CENTUM 50 YEARS CELEBRATION 1967-2017

CENTUM

tangible wealth

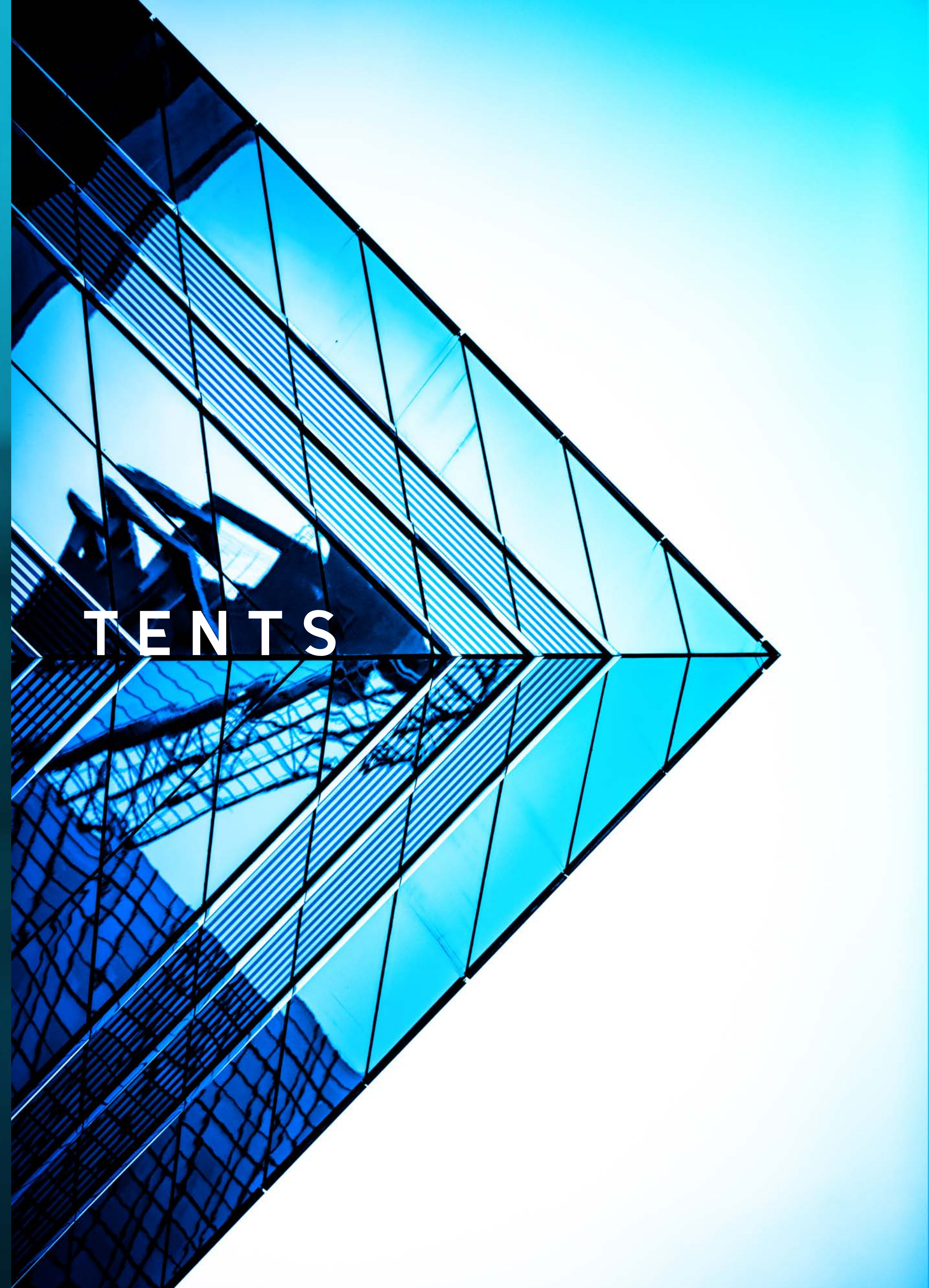
ANNUAL -REPORT

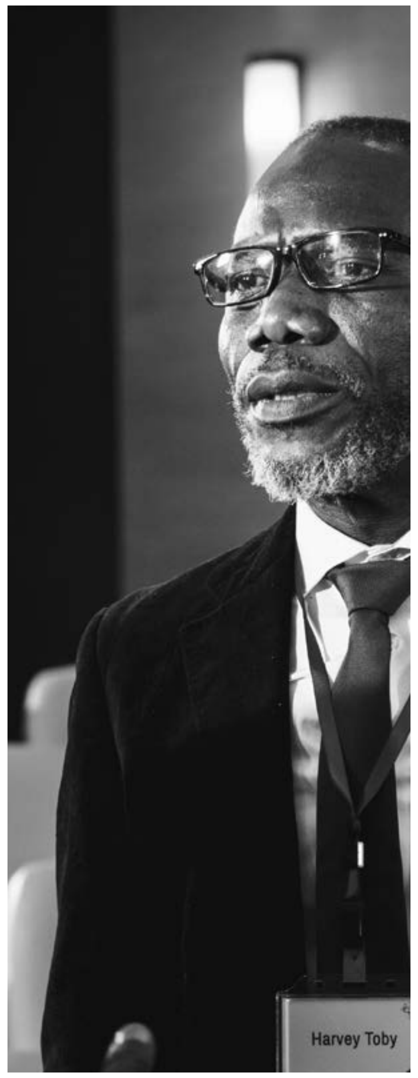
CENTUM INVESTMENT COMPANY PLC

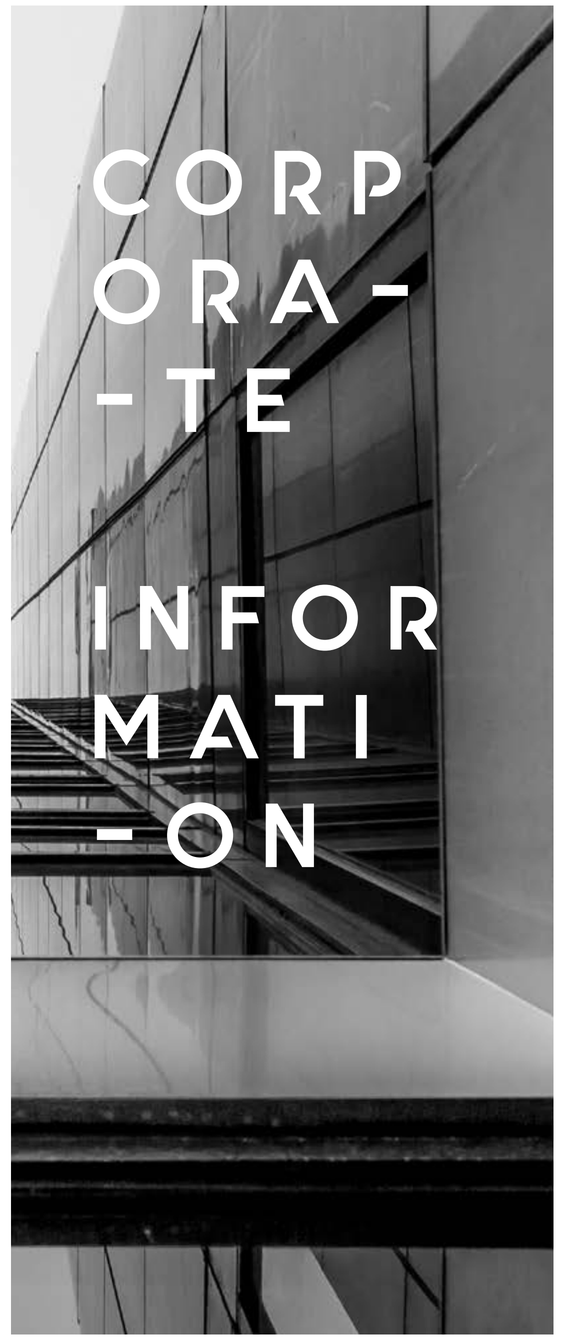
ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

CON-
TENTS







REGISTERED OFFICE

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

COMPANY SECRETARY

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

AUDITOR

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

BANKERS

Sidian Bank Limited
K-Rep Center, Kilimani
P.O. Box 25363-00603
Nairobi

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

Commercial Bank of
Africa Limited.
International House
Mama Ngina Street
P.O. Box 30437 – 00100
Nairobi

LAWYERS

KN Law LLP
The Pavilion, 5th Floor
Westlands
Lower Kabete Road
P.O. Box 27547-00100
Nairobi

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

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

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

BOARD OF DIRECTORS

Dr. Donald Kaberuka - Chairman
Dr. James McFie - Deputy Chairman
Dr. James Mworia
Dr. Christopher Kirubi
Dr. Laila Macharia
Hon. William Byaruhanga
Mr. Imtiaz Khan
Mrs. Catherine Igathe
Mrs. Mary Ngige
Mr. Henry Njoroge
Mr. Kennedy Wanderi (Alternate
to Industrial and Commercial
Development Corporation)

INVESTMENT COMMITTEE

Dr. Christopher Kirubi - Chairman
Dr. James Mworia
Dr. Laila Macharia
Mr. Imtiaz Khan
Mr. Henry Njoroge
Mr. Kennedy Wanderi

AUDIT

Mrs. Mary Ngige - Chairperson
Dr. James McFie
Mr. Imtiaz Khan
Mr. Henry Njoroge

RISK COMMITTEE

Mr. Imtiaz Khan - Chairman
Dr. Laila Macharia
Mrs. Mary Ngige
Mr. Henry Njoroge

NOMINATION AND GOVERNANCE COMMITTEE

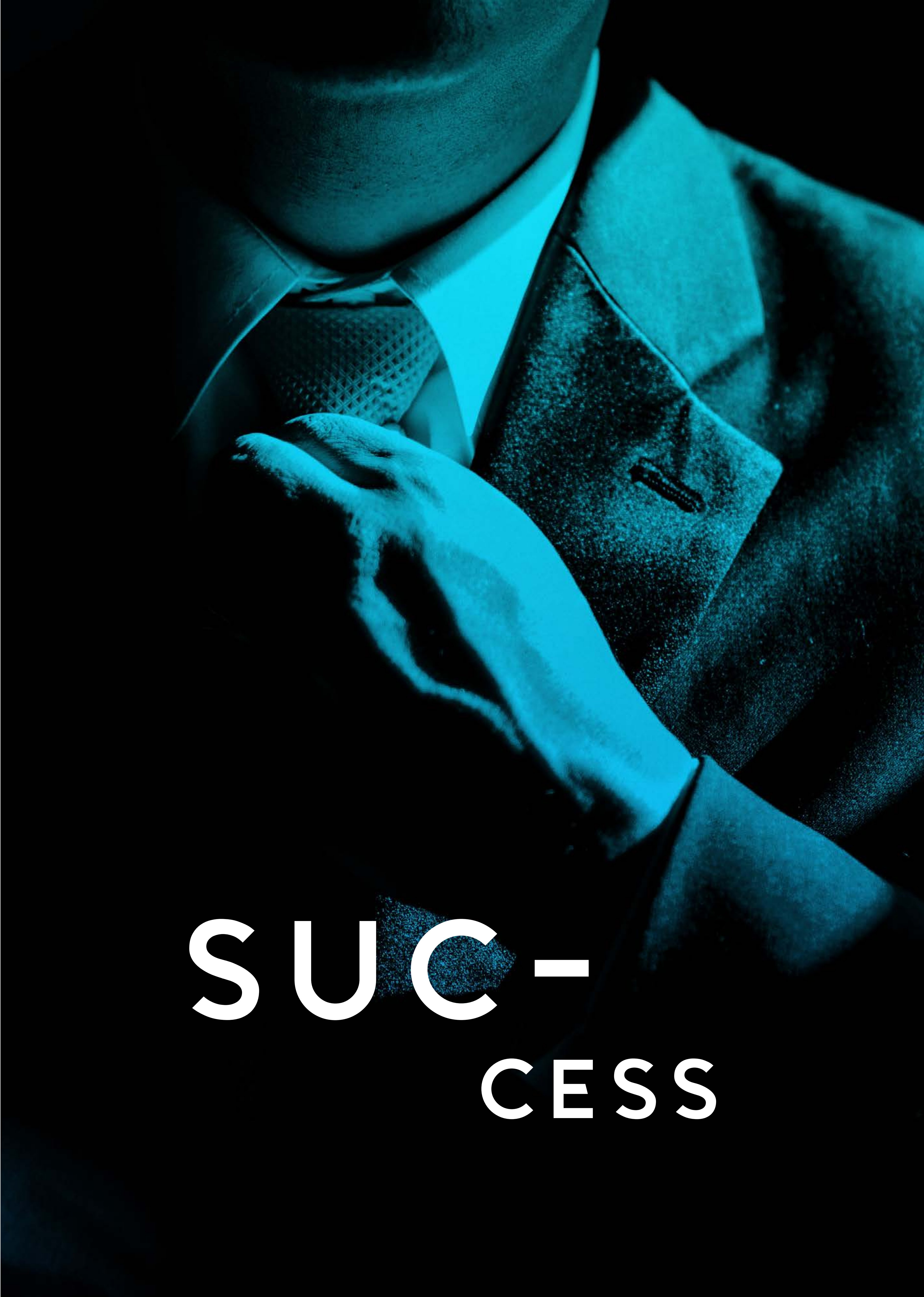
Dr. Laila Macharia - Chairperson
Dr. Christopher Kirubi
Mr. Kennedy Wanderi

BRANDING COMMITTEE

Mr. Henry Njoroge – Chairman
Dr. Christopher Kirubi
Mrs. Catherine Igathe

ICT COMMITTEE

Mr. Henry Njoroge –Chairman
Dr. James Mworia



NOTICE OF THE 50TH ANNUAL GENERAL MEETING

NOTICE Is hereby given that the 50th Annual General Meeting of Centum Investment Company Plc (the "Company") will be held on Monday, 25 September 2017 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 49th Annual General Meeting held on Thursday, 29 September 2016.

3. Ordinary Business
   (i) Consolidated Financial Statements, Directors' and Auditors' reports for the year ended 31 March 2017:
   To receive, consider and approve the Consolidated Financial Statements for the financial year ended 31 March 2017 together with the Directors' and Auditors' report 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 2017, net of withholding tax, to shareholders on the Register of Members as of the close of business on 27 September 2017.
   (iii) Remuneration of Directors:
   To confirm the payment of fees to Directors for the financial year ended 31 March 2017.
   (iv) Directors Retiring by Rotation:
   (a) To note the retirement of Mr. Henry Njoroge a director retiring by rotation who, although eligible, does not offer himself for re-election.
   (b) To note the retirement of Mr. Imtiaz Khan a director retiring by rotation who, although eligible, does not offer himself for re-election.
   (c) To note the retirement of Dr. James McFie a director retiring by rotation who, although eligible, does not offer himself for re-election.
   (v) Director above the age of 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 2015, to ratify the appointment of Mary Ngige as the chairperson of the Audit Committee (the "Committee"), and to authorize the Board of Directors to appoint Committee members.
   (vii) Appointment and Remuneration of Auditors:
   To appoint PricewaterhouseCoopers (PwC) as Auditors for the Company in accordance with section 721(2) and 724 of the Companies Act, No. 17 of 2015 and to authorize the Board of Directors to fix the Auditors' remuneration.

