



ANNUAL

REPORT

2018

CENTUM INVESTMENT COMPANY PLC
ABRIDGED ANNUAL REPORT AND
FINANCIAL STATEMENTS
YEAR ENDED
31 MARCH 2018



TANGIBLE PROGRESS



04	NOTICE OF THE 51ST ANNUAL GENERAL MEETING
06	NOTISI JUU YA MKUTANO WA MAKALA YA 51
08	5 YEAR REVIEW
10	OUR BOARD
12	CHAIRMAN'S STATEMENT
14	TAARIFA YA MWENYEKITI
16	CEO'S STATEMENT
20	TAARIFA YA AFISA MKUU
22	GOVERNANCE
31	STATUTORY INFORMATION AND AUDITED FINANCIAL STATEMENTS
44	CONSOLIDATED INCOME STATEMENT
45	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
46	COMPANY STATEMENT OF COMPREHENSIVE INCOME
47	CONSOLIDATED STATEMENT OF FINANCIAL POSITION



CONTENTS

48	COMPANY STATEMENT OF FINANCIAL POSITION
49	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2018
52	COMPANY STATEMENT OF CHANGES IN EQUITY 2017
53	CONSOLIDATED STATEMENT OF CASH FLOWS
54	COMPANY STATEMENT OF CASH FLOWS

NOTICE OF THE 51ST ANNUAL GENERAL MEETING

NOTICE Is Hereby Given that the 51st Annual General Meeting of Centum Investment Company Plc (the "Company") will be held on Friday, 14th September 2018 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 50th Annual General Meeting held on Monday, 25 September 2017.

3. Ordinary Business

(i) Consolidated Financial Statements, Directors' and Auditors' reports for the year ended 31 March 2018:

To receive, consider and adopt the Consolidated Financial Statements for the financial year ended 31 March 2018 together with the Directors' and Auditors' reports thereon.

(ii) Declaration of a First and Final Dividend

To declare a first and final dividend of KShs. 1.20 per ordinary share for the financial year ended 31 March 2018, net of withholding tax, to shareholders on the Register of Members as of the close of business on 2 October 2018.

(iii) Remuneration of Directors:

To confirm the payment of fees to Directors for the financial year ended 31 March 2018.

(iv) Directors Retiring by Rotation:

(a) To approve the re-election of Dr. Christopher John Kirubi, a Director retiring by rotation and who, being eligible, presents himself for re-election.

(b) To approve the re-election of Industrial and Commercial Development Corporation, a director retiring by rotation and which, being eligible, presents itself for re-election.

(v) Director Above the Age of Seventy (70) years:

Pursuant to Paragraph 2.5.1 of the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, to approve the continuation in office as a Director by Dr. Christopher John Kirubi, who has attained the age of seventy (70) years, until he next comes up for retirement by rotation.

(vi) Board Audit Committee Members

Pursuant to Section 769(1) of the Companies Act No. 17 of 2015 (the "Act"), to ratify the appointment of the following Directors as Audit Committee Members:

- Mary Ngige (Chairperson);
- Catherine Igathe;
- Dr. Laila Macharia;
- Dr. Moses Ikiara; and
- Industrial and Commercial Development Corporation. (ICDC)

(vii) Appointment and Remuneration of Auditors:

To appoint PricewaterhouseCoopers (PwC) as Auditors for the Company in accordance with section 721(2) of the Act and, to authorize the Board of Directors to fix the Auditors' remuneration in accordance with section 724 of the Act.

4. Special Business

A. Ordinary Resolutions

To consider and if thought fit, to pass the following resolutions as ordinary resolutions:

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

For the purposes of Paragraph 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:

- a) THAT the incorporation of Barium Capital Limited as a wholly-owned subsidiary of Nabo Capital Limited, a subsidiary of the Company, be ratified.
- b) THAT the incorporation of Lisianthes Investments Limited as a wholly-owned subsidiary of Centum Development Company Limited, a subsidiary of the Company, be ratified.
- c) THAT the incorporation of Olkeu Investments Limited as a wholly-owned subsidiary of Centum Development Company Limited, a subsidiary of the Company, be ratified.
- d) THAT the incorporation of Rapuzella Investments Limited as a wholly-owned subsidiary of Centum Development Company Limited, a subsidiary of the Company, be ratified.
- e) THAT the incorporation of Sharobati Investments Limited as a wholly-owned subsidiary of Centum Development Company Limited, a subsidiary of the Company, be ratified.
- f) THAT the incorporation of Spathode Investments Limited as a wholly-owned subsidiary of Centum Development Company Limited, a subsidiary of the Company, be ratified.
- g) THAT the sale of the Company's 73.35 % shareholding in GenAfrica Asset Managers Limited (GenAfrica) to Kuramo Africa Opportunity Kenyan Vehicle III Limited (an affiliate of Kuramo Capital management LLC), resulting in GenAfrica ceasing to be a subsidiary of the Company, be ratified.

5. Any Other Business

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

Dated at Nairobi on this 23 August 2018

BY ORDER OF THE BOARD



Lois W. Gakumo
Company Secretary

PLEASE NOTE:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy who need not be a member of the Company.
The Proxy Form can be downloaded on www.centum.co.ke or picked at the Registered Office of the Company on 9th Floor, South Tower, Two Rivers Office Towers, Limuru Road, Nairobi or at the offices of the Company's Share Registrars, C&R Group at Bruce House, 6th Floor, Standard Street, Nairobi. Shareholders who do not intend to be at the Annual General Meeting are requested to complete and return the Proxy Form to the Registered Office of the Company or to the office of the Company's Share Registrars, so as to arrive not later than 10.00 a.m. on 12 September 2018.
2. Registration of members and proxies for the Annual General Meetings will commence at 7.00 a.m. on 14th September 2018. To facilitate registration on the day, Members and proxies should carry their national ID cards and a copy of a relevant Central Depository and Settlement Corporation (CDSC) account statement applicable to the member for the shareholding in the Company.
3. There will be buses at Uhuru Park Grounds in Nairobi to transport bona fide shareholders and proxies to the venue at the following times.
 - a. From 7.15 a.m.
 - b. From 8.15 a.m.
 - c. From 9.15 a.m.
 - d. From 10.15 a.m.

Transport will also be provided from the Venue back to the CBD after the A.G.M.

The annual report and financial statements of the Company for the year ended 31 March 2018 have been made available on the Company's website www.centum.co.ke in the downloads section of the website.

NOTISI JUU YA MKUTANO WA MWAKA MAKALA YA 51

Notisi inatolewa kuwa mkutano wa mwaka makala ya 51 wa kampuni ya Centum Investment Company PLC (Kampuni) utafanyika mnamo Ijumaa, 14 Septemba 2018 katika sehemu ya Two Rivers, barabara ya Limuru Road, Nairobi kuanzia saa 11.00 ili kutekeleza shughuli zifuatazo: -

YATAKAYOKUWEMO (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 Makala ya 50 uliofanyika Jumatatu, 25 Septemba 2017.

3. Shughuli za kawaida

(i) Taarifa iliyojumuishwa ya Kifedha, ripoti ya Wakurugenzi na ripoti ya wakaguzi wa hesabu za kifedha ya mwaka uliokwisha tarehe 31 Machi 2018: Kupokea, thamini na ikifaa kuidhinisha ripoti ya kifedha pamoja na taarifa ya wakurugenzi na ripoti iliyomo ya wakaguzi wa hesabu za kifedha ya mwaka uliokwisha 31 Machi 2018.

(ii) Tangazo la kwanza na la mwisho la mgao wa faida.

Kutangaza mgao wa faida wa kwanza na wa mwisho wa Shilingi 1.20 kwa kila hisa kwa mwaka uliokwisha 31 Machi 2018 baada ya kutozwa ushuru wote, kwa wenyehisa waliokuwemo kwenye sajiili mwishoni mwa tarehe 2 Oktoba 2018.

(iii) Mishahara ya wakurugenzi

Kubainisha malipo kwa wakurugenzi kwa mwaka uliokwisha 31 Machi 2018.

(iv) Wakurugenzi wanaostaafu kwa zamu

a) Kuidhinisha kuchaguliwa tena kwa Dr. Christopher John Kirubi, mkurugenzi anayestaafu kwa zamu, walakini kwa kuwa na kibali, anajitolea ili kuchaguliwa tena.

b) Kuidhinisha kuchaguliwa tena kwa shirika la Industrial and Commercial Development Corporation, ambalo ni mkurugenzi anayestaafu kwa zamu, na kwa kuwa na kibali, linajitolea kuchaguliwa tena.

(v) Mkurugenzi Aliyezidi Umri wa Miaka Sabini (70):

Kwa mujibu wa Aya ya 2.5.1 ya sheria juu ya usimamizi wa kihalmashauri wa mashirika yanayohusika na hati za dhamana ya 2015, kuidhinisha kuendelea kuwepo kwa Christopher John Kirubi, mkurugenzi ambaye amehitimisha umri wa miaka 70, hadi wakati utakapowadia kustaafu kwake kwa zamu.

(vi) Wanachama wa Kamati ya bodi ya wakaguzi wa hesabu

Kwa mujibu wa sehemu ya 769(1) ya sheria za Kampuni iliyowekwa 2015, kuidhinisha uteuzi wa wakurugenzi wafuatao kwenye kamati ya wakaguzi wa hesabu:

- Mary Ngige (Mwenyekiti);
- Catherine Igate;
- Dr. Laila Macharia;
- Dr. Moses Ikiara; na
- Industrial and Commercial Development Corporation. (ICDC)

(vii) Uteuzi wa Wakaguzi na kuidhinisha malipo yao:

Kuteua PricewaterhouseCoopers (PWC) kuwa wakaguzi wa kampuni kuambatana na sehemu ya 721 (2) ya sheria za kampuni na kuidhinisha wakurugenzi kuamua malipo yao kwa mujibu wa sehemu ya 724 ya sheria za kampuni.

4. Shughuli Maalum

A. Azimio la Kawaida

Kutathmini, na ikifaa, kupitisha azimio lifuatalo la kawaida:

Idhinisho chini ya Aya G.06 kwenye orodha ya tano ya halmashauri ya Masoko ya Hisa (Hati za dhamana) (Toleo la Hisa kwa Umma, Usajili na Utenda Wazi) Kanuni za 2002.

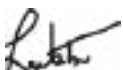
Kwa mujibu wa Aya G.06 ya ratiba ya tano ya mamlaka ya Masoko ya Hisa ya Capital Markets (Hati za dhamana) (Toleo la Hisa kwa Umma, Usajili na Utenda Wazi) Kanuni ya 2002, kutathmini na ikifaa, kuidhinisha maazimio yafuatayo kama maazimio ya kawaida kuhusiana na shughuli za kampuni na kwa manufaa yake:

- a) KWAMBA, usajili wa kampuni kwa jina Barium Capital Limited kama kampuni tanzu ya Nabo Capital Limited, nayo ikiwa kampuni tanzu ya kampuni uidhinishwe.
- b) KWAMBA, usajili wa kampuni kwa jina Lisianthes Investments Limited kama kampuni tanzu ya Centum Development Company Limited, nayo ikiwa kampuni tanzu ya kampuni uidhinishwe.
- c) KWAMBA, usajili wa kampuni kwa jina Olkeu Investments Limited kama kampuni tanzu ya Centum Development Company Limited, nayo ikiwa kampuni tanzu ya kampuni uidhinishwe.
- d) KWAMBA, usajili wa kampuni kwa jina Rapuzella Investments Limited kama kampuni tanzu ya Centum Development Company Limited, nayo ikiwa kampuni tanzu ya kampuni uidhinishwe.
- e) KWAMBA, usajili wa kampuni kwa jina Sharobati Investments Limited kama kampuni tanzu ya Centum Development Company Limited, nayo ikiwa kampuni tanzu ya kampuni uidhinishwe.
- f) KWAMBA, usajili wa kampuni kwa jina Spathode Investments Limited kama kampuni tanzu ya Centum Development Company Limited, nayo ikiwa kampuni tanzu ya kampuni uidhinishwe.
- g) KWAMBA, uuzaji wa asilimia 73.35% ya umiliki katika Kampuni ya GenAfrica Asset Mangers Limited (GenAfrica) kwa Kuramo Africa Opportunity Kenyan Vehicle II Limited (kampuni tanzu ya Kuramo Capital management LLC), ulioishia kwa Kampuni ya GenAfrica kukoma kuwa kampuni tanzu, uidhinishwe.

5. Shughuli zinginezo
Kutekeleza shughuli zinginezo ambazo hutekelezwa kwenye mkutano wa mwaka.

Tarehe 23 August 2018
Nairobi

KWA AMRI YA HALMASHAURI YA WAKURUGENZI



Lois W. Gakumo
Katibu.

TAFADHALI FAHAMU KUWA:

1. Mwanachama anayeruhusiwa kuhudhuria na kupiga kura kwenye mkutano huo anacho kibali cha kuteua mwakilishi ambaye si lazima awe mwanachama wa kampuni.
Fomu ya uwakilishi inaandamana na waraka huu wa notisi. Wale wanachama ambao hawatahudhuria mkutano wa mwaka wanaombwa kujaza na kuwasilisha fomu za mwakilishi kwa afisi kuu ya kampuni katika ghorofa la 9, jengo la kusini, Two Rivers Office Towers, Limuru Road Nairobi au kwa afisi ya usajili wa hisa za kampuni, ambayo ni C&R Share Registrars, Bruce House, orofa la 6, barabara ya Standard Street, Nairobi, ili ziweze kupokelewa kabla ya saa 10.00 asubuhi, tarehe 12 Septemba 2018.
2. Usajili wa wanachama na wawakilishi wanaohudhuria mkutano mkuu wa mwaka utaanza saa 7.00 asubuhi, 14 Septemba 2018. Ili kurahisisha usajili siku hiyo, wanachama na wawakilishi watahitajika kubeba vitambulisho na nakala ya daftari ya akaunti ya CDSC ya mwanachama anayehusika.
3. Tafadhali fahamu kwamba basi la usafiri litakuwa hapo Uhuru Park Jijini Nairobi litakalosafirisha wanachama halisi hadi mahali pa mkutano wa mwaka kwa saa zifuatazo:
 - a. Kuanzia saa 7.15 ya asubuhi
 - b. Kuanzia saa 8.15 ya asubuhi
 - c. Kuanzia saa 9.15 ya asubuhi
 - d. Kuanzia saa 10.15 ya asubuhi.

