experience in the FMCG sector having worked at Weetabix and Coca Cola.

We have also developed a fully-fledged real estate development and project management team within Athena Properties Limited who drive execution of our Real Estate

developments. During the year, we enhanced quantity survey, architecture and engineering capability at Athena. The Athena team is led by Chris Ochieng.

OTHER KEY MANAGEMENT CHANGES

The following key management changes were effected during the year.

Fred Murimi was appointed as Director of Centum Capital in July 2015 replacing James Kaguchia who left the organization to pursue other interests. Prior to this appointment, Fred served as the Company Secretary of the Company, a position he has held for two and a half years. Centum Capital is the division within Centum that is charged with the responsibility of developing Centum's opportunities of scale within the target sectors.

Loise Gakumo took over the Legal Advisory & Company Secretarial docket from Fred. Prior to her appointment, she served as the Group Legal Manager.

FINANCING

In June 2015, we successfully raised Kes 6 Billion through the issuance of a five year Senior Unsecured Bond comprising Fixed Rate Notes and Equity Linked Notes (ELN). The Bond was 138% oversubscribed. The Bond was the first of its kind in Kenya with the ELN component being detachable and tradable separately at the Nairobi Securities Exchange. The proceeds of the issue will be applied towards development

“
Our brand focus is to consistently deliver to promise

of investment opportunities in the Financial Services, Energy and Real Estate sectors.

We intend to continue funding our opportunities using a mix of internally generated funds and debt. Our cash generating capacity has improved significantly over the last six years and our post bond issue gearing is less than 25%.

In August 2015, the Global Credit Rating Company (GCR) retained our credit rating at A (Long term) and A1 (Short term). Our bond was rated A1.

CONCLUSION

The first year of our Centum 3.0 strategy has been successful. With clarity in strategy and a strong management team, we look to the future with confidence that we are well geared to achieve our ambitious strategy.

I thank you the shareholders for the confidence you have shown in your Board and management team and in your patience in allowing the team to execute on the promises

Chief Executive's Review

made to you. I also thank our highly committed Board of Directors for the support to the Company through the years. Lastly I thank my team for their dedication to the Company over the years. Herein lies a great example of what is possible where we put together an ambitious, competent and committed team of shareholders, directors and management, guided by integrity and unity of purpose.

I strongly believe that with our current portfolio of investment opportunities and our ability to develop, scale and grow investments across the eight sectors of focus, we are confident that we will meet our strategic targets in Centum 3.0.

James Mworira, CFA
Chief Executive Officer



Ripoti Ya Afisa Mkuu Msimamizi

KWA MWENYEHISA,

Ni fahari kwangu kuwasilisha kwako matokeo ya mwaka uliokwisha 31 Machi 2015, huu ukiwa mwaka wa kwanza katika kipindi cha mikakati cha Centum 3.0.

MATOKEO MEMA

Lengo letu hapo mwakani ulikuwa kwenye nguzo tano za kuendesha mikakati yetu; faida, kuangazia vitengo, ukuaji, kuboresha chapa na udhibiti wa gharama za utendaji kazi. Jedwali lifuatalo na maelezo yanaonyesha mafanikio tuliyoyapata.

NGUZO	SHABAHA	MATOKEO KWA MWAKA WA 2015
1	FAIDA	Shabaha ni kupata faida kwa zaidi ya asilimia 35
2	LENGO	Kujenga, kukuza na kuongeza uwekezaji katika sekta hizi 8: (i) Sekta ya Nyumba, Ujenzi na Miundo misingi, (ii) Sekta ya Kawi, (iii) Sekta ya huduma za Kifedha (iv) Sekta ya Bidhaa za reja reja zinazouza kwa kasi (FMCG)
3	UKUAJI	Kukuza thamani ya rasilimali zote za Centum hadi kufikia shilingi bilioni 120, aidha rasilimali zote zikiwemo zile ziko chini ya usimamizi wetu hadi shilingi bilioni 720
4	CHAPA	Kuhakikisha kuwa tunakamilisha miradi tunayoazisha kwenye sekta tulizochagua
5	GHARAMA	Kudhibiti gharama kwa kiwango ambacho hakipitishi asilimia 2.0 dhidi ya thamani ya rasilimali zote

FAIDA NA UKUAJI

Katika kipindi kilichokwisha 31 Machi 2015 Kampuni ilirekodi ongezeko la ukuaji kwa shilingi bilioni 9.0, hii ikiwakilisha ukuaji kwa asilimia 39 kutoka shilingi bilioni 22.9 hadi shilingi bilioni 31.9. Thamani ya rasilimali ya mwenyehisa iliyorekodiwa katika vitabu vya hesabu imeongezeka kwa shilingi bilioni 26 tangu mwaka wa 2009, ikiwa ni ongezeko la asilimia 447.

Matokeo ya Centum katika kipindi hiki yanawakilisha ushindi kwa asilimia 31 dhidi ya kipimo cha soko la hisa la Nairobi cha asilimia 8, ikiwa ni ushindi kwa asilimia 22 kwa wastani katika kipindi cha miaka sita tangu 2009.

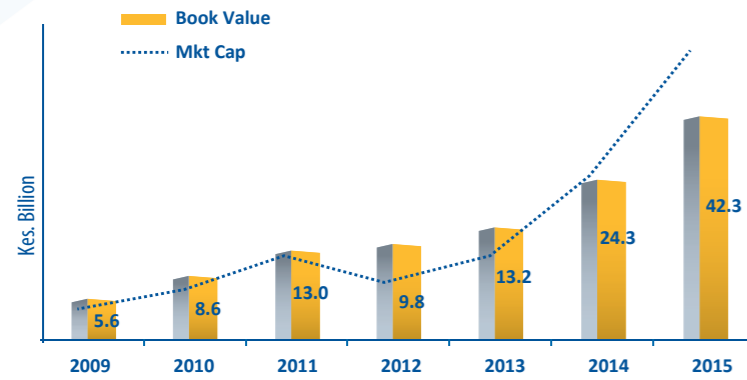
Jedwali linalobainisha ushindi wa matokeo ya Centum

MWAKA	KIPIMO CHA SOKO LA NSE	KIPIMO CHA THAMANI YA RASILIMALI	CENTUM ILISHINDA KWA
2010	43%	56%	13%
2011	(4%)	37%	41%
2012	(13%)	9%	22%
2013	44%	18%	(26%)
2014	2%	42%	40%
2015	8%	39%	31%
Kwa wastani	11%	33%	22%
Faida kwa jumla	86%	447%	361%

JAMES MWORIA
Afisa Mkuu



Kielelezo juu ya ongezeko wa thamani ya rasilimali



LENGO

Lengo letu ni kuendelea kupatia mwenyehisa faida dhidi ya thamani ya rasilimali kwa kiwango kinachoshinda kile kinachopatikana sokoni. Hadi sasa tumefaulu kufanya hivyo kwani tangu kuweka lengo hilo tumewahi kupata faida kwa jumla ya asilimia 447 ambayo inashinda kwa mbali faida inayopatikana kwenye soko.

Mbinu ya kufanikisha mikakati hayo imeendelea kuboreshwa kwa miaka sita iliyopita. Hapo awali lengo letu lilikuwa ununuzi wa hisa na baada ya kunawiri sasa tunawekeza katika miradi mikubwa.

Kwa wakati huu tunafanya uwekezaji katika sekta hizi, Kawi, Huduma za Kifedha, Bidhaa za reja reja zinazouza kwa kasi, na sekta ya Nyumba, ujenzi na miundo misingi.

Baadhi ya miradi tunayotekeleza katika sekta hizi ni hayo yafuatayo.

1. KAWI

Hadi leo, Centum imehitimisha mipango ya kuunda viwanda vya kawi vitakavyozalisha nguvu za umeme kwa kiwango cha Megawati 1,190 kupitia miradi ya Amu Power na Akiira Geothermal.

i. Kampuni ya Amu Power

Mnamo Septemba 2014 kikundi kilichoshirikisha Centum na Gulf Energy kilipata zabuni ya kujenga kiwanda cha kawi kitakachotoa nguvu za umeme kwa kiwango cha megawati 1050 kwa matumizi ya aina ya makaa ya mawe. Kiwanda hicho kitakuwa kule Manda Bay, Kaunti ya Lamu. Mradi unatarajiwa kukamilishwa mwaka wa 2019 ili kusaidia kutosheleza mahitaji ya nguvu za umeme humu nchini kuambatana na Mikakati ya Maono ya Vision 2030.

Centum ni mwekezaji mkuu wa mradi huo na pia mshiriki katika ujenzi wa mradi ilhali Gulf Energy inasimamia shughuli za ujenzi. Mpango wa ujenzi wa mradi huo unaendelea barabara na mkataba wa ununuzi uliwekwa mnamo 15 Januari 2015 na kupewa idhinisho na tume ya kusimamia kawi mnamo 16 Machi 2015. Kampuni ya Amu power imekamilisha mipango yote ya uhandizi kupitia ushirikiano wa Kampuni ya Umeme kutoka China (China Power), ikishirikisha kampuni tanzu ya Sichuan Electric Power Design & Consulting Company (SEDC). Power China ni mojawapo ya kampuni tano kubwa za serikali zinazotoa huduma za nguvu za umeme nchini China. Bunge la kaunti ya Lamu ilitoa idhinisho kwa mradi huo kwa kauli moja mnamo Julai 2015 kwa sababu ya manufaa ya mradi kwa watu wa kauli ya Lamu pamoja na nchi nzima.

Kiwanda cha Amu Power, ambacho kinakadiriwa kugharimu dola za kimarekani bilioni 1.8 kitakuwa cha kwanza kuzalisha umeme kupitia mawe ya makaa. Pia itakuwa kiwanda kikubwa cha kibinafsi katika kanda hili kwa uzalishaji wa nguvu za umeme na itachangia asilimia 33 ya mahitaji ya kawi nchini Kenya. Muhimu zaidi ni kuwa itasaidia kupunguza gharama ya stima pakubwa.

Ili kudumisha mradi huu wa Amu power ni lazima kuzingatia maadili muhimu ya kushirikisha jamii; kutunza mazingara, na kubadilisha hali ya maisha kwa wakazi wa hapo. Tayari Amu imeanzisha mipango ya kusaidia wakazi wa Lamu. Hii ni pamoja na ugavi wa taa zenye kutumia miale ya jua mitaani na kwa kugharamia utoaji wa mwangaza kwa matumizi ya sola katika ufuo wa Lamu na mengine mengi.

ii. Akiira Geothermal

Centum kwa pamoja na washiriki kama vile Danish Fund, Frontier Investments, Ram Energy kutoka Marekani na Marine Power, inajenga kiwanda kitakachotoa nguvu za umeme kwa kiwango cha Megawati 140 kupitia matumizi ya mvuke kule Olkaria, Naivasha, na ambacho kinaitwa Akiira Geothermal Limited (AGL).

Mradi wa aina hiyo ni wa kwanza kujengwa barani Afrika. Awamu ya kwanza kitakuwa kikitoa nguvu za umeme kwa kiwango cha megawati 70. Awamu ya pili ya mradi wa kutoa megawati mengine 70 itazinduliwa mnamo 2017 baada ya kukalimilika kwa shughuli za utafiti. Mkataba wa miaka 25

baina ya AGL na Kampuni ya KPL ilitiwa saina mnamo 12 Agosti 2015 ili kuuza nguvu za umeme kwa bei ya centi 9.23.

AGL pia imepata bima kutoka kwa kampuni moja ya bima ya Ujerumani, Munich Re, ili kudhibiti madhara na kwa minajili ya wafadhili. AGL pia imeweza kupata ufadhili wa Dola za Kimarekani 950,000 kutoka US Opic, ikiwa ni ile sehemu ya ufadhili kutoka kwa Rais Obama kwa mpango wa miradi ya kawi barani Afrika, na pia kupata Dola za Kimarekani 1,244,000 ya kugharamia shughuli za utafiti kutoka kwa tume ya baraza la Afrika (African Union Commission) na wafadhili wengine wa kutoka bara la Ulaya.

AGL inatilia maanani maadili ya IFC kuhusiana na maswala ya kijamii na utunzi wa mazingara na inanua kushirikiana na jamii ya Kimaasai ili kuhakikisha kuwa wanapewa nafasi za kazi pamoja na manufaa mengine.

2. HUDUMA ZA KIFEDHA

Centum ilifaulu kununua hisa katika Benki ya K-Rep na kuiwezesha kumiliki asilimia 65 ya Benki hiyo. Tunatarajia Benki hiyo itasaidia kurahizisha utendaji kazi hasa zinazohusiana na huduma za kifedha. Kwa miaka mitano yaliyoko mbele tutaweza kujenga benki hiyo kufikia daraja ya pili mnamo 2019.



Pia itakuwa kiwanda kikubwa cha kibinafsi katika kanda hili kwa uzalishaji wa nguvu za umeme na itachangia asilimia 33 ya mahitaji ya kawi nchini Kenya.



Ripoti Ya Afisa Mkuu Msimamizi

3. KITENGO CHA MASHIRIKA YA NYUMBA, UJENZI NA MIUNDO MISINGI

Mikakati yetu katika sekta hii ni kuanzisha ujenzi wa majengo katika sehemu za kifahari mijini. Kwa wakati huu tuko katika harakati za kuendelea ujenzi wa Two Rivers, Pearl Marina na Vipingo.

i. Ujenzi wa mradi wa Two Rivers

Mradi wa Two Rivers ni ujenzi wa jengo lenye matumizi ya mseto kwenye shamba la ekari 102. Mradi unatarajiwa kukamilika mnamo Novemba 2015. Awamu ya kwanza ilikuwa uwekaji wa miundo misingi kwenye eneo la mraba wa futi 850,000 na kwa jengo la Two Rivers Mall, ambalo ni jengo kubwa zaidi katika kanda hili.

Kwenye mwaka, kampuni ya Ujenzi ya Two Rivers Development ilivutia wawekezaji waliofadhili Dola za Kimarekani Milioni 75 kutoka kwa mashirika ya AVIC na ICDC na pia mkopo wa Dola za Kimarekani milioni 60 kutoka Benki ya Co-operative Bank.

Mnamo Oktoba 2014, Carrefour ilitia saini rasmi na kuifanya kuwa mpangaji mkubwa wa jengo hilo. Carrefour ni wa 4 kwa ukubwa miongoni mwa maduka ya supamaketi kote duniani kwa kipimo cha mapato. Tangu wakati huo jengo hilo la mall imetia saini na wapangaji kubwa wa kimataifa kama vile Virgin Active, LC, Waikiki, Bossini, Lacoste, na wengine wengi.

ii. Pearl Marina

Pearl Marina inapatikana katika ufuo wa lake Victoria kule Entebbe, nchini Uganda na ni kwenye shamba la ekari 389. Lengo ni kujenga jengo kwenye mji ambalo linakaribiana na ufuo, ikiwa na mseto wa matumizi baina ya makazi, biashara, bustani ya mapumsiko, hoteli na pia taasisi mbali mbali. Baada ya utafiti kufanywa tuliama kuanzisha mradi kwa ujenzi wa nyumba za kifahari za makazi. Awamu ya kwanza ya mradi huu ni ujenzi wa nyumba za maonyesho na tunatarajia zitakuwa tayari mnamo Machi 2016.

iii. Shamba la Vipingo

Tunakaribia kukamilisha ununuzi wa shamba la ekari 10,500 kule Kaunti ya Kilifi kutoka kwa Rea Vipingo Plantations. Shughuli za uchoraji wa awamu ya kwanza ya mradi zimeanza na tunayo mpango wa ujenzi wa mseto baina ya mji, viwanda, biashara, nyumba za makazi, taasisi na hoteli.

“Carrefour ni wa nne kwa ukubwa miongoni mwa maduka ya supamaketi kote duniani”

4. BIDHAA ZA REJA REJA ZINAZOUZWA KWA KASI

Kwenye mwaka, Centum ilinunua hisa zingine ya Kampuni ya kutengeneza vinywaji, Almasi Beverages, ambayo ni kampuni inayomiliki kampuni hizi za Coca Cola; Mount Kenya Bottlers, Kisii Bottlers na Rift Valley Bottlers na kufanya umiliki wa Centum kwenye Almasi kuwa asilimia 50.95. Ununuzi huo unafanya Almasi Beverages kuwa kampuni Tanzania. Pia ni kufanikisha mikakati ya kuwezesha Centum kuwekeza katika kitengo cha Mashirika ya bidhaa za reja reja zinazouza kwa kasi, ambayo ni sekta inayoendelea kukua kwa haraka kwa sababu ya

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kunawiri kwa mapato na kuongezeka kwa idadi ya watu. Mapato ya Almasi inatarajiwa kupanda kwa asilimia 19 kila mwaka kupitia kuzinduliwa kwa maajenti 10,000 wapya na kufuatana na kuongezeka kwa uzalishaji kutokana na mpango wa kujenga kiwanda cha Mount Kenya Bottlers chenye uwezo wa kutengeneza chupa 36,000 kwa saa moja na ambacho kinatarajiwa kuzinduliwa mnamo 2016 mwakani.

Mmojawapo ya mikakati kutekelezwa katika kitengo na Centum ni uanzilishi wa King Beverages, Kampuni ambayo inayo leseni ya uuzaji wa kinywaji cha Carlsberg Beer. Carlsberg ni wa nne kwa ukubwa miongoni mwa kampuni zinazotengeneza pombe duniani. Inapatikana nchini Denmark na bidhaa zake hupatikana katika nchi 150 na idadi ya 500 za chapa mbali mbali ya pombe, na iliweza kutengeneza lita bilioni 12 zilizouzwa mwaka 2009. Matarajio yetu ni kuweza kutengeneza bidhaa hizo humu nchini kwa siku za usoni.

SEKTA YA ELIMU NA SEKTA YA HUDUMA ZA AFYA

Tumepiga hatua kubwa katika sekta hii ya elimu na huduma za afya. Mnamo Julai 2015 tulifanya mkataba na shirika la Sabis na la Investbridge Capital ili kubuni shirika litakalo fanya uwekezaji katika sekta ya elimu barani Afrika. Sabis inamiliki baadhi ya shule katika maeneo ya bara nne duniani, ikiwa na idadi ya wanafunzi 70,000. Aidha Investbridge Capital ni shirika la kibinafsi iliyoko chini ya Mamlaka ya Dubai Financial Services, kwa maswala ya kifedha na pia maswala ya Nyumba, ujenzi na Miundo misingi na linalo hudumu katika maeneo

ya Mashariki ya Kati na Afrika ya kaskazini. (MENA). Shirika hilo lina mipango ya kujengo Shule 20 barani Afrika katika kipindi cha miaka mitatu hadi tano kichacho.

“Carlsberg ni wa nne kwa ukubwa miongoni mwa kampuni zinazotengeneza pombe duniani”

Hivi karibuni tulitambua sehemu muafaka kwa ujenzi wa mradi huo na kwa wakati huu shirika linafanya mpango wa ununuzi wa shamba hilo na uchoraji. Lengo letu ni kuweza kufungua shule ya kwanza ifikapo 2018.

Aidha tumefanya ushirikiano na kampuni kubwa yenye uzoefu katika usimamizi wa maswala ya Afya. Tunayo lengo la kutoa huduma za afya katika kanda hili hivi karibuni.

MASWALA MUHIMU YALIYOJIRI KWA MASWALA YA UWEKEZAJI

Kwenye mwaka tulikamilisha uuzaji wa hisa tulizomiliki kwa asilimia 13 katika UAP Holdings. Mauzo hayo ni kwa shirika la Old Mutual kwa bei ya shilingi bilioni 5.2. Hii ni manufaa kubwa kwa kuwa tulikuwa tumenunua hisa hizo kwa shilingi milioni 245 mnamo 2002. Thamani ya hisa za UAP iliyorekodiwa katika vitabu ilikuwa shilingi bilioni 2.2 mnamo 31 Machi 2014. Ni kubainisha dhana kwamba thamani halisi ya rasilimali ni juu kuliko ilivyorekodiwa kwenye vitabu. Fedha kutokana na mauzo hayo ya hisa za UAP ilitumika kuwekeza katika miradi tunayoendelea kujenga.



Ripoti Ya Afisa Mkuu Msimamizi

CHAPA

Lengo letu kuu ni kuendelea kupata faida jinsi tulivyoahidi na kwa hivyo tumetia nguvu usimamizi wa sekta zote kupitia kuajiri maafisa ili kuhakikisha ufanisi.

Kwenye kipindi hiki ajira ilifanywa katika sekta ya Kawi na ya kilimo biashara. Bw. Stephen Chege alijiunga na Centum kama msimamizi mkuu wa shughuli za kilimo biashara. Anayo ujuzi wa miaka 13 ambayo ni manufaa kwetu. Aidha Bw. Chris Lemayian alijiunga na Centum kama msimamizi mkuu katika kitengo cha Kawi. Anayo ujuzi wa miaka 10 aliopata Nchini Kenya na Tanzania ambayo ni manufaa kwetu. Bw. Ted Hollon akiwa na ujuzi wa miaka 35 alijiunga nasi ili kusaidia katika ujenzi wa viwanda vya kawi vyenye uwezo wa kuzalisha nguvu za umeme kwa kiwango cha megawati 6,000 pamoja na miradi ya Amu Power na Akiira Power.

Mnamo Oktoba 2014 tulianzisha King Beverage Kenya Limited, ikiwa ni kampuni tanzu ya Centum. Kampuni ya King Beverage inahusika na uuzaji wa bidhaa za Carlsberg nchini Kenya. Bw. Nicholas Macharia alijiunga na kampuni hiyo kama Mkurugenzi Msimamizi Mkuu na kwa upande wake ameteua kikundi cha maafisa katika shughuli za utendaji kazi, mauzo na maswala ya mahusiano. Nick anajiunga akiwa na ujuzi wa miaka 14 kutoka kampuni za Weetabix na Coca Cola ambapo amewahi kufanya kazi.

Pia tumewahi kuweka usimamizi wa dhati katika sekta ya nyumba na Ujenzi chini ya Athena Properties Limited, ili kuongoza shughuli za ujenzi katika sekta hiyo. Tulifanya uajiri

kwenye taaluma za usaruveya, uchoraji, na uhandizi. Kundi la Athena kinaongozwa na Bw. Chris Ochieng.

MABADILIKO MUHIMU MENGINE YALIYOFANYIKA KATIKA USIMAMIZI

Mabadiliko yanayofuata yalifanywa kwenye mwaka.

Fred Murimi aliteuliwa mnamo Julai 2015 kuwa mkurugenzi wa Centum Capital na kuchukua nafasi ya James Kaguchia ambaye alijiuzulu. Kabla ya uteuzi huo kufanywa Fred alihudumu kama katibu, cheo alichoshikilia kwa muda wa miaka miwili na nusu. Centum Capital ni idara katika Centum yenye kushughulika na ufadhili wa miradi katika Centum.

Loise Gakumo aliteuliwa kama katibu ili kuchukua nafasi ya Fred. Kabla ya kuteuliwa alikuwa maneja katika idara ya sheria katika Centum.

KUHUSU UCHANGISHAJI WA FEDHA

Mnamo Juni tulifaulu kuchangisha shilingi bilioni 6 kupitia toleo la hati za bondi za muda wa miaka tano. Bondi hizo zilinunuliwa kwa asilimia 138. Aina hiyo ya Bondi ilikuwa ya kwanza kuwahi kutolewa nchini Kenya kwa kuwa na uwezo wa kuuzwa katika soko la hisa la Nairobi (NSE). Fedha hizo zitatumika kuwekeza katika ujenzi wa miradi kwenye sekta za Kifedha, kawi na Nyumba, ujenzi na miundo misingi.

Nia yetu ni kuendelea kutumia fedha kwa mseto wa fedha za kindani kwa pamoja na mikopo. Uwezo wetu wa kupata fedha umeimarika kwa muda wa miaka sita iliyopita ambapo

Ripoti Ya Afisa Mkuu Msimamizi

baada ya toleo la bondi kipimo cha uzito wa mikopo dhidi ya rasilimali ilikuwa asilimia 25.

Mnamo Agosti 2015 tulikadiriwa na kupewa alama ya A kwa mikopo ya muda mrefu na alama ya A1 kwa mikopo ya muda ya wastani. Hayo yalifanywa na shirika linalobainisha mikopo duniani (GCR). Bondi ilikadiriwa kwa alama ya A1.

SHUKRANI

Mwaka wa kwanza wa kutekelezwa kwa mikakati mpya umeshuhudia mafanikio mengi yanayobainisha hekima ya kuanzisha Centum 3.0. Tukiongozwa na mikakati ya dhati na kuweko kwa usimamizi wenye nguvu tunaimani kwa siku za usoni na kwamba malengo yetu yatafaulu. Ninawashukuru nyinyi wenyehisa kwa imani munaoonyesha kwa Bodi ya Wakurugenzi na kundi la wasimamizi na kwa kuvumilia wakati tunapoendesha shughuli jinsi tulivyowaahidi. Shukrani pia kwa Bodi ya Wakurugenzi ambao ni wastadi na kwa kujitolea kwa minajili ya kampuni kwa miaka hiyo yote.

Mwisho natoa shukrani kwa kikundi cha wasimamizi kwa kujitolea kwa dhati kwa miaka hiyo yote. Huu ni mfano wa mafanikio tukiwa na maafisa waliojitolea, wenye taaluma na ari ya kufaulu wanaoongozwa kwa msingi wa maadili mema na umoja.

Ninaamini kuwa kupitia nafasi hizi za uwekezaji ambazo tumepata na uwezo wetu wa kukuza rasilimali katika vitengo hivyo nane, tuna hakika kuwa tutafanikisha malengo ya Centum 3.0.

James Mworira, CFA
Afisa Mkuu





FINANCIAL REVIEW

INTRODUCTION

In accordance with International Financial Reporting Standards (IFRS), Centum’s financial statements comprise both Group and Company financial performance.

The Group financial statements highlight Centum’s performance as a holding company. Investments in associate companies where we do not have a controlling majority but hold more than a 20% stake, are valued at net asset value in the company financial statements in accordance with International Financial Reporting Standards (IFRS).

Conversely, the Company’s financial statements highlight Centum’s performance as an investment company. All investments in the company financial statements are measured at fair value as stipulated by International Financial Reporting Standards (IFRS). The company’s performance therefore remains Centum’s area of focus and results concerning its performance will form the basis of the financial and business line review.



REPORTING

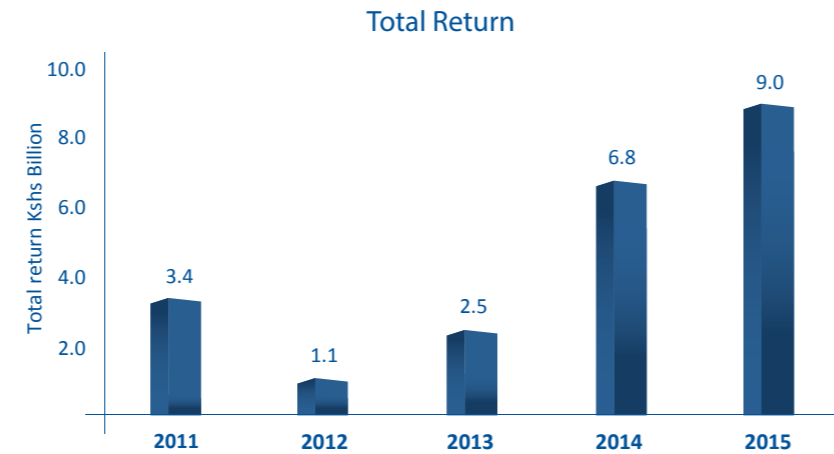
The Group and Company financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The table below shows how different investment classes are recognized in the Group's consolidated financial statements.

To address the challenge of different treatments, we introduced the total return statement to measure value creation more effectively. The total return statement measures the value created during the financial period and recognizes each type of investment in a consistent manner.

INVESTMENT CLASS	INCOME RECOGNITION IN THE STATEMENT OF COMPREHENSIVE INCOME	ASSETS & LIABILITIES
Subsidiary - More than 51% equity ownership	Line by line consolidation of income and expenses	Line by line consolidation of assets and liabilities
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	Unrealised movements in property valuation	Fair value based on annual valuations by independent external valuers

TOTAL RETURN

We believe that the performance of your Company should be assessed based on its increase of Net Asset Value (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 Statement

Kshs Million	FY 2015/2014	FY 2014/2013
Dividend income	1,318	1,789
Interest income	76	40
Other income (expense)	(40)	11
Realised gains	2,949	15
Unrealised gains	7,396	5,885
Gross returns	11,699	7,740
Finance costs	(669)	(462)
Portfolio costs	(867)	(431)
Tax	(1,160)	(48)
Total returns	9,003	6,799
Gross return (as a percentage of opening net asset value)	51%	48%
Total return (as a percentage of opening net asset value)	39%	42%

Total return refers to the value created during the period both realized and unrealized. Internally, total return is used to track performance against prior year, budgeted and forecasted performance.

Total return is calculated as the gross portfolio return less portfolio and finance costs. Gross portfolio return is the sum of the cash return and value movements in the period. Gross portfolio is computed by summing portfolio income which includes dividend income, interest income and realized gains and unrealized value movements in the portfolio.

Centum recorded a total return of 39% in the financial year ended 31 March 2015 compared to 42% in the financial year ended 31 March 2014. This translates to a gain in net worth of Kes 9 billion.

Realised gains during the year were in the respect to the disposal of Centum's stake in UAP Holdings and stakes held in the Helios and Cape III funds. Unrealized gains recorded in the period were a reflection of the underlying performance of the investment portfolio.

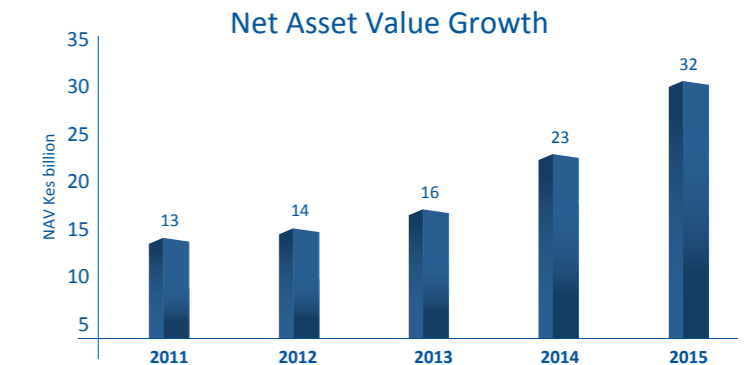
NET ASSET VALUE

The company recorded a Kes 9bn growth in Net Asset Value (NAV) representing a 39% growth compared to 31st March 2014. The net asset value has cumulatively increased by 146% from 2011 to 2015.