4. SPECIAL BUSINESS

A. Ordinary Resolutions

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

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

For the purposes of regulation G.06 of the Fifth Schedule of the Capital Markets (Securities) Public Officers, 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 Ramani Arch Phase I Limited as a wholly-owned subsidiary of Vipingo Development Limited, a subsidiary of the Company, be ratified.
b) THAT the incorporation of Ramani Arch Phase II Limited as a wholly-owned subsidiary of Vipingo Development Limited, a subsidiary of the Company, be ratified.
c) THAT the incorporation of Ramani Arch Phase III Limited as a wholly-owned subsidiary of Vipingo Development Limited, a subsidiary of the Company, be ratified.
d) THAT the incorporation of Ramani Arch Phase IV Limited as a wholly-owned subsidiary of Vipingo Development Limited, a subsidiary of the Company, be ratified.
e) THAT the incorporation of Ramani Arch Phase V Limited as a wholly-owned subsidiary of Vipingo Development Limited, a subsidiary of the Company, be ratified.
f) THAT the incorporation of Ramani Arch Phase VI Limited as a wholly-owned subsidiary of Vipingo Development Limited, a subsidiary of the Company, be ratified.
g) THAT the incorporation of Ramani Arch Phase VII Limited (name changed to Tribus TSG Limited) as a wholly-owned subsidiary of Vipingo Development Limited, a subsidiary of the Company, be ratified.
h) THAT the incorporation of Ramani Arch Phase VIII Limited as a wholly-owned subsidiary of Vipingo Development Limited, a subsidiary of the Company, be ratified.
i) THAT the incorporation of Ramani Arch Phase IX Limited as a wholly-owned subsidiary of Vipingo Development Limited, a subsidiary of the Company, be ratified.
j) THAT the incorporation of Ramani Arch Phase X Limited as a wholly-owned subsidiary of Vipingo Development Limited, a subsidiary of the Company, be ratified.
k) THAT the incorporation of Rehati Holdings Limited as a wholly-owned subsidiary of Centum Development Company Limited, a subsidiary of the Company, be ratified.
l) THAT the incorporation of Zahanati Holdings Limited as a wholly-owned subsidiary of Shefa Holdings Limited, a subsidiary of the Company, be ratified.
m) THAT the incorporation of Greenblade Growers Limited as a wholly-owned subsidiary of the Company be ratified.
n) THAT the incorporation of Greenblade Growers EPZ Limited as a wholly-owned subsidiary of Greenblade Growers Limited, 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 24th day of August 2017.

BY ORDER OF THE BOARD

Loise 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.
A Proxy Form is provided with this Notice. Shareholders who do not propose to be at the Annual General Meeting are requested to complete and return Proxy the Form to the Registered Office of the Company at International House 5th Floor, Mama Ngina Street, Nairobi or to the office of the Company's share registrars C&R Share Registrars, Bruce House, 6th Floor, Standard Street, Nairobi so at to arrive not later than 10.00 a.m. on Thursday, 21 September 2017.
2. Registration of members and proxies for the Annual General Meetings will commence at 7.00 a.m. on Monday 25 September 2017. 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 the Kenyatta International Conference Centre 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 2017 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 50

Notisi inatolewa kuwa mkutano wa mwaka makala ya 50 wa kampuni ya Centum Investment Company Plc (Kampuni) utafanyika mnamo Jumatatu. 25 Septemba 2017 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 49 uliofanyika Alhamisi , 29 Septemba 2016.
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 2017
   Kupokea, thatmini na ikifaa kuidhinisha ripoti ya kifedha pamoja na taarifa ya wakurugenzi na ripoti iliyomo ya wakaguzi wa hesabu za kifedha wa mwaka uliokwisha 31 Machi 2017.
   (ii) Tangazo la kwanza na la mwisho la mgawo wa faida.
   Kutangaza mgawo wa faida wa kwanza na wa mwisho wa Shilingi 1.20 kwa kila hisa kwa mwaka uliokwisha 31 Machi 2017 baada ya kutozwa ushuru, wa wenyehisa waliokuwemo kwenye sajili na kutoa idhini orodha ya usajili ya wanachama mwishoni mwa tarehe 27 Septemba 2017.
   (iii) Mishahara ya wakurugenzi
   Kubainisha malipo kwa wakurugenzi kwa mwaka uliokwisha 31 Machi 2017

   (iv) Wakurugenzi wanaostaafu kwa zamu

   (a) Kufahamu kuwa Bw. H. C. Njoroge anastaafu, ingawa bado anahitimu, kwa kuwa ni mkurugenzi anayestaafu kwa zamu, walakini hajajitolea kuchaguliwa tena.

   (b) Kufahamu kuwa Bw. Imtiaz Khan anastaafu, ingawa bado anahitimu, kwa kuwa ni mkurugenzi anayestaafu kwa zamu, walakini hajajitolea kuchaguliwa tena.

   (c) Kufahamu kuwa Dr. James McFie anastaafu, ingawa bado anahitimu, kwa kuwa ni mkurugenzi anayestaafu kwa zamu, walakini hajajitolea kuchaguliwa tena.

   (v) Mkurugenzi ambaye umri wake umepita miaka 70.
   Kwa mujibu wa aya ya 2.5.1 ya sheria juu ya usimamizi wa kihalmashauri wa mashirika yanayohusika na mambo ya hisa 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 za 2015, kuidhinisha uteusi wa Mary Ngige kuwa mwenyekiti wa kamati ya Ukaguzi ("kamati") na kuamrisha Bodi ya wakurugenzi kuteua wanachama wa kamati hiyo
   (vii) Uteuzi wa Wakaguzi na kuidhinisha malipo yao
   Kuteua Price Water House Coopers (PWC) kuwa wakaguzi wa kampuni kuambatana na sehemu ya 721 (2) na 724 ya sheria za kampuni nambari 17 ya mwaka wa 2015, na kuidhinisha wakurugenzi kuamua malipo yao

4. Shughuli maalum.

A. Azimio la kawaida

Kuthatmini,na ikifaa, kupitisha azimio lifuatalo la kawaida:

i. Idhinisho chini ya mamlaka G.06 kwenye ratiba ya tano ya halmashauri ya Capital Markets, (hisa, toleo la hisa, usajili na utenda wazi) kanuni ya 2002. Kwa mujibu wa kanuni ya G.06 ya ratiba ya tano ya mamlaka ya masoko ya hisa ya Capital Markets (kuhusiana na hisa na toleo la hisa, usajili na Utenda wazi) kanuni ya 2002, kuthatmini na ikifaa, kuidhinisha maazimio yafuatatayo kama maazimio ya kawaida kuhusiana na shughuli za kampuni na kwa manufaa yake:

a) KWAMBA, usajili wa kampuni kwa jina Ramani Arch Phase I Limited kuwa kampuni tanzu ya Vipingo Development Limited uidhinishwe
b) KWAMBA, usajili wa kampuni kwa jina Ramani Arch Phase II Limited kuwa kampuni tanzu ya Vipingo Development Limited uidhinishwe
c) KWAMBA, usajili wa kampuni kwa jina Ramani Arch Phase III Limited kuwa kampuni tanzu ya Vipingo Development Limited uidhinishwe
d) KWAMBA, usajili wa kampuni kwa jina Ramani Arch Phase IV Limited kuwa kampuni tanzu ya Vipingo Development Limited uidhinishwe
e) KWAMBA, usajili wa kampuni kwa jina Ramani Arch Phase V Limited kuwa kampuni tanzu ya Vipingo Development Limited uidhinishwe
f) KWAMBA, usajili wa kampuni kwa jina Ramani Arch Phase VI Limited kuwa kampuni tanzu ya Vipingo Development Limited uidhinishwe
g) KWAMBA, usajili wa kampuni kwa jina Ramani Arch Phase VII Limited (na kuitwa Tribus TSG Limited baada ya jina kubadilishwa) kuwa kampuni tanzu ya Vipingo Development Limited uidhinishwe
h) KWAMBA, usajili wa kampuni kwa jina Ramani Arch Phase VIII Limited kuwa kampuni tanzu ya Vipingo Development Limited uidhinishwe
i) KWAMBA, usajili wa kampuni kwa jina Ramani Arch Phase IX Limited kuwa kampuni tanzu ya Vipingo Development Limited uidhinishwe
j) KWAMBA, usajili wa kampuni kwa jina Ramani Arch Phase X Limited kuwa kampuni tanzu ya Vipingo Development Limited uidhinishwe
k) KWAMBA, usajili wa kampuni kwa jina Rehati Holdings Limited kuwa kampuni tanzu ya Centum Development Company Limited uidhinishwe
l) KWAMBA, usajili wa kampuni kwa jina Zahanati Holdings Limited kuwa kampuni tanzu ya Shefa Holdings Limited,ambayo ni kampuni tanzu ya kampuni, uidhinishwe.
m) KWAMBA, usajili wa kampuni kwa jina Greenblade Growers Limited kuwa kampuni tanzu ya kampuni uidhinishwe
n) KWAMBA, usajili wa kampuni kwa jina Greenblade Growers EPZ Limited kuwa kampuni tanzu ya Greenblade Growers Limited uidhinishwe.

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

Tarehe, 24 Agosti 2017
Nairobi

KWA AMRI YA HALMASHAURI YA WAKURUGENZI
Loise Gakumo
Katibu.

Tafadhali fahamu kuwa:

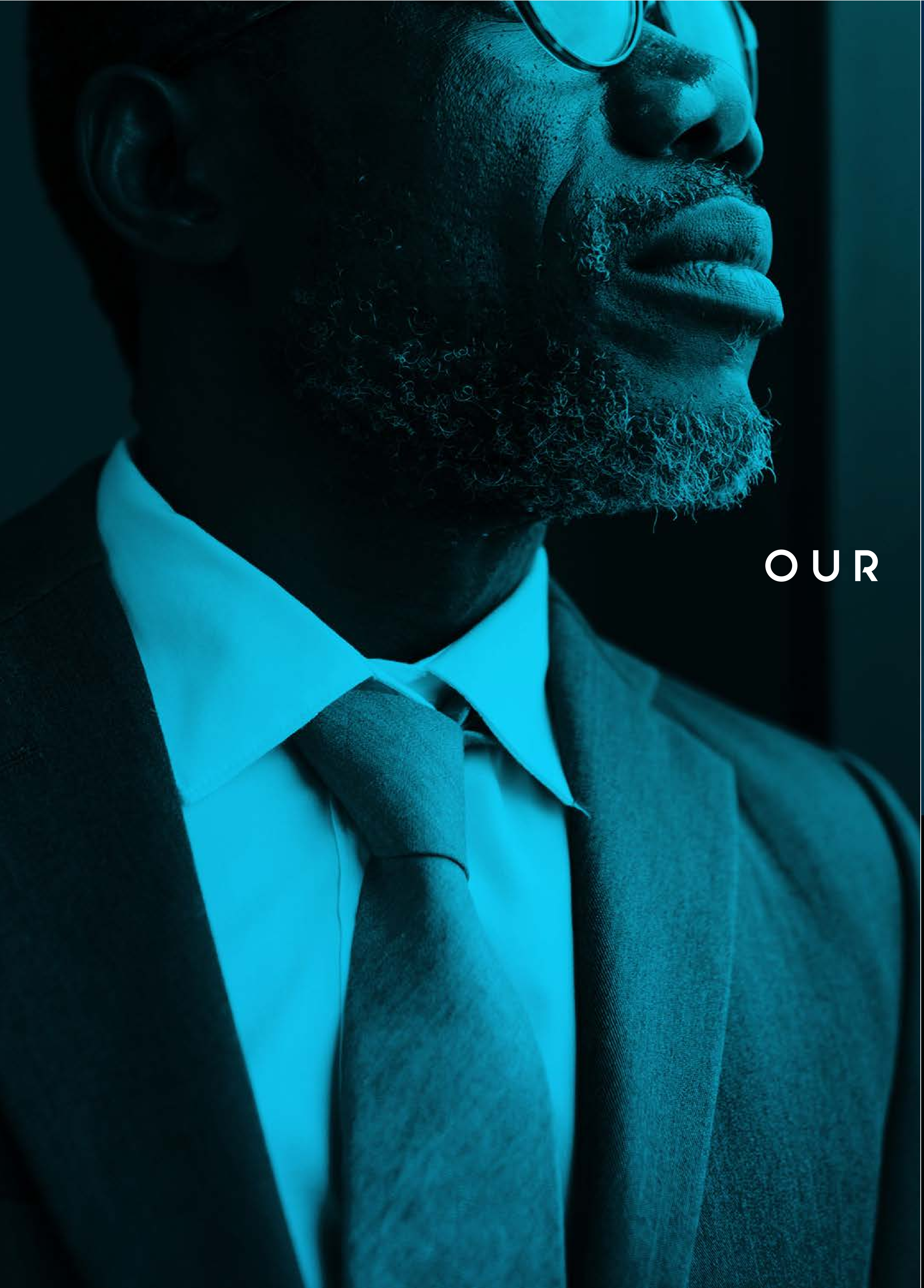
1. Mwanachama anayeruhusiwa kuhudhuria na kupiga kura kwenye mkutano huo anayo kibali cha kuteua mwakilishi ambaye si lazima awe mwanachama wa kampuni. Fomu ya uwakilishi inaandamana na waraka huu wa notisi. Wale wanachama ambao hawatahudhuria mkutano wa mwaka wanaombwa kujaza na kuwasilisha fomu za mwakilishi kwa afisi kuu ya kampuni katika jumba la International House, orofa ya 5, barabara ya Mama Ngina Street, Nairobi au kwa afisi ya usajili wa hisa za kampuni, ambayo ni C&R Share Registrars, Bruce House, orofa ya 6, barabara ya Standard Street, Nairobi, ili ziweze kupokelewa kabla ya saa 10.00 asubuhi, tarehe 21 Septemba 2017

2. Usajili wa wanachama na wawakilishi wanaohudhuria mkutano mkuu wa mwaka utaanza saa 7.00 asubuhi Jumatatu, 25 Septemba 2017. Ili kurahizisha 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 Kenyatta International Conference Centre 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 kwisha kwa mkutano.