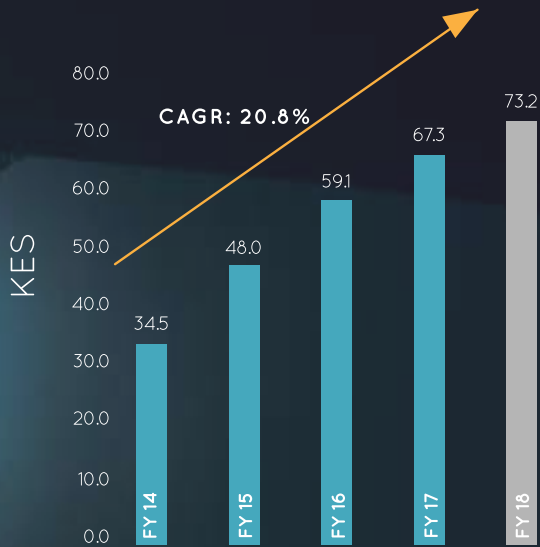
Basi hilo litakuwa tayari kurudisha wanachama kutoka mahali pa mkutano hadi eneo la katikati mwa jiji baada ya kuisha kwa mkutano.

Nakala ya ripoti ya mwaka na taarifa za kifedha kwa mwaka uliokwisha 31 Machi 2018 zinapatikana kwenye tovuti ya kampuni kwa anwani www.centum.co.ke.

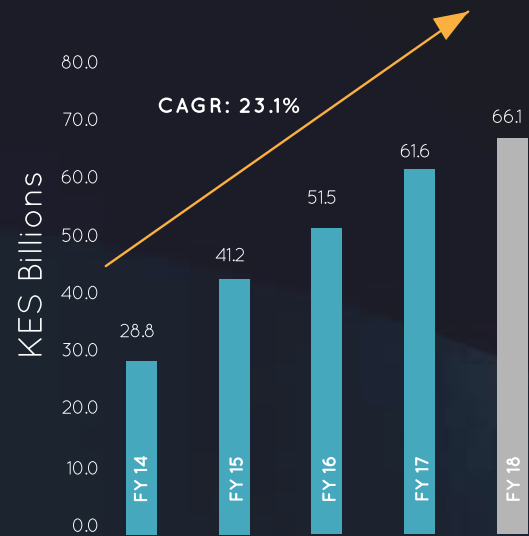


5-YEAR REVIEW

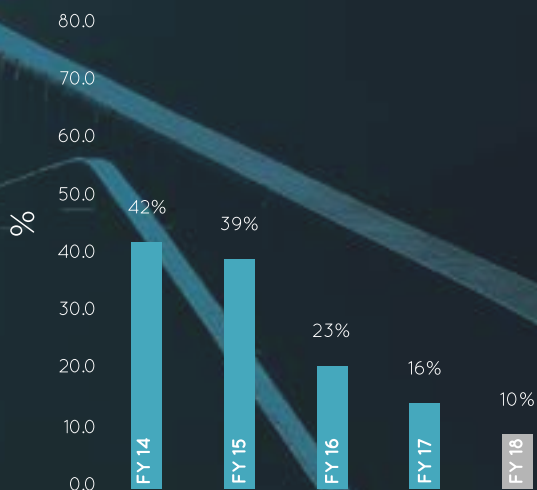
NAV PER SHARE



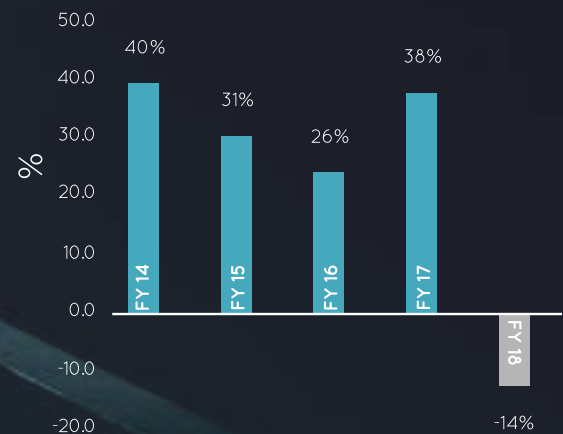
TOTAL ASSETS



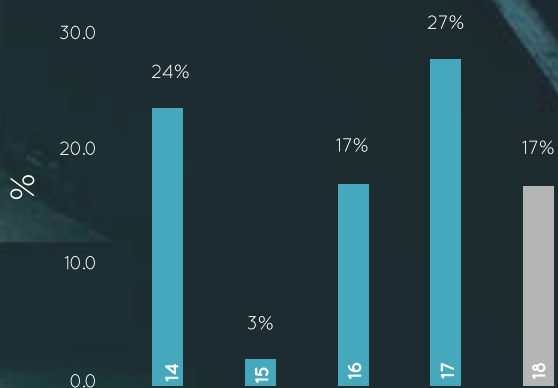
RETURN ON EQUITY



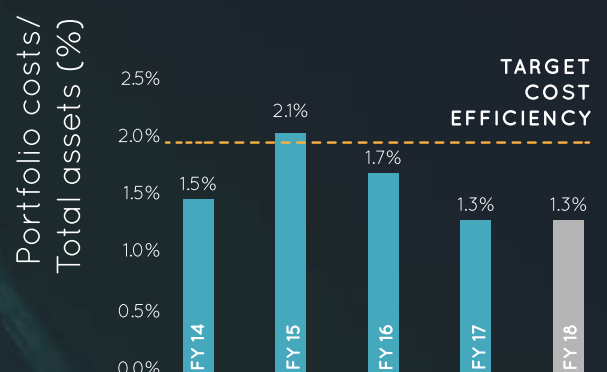
EXCESS ROE ABOVE NSE 20 SHARE INDEX



GEARING



COST EFFICIENCY AS % OF AUMS



OUR BOARD



AGE 66

DR. DONALD KABERUKA
CHAIRMAN AND INDEPENDENT
NON-EXECUTIVE DIRECTOR
APPOINTMENT: OCTOBER 2016



AGE 77

DR. CHRISTOPHER KIRUBI
NON-EXECUTIVE DIRECTOR WITH
SIGNIFICANT SHAREHOLDING
APPOINTMENT: DECEMBER 1997



AGE 44

MRS. CATHERINE IGATHE
INDEPENDENT NON-EXECUTIVE DIRECTOR
APPOINTMENT: SEPTEMBER 2016



AGE 40

DR. JAMES MWORIA
EXECUTIVE DIRECTOR
APPOINTMENT: OCTOBER 2008



AGE 46

MRS. MARY NGIGE
INDEPENDENT NON-EXECUTIVE DIRECTOR
APPOINTMENT: SEPTEMBER 2016



AGE 51

MR. KENNEDY WANDERI
ICDC REPRESENTATIVE (PRINCIPLE
WITH SIGNIFICANT SHAREHOLDING)
APPOINTMENT: JULY 2015



AGE 47

DR. LAILA MACHARIA
INDEPENDENT NON-EXECUTIVE DIRECTOR
APPOINTMENT: OCTOBER 2013



AGE 57

HON. WILLIAM BYARUHANGA
NON-EXECUTIVE DIRECTOR
APPOINTMENT: OCTOBER 2016



AGE 57

MRS. SUSAN WAKHUNGU-GITHUKU
INDEPENDENT NON-EXECUTIVE DIRECTOR
APPOINTMENT: SEPTEMBER 2017



AGE 53

DR. MOSES IKIARA
INDEPENDENT NON-EXECUTIVE DIRECTOR
APPOINTMENT: NOVEMBER 2017

CHAIRMAN'S

STATEMENT



Dear Stakeholders,

Since commencing our current strategy period in 2014, the Group has endeavored to deliver sustained value for its shareholders and the communities that we operate in. Despite the challenging operating environment that prevailed over much of the financial year, the Company recorded a 9% growth in the book value of shareholder funds which closed at KES 48.7 billion as at 31 March 2018. The Company's total assets grew by 7% during the year, closing at KES 66.1 billion while the Net Asset Value (NAV) per share increased from KES 67.3 in the prior year to KES 73.2 This NAV per share has grown at a compounded annual growth rate of 21% over the Centum 3.0 strategic period, a truly strong performance compared against a -3% NSE return over the same period.

A key milestone in the year ended 31 March 2018 was the redemption of our KES 4.2 billion bond that was maturing in September 2017. This was a significant achievement considering that the Company had KES 7.3 billion in aggregate of maturing debt in a year characterized by an economic downturn and market liquidity constraints.

DIVIDEND PAYMENT

The Board of Directors has recommended the payment of a dividend equivalent to KES 1.20 per share for the financial year ended 31 March 2018, similar to the 2017 payout.

STRATEGIC FOCUS

Centum remains committed to our mission of creating real, tangible wealth. Our ability to develop, scale and grow investment opportunities in all our operational sectors has been the cornerstone of our success. The benefit realization from our capital injection into our beverage and publishing businesses over the last two years is reflected in their strong sales and profitability performance in the current year. The Group has also made significant progress on its education projects, with the first school under our SABIS partnership due for opening in September this year.

The underlying value creation potential across our portfolio companies is significant and I am pleased with the current level of activity to unlock this value.

CORPORATE GOVERNANCE

In the past financial year, Mrs. Susan Githuku and Dr. Moses Ikiara joined the Board as Non-Executive Directors. Mrs. Githuku brings on board significant expertise in Human Resources, a key agenda for the Company. Dr. Ikiara on the other hand brings a wealth of investment and management experience. We welcome them both to Centum.

The Board recognizes that good governance is fundamental to the way that Centum and its affiliates conduct business. Significant milestones have been achieved in enhancing our corporate governance standards with the aim of compliance with the Code of Corporate Governance Practice for Issuers of Securities to the Public 2015 (the "Code").

I would like to thank my fellow board members for their commitment, guidance and dedication to the Group throughout the year.

STAKEHOLDER RETURN

Focus on our stakeholder return is at the heart of our growth strategy. Accordingly, our business model is tailored to contribute to both the economic and social development across our value chains.

During the financial year, we reviewed our approach to the Group's Corporate Social Investment (CSI) Initiative that is managed by Centum Foundation. Centum Foundation is a non-profit entity established in 2016. The Foundation initially focused on the identification and empowerment of entrepreneurs, providing innovative Small-to Medium-Sized Enterprises with the capital and business development tools that was crucial in propelling growth through a business incubator. A review of the strategy saw the alignment of entrepreneurship with key focus sectors within the Group namely; Education, Infrastructure and Healthcare. Our CSI strategy is now geared towards facilitating Africa's most creative and sustainable solutions by identifying impactful, scalable and sustainable initiatives that empower the communities we are engaged with.

Through our subsidiaries, various stakeholder engagements continue to be carried out, with positive results reflected in our community engagement efforts. For example, in Vipingo, we have partnered with an internationally-renowned training firm, Arc Skills, to impart vocational skills to the local community with the objective of providing employment to the local community as we roll out our Vipingo project. As well, our agribusiness subsidiary, Greenblade Growers Limited, is empowering over 500 small-scale farmers through market linkage and input and agronomy support.

OUTLOOK

Over the last three years, we have invested significantly in our human capital and institutional capabilities to drive our ambitious growth and stakeholders return objectives. We remain focused on implementing our strategy in a dynamic environment, maintaining a strong stakeholder value focus and employing informed resource allocation that will ensure the Group achieves its strategic initiatives. I remain confident on our ability to deliver to promise, steered by an effective leadership team and dedicated staff who are committed to driving long term sustainable growth.



Dr. Donald Kaberuka
Chairman, Board of Directors

TAARIFA YA MWENYEKITI

Kwa Washikadau,

Tangu tulipoanzisha utekelezaji wa mikakati ya kipindi hiki mnamo 2014, kundi la Centum limefanya kila juhudi ili kufaidi mwenyehisa kwa kuboresha thamani ya rasilimali, na kudumisha utendaji huo. Mwaka wa 2017 kampuni ilisajili ukuaji wa hazina ya mwenyehisa kwa asilimia 9, kufikia shilingi (K) Bilioni 48.7 mnamo 31 Machi 2018. Thamani ya rasilimali zote za kampuni iliongezeka kwa asilimia 7 kufikia shilingi (K) bilioni 66.1 huku thamani ya kila hisa kwa kipimo cha NAV ikiongezeka kutoka Shilingi 67.3 mwaka uliotangulia hadi Shilingi 73.2 mwaka huu. Kipimo hicho cha NAV kimeongezeka kwa kiwango cha asilimia 21 katika kipindi cha mikakati, na kubainisha ukuaji thabiti kulinganishwa na asilimia -3 ya Soko La Hisa la Nairobi, kwenye kipindi sawia.

Tukio muhimu katika mwaka uliokwisha 31 Machi 2018 ni kwamba tulifanikiwa kulipa deni la mkopo wa hati za bondi ya shilingi (K) bilioni 4.2 ambao zamu ilikuwa inakamilika mnamo Septemba 2017. Hii ilikuwa muhimu ikifahamika ya kuwa deni yote ilikuwa shilingi (K) bilioni 7.3, zote zikiwadia zamu ya malipo katika kipindi cha mwaka moja, ambao ulikuwa na hali duni kiuchumi na matatizo ya kifedha kwenye soko.