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%.

During the year ended 31 March 2015, the costs increased by Kes 436m in tandem with the growth focus of the business. Total assets in the period grew by 43% to Kes 41.3 billion as at 31 March 2015 from Kes 28.8 billion as at 31 March 2014. This growth was largely driven by an improvement in the underlying performance of the portfolio as well as new investments made in K-Rep Bank Limited and Almasi Beverages Limited.



PORTFOLIO COSTS / COST EFFICIENCY

Kshs Million	FY 2015/2014	FY 2014/2013
Portfolio costs	867	431
Closing portfolio value	37,465	29,371
Cost efficiency	2.1%	1.5%

FINANCIAL POSITION

Kshs Million	FY 2015/2014	FY 2014/2013
Total assets	41,328	28,811
Borrowings	(7,569)	(5,492)
Other liabilities	(1,820)	(383)
Capital and reserves	31,939	22,936
NAV per share (Kshs)	48.00	34.47



Financial Review

FUNDING AND GEARING

We continue to fund our investments through a combination of internally and debt generated funds. Total debt as at end of March 2015 stood at Kes 7.6 billion while net debt after deducting cash and bank balances stood at Kes 3.9 billion. The gearing ratio as at 31 March 2015 was 12.2% compared to 23.2% as at end of 31 March 2014. Our debt as at 31 March 2015 comprises of Kes 4.3 billion corporate bond and Kes 3.3 billion Rand Merchant Bank loan.

In November 2014 we obtained a 12 month USD 35 million loan facility from First Rand Bank Limited through it's Rand Merchant division acting as an agent. The funds were utilized in the acquisition of an additional 65.88% stake in K-Rep Bank Limited. The facility was refinanced by our recent Kes 6 billion bond issue.

We have in place an overdraft facility of Kes 2.7 billion with Co-operative Bank of Kenya Limited and as at the end of the financial year, the facility was unutilized.

In June 2015, we successfully raised Kes 6 billion through the issuance of 5 year Bond comprising fixed rate and equity linked notes. The bond was listed on the Fixed Income Market Segment (FIMS) of the Nairobi Securities Exchange (NSE) on the 30th of June 2015.

The bond was 138% subscribed with applications worth Kes 8.3 billion received.

The ELN subscription was Kes 3.48 billion demonstrating the market's depth, increased sophistication and appetite for innovative products. The detachability of the variable return, a first in this market, was also welcomed by investors. Proceeds from the bond, which is the largest bond to be issued by an investment company in Kenya, will be used in financing Centum's developments in the financial services, energy and real estate sectors.

We maintained our credit rating at A (long term) and A1 (short term) by the Global Credit Rating Company. Our bond was rated A1.

SECTOR REVIEW





Real Estate and Infrastructure



Power



FMCG



Financial Services

We look to execute our development activities in eight key sectors of our economy. The section that follows provides updates on our activity within each of the sectors.

Real Estate and Infrastructure 1

Power 2

Fast Moving Consumer Goods (FMCG) 3

Financial Services 4

Marketable Securities

Others

Outlook (Agribusiness, ICT, Healthcare, Education)



1 REAL ESTATE AND INFRASTRUCTURE

Our strategy in real estate is hinged on the development of new urban nodes; we identify ideal Greenfield sites and drive the end-to-end process to develop a real estate solution that addresses a compelling market need.

Real Estate and Infrastructure

VALUE: KES 9.2 BN



Athena Properties Limited
Real estate
100%

Athena is a wholly owned subsidiary that offers a range of end-to-end development and project management services. It is made up of a team of diverse expertise, and multi-cultural backgrounds; bringing together strong leadership, in-depth industry knowledge and professional experience. Athena has now established a track record as East Africa's top real estate development firm that has in its portfolio investment grade, large scale mixed use developments in Kenya and Uganda.



Two Rivers Development Limited
Real estate
58.3%

A new master planned urban node currently under construction that is set to become Kenya's financial hub, business and residential location of choice on prime 102 acres located along Limuru Road within the Diplomatic Blue Zone area of Gigiri/ Runda, in Nairobi, Kenya.



Pearl Marina Estates Limited
Real Estate
100%

A new integrated water front development currently under construction that is set to become Uganda's tourism, business and residential location of choice on prime 389 acres located in Garuga Peninsula, Entebbe, Uganda.

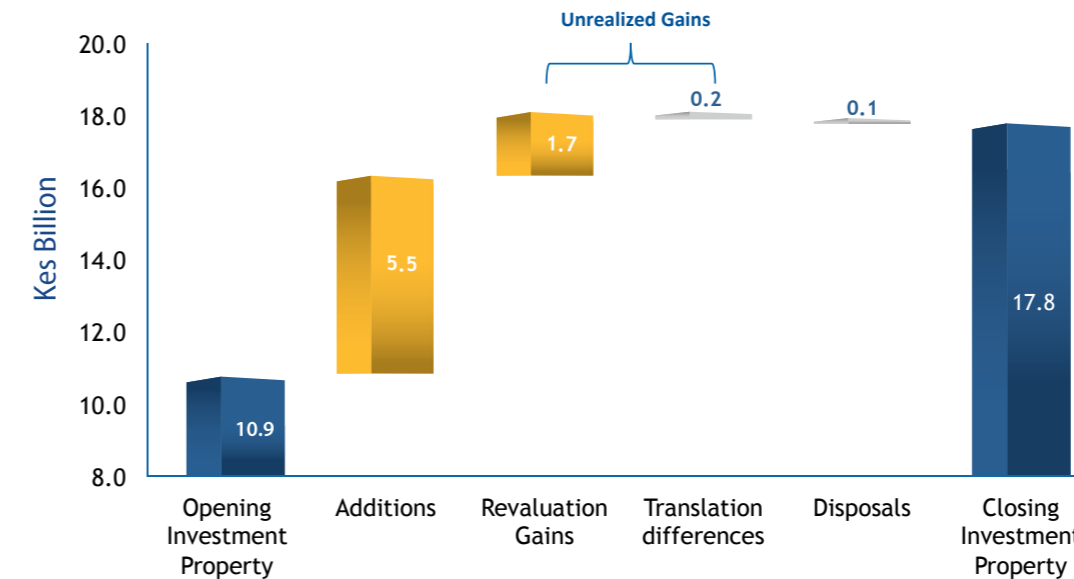
Vipingo Estate Limited

Vipingo Estate Limited
100%
Real Estate

Centum is in the process of completing the acquisition of 10,546 acres of land in Kilifi county, ideal for mixed use, commercial development with a wide range of uses including industrial, commercial, residential, institutional and recreational. We are developing viable strategic development plans that will position this development as a highly attractive and much sought after urban node.

Real Estate and Infrastructure

HIGHLIGHT OF PERFORMANCE DURING THE PERIOD



This will rise to 130 Million by 2020. Locally, Kenyans are increasingly purchasing items from formal retailers. This has seen informal shopping outlets reduce by 29% while modern distribution outlets have grown by more than 34%.

• **Growing Economies** – Africa's GDP is expected to almost double from USD 1.6 trillion in 2008 to USD 2.6 trillion in 2020. Consumer spending power will increase from USD 860 billion in 2008 to USD 1.4 trillion by 2020.

ATHENA'S INVESTMENT FOCUS AND VALUE CREATION

Athena's objective is to transform the delivery of large scale projects by ensuring they are completed on time, budget and to a high quality.

Athena now offers highly regarded complete suite of end to end solutions in large scale property development ranging from master planning, urban planning, project management, construction management, development management and project finance.

Athena is focusing on the development of mixed use developments and urban nodes whose aim is to create inclusive, connected communities. Athena will be primarily focused on the development phase but is open to following attractive opportunities along the property value chain that yield exceptional returns.

Going forward, Athena will continue to maximize value from Centum's property portfolio.

OUR OPPORTUNITIES IN REAL ESTATE

In Real Estate, we seek opportunities that leverage our ability to quickly mobilise funds for investment as well as our sector experience, thereby unlocking attractive development opportunities. This is expected to lead to the creation of new urban nodes and address shortages in the commercial and residential real estate markets.

Our Real Estate investments are guided by the following major regional trends:

- **Demographics** – It is estimated that 40% or 300 Million of Africa's population live in cities. This number will rise to 800 Million by 2030. Africa's population is also young; 60% are under the age of 25 and it is expected that the majority will live in cities yet to be conceived.
- **Improving Living Standards** - Africa's economies have been growing consistently and the effect is that 85 Million Africans earn over USD 5,000 per annum.



Real Estate and Infrastructure

PROJECTS PORTFOLIO

TWO RIVERS DEVELOPMENT

Two Rivers is a new master planned urban node currently under construction that is set to become Kenya's financial hub, business and residential location of choice on prime 102 acres located along Limuru Road within the Diplomatic Blue Zone area of Gigiri/ Runda, in Nairobi, Kenya.

Two Rivers Development will integrate Retail, Entertainment and Lifestyle facilities, modern office parks, residential apartments, hotels, civic, recreational and public amenities. The development is being constructed in phases and when complete will have an estimated built up area of 851,000 SQM.

The development has attracted both local and international investors and retail brands.

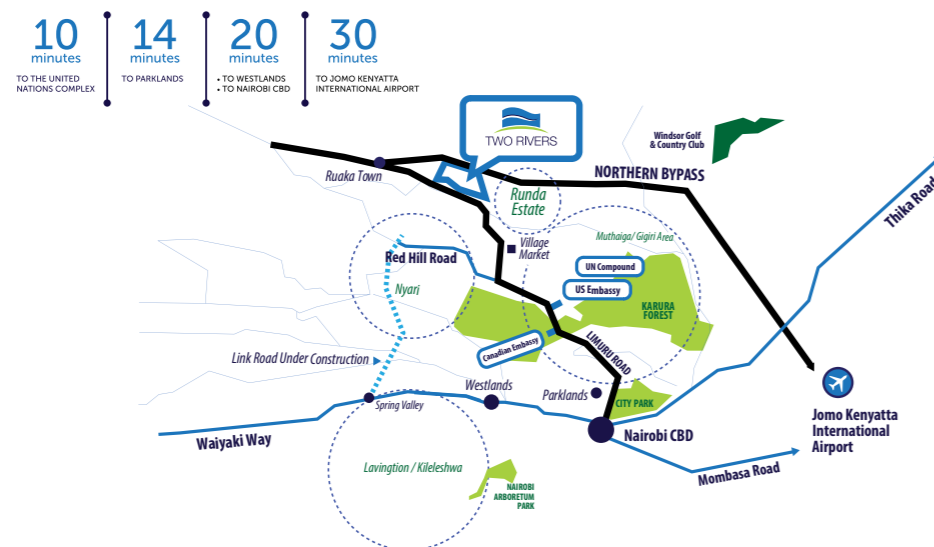
Two Rivers is easily accessible from Limuru Road and the

Northern By Pass with direct connection to:

- JKIA Airport
- Nairobi CBD
- Muthaiga, Runda, Westlands, US embassy, UN offices, Canadian embassy, international schools.

Two Rivers is located within the most affluent neighbourhood in Kenya with annual spend in excess of USD 500 million and in close proximity to various foreign embassies and UN headquarters with high demand for retail, entertainment, office and residential offering.

Through our subsidiary Two Rivers Development Limited, we commenced infrastructure works at Two Rivers in October 2013 and broke ground on the Two Rivers Mall in May 2014. During the FY 2014/2015 the project construction proceeded in line with the expected timelines.



Real Estate and Infrastructure

TWO RIVERS MALL

- We commenced construction of the mall in May 2014 and it is set to be completed by November 2015.
- The mall is set to change the face of shopping, entertainment and leisure in the region with superior quality and service throughout the East African market. The mall will be an everyday destination in which to shop, do business, eat, entertain, see and be seen.
- The scale of the mall is equivalent to 11 soccer fields with a total gross built up area of 113,000 sq.m which gives 62,000 of gross lettable area. The mall has 220 shops and is anchored by Carrefour Hypermarket, Chandarana, Magic Planet, Deacons and Vox Cinema. In addition there are approximately 28 food & beverage restaurants, over 190 retail stores providing high quality and shopping variety for customer.
- Shoppers will enjoy over 2049 parking bays providing a hassle free and seamless access to the mall.
- Two Rivers Mall will be positioned as a regional and destination mall that has a solid primary catchment area to sustain day to day footfall and large secondary and tertiary catchment area that will provide additional footfall for the mall from shoppers and visitors.
- Management and operation of Two Rivers Mall will be based on best in class real estate and mall management practices that are benchmarked against the most promising and best performing malls globally.

TWO RIVERS MALL AT A GLANCE;

Everything under one roof ...

- **Food beverage and entertainment**
 - Over 10% taken up by new and existing F&B offers,

- providing signature restaurant, fine dining, casual dining and quick service retail
- Indoor entertainment constitutes 7% of the total GLA
- Outdoor entertainment at the river front
- **Hypermarket and food**
 - Carrefour hypermarket anchor at 8,500sqm
 - A gourmet food offering (Chandarana) 2,100sqm
- **Fashion**
 - With over 70 fashion and apparel stores occupying at least 18% of the total mall GLA, there is a strong representation of Kenya's leading retailers plus new local and international fashion outlets
 - Show casing Kenya's growing new designers
- **Health beauty and wellness**
 - A new international gym with indoor pool and special kiddies' area of 2,800sqm
 - Spas, beauty salons and new cosmetic outlets for men and women
- **Jewelers and accessories**
 - Leading local and international brands for men and women
- **Home zone**
 - A home zone with 4,615 SQM
 - Major electronics cluster
- **Services**
 - A major specially designed banking hall with 10 banks
 - Services from key cutting, shoe repairs, mobile services, TV



Real Estate and Infrastructure



PROPOSED TWO RIVERS APARTMENTS

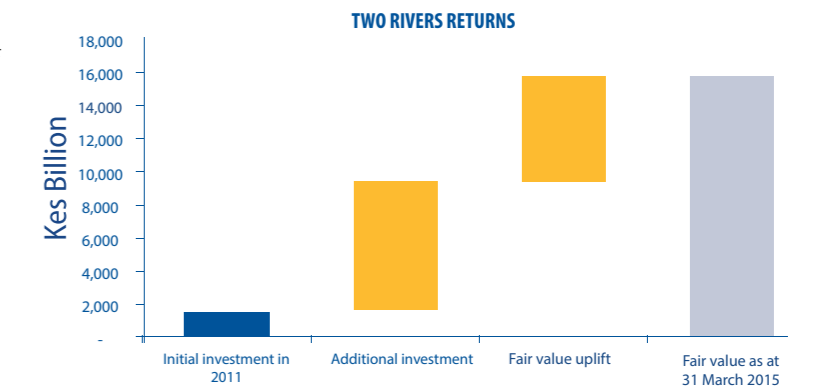
The proposed Two Rivers Luxury Apartments will be a cluster of 108 apartments at Two Rivers. By combining modern designs, décors and furnishings Two Rivers Luxury Apartments take apartment living to a new level in Kenya. It offers maximum comfort and convenience. The apartments are within a mixed use environment comprising of retail, entertainment, commercial, residential and recreational components. The expected completion date is first half of 2017.



Real Estate and Infrastructure

TWO RIVERS RETURNS

Since 2011, the value of investment in Two Rivers Development Limited has increased from an initial investment of Kes 1.6 billion to Kes 15.8 billion as at March 2015.



FINANCING

Our total accounting return is the overall return we generate including the impact of debt, commonly called the 'levered property return'. At Athena, we aim to maximize our return on investment by prudent use of debt while we also aim for joint venture investments so as to conserve capital. During the Financial year FY2014/2015 we signed investment commitments from two institutional investors, who subsequently invested USD 75 million in Two Rivers Development. Further, we secured debt funding of USD 60 million in a 13-year long term debt from Cooperative Bank of Kenya which is currently being deployed into the project.



Real Estate and Infrastructure

DEVELOPMENT PROGRESS ON TWO RIVERS PROJECT

a. Additional Statutory Approvals Received

We received additional statutory approvals to construct access roads on Limuru Road and the Northern By-pass. Limuru Road will have an underpass into the development, while the Northern Bypass will have a round-about with a provision to upgrade to an overpass in the future. This is the first privately funded construction of a major interchange in Kenya.

b. Phase 1 Infrastructure

The progress on some of the infrastructure components is outlined below:

- The internal road includes paved roads, jogging and cycling paths.
- Construction of a 46 MVA substation, 2MW solar installation and backup generators.
- High tech ICT and smart city solutions.
- Gas reticulation, water and waste water management system.
- Security systems including CCTV, visitor management system and a police post.
- Smart parking management system.
- The construction is ongoing for waterworks, sewer works, mechanical services and electrical services.
- Raising and improvement to Limuru road and the underpass has been completed. Work on the slip roads into the development is ongoing.
- Works on the Northern Bypass access is in progress and

considerable construction progress has been made on the internal roads.

- Bulk Earthworks for the roads and mall has been completed paving way for civil works on the respective areas.
- Water and waste water treatment plants construction is ongoing.
- The construction of temporary power substation is completed and civil works on the permanent power station is ongoing.
- The detailed design of the public open spaces and landscaping works has been completed and implementation is set to commence.

Below is an artist impression of Two Rivers site upon completion.



Real Estate and Infrastructure



Real Estate and Infrastructure



Real Estate and Infrastructure

Over the two year period Athena has led the following value add initiatives;

- Zoning, planning and approvals
- Infrastructure works and construction of Two Rivers Lifestyle Center
- Sale of bulk rights
- Construction & Equity Investment
- In 2015 Catic and ICDC invested a combined USD75mn in Two Rivers

c. Letting progress

During the period under review, letting has progressed well. Carrefour Majid Al Futtaim Retail –Carrefour (“MAF Retail-Carrefour”), the second -largest retailer in the world, is set to make an entry into Sub Saharan Africa and its second entry into Africa, the first one being in Egypt, having leased space in the upcoming Two Rivers Lifestyle Center (“TRLC”) in Nairobi. Carrefour cemented this position by signing a lease agreement with TRLC in a colorful ceremony held at the Two Rivers site on Wednesday 15th October 2014.

For its Kenyan outlet, Carrefour is expected to replicate the firm’s strategy of stocking major brands alongside its own branded items, with most of the fresh produce sourced from local suppliers. Additionally, it is expected that at least 400 direct jobs and another 400 indirect jobs will be created through their suppliers’ networks. This demonstrates the retailer’s commitment to improving the quality of life while growing the local economy.

Presently, while the mall is targeting international tenants for 50% of the space, first time international signed tenants stand at 30%.

d. Project Implementation

- In the pipeline are 20,000 SQM that will be complete in 2016 include a 3 star hotel; City Lodge Hotel, set to open in 2016 and 108 luxury apartments.
- Victoria Commercial Bank development plans are at the design stage with construction expected to commence in HY:2015 a Gross Built Area of 9,882 SQM.
- We are in negotiations with a premium hotel brand to establish a flagship 5 star hotel at Two Rivers with direct connection to the mall and a link to allow for possible sharing of back of house with branded apartments to be run by the same operator.
- At least 60% of the Retail, Entertainment & Lifestyle centre has been let.
- Athena is currently exploring several joint venture arrangements for development of commercial and residential development at Two Rivers.

e. Environmental Conservation

Sustainable building and green building have gained remarkable traction across the globe. It has become common practice for new buildings to be built and certified as green, making them more attractive to the market, not only with lower operational costs but also offering many other short and long term benefits for both the environment and the building owner. In light of the foregoing, Athena is a Platinum promoter and founding member of Kenya Green Building Society. Our aim is that our projects will set the benchmark in environmental standards across the region by incorporating best practices in environmental conservation.

Real Estate and Infrastructure

To actualize this vision, we are implementing the following:

- Environmental Management
 - » We have 2 in-house Green Star Accredited professionals and one LEED expert.
 - » We have also put in place an environmental management plan.
 - » The buildings also have a maintenance plan, waste and recycling management plan that will facilitate the reduction of overall operational waste generation and disposal.

- Indoor Environmental Quality
 - » Cross Ventilation.
 - » Daylighting.
 - » Thermal control for thermal comfort.
 - » Reduction of internal noise levels.

- Energy:
 - » Solar panels for energy generation hence reducing our reliance on the national grid for electricity.
 - » Electrical energy sub metering.
 - » Maximum electrical energy demand reduction through smart lighting.

- Transport:
 - » Provision of sufficient car parking.
 - » Provision of cycling and pedestrian lanes.
 - » There will be a shuttle service for commuters within the development.

- Water:
 - » Grey water will be treated in the treatment plant and used for landscape irrigation and firefighting purposes.



Real Estate and Infrastructure

SITE PHOTOS AS AT MAY 2015

The Two Rivers Mall, Two Office Towers and Infrastructure works



Figure 4: A panoramic view of the mall



The Two Rivers Mall

The structure of the mall has been completed and the contractor is progressing with MEP (Mechanical, Electrical, Plumbing)



Real Estate and Infrastructure

PEARL MARINA

Pearl Marina is new integrated waterfront development currently under construction that is set to become Uganda's tourism, business and residential location of choice on prime 389 acres located in Garuga Peninsula, Entebbe, Uganda.

Pearl Marina will provide premium, tourism and residential facilities including hotels, conference facilities, luxury apartments, villas, marinas, a hospital, international school,

modern office park, retail centre, a wide range of sports and recreational activities. These facilities will be supported by high quality sustainable infrastructure.

The development is being constructed in phases and when complete will have an estimated build up area of 1,450,000 sq.m.

Artistic impression of part of the project



Real Estate and Infrastructure

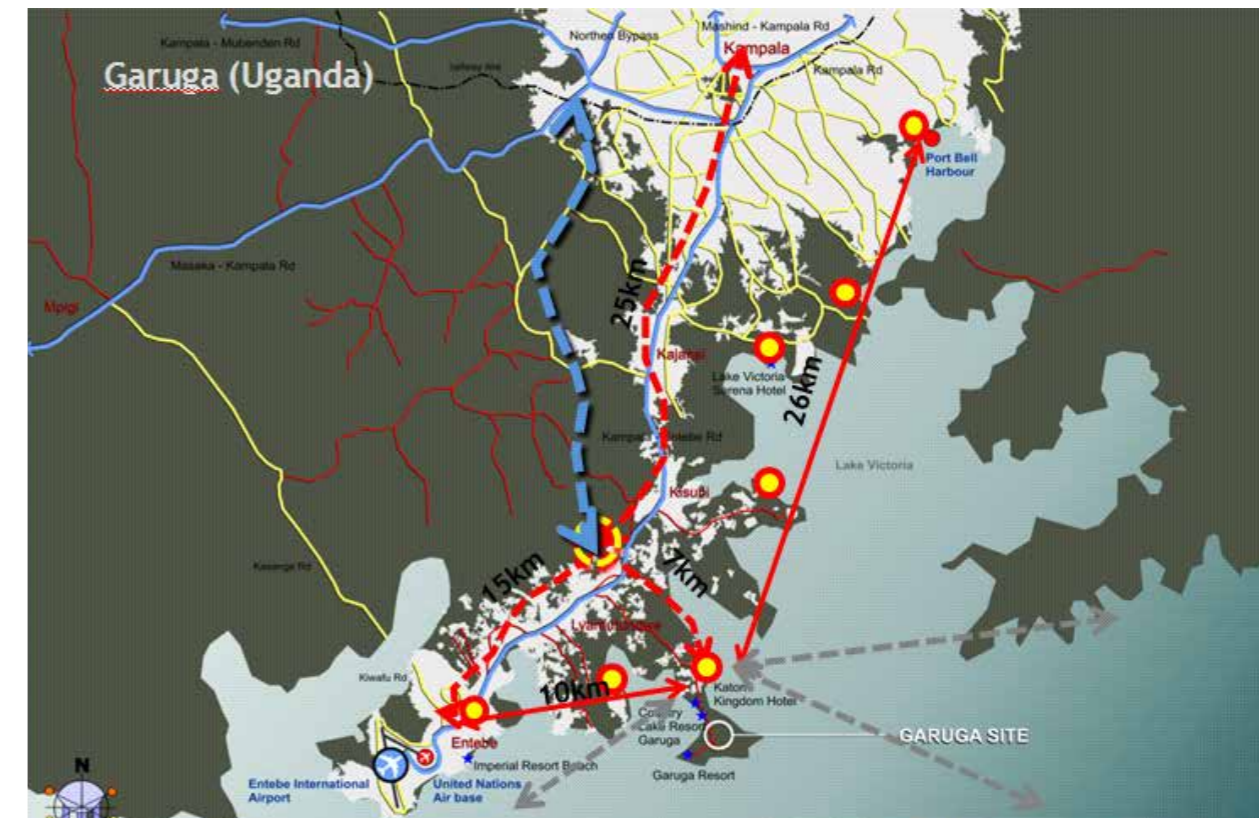
Site Description

The site enjoys over 3.5 kilometers of panoramic views of the lake. The inspiration behind Pearl Marina came from the natural beauty of the site. It is an ideal location for a waterfront resort town attracting locals, Ugandans visitors from the diaspora and tourists from all over the world.

Pearl Marina offers a solution to the increasing demand for high quality residential and commercial developments in Uganda. The vision of Pearl Marina is to create a self-

sufficient private municipality. Pearl Marina will have private residences, hotels, an international school, state of the art sports facilities and water sports including a marina.

The urban management includes setting up of the institutional framework, integrated development plans, a spatial developments framework and provision of social and physical infrastructure services.



The site in its regional context



Real Estate and Infrastructure

The master plan below gives a snap shot of the Pearl Marina environment and is a statement to its envisioned self-sustenance.

PEARL MARINA DEVELOPMENT PLAN

Pearl Marina, being 389 acres, will be developed in phases to allow for easier capital allocation and introduction of the project into the market. From the market perspective, we would like to make sure that the project and the developments therein are demand driven as opposed to supply driven.

Phase I

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

- Residential Housing – A total of 105 houses will be developed in the first phase. This will include two bedroom duplexes, three bedroom villas and five bedroom villas. Each cluster will have approximately 10 houses. The clusters will provide exclusivity without



eroding the element of community living and neighborliness. Each house has views of both the lake and the common lawn. Pearl Marina is the hidden gem in nature. It integrates the landscaped gardens and views of the lake into the architecture. Some of the concepts design is shown below.

- An international school – We are in conversations with international schools to partner in the development of the international school to meet the demand for good quality schools in Uganda.
- An international hospital – Centum is in discussions with a health care provider to partner in Pearl Marina to build an international hospital that will offer specialised medical care and medical tourism.
- A club house – Development of a club house to support the villas to host guests and have conference facilities. The club house will be run by an international hotel brand, a private square for events such as weddings, conference facilities and swimming pool facilities.

Phase II will consist of:

- Office space – Pearl Marina will have an office park environment to maximize the synergies created by retail, commercial and residential uses.
- Marina – the development will take advantage of the water frontage to develop a marina which will create a provision of water activities.
- Sporting and recreational activities – A wide range of facilities will be on offer including a children's club, a fitness centre, a health spa, tennis, cycling, fishing,

Real Estate and Infrastructure



**Architect's impression of the villas*



basketball, mini soccer pitches and bird watching.

- A ferry cum boat service – this will provide alternative connection between Entebbe and Pearl Marina and between Port Bell near Kampala and Pearl Marina.

PEARL MARINA PHASE 1 INFRASTRUCTURE

- Roads - The road network will include carriageways, footpaths/jogging tracks, walking trails, cycle tracks, landscaping.
- Street Furniture - Complete street furniture will be provided.
- Power - 0.5Mva power available at site and sufficient to power phase 1 with standby generators to provide backup power for common areas during power down time.
- All units to have solar water heating and use LED bulbs to minimize reliance on the grid. Energy efficient buildings will be designed.
- Potable Water - Water storage reservoir will be constructed to store 2 days water supply for the development.
- Waste Water - Waste water (grey and black water) will be treated in line with Local Authority and World Health Organisation standards. Reusing treated rain water, black and grey water to meet irrigation and water demand.
- ICT Smart City & Building Management System- Provide triple play services example data, video and voice will be provided. A smart city & Building Management System (BMS) will be installed to monitor the various utilities, services and developments in Pearl Marina. The system will be integrated within the Pearl Marina Local Area Network.

- Solid Waste Management - Recycling of waste material to be encouraged. An internal waste collection / recycling service will be implemented.
- Solid waste taken to Refuse Transfer Station (RTS) for disposal off site by municipal / private collection trucks.
- Comprehensive solid waste management strategy to be developed and implemented.

Project Approvals

- Management has received all the master plan and phase 1 building plans approvals from Wakiso Local government.
- Management has received a master plan approval letter from the National Physical Planning Board.
- Management has secured NEMA EIA License for the project.
- Management has submitted application letter seeking exemption to develop on the 200M setback. A section of the master plan has since been granted 50M set back and the full approval will be issued by Q3:2015.

CURRENT CONSTRUCTION PROGRESS



The entrance to Pearl Marina



The photo shows the setting up of the houses with views of the lake



Real Estate and Infrastructure

GOING FORWARD

In summary, our key focus for the FY2015/2016 for the two projects will be to:

- Complete and open Two Rivers mall and Two Rivers infrastructure.
- Progress on the construction of Phase 1 and initiate construction of additional cluster houses of the Pearl Marina Project.
- Progress on the conversion of Two Rivers into a Development Real Estate Investment Trust (REIT).
- Break ground on the construction of Phase 1 of Rea Vipingo Estate.
- Close on joint venture arrangements for other sites.





2

POWER

Centum has a clear vision to be East Africa's leading Independent Power Producer (IPP)



Not actual site. Image for illustration purposes only.



Not actual site. Image for illustration purposes only.

Centum has two key power sector projects; Amu Power and Akiira Geothermal Plant.