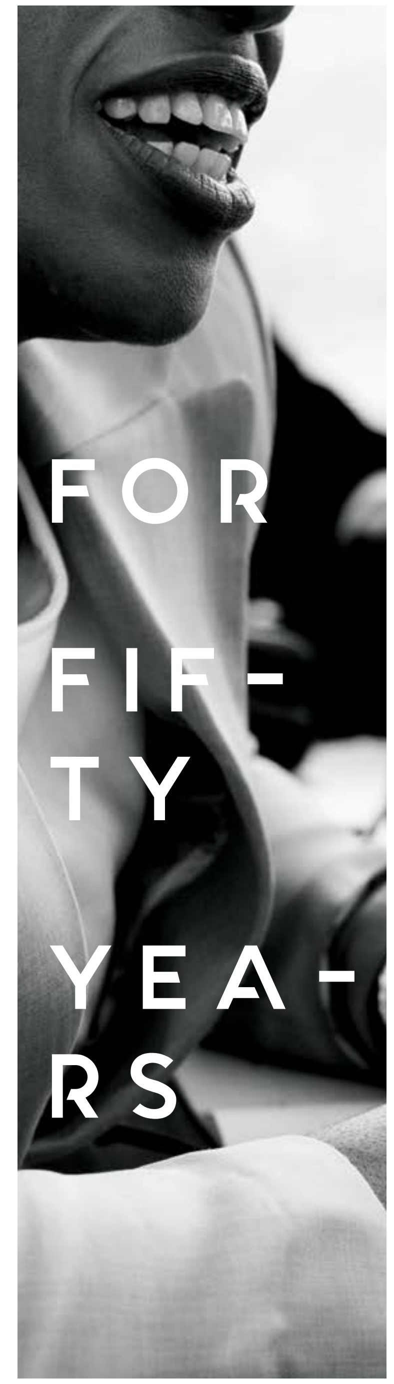
Nakala ya ripoti ya mwaka na taarifa za kifedha kwa mwaka uliokwisha 31 Machi 2017 zinapatikana kwenye tovuti ya kampuni kwa anwani www.centum.co.ke.



OUR HIS-TORY




CREATING WEALTH



FOR FIFTY YEARS



1967

Industrial and Commercial Development Corporation Investment ('ICDCI') is incorporated as a subsidiary of Industrial and Commercial Development Corporation ('ICDC') and commences business in September with a nominal share capital of KES 2 mn and 1,800 shareholders

The Company commences its activities through investments in quoted equities in the Kenyan securities exchange and investing in other subsidiaries of ICDC

1972

Appointment of the Permanent Secretary, Ministry of Commerce and Industry to the Centum Board

1973

ICDCI issues 400,000 additional ordinary shares

1974

Acquisition of a 26.4% stake in Kenya Wine Agencies Limited

1975

The Company's authorized share capital grows from KES 4 mn to KES 6 mn through the creation of 400,000 additional shares valued at KES 5 each

1977

The Company issues 1,800,000 shares at KES 5 each, increasing the Company's nominal share capital to KES 15 mn

1979

Investment in Nairobi Bottlers Limited for a 27.6% stake

1983

ICDCI issues of 886,839 additional shares recording a total of 5.3 mn issued shares at year end

1987

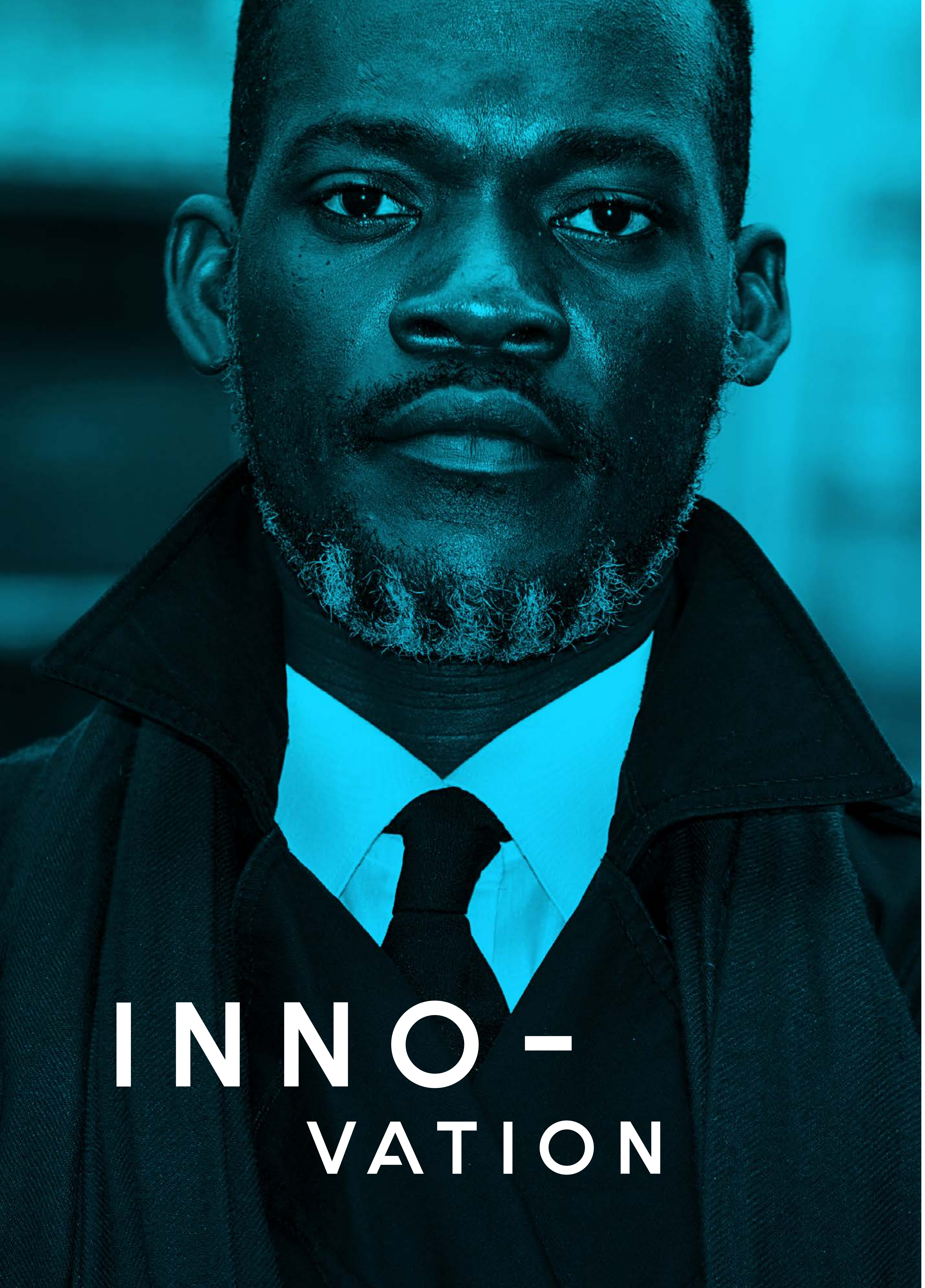
Minority stake investments undertaken in East African Fine Spinners Limited, Mount Kenya Bottlers Limited, Minet – ICDC Insurance Brokers, Kisii Bottlers Limited, East African Breweries Limited and Car and General (K) Limited

1990

Authorized share capital increases to 100 mn through the creation of 14 mn shares each valued at KES 5. At year end, the Company had a record 20 mn authorized shares, each valued at KES 5

A rights issue is undertaken with the Company closing the year at a total of 11.1 mn fully paid up shares. Some of the proceeds from the rights issues utilized in additional funding for the development of the Company's plot on Uhuru Highway later that year

Additional investment of KES 4.1 mn in the Nairobi Stock Exchange and an investment in Wormald (K) Limited is undertaken



1991

Additional investments worth KES 27 mn undertaken primarily in the Nairobi Stock Exchange. ICDCI also invests a total of KES 5 mn in Dawa Pharmaceuticals Limited

Issuance of shares and debentures worth KES 11 mn

ICDCI records fully paid up shares amounting to 15 mn at KES 5 each at the close of the year

1993

Acquires a 17.8% stake in General Motors East Africa

1996

Additional minority stake investments undertaken in Eveready Batteries Limited, NAS Airport Services Limited, Kisii Bottlers Limited and Minet – ICDC Insurance Brokers

2002

Acquires a 16.6% stake in UAP Insurance Limited, a 35.4% stake in Mather & Platt Company Limited and a 27.6% stake in Flamingo Bottlers Limited

2003

Acquires an additional shareholding in UAP Insurance Limited increasing the stake to 23.7%

2004

Rolls out Centum 1.0 for the period 2004 - 2009

2005

Additional investment in UAP, to a stake of 28.9% and an initial investment 3.8% stake in K-Rep Bank (now Sidian Bank)

Exit from Uchumi

2006

Acquires 10% stake in Rift Valley Railways Investments Company Limited

Partial exit from Eveready East Africa through an IPO on Nairobi Securities Exchange

Sale of Kimathi House and Consulate Chambers

2007

35% stake in Longhorn Publishers Limited acquired

2008

ICDCI rebrands to Centum Investment Company Limited ('Centum')

Exit from Mather & Platt Company Limited

2009

Rolls out Centum 2.0, a 5-year Pan-African Strategic Plan

2010

Acquires a 15% stake in SIA Holdings (NAS Servair)

Exit from Rift Valley Railways Investments Company Limited

2011

Purchase of 100 acres along Limuru road part of which now sits Two Rivers Mall and 300 acres in Entebbe Uganda, now Pearl Marina Development

Centum cross-lists shares on the Ugandan Securities Exchange

Investment in Helios Fund II and CAPE III fund

2012

Issuance of a KES 4.2 bn bond, the largest private placement in Kenya's history at the time

Investment in Akiira Geothermal for a 37.5% stake

Acquires additional shareholding in Almasi Beverages Limited

2013

Acquires a 73.4% stake in Genesis Asset Managers Limited – which has since rebranded to GenAfrica Asset Managers Limited

Partners with Broll Property Group to establish Broll East Africa. Centum has since divested its 30% stake in the business

Included in the NSE 20 Share Index for the first time

2014

Rolls out Centum 3.0, a strategic plan for the period 2014 – 2019

Forms a consortium with Gulf Energy Limited to develop a 1,050 MW Lamu Coal Power plant through the project Company – Amu Power Company Limited

Additional investment in K-Rep Bank (now Sidian Bank) bringing Centum's stake in the bank to 67.5%

Incorporates King Beverage Limited, an alcoholic drinks distribution business

Exit from Helios Fund II and CAPE III Fund

Centum Foundation incorporated to spearhead the Company's corporate social responsibility docket

Issues a KES 6 bn 5-year bond which is 138% oversubscribed

2015

Incorporates Greenblade Growers Limited, a herbs growing and exports business

Exit from UAP Insurance Limited

Additional investment in Sidian Bank Limited raising Centum's stake to 74.8%

Acquires 10,254 acres of land in Kilifi county, Kenya – now Vipingo Development Limited and Vipingo Estates Limited

2016

Establishes a consortium with Investbridge Capital a Dubai-based investment bank and Sabis a school operator with an intention to setup 20 schools in Sub-Saharan Africa

Acquires an additional stake in Longhorn bringing the total stake in Longhorn to 60.2% and also increases its stake in Almasi Beverages Limited from 52.0% to 53.9%

Incorporates Zohari Leasing Limited, a leasing solutions business

Exit from AON Insurance Brokers Limited Kenya

2017

Two Rivers Mall launched

Exit from Kenya Wines Agencies Limited

OUR STRATEGY EVOLUTION

1967 - 2004

Acquires minority stakes predominantly in market leaders and in publicly-traded securities on the Nairobi Stock Exchange (now Nairobi Securities Exchange)

Focuses primarily on Kenya

2004 - 2009

CENTUM 1.0

Adopts a traditional Private Equity investor/ portfolio manager

Interest primarily in acquisition of minority stakes in market leaders and publicly-traded securities across non-distinct sectors within East Africa

2009 - 2014

CENTUM 2.0

Strategic plan re-organizes the Company into three distinct business lines: Private Equity (PE), Quoted Private Equity (QPE) and Real Estate (RE) with a Pan-African focus

On PE, the investment approach involves a traditional PE investor with interests primarily in acquisition of a controlling or minority stake in market leaders in identified sectors

On RE, strategy involves the purchase of distressed commercial properties, single developments and underpriced land for development

On QPE, the approach involves Centum's proprietary capital being invested in publicly-traded securities on exchanges across Africa

2014 - 2019

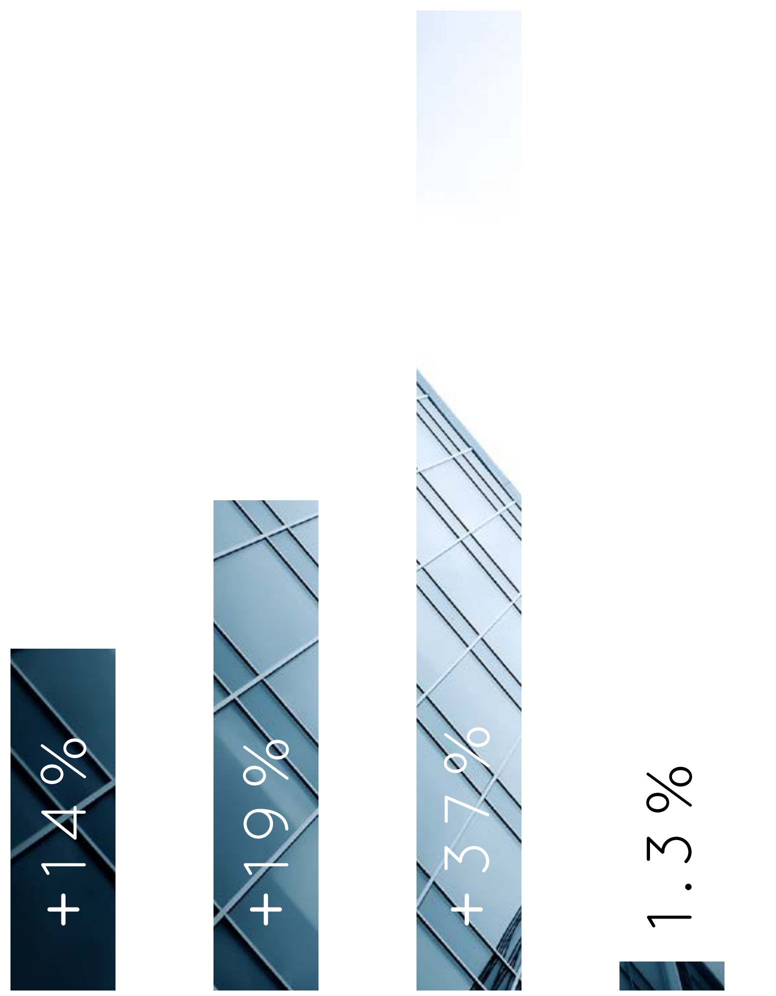
CENTUM 3.0

Business model shifts to being a project sponsor and developer of investment grade assets within eight key sectors

Asset development undertaken through leverage of third party capital, project-specific debt and internal resources and thereafter realizing gains on partial or full exit through the sale of the investment grade assets to downstream investors at a significant value uplift