ULIPAJI WA MGAWO WA FAIDA

Bodi ya wakurugenzi wanapendekeza ulipaji wa mgawo wa faida kwa kiwango cha Shilingi 1.20, sawia na ulipaji wa mgawo wa faida wa 2017.

MALENGO YA MIKAKATI

Katika Centum bado tunaendelea kuzingatia kauli yetu ya kubuni rasilimali thabiti. Uwezo wetu wa Kuendeleza, kuinua na kukuza nafasi za uwekezaji kwenye sekta zetu zote kishughuli, umekuwa nguzo ya mafanikio yetu. Manufaa tuliyoyapata kutokana na mtaji tuliyowekeza katika biashara ya bidhaa za vinywaji hali kadhalika uchapishaji yanabainika kutokana na kutia fora kwa mauzo na faida kwenye mwaka. Kundi la Centum pia limepiga hatua kubwa katika sekta ya elimu ambapo shule yetu ya kwanza chini ya usimamizi wetu kwa ushirikiano na SABIS, ikitarajiwa kufunguliwa mnamo Septemba mwaka huu.

Fursa ya kukuza thamani ya rasilimali katika vitengo vyetu vyote ni kubwa na ninafurahia harakati za sasa kunyakua nafasi hizo.

USIMAMIZI WA KIHALMASHAURI

Katika mwaka wa kifedha uliopita Bi Susan Githuku na Daktari Moses Ikiara walijiunga na bodi ya wakurugenzi wakiwa wakurugenzi huru. Bi Githuku analeta kwenye bodi utaalamu katika maswala ya wafanyakazi, jukumu muhimu kwa kampuni. Daktari Moses Ikiara kwa upande mwingine analeta kwenye bodi utaalamu na ujuzi katika maswala ya uwekezaji na usimamizi. Tunawakaribisha wao kwenye Centum.

Bodi inatambua kuwa usimamizi mwema inayo athari kwa jinsi Centum pamoja na kampuni tanzu inavyoendesha shughuli. Tumepiga hatua kubwa ili kufanikisha jukumu hilo la kuboresha usimamizi wa kihalmashauri ili kutimiza masharti ya kanuni za maadili mema kwa kampuni zinazohusika na toleo la hati za dhamana kwa umma, ambayo yaliwekwa mwaka wa 2015.

Ningependa kutoa shukrani kwa wanachama wenzangu kwenye Bodi kwa kujitolea, kushauri na kwa kutumikia kundi la Centum kwa dhati mwaka huu.

FAIDA KWA MSHIKADAU

Wajibu wetu wa kuzalisha faida kwa washikadau wakati tunatekeleza mikakati yetu ya ukuaji upo moyoni mwetu. Kwa hivyo mfumo wa kuendesha shughuli zetu unalenga kuchangia ukuaji kiuchumi na pia kuwajibika kwa jamii katika shughuli zetu zote.

Kwenye mwaka tuliwahi kuchanganua mwelekeo wa Kundi la Centum kuhusiana na kuwajibika kwa Jamii chini ya usimamizi wa wakfu wa Centum Foundation. Wakfu wa Centum Foundation ni shirika la kijamii lililoanzishwa mwaka wa 2016. Hapo awali wakfu huo ulizingatia kutambua na kuhamasisha wafanyabiashara chipukizi, kwa kutoa mtaji kwa kampuni bunifu, ndogo-hadi za wastani na pia kutoa ushauri juu ya mbinu za kuendesha biashara, mambo ambayo yalikuwa muhimu katika kuongeza ukuaji wa biashara tangu zinapochipuka. Mabadiliko yaliyofanyiwa muundo wa mikakati yalipelekea kuwianishwa kwa shughuli na sekta husika katika kundi la Centum, ambazo ni, Elimu, Miundo mbinu, na Huduma za afya. Wajibu wetu kwa jamii kwa sasa unalenga kusaidia kwa kuhamasisha jamii zetu kwa kuwekeza katika nafasi bunifu na zenye uwezo wa kujimudu kwa kutambua umuhimu na ukuaji, kote barani Afrika.

Kupitia kampuni tanzu tunaendelea kushirikiana na washikadau wengine ambapo matokeo mema yameonekana katika kuwajibika kwa jamii. Kwa mfano, kule Vipingo tumeshirikiana na shirika linalotajika la kimataifa ambalo linahusika na mafunzo, kwa jina Arc Skills, ili kutoa mafunzo ya kiufundi kwa jamii kwa nia ya kutoa ajira kwa jamii hiyo hali kadhalika kuzindua mradi wetu wa Vipingo. Vile vile Kule Ol-Kalou, kampuni tanzu Greenblade Growers Limited inahamasisha wakulima wadogo zaidi ya 500 kwa utafutaji wa soko na utoaji wa bidhaa za upanzi.

SIKU ZIJAZO

Katika kipindi cha miaka mitatu kilichopita tumezidi kuwekeza zaidi kwa maendeleo ya taaluma kupitia ajira na kuimarisha uwezo wetu kama shirika ili kufanikisha azma yetu ya ukuaji na kupatia washikadau faida ya juu. Tunaangazia lengo letu la kutekeleza mikakati yetu katika mazingira yanayobadilika kila mara, kwa kudumisha thamani kwa washikadau na kwa kuajiri maafisa waliohitimu ili kuhakikisha utekelezaji wa mikakati yetu ya kundi la Centum. Nina imani juu ya uwezo wetu wa kutimiza ahadi, kupitia uongozi stadi wa kundi la wasimamizi kwa pamoja na wafanyakazi wanaojitolea ili kufanikisha ukuaji utakaodumu kwa muda mrefu.



Dr. Donald Kaberuka
Mwenyekiti,
Bodi ya Halmashauri ya Wakurugenzi

CEO'S

STATEMENT



THE YEAR IN REVIEW

The results for the year ended 31 March 2018 were achieved against the background of a challenging operating environment, characterized by prolonged political uncertainty, depressed private sector credit growth and the effect of the drought experienced in the first half of the year. These factors had considerable impact on the economy, weighing down investment spending and contributing to a sluggish transaction environment. Kenya's real estate market also recorded the lowest capital appreciation compared to the previous six years.

The impact of the economic headwinds is reflected in our performance for the year ended 31 March 2018, specifically in relation to completion of exit transactions and value uplift in our real estate portfolio. In the financial year ended, we had developed a pipeline of exit transactions in both our growth and real estate portfolios. In view of the investment climate then prevailing, we were only able to complete the exit of our investment in Platcorp Holdings Limited. As at 31 March 2018, we were in the process of concluding the disposal of GenAfrica Asset Managers Limited and had advanced discussions on other portfolio transactions. The GenAfrica transaction was completed post 31 March 2018 and will be reflected in our half year results for the year ending 31 March 2019. Consistent with the decelerated capital appreciation in Kenya's real estate market in 2017, the fair value gains on our investment properties decreased by KES 2.3 billion year on year, representing a 35% decrease. These factors contributed to the decrease in our consolidated net profit from KES 8.3 billion in the prior year to KES 2.8 billion.

Despite this decline in overall profitability, we continue to record some key successes within our portfolio with a 23% average annualized return for the Centum Strategic period between 2014 and 2018 outperforming the NSE performance of -3% in the same period. We maintain our focus in growing and scaling our investments across sectors of interest with us being active in 7 key sectors.

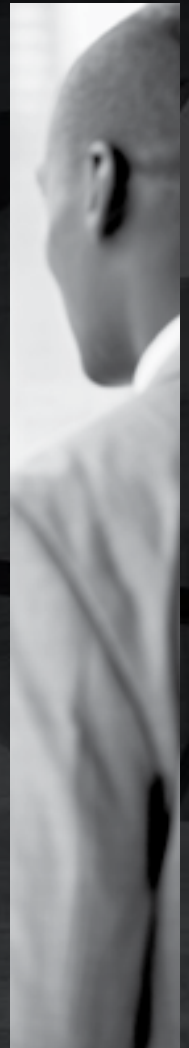
We continue to create value uplift as evidenced by the 23% average annualized growth in our total assets from KES. 28.8 billion in 2014 to KES. 66.1 billion in this financial year and a similar growth rate of 21% in our NAV from KES. 22.9 billion to KES. 48.7 billion.

A key achievement in the year was the settlement of the maturing KES 4.2 billion bond which was significantly funded from internally generated cash. Investors in the equity linked component (ELN) of the bond received an additional KES 191 million, representing a total equity upside of 15 percent of the par value in line with the terms of the issue. This translated to an annual internal rate of return of 14.9 percent for ELN investors.

PORTFOLIO HIGHLIGHTS

In the financial year ended 31 March 2018, we deployed KES 2.6 billion in equity and debt investment across our portfolio.

In the real estate portfolio, significant value uplift has been realised through transactions in the Centum 3.0 strategic period with the portfolio growing from KES. 9.1 billion in 2014 to KES 47.3 billion in 2018. We have seen increased market activity and interest since the beginning of this year and we have put in place a robust development program focused on delivering market validated real estate products in our three development sites. We have now broken ground at Vipingo, with the first phase of our development comprising a 180-acre industrial park and three residential projects. The Two Rivers Mall commemorated its first anniversary in February 2018. As at 31 March 2018, the retail centre had recorded 75% tenant occupancy and an average footfall of 320,000 per month. City Lodge Hotel located at the Two Rivers launched their first flagship centre outside South Africa to positive local reception. The year 2018, will also see the launch of Victoria Commercial Bank Office Towers as well as a Centum-led residential project comprising of 196 residential apartments.



WE CONTINUE TO RECORD
SOME KEY SUCCESSES
WITHIN OUR PORTFOLIO
WITH A 23% AVERAGE
ANNUALIZED RETURN

The Growth Portfolio continues to be a significant driver of returns for the Group with a return of 26% over the current strategic period, reflecting the success of our active portfolio management strategy. The Growth Portfolio represents our trading subsidiaries or investments that have progressed from development to a cash generating stage. Investments under this segment include the beverage, publishing, financial services and utilities businesses. Over 80% of the investee companies are profitable with 71% of these investee companies consistently paying out a dividend.

Almasi Beverages Limited, the fastest growing bottling company in Kenya, contributed 15% of the NAV in FY18 and remains a significant driver of returns for the Group. The beverage business recorded an overall 18% growth in profitability, reflecting a strong volume growth and benefit realization from recent investments in new PET and RGB lines and distribution channel assets. Focus going forward is the continued territory rationalization and efficiencies optimization, which is expected to drive EBITDA growth.

Our publishing business continues to diversify its geographical coverage and products while the asset management businesses benefited from the market upturn. At Sidian Bank Limited, initiatives to grow non-funded income are already bearing fruit with non-funded income growing by 30% over the prior year. Trade finance balances have grown five-fold over the last one year. To support this growth, Centum has fully subscribed to a recent rights issue that will result in a capital injection of KES 1.2 billion.

Greenblade Growers, our foray into agribusiness and specifically growing of herbs and vegetables for export to European markets continues to grow with the introduction and expansion of the out-grower model to 250 small scale farmers and a daily capacity of 6 tonnes.

SABIS International School Runda is set to open its doors in September 2018 to its first batch of students. During the year we made significant progress in the construction of phase 1, that has a capacity of 1,200 students, as well as our brand awareness and intake initiatives. We look forward to welcoming our inaugural batch of students in September.

NEAR-TERM PRIORITIES

In 2014, Centum set out to become a leading developer of investment grade assets across 5 key pillars: Return, Focus, Scale, Brand and Costs through the Centum 3.0 Strategy. I am proud of the progress made to date. Our average

return has outperformed the NSE over that period and we have made investments across 7 focus sectors. Sector-specific expertise continues to be developed and costs maintained below 2.0% of total assets. We seek to overcome new challenges encountered during the execution of our ambitious strategy by undertaking a comprehensive exercise to define the Group's next overarching strategy, Centum 4.0. This is currently ongoing and will be finalized by the last quarter of this financial year.

We have set out the key objectives that seek to reshape and rebalance our business to focus on our strengths with a view of sustaining attractive returns. They include:

- Optimisation of returns – We have developed a robust exit pipeline of mature assets across the portfolio to optimize Centum's gross return;
- Asset redeployment – Exit proceeds will be re-invested in cash generative assets ensuring that we achieve our target strategic asset allocation;
- Leveraging on 3rd Party Capital – Raising 3rd party equity and debt capital which is non-recourse to Centum at the portfolio and project level while creating value uplift for our shareholders and investors;
- Balance sheet deleveraging – Our target is to pay off maturing debt obligations between 2019 and 2020; and
- Increase in Dividend Yield – Returns from cash generative assets and finance costs savings will be applied towards higher dividend pay-outs.

APPRECIATION

I would like to thank the Board of Directors whose guidance and support has been invaluable during what was a very challenging year. I share this appreciation on behalf of the Centum management team.

I would also like to thank the valuable team of people that comprise the primary asset of Centum Group. Without a doubt, it is your collective focus and effort that drive our success. Our values are integrity, delivery to our promise and accountability, which we continue embedding in our business. Our appetite for growth and market-beating returns is unwavering and I believe we are well positioned to drive enhanced returns to our stakeholders.