AMU POWER

Amu Power Limited is a Centum Investment-Gulf Energy consortium whose vision is to anchor long term national economic growth and aspirations by provision of reliable, safe and affordable power. The consortium was, on 1st September 2014, awarded a tender by Kenyan Government for the development of a 1,050MW coal fired power plant, located in Lamu County. The project is expected to be completed in 2019, and will go a long way in enabling the delivery of Kenya's projected power demand under Vision 2030.

The project development process has proceeded very well; the Power Purchase Agreement was initialized on 15th January 2015 and approved by the Energy Regulatory Commission on 16th March 2015. Amu Power has executed the Engineering Procurement and Construction contract with Power Construction Corporation of China (Power China) in joint venture with its subsidiary, Sichuan Electric Power Design & Consulting Company (SEDC). Power China is one of the five largest state-owned power producers in China. In July 2015, the Lamu County Assembly unanimously approved the Amu Power Project due to the positive impact it will have on Lamu County and the country in general.

The Amu Power Plant, which will be constructed at an estimated cost of USD 1.8 billion, shall be the least cost producer of power in the country. It will also be the largest Independent Power Project in this region and will account for at least 33% of the power generation capacity in Kenya. More importantly, it will help to reduce the cost of generated electricity significantly.

Amu Power's sustainability efforts will include a strong focus on the following core values; community partnership, respect for the environment, and transforming lives. Amu has already undertaken a number of activities aimed at improving the lives of the residents of Lamu. These include distributing solar powered lamps in all the wards, sponsoring installation of street solar lights at the sea front of Lamu, paving of some of the streets in Lamu town, building several water storage tanks in the area, distributing fishing nets and other fishing equipment to local fishermen and support of the Maulid and Lamu cultural festivals among other things. Amu Power also has quite a number of social initiatives that will be beneficial to the people of Lamu planned.

AKIIRA GEOTHERMAL PLANT

Centum together with three other partners including Danish Fund; Frontier Investments, Ram Energy from USA and Marine Power Generation are in a joint venture to develop a 140 MW geothermal power plant in Olkaria, Naivasha known as Akiira Geothermal Limited (AGL).

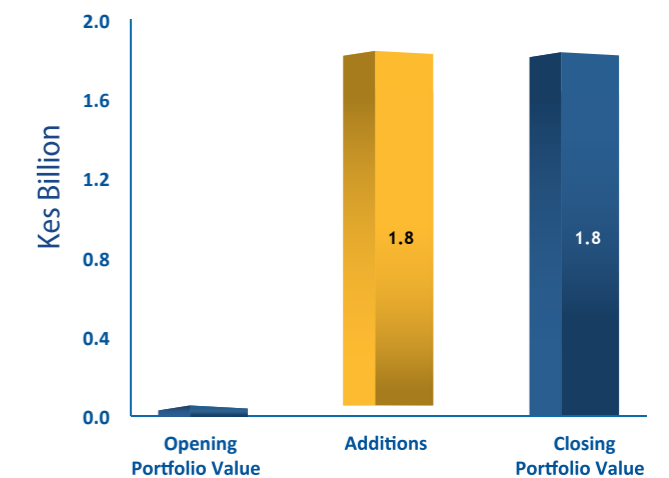
AGL is the first private sector Greenfield geothermal development in Sub-Saharan Africa. Phase I of the project is currently underway and exploratory drilling began in Q3 of 2015. Phase one will produce 70 MW while phase II will provide the additional 70 MW. On completion the plant will be the largest privately owned Greenfield geothermal development in Sub-Saharan Africa. Once successful exploration and production wells are completed, a 70 MW power plant will be constructed and commissioned by 2017. A 25-year PPA priced at US cents 9.23/kwh was signed on 12th of August 2015 between AGL and Kenya Power, the off-taker of the power.

AGL has also been able to secure a multi-well exploration risk cover from German insurer, Munich Re, for the comfort of the financial investors. Additionally, two grants have been awarded to AGL including a USD 950,000 from US OPIC, as part of President Barack Obama's Power

Africa initiative and a USD 1,244,000 Geothermal Risk Mitigation Facility (GRMF) from African Union Commission (AUC) and European donors.

AGL has also adopted the IFC guidelines and policy for Social and Environmental sustainability and is keen on engaging with the Maasai community in the area to ensure they benefit from employment opportunities as well as other benefits resulting from the project.

HIGHLIGHT OF PERFORMANCE DURING THE PERIOD





3

FAST MOVING CONSUMER GOODS (FMCG)

Fast Moving Consumer Goods (FMCG)

Our current portfolio in the FMCG sector is highlighted in the table below



Nairobi Bottlers Limited

Stake: 28 %
Sector: Food and Beverages

Nairobi Bottlers Limited is the largest of the Coca Cola franchises in Kenya. Its territory spans across the whole of Nairobi, parts of Central, Eastern and Rift Valley provinces. Nairobi Bottlers accounts for a large percentage of the total Coca-Cola volumes in the country covering products on returnable glass and PET packaging.



Almasi Beverages Limited

Stake: 51%
Sector: Food and Beverages

Almasi Beverages is a consolidation of three bottlers in Kenya: Rift Valley Bottlers, Mount Kenya Bottlers and Kisii Bottlers. Rift Valley Bottlers franchise territory spans across Rift Valley and Western provinces. Mount Kenya Bottlers franchise territory spans across Central & North Eastern while Kisii Bottlers franchise territory spans across parts of South Rift Valley and Nyanza provinces.



Kenya Wine Agencies Limited

Stake: 26%
Sector: Food and Beverages

Kenya Wine Agencies is a leading manufacturer and distributor of wines and spirits in East Africa with operations in Kenya, Uganda and Rwanda. The company was a government corporation and was privatized in 2014 through the Government of Kenya's sale of its 26% stake to Distell.



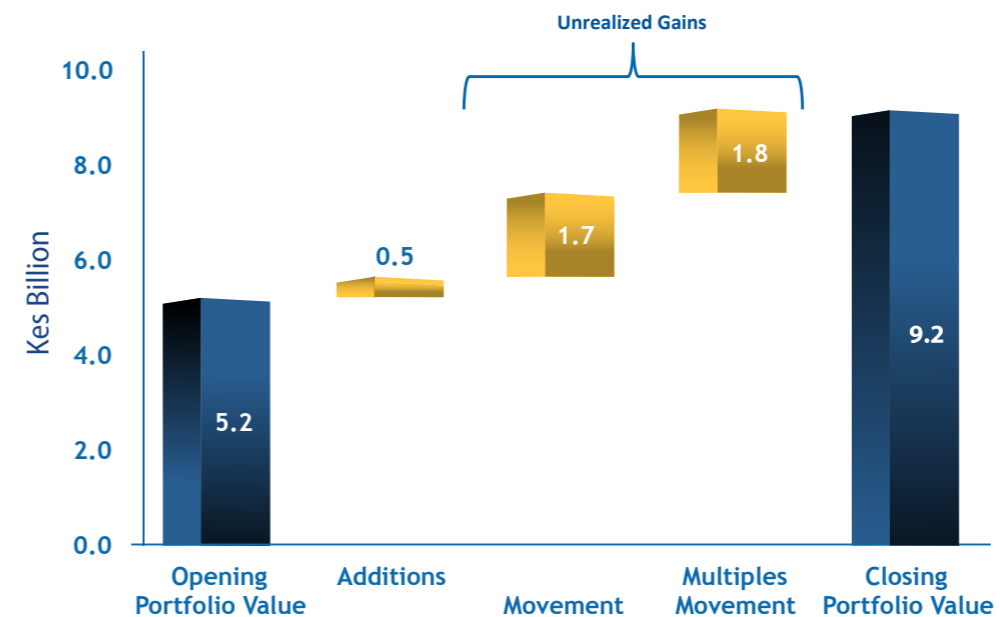
King Beverage Limited

Stake: 100%
Sector: Alcoholic Beverages

King Beverage was formed as a start up to engage in the distribution of Carlsberg beer with the aim of rolling out a brewery in three years. The company was operational 9 months after the initial contract between Centum and Carlsberg.

Fast Moving Consumer Goods (FMCG)

HIGHLIGHT OF PERFORMANCE DURING THE PERIOD



In the year ended March 2015, the government approved the privatization of KWAL through a shareholding sale to Distell who were strategic suppliers to KWAL. The partnership will see KWAL improve operations with guidance from Distell which is a leading wines and spirits company and increase value for all shareholders.

During the year, Centum established King Beverage Limited, a wholly owned subsidiary. King Beverage is the exclusive distributor of Carlsberg beer in Kenya with an end objective of development of local production capacity. Carlsberg is the fourth largest brewer in the world; based in Denmark and available in over 150 markets with over 500

Our activity in the FMCG sector is primarily in the beverages sector.

During the period we increased our shareholding in Almasi Beverages Limited to 51%, making it a subsidiary. Almasi's market share stands at 29% of the carbonated soft drinks consumed in the country. The double digit growth of the soft drinks market in Sub Saharan Africa has outpaced global growth. We look to execute various value creation plans exploiting the synergies between the underlying bottling plants; Mt. Kenya, Kisii and Rift Valley bottlers to realize value.

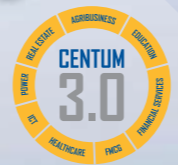
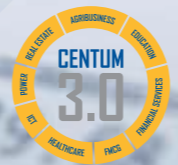
beer brands with 12 billion litres sold in 2009. Kenya's beer consumption per capita is 9.2 litres and is estimated to rise to 14.2 litres in the next 3 years. King Beverage has already put together a team with experience in the beverage market in Kenya and is currently working on building an intricate distribution network.










4

FINANCIAL SERVICES



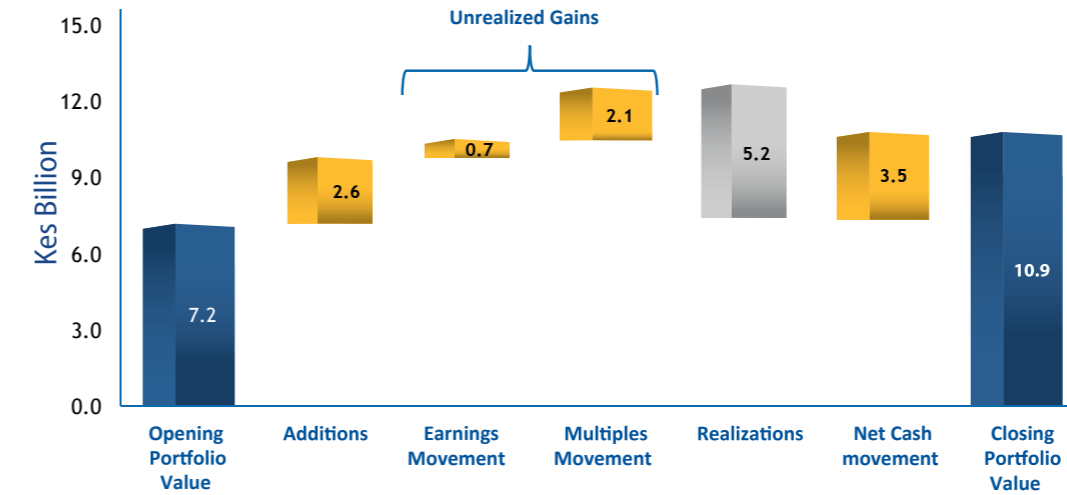
Financial Services

Our current portfolio in financial services sector is highlighted in the table below:

	<p>Platinum Credit Stake: 35.6% Sector: Micro Finance</p>	<p>Platinum Credit is one of the leading non deposit taking microfinance companies with operations in Kenya, Uganda and Tanzania. Platinum credit has more than 50 branches in the region. Platinum prides itself in fast disbursement of loans (within 24 hours).</p>
	<p>Aon Insurance Brokers (Kenya) Stake: 21.5% Sector: Brokerage</p>	<p>Aon Kenya Insurance Brokers Ltd (AON) is a market leader offering insurance broking, risk management, actuarial consulting, medical scheme administration and medical fund management, life and pension's administration, and employee benefits consulting services to medium and large organizations in Kenya.</p>
	<p>KREP Bank Stake: 67.5% Sector: Banking</p>	<p>K-Rep is a commercial bank focusing on SMEs with a core focus on micro finance based products. It offers both retail and corporate services. With over 35 branches across the country, the bank has recorded over 107% growth in its Asset base with a compounded annual growth rate (CAGR) of 59.37% in profitability over the last 5 years.</p>
	<p>Genesis Asset Management Stake: 73% Sector: Asset Management</p>	<p>Genesis Kenya Investment Management is one of the largest asset managers in Kenya. It provides specialist investment management services to institutional clients within and outside Kenya, focusing on the pension industry. It has over US\$ 1.5 Billion of Assets under Management.</p>
	<p>Nabo Capital Stake: 100% Sector: Asset Management</p>	<p>Nabo Capital is a fund manager licensed by the Capital Markets Authority (CMA) in May 2013. The entity's primary mandate is to offer structure investment products to the market. In addition, Nabo manages Centum's quoted assets. Nabo was among the first REIT managers to be registered by the CMA.</p>

Financial Services

HIGHLIGHT OF PERFORMANCE DURING THE PERIOD



with over Kes 156 Billion in assets under management. We focus on expanding its product range to products like Private Equity and REITs with an objective of increasing its pension fund exposure to alternative assets.

Platinum Credit continued to perform well during the period. In 2014 it formed a new subsidiary; Premier Credit Limited targeting the private sector. Platinum has also ventured into the micro insurance space where

HIGHLIGHT OF ACTIVITY DURING THE PERIOD

In December 2014, we increased our stake in K-Rep Bank from 1.6% to 67%. Our strategic focus is to grow K-Rep Bank to a Tier II Bank by 2019. To date we have put in place a new Board of Directors and appointed key management including the Managing Director; Titus Karanja who has brought on board extensive experience in the banking sector. We also look to recapitalize the Bank, enhance the technology platform as well as reposition the bank through a rebrand.

During the period, we sold our equity stake in UAP Holdings, realizing over Kes 5 Billion. This represented 4.2 times the valuation as at 31 March 2014.

Genesis Kenya Investment Management Limited whose acquisition was completed in November 2013, has grown to be the second largest asset management business in Kenya

it will be working with leading brokerage companies to offer quick premium financing which will see the credit risk responsibilities moved away from the insurance companies and the brokerage companies. We focus on diversifying the product range of the business and growing the loan book to in excess of USD 170 Million.

Nabo Capital, formerly Centum Asset Managers, rebranded to Nabo Capital Ltd in July 2014. The new identity, which was inspired by our 'proudly African' roots, speaks to the company's on-the-ground presence and local market expertise. Nabo's focus is in provision of bespoke investment products and delivery of superior investment returns to sovereign wealth, institutional and private wealth clients. In 2014, Nabo launched the Nabo Africa ex-ZA fund which is currently ranked in the top 1% of its peer-group.





MARKETABLE SECURITIES PORTFOLIO

Marketable Securities Portfolio

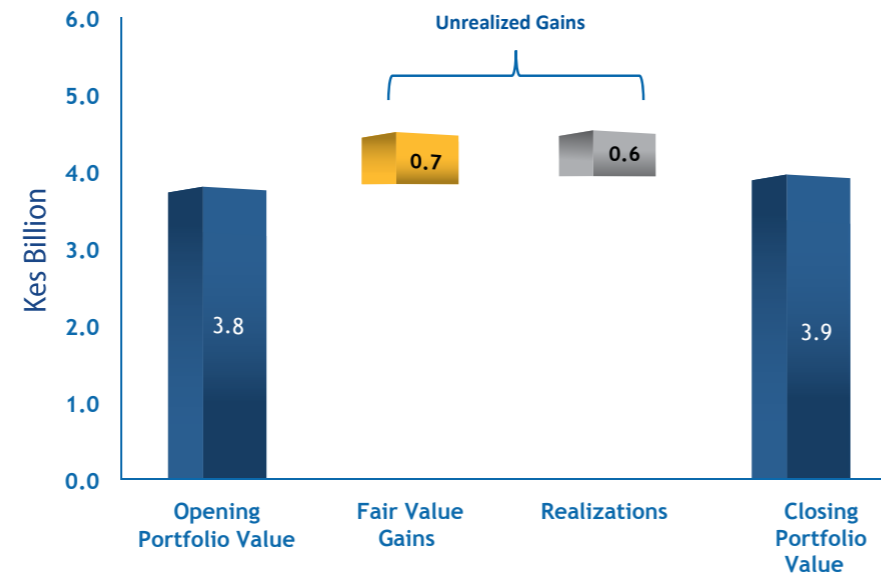
PERFORMANCE

Our marketable securities portfolio, formerly quoted private equity (QPE) portfolio is actively managed by the team at Nabo Capital and targets absolute returns, compounded at an annual rate of 25% p.a. The portfolio is broadly diversified across several African stock exchanges and invests across the capital structure of exchange-listed businesses we are interested in and where we perceive long term value. At reporting date, 51% of the portfolio was invested outside Kenya with exposure to North, West and East African markets.

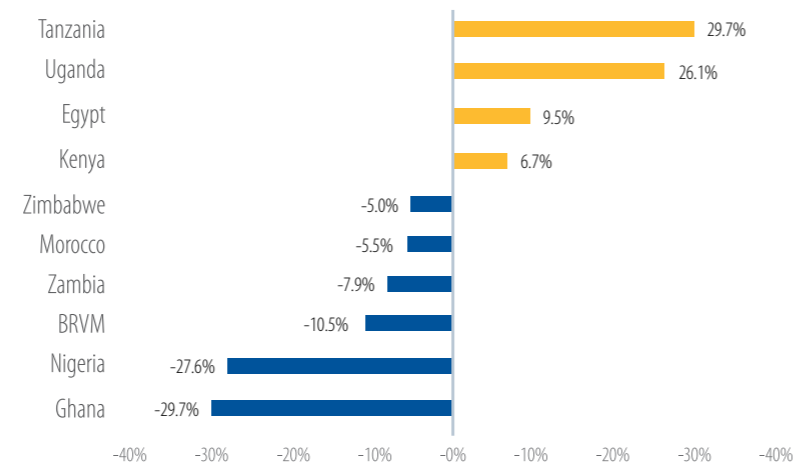
COMMENTARY / INDUSTRY REVIEW

The Pan-African equities investment climate in 2014 was characterized by volatility, lower correlations between markets and widespread pressure on local currencies on the back of a resurgent U.S. Dollar.

As a result, Pan-African equity markets showed a mixed performance with Egypt (+9.5%) supported by ongoing recovery in the economy from depressed, post-Arab spring levels, as Tanzania surged (+29.7%) and Kenya rose (+6.7%) as operating margins improved and investors bet on growth and stronger revenues in the future. Laggards in West Africa included Nigeria (-27.6%) as falling oil prices sparked fears of economic contraction, and Ghana (-29.7%) where structural challenges around fiscal policy continue to weigh on the local currency.



Equity Market Performance In Kes Terms



Marketable Securities Portfolio

PERFORMANCE SUMMARY

The marketable securities portfolio's performance is disclosed as part of segment information in note 5 of the financial statements on page 186 under 'Quoted Equity'. A summary of performance is presented below

KES Million	2015	2014	2013	2012	2011	2010
Portfolio Income	476	1,273	339	208	185	150
Unrealized Gains	757	480	1,128	(153)	221	1,062
Gross Return	1,233	1,753	1,467	55	406	1,212
Total Return	1,149	1,644	1,235	(65)	320	1,141
Gross Return (%)	32.8%	35.2%	59.3%	1.4%	11.5%	53.2%
Total Return (%)	30.6%	33.0%	49.9%	-1.7%	9.1%	50.1%
Closing Portfolio Value	3,936	3,807	3,748	2,146	3,940	3,487

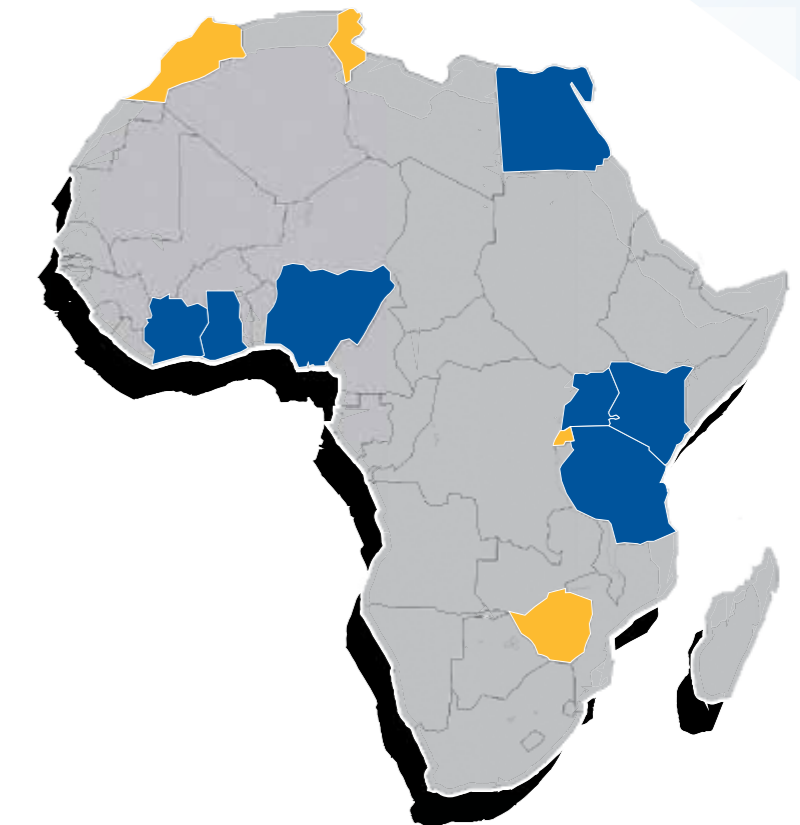
In the period, the marketable securities portfolio generated a gross absolute return of 1,234 Million equivalent to 32.8% return, outperforming the NSE-20 Share Index by 24.8% over an identical period.

As at 31st March 2015, the portfolio was carried at net asset value of 4,507 Million.

VALUATION METHODOLOGY

The marketable securities portfolio values its holdings using the respective quoted prices in active markets for identical assets as at the reporting date.

Geographical Diversification



Established Presence
Target Market



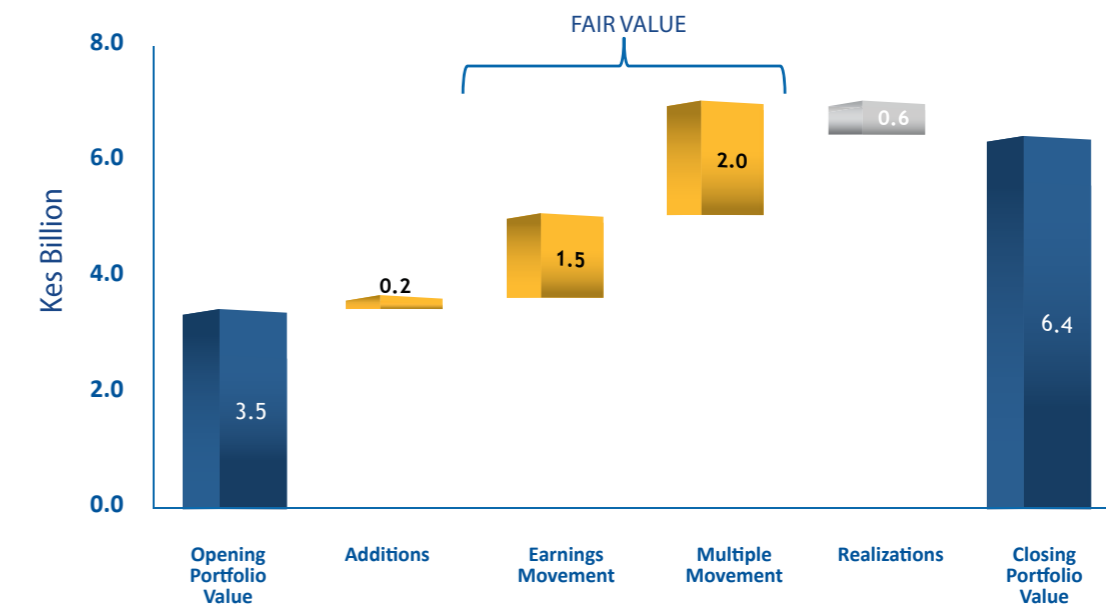


Other Sectors - Automotive and Consumer Services

There was significant growth observed in the following three portfolio companies driven by increased demand in the FY ended 31 March 2015.

	<p>General Motors East Africa Ltd. Stake: 17.8% Sector: Automotive</p>	<p>GM East Africa (GM) assembles, markets and sells Chevrolet, Opel and Isuzu vehicles and parts. It locally assembles the Isuzu and Chevrolet vehicles. GM is the Kenyan market leader in new vehicle sales with a 26% market share. It also exports to neighboring countries in the COMESA region including Uganda, Tanzania, Rwanda, Burundi, Zambia, Zimbabwe, Mozambique and Ethiopia.</p>
	<p>Longhorn Publishers Stake: 35% Sector: Publishing</p>	<p>Longhorn is a leading publisher in the East African region mainly focused on publishing for the educational sector. It is listed in the Nairobi Securities Exchange and has subsidiaries operating in Uganda, Tanzania, Malawi and Rwanda.</p>
	<p>NAS Servair Stake: 15% Sector: Food and Beverages</p>	<p>NAS Servair provides meals and handling services to airlines at the Jomo Kenyatta International Airport and the Mombasa International Airport. NAS is the leading operator offering these services in Kenya and has a clear leadership of its market.</p>

PERFORMANCE IN THE PERIOD





Outlook

Centum has made progress to invest in the FMCG, Financial Services, Real Estate and Infrastructure as well as Power sectors in the FY ended 31 March 2015. We are working on developing investments in Healthcare, Education, Agribusiness and ICT and our activities in the coming year

will be focused on investing in these sectors. This will be through Joint Ventures with strategic investors as well as acquisition of necessary skills and investing through wholly owned subsidiaries.





5
Agribusiness



6
ICT



7
Healthcare



8
Education

CORPORATE GOVERNANCE REPORT

Governance our cornerstone!

We adhere to the highest corporate governance practices and consistently focus on delivering value and being accountable to our stakeholders



“Winner-Company Secretary of the Year
Fred Murimi, COG Awards 2014”



“Winner-Corporate Governance
Category FiRe Awards 2014”



“Winner-Chief Executive Officer of the Year
James Mworira, COG Awards 2014”



Corporate Governance Report

The Board and Management of Centum Investment Company Limited (“Centum” or the “Company”) views good corporate governance as a vital ingredient in operating a successful business. Centum recognizes that good governance gives the shareholders an assurance and confidence that their wealth is managed properly.

Throughout the year ended 31 March 2015 and in preparation of this Annual Report, the Company has complied with the Code of Corporate Governance Practices for Public Listed Companies in Kenya, the Companies Act (Chapter 486 of the Laws of Kenya), the Constitution of Kenya and relevant local legislation notwithstanding various internationally accepted best practices and codes of conduct.

This commitment to good corporate governance has been recognized by promoters and watchdogs of good governance such as the Institute of Certified Public Secretaries of Kenya, Institute of Certified Public Accountants of Kenya, the Nairobi Securities Exchange and the Capital Markets Authority (Kenya) from whom Centum celebrates the following wins:

CHAMPIONS OF GOVERNANCE (COG) AWARDS

- Winner, Champion of Governance CEO of the year; and
- Winner, Champion of Governance Company Secretary of the year.

FINANCIAL REPORTING EXCELLENCE (FIRE) AWARDS

- Winner, Corporate Governance Category

Centum appreciates the Board for the focal role that it plays in ensuring that good governance resonates throughout the organization. Below is the corporate governance structure:



APPOINTMENT, COMPOSITION, SIZE AND QUALIFICATIONS OF BOARD MEMBERS

The Board of Centum is composed of nine directors, eight of whom are non-executive directors. The majority of the directors are independent. The directors’ service contracts are for periods of three years after which the directors retire and are eligible for re-election by the shareholders. Directors appointed during the year are required to retire and seek re-appointment at the next Annual General Meeting. The process of appointment is transparent.

Corporate Governance Report

In addition, the Board is diverse taking into account the gender, professional qualifications, age, and experience. The Nomination and Governance Committee is tasked with recommending directorship candidates who exude the highest standards of ethical behavior, integrity and professional competence that will be useful to the Group and more particularly as the Company expands into new sectors of the economy.

The Board, as a matter of course, has access to external specialists when need arises to assist it in discharging its duties effectively.

BOARD RESPONSIBILITIES

The primary role of the Board is to steward the Company towards long-term success and well-being. A summary of the broad responsibilities of the Board is as follows:

- To ensure sustainability of the Company in the best interests of the shareholders;
- To define the values by which the Company will perform its daily duties;
- To identify the stakeholders relevant to the Company; and
- To develop a strategy and ensure its implementation

Supplementary to the collective role that the members play as a Board, certain roles and responsibilities are incumbent upon the Directors in an individual capacity as well. These are enshrined in the Board Charter as minimum requirements.

BOARD STRUCTURE

The Board has a total of five (5) committees to assist it in discharging its duties and obligations. These are: Audit and Risk Committee, Nomination and Governance Committee, Branding Committee, Investment Committee and Information Communication and Technology (ICT) Committee. The Board may also establish ad hoc committees to review and consider urgent matters with the approval of the Board.

The Terms of References of these committees are reviewed periodically to ensure relevance. In line with Centum 3.0, the specific roles of the Committees are as below:

AUDIT AND RISK COMMITTEE (ARC)

The Audit and Risk Committee’s primary function is to assist the Board in fulfilling its oversight responsibilities relating to:

- the quality and integrity of the Company’s financial reporting;
- the independence, qualifications and performance of the external auditor;
- the internal audit function;
- the Company’s compliance function and its compliance with laws and regulations and Company’s policies; and
- the Company’s overall systems of internal control and risk management.



Composition

The Committee consists of four non-executive directors and one executive director each of whom is appointed by the Board of Directors. The majority of the members are independent.

NOMINATION AND GOVERNANCE COMMITTEE (NGC)

Its primary function is to assist the Board in carrying out its responsibilities by reviewing corporate governance and nomination issues and making recommendations to the Board as appropriate. The Committee is responsible for identifying individuals qualified to become Board members, recommending to the Board proposed nominees for election and overseeing the Board's overall approach to governance and board processes.