OVER-VIEW OF BUSI-NESS

OUR YEAR AT A GLANCE



EMPLOYMENT 7,282
Directly employment in our Investee Companies

INVESTMENT KES 5.5 Bn
Capital deployment during the year

FOREIGN DIRECT INVESTMENT KES 1.1 Bn
Foreign Capital attracted as exit proceeds

CORPORATE SOCIAL RESPONSIBILITY KES 100Mn
CSR Activities spend in the year

DEVELOPMENT PROJECTS

Focus on development of bankable projects across key sectors

Leverage internal resources to de-risk projects

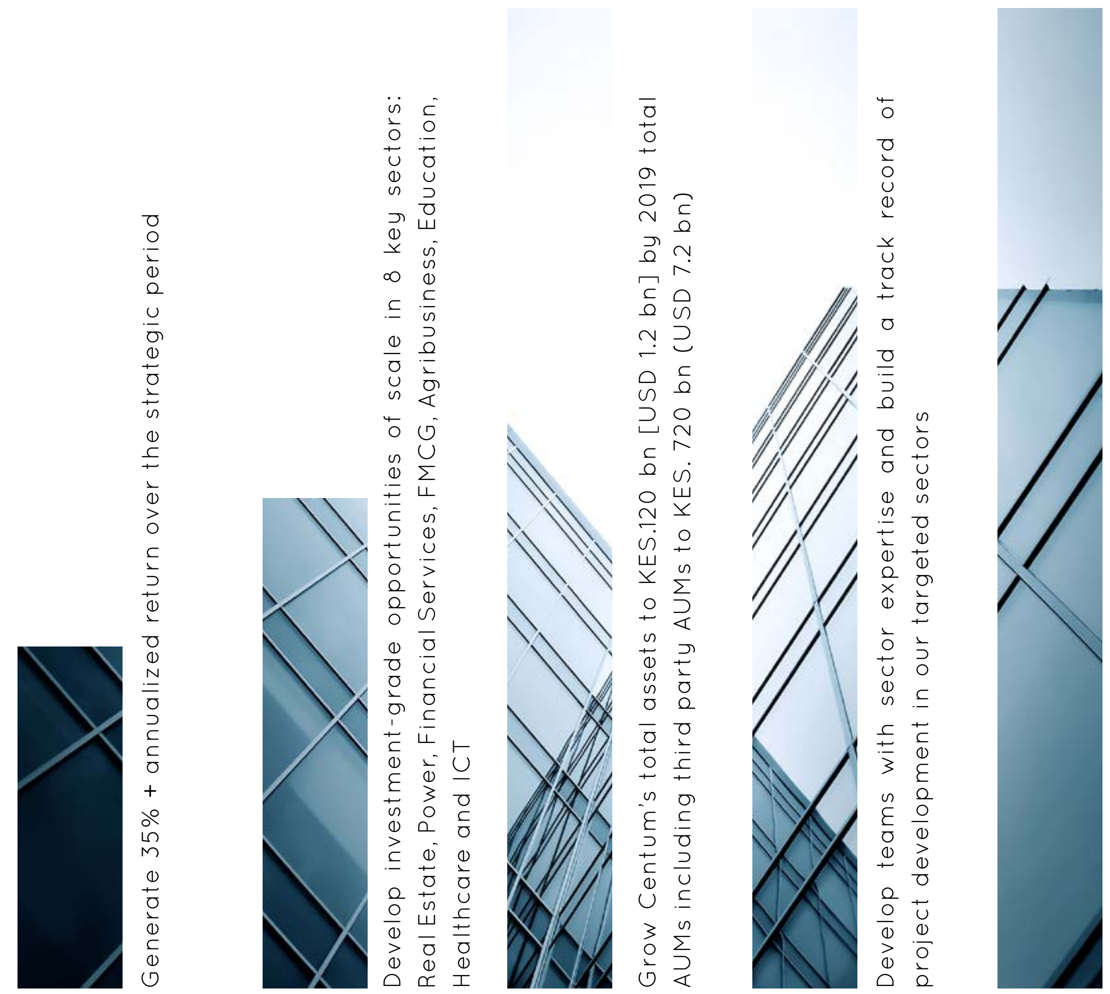
GROWTH BUSINESSES

Focus on operationalisation and growth

Leverage third party capital and project-specific debt

MATURE BUSINESSES
Partial/ full exit to realise gains

CENTUM 3.0 STRATEGIC PILLARS



RETURN
Generate 35% + annualized return over the strategic period

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

SCALE
Grow Centum's total assets to KES.120 bn [USD 1.2 bn] by 2019 total AUMs including third party AUMs to KES. 720 bn (USD 7.2 bn)

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

COSTS
Maintain costs below 2.0% of total assets

PORTFOLIO OVERVIEW

We segment our business into four portfolio classifications:

REAL ESTATE PORTFOLIO KES 26.0 bn

DEVELOPMENT PORTFOLIO KES 4.1 bn
Comprises our large-scale greenfield development projects in Healthcare, Agribusiness, Education and Power sectors with the exception of Real Estate

GROWTH PORTFOLIO KES 25.4 bn
Represents our trading subsidiaries or investments that have progressed from a development phase to a cash generative stage.

Investments under this segment include the beverage, publishing, financial services and utilities businesses and 'others' sectors. Legacy dividend paying unlisted assets are also included in this segment

MARKETABLE SECURITIES PORTFOLIO AND CASH KES 6 bn
Comprises Portfolio of quoted securities

OUR INVESTMENTS

Our investee companies represent a mix of Subsidiaries, Associates and Joint Ventures entities primarily in our eights sectors of focus under our current strategic plan.

REAL ESTATE

- ATHENA PROPERTIES 100%
- TWO RIVERS DEVELOPMENT LIMITED 58.3%
- TWO RIVERS LIFESTYLE CENTRE LIMITED 29%
- VIPINGO DEVELOPMENT LIMITED 100%
- VIPINGO ESTATES LIMITED 100%
- PEARL MARINA ESTATES LIMITED 100%

FINANCIAL SERVICES

- NABO CAPITAL LIMITED 100%
- PLATCORP HOLDINGS LIMITED 25%
- ZOHARI LEASING LIMITED 100%
- SIDIAN BANK LIMITED 74.8%
- UAP FINANCIAL HOLDINGS LIMITED(UGANDA) 29%
- GEN AFRICA ASSET MANAGERS LIMITED 73.4%

FAST MOVING CONSUMER GOODS

- KING BEVERAGE LIMITED 100%
- ALMASI BEVERAGES LIMITED 53.9%
- NAIROBI BOTTLERS LIMITED 27.6%

POWER

- AKIIRA GEOTHERMAL LIMITED 37.5%
- AMU POWER LIMITED 51%

AGRIBUSINESS

- GREENBLADE GROWERS 100%

MARKETABLE SECURITIES

- CENTUM EXOTICS LIMITED 100%

OTHERS

- CENTUM BUSINESS SOLUTIONS LIMITED 100%
- LONGHORN PUBLISHERS LIMITED 60.2%
- GENERAL MOTORS LIMITED 17.8%
- NAS SERVAIR LIMITED 15%

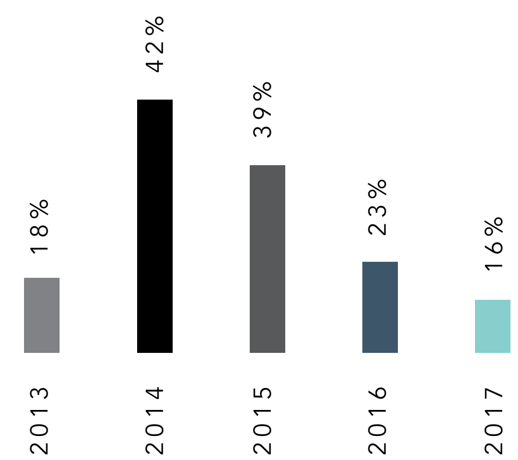
PERFORMANCE AGAINST CENTUM 3.0 STRATEGIC OBJECTIVES

CENTUM 3.0 STRATEGIC OBJECTIVES	PERFORMANCE AS AT 31ST MARCH 2017
RETURN Generate 35% + annualized return over the strategic period	**RETURN** 26% annualised return achieved between FY 14 and FY 17 as compared to NSE average return of -17% over the same period
FOCUS Develop investment-grade opportunities of scale in 8 key sectors: Real Estate, Power, Financial Services, FMCG, Agribusiness, Education, Healthcare and ICT	**FOCUS** Active in six sectors (Real Estate, Power, Financial Services, FMCG, Agribusiness and Education) with Healthcare development in advanced stages
SCALE Grow Centum's total assets to KES.120 bn [USD 1.2 bn] by 2019 total AUMs including third party AUMs to KES. 720 bn (USD 7.2 bn)	**SCALE** Total assets of KES 61.6 bn (USD 598 mn) as at end March 2017
BRAND Develop teams with sector expertise and build a track record of project development in our targeted sectors	**BRAND** Sector specific expertise enhanced in agribusiness, healthcare, retail and leasing sectors
COSTS Maintain costs below 2.0% of total assets	**COSTS** Cost efficiency of 1.3% achieved