James Mworia



Group CEO

TAARIFA YA AFISA MKUU MTENDAJI

UCHANGANUZI WA MWAKA

Matokeo ya mwaka uliokwisha 31 Machi 2018 yalipatikana licha ya kukabiliiana na changamoto zilizokuwepo katika mazingira ya utendaji kazi, hasa kutokana na muda mwingi uliotumika kwa siasa ya uchaguzi, kupungua kwa mkopo kwa mashirika ya kibinafsi na kutokana na ukame ulioshuhudiwa kwenye muhula wa kwanza wa mwaka. Mambo hayo yaliweza kuathiri pakubwa hali ya uchumi na kupungua kwa uwekezaji na pia kupungua kwa shughuli za kibiashara kwa jumla. Biashara ya shamba na nyumba humu nchini ilisajili ukuaji duni kulinganishwa na ule wa miaka sita iliyopita.

Athari za changamoto za kibiashara tulizokuwa nazo inabainishwa na matokeo ya mwaka uliokwisha 31 Machi 2018, hasa kuhusiana na mpango wa kukamilisha uuzaji wa miradi zinginezo kwenye kitengo cha biashara ya shamba na nyumba. Katika mwaka wa kifedha uliokwisha tulikuwa tumetambua baadhi ya miradi ya kuuza kwenye kitengo cha biashara ya shamba na nyumba walakini mazingira ya uwekezaji hayakuwa mazuri, kwa hivyo tulifanikisha tu uuzaji wa Platcorp Holdings Limited. Kufikia 31 Machi 2018 tulikuwa tumepiga hatua kubwa kwa uuzaji wa GenAfrica Asset Managers Limited na tukafanya majadiliano kuhusu uuzaji wa miradi mengine kwenye kitengo hicho. Tulikamilisha uuzaji wa GenAfrica baada ya kufunga mwaka mnamo 31 Machi 2018 na kwa hivyo uuzaji huo utabainika katika matokeo yetu ya nusu mwaka, wa mwaka wa kifedha utakaokwisha 31 Machi 2019. Kwa kuambatana na kupungua kwa uwekezaji katika biashara ya shamba na nyumba humu nchini mwaka wa 2017, faida kutokana na uwekezaji ilipungua kwa shilingi (K) bilioni 2.3 ikiwakilisha upungufu kwa asilimia 35. Mambo hayo yalisababisha upungufu wa faida iliyojumuishwa ya kundi la Centum kutoka shilingi (K) bilioni 8.3 wa mwaka uliotangulia hadi shilingi bilioni 2.8.

Licha ya kushuka kwa faida kwa jumla, tunaendelea kupata mafanikio kadhaa kwenye vitengo vyetu na kusajili ukuaji wa faida kwa asilimia 23 kwa mwaka katika kipindi cha mikakati cha kutoka 2014 hadi 2018 na kushinda faida ya soko la hisa la Nairobi ambayo ilisajili asilimia -3 katika kipindi hicho. Tunadumisha lengo letu la kuongeza na kukuza uwekezaji wetu katika vitengo vyote tulivyotia maanani ambapo tunaendesha shughuli katika vitengo 7 muhimu vya Biashara ya Shamba na Nyumba, Kawi, Huduma za Kifedha, Bidhaa zinazouzwa kwa kasi, Kilimo Biashara, Elimu na Hati za dhamana. Tunaendelea kuinua thamani jinsi inavyobainishwa na ukuaji wa asilimia 23 kwa mwaka, wa rasilimali zote, kutoka shilingi (K) bilioni 28.8 mnamo 2014 hadi shilingi bilioni 66.1 mwaka huu wa kifedha, huku pia kukiwa na ukuaji sawia kwa thamani ya kila hisa kwa

kipimo cha NAV wa asilimia 21 kutoka shilingi (K) bilioni 22.9 hadi shilingi (K) bilioni 48.7.

Tukio muhimu katika mwaka ni ulipaji wa deni la mkopo ambao ulihitimisha zamu wa shilingi (K) bilioni 4.2 kwa matumizi ya fedha za kindani. Wawekezaji katika hati za dhamana za bondi ambazo zitarejelea kuwa hisa walipokea shilingi (K) milioni 191, ikiwakilisha faida ya asilimia 15 dhidi ya thamani ya bondi moja, kwa kutimiza masharti ya toleo. Hii inamaanisha faida ya kindani ya asilima 14.9.

VIDOKEZO KWA VITENGO

Katika mwaka wa kifedha uliokwisha 31 Machi 2018 tuliwekeza shilingi (K) bilioni 2.6 kupitia njia ya mtaji na mkopo kwenye vitengo vyetu vyote.

Katika kitengo cha biashara ya shamba na nyumba, thamani kubwa imekuzwa kupitia utekelezaji wa shughuli katika kipindi cha mikakati cha Centum 3.0 na tukawa na ukuaji wa kitengo hicho kutoka shilingi (K) bilioni 9.1 mwaka wa 2014 hadi shilingi (K) bilioni 47.3 mwaka wa 2018. Tumeshuhudia ongezeko katika shughuli na msimko sokoni tangu mwanzo wa mwaka na tumeweka mpango mahsusi wa miradi, tunapoangazia ujenzi wa nyumba za kuvutia sokoni katika sehemu tatu tunapoendesha ujenzi huo. Hivi sasa tumeanza ujenzi katika Vipingo, awamu ya kwanza ikiwa ni ujenzi wa eneo la viwandani kwenye ekari 180 na miradi tatu ya nyumba za makazi. Jengo la Two Rivers Mall liliadhimisha mwaka wa kwanza wa ufunguzi mnamo 14 Februari 2018, ambapo tayari asilimia 75 ya eneo la kibiashara imepangishwa au kuchukuliwa kwa wastani wa mraba wa 320,000 kwa mwezi. Hoteli kwa jina City Lodge Hotel, inayopatikana Two Rivers Mall na ambayo ni mojawapo ya hoteli zinazoongoza nchini Afrika ya Kusini ilifungua humu nchini tawi la kwanza nje ya Afrika ya Kusini na kupokelewa vizuri. Kwenye mwaka wa 2018 tutashuhudia kuzinduliwa kwa ujenzi wa jumba la Victoria Commercial Bank Office Towers pamoja na mradi wa Centum wa ujenzi wa "Riverbank Apartments"- litakalokuwa na nyumba 196 za makazi.

Kitengo cha ukuaji kinaendelea kuwa shupavu kwa uzalishaji wa faida kwa kampuni wa asilimia 26 katika kipindi cha mikakati, kuthibitisha kufaulu kwetu katika usimamizi wa vitengo hivyo. Kitengo hicho kinawakilisha kampuni tanzu zinazoshughulika na mauzo au uwekezaji na ambazo zimebadilika kwa muundo tangu kubuniwa na kuwa zenye kutengeneza fedha. Uwekezaji wa aina hii ni pamoja na bidhaa za vinywaji, uchapishaji, huduma za kifedha, na biashara ya huduma za matumizi ya kila siku kama vile maji na umeme. Zaidi ya asilimia 80 ya hizi kampuni zinapata faida, huku asilimia 71 kati ya hizo zikilipa mgawo wa faida.

Kampuni ya Almasi Beverage Limited, ambayo ni kampuni inayokua kwa kasi katika utengenezaji wa bidhaa za vinywaji nchini Kenya ilichangia asilimia 15 ya thamani ya rasilimali kwa kipimo cha NAV mwaka wa kifedha wa 2018 na inabaki kuwa muhimu kwa uzalishaji wa faida ya kundi la Centum. Biashara ya bidhaa za vinywaji ilisajili ukuaji wa faida kwa asilimia 18 na kubainisha kuongezeka kwa mauzo na manufaa ya uwekezaji katika ununuzi wa mitambo mipya ya bidhaa zinazopakwa kwa chupa za PET na RGB na pia manufaa ya kuboreshwa kwa mbinu ya usambazaji wa bidhaa hizo sokoni. Lengo letu kwa siku zijazo ni kuendelea kudhibiti eneo ya soko letu na kuimarisha utendaji kazi ili kuhakikisha ukuaji wa faida.

Shughuli yetu ya uchapishaji inaendelea kupanua eneo lake kijografia na aina ya bidhaa wakati ambapo shughuli katika usimamizi wa rasilimali kwa niaba zilinufaika kutokana na kuimarika kwa soko. Katika benki ya Sidian Bank Limited, juhudi za kuinua mapato badala ya yale ya riba tayari zinaleta manufaa, kwa kusajili ongezeko la asilimia 30 dhidi ya mwaka uliotangulia. Fedha tulizokopesha kwa wafanyabiashara zimeongezeka kwa mara tano kwa muda wa mwaka moja. Ili kusaidia ukuaji huo, hivi majuzi Centum ilishiriki na kuwekeza katika ununuzi wa hisa katika toleo la haki utakaopelekea kuingizwa kwa mtaji wa shilingi (K) bilioni 1.2.

Greenblade Growers, shirika ambalo tulitumia kuingia kwa mara ya kwanza katika shughuli ya kilimo biashara na hasa upanzi wa aina ya mboga zitakazouzwa barani Ulaya linaendelea kukua kutokana na kupanuliwa kwa mfumo wa kushirikisha wakulima wadogo 250 na ambao wanauwezo wa kuzalisha tani 6 kila siku.

SABIS International School, shule inayopatikana Runda inatarajiwa kufunguliwa na kupokea wanafunzi kwa mara ya kwanza mnamo Septemba 2018. Katika mwaka tulipiga hatua kubwa kwa ujenzi wa awamu ya kwanza ya shule yenye uwezo wa kupokea wanafunzi 1,200 kuimarisha chapa hali kadhalika ratiba ya kusajili wanafunzi. Tunangojea kwa hamu kupokea wanafunzi hao mwezi wa Septemba.

SHUGHULI MUHIMU KWA MUHULA WA WASTANI

Mnamo mwaka wa 2014 tuliweka azma ya kuwa mwekezaji wa rasilimali yenye thamani ya juu kupitia nguzo 5 muhimu: Faida, Lengo, Ukuaji, Chapa na kudhibiti gharama kupitia mikakati ya Centum 3.0. Ninajivunia maendeleo ambayo tumewahi kuyapata hadi sasa. Faida tuliyopata inashinda faida inayopatikana katika soko la hisa la Nairobi (NSE), kutokana na uwekezaji katika vitengo 7 tulivyotia maanani. Maafisa waliohitimu wanaendelea kuajiriwa katika kila kitengo kwa uwiano na taaluma yao, huku tukidhibiti gharama chini ya asilimia 2.0 dhidi ya thamani ya rasilimali zote. Tunatarajia kukabiliana na changamoto zinazoibuka wakati wa utekelezaji wa mikakati kwa kutathmini na kuratibu mikakati yanayofuata ya Centum 4.0. Mkakato huo unaendelea na tunatarajia kukamilisha kwenye mwaka wa kifedha wa 2019.

Kwa muhula wa wastani wa mwaka huu wa kifedha tutaweka juhudi ili kuongeza shughuli nne za biashara ya shamba na nyumba, Ukuaji, Ujenzi na biashara ya hati za dhamana. Tumetenga shughuli zifuatazo mahsusi kwa nia ya kuratibu upya mfumo wa kibiashara ili kutilia mkazo na kuongeza juhudi katika uzalishaji wa faida ya kuvutia

- Boresha mauzo – tumeweka mpango mahsusi juu ya uuzaji wa rasilimali kwenye vitengo vyote na ambazo zimehitimisha zamu ili kunufaika kutokana na uuzaji huo,
- Kugeza mfumo wa matumizi ya rasilimali – Fedha zitakazopatikana kutoka kwa mauzo hayo zitatumika kuwekeza katika ununuzi wa rasilimali zinazozalisha fedha kwa haraka,
- Matumizi ya mtaji ya wawekezaji wengine – Kuchangisha fedha kutoka kwa wawekezaji na kwa kupitia mikopo bila kuhitilafiana na shughuli katika vitengo au miradi tunayoendelea na kwa wakati huo tunaongeza thamani kwa wenyehisa na kwa wawekezaji,
- Kuratibu upya mikopo – tunayo mpango wa kulipa deni za mikopo ambazo zitahitimisha zamu kati ya 2019 na 2020, na,
- Kuongeza kiwango cha mgawo wa faida – Faida kutokana na uuzaji wa rasilimali zinazozalisha fedha kwa kasi, na baada ya kudhibiti gharama za kifedha zitatumika kulipia kwa kiwango kikubwa mgawo wa faida.

SHUKURANI

Ningependa kutoa shukurani zangu kwa bodi ya wakurugenzi kwa ushauri na uungaji mkono ambao hauna kifani wakati tulikabiliana na changamoto nyingi katika mwaka. Ninatoa shukurani kwa niaba ya kundi la wasimamizi wa Centum.

Pia ningependa kutoa shukurani kwa kundi la wafanyakazi ambao ni rasilimali ya msingi kwa kundi la Centum. Bila shaka umahiri wenu na uadilifu kwa pamoja ndiyo utakaotuletea mafanikio. Maadili yetu kwa kifupi ni uadilifu, kutimiza ahadi, na uwajibikaji na ni mambo ambayo tutaendelea kuzingatia katika kampuni kwa siku zijazo. Hamu yetu ya ukuaji na kupata faida inayoshinda ya soko haitishiki/ni imara na nina imani ya kuwa tunayo fursa ya kuongeza faida kwa wenyehisa.

James Mworio



Afisa Mkuu Mtendaji
Kundi La Centum

GOVERNANCE



GOVERNANCE AUDITOR'S REPORT

Our responsibility is to express an opinion on the existence and effectiveness of governance instruments, policies, structures, systems and practices in the organization in accordance with best governance practices as envisaged within the legal and regulatory framework. We conducted our audit in accordance with ICPSK Governance Audit Standards and Guidelines, which conform to global Standards. These standards require that we plan and perform the governance audit to obtain reasonable assurance on the adequacy and effectiveness of the organization's policies, systems, practices and processes. The Audit involved obtaining audit evidence on a sample basis. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

OPINION

In our opinion, the Board has put in place a satisfactory governance framework in compliance with the legal and regulatory framework, and in this regard, we issue an unqualified opinion.