In carrying out its mandate, the Committee is expected to:

- Develop, maintain, monitor and update as may be required by the Insider Trading and Disclosure Policies and comparable governance-related policies as may be determined by the Board or the Committee to be appropriate for the Company;
- Consider the competencies and skills of the Board as a whole;
- Consider the criteria for candidates, after considering the competencies and skills of the existing directors;
- Consider the appropriate size of the Board from time to time with a view to facilitating effective decision making;
- Develop and recommend to the Board a succession

plan for the Board that is responsive to the needs of the Company and shareholders;

- Ensure there are sufficient mechanisms in place for evaluating the performance of the committees of the Board and reporting these evaluations as appropriate;
- Monitor developments and make recommendations to the Board in the areas of corporate governance and board practices and the roles and responsibilities of directors;
- Ensure that the Company maintains adequate disclosure controls and procedures; and
- Monitor compliance with any rules, regulations or guidelines promulgated by regulatory authorities or other organizations, deemed relevant by the Committee relating to corporate governance.

Composition

The Committee consists of five non-executive directors each of whom is appointed by the Board of Directors. The majority of the members are independent.

INVESTMENT COMMITTEE (IC)

The Committee acknowledges its fiduciary responsibility in the conservation and management of financial assets, investments and stewarding the funds in good faith and with the care of prudent persons in a like position.

The specific responsibilities are as follows:

- To ensure compliance with the provisions of all

pertinent laws and regulations;

- To develop investment objectives, investment guidelines, and performance measurement standards;
- To oversee the selection and evaluation of investment managers;
- To ensure that investment goals, objectives, and standards are effectively communicated to investment managers, including any material changes that may subsequently occur;
- To ensure that existing assets and new monies are deployed to investment managers; and
- To review and evaluate investment results in the context of established standards of performance and adherence to the investment guidelines.

Composition

The Committee consists of five non-executive directors and one executive director each of whom is appointed by the Board of Directors. The majority of the members are independent.

BRANDING COMMITTEE

The primary focus of this Committee is to promote and create awareness of the products which underscore the Centum brand as the foremost investment channel of choice.

The specific responsibilities are as follows:

- Gathering and synthesizing information from multiple

sources – including case studies, current and historical data;

- Summarizing key findings and recommendations from the above;
- Planning the development of a brand concept and broad creative applications based on the key findings and recommendations and
- Conducting branding exercises.

Composition

The Committee comprises of four directors; three of whom are non-executive directors and one executive director. The majority of the members are independent.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) COMMITTEE

The primary goal of the ICT Committee is to ensure that the ICT resources adopted for the organization generate business wealth, and to mitigate the risks that are associated with ICT.

The specific responsibilities are as follows:

- Ensure that the company's ICT resources are aligned to its stated strategic aspirations;
- Oversee development and support of major ICT systems and functions;
- Ratify the ICT strategic plan and policies and support compliance initiatives;
- Oversee major ICT-related projects;
- Develop and review practice to ensure that



management and application of the Company's ICT resources is efficient and effective; and

- Assess and advise upon any proposed changes to current ICT technologies and practices.

Composition

The Committee is made up of one non-executive director, one executive director and three industry ICT experts.

THE COMPANY SECRETARY

All public companies are obliged to have a company secretary. The Secretary is an officer of the Company and his duties are wide ranging. At Centum, Mr. Fredrick Murimi Ngari was appointed as the company secretary in January, 2013 and has served in this capacity until July 2015 when Ms. Lois Gakumo, our current company secretary, replaced Mr. Murimi.

Her specific responsibilities are as follows:

- Ensuring compliance with the requirements of Nairobi Securities Exchange and the Code of Corporate Governance Practices for Public Listed Companies in Kenya and internationally accepted best practices on corporate guidance;
- Acting as the legal advisor to the Board;
- Maintaining registers or books;
- Filing annual returns at the Companies Registry
- Arranging and facilitating meetings of the directors and shareholders which responsibility shall involve

issue of proper notices of meetings, preparation of the agenda, circulation of relevant documentation and taking of minutes thereof; and

- Informing the Companies registry of any changes in the company structure such as the appointment and resignation of directors.

ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

The Board recognizes the fundamental role that the society plays to the Company and its impact on the society. Centum does not operate in a vacuum. The Board considers not only the financial performance of the Company but also the impact of the business on the society and environment.

The Board and the management appreciate and acknowledge the Constitution of Kenya and particularly the Bill of Rights and strictly embrace its provisions. Leadership and business sustainability are inseparable and the link between the two is the society. To this end, the Company participates in corporate social responsibility initiatives, a responsibility the Board and the management embrace wholeheartedly.

Last year, we had promised to introduce a Corporate Social Responsibility program to tap into the craftsmanship of the unemployed youth. This year, we have delivered on this promise by launching the Centum Foundation to enable solutions to entrepreneurs and equip them with requisite capital and education to run successful businesses.

The first phase of this has been successful with the first startup, Blissful slated to get support from the foundation.

The organization has given back to the community through various initiatives including the First Lady Margaret Kenyatta's Half Marathon in the Beyond Zero campaign that seeks to increase the number of mobile clinics in Kenya discussed in detail on page 138 in our sustainability report.

TRANSPARENCY AND DISCLOSURE

Related Party Transactions

The Board is keen on the interaction between Centum and its subsidiaries and ensures that these controlled transactions encompass the arm's length principle.

Procurement

A transparent procurement method is employed in which bids from competing contractors, suppliers, or vendors are invited by openly advertising the scope, specifications, terms and conditions of the proposed contract.

Tender evaluation and management is a function of the Board and the latter is guided by the existing laws.

Code of Ethics

The Group has a Code of Ethics that governs the relationship between the Company and the Directors as well as the Company and the employees and the employees between themselves. The importance of the code is impressed and adherence is paramount.

Compliance with laws, regulations and standards

Being a publicly listed company and thus highly regulated, Centum is committed to the adherence to laws, regulations and standards. The Company employs a compliance matrix with a log of all applicable laws for observance and monitoring of the subsisting laws.

Board evaluation and results

Centum periodically conducts evaluation exercises on the Board, the Chairperson, the CEO, and the company secretary as a means to drive for improvement. With an appreciation for excellence in mind, Centum engages consultants with an in-depth understanding of the corporate governance environment for its evaluation processes.

To this end, Centum has initiated steps for the evaluation process and in the near future shall finalize on this.

Remuneration structure

The remuneration of the Directors is competitive and is based on the industry practices, the Company's strategy and is pegged on the individual member's performance. The shareholders at every Annual General Meeting approve the remuneration proposed by the Board.

The details of the non-executive directors' remuneration are disclosed on note 5 of the financial statements (Page 222)



Corporate Governance Report

The Board opines that the remuneration and emoluments of the Board is sufficient and competitively structured.

Whistle - blowing policy

Centum encourages and protects whistle-blowing. The Company is committed to achieving the highest standards of integrity in the public life and in all of its business practices. Thus, we take any wrong doing with the seriousness that it deserves. Thus, the policy protects both internal and external whistleblowers. There are several channels of communication, both formal and informal to raise attention to any issue.

Stakeholders Relations

The Board has implemented a stakeholder-inclusive approach in managing its relationship with the stakeholders. It notes that communication serves an important role in good corporate governance. Towards this end, the Company has adopted various channels of communication. Most notably, the management facilitates investor briefing sessions after the announcement of half-year and full year results. The basis

of the investor briefing sessions is to disseminate important Company information relating to the performance of the Company six months after the close of the financial year and at the end of the financial year.

Other channels include; emails, telephone calls, and publishing information relevant to the stakeholders on the Centum website (www.centum.co.ke).

DIRECTORS' PARTICIPATION AT MEETINGS

The table below shows the names of the board members and a review of their attendance in board and committee meetings:

Corporate Governance Report

Name	Role	Board of Directors	Audit & Risk Committee (ARC)	Nomination & Governance Committee (NGC)	Investment Committee (IC)	Branding Committee	ICT Committee
James Ngatia Muguiyi	Chair BOD	2/4	-	2/2	-	-	-
James Mwirigi Mworira	CEO	4/4	-	-	2/2	1/1	1/3
Peter Kimurwa	Chair - NGC	2/4	-	1/2	2/2	-	-
Margaret Martha Byama	Member	2/4	2/4	1/2	1/2	-	-
Christopher Kirubi	Chair IC	3/4	-	1/2	2/2	1/1	-
Henry Chege Njoroge	Chair ICT	3/4	4/4	-	1/2	1/1	3/3
Imtiaz Khan	Chair ARC	3/4	4/4	-	-	-	-
James McFie	Member	4/4	2/4	1/2	1/2	-	-
Laila Macharia	Member	2/4	2/4	1/2	-	1/1	-

SHAREHOLDER MAPPING

Shareholding analysis by Holding:

Rank	Name	31 March 2015		31 March 2014	
		Total Shares	%	Total Shares	%
1	Kirubi Christopher John*	160,023,688	24.05%	123,768,506	18.60%
2	Industrial & Commercial Development Corporation (ICDC)	152,847,897	22.97%	152,847,897	22.97%
3	CFC Stanbic Nominees Ltd.A/Cr48701**	11,062,424	1.66%	31,764,324	4.77%
4	Lenana Road Asset Management Limited	10,914,900	1.64%	-	-
5	International House Limited~	10,436,278	1.57%	5,394,237	0.81%
6	Standard Investment Dealing - Standard Investment Bank	8,438,922	1.27%	10,810,522	1.62%
7	Uganda Securities Exchange ^	5,949,035	0.89%	9,900,000	1.49%
8	Kimani John Kibunga	5,908,221	0.89%	5,549,821	0.83%
9	The Jubilee Insurance Company Of Kenya Limited	5,427,285	0.82%	-	-
10	Patel Amarjeetbaloobhai Patel & Baloobhaichhotabhai	5,000,000	0.75%	-	-

* Director of Centum

^ A nominee account for shareholders on the Uganda Securities Exchange

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

** A nominee account for UAP Holdings



Corporate Governance Report

Shareholder Analysis by Volume:

Volume	31 March 2015			31 March 2014		
	Shares	%	Holders	Shares	%	Holders
1-500	2,341,366	0.35%	12,832	2,266,865	0.34%	12,145
501-5,000	35,733,076	5.37%	17,440	35,581,038	5.35%	17,365
5,001-10,000	22,864,751	3.44%	3,181	22,286,232	3.35%	3,121
10,001-100,000	85,455,380	12.84%	3,442	81,895,709	12.31%	3,334
100,001-1,000,000	77,327,393	11.62%	309	74,648,425	11.22%	293
>1,000,000	441,719,748	66.38%	48	448,763,445	67.44%	43
TOTALS	665,441,714	100.00%	37,252	665,441,714	100.00%	37,097

Shareholder Analysis by Domicile:

Domicile	31 March 2015			31 March 2014		
	Shares	%	Holders	Shares	%	Holders
Foreign Companies	39,384,817	5.92%	42	29,895,513	4.49%	20
Foreign Individuals	1,803,525	0.27%	181	1,202,855	0.18%	149
Local Companies	273,682,813	41.13%	1,860	322,395,009	48.45%	1,717
Local Individuals	350,570,559	52.68%	35,169	311,948,337	46.88%	34,415
TOTAL	665,441,714	100.00%	37,252	665,441,714	100.00%	36,301

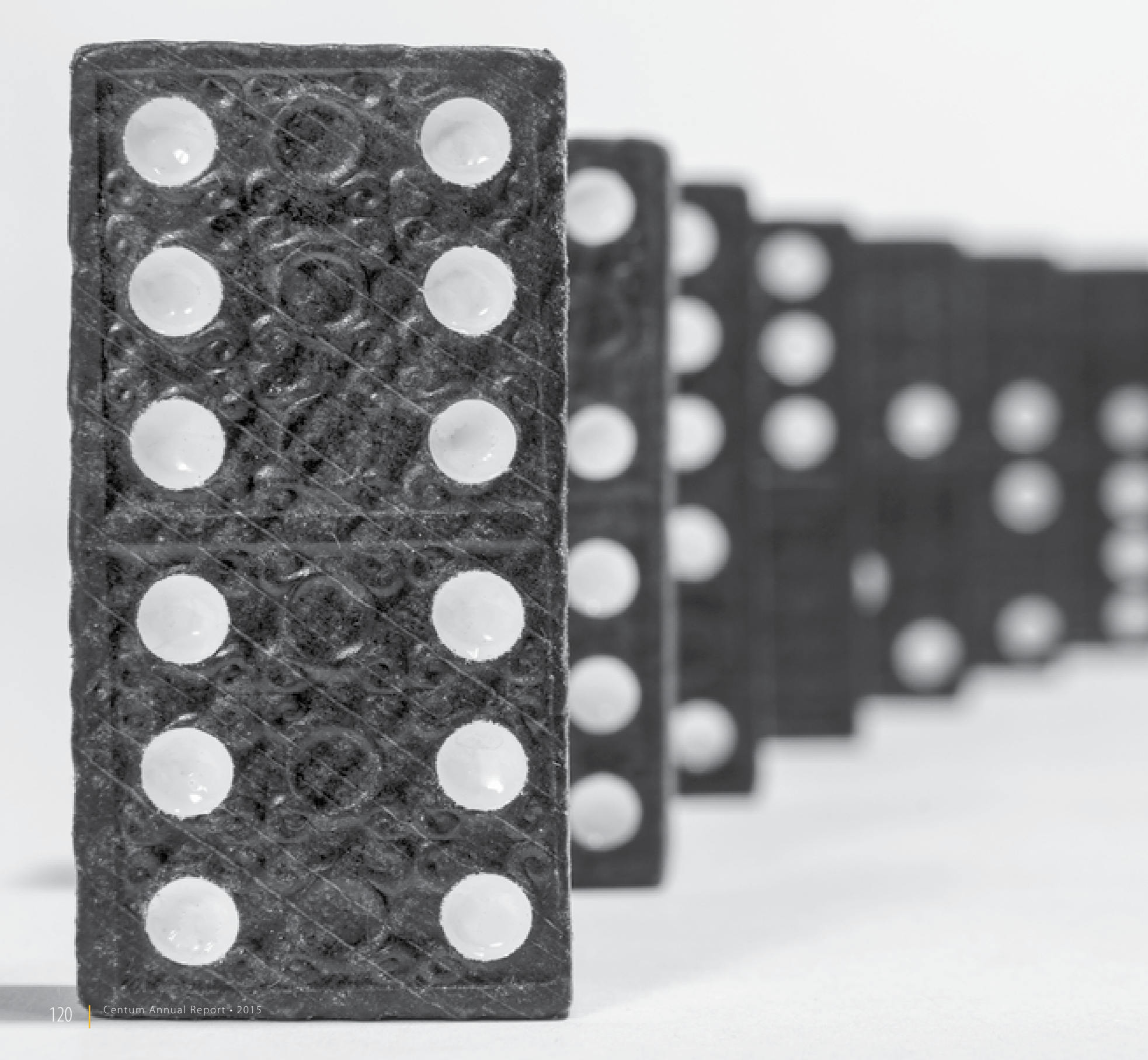
Corporate Governance Report

INTERNAL AUDIT

We have adopted a risk-based approach to the internal audit plan informed by the Group risk profile done by the internal risk function. Internal audit provides a written assessment of the effectiveness of our system of internal controls and risk management over financial matters as well as 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.





RISK MANAGEMENT REPORT

Risk Management Report

INTRODUCTION

Comprehensive risk management practices form an integral part of Centum's operations. 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 organization becomes increasingly risk aware in its aim to successfully achieve the Centum 3.0 strategic objectives. Our policies ensure timely identification, evaluation and mitigation of relevant risks, such as strategy risk, project risk, IT security risk, credit risk, liquidity risk, market risks, operational risk, reputational risks, social political risks, compliance risk and statutory/regulatory risks, which help the company operate with vigour.

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

- Identification of key risks;
- Evaluation of probability of occurrences and their impact;
- Definition of tolerance limits and establishment of adequate review mechanisms to monitor and control risks; and
- Incorporation of robust reporting mechanisms and adoption of appropriate mitigation processes.

We see strong risk management capabilities as vital to the

success of a well-managed diverse investment company. The Risk Management (RM) function is the central resource for driving such capabilities in Centum.

The key components of our 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 Internal Risk and Compliance Practitioners as well as external auditors.

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

OUR RISK CULTURE

Risk management is well embedded in our standard operating procedures for all activities and in the staff performance management process. The risk culture in Centum is defined by the board, cascaded by the management and owned by all staff. Risk management 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.

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



Risk Management Report

- 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 committee is appointed by the Board of Directors to assist the Directors in discharging their responsibility of ensuring quality, integrity and reliability of the Group's Enterprise Wide Risk Management and corporate accountability and associated risks in terms of management, assurance and reporting.

This committee also assists in fostering an effective risk management culture throughout the Group. Additionally, the committee assists the Board in:

- Fulfilling its oversight responsibility relating to compliance with legal and regulatory requirements and the Company's policies;
- 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.

In addition, the risk management and internal audit department is responsible for ensuring that the risk culture is continuously inculcated.

RISK GOVERNANCE

Under our risk management framework, the Board of Directors, through the Board Audit and Risk Committee (ARC), defines the Group's 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 BOARD OF DIRECTORS

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

- The Board oversees the independent investment committee function for Centum and has the final say on all investment related decisions.
- The Board retains the duty to annually report to the general meeting on operations and financial performance of Centum.
- The Board is specifically responsible for approving Centum's investment strategy and setting the acceptable level of risk together with key policies.

Risk Management Report

INVESTMENT COMMITTEE

- Oversight over the implementation of the investment strategy.

THE INTERNAL RISK MANAGEMENT & INTERNAL AUDIT FUNCTION

The Group Risk and Internal Audit Manager has been appointed to oversee the Risk management, Compliance and Internal Audit function. The manager has a dual reporting line to the CEO and to the Board. Working closely with the business lines, the Group Risk and Internal Audit Manager through the risk department is responsible for the following:

Risk and Compliance

- Align the enterprise risk management strategies with the Centum 3.0 strategic goals, vision, mission and corporate goals;
- Implementation, Review & Update of the risk management framework for key risks faced by the Group;
- Deploy use of risk assessment tools (KRIs, KCIs, self-assessment and onsite checklists and work programs) for effective identification and mitigation of existing and emerging risks;
- Develop, maintain and undertake periodic reviews related to Risk Mapping, Risk Assessments, Risk registers, Risk Measurement, Trend Analysis, Scenario

analysis and Stress Testing in line with the changing business and environments;

- Ensure effective management of BCP and DRP;
- Prepare and review management reports on group-wide and individual subsidiaries/entity risk exposures on an ongoing basis;
- Monitor and enforce compliance to Group policies;
- Monitor and enforce compliance with regulations and covenants with partners;
- Facilitate and co-ordinate the process of identifying and assessing the impact of all new regulatory requirements;
- Liaison with Regulators on Compliance issues;
- Identify, document and assess the compliance risks; and
- Responsible for all AML & KYC compliance matters.

Internal Audit

The Internal audit function 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; and
- Reviewing any exposures identified and testing their adequacy.

Risk Management Report

MANAGEMENT/BUSINESS HEADS

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 effective 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;
- Identifying strategies to manage risk exposures and monitors the satisfactory operation of the risk management strategy; and
- Communicating the Company risk management policy and risk related information to all staff, subsidiary organizations and external partners.

TOP AND EMERGING RISKS

In recognizing top and emerging risks, we look at both our major existing risks as well as new emerging risks.

As an East African investment company with exposures across some major African markets in addition to global macro-economic risk, the Group is exposed to both foreign exchange 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 our 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.

We also recognize 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.

The tables overleaf outline the various risk categories:



Risk Management Report

Risk Categories

Risk	Brief Description	Further Information	Risk Mitigation
Strategic Risks	Arises from the design and implementation of our business model, the key decisions made in relation to investment and capital allocation as well as uncertainties and untapped opportunities embedded in our strategic intent and how well they are executed.	Financial statements	<ul style="list-style-type: none"> Managed through periodic strategy reviews, involvement of board committees, hiring of strategy consultants and disciplined management of key projects. Frequent board oversight. Implementation of only those strategic plans that have been extensively tested, reviewed and finally approved by the investments committee.
Investment Risks	<p>This is the risk of incurring financial losses in the Centum's portfolio in pursuit of returns. This risk would arise from :</p> <ul style="list-style-type: none"> Ineffective assets allocation. Illiquidity of investments Underperformance by investee companies Investment concentration risk. Market risks Adverse change in the political economic , social factors, economic outlook 	<p>CEO's statement</p> <p>Financial statements</p> <p>Financial Risk disclosures</p>	<ul style="list-style-type: none"> Investment activities: <ul style="list-style-type: none"> Are implemented under a tested investment approach; Include a thorough due diligence and analytical assessments are completed by the Investment Team on all investments considered by the Board Centum officers represent the Centum investment on investee company boards We only invest in investments where we have deep knowledge of investee company operations and their operating environment. We ensure there is continuous interaction with investee executives. Diversification is one of the key themes of our 3.0 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 maturing financial commitments. 	Financial risk disclosures	<p>Managed through innovative capital raising strategies at corporate level, supported by targeted financing at project and business line level such as:</p> <ul style="list-style-type: none"> Active cash flow management. Available credit facilities; Available for sale investments that can be quickly converted to cash; Asset matching for known/expected liabilities.

Risk Management Report

Risk	Brief Description	Further Information	Risk Mitigation
Operational Risks	<p>Risks that arise from failed internal controls, functional errors or malfunctions arising from people, processes, systems and external events.</p> <p>These include:</p> <ul style="list-style-type: none"> Failure to meet ethical and governance principles; Information technology failures; Fraud and Security breaches. Loss of key employees. Natural disasters 	<p>Corporate governance statement</p> <p>Financial risk disclosures</p>	<ul style="list-style-type: none"> Independent and specialized internal audit function. Robust risk management. Approved operational procedures. Framework of Core values. A code of conduct. Existence of a regularly tested BCP & DR plan. Management of this risk is embedded in all business processes and decisions and is part of the 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.
Legal / Regulatory risks	<p>This is the risk that our business may be adversely affected by:</p> <ul style="list-style-type: none"> New laws / regulations affecting our core business Ongoing litigation against us, our subsidiaries or associates 	<p>CEO's statement</p> <p>Financial statements</p> <p>Financial risk disclosures</p>	<ul style="list-style-type: none"> 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. We also continuously scan our operating environment to identify changes in the regulatory environment.
Reputation risks	<p>The risk of a negative impact that can result in the deterioration of Centum reputation among stakeholders and general public 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 Report

Risk	Brief Description	Further Information	Risk Mitigation
Project Risk	This is the risk associated with: <ul style="list-style-type: none"> Lack of a well-defined and documented project scope that can lead to scope creep. Project delays leading to cost escalation. Inadequate human resource staffing for the project Lack of a project monitoring mechanism such as a project plan to track progress of the project's activities. 	Financial risk disclosures. CEO's statement. Corporate governance statement.	Ensure that the key documents are in place and process governing Project imitation, planning, execution, closure and review are adhered to for all projects:
IT Security Risk	This is the potential that a given I.T threat will exploit vulnerabilities of a systems and assets and thereby cause harm to the organization.	Corporate governance statement	Regular IT and IT security audits Regular penetration testing. Application of effective and current IT security measures.

Risk Management Report

RISK MANAGEMENT IN THE NEW STRATEGY PERIOD

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

By adopting the Centum 3.0, the Group faces new risks arising primarily from:

- Shift from 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, we are dedicated to identifying, understanding and managing these risks. As we become more diverse and specialized, so has our approach to risk management.

This has and will be continuously achieved by:

- Development of annual risk management plans for all the subsidiaries.
- Institution and implementation of risk compliance and internal audit calendar.
- Robust documentation, review and monitoring of processes.
- Continuous adoption of robust risk management methodologies.
- Development of expertise and specialist risk managers.
- Encouragement of risk management at business unit level by business and process owners.
- Increased efficiency through automation of risk management.

In the new strategic period, the primary focus will be to deliver value-adding, cost efficient and best-in-class services to the whole business.





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 for Centum.

Direct stakeholders include our investors, clients, employees, government and 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 and leadership development practices.
- Promoting a culture of entrepreneurship and execution with well-thought out investment propositions.
- Commitment to sound governance practices.
- Conducting business ethically.
- Commitment to our community in various ventures to build capacity, enhance knowledge and learning.
- Ensuring that our footprint on the planet is as light as possible.

OUR INVESTORS

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

OUR PEOPLE

Our culture

At Centum, people are the primary asset. We therefore recruit and invest in the best talent in the market. Our success has been and will continue to be highly dependent on the performance and accountability of our youthful team. Our culture of entrepreneurship, initiative and high performance is enhanced by a relatively flat organizational structure that promotes a free flow of ideas and communication between all levels. We embrace passion; for business and for excellence and are guided by 14 golden rules.

Our aim under Centum 3.0 is enhance sector specific capacity that will drive the development of opportunities of scale in the 8 sectors of focus. During the period we enhanced capacity in Real Estate, FMCG and Power.

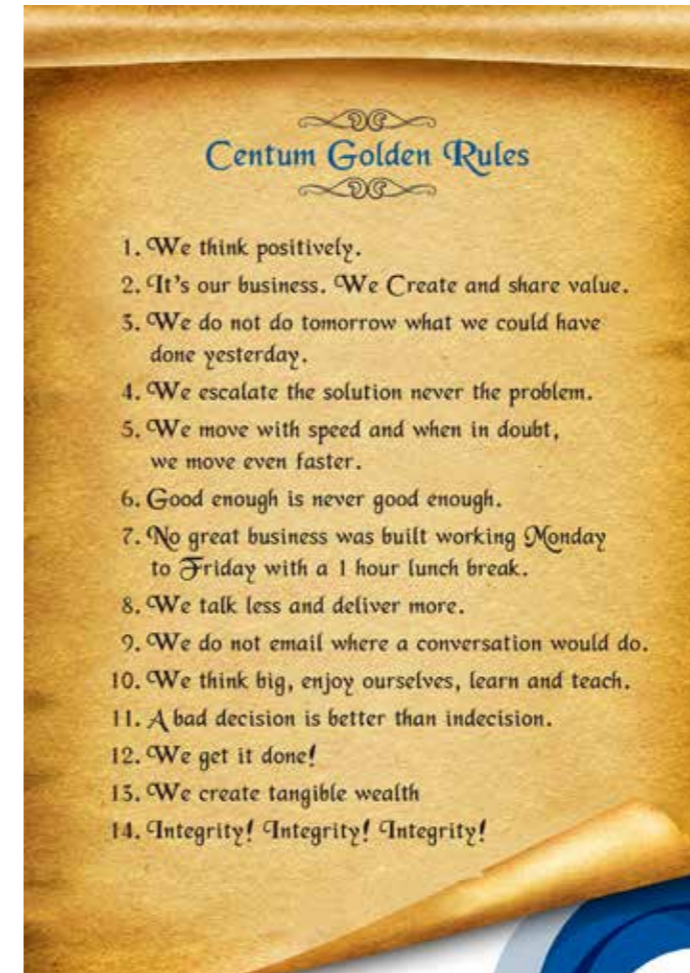
PERFORMANCE MANAGEMENT

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

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

Whereas management of quantitative performance focuses on growth of real tangible wealth for the investors; management of qualitative performance focuses on the personal growth of the individual team members.

Guided by our competency framework, personal development plans, training and development initiatives, we strive to support team members to achieve their full potential. We focus on maintaining an environment that supports and develops the team. Our variable performance based reward system is key as it addresses the critical balance between employee reward and shareholder wealth creation. We have in place a bonus structure which recognizes outperformance. Participation in the bonus pool is determined by both corporate and individual performance. On corporate performance, a return on opening shareholder funds in excess of a hurdle rate of 15% is targeted each year. Should this be achieved, the team is then entitled to a bonus pool of 20% of the return in excess of the hurdle rate.



The Centum team has grown 7 times since 2009; from 12 team members to 84 team members in March 2015.

Through employment of sound HR practices including our leadership development program and our total reward system, we have since 2009 maintained regrettable separation rates at below 5%.



LEADERSHIP DEVELOPMENT

We have positioned ourselves as creators of investment grade opportunities. We recognize that with the availability of capital and opportunities, our greatest constraint is the availability of the right crop of leaders who will drive the growth of the enterprises we create.

Our Leadership Development Program (LDP) was established in 2013 and focuses on the development of a sustainable pipeline of leaders that will be critical for our business success. The program is premised on our belief that leaders exist at all levels. Through implementation of a series of development interventions, we focus on developing leaders over time to high levels of leadership proficiency.

A key initiative within the LDP is the Graduate Program (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. The formal part of the program runs for one year, during which participants are given project based assignments within the various enterprises in the Group. Through the performance management system, their development is tracked and various interventions employed to develop them. On successful completion of the formal learning phase, participants are employed into various businesses in the group as analysts.

OUR ENVIRONMENT

• Environmental Considerations at Two Rivers Development LTD and the Mall

Green building is gaining remarkable traction across the globe. Certain markets are relatively advanced as a result of a combination of voluntary market drivers; the uptake of rating tools and the continued support of regulatory and government bodies. It has become common practice for new buildings to be built and certified as green, making them more attractive to the market, not only with lower operational costs but also offering many other short and long term benefits for both the environment and the building owner.

A number of these more mature international green building markets have undertaken large scale, evidence based studies into the costs and benefits of green building. Results clearly show that there is no significant difference between the cost of green buildings compared to conventional buildings and that green buildings achieve better investment returns and higher valuations.

Athena Properties is a member and platinum sponsor of the launch of Kenya Green Building Society. This will attract an automatic waiver to the certification fees payable to the Africa Green Building Society (AGBS) as a patent holder, and Kenya Green Building Society (KGBS) as local certification body. Athena Properties together with WEB Ltd will assess the performance of Two Rivers to the new tool reviewing the project's planning, design and construction outcomes against the following categories: Governance; Design;

Livability; Economic Prosperity; Environment; Innovation

To ensure all developments within Two Rivers conform to the Kenyan Building standards, Two Rivers has adopted the Draft Republic of Kenya, National Planning and Building Authority, Planning and Building Regulations of 2009 with which all structures comply. A Two Rivers Standards Building Manual has been developed and this will supplement the draft 2009 Planning and Building Regulations.