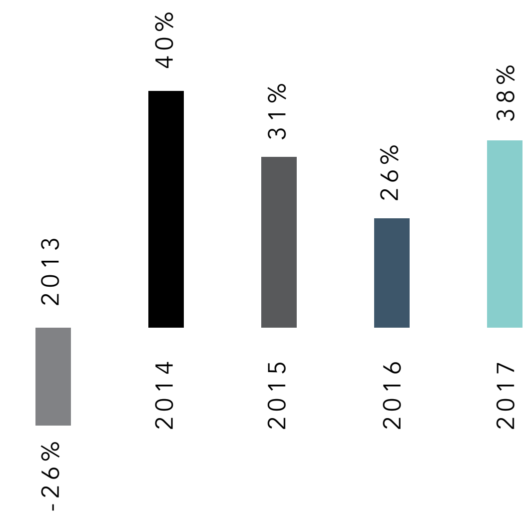
EFFI- CIENCY

OUR 5 YEAR PERFORMANCE HIGHLIGHTS

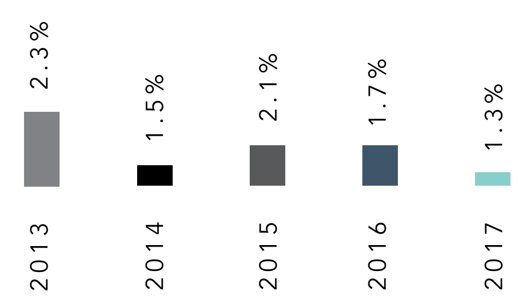
RETURN ON OPENING EQUITY



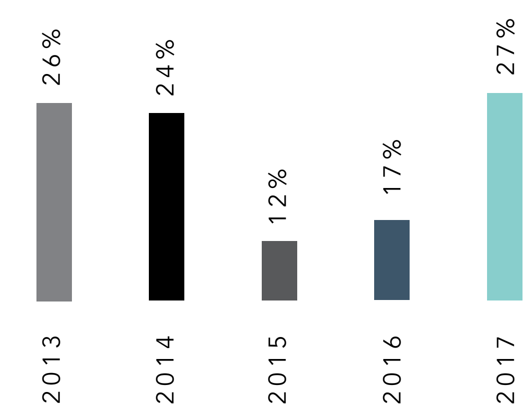
EXCESS ROE ABOVE NSE 20 SHARE INDEX



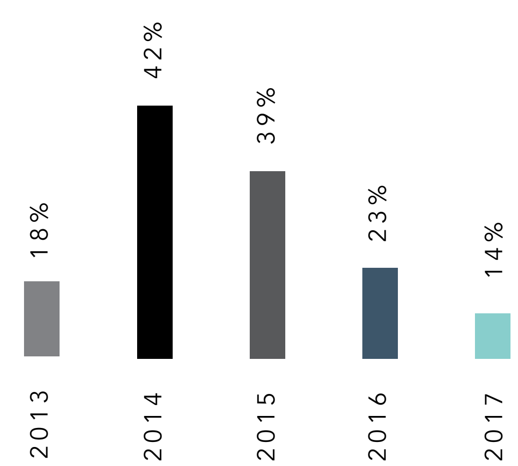
COST EFFICIENCY AS A PERCENTAGE OF AUMs



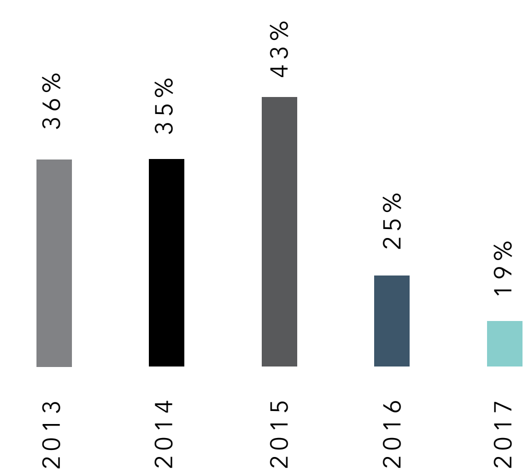
GEARING



NAV GROWTH



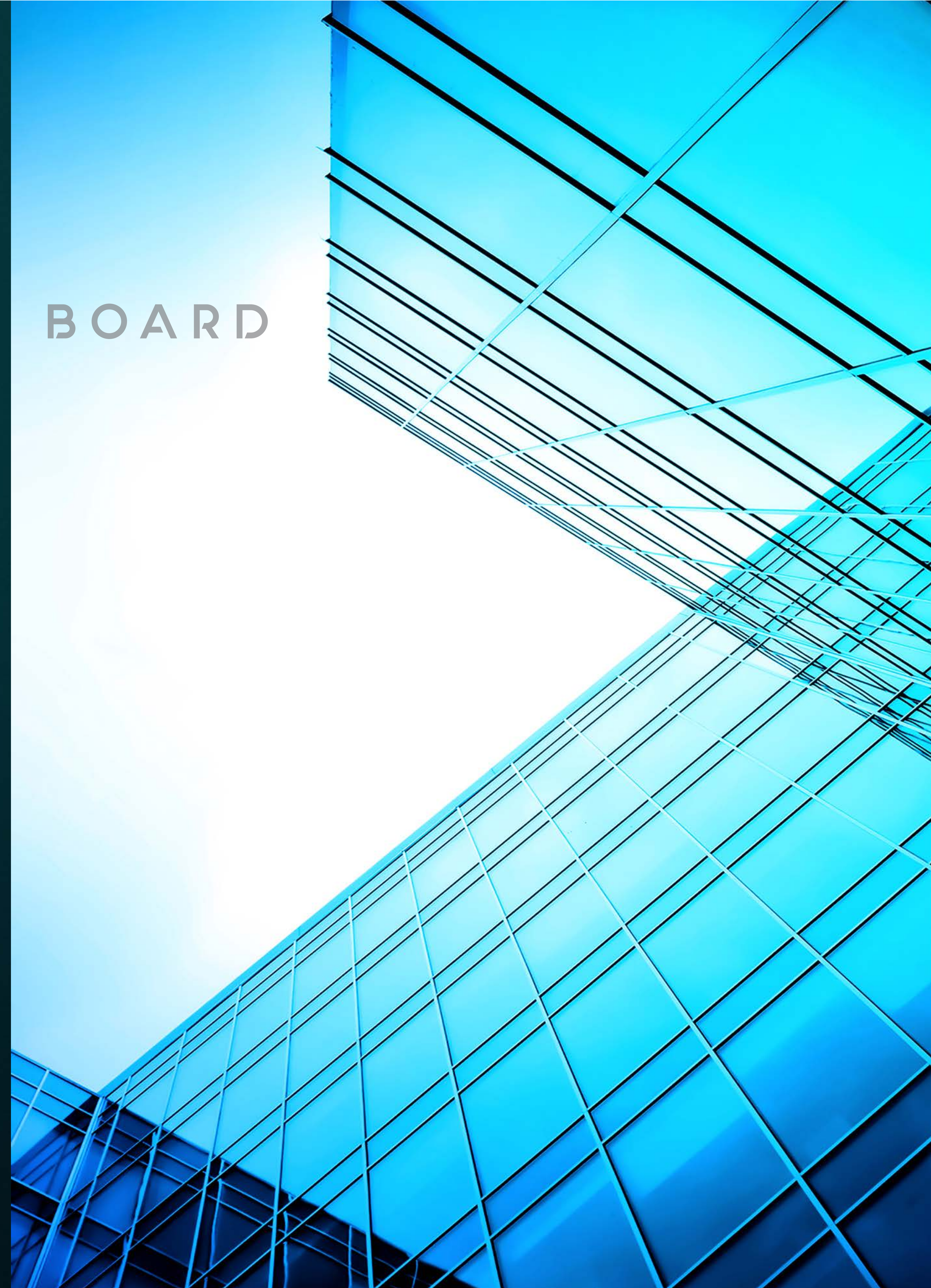
TOTAL ASSETS GROWTH



SEGMENTED CONSOLIDATED INCOME STATEMENT

KES mn	March '17	March '16	March '15	March '14	March '13
GROWTH PORTFOLIO					
Gross income	13,480	12,190	1,961	279	89
Direct and other operating costs	(11,818)	(10,887)	(1,258)	(134)	-
Gross profit	***1,662***	***1,303***	***703***	***145***	***89***
Dividend income	216	178	488	320	156
Share of associates profits	1,347	1,074	448	393	263
Core profit before realized gains	***3,225***	***2,555***	***1,639***	***858***	***508***
Realized gains on disposal	948	1,286	5,531	-	1,172
Profit before tax	**4,173**	**3,841**	**7,170**	**858**	**1,680**
MARKETABLE SECURITIES AND CASH					
Investment income	527	1,040	410	241	415
Realized gains	85	980	962	993	324
Portfolio costs	(84)	(55)	(17)	(102)	(87)
Profit before tax	**744**	**1,965**	**1,355**	**1,132**	**652**
REAL ESTATE					
Unrealized gains	6,452	5,119	1,737	3,050	1,605
Realized gains	13	3,318	702	-	145
Portfolio costs	(203)	(477)	(359)	(174)	(151)
Profit before tax	**6,262**	**7,960**	**2,080**	**2,876**	**1,599**
DEVELOPMENT PORTFOLIO					
Income	135	54	37	-	-
Portfolio costs	(272)	(62)	(89)	(0)	-
Profit before tax	(137)	(8)	(52)	(0)	-
Total group operating income	**10,826**	**13,758**	**10,553**	**4,866**	**3,931**
Group operating and admin costs	(835)	(903)	(1,042)	(385)	(281)
Group finance cost	(1,048)	(1,982)	(692)	(469)	(401)
Profit before tax	**8,943**	**10,873**	**8,818**	**4,011**	**3,249**
Profit after tax	**8,310**	**9,948**	**7,942**	**3,055**	**2,509**

OUR BOARD



Dr. Kaberuka was appointed as a Non-Executive Director in October 2016 and currently serves as the Chairman of the Board.

Dr. Kaberuka is currently the African Union High Representative for the Financing and Peace Fund, a Hauser Leader-in-Residence, Harvard Kennedy School, Mo Ibrahim Foundation board member, and a member of the Executive Committee and Chair of the Audit Committee for the Rockefeller Foundation. He is also a Senior Adviser to the global private equity firm, TPG-Satya, as well as the global advisory firm Boston Consulting Group. He was formerly the President and Chairman of the African Development Bank, a position he held from 2005 to 2015. He also served as the Minister for Finance in Rwanda where he led the economic team within the Government of Rwanda and also as the Governor for Rwanda for the International Monetary Fund and World Bank.

Dr. Kaberuka holds a PhD in Economics from University of Glasgow, Scotland.

Dr. Kirubi was appointed as a Non-Executive Director in December 1997, and served as Chairman of the Board between 1998 and 2003. He currently serves as Chairman of the Investment Committee, and is also a member of the Nomination and Governance and Branding Committees.

Dr. Kirubi is the Chairman of Haco Tiger Brands, Coca-Cola Nairobi Bottlers, DHL Express, Capital Media Group, International House Limited, and Smart Applications International. He is also the Deputy Chairman of Bayer East Africa Limited. In addition, he serves as the Honorary Consul of Mauritius in Kenya, Chairperson of the Brand Kenya Board, Founder Council Member & Treasurer, AU Foundation and a Council Member, Harvard Global Advisory Council & Harvard Africa Advisory Council.

Dr. Kirubi is an alumnus of INSEAD Institute in France, Handles University in Sweden and Harvard Business School, USA.

Dr. McFie was appointed as a Non-Executive Director in March 2014, and serves as a member of the Audit Committee.

Dr. McFie is currently the Chairman of the Strathmore School of Accountancy, where he has served as a lecturer since 1978.He also serves as the Chairman of the Board of Directors of Sasini Limited and as a Non-Executive Director of The Standard Group Limited. He has previously served as a Director of the Capital Markets Authority (Kenya) and as a Member of the Value Added Tax Tribunal of Kenya, amongst numerous other responsibilities.

Dr. McFie holds a PhD from the Graduate School of Business, University of Strathclyde, Glasgow, Scotland, a MA (Mathematics) from Balliol College, Oxford University, England and a BA (Mathematics) degree from Balliol College, Oxford University, England.

Mrs. Igathe was appointed as a Non-Executive Director in September 2016, and is a member of the Branding Committee.

Mrs. Igathe is currently the Managing Director of AIG Kenya Insurance Company Limited, and has over 18 years managerial experience. She also serves as a Non-Executive Director on the board of GenAfrica Asset Managers Limited.

Mrs. Igathe holds a Bachelor of Science in Business Administration from United States International University. She is also a graduate of the Advanced Management Program from Strathmore Business School and IESE Business School.

Hon. Byaruhanga was appointed as a Non-Executive Director in October 2016.

Hon. Byaruhanga is the Attorney General, Republic of Uganda, a position he assumed in June 2016. Prior to his appointment as the Attorney General, he was the Principal Partner, Kasirye, Byaruhanga and Company Advocates, where he specialised in Investments and Corporate Finance Law.

Hon. Byaruhanga holds a Bachelor of Law Degree from Makerere University and a Diploma in Legal Practice from the Law Development Centre, Uganda. He is a member of the Ugandan and East African Law Society.

Mrs. Ngige was appointed as a Non-Executive Director in September 2016, and currently serves as the Chairperson of the Audit Committee, and a member of the Risk Committee.

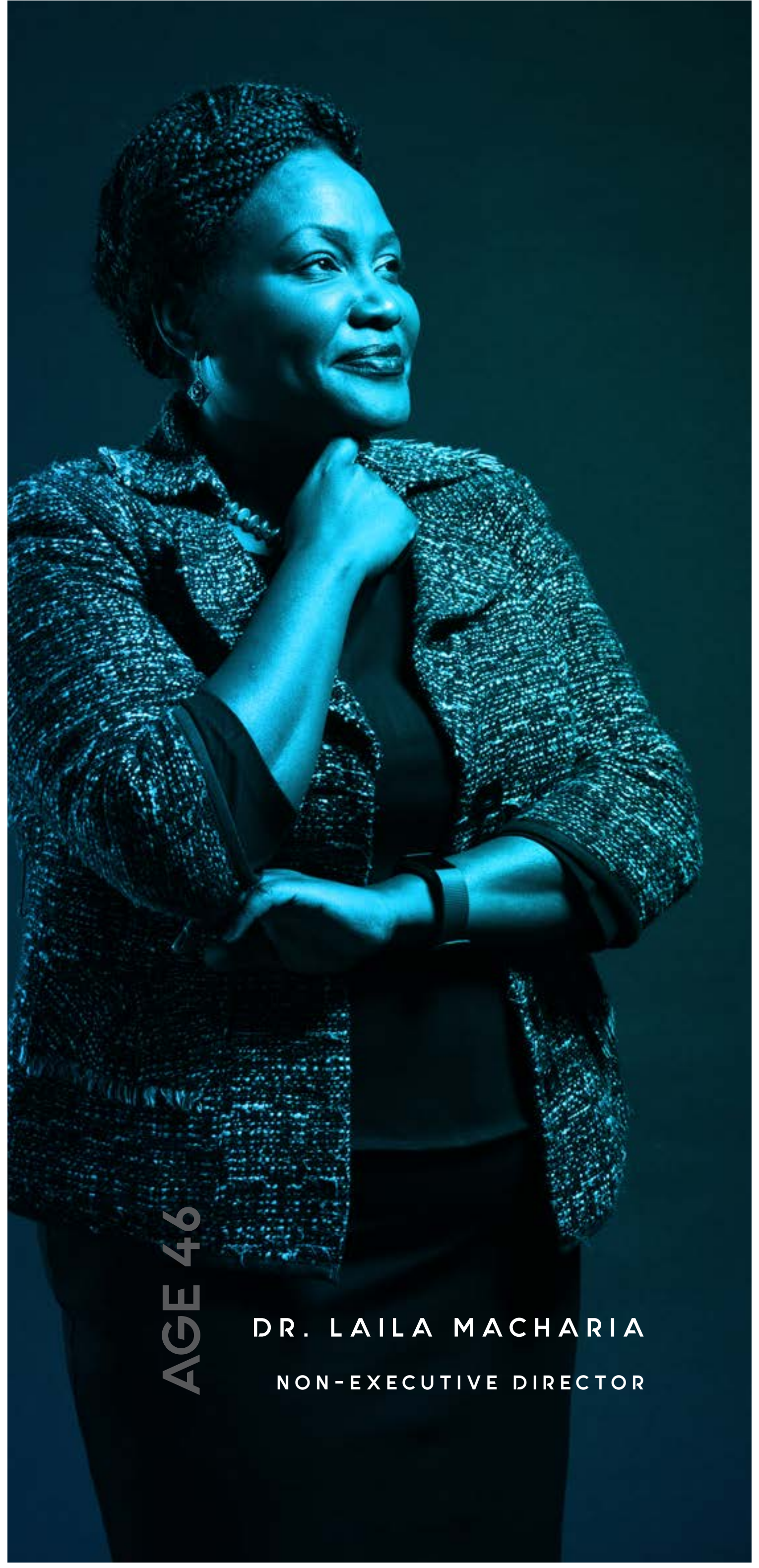
Mrs. Ngige is currently the Chief Executive Officer at Haltons Limited. She has vast managerial experience, having held various positions in the past, including those of Acting Group CEO at CMC Holdings Limited, Group Finance Director at CMC Holdings Limited, and Senior Manager at Deloitte and Touche. She also serves as a Non-Executive Director in the boards of Kenindia Assurance Company Limited and Platcorp Holdings Limited.

Mrs. Ngige holds a Bachelor of Commerce Degree from the University of Nairobi and a Masters of Business Administration from Strathmore Business School. She is a Certified Public Accountant (Kenya).

Dr. Mworia is the Group Chief Executive Officer and Managing Director of Centum Investment Company Plc., a position he has held since October 2008.

Dr. Mworia serves on several boards, including Sidian Bank and Almasi Beverages, where he serves as Chairman, Nairobi Securities Exchange, Nairobi Bottlers Limited, General Motors East Africa Limited and Lewa Wildlife Conservancy. Dr. Mworia was also appointed as Chancellor of Machakos University in October 2016.

Dr. Mworia holds a Bachelor of Laws Degree from the University of Nairobi, and a Doctorate in Business from Machakos University. He is an Advocate of the High Court of Kenya, a CFA Charter Holder, a Chartered Global Management Accountant, a Fellow of the Kenyan Institute of Management and a member of the Institute of Certified Public Accountants of Kenya.



Dr. Macharia was appointed as a Non-Executive Director in October 2013, and currently serves as the Chairperson of the Nomination and Governance Committee, in addition to being a member of the Risk and Investment Committees.

Dr. Macharia is currently a Serial Entrepreneur and Angel Investor backing upcoming entrepreneurs in media, education, data analytics and financial technology. She is also a Non-Executive Director at the Barclays Bank of Kenya. Prior to this, she worked as Chief Executive Officer of Scion Real, a consultancy firm in the area of project finance and at Kaplan & Stratton, a top-tier Kenyan law firm, on transactions in Kenya, South Africa and Uganda. She also served as a Senior Regional Advisor at USAID-East Africa and worked at the helm of the Africa Initiative at the Global Fund for Women in the San Francisco Bay Area.

Dr. Macharia holds a B.A. in Planning & Public Policy from the University of Oregon, a JD and LL.M from Cornell University and a doctorate from Stanford University, all in the United States.

Mr. Khan was appointed as a Non-Executive Director in November 2008, and currently serves as the Chairman of the Risk Committee, in addition to serving as a member of the Audit and Investment Committees.

Mr. Khan is a Founding Partner and Executive Co-Director of Cassia Capital Partners Limited, which focuses on private equity investments in East Africa. He chairs Oltepesi Properties Limited and represents Cassia Capital Partners Ltd on the board of EA-Power Limited. He is a specialist in corporate finance and private equity investments with over 25 years' experience undertaking projects in about 20countries across four continents.

Mr. Khan is a qualified accountant trained in Private Equity at Harvard Business School, and holds a Masters in Business Administration with distinction from The London Business School and a Bachelor of Commerce from the University of Nairobi.

Mr. Njoroge was appointed to the board in October 2005, and currently serves as Chairman of the Branding and ICT Committees and is a member of the Investment, Audit and Risk Committees.

Mr. Njoroge is currently the Executive Director of Xtranet Communications Limited. Prior to this, he was the Managing Director of Open View Business Systems and UUNET Kenya respectively. He also previously held the position of General Manager at Telcorp and at Fintech Kenya. He also serves on the boards of X&R Technologies Limited, and Global Equity Ventures Limited, and is also a Trustee of the Kenya Youth Business Trust, a non-profit organization which empowers youth entrepreneurs through mentorship and micro business loans.