FCS. Catherine Musakali,
ICPSK GA. No 006
For Dorion Associates

12 June 2018

LEGAL AUDITOR'S REPORT

The Capital Markets Authority's Code of Corporate Governance for Issuers of Securities to the Public, 2015 requires the board of a listed company to ensure that:

- a) an internal legal and compliance audit is carried out on an annual basis, with the objective of establishing the level of adherence to applicable laws, regulations and standards;
- b) a comprehensive independent legal audit is carried out at least once every two years by a legal professional in good standing with the Law Society of Kenya; and
- c) the findings from the audits are acted upon and any non-compliance issues arising corrected as necessary.

It is on this basis that the board commissioned a legal and compliance audit with the aim of assessing the levels of compliance by the Company with the laws, regulations and standards applicable to it. The legal and compliance audit was headed by Mugambi Nandi, Senior Partner, KN Law LLP.

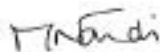
Our responsibility is to express an opinion on the level of compliance by Centum to laws, regulations and standards applicable to the company. In carrying out the legal and compliance audit of Centum, we prepared:

- a) a Compliance Matrix identifying each of the Company's compliance obligations arising under the applicable laws, regulations and standards; and
- b) an Information Request List detailing the documents, information or confirmations required from the Company to assess its adherence to the compliance obligations.

Using the Information Request as the basis for the information gathering and the Compliance Matrix as the tool to determine compliance, we have made an assessment of the compliance by Centum with the various applicable laws, regulations and standards.

OPINION

In our opinion, there were no material incidences of non-compliance by the Company with the laws, regulations and standards applicable to it and in this regard we issue an unqualified opinion.



Mugambi Nandi

Practice No: LSK/2018/01979
KN Law LLP

12 June 2018

BOARD AND COMMITTEE RESPONSIBILITIES

MAIN BOARD

The primary role of the Board is protection and enhancement of long-term shareholder value. It also sets out the overall strategy for the Group as well as supervision of executive management. In the course of discharging its duties, the Board acts in good faith, with due diligence and care, and considers the best interests of the Company and its shareholders.

ATTENDANCE

Donald Kaberuka - 4/5
 James Mworio - 5/5
 Christopher Kirubi - 3/5
 Laila Macharia - 4/5
 William Byaruhanga 2/5
 Catherine Igathe- 5/5
 Mary Githiaka-Ngige - 4/5
 Kennedy Wanderi
 (ICDC Rep.) - 5/5
 Susan Wakhungu-Githuku - 2/2 *
 Moses Ikiara - 0/1 **

AUDIT COMMITTEE

The primary responsibilities of this Committee are to;

- Provide oversight and integrity of the Company's financial reporting.
- Gauge the independence, qualifications and performance of an external auditor.
- Provide oversight in relation to the Company's internal audit functions.
- To provide oversight on non-financial audit processes (Governance Audit and Environmental Social and Governance (ESG) Audit).
- Review the effectiveness of the internal audit function.
- Consider the effectiveness of the Company's internal control systems.
- Review updates from management and external counsel on compliance matters affecting the Company.

ATTENDANCE

Mary Ngige - 3/3
 Laila Macharia^ - 1/2 ½
 Catherine Igathe^ - 2/2
 Kennedy Wanderi
 (ICDC Rep.) - 1/2
 Moses Ikiara - 1/1
 James Mworio - 3/3

FINANCE AND INVESTMENT COMMITTEE

The primary responsibilities of the Committee are as follows;

- Development of Investment objectives, investment guidelines and performance measurement standards.
- To review and evaluate investment results in the context of established standards of performance and adherence to the investment guidelines.
- To provide leadership in the achievement of attractive returns on the Group's investment and clear guidelines on investment policies that are consistent and structured, research based and risk sensitive approach to value investing.
- To review the Company's detailed strategic investment plans and to recommend them to the Board for approval.
- To provide advice to the Board on proposals for the investment in and divestment from enterprises and projects in line with the Company's strategy.

To monitor and evaluate the performance of the Company's investments against budget.

ATTENDANCE

Christopher Kirubi - 1/4
 James Mworio -4/4
 Laila Macharia - 4/4
 Catherine Igathe - 3/3
 Kennedy Wanderi
 (ICDC Rep.) - 4/4
 Susan Wakhungu-Githuku - 3/3
 Moses Ikiara - 0/2

NOMINATION AND GOVERNANCE COMMITTEE

The primary responsibility of the Committee is to develop and implement policies with respect to both the strategic priorities of the Board and human resources on the matters of Governance. In addition to the above; the Committee is also expected to;

- Provide oversight in the development and monitoring of governance-related policies as may be determined by the Board.
- Consider the competencies and skills of the Board as a whole.
- Develop and recommend to the Board a succession plan for the Board and senior management that is responsive to the needs of the Company and shareholders.
- Review and approval of the structure of staff remuneration and incentive plans.
- Advising the Board on staffing issues for senior management.

ATTENDANCE

Laila Macharia – 3/3
Christopher Kirubi – 2/3
William Byaruhanga – 0/3
Kennedy Wanderi
(ICDC Rep.) – 3/3
Susan Wakhungu-Githuku – 1/1
James Mworio – 3/3

RISK COMMITTEE

The primary responsibilities of this Committee are;

- Review of the Company's statement on internal control systems prior to endorsement by the Board.
- To consider and recommend to the Board the Company's risk appetite.
- Commission, receive and consider reports on key financial and operational risk issues.

ATTENDANCE

Catherine Igate – 2/2
Laila Macharia – 2/2
Mary Githiaka-Ngige – 2/2
Kennedy Wanderi
(ICDC Rep.) – 2/2
Moses Ikiara – 1/1
James Mworio – 2/2

^ Appointed as a member of the Audit Committee on 24 November 2017.

*Elected at the AGM of 25 September 2017.

**Appointed on 24 November 2017.

BOARD DIVERSITY

The Company strives to make the appointment procedure to the Board as transparent as possible taking into account leaders in various fields of expertise. The Company strives to have a diverse Board, putting into consideration ethnicity, gender balance, age, and a balance of management skills.

40%
FEMALE

60%
MALE

STATUS OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR ISSUERS OF SECURITIES TO THE PUBLIC 2015

Over the past two years, the Board and Management of the Company have put in deliberate effort towards full compliance with the Code of Corporate Governance Practice for Issuers of Securities to the Public 2015 (the “Code”). The Company has taken the following steps over the past year to ensure compliance with Code:

1. Revision of the Company’s policies, Board charter and committee charters for compliance with the requirements of the Code.
2. Onboarding of Mrs. Susan Wakhungu-Githuku, an Independent NED with Human Resource expertise, who was subsequently appointed as a member of the Nomination and Governance Committee.
3. Appointment of two (2) independent NEDs following the retirement by rotation of one independent NED and two NEDs at the 2017 Annual general Meeting in order to maintain the threshold stated in the Code that provides not less than one third (1/3) of the board should be comprised of independent NEDs.
4. Conduct of a legal and compliance audit by KN Law LLP for Centum and its subsidiaries. The audit report established the level of compliance with laws, regulations and standards as 94%, with no material departures from required compliance.
5. Conduct of a governance audit and Board evaluation by Dorion Associates LLP. This included evaluation of;
 - The Board’s and the respective Committees’ performance,
 - The Board Chairman’s performance,
 - The Chief Executive Officer’s performance, and
 - The Company Secretary’s performance.
6. Establishment of roadmap towards Integrated Reporting.

SHAREHOLDER ANALYSIS BY HOLDING (TOP 10 SHAREHOLDERS)

Name	31 March 2018			31 March 2017		
	Total Shares	%	Rank	Total Shares	%	Rank
Christopher John Kirubi*	192,559,412	28.94%	1	190,559,412	28.64%	1
Industrial and Development Corporation*	152,847,897	22.97%	2	152,847,897	22.97%	2
International House Limited^^	10,436,278	1.57%	3	10,436,278	1.57%	3
CfC Stanbic Nominees Ltd A/C NR 1031144	9,539,073	1.43%	4	8,696,673	1.31%	4
Standard Chartered Nominees NON-RED A/C 9827	9,523,611	1.43%	5	1,402,600	0.21%	30
Standard Chartered Kenya Nominees Ltd A/C KE002367	8,600,000	1.29%	6	8,000,000	1.20%	5
Stanbic Nominees Ltd A/C NR 1031141	7,884,800	1.18%	7	-	-	-
John Kibunga Kimani	6,243,221	0.94%	8	6,042,121	0.91%	6
Uganda Securities Exchange^	5,916,306	0.89%	9	5,916,306	0.89%	7
James Mworja Mwirigi*	5,674,594	0.85%	10	5,362,094	0.81%	8

Note:

*Director of Centum.

^ A Nominee account for shareholders on the Uganda Securities Exchange.

^^ A company in which a Director of Centum has an interest in.

DIRECTOR'S SHAREHOLDING ANALYSIS AS AT 31 MARCH 2017

Director	Total Shares
Dr. Christopher John Kirubi	192,559,412
Industrial and Commercial Development Corporation (Alternate Director Kennedy Wanderi)*	152,848,97
James M. Mworia	5,674,594
Dr. Laila Macharia	-
Mary Githiaka Ngige	-
Catherine Igathe	-
Hon. William Byaruhanga	-
Dr. Donald Kaberuka	-
Mrs. Susan Wakhungu-Githuku	-
Dr. Moses Ikiara	18,150

*Kennedy Wanderi is an alternate director to Industrial and Commercial Development Corporation and does not own shares in the Company.

SHAREHOLDER ANALYSIS BY VOLUME:

Volume	31 March 2018			31 March 2017		
	Shares	%	Holders	Shares	%	Holders
1-500	2,381,598	0.36%	13,667	2,394,151	0.36%	13,459
501-5000	33,972,882	5.11%	16,566	34,848,725	5.24%	17,036
5001-10000	21,176,878	3.18%	2,945	22,084,336	3.32%	3,061
10001-100000	77,693,078	11.68%	3,117	81,675,288	12.27%	3,274
100001-1000000	67,181,456	10.10%	250	73,750,612	11.08%	289
>1000000	463,035,822	69.58%	42	450,688,602	67.73%	44
TOTALS	665,441,714	100%	36,587	665,441,714	100%	37,163

SHAREHOLDER ANALYSIS BY DOMICILE

Domicile	31 March 2018			31 March 2017		
	Shares	%	Holders	Shares	%	Holders
Foreign Companies	72,241,287	10.86%	45	51,981,578	7.81%	44
Foreign Individuals	2,260,100	0.34%	206	2,350,095	0.35%	208
Local Companies	224,677,452	33.76%	1,816	238,192,969	35.79%	1,917
Local Individuals	366,262,875	55.04%	34,520	372,917,072	56.04%	34,994
TOTALS	665,441,714	100.00%	37,587	665,441,714	100.00%	37,163

GOING BEYOND PROFIT

OBJECTIVE

Within the Group, our Corporate Social Investment strategy involves identifying impactful, scalable and sustainable initiatives that empower the communities within which we operate and are implemented in partnership with all key stakeholders. We are committed to the UN Sustainable Development Goals (SDGs) and implementation of an Environmental, Social and Governance (ESG) policy and sustainability reporting. Our initiatives are channeled through our investee companies, supported by the Company's CSI arm, Centum Foundation. The costs are incurred at the respective subsidiary level and are consolidated in the Group's financial statements under Note 2.3.1 as operating and administrative expenses.

CURRENT PROJECTS

1. **Building Public Infrastructure (New Mathari School): Two Rivers Development Limited**

Two Rivers Development Limited, CATIC Kenya and ICDC in partnership with the Nairobi City County undertook a massive CSI project to rebuild the Mathari School in 2017 at a cost of over KES 180 Million which has enabled the school to grow its student enrolment from less than 500 students to more than 1000 students. We continue to provide support to the school and its students through purchase of books and furniture, scholarships for best-performing KCPE students; support for payment of utility bills (e.g. security, electricity etc.); among other initiatives.



2. **Empowering the community through education: Vipingo Development Limited**

a. Vipingo Scholarship Fund:

Centum launched the Vipingo Scholarship Fund in January 2017 to provide at least 50 scholarships per year to disadvantaged girls and boys from Kilifi County who score more than 350 marks in KCPE. The scholarship program provides a holistic development program for each beneficiary which includes one-to-one mentorship, internship opportunities and community give-back programs. To-date, we have awarded a total of 104 scholarships at a total cost of over KES 5 million.

b. Annual refurbishment of schools:

In 2017, the Centum completed the refurbishment of two public primary schools (Makonde and Timboni Primary Schools) in Kilifi County amounting to KES 8 million.

c. Vocational Training Centre:

Centum plans to develop a vocational training centre in Vipingo to offer courses such as masonry, plumbing, among others. The graduating students will then be placed on a labor desk for a chance to secure employment within the Vipingo Development Project.

d. Vipingo Local Business Community Database:

The Vipingo Development Project is committed to providing first-right of access to jobs and business opportunities to the residents of the local community within Kilifi County. In collaboration with the local Community Based Organisations (CBOs), Centum has developed a local business community database who are given priority when procuring for goods and services for development.

**3. Empowering Young Women in Enterprise:
Almasi Bottlers Limited**

Almasi provides assets to the women who sign up to start a Coca-Cola business. The assets include ice boxes, fridges and a kiosk Almasi also provides training on how to merchandise Coca-Cola products. The women are also introduced to sales representatives for guidance, support and follow-up. To-date, Almasi has provided support to over 400 women through the Young Women in Enterprise Program.