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

RESOURCE EFFICIENCY

• Reduced Water Consumption

Two Rivers shall recycle all waste water for landscape irrigation and use by fire hydrants. This will reduce the daily raw water consumption by approximately 70%.

All rain water will be harvested at the mall and public parking garage to supplement water feed into the mall river front. The installation of smart water meters and leak detection sensors throughout the development will ensure minimal water loss.

• Solid Waste Management

Two Rivers Development Ltd has commissioned an

integrated solid waste management strategy which includes capacity building programs on waste management.

The solid waste management strategy is based on Reduce, Recycle and Re-use strategy with minimal dumping to the landfill.

• Reduced Energy Consumption

The use of LED lighting and other low energy consumption appliances for the mall and entire Two Rivers.

There will be minimal use of air conditioning in the public areas of the mall which is open and naturally ventilated. Most open areas will be naturally lit during the day. This will save on an approximately 25W/m² equating to 1 175kW per operational day.

Through the installation of solar panels for energy generation, approximately 2MW of Solar PV energy will be generated hence enhancing the environmental friendliness of the development.

Transport

The use of public transport and non-motorized forms of transport has been greatly encouraged to cut on fuel consumption by:

- Provision of bicycle tracks at the mall and their strategic locations within the development;
- The use of the city-bike system will be of value in provision of temporary bicycle hire from strategic locations within the development; and
- Provision of public transport facilities and an internal public transport system within the Two Rivers.



Social Facilities and Initiatives

At Two Rivers, we are motivated to be socially responsible to our people. We are able to leverage on our network of resources, market share and distribution channels to address some of the toughest social and environmental challenges while delivering long-term value. This has been achieved through:

- The provision of social facilities such as schools, health care, gym and wellness and sports facilities within Two Rivers.
- Approximately 30% of the development site has been allocated to public and natural open spaces.
- The Two Rivers Environmental Impact assessment reports no instances of threatened or endangered species within the developable area.
- Provision of spaces for pedestrian paths and jogging trails within the development to encourage utilization of the green network spaces.
- Development of the Two Rivers access road infrastructure from Limuru road and Northern By-pass which will be handed over to statutory bodies upon completion.

CORPORATE SOCIAL INITIATIVES

Building a Sustainable Future through Education

Building the Mathari Old Primary School: In an effort to enhance knowledge and learning, our subsidiary, Two Rivers Development Ltd in collaboration with the Nairobi County Government, is undertaking a massive CSI project to rebuild Mathari Old Primary School. The project was officially launched on 2nd December 2014 after a colorful groundbreaking ceremony at the school.

When the project is completed, Old Mathari Primary School will receive a tuition block with 36 new classrooms, a fully stocked library, administration offices and staff rooms, computer labs, art labs, social halls, dining area, kitchen area, washroom facilities and sports and recreation facilities among other things. This will see 700 children gain access to a better learning environment.



Mathari Old Primary School renovation: Centum, The Nairobi County Government, pupils and parents officially broke ground in a colorful ceremony at the school. Centum strongly believes in enhancing knowledge and learning. The school will have 36 new classrooms, a fully stocked library, computer labs and much more.



Alliance Old Boy's Golf Tournament: Centum Gives its contribution to the Alliance High Schools 'Needy Students Kitty' in an effort to enhance learning and knowledge.



The Chartered Financial Analysts Graduation Dinner: We strongly believe in developing professionals in investment within Kenya. We therefore came together with the CFA Kenya to celebrate professionals who had successfully attained their CFA qualification. Centum boasts of a large growing number of Chartered Financial Analysts.

Alliance Old Boys Club Golf Tournament: In line with our strong belief in the importance of education in development, we sponsored the golf tournament to contribute to the Alliance High School needy student kitty. The fundraiser took place on 6th March 2015 and the funds will be channeled to infrastructure projects as well as supporting needy students who cannot pay their school fees.

Strathmore Alumni Ball: Strathmore Business School held its alumni ball on 11th April 2015 to mark 10 years of its existence. The ball provided a forum for sharing knowledge and experiences with a knowledge session partly delivered by our own Group CEO, James Mworira. In line with our belief in the importance of leadership in sustainable development, we also sponsored the ball. This will go to furthering the school's mission of serving society by developing better business management and leadership.

James McFie Foundation: The foundation was established to eliminate poverty as a barrier to acquiring accountancy skills. We at Centum recognize the massive potential present in the country's youth and believe in enhancing knowledge and learning as key to harnessing it. Centum consequently made a donation to the foundation's endowment trust during its launch on 20th March 2015.



Nurturing Growth in the Industry

We strongly believe in growing talent and knowledge in the areas we play. That is why we partner with numerous vocational and professional bodies that provide forums where experts can share and grow their knowledge.

We supported the **East African Business Summit** that took place in Kigali Rwanda from 23rd to 25th October 2014. The summit provided a forum for public and private sector stakeholders to chart a course for enterprise development and fiscal policy in the region.

We also sponsored the **African Stock Exchanges Association (ASEA)** conference that took place in Mombasa from 23rd to 25th November 2014. The association boasts a membership of 24 exchanges across Africa. Themed from promise to achievements, the conference aimed to open discourse on the future of African business.

Also in line with our goal to support knowledge and learning we sponsored **Chartered Institute of Management Accountants' (CIMA)** annual dinner on 16th December 2014.

We also sponsored the **Ethical Leadership Network's Ethical Leadership Conference** on 29th July 2014. Our partnership underscores Centum's commitment to Ethical leadership.

Build a Strong Community

Beyond Zero Campaign: This is an initiative by H.E. Mrs Margaret Kenyatta to improve the state of maternal and

infant health across Kenya. The campaign aims to provide a mobile health clinic for every county in the country. We at Centum wanted to do our part to stop deaths of mothers and children from preventable causes. We made a donation to the campaign and also fielded a team, Tangible Wealth, for the First Lady's half marathon on 8th March 2015.



It is this entrepreneurial mindset that has grown Centum and enabled us to continually deliver tangible wealth in the course of conducting our investment business.

We also supported the Joyful Women's Organization founded to empower women in Kenya by providing credit for small businesses. At Centum we believe gender parity is an important component of sustainable development.

At Centum, we continue to make our contribution to a better more sustainable world. As part of this agenda, we established the Centum Foundation in 2014. The foundation provides a vehicle to coordinate all our CSR activities. Its entrepreneurship program is also designed to harness creative business ideas to solve Africa's biggest challenges.

CENTUM FOUNDATION

At Centum, we recognize that as corporations build the economy, they should also build the communities around them. As such, we established the Centum foundation in October 2014. The foundation is a vehicle that is both sustainable and accessible; to improve the state of our communities in Kenya and the wider African continent.

The Foundation leverages on partnerships with various institutions and individuals to consolidate, scale and facilitate activities that not only have a high impact on the community, but also provide sustainable solutions.

The Centum Entrepreneurship Program

The culture at Centum is entrepreneurial. We realize that growth requires innovative thinking, solving ideas with speed and taking calculated risks to take on ambitious tasks.

It is this entrepreneurial mindset that has grown Centum and enabled us to continually deliver tangible wealth in the course of conducting our investment business. As such, this is the focus of the foundation.

The Centum Foundation entrepreneurial program was launched to provide promising innovative entrepreneurs access to training, mentorship, resources and funding critical to the launch and growth of their enterprises.

The Centum Entrepreneurship Program began its inaugural cycle in January 2015. Through the program, the Foundation mentored and trained thirteen promising companies. The Foundation plans to continue investing mentorship, training and other resources in companies to aid them in their entrepreneurial journey.





FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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Directors' Report

FOR THE YEAR ENDED 31 MARCH 2015

The Directors submit their report together with the audited financial statements for the year ended 31 March 2015, 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	
	2015 Kes'000	2014 Kes'000
Profit before taxation	8,817,159	4,011,451
Taxation	(874,727)	(956,081)
Profit for the year transferred to retained earnings	7,942,432	3,055,370

The results for the year are set out fully on pages 146 to 227 in the attached financial statements.

DIVIDEND

Directors do not recommend the payment of a dividend (2014: Nil).

DIRECTORS

Current members of the board are shown on page 10.

AUDITOR

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 16th June 2015.

By order of the Board



Fredrick N Murimi
Secretary
Nairobi
16th June 2015

Repoti ya Wakurugenzi

FOR THE YEAR ENDED 31 MARCH 2015

Wakurugenzi wanawasilisha ripoti yao pamoja na taarifa ya kifedha iliyokaguliwa kwa mwaka uliokwisha 31 Machi 2015 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 ya kaitwa Kundi ya Mashirika).

SHUGHULI

Shughuli maalum ya Kampuni pamoja na mashirika yake inabakia kuwa uwokezaji wa rasilimali.

MATOKEO

	Mwaka uliokwisha 31 March	
	2015 Kes'000	2014 Kes'000
Faida kabla ya kutozwa ushuru	8,817,159	4,011,451
Ushuru	(874,727)	(956,081)
Faida iliyowekwa kama akiba	7,942,432	3,055,370

Matokeo ya mwaka yamewekwa kikamilifu katika kurasa 146 hadi 227 kwenye taarifa za fedha.

MGAWO WA FAIDA

Wakurugenzi hawapendekezi ulipaji wa mgao wa faida (Mwaka 2014 mgao haukulipwa).

WAKURUGENZI

Wanachama wa halmashauri ya wakurugenzi waliohudumu wameorodheshwa ukurasa wa 10.

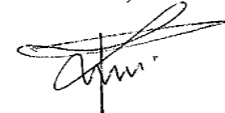
WAKAGUZI WA HESABU

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 16 Juni 2015.

Kwa amri ya halmashauri ya wakurugenzi



Fredrick N Murimi
Katibu
Nairobi
16th June 2015

Statement of Directors' Responsibilities

FOR THE YEAR ENDED 31 MARCH 2015

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.

Approved by the Board of Directors on 16th June 2015 and signed on its behalf by:



Chairman



Managing Director

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:

- 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;
- Selecting and applying appropriate accounting policies; and
- 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 2015 and of the Group's and Company'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.





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 146 to 227. These financial statements comprise the consolidated statement of financial position at 31 March 2015, the consolidated income statement 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 2015, 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 2015 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 FCPA Richard Njoroge – P/No 1244.

Certified Public Accountants

14th August, 2015

Nairobi

Consolidated Income Statement

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Year ended 31 March	
		2015 Kes'000	2014 Kes'000
Income	6	11,826,150	4,883,200
Expenses			
Cost of sales (Beverage business)		(22,881)	-
Administrative expenses	7(a)	(1,778,925)	(575,485)
Operating expenses	7(b)	(656,550)	(220,341)
Finance costs	8	(998,345)	(469,355)
		(3,456,701)	(1,265,181)
Share of profits of associates	21	447,710	393,432
Profit before tax		8,817,159	4,011,451
Income tax expense	10	(874,727)	(956,081)
Profit for the year		7,942,432	3,055,370
Attributable to:			
Owners of the parent		6,953,268	3,020,202
Non-controlling interest		989,164	35,168
		7,942,432	3,055,370
Earnings per share	12	Kes 10.45	Kes 4.54

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Year ended 31 March	
		2015 Kes'000	2014 Kes'000
Profit for the year		7,942,432	3,055,370
Other comprehensive income for the year			
<i>Items that will not be reclassified to profit or loss</i>			
Share of other comprehensive income of associates	21	176,833	32,761
<i>Items that may be subsequently reclassified to profit or loss</i>			
Reserves released on disposal of investments	11	(2,858,244)	(287,772)
Fair value gain in unquoted investments	23	3,136,181	2,965,632
Fair value gain in quoted investments	24	705,857	865,064
Deferred tax on revaluation gains	13	(400,917)	-
Currency translation differences		(9,474)	-
Revaluation surplus on property, net of deferred tax	17	71,483	-
Total other comprehensive income		821,719	3,575,685
Total comprehensive income for the year		8,764,151	6,631,055
Attributable to:			
Owners of the parent		7,805,034	6,362,088
Non-controlling interest		959,117	268,967
		8,764,151	6,631,055



Company Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2015

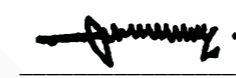
	Notes	Year ended 31 March	
		2015 Kes'000	2014 Kes'000
Investment income	6	6,681,496	1,988,227
Expenses			
Administrative expenses	7(a)	(505,135)	(282,580)
Operating expenses	7(b)	(362,299)	(148,097)
Finance costs	8	(669,463)	(461,954)
		(1,536,897)	(892,631)
Profit before income tax		5,144,599	1,095,596
Income tax expense	10	(277,678)	(48,323)
Profit for the year		4,866,921	1,047,273
Other comprehensive income for the year			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Reserves released on disposal of investments	11	(2,378,244)	(133,208)
Fair value gain in subsidiaries	20	1,614,013	3,636,745
Fair value gain in associates	21	2,414,546	421,153
Fair value gain in unquoted investments	23	3,297,133	1,852,303
Fair value gain/(loss) in quoted investments	24	70,547	(24,759)
Deferred tax on revaluation gains	13	(882,308)	-
Total other comprehensive income		4,135,687	5,752,234
Total comprehensive income		9,002,608	6,799,507

Consolidated Statement of Financial Position

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	As at 31 March	
		2015 Kes'000	2014 Kes'000
Assets			
Goodwill	15	3,167,397	967,210
Prepaid operating lease rentals	16	9,483	-
Property plant and equipment	17	4,273,313	59,954
Intangible assets and software	18	171,612	21,546
Investment property	19	17,774,826	10,845,392
Deferred income tax	13	216,984	210,017
Investment in associates	21	2,097,486	3,900,851
Investment in joint ventures	22	1,647,027	-
Unquoted investments	23	8,548,014	7,569,310
Quoted investments	24	2,979,170	3,036,299
Loans and advances	25	11,061,452	-
Equity linked note asset	40	4,928,006	843,073
Government securities at fair value through profit or loss	26	366,100	772,046
Government securities at amortised cost	27	2,734,420	-
Corporate bonds at amortised cost	28	326,099	299,000
Inventories	30	1,083,667	-
Receivables and prepayments	31	1,839,983	228,874
Cash and cash equivalents	32	9,006,348	843,648
		72,231,387	29,597,220
Capital and reserves			
Share capital	33	332,721	332,721
Share premium	33	589,753	589,753
Other reserves	34	7,021,953	6,170,187
Retained earnings	34	18,555,971	12,912,168
Total equity attributable to equity holders of the company		26,500,398	20,004,829
Non-controlling interest		5,129,099	268,008
		31,629,497	20,272,837
Shareholder loans	35	6,925,016	-
Total equity		38,554,513	20,272,837
Liabilities			
Customer deposits	36	12,400,618	-
Borrowings	37	9,982,600	4,201,029
Bank overdraft	32	-	1,291,101
Payables and accruals	38	3,077,672	997,479
Unclaimed dividends	39	78,027	28,987
Equity linked note liability	40	4,928,006	843,073
Deferred income		174,572	-
Current income tax	10(c)	484,294	210,913
Deferred income tax	13	2,551,085	1,751,801
		33,676,874	9,324,383
		72,231,387	29,597,220

The financial statements on pages 146 to 227 were approved for issue by the Board of Directors on 16th June 2015 and signed on its behalf by:



Chairman



Managing Director



Company Statement of Financial Position

FOR THE YEAR ENDED 31 MARCH 2015

Consolidated Statement of Changes In Equity

FOR THE YEAR ENDED 31 MARCH 2015

Assets	Notes	At at 31 March	
		2015 Kes'000	2014 Kes'000
Deferred income tax	13	-	5,317
Intangible assets	18	1,619	-
Investment in subsidiaries	20	14,331,027	8,159,156
Investment in associates	21	7,178,711	6,594,340
Joint venture investments	22	1,647,027	-
Unquoted investments	23	6,027,867	5,495,272
Quoted investments	24	406,274	686,348
Due from subsidiary companies	29	7,938,137	7,668,573
Receivables and prepayments	31	124,253	27,499
Cash and cash equivalents	32	3,672,877	174,932
		41,327,792	28,811,437
Capital and reserves			
Share capital	33	332,721	332,721
Share premium	33	589,753	589,753
Other reserves	34	20,098,049	15,962,362
Retained earnings	34	10,918,293	6,051,372
		31,938,816	22,936,208
Liabilities			
Borrowings	37	7,569,275	4,201,029
Bank overdraft	32	-	1,291,101
Payables and accrued expenses	38	524,829	204,467
Due to subsidiary companies	29	62,411	121,846
Unclaimed dividends	39	77,271	28,987
Current income tax	10(c)	273,623	27,799
Deferred income tax	13	881,567	-
		9,388,976	5,875,229
		41,327,792	28,811,437

The financial statements on pages 146 to 227 were approved for issue by the Board of Directors on 16th June 2015 and signed on its behalf by:


Chairman


Managing Director

Year ended 31 March 2015	Share capital Kes'000	Share premium Kes'000	Other reserves Kes'000	Retained earnings Kes'000	Total equity Kes'000	Non-controlling interest Kes'000	Total equity Kes'000
At start of year	332,721	589,753	6,170,187	12,912,168	20,004,829	268,008	20,272,837
Comprehensive income							
Profit for the year	-	-	-	6,953,268	6,953,268	989,164	7,942,432
Other comprehensive income:							
Reserves released on disposal of investments	11	-	(2,858,244)	-	(2,858,244)	-	(2,858,244)
Share of other comprehensive income of associates	21	-	176,833	-	176,833	-	176,833
Fair value gain in unquoted investments	23	-	3,179,141	-	3,179,141	(42,960)	3,136,181
Fair value gain in quoted investments	24	-	705,857	-	705,857	-	705,857
Revaluation surplus on property, net of deferred tax		-	55,240	-	55,240	16,243	71,483
Currency translation differences		-	(6,144)	-	(6,144)	(3,330)	(9,474)
Deferred tax on revaluation gains	13	-	(400,917)	-	(400,917)	-	(400,917)
Total other comprehensive income		-	851,766	-	851,766	(30,047)	821,719
Total comprehensive income		-	851,766	6,953,268	7,805,034	959,117	8,764,151
Dividends paid to non-controlling interests		-	-	-	-	(46,681)	(46,681)
Non-controlling interest arising on business combination	43	-	-	-	-	2,639,090	2,639,090
Sale of interest to non-controlling interest in Two Rivers Development Limited	35	-	-	(1,309,465)	(1,309,465)	1,309,465	-
Issue of shares to non-controlling interests		-	-	-	-	100	100
At end of year	332,721	589,753	7,021,953	18,555,971	26,500,398	5,129,099	31,629,497



Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2015

Year ended 31 March 2014	Share capital Kes'000	Share premium Kes'000	Other reserves Kes'000	Retained earnings Kes'000	Total equity Kes'000	Non-controlling interest Kes'000	Total equity Kes'000
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	21	-	32,761	-	32,761	-	32,761
Fair value gain in unquoted investments	23	-	2,731,833	-	2,731,833	233,799	2,965,632
Fair value gain in quoted investments	24	-	865,064	-	865,064	-	865,064
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		-	-	-	-	(41,739)	(41,739)
Non-controlling interest arising on business combination	43	-	-	-	-	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

Company Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2015

Year ended 31 March 2015	Notes	Share capital Kes'000	Share premium Kes'000	Other reserves Kes'000	Retained earnings Kes'000	Total equity Kes'000
At start of year		332,721	589,753	15,962,362	6,051,372	22,936,208
Comprehensive income						
Profit for the year		-	-	-	4,866,921	4,866,921
Other comprehensive income:						
Reserves released on disposal of investments	11	-	-	(2,378,244)	-	(2,378,244)
Fair value gain in subsidiaries	20	-	-	1,614,013	-	1,614,013
Fair value gain in associates	21	-	-	2,414,546	-	2,414,546
Fair value gain in unquoted investments	23	-	-	3,297,133	-	3,297,133
Fair value gain in quoted investments	24	-	-	70,547	-	70,547
Deferred tax on revaluation gains	13	-	-	(882,308)	-	(882,308)
Total other comprehensive income		-	-	4,135,687	-	4,135,687
Total comprehensive income		-	-	4,135,687	4,866,921	9,002,608
At end of year		332,721	589,753	20,098,049	10,918,293	31,938,816



Company Statement of Changes In Equity

FOR THE YEAR ENDED 31 MARCH 2015

Year ended 31 March 2014	Notes	Share capital Kes'000	Share premium Kes'000	Other reserves Kes'000	Retained earnings Kes'000	Total equity Kes'000
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	20	-	-	3,636,745	-	3,636,745
Fair value gain in associates	21	-	-	421,153	-	421,153
Fair value gain in unquoted investments	23	-	-	1,852,303	-	1,852,303
Fair value loss in quoted investments	24	-	-	(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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Year ended 31 March	
		2015 Kes'000	2014 Kes'000
Cash flows from operating activities			
Cash generated from/ (used in) operations	41	1,171,655	931,115
Interest paid	8	(1,251,153)	(646,017)
Income tax paid	10(c)	(552,191)	(50,825)
Net cash used in operating activities		(631,689)	234,273
Cash flows from investing activities			
Purchase of investment property	19	(4,926,161)	(2,111,258)
Purchases of motor vehicles and equipment	17	(132,644)	(18,737)
Purchases of intangible assets	18	(50,512)	(18,294)
Acquisition of subsidiary, net of cash acquired	43	588,720	(951,017)
Dividends received from associates	21	342,655	204,780
Purchase of shares in associates	21	(146,953)	(20,240)
Purchase of share in joint venture	22	(1,629,559)	-
Purchase of unquoted equity investments	23	(712,414)	(337,123)
Purchase of quoted equity investments	24	(785,816)	(631,068)
Purchase of corporate bonds	28	(185,599)	(399,000)
Purchase of government securities at fair value through profit or loss	26	(67,912)	(635,052)
Purchase of government securities	26	(844,886)	-
Proceeds from disposal of unquoted investments	11	5,844,762	39,666
Proceeds from disposal of quoted investments	11	2,344,777	1,913,339
Proceeds on disposal of government securities at fair value through profit or loss	11	128,461	725,765
Proceeds from disposal of corporate bonds at amortised costs	28	158,500	100,000
Proceeds from disposal of investment property		225,000	-
Net cash used in investing activities		150,599	(2,138,239)
Cash flows from financing activities			
Net proceeds from borrowings	37	3,151,465	-
Issue of shares in subsidiary to non-controlling interests		100	-
Dividends paid to Company's shareholders	39	(517)	(3,517)
Dividends paid to non-controlling interests		(46,681)	(41,739)
Shareholder loan from non-controlling interest		6,834,610	-
Net cash (used in)/ generated from financing activities		9,938,977	(45,256)
Net increase/(decrease) in cash and cash equivalents		9,457,887	(1,949,222)
Movement in cash and cash equivalents			
At start of year		(447,453)	1,501,769
Increase		9,457,887	(1,949,222)
Exchange losses on cash and cash equivalents		(4,086)	-
At end of year	32	9,006,348	(447,453)



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 20 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 land and buildings, investment properties, available for sale financial assets and assets at fair value through profit or loss. The financial statements are presented in Kenyan Shillings (Kes), 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 standards have been adopted by the Company and the Group for the first time for the financial year beginning on 1 April 2014 and none has a material impact on the Company and the Group:

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Company's financial statements.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

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)

Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Company has applied the amendment and there has been no significant impact on the Company's financial statements as a result.

IFRIC 21, 'Levies' This is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out the criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation addresses what the obligating event is that gives rise to the payment of a levy and when a liability should be recognised.

(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 April 2015, and have not been applied in preparing the Company 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. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes

three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Company is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Company is assessing the impact of IFRS 15.

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.

2. Summary of significant accounting policies (continued)

(b) Consolidation

(i) Subsidiaries

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

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

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

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

2. Summary of significant accounting policies (continued)

(b) Consolidation (continued)

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

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

(iii) Disposal of subsidiaries

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

(iv) Associates

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

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus share of subsequent profits and other comprehensive income less any impairment in the value of individual investments. Losses of an associate

in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. A listing of the Group's associates is shown in note 21.

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 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.



2. Summary of significant accounting policies (continued)

(b) Consolidation (continued)

(iv) Associates (continued)

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.

(v) Joint ventures

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting

policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

(vi) Separate financial statements

In the separate financial statements of the Company, investments in subsidiaries, associates and joint ventures are accounted for as available-for-sale financial assets.

(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 (Kes), 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.

2. Summary of significant accounting policies (continued)

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

(ii) Transactions and balances (continued)

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

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. 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 measured at fair value, 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.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are reported as 'exchange difference on translation of foreign operations' and are recognised as other comprehensive income and accumulated in the other reserves in shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

(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 sectors and these are defined as the Group's reportable segments. The sectors include: Real Estate, Energy, Financial Services, Fast-moving consumer goods (FMCG) and Quoted Equity. Performance is reviewed from a total return perspective.



2. Summary of significant accounting policies (continued)

(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.
- v. Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for advances are credited to income upon first utilisation of the facility and are charged on an annual basis.
- vi. Sales of goods are recognised in the period in which the Company has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery does not occur until the products have been accepted by the customer.

(f) Interest income and expense

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss, are recognised within 'interest income' or 'interest expense' in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest that was used to discount the future cash flows for the purpose of measuring the impairment loss.

(g) 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 capital appreciation and are not occupied by the Group are classified as investment property and are 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.

2. Summary of significant accounting policies (continued)

(h) Property, plant and equipment

All categories of property, plant and equipment excluding land and buildings are initially recorded at cost and subsequently depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve, all other decreases are charged to profit or loss.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	40 - 50 years
Factory, plant and machinery	8 years
Motor vehicles, lorries and trucks	4 - 5 years
Computers	3 - 4 years
Furniture, fittings and equipment	8 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment 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 that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Property, plant and equipment (continued)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(i) 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



2. Summary of significant accounting policies (continued)**(i) Intangible assets (continued)****(i) Goodwill (continued)**

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.

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

(ii) Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the directors may have positive intention and ability to hold to maturity, other than:

- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available for sale; and
- those that meet the definition of loans and receivables.

Held to maturity investments are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets and are accounted 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.

(iv) 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. 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.

2. Summary of significant accounting policies (continued)**(j) Financial assets (continued)****(iv) Financial assets at fair value through profit or loss**

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 recognised 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 recognised in 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 Group 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 Group 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.

(k) Financial liabilities

The Group's holding in financial liabilities represents mainly deposits from banks and customers and other liabilities. Such financial liabilities are initially recognised at fair value and subsequently measured at amortised costs.

(l) 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.

(m) 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 or a breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, 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;



2. Summary of significant accounting policies (continued)

(m) Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

- 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.

The Group first assesses whether objective evidence of impairment exists.

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.

(n) 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.

(o) 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.

2. Summary of significant accounting policies (continued)

(p) Receivables

Receivables are amounts due from investments and sales 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 accounted for as current assets. If not, they are non-current assets. Receivables are recognised initially at fair value and subsequently recognised at amortised cost, less any provision for impairment.

(q) 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.

(r) 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.

(s) 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.

(t) 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.

(u) 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.

(v) 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



2. Summary of significant accounting policies (continued)

(v) Employee benefits (continued)

(ii) Performance bonus (continued)

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 the primary business objective.

A target of 15% annual increase hurdle rate on return based on the opening shareholder funds has been set (hurdle rate).

Employees only qualify for the bonus upon after achievement a return in excess of this hurdle rate of this percentage increase in shareholder wealth.

Actual award of the bonus vests is in three equal instalments over a period of three years. Vesting is against key conditions.

1. The annual payment is on condition that shareholder wealth is maintained at the same level or increased each year. 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.
2. Should an employee leave employment of the Group before payment is due, he/she will forfeit payment.

(iii) Other entitlements

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

(w) 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.

(x) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in 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 laws 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, 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.

2. Summary of significant accounting policies (continued)

(x) Current and deferred income tax (continued)

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

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

(y) Acceptances and letters of credit

Acceptances and letters of credit are accounted for as off-balance sheet transactions and disclosed as contingent liabilities.

(z) Sales and repurchase agreements

Securities sold subject to repurchase agreements ('repos') are classified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in amounts due to Central Bank of Kenya, due to other banks, deposits from banks, other deposits or deposits due to customers, as appropriate.

Securities purchased from Central Bank of Kenya under agreements to resell ('reverse repos') are disclosed separately as they are purchased and are not negotiable/discounted during their tenure. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

(aa) Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined by use of weighted average. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

(ab) Comparatives

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

3. Critical accounting estimates and judgments

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



3. Critical accounting estimates and judgments (continued)

Impairment losses (continued)

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.

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2(i). The recoverable amount of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 15).

4. Financial risk management

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

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

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

Risk management framework

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

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

4. Financial risk management (continued)

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 risk

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 Group is in regular contact with the lenders in a bid to obtain the best available rates.

As at 31 March 2015, Group and Company held deposits of Kes 4,389,086,732 and Kes 3,514,006,749 respectively (2014: Kes 224,017,580 and Kes 108,850,547 respectively) and had unutilised bank credit facilities of Kes 2,700,000,000 (2014: Kes 708,898,947).

As at 31 March 2015, a 5% increase/decrease of the annual interest rate would have resulted in an increase/decrease in pre-tax profit and equity of Kes 18,560,149 and Kes 3,828,274 (2014: Kes 43,161,899 and Kes 31,126,650) for both Group and Company respectively resulting from interest paid on deposits.

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



4. Financial risk management (continued)

(a) Market risk (continued)

(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 2015, 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 and Company comprehensive income and equity would have been Kes 148,958,500 (2014: Kes 151,814,950) and Kes 20,313,699 (2014: Kes 34,317,377) higher/lower respectively.

(iii) Investment holding period risk

87% and 90% (2014: 87%) of the Group and Company's investments respectively 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/Company has no fixed time horizon for its investments, and does not enforce exit options on investments as it believes current practice makes it easier to acquire attractive investments.

(iv) Concentration risk

91% (2014: 81%) of the Group's assets are located in Kenya with 8% (2014: 13%) in the wider East African Region and 1% (2014: 5%) outside East Africa.