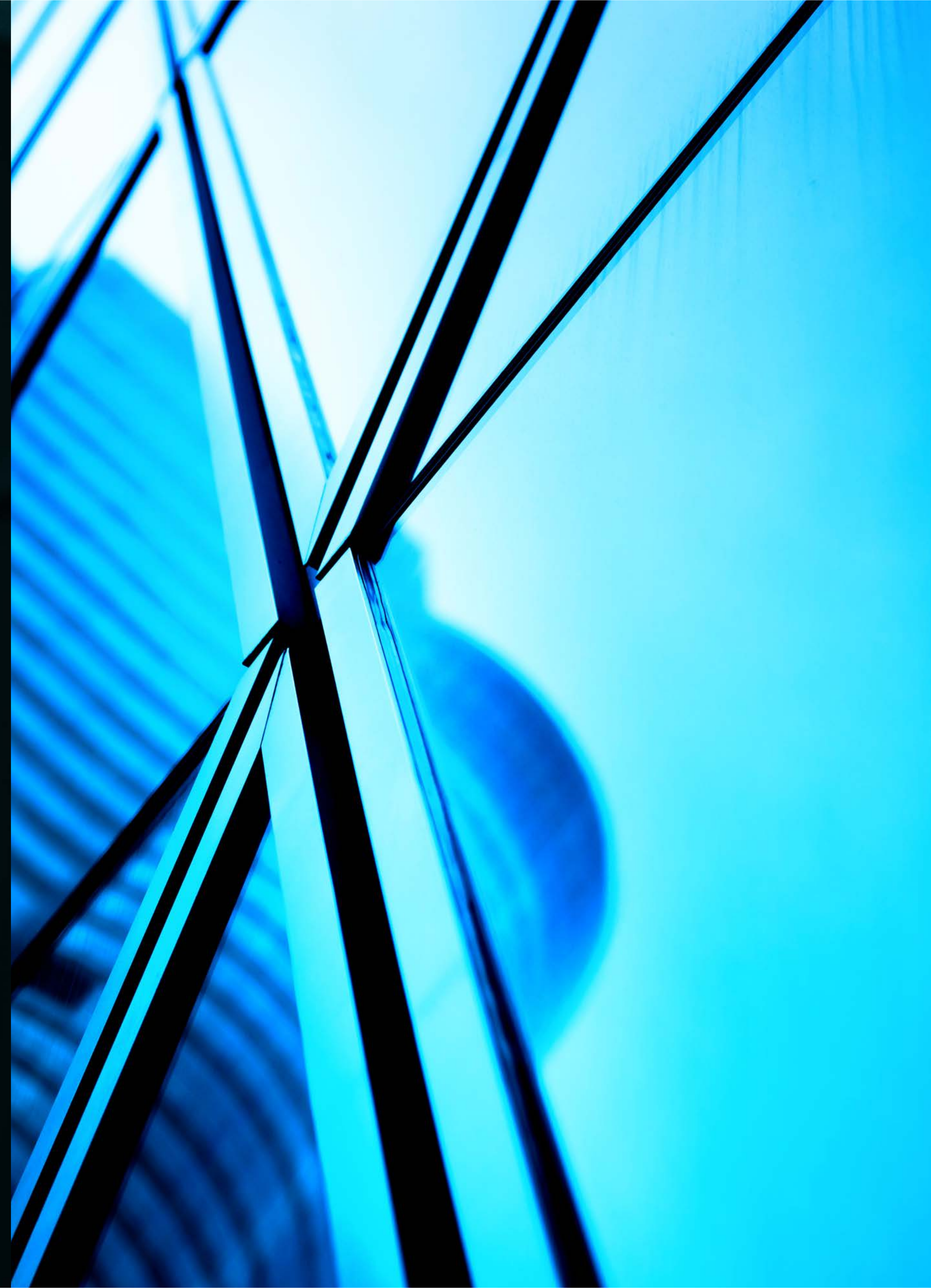
Mr. Njoroge holds a Bachelor of Science in Electrical Engineering from Moi University and a Masters of Business Administration from the University of Nairobi and is a Yale Worldfellow.

Mr. Wanderi was appointed to the Board as the representative for Industrial Commercial Development Corporation (ICDC) in 2015, and is a member of the Nomination and Governance, Branding and Investment Committees.

Mr. Wanderi is currently an Executive Director at ICDC, and has over 25 years' experience in finance and accounting. He also serves on the boards of Isuzu East Africa, Almasi Beverages and Kenya Wine Agencies Limited (KWAL).

Mr. Wanderi holds a Bachelor's Degree in Business Management as well as a Masters of Business Administration (Finance and Banking Option), both from the Moi University. He is also a Certified Public Accountant (Kenya).

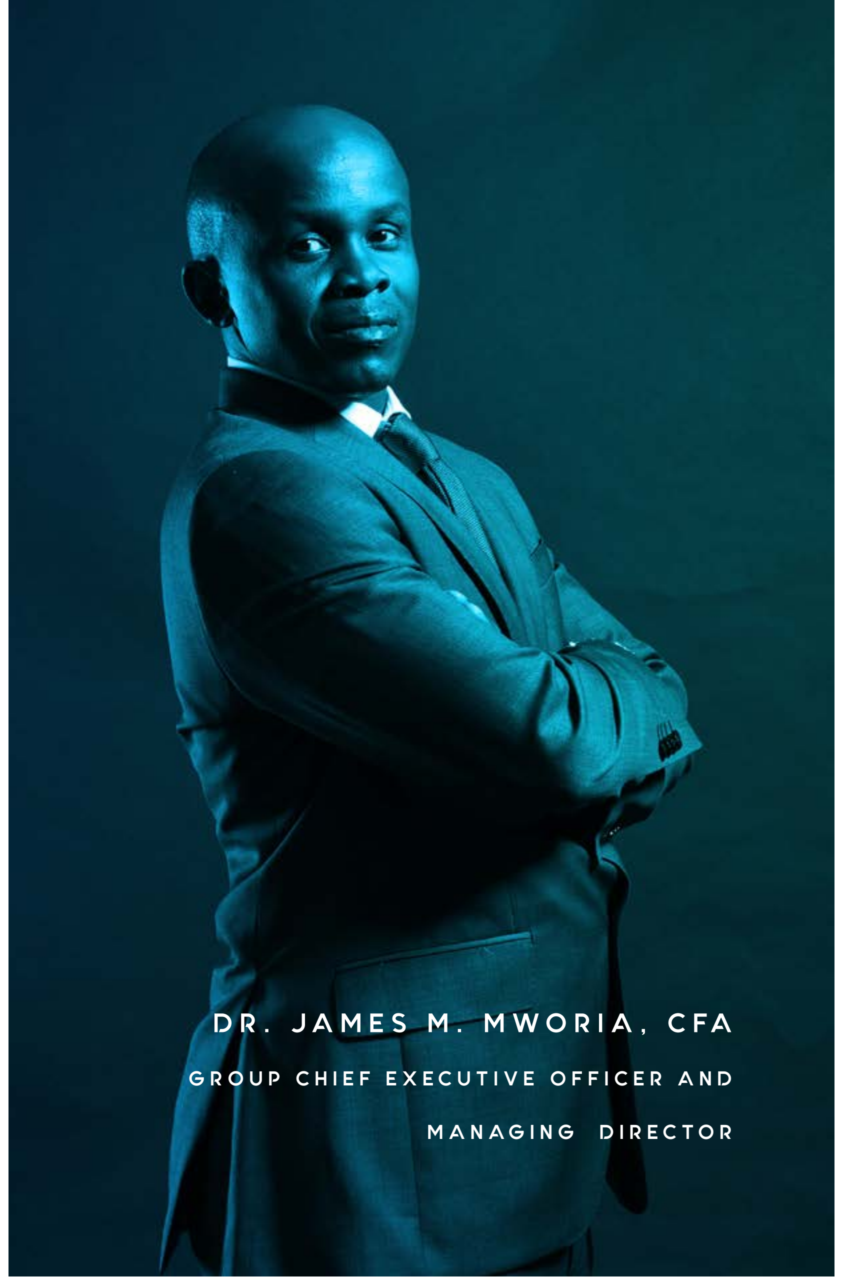
OUR LEADER-SHIP TEAM



Dr. Mworia is the Group Chief Executive Officer and Managing Director of Centum Investment Company Plc., a position he has held since October 2008.

Dr. Mworia serves on several boards, including Sidian Bank and Almasi Beverages, where he serves as Chairman, Nairobi Securities Exchange, Nairobi Bottlers Limited, General Motors East Africa Limited and Lewa Wildlife Conservancy. Dr. Mworia was also appointed as Chancellor of Machakos University in October 2016.

Dr. Mworia holds a Bachelor of Laws Degree from the University of Nairobi, and a Doctorate in Business from Machakos University. He is an Advocate of the High Court of Kenya, a CFA Charter Holder, a Chartered Global Management Accountant, a Fellow of the Kenyan Institute of Management and a member of the Institute of Certified Public Accountants of Kenya.



Mr. Murimi was appointed the Managing Director for Centum Capital in August 2015.

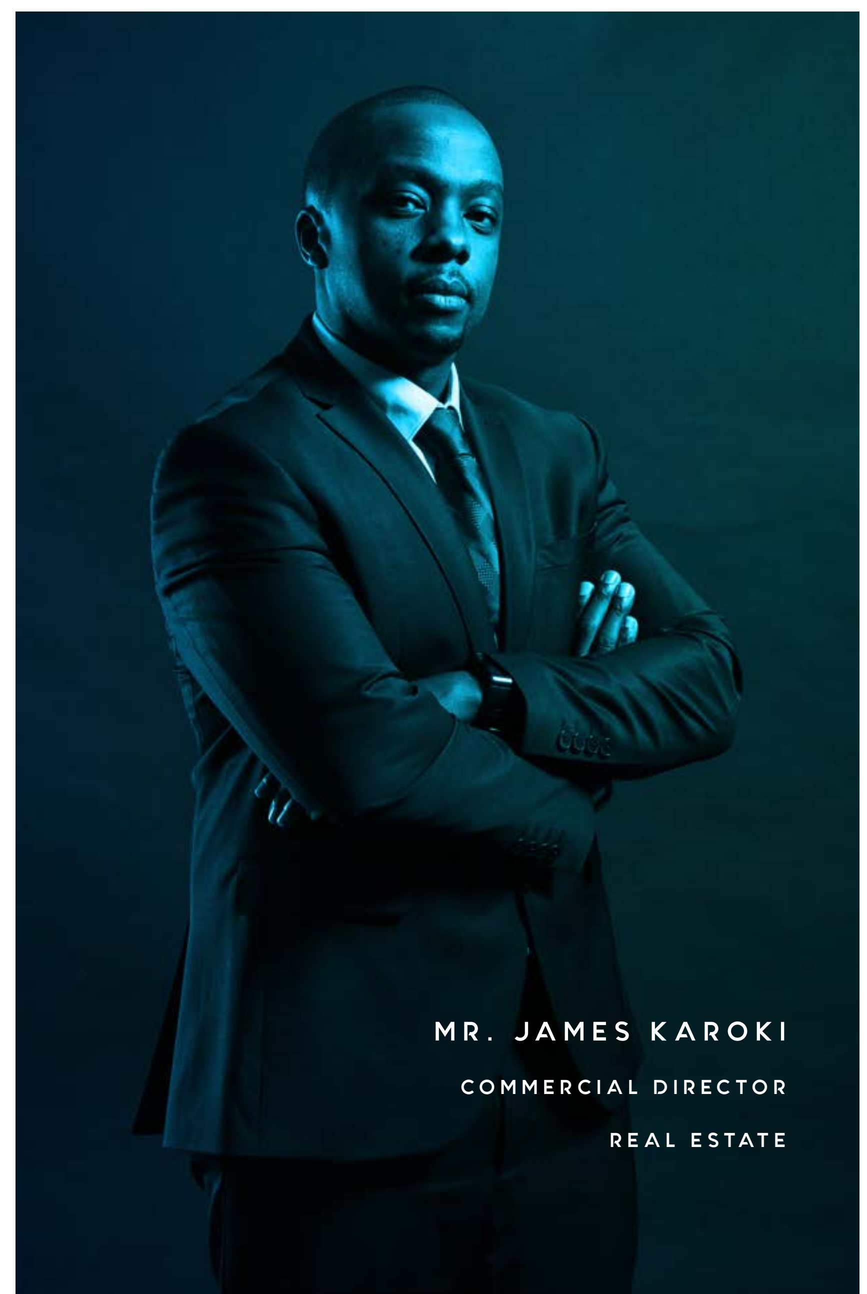
Mr. Murimi heads Centum Capital, a division of Centum Group, charged with the responsibility of overseeing the execution of the Centum 3.0 strategy through the development of investment grade opportunities across the eight sectors of focus.

Mr. Murimi holds a Bachelor of Laws degree from the University of Nairobi, a Masters of Business Administration, is qualified as a Certified Public Accountant (CPA) and as a Certified Public Secretary (CPS). He is a member of the Law Society of Kenya (LSK) and Institute of Certified Public Secretaries of Kenya (ICPSK).

Dr. Farai was appointed to lead the Group Strategy Office in August 2016, having joined Centum in November 2015 as Head of Healthcare Sector.

Dr. Farai supports the Group CEO in driving the Group business agenda, including leading the optimization of project delivery in line with the Group's development strategy and ensuring operational oversight across the portfolio. Dr. Farai is also responsible for Investor Relations across the Group and for the development and execution of the Group's healthcare investment strategy.

Dr. Farai holds an Masters of Business Administration from Harvard Business School, an MBChB from the University of Cape Town, and has completed Chartered Financial Analyst (CFA) levels I, II and III. She is a Fellow of the Archbishop Desmond Tutu African Leadership Institute



Mr. Karoki joined Centum Group as Commercial Director in charge of Real Estate in December 2016.

Mr. Karoki is responsible for the development and commercialization of the Centum's Group real estate strategy; with operationalization and commercial alignment of Two Rivers being his flagship project.

Mr. Karoki holds a Masters of Business Administration (Strategic Management) from United States International University. He is a member of the International Council of Shopping Centers in the USA as well as the Middle East and North Africa regions.