**4. Empowering Small and Medium Enterprises (SMEs):
Sidian Bank Limited**

Sidian Bank has partnered with Uber in a KES 10 Billion Vehicle Solutions Program that gives entrepreneurs convenient and affordable access to quality vehicles. To date, Sidian Bank has supported over 150 Uber driver-partners to acquire their own vehicles. Additionally, Sidian Bank and the Medical Credit Fund (MCF) entered in to a KES 2 Billion partnership to enable private health care service providers to purchase or maintain medical equipment and expand their facilities. To date, Sidian has partnered with over 400 medical service providers and disbursed over KES 900 million in medical credit facilities. Sidian Bank and Kenya National Chamber of Commerce and Industry signed an MOU towards empowering the growth of SMEs through the establishment of SME Hubs in Sidian Bank Branches.



**5. Empowering young entrepreneurs:
The Centum Entrepreneurship Program**

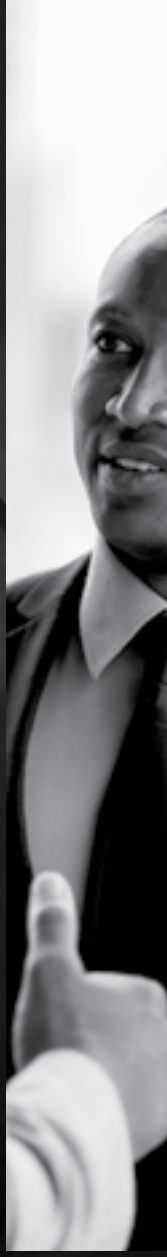
The main objective of the program is to identify and invest in ideas, start-up companies and existing small businesses and leverage on our existing resources to transform them into the market leaders of tomorrow. We support them to provide innovative solutions to prevalent problems in our society. We offer seed funding and business support to young entrepreneurs, nurture them to grow their ideas and start-ups into well-established businesses, and leverage on our networks and get them the right investors to grow and scale-up their businesses. The CEP program was started in 2016 and to-date, we have invested over KES 30 million in 6 start-ups and small-scale businesses across various sectors ranging from e-commerce, edutech, FMCG, among others.

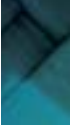




STATUTORY INFORMATION
AND AUDITED

FINANCIAL STATEMENTS





The Directors submit their report together with the audited financial statements of Centum Investment Company Plc (the 'Company') and its subsidiaries (together, 'the Group') for the year ended 31 March 2018.

BUSINESS REVIEW

The structure of the Group's consolidated financial statements has significantly changed over the last few years, reflecting the evolution in the mix of the businesses that the group has invested in, in line with the Centum 3.0 strategy.

In evaluating performance, management segments the business into four portfolio classifications:

- a) Real estate;
- b) Development portfolio - representing investments outside of real estate, that are still under development;
- c) Growth portfolio - representing our trading subsidiaries or investments that have progressed from development to a cash generating stage. Investments under this segment include the beverage, publishing, financial services and utility companies. Legacy dividend paying unlisted assets are also included in this segment; and
- d) Marketable securities and cash.

Operating cash flow at the Group centre is primarily generated from dividends, interest income and proceeds from exits in the growth and marketable securities portfolio.

Performance

The Group reported a profit after tax of Ksh 2.8 billion representing a 66% decline driven by lower realised gains, lower property valuations and dismal performance in our banking subsidiary due to the impact of interest rate caps.

Total trading revenue grew 9% to Ksh 10.1 billion driven by the beverage and publishing businesses despite the challenging operating environment which occasioned channel interruptions and regulatory changes.

Financial services recorded a 22% decline in income driven by the interest cap regulations. Initiative put in place to grow non funded income bore fruits with non funded income growing 30%. The asset management business recorded a 26% increase in income driven by growth in assets under management.

Outlook

The Group's near term priorities include narrowing the gap between net asset value and share price while continuing to grow the net asset value through key activities identified by management which include: optimising the gross return, asset redeployment, leverage of third party capital, reduction of debt at Centum level and progressively increasing the dividend yield.

RESULTS

For the year ended 31 March:

	Group		Company	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Profit before tax	3,146,650	8,735,647	1,029,740	1,749,207
Income tax expense	(490,352)	(566,384)	11,513	(177,939)
Net profit from continuing operations	2,656,298	8,169,263	1,041,253	1,571,268
Profit from discontinued operation net of tax	135,600	141,029	-	-
Profit for the year	2,791,897	8,310,292	1,041,253	1,571,268



DIRECTORS' REPORT (CONTINUED)

RESULTS AND DIVIDEND

The net profit for the year of Ksh 2,791,897,000 (2017: Ksh 8,310,292,000) has been added to retained earnings. The directors recommend the payment of a first and final dividend of Ksh 1.2 per share (2017: Ksh 1.2) amounting to Ksh 798,530,057 (2017: Ksh 798,530,057).

DIRECTORS

The directors who served during the year and to the date of this report are:

1 Dr. D Kaberuka - Chairman	8 Industrial Commercial and Development Corporation
2 Dr. J M Mworira	9 Mrs. S Wakhungu - Appointed on 25 Sep 2017
3 Dr. C Kirubi	10 Dr. M Ikiara - Appointed on 24 Nov 2017
4 Dr. L Macharia	11 Mr. H Njoroge - Resigned on 25 Sep 2017
5 Hon. W Byaruhanga	12 Mr. I Khan - Resigned on 25 Sep 2017
6 Mrs. C Igate	13 Dr. J McFie - Resigned on 25 Sep 2017
7 Mrs. M Ngige	

DISCLOSURES TO AUDITORS

The directors confirm that with respect to each director at the time of approval of this report:

- a) there was, as far as each director is aware, no relevant audit information of which the company's auditor is unaware; and
- b) each director had taken all steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of all that information.

TERM OF APPOINTMENT OF AUDITORS

PricewaterhouseCoopers continue in office in accordance with the Company's Articles of Association and Section 719 of the Kenyan Companies Act, 2015.

The directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

By order of the Board

Lois W. Gakumo
Secretary
Nairobi

12 June 2018



Wakurugenzi wanawasilisha ripoti yao pamoja na taarifa ya kifedha ya Kampuni ya Centum Investment Company Plc (Kampuni) pamoja na ya Kampuni tanzu (Kundi la Centum) ya mwaka uliokwisha 31 Machi 2018.

UCHANGANUZI WA BIASHARA

Ratiba ya ripoti ya kifedha iliyojumuishwa ya Kundi la Centum imefanyiwa mabadiliko makubwa katika kipindi cha miaka kilichopita hivi karibuni kuwianishwa na uwekezaji katika shughuli za mseto uliofanywa na kundi la Centum ,katika kufanikisha utekelezaji wa mikakati ya Centum 3.0.

Kwa minajili ya kutathmini matokeo, wasimamizi wamegawa shughuli za kampuni kwa vitengo vinne vifuatavyo:

- Biashara ya shamba na nyumba;
- Kitengo cha miradi – kuwakilisha uwekezaji kando na biashara ya shamba na nyumba katika miradi tunayoendelea kujenga;
- Kitengo cha ukuaji – kuwakilisha kampuni tanzu au miradi ambayo yamekamilika na ni tayari kuuzwa. Uwekezaji wa aina hiyo ni pamoja na biashara ya bidhaa za vinywaji, uchapishaji, huduma za kifedha, na huduma za matumizi ya kawaida kama vile kampuni za maji na umeme. Pia kampuni za kibinafsi za kitambo na zenye kulipa mgawo wa faida, zimeorodheshwa hapo; na
- Hati za dhamani na fedha.

Fedha za matumizi katika kundi la Centum kwa msingi zinatoka kwa migawo ya faida ,uuzaji katika kitengo cha ukuaji, na cha hati za dhamana.

Matokeo

Kundi la Centum lilisajili faida baada ya kutozwa ushuru ya shilingi (K) bilioni 2.8, ikiwakilisha upungufu kwa asilimia 66 uliosababishwa na faida duni, kushuka kwa bei ya nyumba, na utendaji usiokuwa wa kuridhisha wa benki ambayo ni kampuni tanzu kutokana na kudhibitiwa kwa viwango vya riba.

Fedha kutoka kwa mauzo kwa jumla yalikua kwa asilimia 9 hadi shilingi (K) bilioni 10.1 na zilichangiwa na biashara ya shamba na nyumba na ya uchapishaji licha ya changamoto zilizokuwako katika mazingira ya utendaji kazi ambazo wakati mwingine ziliathiri shughuli za usambazaji wa bidhaa na changamoto za kanuni za kimamlaka.

Faida kutoka kwa Kitengo cha huduma za kifedha ilipungua kwa kuwa ilisajili faida baada ya kutozwa ushuru ya asilimia 22, upungufu uliosababishwa na kanuni za kudhibitiwa kwa viwango vya riba. Juhudi za kuongeza faida kutoka kwingine badala ya riba imeleta manufaa kwa kusajili ukuaji kwa asilimia 30. Biashara ya usimamizi wa rasilimali kwa niaba ilisajili ongezeko la faida kwa asilimia 26 kutokana na kuimarika kwa shughuli katika kitengo hicho.

Siku za Usoni

Matarajio ya kundi la Centum kwa muda wa wastani ni kupunguza tofauti iliyoko baina ya thamani ya hisa moja na bei yake sokoni na wakati huo kuendelea kuimarisha thamani ya rasilimali kupitia shughuli ambazo wasimamizi wametambua ambazo ni pamoja na: boresha faida, ratibu upya matumizi ya rasilimali, manufaa kutoka kwa mtaji ya washiriki wengine, kupunguza kiwango cha deni cha Centum, na hatimaye kuongeza kiwango cha ulipaji wa mgawo wa faida.

MATOKEO

Kwa mwaka uliokwisha 31 Machi

	Kundi La Centum		Kampuni	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Faida kabla ya kutozwa ushuru	3,146,650	8,735,647	1,029,740	1,749,207
Ushuru	(490,352)	(566,384)	11,513	(177,939)
Faida kutoka shughuli zilizoko	2,656,298	8,169,263	1,041,253	1,571,268
Fiada kutoka shughuli ambazo zimesimashwa baada ya ushuru	135,600	141,029	-	-
Faida ya mwaka	2,791,897	8,310,292	1,041,253	1,571,268



RIPOTI YA WAKURUGENZI

MATOKEO NA MGAWO WA FAIDA

Faida ya mwaka ya shilingi (K) 2,791,897,000 (mwaka wa 2017 :Shilingi (K) 8,310,292,000) zimejumuishwa na fedha zilizowekwa kama akiba. Wakurugenzi wanapendekeza ulipaji wa mgawo wa faida wa shilingi (K) 1.20 kwa kila hisa (sawia na shilingi (K)1.2 ya 2017),zote zikiwa shilingi (K) 798,530,057,(2017,Shilingi (K) 798,530,057).

Majina ya wakurugenzi ambao walihudumu katika mwaka hadi tarehe ya ripoti hii ni:

The directors who served during the year and to the date of this report are:

1 Dr. D Kaberuka - Mwenyekiti	8 Industrial Commercial and Development Corporation
2 Dr. J M Mworia	9 Mrs. S Wakhungu - Aliteuliwa 25 Septemba 2017
3 Dr. C Kirubi	10 Dr. M Ikiara - Aliteuliwa 24 Novemba 2017
4 Dr. L Macharia	11 Mr. H Njoroge - Alijiuzulu 25 Septemba 2017
5 Hon. W Byaruhanga	12 Mr. I Khan - Alijiuzulu 25 Septemba 2017
6 Mrs. C Igathe	13 Dr. J McFie - Alijiuzulu 25 Septemba 2017
7 Mrs. M Ngige	

UWAJIBIKAJI KWA WAKAGUZI WA HESABU

Wakurugenzi wanabainisha kuwa kila mmoja wao kufikia tarehe ya kuidhinisha ripoti hii:

- Hakukuwa na jambo lolote ambalo walipaswa kufahamisha wakaguzi wa hesabu lililowachwa nje.
- Kila mmoja wao alichukua hatua zote ambazo walipaswa kuchukua akiwa mkurugenzi ili awe na ufahamu wa mambo yote kuhusiana na ukaguzi wa hesabu na kwamba aliwajulisha wakaguzi wa hesabu juu ya mambo hayo.

MUHULA WA UTEUZI WA WAKAGUZI WA HESABU

PricewaterhouseCoopers wanaendelea kuhudumu kwa mujibu wa Kanuni na Sheria za kampuni na sehemu ya 719 ya sheria za Kenya za Kampuni.

Wakurugenzi hutathmini uwezo ,uadilifu na uhuru wa mkaguzi wa hesabu. Wajibu huo pia ni idhinisho kwa zabuni ya huduma ukaguzi wa vitabu na ada inayoandamanishwa , kwa niaba ya wenyehisa.

KWA AMRI YA BODI YA WAKURUGENZI

Lois W. Gakumo
Secretary
Nairobi

12 June 2018



Information not subject to audit

The Board of Directors reviews and recommends the remuneration structure of Directors annually, subject to approval of the Shareholders at the Company's annual general meetings. The Company gathers relevant remuneration data and explores market conditions that are used to determine the Directors' remuneration.

Executive Directors

The remuneration of Executive Directors is determined based on remuneration benchmarks in the industry, prevailing market conditions as well as the Company's performance and profitability. In the year ended 31 March 2018, the only Executive Director on the Board was the Group Chief Executive Officer ("Group CEO").

The Group CEO's remuneration is fixed in the employment contract and reviewed periodically by the Nominations and Governance Committee of the Board. The last review of the remuneration was carried out in April 2016.