Investment portfolio sectoral allocation

SECTOR	GROUP ALLOCATION		COMPANY ALLOCATION	
	2015	2014	2015	2014
Real Estate	27%	38%	20%	-
Financial Services	48%	27%	37%	36%
Industrial and Allied	2%	2%	0%	3%
Alcoholic and Carbonated beverages	11%	23%	23%	33%
Automotive	7%	7%	12%	19%
Services	2%	2%	4%	6%
Publishing	-	1%	1%	3%
Agriculture	-	-	-	-
Energy	3%	-	3%	-
Total	100%	100%	100%	100%

4. Financial risk management (continued)

(a) Market risk (continued)

(iv) Concentration risk (continued)

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 2015 and 31 March 2014 were:

	2015 Kes '000	2014 Kes '000
1 US Dollar (Usd)	92.34	86.44
1 Ugandan Shilling (UgX)	0.031	0.034
1 Rwandese Franc (RwF)	0.134	0.127
1 Tanzania Shilling (Tshs)	0.05	0.053
1 Nigerian Naira (NgN)	0.46	0.524
1 Ghana Cedi (GhC)	24.15	32.774



Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

4. Financial risk management (continued)

- (a) Market risk (continued)
- (v) Foreign exchange risk (continued)

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

Financial Assets	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
Quoted investments (UgX)	33,862	30,527	1,265	30,527
Quoted investments (RwF)	-	221,993	-	221,993
Quoted investments (Tshs)	2,910,519	1,135,104	-	-
Quoted investments (GhC)	276,130	686,234	-	-
Quoted investments (NgN)	-	90,961	-	-
Quoted investment (CFA Franc)	44,783	-	-	-
Quoted investment (EGP)	49,927	-	-	-
Balances due from banks (Usd)	607,746	-	-	-
Balances due from banks (Eur)	78,341	-	-	-
Balances due from banks (Gbp)	66,000	-	-	-
Investment in Funds (Usd)	-	497,028	-	497,028
Investment property (UgX)	2,986,503	2,663,576	-	-
Cash and equivalents (Usd)	613,127	227,903	28,615	-
Cash and equivalents (Eur)	2,677	-	-	-
Cash and equivalents (Gbp)	1,176	-	-	-
	7,670,791	5,553,326	29,880	749,548

Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

4. Financial risk management (continued)

- (a) Market risk (continued)
- (v) Foreign exchange risk (continued)

Financial liabilities	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
Customer deposits (Usd)	628,493	-	-	-
Customer deposits (Eur)	19,034	-	-	-
Customer deposits (Gbp)	215	-	-	-
Borrowings (Usd)	3,503,831	-	3,316,751	-
Borrowings (Eur)	564,006	-	-	-
	4,715,579	-	3,316,751	-

If all other variables were held constant, at 31 March 2015, 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	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
1 US Dollar (Usd)	145,573	169,425	1,431	24,851
1 Euro (Eur)	25,101	-	-	-
1 British Pound (Gbp)	3,348	-	-	-
1 Ugandan Shilling (UgX)	151,015	1,526	60	1,526
1 Rwandese Franc (RwF)	-	11,100	-	11,100
1 Tanzanian Shilling (Tshs)	145,526	56,775	-	-
1 Nigerian Naira (NgN)	-	4,548	-	-
1 Egyptian Pound (EGP)	2,496	-	-	-
1 Senagalese Franc (CFA Franc)	2,239	-	-	-
1 Ghanaian Cedi (GhC)	13,807	34,312	-	-
	489,105	277,686	1,491	37,477

(b) Liquidity risk

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.

As at 31 March 2015, over 24% (2014: over 21%) of the Group's assets were held in assets that are quickly convertible to cash. The Group also had Kes 2,700,000,000 (2014: Kes 708,849,000) unutilised credit facility (See note 32).



Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

4. Financial risk management (continued)

(b) Liquidity risk (continued)

The borrowings which are mainly utilised for investment purposes together with accruing interest are matched by expected future cash inflows. The table below represents the undiscounted cash flows payable by the Group and Company under non-derivative financial assets and liabilities by remaining contractual maturities at the balance sheet date.

GROUP

At 31 March 2015	Up to 1 month	1 – 3 months	3-12 months	1 – 3 years	3 -5 years	Over 5 years	Totals
Financial assets							
Loans and advances	1,178,904	101,716	1,105,384	3,298,134	4,718,102	659,212	11,061,452
Equity linked note asset	-	-	-	4,928,006	-	-	4,928,006
Government securities at fair value through profit and loss	-	-	-	-	31,800	334,300	366,100
Government securities at amortised cost	598,658	19,660	243,074	300,000	-	1,573,028	2,734,420
Corporate bonds at amortised cost	-	-	270,899	55,200	-	-	326,099
Receivables and prepayments	1,086,401	68,960	684,622	-	-	-	1,839,983
Cash and cash equivalents	9,006,348	-	-	-	-	-	9,006,348
Financial liabilities							
Customer deposits	6,281,321	3,506,554	1,675,027	929,688	7,127	901	12,400,618
Equity-linked note liability	-	-	-	4,928,006	-	-	4,928,006
Borrowings	2,031,010	-	668,551	378,111	-	-	3,077,672
Other liabilities and accrued expenses	574,789	3,330,148	335,533	5,742,130	-	-	9,982,600
Unclaimed dividends	78,027	-	-	-	-	-	78,027
Net liquidity	2,905,164	(6,646,366)	(375,132)	(3,396,595)	4,742,775	2,565,639	(204,515)
At 31 March 2014							
Financial assets							
Equity linked note asset	-	-	-	843,073	-	-	843,073
Government securities at fair value through profit and loss	-	-	118,648	352,828	33,035	267,535	772,046
Corporate bonds at amortised cost	-	-	299,000	-	-	-	299,000
Receivables and prepayments	228,874	-	-	-	-	-	228,874
Cash and cash equivalents	843,648	-	-	-	-	-	843,648
Financial liabilities							
Equity-linked note liability	-	-	-	843,073	-	-	843,073
Borrowings	-	-	-	-	4,201,029	-	4,201,029
Bank overdraft	-	-	1,291,101	-	-	-	1,291,101
Payables and accruals	567,174	-	267,049	163,256	-	-	997,479
Unclaimed dividends	28,987	-	-	-	-	-	28,987
Net liquidity	476,361	-	(1,140,502)	189,572	(4,167,994)	267,535	(4,375,028)

Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

4. Financial risk management (continued)

(b) Liquidity risk (continued)

COMPANY

At 31 March 2015

	Up to 1 month	1 - 3 months	3-12 months	1 - 3 years	3 -5 years	Over 5 years	Totals
Financial assets							
Due from subsidiary companies	51,345	-	537,081	7,349,711	-	-	7,938,137
Receivables and prepayments	124,253	-	-	-	-	-	124,253
Cash and cash equivalents	3,672,877	-	-	-	-	-	3,672,877
Financial liabilities							
Payables and accruals	40,050	-	369,250	115,529	-	-	524,829
Due to subsidiary companies	-	-	62,411	-	-	-	62,411
Borrowings	-	3,316,749	-	4,252,526	-	-	7,569,275
Unclaimed dividends	77,271	-	-	-	-	-	77,271
Net liquidity	3,731,154	(3,316,749)	105,420	2,981,656	-	-	3,501,481

At 31 March 2014

	Up to 1 month	1 - 3 months	3-12 months	1 - 3 years	3 -5 years	Over 5 years	Totals
Financial assets							
Due from subsidiary companies	47,000	-	392,525	7,229,048	-	-	7,668,573
Receivables and prepayments	27,499	-	-	-	-	-	27,499
Cash and cash equivalents	174,932	-	-	-	-	-	174,932
Financial liabilities							
Payables and accruals	22,967	-	104,371	77,130	-	-	204,468
Due to subsidiary companies	121,846	-	-	-	-	-	121,846
Bank overdraft	-	-	1,291,101	-	-	-	1,291,101
Borrowings	-	-	-	-	4,201,029	-	4,201,029
Unclaimed dividends	28,987	-	-	-	-	-	28,987
Net liquidity	75,631	-	(1,002,947)	7,151,918	(4,201,029)	-	2,023,573

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.

(i) Receivables and other assets

The amount that best represents the company's maximum exposure to credit risks at 31 March 2015 and 31 March 2014 is made up as follows:

	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
Cash and cash equivalents	9,006,348	843,648	3,672,877	174,932
Amounts due from related parties	-	-	7,938,137	7,668,573
Trade receivables	801,570	-	124,253	27,499
Other receivables	1,014,266	228,874	-	-
Staff debtors	247	-	-	-
Deposits	23,900	-	-	-
	10,846,331	1,072,522	11,735,267	7,871,004

None of the receivables and other assets above subject to credit risk are past due or impaired.

(ii) Loans and advances

The Group's internal risk ratings scale is as follows:

- Grade 1- Normal
- Grade 2- Watch
- Grade 3- Substandard
- Grade 4- Doubtful
- Grade 5- Loss

4. Financial risk management (continued)

(c) Credit risk (continued)

(ii) Loans and advances (continued)

Impairment and provisioning policies

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in its loans and advances portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures. The second component is in respect of losses that have been incurred but have not been identified in relation to the loans and advances portfolio that is not specifically impaired. The impairment provision shown in the statement of financial position at year-end is derived from each of the five internal rating grades. However, the impairment provision is composed largely of the bottom three grades.

The table below summarise the Group's loans and advances and the associated impairment provision for each internal rating category:

	2015 Kes'000	2014 Kes'000
Grade 1- Normal	9,946,431	-
Grade 2- Watch	602,623	-
Grade 3- Substandard	470,221	-
Grade 4- Doubtful	302,020	-
Grade 5- Loss	482,834	-
	11,804,129	-
Less: allowance for impairment	(742,677)	-
Net	11,061,452	-

Grade 1 – Normal

All loans are performing in accordance with the contractual terms and are expected to continue doing so. Loans in this category are fully protected by the current sound net worth and paying capacity of the borrower.

Grade 2 – Watch

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. The gross amounts of loans and advances that were past due but not impaired were as follows:

	2015 Kes'000	2014 Kes'000
Past due up to 30 days	135,021	-
Past due 31- 60 days	357,200	-
Past due 61 - 90 days	107,432	-
Renegotiated 1 - 90 days	2,970	-
	602,623	-



4. Financial risk management (continued)

(c) Credit risk (continued)

(ii) Loans and advances (continued)

Grade 3, 4 and 5 - Substandard, Doubtful risk and Loss

	2015 Kes'000	2014 Kes'000
Grade 3 – Substandard	470,221	-
Grade 4 – Doubtful	302,020	-
Grade 5 – Loss	482,834	-
Total	1,255,075	-
Individually assessed impaired loans and advances:		
Micro	257,934	-
SME	997,141	-
	1,255,075	-
Fair value of collateral held	556,923	-

Collateral on loans and advances

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired or when a borrower has cleared a loan and would like to obtain another facility at the time when the validity of the valuation has since expired.

Analysis of gross loans and advances by performance

	2015 Kes'000	2014 Kes'000
Current	9,946,431	-
1-30 days	135,021	-
31-60 days	357,200	-
61-90 days	107,432	-
91-180 days	467,343	-
181-360 days	283,098	-
Over 360 days	373,208	-
Sub total	11,669,733	-
Renegotiated/rescheduled loans		
1-90 days	2,970	-
Over 90 days	131,426	-
Sub total	134,396	-
Grand total	11,804,129	-

According to Central Bank of Kenya prudential guidelines, loans and advances overdue by above 90 days are considered non-performing. The provisions made amount to 6.2% of gross advances. These provisions are considered adequate in view of the realizable value of securities held.

Renegotiated/rescheduled loans are tracked and monitored the same way classified loans are, whether they are performing normally or not.

4. Financial risk management (continued)

(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 2015

4. Financial risk management (continued)

(d) Fair value hierarchy (continued)

Group	Notes	Level 1 Kes'000	Level 2 Kes'000	Level 3 Kes'000	Total Kes'000
31 March 2015					
Financial assets:					
Investment in joint ventures	22	-	-	1,647,027	1,647,027
Unquoted equity instruments	23	-	-	8,548,014	8,548,014
Quoted equity instruments	24	2,979,170	-	-	2,979,170
Government securities at fair value through profit and loss	26	366,100	-	-	366,100
Equity-linked note asset	40	4,928,006	-	-	4,928,006
31 March 2014					
Financial assets:					
Unquoted equity instruments	23	-	-	7,569,310	7,569,310
Quoted equity instruments	24	3,036,299	-	-	3,036,299
Government securities at fair value through profit and loss	26	772,046	-	-	772,046
Equity-linked note asset	40	843,073	-	-	843,073
Company					
31 March 2015					
Financial assets:					
Investment in subsidiaries	20	-	-	14,331,027	14,331,027
Investment in associates	21	-	-	7,178,711	7,178,711
Investment in joint ventures	22	-	-	1,647,027	1,647,027
Unquoted equity instruments	23	-	-	6,027,867	6,027,867
Quoted equity instruments	24	406,274	-	-	406,274
31 March 2014					
Financial assets:					
Investment in subsidiaries	20	-	-	8,159,156	8,159,156
Investment in associates	21	-	-	6,594,340	6,594,340
Unquoted equity instruments	23	-	-	5,495,272	5,495,272
Quoted equity instruments	24	686,348	-	-	686,348

Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

4. Financial risk management (continued)

(d) Fair value hierarchy (continued)

There were no transfers into or out of level 3 in 2015 and 2014.

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

	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
At start of year	7,569,310	4,306,221	20,248,768	13,129,466
Additions	712,414	337,124	6,085,260	1,243,110
Disposals	(652,809)	(39,666)	(678,194)	(39,666)
Disposals on acquisition of control	-	-	(2,134,830)	-
Translation differences	2,204	-	-	-
Reserves released on disposal	(2,219,286)	-	(2,218,926)	-
Fair value gains/(loss)	3,136,181	2,965,631	6,235,527	5,915,858
At end of year	8,548,014	7,569,310	27,537,605	20,248,768
Total gains on level 3 financial assets held at the end of the year as recognised in other comprehensive income	3,136,181	2,965,631	7,325,692	5,910,201

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	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
5% change market value	109,766	44,905	278,669	113,673



4. Financial risk management (continued)

e) Capital management

The Group's objectives when managing capital are:

To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for the other stakeholders.

To maintain a strong capital base to support the current and future development needs of the business.

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

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

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

There have been no material changes in the Group's management of capital during the year.

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

	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
Share capital	332,721	332,721	332,721	332,721
Share premium	589,753	589,753	589,753	589,753
Investment revaluation reserve	7,021,953	6,170,187	20,098,049	15,962,362
Retained earnings	18,555,971	12,912,168	10,918,293	6,051,372
Non-controlling interest	5,129,099	268,008	-	-
Shareholder loans	6,925,016	-	-	-
Equity	38,554,513	20,272,837	31,938,816	22,936,208
Total borrowings	9,982,600	5,492,130	7,569,275	5,492,130
Less: Cash and bank balances	(9,006,348)	(843,648)	(3,672,877)	(174,932)
Net borrowings	976,252	4,648,482	3,896,398	5,317,198
Gearing (%)	2.53%	22.93%	12.20%	23.18%

5. Segment information

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

The Group's portfolio was traditionally divided into three segments, namely: Private Equity, Quoted Equity and Real Estate. However, as of 1 April 2014, the Group has adopted a new operating structure that further categorised Private Equity into sectors. The new categorization based on sectors are defined as the Group's reportable segments under IFRS 8, Operating Segments. The sectors are; Real Estate, Energy, Financial Services, Quoted Equity and Fast moving consumer goods (FMCG). All other investments that are not categorised in these sectors are categorised as Others. Segment reporting will be done on the basis of sectors going forward. 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 net asset value in the period.

Gross portfolio return

Gross portfolio return is equivalent to "revenue" for the purposes of IAS 1. It represents the overall increase in net assets from the investment portfolio. Gross return is analysed into the following components:

Portfolio income

Portfolio Income is that portion of income that is directly related to the return from individual investments. It is recognised to the extent that it is probable that there will be economic benefit and the income can be reliably measured. Portfolio income includes; dividend income, interest income, realised and unrealised profit, 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.

Total Assets

Total Assets represents the portfolio value, which 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 2015 is as overleaf.



Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

5. Segment information (continued)

(a) Group – New basis

31 March 2015	Financial Services Kes '000	FMCG Kes '000	Energy Kes '000	Real Estate Kes '000	Quoted equity Kes '000	Others Kes '000	Total Kes '000
Dividend income	290,566	233,435	-	-	163,630	379,548	1,067,179
Interest income	968,326	-	-	-	98,134	-	1,066,460
Fund management income	639,142	-	-	-	-	-	639,142
Sales income	-	36,792	-	-	-	-	36,792
Other income	218,245	1,842	-	246,561	-	(36,932)	429,716
Realised gains	2,956,103	807,063	-	78,707	474,037	16,965	4,332,875
Unrealised value movements	(88,643)	542,078	(116)	1,828,003	357,117	3,285,893	5,924,332
Gross Return	4,983,739	1,621,210	(116)	2,153,271	1,092,918	3,645,474	13,496,496
Finance costs	(664,380)	(1,984)	-	(309,021)	(64,431)	41,471	(998,345)
Portfolio costs	(1,057,986)	(258,992)	(24,771)	(518,446)	(124,654)	(473,506)	(2,458,355)
Net Return	3,261,373	1,360,234	(24,887)	1,325,804	903,833	3,213,439	10,039,796
Tax	(535,837)	(110,800)	-	(348,238)	(14,609)	(266,161)	(1,275,645)
Total Return	2,725,536	1,249,435	(24,887)	977,565	889,224	2,947,278	8,764,151
Gross Return (%)	204%	48%	0%	40%	20%	106%	67%
Return on opening shareholder funds (%)	112%	37%	(48%)	18%	17%	86%	44%
Opening net asset value							
Total assets	5,417,846	3,363,253	51,924	11,097,038	6,208,925	3,458,235	29,597,220
Borrowings	(2,719,054)	-	-	(2,773,076)	-	-	(5,492,130)
Other assets/(liabilities)	-	-	-	(2,949,408)	(850,270)	(32,576)	(3,832,253)
Non-controlling interest	(268,008)	-	-	-	-	-	(268,008)
Net asset value attributable to equity holders	2,430,784	3,363,253	51,924	5,374,554	5,358,655	3,425,659	20,004,829
Closing net asset value							
Total assets	26,278,875	10,175,591	1,840,008	17,566,183	8,915,673	7,455,057	72,231,387
Borrowings	(6,815,327)	(938,083)	-	(2,857,690)	628,500	-	(9,982,600)
Other liabilities	(14,792,240)	(1,592,187)	(480)	(2,249,634)	(4,993,960)	(65,773)	(23,694,274)
Shareholder-equity loans	-	-	-	(6,925,016)	-	-	(6,925,016)
Non-controlling interest	(1,072,482)	(1,886,145)	-	(2,170,472)	-	-	(5,129,099)
Net asset value attributable to equity holders	3,598,826	5,759,176	1,839,528	3,363,371	4,550,213	7,389,284	26,500,398

Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

5. Segment information (continued)

(b) Group - Old basis

31 March 2015	Private Equity Kes '000	Real Estate Kes '000	Quoted equity Kes '000	Total Kes '000
Dividend income	903,549	-	163,630	1,067,179
Interest income	968,326	-	98,134	1,066,460
Fund management income	639,142	-	-	639,142
Sales income	36,792	-	-	36,792
Other income	183,155	246,561	-	429,716
Realised gains	3,780,131	78,707	474,037	4,332,875
Unrealised value movements	3,739,212	1,828,003	357,117	5,924,332
Gross Return	10,250,307	2,153,271	1,092,918	13,496,496
Finance costs	(624,893)	(309,021)	(64,431)	(998,345)
Portfolio costs	(1,815,255)	(518,446)	(124,654)	(2,458,355)
Net Return	7,810,159	1,325,804	903,833	10,039,796
Tax	(912,798)	(348,238)	(14,609)	(1,275,644)
Total Return	6,897,361	977,565	889,224	8,764,151
Gross Return (%)	110%	40%	20%	67%
Return on opening shareholder funds (%)	74%	18%	17%	44%
Opening net asset value				
Total assets	12,291,258	11,097,038	6,208,925	29,597,220
Borrowings	(2,719,054)	(2,773,076)	-	(5,492,130)
Other liabilities	(32,576)	(2,949,408)	(850,270)	(3,832,253)
Non-controlling interest	(268,008)	-	-	(268,008)
Net asset value attributable to equity holders	9,271,620	5,374,554	5,358,655	20,004,829
Closing net asset value				
Total assets	45,749,531	17,566,183	8,915,673	72,231,387
Borrowings	(7,753,410)	(2,857,690)	628,500	(9,982,600)
Other liabilities	(16,450,680)	(2,249,634)	(4,993,960)	(23,694,274)
Shareholder-equity loans	-	(6,925,016)	-	(6,925,016)
Non-controlling interest	(2,958,627)	(2,170,472)	-	(5,129,099)
Net asset value attributable to equity holders	18,586,814	3,363,371	4,550,213	26,500,398

5. Segment information (continued)

(c) Group-old basis

31 March 2014	Private Equity Kes '000	Real Estate Kes '000	Quoted equity Kes '000	Total Kes '000
Dividend income	421,352	-	264,832	686,184
Interest income	-	15,287	203,112	218,399
Other income	8,773	17	267,857	276,647
Realised gains	2,416	-	705,389	707,805
Unrealised value movements	3,164,883	3,049,918	747,522	6,962,323
Gross return	3,597,424	3,065,222	2,188,712	8,851,358
Finance costs	(10,876)	(451,079)	(7,400)	(469,355)
Portfolio costs	(272,119)	(215,079)	(308,628)	(795,826)
Tax	(12,547)	(852,437)	(91,097)	(956,081)
Total return	3,301,882	1,546,627	1,781,587	6,630,096
Gross return (%)	59.4%	131.3%	41.7%	64.9%
Total return (%)	54.5%	66.3%	33.9%	48.6%
Opening net asset value				
Portfolio value	7,812,006	5,456,057	3,728,185	16,996,248
Other net assets/(liabilities)	(79,939)	(646,685)	1,522,649	796,025
Borrowings	(1,674,336)	(2,475,196)	-	(4,149,532)
	6,057,731	2,334,176	5,250,834	13,642,741
Closing net asset value				
Total assets	12,291,258	11,097,038	6,208,925	29,597,220
Borrowings	(2,719,054)	(2,773,076)	-	(5,492,130)
Other liabilities	(32,576)	(2,949,408)	(850,270)	(3,832,253)
Non-controlling interest	(268,008)	-	-	(268,008)
Net asset value attributable to equity holders	9,271,620	5,374,554	5,358,655	20,004,829

5. Segment information (continued)

(d) Company – New basis

31 March 2015	Financial Services Kes '000	FMCG Kes '000	Energy Kes '000	Real Estate Kes '000	Quoted equity Kes '000	Others Kes '000	Total Kes '000
Dividend income	190,730	233,435	-	-	517,270	376,816	1,318,251
Interest income	76,565	-	-	-	-	-	76,565
Other income	3,812	1,842	-	-	-	(45,894)	(40,240)
Realised gains	2,957,178	-	-	-	(40,687)	32,549	2,949,040
Unrealised value movements	(162,192)	3,485,398	(460)	(94,298)	757,353	3,410,074	7,395,875
Gross Return	3,066,093	3,720,675	(460)	(94,298)	1,233,936	3,773,545	11,699,491
Finance costs	(413,071)	-	-	(288,605)	32,214	-	(669,463)
Portfolio costs	(121,229)	(179,438)	(24,307)	(159,875)	(116,398)	(266,187)	(867,434)
Tax	(347,944)	(335,575)	0	(189,049)	(672)	(286,746)	(1,159,986)
Total Return	2,183,848	3,205,663	(24,767)	(731,827)	1,149,081	3,220,612	9,002,608
Gross Return (%)	70.5%	72.8%	(0.9%)	(1.5%)	32.8%	110.2%	51.0%
Return on opening shareholder funds (%)	50.2%	62.7%	(48.3%)	(11.7%)	30.6%	94.1%	39.3%
Opening portfolio value							
Total assets	7,162,166	5,178,720	51,924	9,140,780	3,807,469	3,470,378	28,811,437
Borrowings	(2,719,054)	-	-	(2,773,076)	-	-	(5,492,130)
Other liabilities	(95,234)	(68,860)	(690)	(121,543)	(50,627)	(46,145)	(383,099)
Net asset value	4,347,878	5,109,860	51,234	6,246,161	3,756,842	3,424,233	22,936,208
Closing Net Asset Value							
Total assets	10,789,524	9,118,489	1,839,528	9,194,350	3,936,322	6,449,579	41,327,792
Borrowings	(5,340,085)	-	-	(2,857,690)	628,500	-	(7,569,275)
Other liabilities	(501,011)	(468,421)	(26,800)	(323,000)	(57,349)	(443,120)	(1,819,701)
Net asset value	4,948,428	8,650,068	1,812,728	6,013,660	4,507,473	6,006,459	31,938,816
Value movement in the period/(total return)							9,002,608



5. Segment information (continued)

(e) Company – Old basis

31 March 2015	Private Equity Kes '000	Real Estate Kes '000	Quoted equity Kes '000	Total Kes '000
Dividend Income	800,981	-	517,270	1,318,251
Interest Income	76,565	-	-	76,565
Other income	(40,240)	-	-	(40,240)
Realised gains	2,989,727	-	(40,687)	2,949,040
Unrealised value movements	6,732,820	(94,298)	757,353	7,395,875
Gross Return	10,559,853	(94,298)	1,233,936	11,699,491
Finance Costs	(413,071)	(288,605)	32,214	(669,463)
Portfolio costs	(591,161)	(159,875)	(116,398)	(867,434)
Tax	(970,265)	(189,049)	(672)	(1,159,986)
Total Return	8,585,355	(731,827)	1,149,081	9,002,608
Gross Return (%)	81.6%	-1.5%	32.8%	51.0%
Return on opening shareholder funds (%)	66.4%	-11.7%	30.6%	39.3%
Opening portfolio value				
Total Assets	15,863,188	9,140,780	3,807,469	28,811,437
Borrowings	(2,719,054)	(2,773,076)	-	(5,492,130)
Other liabilities	(210,929)	(121,543)	(50,627)	(383,099)
Net asset value	12,933,205	6,246,161	3,756,842	22,936,208
Closing Net Asset Value				
Total Assets	28,197,120	9,194,350	3,936,322	41,327,792
Borrowings	(5,340,085)	(2,857,690)	628,500	(7,569,275)
Other liabilities	(1,439,352)	(323,000)	(57,349)	(1,819,701)
Net asset value	21,417,683	6,013,660	4,507,473	31,938,816
Value movement in the period/(total return)				9,002,608

5. Segment information (continued)

(f) Company - Old basis

31 March 2014	Private Equity Kes '000	Real Estate Kes '000	Quoted equity Kes '000	Total Kes '000
Dividend income	519,352	1,218,294	51,000	1,788,646
Interest income	-	39,784	-	39,784
Other income	11,189	-	-	11,189
Realised value movements	-	15,401	-	15,401
Unrealised 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)
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

5. Segment information (continued)

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

	2015 Kes'000	2014 Kes'000
Total return as per internal reporting	8,764,151	6,630,096
Adjustments for:		
Share of associate earnings	447,710	393,432
Share of other comprehensive income of associates	176,833	32,761
Associate dividend income	(342,655)	(204,780)
Unrealised value movements net of dividend relating to associates	(281,888)	(220,454)
Total comprehensive income	8,764,151	6,631,055
Other comprehensive income	(821,719)	(3,575,685)
Profit for the year	7,942,432	3,055,370

(h) Reconciliation of gross return to total income

	2015 Kes'000	2014 Kes'000
Gross return as per internal reporting	13,496,496	8,851,358
Adjustments for:		
Associate dividend income	(342,655)	(204,780)
Unrealised value movements net of dividend relating to associates	(281,888)	(220,454)
Items dealt with on other comprehensive income in the financial statements:		
Reserves released on disposal of investments	2,858,244	287,772
Fair value gain in quoted securities	(705,857)	(865,064)
Fair value gain in unquoted securities	(3,136,181)	(2,965,632)
Revaluation surplus on property, net of deferred tax	(71,483)	
Currency translation differences	9,474	-
Total income for the year	11,826,150	4,883,200

5. Segment information (continued)

(i) Other segment reporting disclosures

Group	Private Equity Kes'000	Quoted equity Kes'000	Real Estate & infrastructure Kes'000	Total Kes'000
31 March 2015				
Depreciation and amortisation	71,440	-	3,075	74,515
Property, plant and equipment	4,263,770	-	9,543	4,273,313
Prepaid operating leases	9,483	-	-	9,483
Intangible assets	167,749	-	3,863	171,612
Additions to property, plant and equipment	126,384	-	6,260	132,644
Additions to intangible assets	48,177	-	2,335	50,512

Group	Private Equity Kes'000	Quoted equity Kes'000	Real Estate & infrastructure Kes'000	Total Kes'000
31 March 2014				
Depreciation and amortisation	6,113	1,589	5,304	13,006
Property, plant and equipment	27,902	7,171	24,882	59,954
Intangible assets	9,687	3,124	8,735	21,546
Additions to property, plant and equipment	6,552	2,706	9,479	18,737
Additions to intangible assets	-	18,294	-	18,294

Company	Private Equity Kes'000	Quoted equity Kes'000	Real Estate & infrastructure Kes'000	Total Kes'000
31 March 2015				
Depreciation and amortisation	337	-	-	337
Property, plant and equipment	-	-	-	-
Intangible assets	1,619	-	-	1,619
Additions to property, plant and equipment	-	-	-	-
Additions to intangible assets	1,956	-	-	1,956



5. Segment information (continued)

(i) Other segment reporting disclosures (continued)

Company	Private Equity Kes '000	Quoted equity Kes '000	Real Estate & infrastructure Kes '000	Total Kes '000
31 March 2014				
Depreciation and amortisation	-	-	-	-
Motor vehicle and equipment	-	-	-	-
Intangible assets	-	-	-	-
Additions to motor vehicle and equipment	-	-	-	-
Additions to intangible assets	-	-	-	-