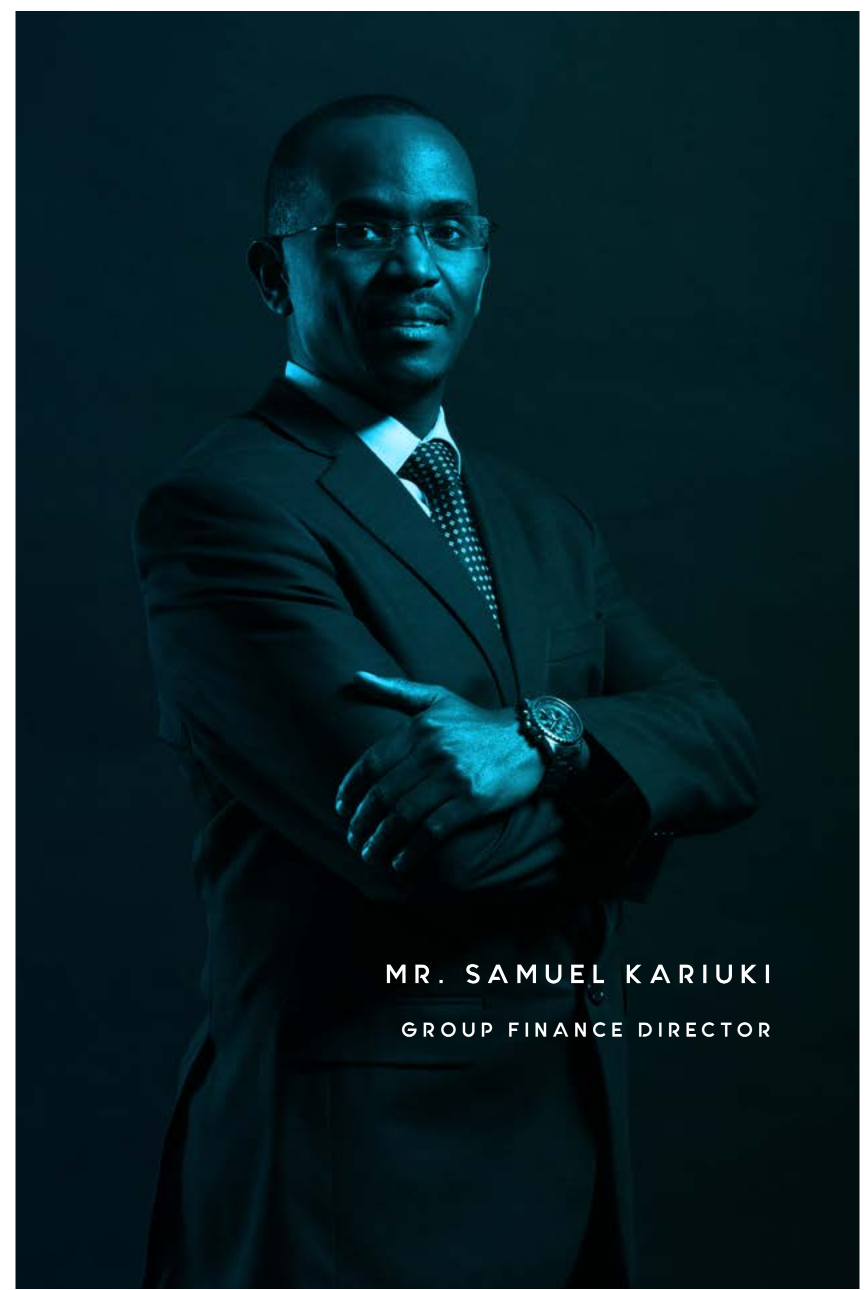
MS.LOISE GAKUMO

CHIEF LEGAL ADVISOR AND GROUP COMPANY SECRETARY

Ms. Gakumo was appointed Chief Legal Advisor and Company Secretary in August 2015.

Ms. Gakumo oversees the Centum's Group Legal Advisory & Company Secretarial functions.

Ms. Gakumo holds a Bachelor of Laws degree from University of Nairobi and a Post graduate Diploma in Law from the Kenya School of Law. She is currently in the process of completing her Masters' in Public Administration degree (MPA) from the University of Nairobi. She is an Advocate of the High Court of Kenya with over 15 years' experience, a Commissioner for Oaths, a Notary Public and a Certified Public Secretary (CPS) Kenya. She is a member of the Law Society of Kenya and the Institute of Certified Public Secretaries of Kenya (ICPSK).



MR. SAMUEL KARIUKI

GROUP FINANCE DIRECTOR

Mr. Kariuki was appointed as the Group Finance Director in January 2016.

Mr. Kariuki heads the Centum's Group Finance, Tax and ICT functions.

Mr. Kariuki holds a Masters of Business Administration in Strategic Planning from Heriot-Watt University (UK), a Bachelor of Science degree in Applied Accounting from Oxford Brookes University (UK) and Bachelor of Technology degree in Chemical and Process Engineering from Moi University. He is a Fellow of the Association of Chartered Certified Accountants (FCCA) and a Member of the Institute of Certified Public Accountants of Kenya. He is also a Certified Information Systems Auditor and a Member of the Information Systems Audit and Control Association (ISACA).

Ms. Kavulani was appointed the Group Head of Risk in February 2015.

Ms. Kavulani is responsible for the Risk, Compliance & Internal Audit function across the Centum Group.

Ms. Kavulani holds a Bachelor of Commerce (Accounting) degree from Kenyatta University, a Risk Certification on ICAAP & Stress testing from the Frankfurt School of Business, a Certification in Banking from Institute of Banking and Business Communication and a Diploma in Information Technology from Kenya School of Professional Studies. She is also a Certified Compliance Professional by the International Academy of Business & Financial management with over 10 years experience in Enterprise Risk Management. She is a Certified Public Accountant (K) and a Member of the Institute of Certified Public Accountants of Kenya.

Mrs. Mukoto was appointed Managing Director of Centum Business Solutions in July 2014.

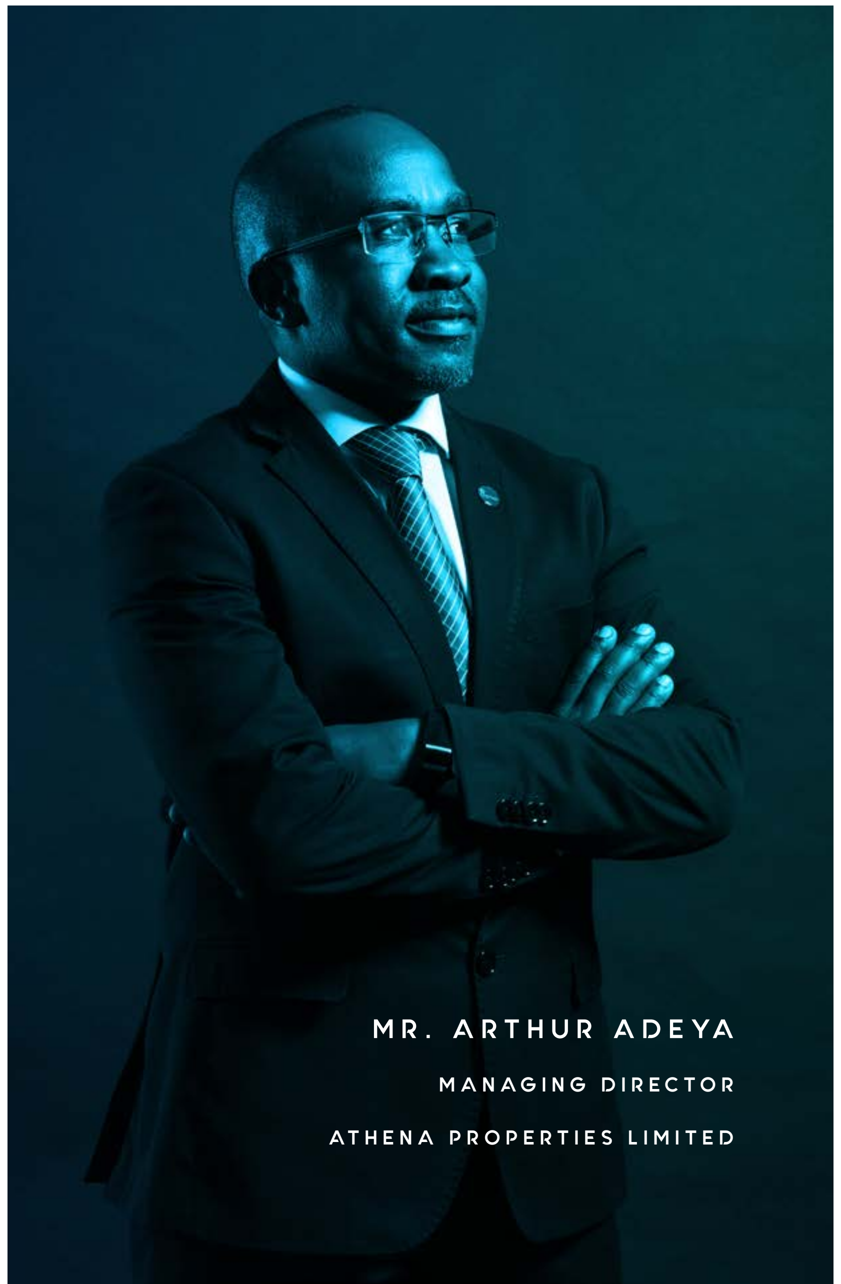
Centum Business Solutions provides end to end investment enabling services which include; legal, finance, tax, marketing, technology and human capital management to the Centum Group as well as select third parties.

Mrs. Mukoto holds a BA in Business Management from Moi University as well as a Masters of Business Administration from the United States International University-Africa. She is a member of ICPAK, a Fellow of the Association of Certified Chartered Accountants (FCCA), a certified executive leadership coach and a Fellow of the Archbishop Desmond Tutu African Leadership Institute.

Mr. Muchiri is the Managing Director of Nabo Capital Limited, a position he was appointed to in March 2013.

Mr. Muchiri's mission is to steer Nabo Capital Limited to be the leading Pan African Asset Manager in scale, innovation and profitability.

Mr. Muchiri holds Bachelor of Commerce degree from the University of Nairobi. He is a CPA (K) finalist, a CFA Charterholder and a Certified Coach. He is a member of East African Investment Professionals and a Fellow of the Archbishop Desmond Tutu African Leadership Institute.



Mr. Adeya Arthur was appointed Managing Director of Athena Properties in November 2016.

Mr. Adeya is responsible for the implementation and execution of developments such as Two Rivers, Pearl Marina and Vipingo.

Mr. Adeya holds a Bachelors of Architecture degree from University of Nairobi and a Masters in Landscape Architecture from The Harvard University Graduate School of Design. He is a Registered Architect in Kenya, a LEED Accredited Professional and is a member of the American Society of Landscape Architects and Architectural Association of Kenya.

CHAIRMAN'S STATEMENT

It gives me great pleasure to address you for the first time as the Chairman of the Board of Centum. I would like to take this opportunity to thank the former Chairman of the Board, Mr. James Muguiyi, for the strong corporate governance ethos established during his tenure and for leading the company through a sustained growth trajectory. I thank the Board and the shareholders of Centum for inviting me to partner in taking this company to even greater heights, and I am committed to building upon the formidable foundation laid by my predecessor.

PERFORMANCE

I am pleased to report that the Group has once again delivered a solid set of results despite the challenges in the operating environment, which included heightened inflation on the back of the drought, a depressed stock market and the introduction of interest rate capping in the banking sector.

In the period under review, Centum recorded 19% growth in Total Assets from KES 51.5 bn in 2016 to KES 61.6 bn as at 31st March 2017, with Net Asset Value (NAV) Per Share increasing from KES 59 to KES 67 over the same period. Notably, NAV Per Share has grown at a compounded annual rate of 25% since the commencement of the Centum 3.0 strategy in 2014 and achieved an average annualized return of 26% over this period as compared to the Nairobi Securities Exchange's average return of -17% over the same period.

STRATEGIC FOCUS

The Group continues to progress with its evolution into a significant developer of investment grade assets across key sectors of the economy. Two Rivers Mall, the anchor development with the iconic 102-acre mixed use development located in Nairobi, was successfully launched in February 2017, with several other projects within the precinct in various stages of development. The Group also continues to make significant progress with respect to projects within the balance of its Real Estate portfolio as well as in other sectors, including Education, Agribusiness, FMCG and Healthcare. As such, I am confident that over the coming year the Group will further validate its growing profile as an investment channel providing access to investment grade opportunities of scale.

INVESTMENT IN SOCIO-ECONOMIC DEVELOPMENT

Centum remains deeply cognizant of its role as a corporate citizen in the markets in which it operates, and as such is committed to empowering local communities through various means. Most notable during the period under review were our investments in enhancing the learning environments of students in two key regions where we operate, namely Nairobi and Kilifi County, where our 10,000+ acre Vipingo project is located. Specifically, we launched an annual scholarship fund of KES 3 mn for learners from Vipingo, and also invested in the construction of 6 classrooms for Timboni and Makonde Primary Schools, both located in Kilifi County. To date 50 students from Vipingo have benefitted from the scholarship programme, with our intention being to sponsor 50 students every year going forward.

Two Rivers Development, a Centum Subsidiary, also completed a massive project to rebuild Old Mathari Primary School in collaboration with Nairobi City County Government. The new school has a tuition block with 36 new classrooms, administration offices & staff rooms, a social hall, a dining area, a kitchen, washroom facilities and separate blocks connected with walkways and awnings. With over KES 196 mn invested in this important project, the new school will provide a conducive learning environment for over 1,000 learners.

DIVIDEND FOR THE YEAR

After having a zero dividend policy for several years, the Group reintroduced a dividend in the last financial year and paid a dividend of KES 1 per share. Subsequently, for the financial year ended 31st March 2017, the Board has recommended a dividend payment equivalent to KES 1.20 per share, representing a 20% increase.

STRENGTHENING OUR CORPORATE GOVERNANCE

As a Group, we endeavour to adhere to the highest corporate governance practices. Consequently, in this financial period, we have continued to implement The Capital Markets Act Code of Corporate Governance for Issuers of Securities to the Public, which we adopted last year. In line with the Code, we adopted a retirement policy of nine years for independent directors. Accordingly, Mr. Imtiaz Khan and Mr. Henry Njoroge, who have served on the Board for nine and twelve years respectively, will be retiring from the Board this year. In addition, Dr. James McFie, who has served for three years, attained the age of 70 last year and has expressed a desire to retire from the Board.

I wish to appreciate Mr. Khan for the significant role he has played over the years initially as the Chair of the Audit & Risk Committee and in the past year as the Chair of the Risk Committee as well as an active member of the Investment Committee. Mr. Khan has played a critical role in defining and guiding the Company's risk management strategy and related processes. In addition, as a seasoned investment professional, he has provided material insights to the investment decisions being made by the Investment Committee throughout his tenure.

I would also like to acknowledge Mr. Njoroge, who has served as the Chair of the ICT and Branding Committees, as well as an active member of the Investment Committee. In addition to his many contributions as a Board member, he played a critical role in informing the evolution of the role of ICT in the business and was also instrumental in the branding of Two Rivers and its subsequent successful launch.

Finally, I wish to express my gratitude to Dr. McFie who has ably served as the Deputy Chairman of the Board, and was also an active member of the Audit Committee. His insights as a seasoned finance professional provided key guidance to the Board in financial matters over the years, particularly as the business has grown in scale and complexity.

On behalf of the entire Centum family, I would like to thank the three retiring board members for their committed service to the Board over the years, and for their immeasurable contribution to the success of the Centum Group. I wish them the very best in their future endeavours.