The Group CEO is eligible to participate in the Company's staff bonus scheme. The basis for determination of staff bonus and the vesting period and conditions are set out under Note 2.3.2 to the financial statements. In the financial year ended 31 March 2018, the performance hurdle rate described under Note 2.3.2 to the financial statements was not met and accordingly, no bonus pool has been accrued in relation to the year then ended. However, the vesting conditions described under the same Note that are required to unlock bonus tranches for the previous years ended 31 March 2017 and 31 March 2016 were met. The bonus accrual included in the financial statements for the year ended 31 March 2018 relates to the vested tranches arising from those prior years.

The Group CEO does not earn fees or sitting allowances.

Non-Executive Directors

Non-Executive Directors are appointed for a renewable term of 3 years which is dependent on regulatory approval and ratification by shareholders. Non-Executive Directors retire by rotation and eligibility for re-election is subject to performance. Independent non-executive directors can only serve for a maximum term of nine years.

The Company undertakes a Board evaluation on an annual basis to review its performance and that of the individual directors and the various Board committees.

The Group has a policy in place that guides the remuneration of Non-Executive Directors. There is no direct link between Non-Executive Directors' remuneration and the annual results of the Company.

The remuneration comprises of a quarterly allowance, sitting allowances for board and committee meetings and a travel allowance.

Professional Indemnity Cover

In line with best market practice, the Company provides Directors' and Officers' Liability Insurance to Executive and Non-Executive Directors in undertaking their duties in such capacity.

Share options

The Company has no employee share option plans.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Information subject to audit

The following table shows a single figure remuneration for the Executive Directors, Chairman and Non-Executive directors in respect of qualifying services for the year ended 31 March 2018 together with the comparative figures for 2017. The aggregate Directors' emoluments are shown on note 12.1 (iii) to the financial statements.

	Salary	Pension	Fees	Bonuses	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Year ended 31 March 2018					
Dr. Donald Kaberuka (Chairman)	-	-	2,591	-	2,591
Dr. Christopher Kirubi	-	-	2,490	-	2,490
Industrial and Commercial Development Corporation	-	-	763	-	763
Mr. Kennedy Wanderi	-	-	2,087	-	2,087
Mr. Henry Njoroge	-	-	1,302	-	1,302
Hon. William Byaruhanga	-	-	2,082	-	2,082
Mr. Imtiaz Khan	-	-	1,410	-	1,410
Dr. Laila Macharia	-	-	2,730	-	2,730
Dr. James Mcfie	-	-	1,350	-	1,350
Mrs. Mary Ngige	-	-	2,664	-	2,664
Mrs. Catherine Igate	-	-	2,730	-	2,730
Dr. Moses Ikiara	-	-	537	-	537
Mrs. Susan Wakhungu-Githuku	-	-	1,254	-	1,254
Dr. James Mworia	42,362	3,177	-	132,019	177,558
	42,362	3,177	23,990	132,019	201,548

	Salary	Pension	Fees	Bonuses	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Year ended 31 March 2017					
Dr. Donald Kaberuka (Chairman)	-	-	1,064	-	1,064
Dr. Christopher Kirubi	-	-	2,394	-	2,394
Industrial and Commercial Development Corporation	-	-	763	-	763
Mr. Kennedy Wanderi	-	-	1,685	-	1,685
Mr. Henry Njoroge	-	-	2,664	-	2,664
Hon. William Byaruhanga	-	-	1,008	-	1,008
Mr. Imtiaz Khan	-	-	2,664	-	2,664
Dr. Laila Macharia	-	-	2,664	-	2,664
Dr. James Mcfie	-	-	2,124	-	2,124
Mrs. Mary Ngige	-	-	1,224	-	1,224
Mrs. Catherine Igate	-	-	1,116	-	1,116
Mr. James Muguiji	-	-	1,334	-	1,334
Dr. Margaret Byama	-	-	1,004	-	1,004
Permanent Secretary, Ministry of Trade	-	-	382	-	382
Dr. James Mworia	42,362	3,170	-	173,767	219,169
	42,362	3,170	22,090	173,767	241,259

On behalf of the Board



Dr. Laila Macharia
Chairperson, Nomination and Governance Committee

12 June 2018

STATEMENTS OF DIRECTORS' RESPONSIBILITIES



The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and Company as at the end of the financial year and of their profit or loss for that year. The directors are responsible for ensuring that the Company and its subsidiaries keep proper accounting records that are sufficient to show and explain the transactions of the Company and its subsidiaries; disclose with reasonable accuracy at any time the financial position of the Group and of the Company; and that enables them to prepare financial statements of the Group and of the Company that comply with prescribed financial reporting standards and the requirements of the Kenyan Companies Act, 2015. They are also responsible for safeguarding the assets of the Group and of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

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

In preparing the financial statements, the directors have assessed the Group's and Company's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the directors to indicate that the Group and the Company will not remain a going concern for at least the next twelve months from the date of this statement.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the Board of Directors on 12 June 2018 and signed on its behalf by:

Dr. James M. Mworia

Dr. Christopher Kirubi





Report of the Independent Auditor to the Shareholders of Centum Investment Company Plc

Report on the audit of the financial statements

Our opinion

We have audited the accompanying separate financial statements of Centum Investment Company Plc (the “Company”) and its subsidiaries (together, the “Group”) set out in the abridged financial report, which each comprise a statement of financial position at 31 March 2018 and statements of profit or loss and other comprehensive income, and changes in equity and cash flows for the year then ended.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company at 31 March 2018 and of their 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, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<p>Valuation of unquoted investments</p> <p>The Group holds unquoted investments, mainly consisting of investments in unlisted companies which are measured at fair value at the year end. The determination of fair value of the unquoted investments represents a significant area of judgment in the financial statements and can be subject to management bias. A variation in the underlying assumptions for most of the judgements made by the directors could result in material differences to the financial performance and financial position of the Group and the Company.</p>	<p>We understood and evaluated controls exercised by management in order to ensure valuations are appropriately performed in accordance with the international financial reporting standards.</p>

Report of the Independent Auditor to the Shareholders of Centum Investment Company Plc (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
<p>As explained under note 1.5.2, a variety of methods are used to determine the fair value of these investments depending on the appropriate circumstances for each investee company. The methods include use of prices of recent transactions, market earnings multiples and net asset values. Some of the judgements involve the use of valuation experts, particularly for investments holding properties.</p>	<p>We reviewed the valuation models and evaluated the underlying assumptions used in the valuation of each significant investment, including the appropriateness of the comparable entities, appropriateness of the valuation method used and validity of data used in the process. To this end, we involved the PwC experts to assess the reasonability of these assumptions; and</p> <p>We tested the accuracy of the computations and assessed the adequacy of disclosures in the financial statements.</p>
<p>Carrying value of goodwill</p> <p>As disclosed in note 8.2 in the financial statements, the Group has goodwill of Ksh. 2,561,522,000 arising from acquisitions which must be tested annually for impairment by comparing the carrying amount of the individual cash generating unit (CGU) to its recoverable amount.</p> <p>The determination of recoverable amount, being the higher of value in use and fair value less costs to dispose, requires judgement in valuing the cash generating units (CGUs). Recoverable amounts are based on management's judgement of variables and market conditions such as the future performance of the business, the assumptions market participants would use when pricing the asset (CGU), and the most appropriate discount rate for the projected future cash flows.</p>	<p>We evaluated the assumptions used by management to determine the fair value of the cash generating units, the assumptions included the marketability discount and the comparable listed companies used to derive the various multiples for the purposes computing fair value.</p> <p>We assessed the reasonableness of the fair values less cost to sell for each of the cash generating unit by performing a sensitivity analysis on the various assumptions used.</p> <p>We assessed the adequacy of the disclosures in the financial statements.</p>
<p>Credit risk and provision for impairment losses on loans and advances</p> <p>Loans and advances to customers is a significant balance in the Group's statement of financial position. Loans and advances are assessed for impairment on a specific and collective basis at the banking entity level. The carrying value of these balances may be materially misstated if the impairment provision is not appropriately estimated.</p> <p>As explained in note 7.1 in the financial statements, the directors make complex judgements over both timing of recognition, and the estimation of the magnitude of impairment losses on loans and advances to customers.</p>	<p>We assessed and tested the design and operating effectiveness of the controls over impairment data and calculations at the bank. These controls included those over the identification of loans and advances that were impaired and the calculation of the impairment provisions.</p> <p>We examined a sample of loans and advances from the Bank's loan book and carried out tests to satisfy ourselves that significant facilities are correctly classified and valued.</p>



Key audit matter	How our audit addressed the Key audit matter
<p>For non-performing loans and advances, the impairment provision is calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the effective interest rate of the loan. Where the facility is secured against collateral, the key judgement applied is the recoverable amount and the timing of the realisation. Where no collateral is held, the key input is the collection trends for loans and advances with similar credit risk characteristics.</p> <p>Where no objective evidence of impairment exists for an individually assessed loan or advance, the loan or advance is classified as performing and collectively assessed for impairment using an unidentified impairment model whose key inputs are the historical loss rate and the estimated emergence period for loans and advances with similar credit risk characteristics.</p> <p>We focussed our audit on the following areas:</p> <ul style="list-style-type: none"> - the completeness and accuracy of the classification of loans and advances; and - the reasonableness of the assumptions applied in the impairment calculations. 	<p>Where impairment was individually calculated, we tested a sample of loans and advances to ascertain whether the loss event had been identified in a timely manner including, where relevant, how forbearance had been considered.</p> <p>Where impairment had been identified, we examined the forecast of future cash flows prepared by management to support the calculation of the impairment, challenging the assumptions and comparing estimates to external evidence where available.</p> <p>Where impairment was calculated using a model, we tested the assumptions and data used in the Bank's loan impairment models to ensure that they are reasonable and reflect current information. We also reviewed the model to ensure correct application.</p>

Reporting on other information

The other information comprises the Director's report, Statement of Directors' responsibilities and the Directors Remuneration report, which we obtained prior to the date of this report, and the rest of the other information included in the annual report which is expected to be made available to us after this date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of the Auditors report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information included in the annual report and the reports therein and we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.



Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or Business activities within the Group To express an opinion on the financial statements. we are responsible for the direction, supervision and performance of the Group audit. we remain solely responsible for our audit opinion.
- We communicate with the directors regarding, among Other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and To communicate with them All relationships and Other matters that may reasonably be thought To bear on our independence, and where applicable, related safeguards.
- From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group's financial statements of the current period and are therefore the key audit matters. we describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected To outweigh the public Interest benefits of such communication.

Report on other matters prescribed by the Kenyan Companies Act, 2015

Report of the directors

In our opinion the information given in the report of the directors is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report has been properly prepared in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is FCPA Michael Mugasa – Practising Certificate No. 1478.

Certified Public Accountants
Nairobi

12 June 2018

CONSOLIDATED INCOME STATEMENT

Consolidated statement of profit or loss

	2018	2017
	Kshs'000	Kshs'000
Continuing operations		
Trading business:		
Sales	10,171,132	9,401,660
Cost of sales	(6,586,459)	(5,869,463)
Gross profit	3,584,673	3,532,197
Operating and administrative expenses	(2,515,764)	(2,335,144)
Trading profit	1,068,909	1,197,053
Financial services:		
- Income from provision of financial services	2,844,698	3,627,312
- Interest expenses	(812,481)	(994,061)
- Net impairment of loans and advances	(449,171)	(326,645)
- Operating and administrative expenses	(2,123,637)	(2,323,867)
Operating loss from financial services	(540,591)	(17,261)
Investment operations:		
Investment income	5,569,458	8,241,808
Project and development management fees	143,382	137,359
Operating and administrative expenses	(2,028,205)	(1,121,876)
Finance costs	(1,761,201)	(1,048,371)
Share of profits of associates after tax	236,978	532,686
Share of profits of joint ventures after tax	457,920	814,249
Profit before tax	3,146,650	8,735,647
Income tax expense	(490,352)	(566,384)
Profit from continuing operations	2,656,298	8,169,263
Profit from discontinued operations, net of tax	135,600	141,029
Profit for the year	2,791,897	8,310,292
Attributable to:		
Owners of the parent	2,633,917	7,273,851
Non controlling interests	157,980	1,036,441
	2,791,897	8,310,292
Earnings per share (Basic and diluted)	3.96	10.93

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME



	2018	2017
	Kshs'000	Kshs'000
Profit for the year	2,791,897	8,310,292
Other comprehensive income for the year		
<i>Items that will not be reclassified to profit or loss</i>		
Revaluation of land and buildings	(404,353)	64,226
<i>Items that may be subsequently reclassified to profit or loss</i>		
Reserves released on disposal of investments	(34,124)	(117,008)
Fair value loss on unquoted investments	(465,781)	(1,789,025)
Fair value gain/(loss) on quoted investments	584,324	(259,949)
Deferred tax on revaluation (loss)/gains	(9,332)	212,993
Currency translation differences	(84,675)	17,604
Total other comprehensive loss	(413,941)	(1,871,159)
Total comprehensive income for the year	2,377,956	6,439,133
Attributable to:		
Owners of the parent	2,219,976	5,402,692
Non-controlling interest	157,980	1,036,441
	2,377,956	6,439,133
Total comprehensive income for the year attributable to owners of Centum Investment Company Plc arises from:		
Continuing operations	2,120,513	5,299,247
Discontinued operations	99,463	103,445
	2,219,976	5,402,692