(j) Analysis of income by geographical segments

	GROUP		COMPANY	
	2015 Kes '000	2014 Kes '000	2015 Kes '000	2014 Kes '000
Kenya	10,661,887	3,459,999	5,882,423	1,983,114
Uganda	19,858	437,979	23,882	72
Tanzania	1,114,777	716,848	-	-
Others	29,628	268,374	775,191	5,041
	11,826,150	4,883,200	6,681,496	1,988,227

(k) Analysis of non-current assets by country

Kenya				
Investment property	14,788,014	8,181,816	-	-
Land and buildings	1,002,590	-	-	-
Prepaid operating lease rentals	9,483	-	-	-
Motor vehicles and equipment	3,271,538	59,954	-	-
Intangible assets	3,339,010	988,756	1,619	967,210
Outside Kenya				
Investment property	2,986,812	2,663,576	-	-

6. Income

	GROUP		COMPANY	
	2015 Kes '000	2014 Kes '000	2015 Kes '000	2014 Kes '000
Investment income	11,789,358	4,883,200	6,681,496	1,988,227
Sales of goods	36,792	-	-	-
	11,826,150	4,883,200	6,681,496	1,988,227

(a) Investment income

Dividend income	724,523	460,201	1,318,251	1,788,646
Interest income	1,066,460	218,399	76,565	39,784
Fund management income	639,142	266,673	-	-
Gain on disposal of investments (Note 11)	6,288,651	993,161	5,326,920	148,293
Gain on disposal of investment property	78,707	-	-	-
Gain on re-measuring to fair value the existing interest in Almasi Beverages Limited on acquisition of control (Note 43)	807,063	-	-	-
Gain on re-measuring to fair value the existing interest in K-Rep Bank Limited on acquisition of control (Note 43)	19,908	-	-	-
Unrealised gains on investment property (Note 19)	1,737,045	3,049,918	-	-
Unrealised (loss)/gains on government securities (Note 26)	(1,857)	(117,309)	-	161
Fee, commission and forex trading income	214,433	-	-	-
Project and development management fees	242,778	-	-	-
Other income	21,306	12,157	8,561	11,343
Reversal of previously written back unclaimed dividend (Note 39)	(48,801)	-	(48,801)	-
	11,789,358	4,883,200	6,681,496	1,988,227

Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

6. Income (continued)

(a) Investment income (continued)

	GROUP		COMPANY	
	2015 Kes '000	2014 Kes '000	2015 Kes '000	2014 Kes '000
Income from financial assets:				
Available-for-sale	8,794,431	1,680,535	6,721,735	1,977,039
At fair value through profit or loss	(1,857)	(117,309)	-	161
Income from loans and advances	838,574	-	-	-
	9,631,148	1,563,226	6,721,735	1,977,200
Investment income earned on non-financial assets	2,158,210	3,319,974	(40,239)	11,027
	11,789,358	4,883,200	6,681,496	1,988,227

(b) Dividend income

Subsidiaries	-	-	570,360	1,364,923
Associates	-	-	342,655	204,780
Unquoted investments	487,801	319,845	387,966	195,369
Quoted investments	236,722	140,356	17,270	23,574
	724,523	460,201	1,318,251	1,788,646

c) Sales income

Sale of goods (Beverage business)	36,792	-	-	-
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Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

7. Expenses by nature

(a) Administrative expenses

	GROUP		COMPANY	
	2015 Kes '000	2014 Kes '000	2015 Kes '000	2014 Kes '000
Employee benefits expense (Note 9)	1,620,926	513,525	483,042	245,590
Directors' fees and expenses	32,995	12,891	12,533	11,921
Auditor's remuneration	7,840	5,177	4,046	3,540
Office rent and service charge	12,143	9,550	1,922	3,498
Depreciation and amortisation	74,515	11,008	337	-
Other administrative costs	30,506	23,334	3,255	18,031
	1,778,925	575,485	505,135	282,580

(b) Operating expenses

AGM and annual report printing	23,839	14,369	23,606	14,369
Business development costs	88,861	40,277	61,575	31,402
Advertising and PR costs	37,118	18,539	11,977	10,523
Share registration costs	5,009	3,410	5,009	3,410
Listing expenses	32,369	6,113	5,147	5,716
Consultancy	130,923	73,229	46,664	14,159
Impairment charges on loans and advances	49,115	-	-	-
Other costs	289,316	64,404	208,321	68,518
	656,550	220,341	362,299	148,097



Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

8. Finance costs

	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
Interest on deposits and borrowed funds	308,113	-	-	-
Interest on borrowings	947,165	660,082	646,572	431,897
Commitment fees	49,346	12,986	41,674	9,899
Forex losses/(gains)	190,351	6,558	(82,173)	2,270
Bond related expenses	63,390	17,888	63,390	17,888
	1,558,365	697,514	669,463	461,954
Less: amounts capitalised on qualifying assets (Note 19)	(560,020)	(228,159)	-	-
	998,345	469,355	669,463	461,954

9. Employee benefits expense

Salaries	593,813	191,102	59,908	85,492
Performance bonus accrual	910,919	299,400	407,649	144,652
Retirement benefit scheme contributions	28,416	4,579	3,829	4,579
National Social Security Fund contributions (NSSF)	708	91	29	91
Movement in leave pay provision	8,344	(789)	1,425	(789)
	1,542,200	494,383	472,840	234,025
Staff medical expenses	24,270	8,405	3,317	3,289
Other staff welfare costs	54,456	10,737	6,885	8,276
	1,620,926	513,525	483,042	245,590

Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

10. Income tax expense

(a) Income tax expense

	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
Current income tax	672,322	240,084	273,102	46,286
Deferred income tax (Note 13)	202,405	715,997	4,576	2,037
	874,727	956,081	277,678	48,323

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

	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
Accounting profit before taxation	8,817,159	4,011,451	5,144,599	1,095,596
Tax at the applicable rate of 30% (2014: 30%)	2,645,148	1,203,436	1,543,380	328,679
Tax effect of:				
Income not taxable	(3,112,351)	(1,315,721)	(2,326,772)	(648,984)
Expenses not deductible for tax	1,341,930	1,068,366	1,061,070	368,628
	874,727	956,081	277,678	48,323

(c) Taxation payable

At start of year	210,913	19,254	27,799	19,495
Tax payable on acquisition of subsidiary	153,250	2,400	-	-
Charge for the year	672,322	240,084	273,102	46,286
Payments during the year	(552,191)	(50,825)	(27,278)	(37,982)
At end of year	484,294	210,913	273,623	27,799



Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

11. Gains on disposal of investments

	Note	GROUP			COMPANY		
		Cost Kes'000	Proceeds Kes'000	Gain/(loss) on Disposal Kes'000	Cost Kes'000	Proceeds Kes'000	Gain/(loss) on Disposal Kes'000
31 March 2015							
Quoted investments	24	904,719	2,344,777	1,440,058	174,966	309,933	134,967
Unquoted investments	23	652,809	5,844,762	5,191,953	613,122	5,805,075	5,191,953
Government securities at fair value through profit or loss	26	472,001	128,461	(343,360)	-	-	-
		2,029,529	8,318,180	6,288,651	788,088	6,115,008	5,326,920
Reserves released on disposal							
- Quoted investments	24	-	-	638,958	-	-	175,655
- Unquoted investments	23	-	-	2,219,286	-	-	2,202,949
- Associates through other comprehensive income		-	-	-	-	-	(360)
		-	-	2,858,244	-	-	2,378,244
Gain during the year		-	-	3,430,407	-	-	2,948,676
		-	-	6,288,651	-	-	5,326,920

31 March 2014

Quoted investments	24	904,933	1,913,339	1,008,406	244,463	392,917	148,454
Unquoted investments	23	39,666	39,666	-	39,666	39,666	-
Government securities at fair value through profit or loss	26	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 of quoted investments	24	-	-	287,772	-	-	133,208
Gain during the year		-	-	705,389	-	-	15,085
		-	-	993,161	-	-	148,293

Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

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.

	2015	2014
Profit attributable to equity holders of the Company (Kes'000)	6,953,268	3,020,202
Weighted average number of ordinary shares in issue (thousands)	665,442	665,442
Basic earnings per share (Kes)	10.45	4.54

13. Deferred income tax

Deferred income tax is calculated on all temporary differences under the liability method using the currently enacted tax rate of 30% (2014: 30%) and the capital gains tax rate of 5% (2014: Nil). The movement on the deferred income tax account is as follows:

	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
At beginning of year	1,541,784	829,663	(5,317)	(7,354)
Deferred tax on acquisition of subsidiary	188,995	(3,876)	-	-
Charge to income statement (Note 10)	202,405	715,997	4,576	2,037
Charge to other comprehensive income	400,917	-	882,308	-
At end of year	2,334,101	1,541,784	881,567	(5,317)



Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

13. Deferred income tax (continued)

Deferred income tax assets and liabilities, deferred income tax charge in the income statement, and deferred income tax charge in other comprehensive income are attributable to the following items:

	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
Deferred income tax assets	(216,984)	(210,017)	(741)	(5,317)
Deferred income tax liabilities	2,551,085	1,751,801	882,308	-
	2,334,101	1,541,784	881,567	(5,317)

The gross movement on the deferred income tax account is as follows:

GROUP

Year ended 31 March 2015

	At 01 April 2014 Shs'000	On acquisition of subsidiary Shs'000	Charged/ (credited) to P/L Shs'000	Charged/ (credited) to OCI Shs'000	At 31 March 2015 Shs'000
Deferred income tax					
Property, plant and equipment:	(307)	114,640	2,082	-	116,415
Tax losses	(122,121)	-	(1,009)	-	(123,130)
Performance bonus provision	(84,781)	-	(68,317)	-	(153,098)
Leave pay provision	(1,582)	-	(3,153)	-	(4,735)
Other deductible temporary differences	(1,226)	(80,131)	32,404	-	(48,953)
Exchange differences	-	(4,610)	(109,470)	-	(114,080)
Revaluation gain on investment property	1,751,801	-	349,868	-	2,101,669
Revaluation reserve	-	159,096	-	400,917	560,013
	1,541,784	188,995	202,405	400,917	2,334,101

Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

13. Deferred income tax (Continued)

GROUP

Year ended 31 March 2014	At 01 April 2013 Shs'000	On acquisition of subsidiary Shs'000	Charged/ (credited) to P/L Shs'000	Charged/ (credited) to OCI Shs'000	At 31 March 2014 Shs'000
Deferred income tax					
Property, plant and equipment:	(54)	-	(253)	-	(307)
Tax losses	-	-	(122,121)	-	(122,121)
Performance bonus provision	(6,423)	-	(78,358)	-	(84,781)
Leave pay provision	(124)	-	(1,458)	-	(1,582)
Other deductible temporary differences	-	(3,876)	2,650	-	(1,226)
Fair value gain on investment property	836,264	-	915,537	-	1,751,801
	829,663	(3,876)	715,997	-	1,541,784

COMPANY

Year ended 31 March 2015

	At 01 April 2013 Shs'000	Charged/ (credited) to P/L Shs'000	Charged/ (credited) to OCI Shs'000	At 31 March 2015 Shs'000
Deferred income tax				
Property, plant and equipment:	-	2	-	2
Performance bonus provision	(3,814)	3,244	-	(570)
Leave pay provision	(85)	80	-	(5)
Other deductible temporary differences	(1,418)	1,250	-	(168)
Revaluation reserve	-	-	882,308	882,308
	(5,317)	4,576	882,308	881,567

Year ended 31 March 2014	At 01 April 2013 Shs'000	Charged/ (credited) to P/L Shs'000	Charged/ (credited) to OCI Shs'000	At 31 March 2014 Shs'000
Deferred income tax	(54)	54	-	-
Property, plant and equipment:	(6,423)	2,609	-	(3,814)
Performance bonus provision	(124)	39	-	(85)
Leave pay provision	(753)	(665)	-	(1,418)
Other deductible temporary differences	(7,354)	2,037	-	(5,317)

Deferred income tax assets are recognised for tax losses carried forward 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 2015

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. Goodwill

GROUP

Year ended 31 March 2015	Kes'000
Cost	
At start of year	967,210
On acquisition of subsidiary (Note 43)	2,200,187
At end of year	3,167,397

The goodwill recognised in the year represents the excess of the consideration paid for the acquisition of 67.54% stake in K-Rep Bank Limited and 50.95% stake in Almasi Beverages Limited over the fair value of the acquired identifiable assets and liabilities. (See note 43).

Given the proximity of the year end to the acquisition of K-Rep Bank Limited at 20 November 2014 and Almasi Beverages Limited at 18 March 2015, the fair values determined at 30 November 2014 and 31 March 2015 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.

GROUP

Year ended 31 March 2014	Kes'000
Cost	
At start of year	-
On acquisition of subsidiary	967,210
At end of year	967,210

The goodwill recognised in the year ended 31 March 2014 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.

16. Prepaid operating lease rentals

Cost	GROUP	
	2015 Kes'000	2014 Kes'000
At valuation		
At start of year	-	-
On acquisition of subsidiary	11,309	-
At end of year	11,309	-
Depreciation		
At start of year	-	-
On acquisition of subsidiary	(1,826)	-
	(1,826)	-
Net book value as at end of year	9,483	-

Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

17. Property, plant and equipment

GROUP

	Land and buildings Kes'000	Factory plant and equipment Kes'000	Office furniture and fittings Kes'000	Motor vehicles Kes'000	Computers Kes'000	Bottle coolers Kes'000	Work in progress Kes'000	Total Kes'000
At 1 April 2013								
Cost	-	-	53,135	147	6,806	-	-	60,088
Accumulated depreciation	-	-	(10,999)	(147)	(4,943)	-	-	(16,089)
Net book amount	-	-	42,136	-	1,863	-	-	43,999
Year ended 31 March 2014								
Opening net book amount	-	-	42,136	-	1,863	-	-	43,999
Additions	-	-	6,999	-	11,738	-	-	18,737
On acquisition of subsidiary	-	-	7,881	-	297	-	-	8,178
Depreciation charge	-	-	(7,222)	-	(3,738)	-	-	(10,960)
Closing net book amount	-	-	49,794	-	10,160	-	-	59,954
At 1 April 2014								
Cost	-	-	68,015	147	-	-	-	68,162
Accumulated depreciation	-	-	(18,221)	(147)	18,841	-	-	87,003
Net book amount	-	-	49,794	-	(8,681)	-	-	(27,049)
Year ended 31 March 2015								
Opening net book amount	-	-	49,794	-	10,160	-	-	59,954
Additions	-	-	34,812	37,829	60,003	-	-	132,644
On acquisition of subsidiary	932,041	911,659	548,059	203,596	87,379	903,411	477,095	4,063,240
On revaluation	71,483	-	-	-	-	-	-	71,483
Transfer and out	-	-	(147)	-	-	-	-	(147)
Excess depreciation	-	-	-	-	7	-	-	7
Depreciation charge	(934)	-	(29,402)	(2,678)	(20,854)	-	-	(53,868)
Closing net book amount	1,002,590	911,659	603,116	238,747	136,695	903,411	477,095	4,273,313



Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

18. Intangible assets (software)

GROUP	2015 Kes'000	2014 Kes'000
Cost		
At start of year	27,647	9,353
Additions	50,512	18,294
On acquisition of subsidiary	387,226	-
At end of year	465,385	27,647
Amortisation		
At start of year	6,101	4,055
On acquisition of subsidiary	267,025	-
Charge for the year	20,647	2,046
At end of year	293,773	6,101
Net book value	171,612	21,546

COMPANY	2015 Kes'000	2014 Kes'000
Cost		
At start of year	-	5,673
Additions	1,956	-
Transfer to subsidiary	-	(5,673)
At end of year	1,956	-
Amortisation		
At start of year	-	(3,953)
Charge for the year	(337)	-
Transfer to subsidiary	-	3,953
At end of year	(337)	-
Net book value	1,619	-

19. Investment property

	GROUP	
	2015 Kes'000	2014 Kes'000
At start of year	10,845,392	5,456,057
Movements in the year:		
Additions	4,926,161	2,111,258
Capitalised borrowing costs	560,020	228,159
Transfer out/disposal	(105,673)	-
Fair value gains	1,737,045	3,049,918
Translation differences	(188,119)	-
At end of year	17,774,826	10,845,392

Capitalised borrowing costs relate to interest costs incurred during the development phase of Two Rivers Development Limited and Two Rivers Lifestyle Centre Limited. An average cost of debt of 10% (2014: 10%) was used as a basis for capitalisation.

Direct operating expenses arising from investment property amounting to Shs 10,448,000 (2014: Shs 5,600,000) have been recognised in the income statement.

The fair value model has been applied for the investment property. The Group commissioned independent professionally qualified real estate valuers that hold recognised relevant professional qualification and have recent experience in the locations and types of investment properties valued to determine the fair value of the investment property as at 31 March 2015 and 2014 on the basis of open market value. The current use of the investment properties equates to the highest and best use.

All the Group's investment properties are under development. The valuation of these investment properties is derived by making reference to recent comparable sales transactions in the relevant property market (on the assumption that the property had already been completed at the valuation date). It also takes into account the construction cost already incurred as well as the estimated cost to be incurred to complete the project. The fair value gains have been credited to 'income' in the income statement (Note 6).

Because of the unique nature of the Group's investment properties, most of them are valued by reference to a Level 3 fair value measurement. In 2015 and 2014, there were no transfers between different levels within the fair value hierarchy.

Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

19. Investment Property (continued)

	Level 1 Shs 000	Level 2 Shs 000	Level 3 Shs 000
Recurring fair value measurements			
31 March 2015			
Investment property	-	-	17,774,826
31 March 2014			
Investment property	-	-	10,845,392

20. Investment in subsidiaries

The company's interest in its subsidiaries was as follows:

COMPANY	Ownership %	Cost					Fair Value	
		01.04.14 Shs'000	Transfers in Shs'000	Additions Shs'000	Disposals Shs'000	31.03.15 Shs'000	31.03.15 Shs'000	31.03.14 Shs'000
Athena Properties Limited	100.00	114,735	-	-	-	114,735	317,580	357,966
Rasimu Limited	100.00	100	-	-	-	100	692,897	701,495
Centum BVI Limited	100.00	8	-	-	-	8	(97)	(97)
Two Rivers Development Limited	58.33	100	-	-	-	100	2,714,713	3,142,604
Uhuru Heights Limited	100.00	100	-	-	-	100	170,820	159,564
eTransact Limited	100.00	100	-	-	-	100	-	(7,025)
Centum Exotics Limited	100.00	100	-	-	-	100	1,798,371	1,111,564
Centum Development Limited	100.00	91	-	-	-	91	439,618	391,872
Nabo Capital Limited	100.00	18,000	-	-	-	18,000	294,213	100,332
Kilele Holdings Limited	79.17	68	-	-	-	68	766,856	1,113,444
Genesis Kenya Investment Management Limited	73.35	1,079,453	-	-	-	1,079,453	1,104,498	1,079,454
Mvuke Limited	100.00	-	-	-	-	100	(120)	(20)
Centum Business Solutions Limited	100.00	100	-	-	-	100	(39,759)	8,182
Two Rivers Lifestyle Centre Limited	58.33	100	-	-	-	100	323,531	(43)
King Beverage Limited	100.00	-	-	68,000	-	68,000	29,247	(136)
Almasi Beverages Limited	50.95	-	1,952,103	182,727	-	2,134,830	3,221,787	-
Bakki Holdco Limited	100.00	-	-	2,414,260	-	2,355,028	2,496,872	-
		1,213,055	1,952,103	2,664,987	-	5,771,013	14,331,027	8,159,156



Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

20. Investment in subsidiaries (Continued)

Subsidiary	Country of incorporation	Principal activity
Athena Properties Limited	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.
Pearl Marina Estates Limited*	Uganda	Incorporated in September 2010 and principal activity is engagement in real estate investments. The subsidiary has invested in 385 acres of land in Entebbe Uganda.
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.
eTransact Limited	Kenya	Incorporated in October 2010 and was engaged in mobile phone software advancement.
Centum Exotics Limited	Mauritius	Incorporated in July 2011 and the principal activity is engagement investment in quoted private equity investments.
Centum Development Limited	Mauritius	Incorporated in July 2011 and the principal activity is engagement in real estate.
Nabo Capital Limited	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 Business Solutions 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.
Bakki Holdco Limited	Kenya	The Company acquired an additional 65.88 % shareholding in K-Rep Bank Limited on 20 November 2014 and the principal activity is to provide banking services.
K-Rep Bank Limited*	Kenya	The Bank is engaged in the business of banking and the provision of related services.
Almasi Beverages Limited	Kenya	The Company acquired a controlling stake of 50.95% in Almasi Beverages Limited on 18 March 2015. Almasi is the investment holding company for Mount Kenya Bottlers, Kisii Bottlers and Rift Valley Bottlers Limited. The principal activity of these subsidiaries is to bottle and market soft drinks under a franchise from the Coca-Cola Company.
King Beverage Limited	Kenya	Incorporated in 2014 and the principal activity is importation, distribution and sale of beverages

*These subsidiaries are indirectly owned by Centum Investment Company Limited. Pearl Marina Estates Limited is a subsidiary of Centum Development Limited (Mauritius), Oleibon Investment Limited is a subsidiary of Centum Exotics Limited (Mauritius), Two Rivers Lifestyle Centre Limited is a subsidiary of Two Rivers Development Limited and K-Rep Bank Limited is a subsidiary of Bakki Holdco Limited. Investpool Holdings Mauritius: Incorporated in May 2012 and principal activity is engagement in investment activities. Kilele Holdings Limited and Mvuke Limited are subsidiaries of Investpool Holdings (Mauritius). Investments in subsidiaries are non-current assets.

Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

20. Investment in subsidiaries (Continued)

Fair value movement – Company	2015 Kes'000	2014 Kes'000
Opening valuation of subsidiaries	8,159,156	3,442,759
Additions	2,605,755	1,079,652
Transfers from investment in associates (Note 21)	1,952,103	-
Fair value gain in subsidiaries	1,614,013	3,636,745
Closing valuation of subsidiaries	14,331,027	8,159,156

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		K-Rep Bank		Almasi Beverages		Two Rivers Development		Two Rivers Lifestyle	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
Income	59,901	124,476	422,512	114,359	1,059,051	-	-	-	1,866,610	2,612,153	580,000	-
Profit after tax	59,007	124,228	149,197	34,072	183,343	-	-	-	1,511,355	1,629,066	553,273	-
Total comprehensive income	105,055	1,237,556	149,197	34,072	233,382	-	-	-	1,511,355	1,629,066	553,273	-
Total assets	2,189,038	1,943,883	310,680	222,972	16,817,266	-	6,236,021	-	16,832,687	8,434,246	8,004,569	-
Total liabilities	(984,748)	(829,635)	(123,513)	(88,169)	(14,288,497)	-	(2,479,350)	-	(690,974)	(3,788,493)	(7,449,462)	-
Net assets	1,204,290	1,114,248	187,167	134,803	2,528,769	-	3,756,671	-	16,141,713	4,645,753	555,107	-
Dividends paid to non-controlling interest	4,041	25,884	42,640	15,990	-	-	-	-	-	-	-	-

Genesis Kenya Investment Management Limited, Nabo Capital Limited, K-Rep Bank Limited and Almasi Beverages Limited have a different financial reporting period end from that of the Group of 31 December. Genesis Kenya Investment Management Limited and Nabo Capital Limited are registered fund management companies, are regulated by the Capital Markets Authority and have a statutory year end of 31 December. K-Rep Bank Limited is regulated by the Central Bank of Kenya and has 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. The acquisition of control in Almasi Beverages was completed on 31 March 2015.

The profit or loss attributable to non-controlling interests of each subsidiary during the year as well as the accumulated non-controlling interests of each subsidiary at the end of the year are shown in the table overleaf.



Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

20. Investment in subsidiaries (continued)

	Non-controlling interest %	Profit for the year		Balance at year end	
		2015 Kes '000	2014 Kes '000	2015 Kes '000	2014 Kes '000
Kilele Holdings	20.83	20,546	26,088	201,763	35,925
Genesis Kenya	26.65	42,677	9,080	43,939	132,083
K-Rep Bank	32.46	59,626	-	820,838	-
Two Rivers Development	41.67	635,450	-	1,945,009	-
Two Rivers Lifestyle	41.67	230,865	-	231,125	-
Almasi Beverages	49.05	-	-	1,886,423	-
		989,164	35,168	5,129,099	268,008

21. Investment in associates

	GROUP		COMPANY	
	2015 Kes '000	2014 Kes '000	2015 Kes '000	2014 Kes '000
At start of year	3,900,851	3,659,198	6,594,340	6,152,947
Share of profits after taxation	447,710	393,432	-	-
Share of other comprehensive income	176,833	32,761	-	-
Fair value gain	-	-	2,414,546	421,153
Dividends received	(342,655)	(204,780)	-	-
Additions during the year	146,953	20,240	146,953	20,240
Disposals at cost	-	-	(25,385)	-
Disposal on acquisition of control	(2,232,206)	-	-	-
Transfers to investment in subsidiaries (Note 20)	-	-	(1,952,103)	-
Reserves released on disposal (Note 11)	-	-	360	-
At end of year	2,097,486	3,900,851	7,178,711	6,594,340

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.

The Group used audited financial statements for associates for the year ended 31 December 2014 to account for the group's investment in associates using the equity method. Significant transactions in the intermediate period are adjusted.

Associates are held at fair value in the Company's separate financial statements. The associates held at year end are as follows:

	Country	2015 % interest held	2014 % 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	34.00	35.00
UAP Financial Services Limited	Uganda	29.00	29.00
Almasi Beverages Limited	Kenya	-	43.00

Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

21. Investment in associates (continued)

The associates have share capital consisting solely of ordinary shares, which are held directly by the Company. The Group's dividends from its principal associates, all of which are unlisted, and their summarised financial information is as follows:

	Fast Moving Consumer Goods		Financial Services		Other		Total	
	2015 Kes '000	2014 Kes '000	2015 Kes '000	2014 Kes '000	2015 Kes '000	2014 Kes '000	2015 Kes '000	2014 Kes '000
Dividend income from associates	233,435	141,493	70,950	68,155	38,270	16,335	342,655	225,983
Income	18,276,662	20,940,434	1,408,676	1,428,451	1,362,167	1,016,899	21,047,505	23,385,784
Profit after tax	986,903	953,186	319,724	366,884	67,168	38,208	1,373,795	1,358,278
Total comprehensive income	1,003,661	1,152,629	319,724	366,884	67,168	38,208	1,390,553	1,557,721
Total assets	13,512,105	17,862,789	2,804,206	2,967,138	1,010,238	1,171,551	17,326,549	22,001,478
Total liabilities	(7,682,261)	(8,963,843)	(1,686,765)	(1,825,149)	(557,671)	(678,305)	(9,926,697)	(11,467,297)
Net assets	5,829,844	8,898,946	1,117,441	1,141,989	452,567	493,246	7,399,852	10,534,181

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

22. Investments in joint ventures

	GROUP		COMPANY	
	2015 Kes '000	2014 Kes '000	2015 Kes '000	2014 Kes '000
Opening valuation	-	-	-	-
Movements in the year:				
Additions	1,629,559	-	1,629,559	-
Foreign exchange gain	17,468	-	17,468	-
	1,647,027	-	1,647,027	-
Closing valuation	1,647,027	-	1,647,027	-

Investments in joint ventures are classified as non-current assets.



Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

22. Investments in joint ventures (continued)

The joint ventures held at year end are as follows:

Name of entity	Place of business/country of incorporation	Percentage of ownership interest
Broll Kenya Limited	Kenya	30%
Amu Power Limited	Kenya	51%
Funscapes Two Rivers	Kenya	50%

The above entities were all incorporated during the year and operations had not yet commenced as at 31 March 2015. Summarised financial information for these entities is not readily available.

23. Unquoted investments

	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
Opening valuation	7,569,310	4,306,221	5,495,272	3,539,417
Movements in the year:				
Additions	712,414	337,123	51,533	143,218
Disposals (Note 11)	(652,809)	(39,666)	(613,122)	(39,666)
Reserves released on disposal (Note 11)	(2,219,286)	-	(2,202,949)	-
Translation differences	2,204	-	-	-
Fair value gains	3,136,181	2,965,632	3,297,133	1,852,303
	978,704	3,263,089	532,595	1,955,855
Closing valuation	8,548,014	7,569,310	6,027,867	5,495,272

The fair value of unquoted investments is determined by using the earnings multiples method using multiples as derived from comparable companies at the year-end date, adjusted for points of difference between the comparable company and the company being valued. Unquoted investments are classified as non-current assets.

Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

24. Quoted investments

	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
Opening valuation	3,036,299	2,732,872	686,348	1,088,778
Movements in the year:				
Additions	785,816	631,068	-	-
On acquisition of subsidiary	2,964	-	-	-
Disposals (Note 11)	(904,719)	(904,933)	(174,966)	(244,463)
Reserves released on disposal (Note 11)	(638,958)	(287,772)	(175,655)	(133,208)
Translation differences	(8,089)	-	-	-
Fair value gains/(losses)	705,857	865,064	70,547	(24,759)
	(57,129)	303,427	(280,074)	(402,430)
Closing valuation	2,979,170	3,036,299	406,274	686,348

The fair value of all equity securities is based on the quoted closing market prices on the listed securities market at the year-end date. Quoted investments are classified as non-current assets.

25. Loans and advances

	GROUP		GROUP	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
(a) Term loans	10,821,206	-		
Overdrafts	982,922	-		
Gross loans and advances	11,804,128	-		
Provision for impaired loans and advances	(742,676)	-		
	11,061,452	-		
(b) Analysis of gross loans and advances by maturity				
Maturing within one year			3,017,223	-
Between two and three years			3,833,992	-
Over 3 years			4,952,913	-
			11,804,128	-

Loans and advances relate to K-Rep Bank Limited, which was acquired during the year.

The aggregate amount of non-performing advances was Shs 1,255,074,000 against which specific provisions of Shs 627,530,000 have been made leaving a net balance of Shs 627,544,000 which is included in the statement of financial position in the loans and advances line item.

The weighted average effective interest rate on loans and advances as at 31 March 2015 was 21%.



Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

25. Loans and advances (continued)

The collateral held against these loans includes mortgages, motor vehicles, land and building, chattels, share certificates among other assets. The movement in provisions for impairment of loans and advances are as follows:

	GROUP	
	2015 Kes'000	2014 Kes'000
(a) Profit or loss:		
Provisions in the year	74,616	-
Bad debt recoveries	(25,501)	-
	49,115	-
Statement of financial position:		
At start of year	-	-
On acquisition of subsidiary	740,815	-
Provisions in the year	74,616	-
Write - off in the year	(158,699)	-
Net provision	656,732	-
Suspended interest	85,944	-
At end of year	742,676	-

Suspended interest relates to unrecognised interest on non-performing loans. Interest income is not recognised for loans deemed non-performing.

26. Government securities at fair value through profit and loss

	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
Opening valuation	772,046	995,313	-	105,560
Movements in the year:				
Additions	67,912	635,052	-	-
Disposals (Note 11)	(472,001)	(741,010)	-	(105,721)
Fair value (losses)/ gains (Note 6)	(1,857)	(117,309)	-	161
	(405,946)	(223,267)	-	(105,560)
Closing valuation	366,100	772,046	-	-

Changes in fair values of government securities at fair value through profit and loss are recorded in 'income' in the income statement (note 6).

27. Government securities at amortised cost

	GROUP	
	2015 Kes'000	2014 Kes'000
At beginning of year	-	-
Movements in the year:		
Additions	844,886	-
On acquisition of subsidiary	1,828,383	-
Interest receivable	61,151	-
At end of year	2,734,420	-

Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

28. Corporate bonds at amortised cost

	GROUP	
	2015 Kes'000	2014 Kes'000
At beginning of year	299,000	-
Movements in the year:		
Additions	185,599	399,000
Disposals	(158,500)	(100,000)
At end of year	326,099	299,000

29. Subsidiary balances

	COMPANY	
	2015 Kes'000	2014 Kes'000
Due from subsidiaries		
Centum BVI Limited	-	97
Two Rivers Development Limited	2,112,925	2,509,749
eTransact Limited	-	7,025
Uhuru Heights Limited	5,906	-
Centum Exotics Limited	1,731,678	2,009,557
Centum Development Limited	2,355,480	1,881,838
Nabo Capital Limited	376,136	363,504
Centum Business Solutions Limited	130,144	29,278
Mvuke Limited	266,304	51,944
Genesis Kenya Investment Management Limited	51,345	47,000
Two Rivers Lifestyle Centre Limited	-	43
Investpool Limited	-	136
Kilele Holdings Limited	829,310	768,402
King Beverage Limited	53,909	-
Vipingo Development Limited	25,000	-
	7,938,137	7,668,573
Due to subsidiaries		
Athena Properties Limited	62,411	117,538
Rasimu Limited	-	1,764
Uhuru Heights Limited	-	2,544
	62,411	121,846
	7,875,726	7,546,727

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

30. Inventories

	GROUP	
	2015 Kes'000	2014 Kes'000
Raw materials	262,093	-
Finished products	147,534	-
Bottles, crates and crowns	466,048	-
Spare parts and other inventories	207,992	-
	1,083,667	-

Inventories relate to Almasi Beverages Limited which was acquired on 31 March 2015 and King Beverage Limited.

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to Shs 22,881,000 (2014:Nil).

31. Receivables and prepayments

	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
Dividends receivable	100,136	3,500	100,137	24,493
Trade receivables	801,570	133,910	-	-
VAT recoverable	675,720	87,868	-	-
Other receivables and prepayments	212,053	3,511	3,018	2,921
	50,504	85	21,098	85
Interest receivable	1,839,983	228,874	124,253	27,499

The carrying amounts of the receivable and prepayments approximate to their fair values.

Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

32. Cash and cash equivalents

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

	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
Call deposits (maturing within 90 days)	4,390,001	224,018	3,514,007	108,851
Bank balances	4,616,347	619,630	158,870	66,081
	9,006,348	843,648	3,672,877	174,932
Bank overdraft	-	(1,291,101)	-	(1,291,101)
	9,006,348	(447,453)	3,672,877	(1,116,169)

At 31 March 2015 the Group had undrawn committed borrowing facilities amounting to Kes 2,700,000,000 (2014: Kes 708,899,000). The effective interest rate for the bank overdraft is 14.5% (2014: 14.5%).

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

33. Share capital and premium

	Number of shares (in thousands)	Ordinary shares Kes'000	Share Premium Kes'000
Group and Company			
At 1 April 2013, 31 March 2014 and 31 March 2015	665,442	332,721	589,753

The total authorised number of ordinary shares is 800,000,000 with a par value of Kes 0.50 per share. 665,441,714 shares (2014: 665,441,714 shares) are issued and fully paid up.

34. Reserves

a. Other reserves

i. 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, which 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.

ii. Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from the translation of foreign operations.

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 2015

34. Reserves (continued)

	Notes	GROUP			COMPANY		
		Investment revaluation Kes'000	Currency translation Kes'000	Total other reserves Kes'000	Investment revaluation Kes'000	Currency translation Kes'000	Total other reserves Kes'000
At 1 April 2013		2,828,301	-	2,828,301	10,210,128	-	10,210,128
Reserves released on disposal of investments	11	(287,772)	-	(287,772)	(133,208)	-	(133,208)
Share of other comprehensive income of associates	21	32,761	-	32,761	-	-	-
Fair value gains in associates	21	-	-	-	421,153	-	421,153
Fair value gains in subsidiaries	20	-	-	-	3,636,745	-	3,636,745
Fair value gain in unquoted investments	23	2,731,833	-	2,731,833	1,852,303	-	1,852,303
Fair value gain in quoted investments	24	865,064	-	865,064	(24,759)	-	(24,759)
At 31 March 2014		6,170,187	-	6,170,187	15,962,362	-	15,962,362
At 1 April 2014		6,170,187	-	6,170,187	15,962,362	-	15,962,362
Reserves released on disposal of investments	11	(2,858,244)	-	(2,858,244)	(2,378,244)	-	(2,378,244)
Share of other comprehensive income of associates	21	176,833	-	176,833	-	-	-
Fair value gains in associates	21	-	-	-	2,414,546	-	2,414,546
Fair value gains in subsidiaries	20	-	-	-	1,614,013	-	1,614,013
Fair value gain in unquoted investments	23	3,179,141	-	3,179,141	3,297,133	-	3,297,133
Fair value gain in quoted investments	24	705,857	-	705,857	70,547	-	70,547
Revaluation surplus on property		55,240	-	55,240	-	-	-
Currency translation differences		-	(6,144)	(6,144)	-	-	-
Deferred tax on revaluation gains	13	(400,917)	-	(400,917)	(882,308)	-	(882,308)
At 31 March 2015		7,028,097	(6,144)	7,021,953	20,098,049	-	20,098,049



Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

35. Shareholder loans

	GROUP	
	2015 Kes'000	2014 Kes'000
Avic International-JWHC Mauritius Limited	6,463,347	-
Industrial and Commercial Development Corporation (ICDC)	461,669	-
	6,925,016	-

During the year, the shareholders advanced amounts to Two Rivers Development Limited to be used for the construction and development of the Two Rivers Project. The loans from Avic International-JWHC Mauritius Limited and Industrial and Commercial Development Corporation did not attract any interest in the year. The initial moratorium is 4 years but this can be extended for an undefined period. Repayment is at the discretion of a Special Board of the Company. Interest shall be determined annually at the discretion of the Special Board.

Disposal of interest in Two Rivers Development Limited

Centum Investments Company Limited disposed of 42% of its stake in Two Rivers Development Limited to Avic International-JWHC Mauritius Limited and Industrial and Commercial Development Corporation during the year.

36. Customer deposits

	GROUP	
	2015 Kes'000	2014 Kes'000
Call and fixed deposits	6,226,829	-
Current and demand accounts	3,486,312	-
Savings accounts - Micro savers	2,400,556	-
- Other	286,921	-
	12,400,618	-
Analysis of customer deposits by maturity:		
Payable within one year	10,933,705	-
Between one year and three year	1,466,913	-
	12,400,618	-

Customer deposits relate to K-Rep Bank Limited which was acquired during the year.

37. Borrowings

	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
Term loans	1,015,632	-	-	-
Bank borrowings	4,254,832	-	3,316,749	-
Corporate bond	4,252,526	4,201,029	4,252,526	4,201,029
Overnight borrowings	459,610	-	-	-
At end of year	9,982,600	4,201,029	7,569,275	4,201,029

(a) Term loans

European Investment Bank	564,066	-	-	-
Oiko Credit	317,769	-	-	-
Government of Kenya – SME	133,797	-	-	-
	1,015,632	-	-	-

The weighted average effective interest rate on the borrowings as at 31 March 2015 was 7.79%. The borrowings are measured at amortised cost and are all unsecured.

The first tranche of the European Investment Bank (EIB) loan of Shs 220 million was received in October 2012 at a fixed rate of 9.35% p.a. The total loan amount signed with EIB is 7 million Euros denominated in local currency. The principal of the first tranche is payable semi-annually after a grace period of 1 year over a period of 5 years. The second tranche of Shs 564 million was received in June 2013 at a fixed rate of 9.19% p.a. The second tranche principal and interest are repayable semi-annually over a period of 5 years.

Oiko Credit loan of Shs 300 million was received on 22 September 2014. It accrues interest at a rate of 11.07% for the first six month. Thereafter, the net interest rate will be reviewed by Oiko Credit and adjusted semi-annually based on the 182 day T bill rate plus a margin of 1.25% subject to a minimum rate of 10% p.a. The interest rate is repayable semi-annually. The loan will be paid in 3 equal instalments of Kes 100 million after 12 months from the date of disbursement.

The Small and Medium Enterprises (SME) loan of Shs 250 million was received in June 2011. It is repayable in 4 annual instalments with a grace period of 1 year. The loan attracts an interest rate of 4%.

Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

37. Borrowings (continued)

(b) Bank borrowings

The movement in the bank borrowings is as follows:

	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
At start of year	-	-	-	-
Received during the year	3,151,465	-	3,151,465	-
On acquisition of subsidiary	938,083	-	-	-
Revaluation loss	80,260	-	80,260	-
Accrued interest	85,024	-	85,024	-
At end of year	4,254,832	-	3,316,749	-

The composition of the bank borrowings is as follows:

	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
First Rand Bank Limited	3,316,749	-	3,316,749	-
Kenya Commercial Bank Limited	751,003	-	-	-
Coca Cola Export Corporation	187,080	-	-	-
At end of year	4,254,832	-	3,316,749	-

First Rand Bank Limited

The Company obtained a 12 month loan facility from FirstRand Bank Limited (acting through its Rand Merchant Division acting as agent) for US\$ 35,000,000 at an interest rate of 5.75% plus US LIBOR per annum.

The facility is secured by a charge over the company's shares in Nairobi Bottlers Limited and Almasi Beverages Limited.

Kenya Commercial Bank Limited

The Kenya Commercial Bank Limited loan was advanced to Mount Kenya Bottlers Limited to acquire machinery and was fully secured by a fixed and floating debenture over all the company's assets. The loan attracts interest at the 12 months rolling average rate of the Bank's base rate less 3% per annum.

Coca Cola Export Corporation

The loan from Coca Cola Export Corporation was availed to the Group to buy crates and bottles. The total loan availed was US\$ 2,300,000. The loan is unsecured and interest determined based on LIBOR plus 3% per annum. The effective interest rate as at 31 March 2015 was 3.69%.

(C) Corporate bonds

	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
At start of year	4,201,029	4,149,532	4,201,029	4,149,532
Accrued additional interest on Equity linked note	37,524	37,524	37,524	37,524
Amortization of bond related expenses	13,973	13,973	13,973	13,973
	4,252,526	4,201,029	4,252,526	4,201,029

Centum Investments Company Limited successfully issued a 5 year bond in 2012 and raised Kes 4,167,900,000. This comprised of fixed rate notes of Kes 2,917,530,000 at an interest rate of 13.5% and equity-linked notes of Shs 1,250,370,000 at 12.75% fixed rate and an additional amount payable at redemption date based on the movement in the Company's net asset value. The maximum upside is 15% of the face value of the bond.

The carrying amounts of borrowings approximate to their fair value.

Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

38. Payables and accruals

	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
Sundry payables and accruals	2,011,781	525,274	36,381	(14,881)
Settlements in respect of investments	-	33,653	-	33,653
Leave pay provision	19,121	7,234	3,669	4,194
Performance bonus provision	1,046,770	431,318	484,779	181,501
	3,077,672	997,479	524,829	204,467

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

39. Unclaimed dividends

	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
At the beginning of the year	28,987	32,504	28,987	32,504
Dividend paid	(517)	(3,517)	(517)	(3,517)
Dividend write back (Note 6)	48,801	-	48,801	-
On acquisition of subsidiary	756	-	-	-
At the end of the year	78,027	28,987	77,271	28,987

40. Equity linked note asset / liability

	GROUP	
	2015 Kes'000	2014 Kes'000
At start of year	843,073	-
Additions	8,606,327	843,073
Disposals	(4,458,416)	-
Translation differences	(62,978)	-
	4,928,006	843,073

This relates to equity-linked notes in Centum Exotics Limited that are matched by specific equity investments.

Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

41. Cash generated from operations

	Notes	GROUP	
		2015 Kes'000	2014 Kes'000
Reconciliation of profit before income tax to cash generated from operations			
Profit before income tax		8,817,159	4,011,451
Adjustments for:			
Finance costs	8	998,345	469,355
Depreciation on motor vehicle and equipment	17	53,868	10,960
Amortisation of intangible assets	18	20,647	2,046
Gains on disposal of investments	11	(6,288,651)	(993,161)
Gain on remeasuring to fair value the existing interest in Krep Bank Ltd on acquisition of control	43(a)	(19,908)	-
Gain on remeasuring to fair value the existing interest in Almasi Beverages Ltd on acquisition of control	43(b)	(807,063)	-
Fair value gains on investment property	19	(1,737,045)	(3,049,918)
Fair value loss on government securities through profit and loss	26	1,857	117,309
Gain on disposal of investment property		(78,707)	-
Share of profit from associates	21	(447,710)	(393,432)
Reversal of previously written back unclaimed dividend		48,801	-
Changes in working capital			
– loans and advances		(783,007)	-
– inventories		(25,119)	-
– receivables and prepayments		(1,003,449)	(718,949)
– payables and accrued expenses		1,318,719	1,475,454
– customer deposits		1,102,918	-
Cash generated from/ (used in) operations		1,171,655	931,115



Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

42. Related party transactions

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

The following transactions were carried out with related parties:

	GROUP & COMPANY	
	2015 Kes'000	2014 Kes'000
i) Purchase of services		
Office rent (paid to entity controlled by a director)	9,804	10,697
Insurance premiums (paid to an associate)	18,706	13,810
	28,510	24,507

(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	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
Salaries	172,840	86,717	34,609	31,517
Performance bonus	340,545	124,704	204,115	63,817
Retirement benefit scheme contribution	11,415	4,680	3,405	2,509
	524,800	216,101	242,129	97,843

(iii) Directors' remuneration

	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
Fees for services as a non-executive director	32,995	12,891	12,533	11,921
Other included in key management compensation above	160,566	84,991	160,566	77,852
	193,561	97,882	173,099	89,773

(iv) Outstanding related party balances

	GROUP		COMPANY	
	2015 Kes'000	2014 Kes'000	2015 Kes'000	2014 Kes'000
Performance bonus	424,191	178,426	251,039	94,897
	424,191	178,426	251,039	94,897

Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

43. Business combinations

a. K-Rep Bank Limited

On 20 November 2014, Bakki Holdco Limited obtained control of K-Rep Bank Limited, a company involved in the provision of banking services, by acquiring 65.88 % of the shares and voting interests in the company. Bakki Holdco Limited is a wholly owned subsidiary of Centum Investment Company Limited ("Centum"), which owns 99% of Bakki Holdco Limited. Centum is listed on the Nairobi Securities Exchange and owns a further 1.66% of the Bank. The acquisition of the shares of the Bank by Bakki Holdco Limited was in exercise of Centum's pre-emptive rights as provided in the Bank's memorandum and articles of association.

The following table summarises the consideration paid for K-Rep Bank Limited, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

	Kes'000
Cash consideration paid	2,355,028
Fair value of previously held interest	59,707
Total consideration	2,414,735
Fair value of assets acquired (see below)	(2,318,754)
Non-controlling interest at acquisition	752,667
Goodwill	848,648
Cash and cash equivalents	2,173,485
Government securities at amortised cost	1,828,383
Loans and advances	10,312,847
Property, plant and equipment	406,837
Other assets	212,026
Customer deposits	(11,297,701)
Borrowings	(999,923)
Other liabilities	(317,200)
Total net assets acquired during the year	2,318,754
Non-controlling interest at acquisition	752,667
Majority interest at acquisition	1,566,087
Total net assets acquired during the year	2,318,754

The revenue included in the consolidated statement of comprehensive income since 30 November 2014 contributed by K-Rep Bank Limited was Kes 1,059,050,622 and the profit after tax contribution for the same period was Kes 233,729,763.

Had K-Rep Bank Limited been consolidated from 1 April 2014, the consolidated statement of income would include revenue of Kes 3,134,555,570 and profit after tax of Kes 493,933,813.

The Company and Group recognised a gain of Kes 19,908,131 as a result of measuring at fair value its 1.66% equity interest in K-Rep Bank Limited held before the business combination. The gain is included in income in the Group's consolidated income statement for the year ended 31 March 2015 and in other comprehensive income in the Company's statement of comprehensive income.

Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

43. Business combinations (continued)

(b) Almasi Beverages Limited

On 31 March 2015, Centum Investments Limited obtained control of Almasi Beverages Limited, an investment holding company by acquiring an additional 3% of the shares and voting interests in the company thereby increasing Centum Investments Limited's shareholding to 50.95%.

Almasi Beverages Limited is the investment holding company for Mount Kenya Bottlers, Kisii Bottlers and Rift Valley Bottlers Limited. The principal activity of these subsidiaries is to bottle and market soft drinks under a franchise from the Coca-Cola Company.

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

	Kes '000
Cash consideration paid	182,727
Fair value of previously held interest	3,039,060
Total consideration	3,221,787
Fair value of assets acquired (see below)	(3,756,671)
Non-controlling interest at acquisition	1,886,423
Goodwill	1,351,539
Cash and cash equivalents	952,989
Property, plant and equipment	3,774,506
Inventories	1,058,548
Receivables and other assets	449,978
Bank borrowings	(938,083)
Tax payable	(114,905)
Deferred tax liability	(228,375)
Payables and other liabilities	(1,197,987)
Total net assets acquired during the year	3,756,671
Non-controlling interest at acquisition	1,886,423
Majority interest at acquisition	1,870,248
Total net assets acquired during the year	3,756,671

The Company and Group recognised a gain of Kes 807,062,808 as a result of measuring at fair value its 47.95% equity interest in Almasi Beverages Limited held before the business combination. The gain is included in income in the Group's consolidated income statement for the year ended 31 March 2015 and in other comprehensive income in the Company's statement of comprehensive income.

Notes To The Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2015

43. Business combinations (continued)

c. Genesis Kenya Investment Management Limited

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.

	Kes '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
Cash and cash equivalents	128,436
Property and equipment	8,178
Receivables and other assets	92,173
Deferred tax asset	3,876
Payables and other liabilities	(77,240)
Tax payable	(2,400)
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

44. Commitments

i. Capital commitments

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

	GROUP		COMPANY	
	2015 Kes '000	2014 Kes '000	2015 Kes '000	2014 Kes '000
Authorised and contracted for	118,501	-	-	-
Authorised but not contracted for	772,616	-	-	-
	891,117	-	-	-

(ii) Operating lease commitments

	GROUP		COMPANY	
	2015 Kes '000	2014 Kes '000	2015 Kes '000	2014 Kes '000
Within one year	154,691	2,334	1,170	3,648
Within the second to fourth years inclusive	416,793	2,651	4,445	1,671
	571,484	4,985	5,615	5,319



45. Financial instruments by category

(a) Financial assets

	GROUP		COMPANY	
	2015 Kes '000	2014 Kes '000	2015 Kes '000	2014 Kes '000
At fair value through profit or loss	366,100	772,046	-	-
Held to maturity	3,060,519	-	-	-
Loans and advances	21,907,783	1,072,522	11,735,267	7,871,004
Available-for-sale	20,199,703	10,605,609	29,590,906	20,935,116
	45,534,105	12,450,177	41,326,173	28,806,120
Fair value through profit or loss:				
Government securities	366,100	772,046	-	-
Held to maturity:				
Government securities	2,734,420	-	-	-
Corporate bonds	326,099	-	-	-
	3,060,519	-	-	-
Loans and receivables:				
Loans and advances	11,061,451	-	-	-
Receivables	1,839,983	228,874	124,253	27,499
Call deposits	4,390,001	224,018	3,514,007	108,851
Bank balances	4,616,347	619,630	158,870	66,081
Due from subsidiary companies	-	-	7,938,137	7,668,573
	21,907,783	1,072,522	11,735,267	7,871,004

45. Financial instruments by category (continued)

(a) Financial assets (continued)

	GROUP		COMPANY	
	2015 Kes '000	2014 Kes '000	2015 Kes '000	2014 Kes '000
Available-for-sale:				
Investment in subsidiaries	-	-	14,390,259	8,159,156
Investment in associates	2,097,486	-	7,178,711	6,594,340
Investment in joint ventures	1,647,027	-	1,647,027	-
Unquoted investments	8,548,014	7,569,310	5,968,635	5,495,272
Quoted investments	2,979,170	3,036,299	406,274	686,348
Equity linked note	4,928,006	-	-	-
	20,199,703	10,605,609	29,590,906	20,935,116

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 2015 and 2014 is shown on note 4(b).





HISTORICAL PERFORMANCE
Company's Five Year Financial Review

Statement of Financial Position
Kes' Million

	2015	2014	2013	2012	2011
Investment Property - Subsidiaries	9,096	10,271	5,100	3,993	3,525
Investment in associates and JVs	8,826	6,594	6,153	7,129	6,231
Unquoted investments	6,028	5,495	3,539	1,427	1,339
Quoted investments	406	686	1,089	1,290	2,422
Bonds at fair value	-	-	106	480	539
Other assets	16,972	5,765	5,420	1,402	948
Total assets	41,328	28,811	21,407	15,721	15,004
Shareholder funds	31,939	22,936	16,137	13,685	12,552
Liabilities	9,389	5,875	5,270	2,036	2,452
Equity and liabilities	41,328	28,811	21,407	15,721	15,004

Statement of Comprehensive Income
Kes' Million

	2015	2014	2013	2012	2011
Income	6,681	1,988	1,914	764	1,685
Expenses	(1,536)	(893)	(843)	(277)	(446)
Profit before tax	5,145	1,095	1,071	487	1,239
Tax	(278)	(48)	(37)	(41)	(2)
Profit for year	4,867	1,047	1,034	446	1,237
Other comprehensive income	4,136	5,753	1,417	687	2,158
Total comprehensive income/(loss)	9,003	6,800	2,451	1,133	3,395

Key Performance indicators

	2015	2014	2013	2012	2011
Return on equity	39%	42%	18%	9%	37%
Earnings per share	10.45	4.54	3.77	1.79	3.44
Net asset value per share	48.00	34.47	24.30	20.60	18.90
Gearing (%)	12%	23%	20%	5%	16%
Price to book value per share	1.32	1.06	0.82	0.6	1.0
Cost efficiency	2.10%	1.50%	2.30%	1.60%	2.00%

BOND COVENANTS

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

Ratio	Covenant	Ratio Description	Ratio Formulae
Debt Service coverage	1.5 : 1	This is the ratio of the Group's internally generated cash flows to the finance costs	$\frac{\text{Internally generated cashflows}}{\text{Finance Costs}}$
Net debt to Equity Ratio	1 : 2	This is the ration of Net Debt (Outstanding debt less cash and cash equivalents) to the Company's NAV	$\frac{\text{Net Debt}}{\text{Company's NAV}}$



Additional Disclosures

HISTORICAL PERFORMANCE

Restated Cash Flow Statements conforming with Centum's Business Model

Kes '000'	2015	2014	2013	2012	2011
Operating Inflows:					
Dividends receivable	970,542	661,481	523,715	430,892	410,222
Rent income	0	17	7,062	6,136	6,276
Interest receivable	1,016,041	225,480	222,211	45,446	77,950
Other income	261,265	307,183	(-148,714)	31,172	55,099
Customer deposits	1,102,917	-	-	-	-
Proceeds from disposal	8,701,680	2,778,770	3,286,280	6,105,779	1,799,547
	12,052,446	3,972,931	3,890,554	6,619,425	2,349,094
Operating outflows:					
Operating and Administrative expenses	(1,019,796)	(129,443)	(297,496)	(299,181)	(302,784)
Loans and advances	(783,007)	-	-	-	-
Taxes paid	(552,191)	(50,825)	(25,726)	(9,897)	(2,591)
	(2,354,994)	(180,268)	(323,222)	(309,078)	(305,375)
Cash from operations	9,697,452	3,792,663	3,567,332	6,310,347	2,043,719
Cash flows from investing activities:					
Investments in equity	(8,744,233)	(5,051,105)	(5,095,520)	(4,769,396)	(4,240,959)
Investment in motor vehicle & equipment	(183,156)	(37,031)	(27,406)	(4,303)	(26,944)
	(8,927,389)	(5,088,136)	(5,122,926)	(4,773,699)	(4,267,903)
Cash flows from financing activities:					
Net proceeds from borrowings	3,151,465	-	4,149,532	-	1,000,000
Dividends paid to Company's shareholders	(517)	(3,517)	(1,933)	(612)	(1,392)
Dividends paid to non-controlling interests	(46,681)	(41,739)	-	-	-
Loan Repayment	-	-	(1,000,000)	-	-
Interest paid	(1,251,153)	(608,493)	(400,763)	(229,872)	(147,914)
Issue of shares in subsidiary to non-controlling interests	100	-	-	-	-
Proceeds from shareholder loans	6,834,610	-	-	-	-
	8,687,824	(653,749)	2,746,836	(230,484)	850,694
Net increase/(decrease) in cash	9,457,887	(1,949,222)	1,191,242	1,306,164	(1,373,490)
Movement in cash and cash equivalents					
At start of year	(447,453)	1,501,769	322,410	(981,204)	393,641
Increase/(decrease)	9,457,887	(1,949,222)	1,191,242	1,306,164	(1,373,490)
Exchange losses on cash equivalents	(4,086)	-	(11,883)	(2,550)	(1,355)
At end of year	9,006,348	(447,453)	1,501,769	322,410	(981,204)



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HALF YEARLY REPORTS ONLINE

The 2016 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

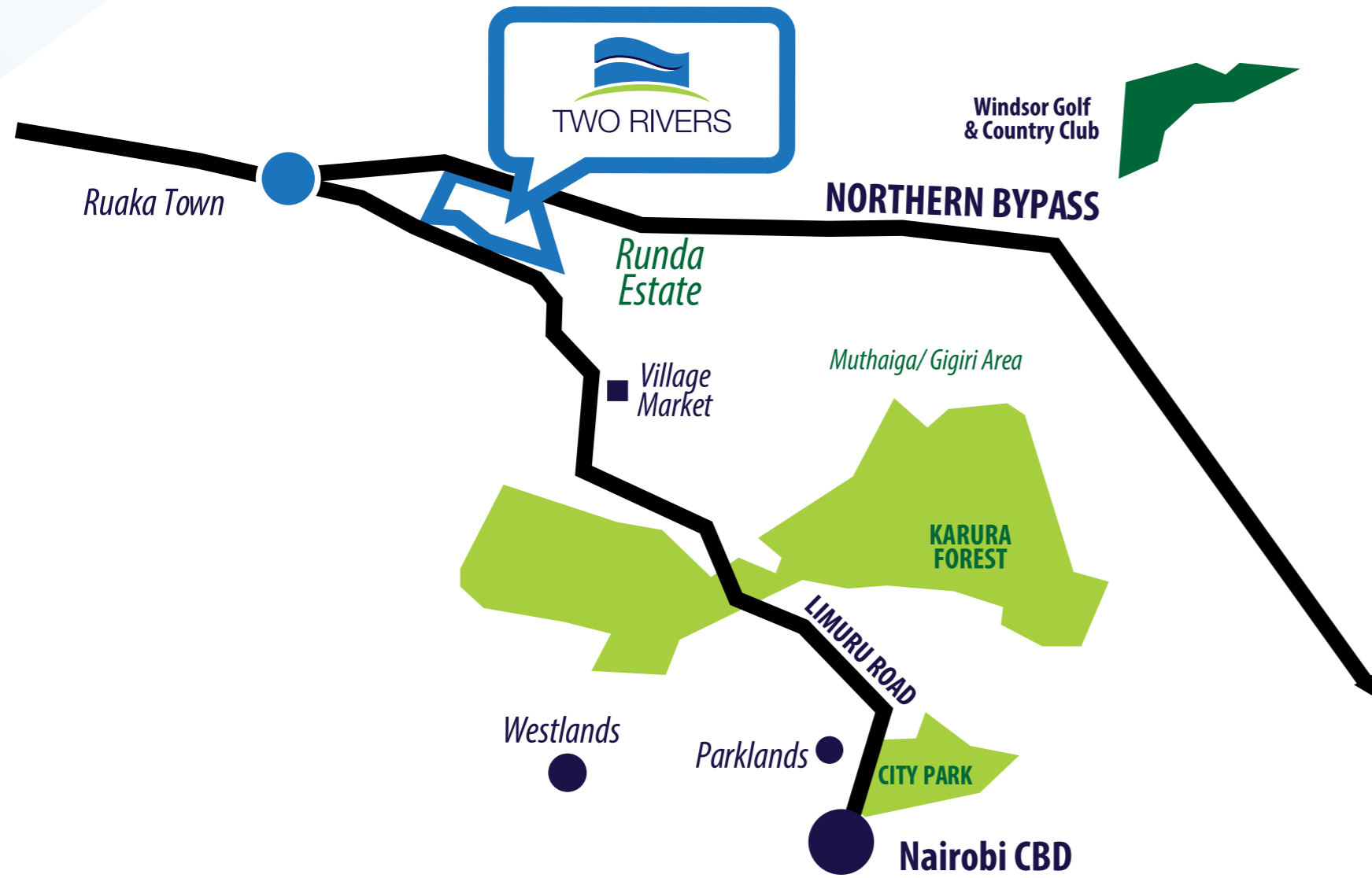
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Map To Two Rivers





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