COMPANY STATEMENT OF COMPREHENSIVE INCOME

Company statement of profit or loss and other comprehensive income

	2018	2017
	Kshs'000	Kshs'000
Investment income	3,528,853	4,300,342
Expenses		
Operating and administrative expenses	(852,713)	(797,574)
Finance costs	(1,646,400)	(1,753,561)
	(2,499,113)	(2,551,135)
Profit before tax	1,029,740	1,749,207
Income tax credit/ (expense)	11,513	(177,939)
Profit for the year	1,041,253	1,571,268
Other comprehensive income for the year		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Reserves released on disposal of investments	(7,399)	(720,765)
Fair value gain in subsidiaries	3,767,153	7,733,758
Fair value gain/(loss) in associates	689,661	(283,617)
Fair value loss in unquoted investments	(466,180)	(1,748,165)
Fair value gain/(loss) in quoted investments	17,651	(56,162)
Deferred tax on revaluation gains and losses	(365,156)	(336,787)
Total other comprehensive income	3,635,730	4,588,262
Total comprehensive income	4,676,983	6,159,530

CONSOLIDATED STATEMENT OF FINANCIAL POSITION



	2018	2017
	Kshs'000	Kshs'000
Assets		
Property, plant and equipment	9,665,461	10,072,008
Investment properties	32,718,667	27,311,091
Goodwill	2,561,522	3,528,732
Intangible assets - software	685,257	472,061
Deferred income tax	460,088	237,282
Prepaid operating lease rentals	44,481	44,797
Investments:		
- Associates	2,745,989	4,135,409
- Joint ventures	9,797,800	9,384,701
- Unquoted equity investments	4,362,975	4,226,166
- Quoted investments	1,738,828	1,223,152
- Government securities and corporate bonds	4,056,427	3,021,498
Loans and advances	11,772,121	12,633,408
Finance lease receivable	4,974	7,921
Inventories	1,692,476	1,625,957
Biological assets	-	8,634
Current income tax	459,008	328,116
Receivables and prepayments	5,877,286	4,485,892
Cash and bank balances	5,819,819	5,638,783
	94,463,179	88,385,608
Assets classified as held for sale	1,824,905	-
	96,288,084	88,385,608
Capital and reserves		
Share capital	332,721	332,721
Share premium	589,753	589,753
Other reserves	2,389,857	2,803,798
Retained earnings	34,358,987	32,771,793
Proposed dividends	798,530	798,530
Total equity attributable to equity holders of the company	38,469,848	37,296,595
Non-controlling interest	12,427,316	12,177,609
Total equity	50,897,164	49,474,204
Liabilities		
Borrowings (excluding banking subsidiary)	21,254,255	17,416,137
Banking subsidiary:		
- Customer deposits	12,832,395	9,798,749
- Borrowings	3,209,313	3,570,241
Trade and other payables	4,999,634	5,436,708
Dividends payable	154,139	82,725
Deferred income	90,239	111,460
Current income tax	25,516	230,848
Deferred income tax	2,622,372	2,264,536
	45,187,863	38,911,404
Liabilities directly associated with assets classified as held for sale	203,057	-
	96,288,084	88,385,608

The financial statements were approved by the Board of Directors on 12 June 2018 and signed on its behalf by:

Dr. James M. Mworira

Dr. Christopher Kirubi

COMPANY STATEMENT OF FINANCIAL POSITION

	2018	2017
	Kshs'000	Kshs'000
Assets		
Property and equipment	133,106	22,845
Intangible assets	205	563
	133,311	23,408
Investment portfolio:		
- Investment in subsidiaries	37,089,730	35,310,891
- Debt investment in subsidiaries	13,385,790	12,722,835
- Investment in associates	5,081,473	4,686,675
- Investment in joint ventures	2,099,631	2,144,452
- Unquoted investments	3,886,780	3,796,836
- Quoted investments	98,134	99,957
Total portfolio	61,641,538	58,761,646
Receivables and prepayments	910,512	337,908
Cash and bank balances	1,077,666	2,447,072
	63,629,716	61,546,626
Assets classified as held for sale	2,324,230	-
	66,087,257	61,570,034
Capital and reserves		
Share capital	332,721	332,721
Share premium	589,753	589,753
Other reserves	33,828,338	30,192,608
Retained earnings	13,136,740	12,894,016
Proposed dividends	798,530	798,530
Total equity	48,686,082	44,807,628
Liabilities		
Borrowings	14,842,631	14,656,126
Trade and other payables	530,684	446,469
Dividends payable	154,139	82,725
Current income tax	23,752	53,596
Deferred income tax	1,849,969	1,523,490
	17,401,175	16,762,406
	66,087,257	61,570,034

The financial statements were approved by the Board of Directors on 12 June 2018 and signed on its behalf by:



Dr. James M. Mworio



Dr. Christopher Kirubi

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2018

	Share capital	Share premium	Other reserves	Retained earnings	Proposed dividends	Owners equity	Non-controlling interest	Total equity
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Year ended 31 March 2018								
At start of year	332,721	589,753	2,803,798	32,771,793	798,530	37,296,595	12,177,609	49,474,204
Comprehensive income								
Profit for the year	-	-	-	2,633,917	-	2,633,917	157,980	2,791,897
Other comprehensive income:								
Reserves released on disposal of investments	-	-	(34,124)	-	-	(34,124)	-	(34,124)
Fair value loss in unquoted investments	-	-	(465,781)	-	-	(465,781)	-	(465,781)
Fair value gain in quoted investments	-	-	584,324	-	-	584,324	-	584,324
Revaluation deficit on property	-	-	(404,353)	-	-	(404,353)	-	(404,353)
Currency translation differences	-	-	(84,675)	-	-	(84,675)	-	(84,675)
Deferred tax on revaluation gains	-	-	(9,332)	-	-	(9,332)	-	(9,332)
Total other comprehensive income	-	-	(413,941)	-	-	(413,941)	-	(413,941)
Total comprehensive income	-	-	(413,941)	2,633,917	-	2,219,976	157,980	2,377,956
First and final 2017 dividends paid	-	-	-	-	(798,530)	(798,530)	-	(798,530)
Proposed 2018 dividends	-	-	-	(798,530)	798,530	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	(282,676)	(282,676)
Transactions with non controlling interest	-	-	-	(248,193)	-	(248,193)	374,403	126,210
At end of year	332,721	589,753	2,389,857	34,358,987	798,530	38,469,848	12,427,316	50,897,164

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2017

	Share capital	Share premium	Other reserves	Retained earnings	Proposed dividends	Total equity	Non-controlling interest	Total equity
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Year ended 31 March 2017								
At start of year	332,721	589,753	4,674,957	28,245,913	665,442	34,508,786	8,749,463	43,258,249
Comprehensive income								
Profit for the year	-	-	-	7,273,851	-	7,273,851	1,036,441	8,310,292
Other comprehensive income:								
Reserves released on disposal of investments	-	-	(117,008)	-	-	(117,008)	-	(117,008)
Share of other comprehensive income of associates	-	-	(1,789,025)	-	-	(1,789,025)	-	(1,789,025)
Fair value loss in unquoted investments	-	-	(259,949)	-	-	(259,949)	-	(259,949)
Fair value gain in quoted investments	-	-	64,226	-	-	64,226	-	64,226
Currency translation differences	-	-	17,604	-	-	17,604	-	17,604
Deferred tax on revaluation gains	-	-	212,993	-	-	212,993	-	212,993
Total other comprehensive income	-	-	(1,871,159)	-	-	(1,871,159)	-	(1,871,159)
Total comprehensive income								
First and final 2016 dividends paid	-	-	-	7,273,851	-	5,402,692	1,036,441	6,439,133
Proposed 2017 dividends	-	-	-	(798,530)	798,530	(665,442)	-	(665,442)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(138,062)	(138,062)
Transactions with non-controlling interest	-	-	-	(1,949,441)	-	(1,949,441)	2,529,767	580,326
At end of year	332,721	589,753	2,803,798	32,771,793	798,530	37,296,595	12,177,609	49,474,204

COMPANY STATEMENT OF CHANGES IN EQUITY 2018

Year ended 31 March 2018

	Share capital Kshs'000	Share premium Kshs'000	Other reserves Kshs'000	Retained earnings Kshs'000	Proposed dividends Kshs'000	Total equity Kshs'000
At start of year	332,721	589,753	30,192,608	12,894,016	798,530	44,807,628
Comprehensive income						
Profit for the year	-	-	-	1,041,253	-	1,041,253
Other comprehensive income:						
Reserves released on disposal of investments	-	-	(7,399)	-	-	(7,399)
Fair value gain in subsidiaries	-	-	3,767,153	-	-	3,767,153
Fair value loss in associates	-	-	689,661	-	-	689,661
Fair value loss in unquoted investments	-	-	(466,180)	-	-	(466,180)
Fair value loss in quoted investments	-	-	17,651	-	-	17,651
Deferred tax on revaluation gains	-	-	(365,156)	-	-	(365,156)
Total other comprehensive income	-	-	3,635,730	-	-	3,635,730
Total comprehensive income	-	-	3,635,730	1,041,253	-	4,676,983
Transactions with owners						
Proposed 2018 dividends	-	-	-	(798,530)	798,530	-
First and final 2017 dividends paid	-	-	-	-	(798,530)	(798,530)
At end of year	332,721	589,753	33,828,338	13,136,740	798,530	48,686,081

COMPANY STATEMENT OF CHANGES IN EQUITY 2017

	Share capital Kshs'000	Share premium Kshs'000	Other reserves Kshs'000	Retained earnings Kshs'000	Proposed dividends Kshs'000	Total equity Kshs'000
Year ended 31 March 2017						
At start of year	332,721	589,753	25,604,346	12,121,278	665,442	39,313,540
Comprehensive income						
Profit for the year	-	-	-	1,571,268	-	1,571,268
Other comprehensive income:						
Reserves released on disposal of investments	-	-	(720,765)	-	-	(720,765)
Fair value gain in subsidiaries	-	-	7,733,758	-	-	7,733,758
Fair value loss in associates	-	-	(283,617)	-	-	(283,617)
Fair value loss in unquoted investments	-	-	(1,748,165)	-	-	(1,748,165)
Fair value loss in quoted investments	-	-	(56,162)	-	-	(56,162)
Deferred tax on revaluation gains	-	-	(336,787)	-	-	(336,787)
Total other comprehensive income	-	-	4,588,262	-	-	4,588,262
Total comprehensive income	-	-	4,588,262	1,571,268	-	6,159,530
Transactions with owners						
Proposed dividends	-	-	-	(798,530)	798,530	-
First and final 2016 dividends paid	-	-	-	-	(665,442)	(665,442)
At end of year	332,721	589,753	30,192,608	12,894,016	798,530	44,807,628

CONSOLIDATED STATEMENT OF CASH FLOWS



	Year ended 31 March:	
	2018	2017
	Kshs'000	Kshs'000
Cash flows from operating activities		
Cash generated from operations	3,481,142	872,098
Income tax paid	(780,613)	(919,571)
Net cash from operating activities	2,700,529	(47,473)
Cash flows from investing activities		
Purchase of investment property	(361,238)	(2,305,561)
Purchases of property, plant and equipment	(1,752,058)	(3,838,444)
Purchases of intangible assets	(410,263)	(176,803)
Acquisition of subsidiary, net of cash acquired	-	(434,623)
Purchase of shares in associates	(81,149)	(633,998)
Purchase of unquoted equity investments	(263,727)	-
Purchase of quoted equity investments	(386,106)	(1,169,312)
Purchase of corporate bonds at amortised cost	-	(157,460)
Purchase of commercial papers at amortised cost	(340,942)	-
Purchase of government securities at fair value through profit or loss	(398,739)	(199,705)
Purchase of government securities at amortised cost	(1,886,843)	(10,400)
Proceeds from disposal of quoted investments	669,801	1,023,389
Proceeds on disposal of government securities at fair value through profit or loss	50,922	736,317
Proceeds on disposal of government securities at amortised cost	1,202,244	363,815
Dividends received from associates	150,544	277,326
Proceeds from disposal of associate	1,909,584	1,895,761
Proceeds from disposal of corporate bonds at amortised cost	406,415	316,186
Net cash used in investing activities	(1,491,555)	(4,313,512)
Cash flows from financing activities		
Proceeds from borrowings	10,027,559	2,138,492
Repayments of borrowings	(8,523,503)	-
Interest paid on borrowings	(2,584,477)	(2,712,900)
Dividends paid	(710,733)	(605,442)
Net cash from financing activities	(1,791,154)	(1,179,850)
Net increase in cash and cash equivalents	(582,180)	(5,540,835)
Movement in cash and cash equivalents		
At start of year	4,656,626	10,197,461
(Decrease)/Increase	(582,180)	(5,540,835)
At end of year	4,074,446	4,656,626

COMPANY STATEMENT OF CASH FLOWS

	Year ended 31 March:	
	2018	2017
	Kshs'000	Kshs'000
Cash flows from operating activities		
Cash generated from operations	4,794,121	2,183,867
Proceeds from disposal of associate	-	1,080,000
Income tax paid	(57,009)	(78,661)
Net cash from operating activities	4,737,112	3,185,206
Cash flows from investing activities		
Purchase of property and equipment	(116,060)	(27,536)
Investment in subsidiaries	(335,915)	(1,934,035)
Net debt investment in subsidiaries	(3,226,955)	(3,247,704)
Purchase of shares in associates	-	(294,863)
Purchase of shares in unquoted investments	(217,261)	-
Proceeds from disposal of quoted investments	19,565	-
Net cash used in investing activities	(3,876,626)	(5,504,138)
Cash flows from financing activities		
Proceeds from borrowings	6,572,078	1,962,141
Repayment of borrowings	(7,438,920)	-
Interest paid on borrowings	(1,601,353)	(1,489,052)
Dividends paid	(710,733)	(605,442)
Unclaimed dividends paid	(16,383)	-
Net cash from financing activities	(3,195,311)	(132,353)
Net increase in cash and cash equivalents	(2,334,825)	(2,451,285)
Movement in cash and cash equivalents		
At start of year	1,464,915	3,916,200
Decrease	(2,334,825)	(2,451,285)
At end of year	(869,910)	1,464,915




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