APPRECIATION

In closing, and on behalf of the Board of Directors, I would like to thank the Centum management team and staff for their continued dedication to delivering market-beating returns and commitment to establishing Centum as a truly world class investment platform. I would also like to express my appreciation to the Board of Directors who have continued to provide unwavering support to the business over the last year. Finally, I wish to acknowledge the Boards of Directors and staff of our various subsidiaries and associates for the immense contribution they have made to the results that the Group has delivered.

DR. DONALD KABERUKA, CHAIRMAN

TAARIFA YA MWEN-YEKITI

Ni fahari kubwa kwangu kuweza kuwahutubia kwa mara ya kwanza nikiwa mwenyekiti wa Bodi ya Kundi la Centum. Ningependa kuchukua fursa hii kumshukuru mwenyekiti anayeondoka Bw.James Muguiyi kwa jinsi alivyofanikisha usimamizi thabiti kwa kuzingatia maadili ya kihalmashauri na kwa uongozi wake uliowezesha kampuni kupiga hatua kubwa kimaendeleo. Ninashukuru Bodi pamoja na wenyehisa wa Kampuni kwa kunialika ili pamoja tuweze kushirikiana kujenga kampuni hii kubwa nikiwa na ari ya kufuatilia msingi thabiti uliowekwa na mtangulizi wangu.

VIDOKEZO JUU YA MATOKEO

Ni furaha kwangu kujulisha kwamba kwa mara nyingine tena Kundi la Centum limepata faida thabiti licha ya changamoto katika mazingira ya utendaji kazi, kama vile mvumuko wa bei za bidhaa kufuatana na ukame uliokuwako, hali ya kusorota katika soko la hisa na hatua ya kukazwa kwa viwango vya riba katika sekta ya benki.

Kwenye kipindi tunachochanganua, Centum lilirekodi ukuaji wa rasilimali halisi kwa asilimia 19 kutoka shilingi (k) bilioni 51.5 mwaka wa 2016 hadi shilingi (k) bilioni 61.6 mnamo 31 Machi 2017, kumaanisha kwamba thamani ya kila hisa iliongezeka kutoka shilingi (k) 59 hadi shilingi (k) 67, katika kipindi hicho. Hasa ni kuwa thamani ya kila hisa imekua kwa asilimia 25 kila mwaka tangu kuanzishwa kwa mikakati ya Centum 3.0 mwaka wa 2014, huku tukipata faida ya asilimia 26 kwa mwaka katika kipindi hicho dhidi ya faida ya Soko la Hisa la NSE ya asilimia -17, kwenye kipindi hicho.

UTEKELEZAJI WA MIKAKATI

Kundi la Centum linaendelea na juhudi za ukuaji kupitia ujenzi wa rasilimali thabiti katika sekta zote humu nchini. Jengo la Two Rivers Mall, ambalo ni nguzo yetu katika ujenzi na ambalo linapatikana jijini Nairobi, kwenye shamba la kifahari la ekari 102,lilifunguliwa rasmi mnamo Februari 2017, huku pia ujenzi wa miradi mingine humo ukikaribia kukamilika.

Pia Kundi la Centum limepiga hatua katika ujenzi wa miradi mingine iliyosalia katika kitengo cha Biashara ya Shamba na Nyumba, vile vile kwenye sekta zinginezo, zikiwemo Elimu, Kilimo Biashara na Afya. Kwa hivyo ninaimani kuwa kwa mwaka ujao kundi la Centum litaweza kubainisha hadhi yake inayoendelea kuongezeka ya kuwa kampuni ya uwekezaji unaotoa fursa kwa uwekezaji thabiti.

UWEKEZAJI KATIKA HUDUMA ZA JAMII

Centum inaelewa wajibu wake kwa jamii kwa kuwa ni shirika raia sokoni na kwa hivyo inazingatia kuinua jamii kwa jinsi mbali mbali. Jambo kubwa ambalo tulifanya kwenye kipindi tunachochanganua ni uwekezaji tuliofanya kwenye mazingira ya kimasomo katika maeneo mawili tunamohudumu ya Nairobi na Kaunti ya Kilifi, ambapo shamba letu la ekari zaidi yai 10,000 linapatikana. Hasa tulianzisha mpango wa kufadhili ulipaji wa karo wa shilingi milioni 3 kwa wanafunzi kutoka Vipingo na pia kuwekeza katika ujenzi wa madarasa 6 katika shule ya msingi ya Timboni na Makonde, zote zikipatikana hapo Kilifi. Hadi sasa wanafunzi 50 kutoka Vipingo wamefaidika kutokana na mpango wa ulipaji karo na nia yetu ni kuweza kufaidi wanafunzi 50 kila mwaka.

Kampuni Tanzu ya Centum Development pia ilikamilisha mradi mkubwa wa kujenga upya shule ya msingi ya Mathari Primary School, kwa kushirikiana na serikali ya Kaunti ya Nairobi.Shule hiyo inayo madarasa mapya 36, ofisi ya usimamizi na ya walimu ,ukumbi wa kijamii, sehemu ya maakuli, Jikoni, vyumba vya msalani na nyumba zinginezo zilizounganishwa. Kupitia uwekezaji wa shilingi milioni 196 kwenye mradi huu muhimu, shule hiyo mpya itaweza kufaidi wanafunzi zaidi ya 1,000 kwa kuwapatia mazingira bora ya masomo.

MGAWO WA FAIDA

Baada ya kukosa kulipa mgawo wa faida kwa miaka mingi, hata hivyo mwaka uliopita kundi la Centum lilirejelea ulipaji wa mgawo wa faida na kulipia mgawo wa faida wa shilingi 1 kwa kila hisa. Hivyo basi, bodi ya wakurugenzi wamependekeza ulipaji wa mgawo wa faida wa shilingi (k) 1.20 kwa kila hisa, kwa mwaka uliokwisha 31 Machi 2017 ikiwakilisha ongezeko la asilimia 20.

UIMARISHAJI WA USIMAMIZI WA KIHALMASHAURI

Tukiwa kundi la Centum tunajaribu tuwezavyo kuzingatia maadili ya usimamizi wa hali ya juu ya kihalmashauri. Kufuatana na hayo, kwenye kipindi, tumeendelea kutimiza masharti ya kisheria ya mamlaka ya Capital Markets yanayohusiana na mashirika yaliyoorodheshwa na ambayo tulianza kutekeleza mwaka uliopita.Kwa kuambatana na maadili hayo tulianzisha mfumo wa kustaafisha wakurugenzi huru baada ya kuhudumu kwa miaka 9. Hivyo basi Bw. Imtiaz Khan na Bw. Henry Njoroge ambao wamehudumu kwenye Bodi kwa miaka 9 na miaka 12 mtawalia, watastaafu mwaka huu. Aidha Dr.James McFie, ambaye amehudumu kwa miaka mitatu, walakini baada ya kutimia umri wa miaka 70 mwaka jana,ameeleza nia ya kustaafu kutoka kwa Bodi.

Napenda kutambua Bw.Khan Kwa wajibu mkubwa aliotekeleza kwa miaka iliopita, mwanzo akiwa mwenyekiti wa kamati ya Ukaguzi na baadaye akiwa mwenyekiti wa kamati ya kuepusha madhara na vile vile kama mwanachama wa Kamati ya Uwekezaji. Bw Khan ametekeleza wajibu muhimu baadhi yake ikiwa ni kushauri kampuni kuepukana dhidi ya madhara. Pia akiwa shupavu katika taaluma ya uwekezaji, kwa wakati wote alishauri na kutoa mwongozo juu ya maamuzi ya kamati ya Uwekezaji. Anapoondoka ,anawacha historia ya kampuni thabiti.

Napenda pia kutambua Bw.Njoroge ambaye amehudumu kama mwenyekiti wa idara ya mawasiliano na teknolojia (ICT), pamoja na kuwa mwanachama wa kamati ya uwekezaji. Pamoja na Mchango wake kemkem katika Bodi, pia alitekeleza wajibu mkubwa katika kudhihirisha umuhimu wa idara ya ICT katika shughuli za kibiashara na pia alishiriki katika kubuni chapa ya Two Rivers na katika kufanikisha kufunguliwa rasmi.

Hatimaye napenda kumshukuru Dr McFie ambaye amehudumu kama naibu mwenyekiti wa Bodi pamoja na kuwa mwanachama wa kamati ya ukaguzi.Mchango wake kama mtaalamu katika ulingo wa kifedha uliweza kutoa mwongozo kwa Bodi katika maswala ya kifedha, hasa wakati kampuni imeendelea kukua zaidi.

Kwa niaba ya jamii ya Centum napenda kutoa shukurani kwa hao watatu wanaostaafu kutoka kwa Bodi kwa mchango wao wa dhati na usio na kifani kwa kundi la Centum, na kuwatakia mema kwa maisha yao ya baadaye.

SHUKURANI

Kwa kutamatisha na kwa niaba ya Bodi ya Wakurugenzi, ningependa kutoa shukurani kwa kundi la usimamizi la Centum na wafanyakazi kwa kuendelea kujitolea kwa dhati ili kupata faida inayoshinda ya soko na ari ya kufanya Centum kuwa shirika bora la uwekezaji. Pia napenda kutoa shukurani zangu kwa Bodi ya Wakurugenzi ambao wameendelea kutuunga mkono bila kusita. Mwisho napenda kutambua michango ya Bodi ya wakurugenzi na wafanyakazi wa kampuni tanzu na mashirika yaliyomo kwa michango yao katika kufanikisha Kundi la Centum kupata faida.

DR. DONALD KABERUKA, MWENEKITI

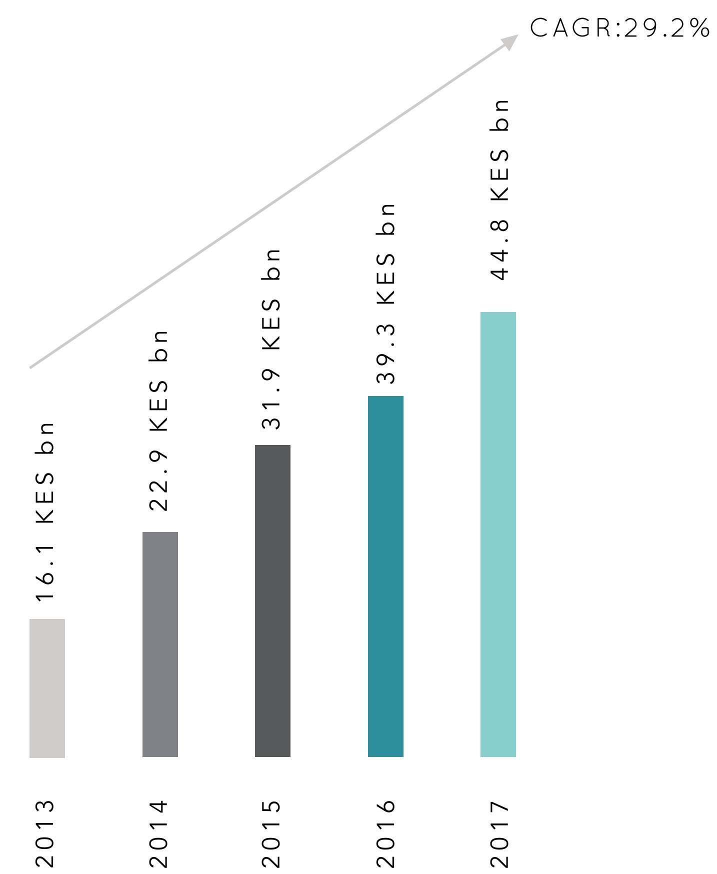
CEO's STATEMENT

PERFORMANCE HIGHLIGHTS

The prevailing operating environment continued to be somewhat challenging, with the Nairobi Stock Exchange remaining depressed and the introduction of interest rate capping through a recent amendment to the Banking Act putting downward pressure on private sector credit growth. Market challenges notwithstanding, the Group once again delivered solid performance as evidenced by our sustained growth in assets, as well as market-beating returns.

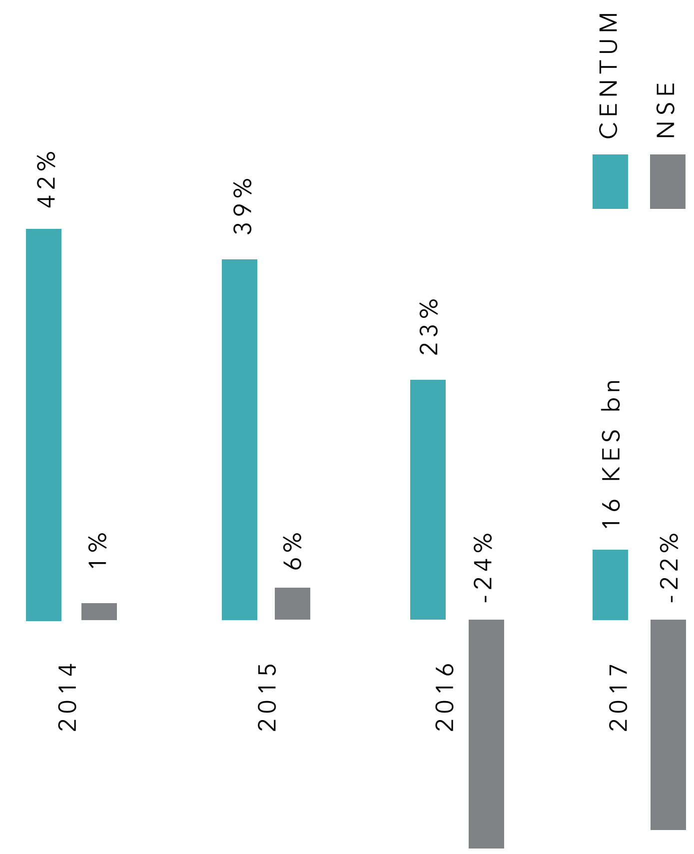
While our consolidated profit after tax stood at KES 8.3 bn, representing a 16% decline relative to the previous year, this was as a result of lower gains on disposals. Indeed, when adjusted for gains after disposals, the Group's profitability increased by 66% as compared to 2016. Over the same period, the company's Net Asset Value (NAV) grew by 13.9% from KES 39.3 bn to KES 44.8 bn.

NET ASSET VALUE



Furthermore, market challenges not-withstanding, we continued to deliver market-beating returns for our shareholders, achieving a 16% return for the period under review, and outperforming the NSE 20 Share Index by 38% for the same period..

CENTUM ROE Vs NSE RETURNS



Notably, realised gains from our exits from Kenya Wine Agencies Limited (KWAL) and Platcorp (partial exit) were key drivers of our performance.

BUSINESS MODEL EVOLUTION

As we continue to progress in the execution of our Centum 3.0 strategy, the profile of our activities and underlying portfolio mix continues to shift to increasingly reflect our growing capabilities as a greenfield developer of large scale investment grade projects across key sectors of the economy. In keeping with this shift, we have re-categorised our business lines to better reflect the nature of the underlying activities, namely:

- Growth Portfolio: comprises growth companies primarily in the FMCG, Financial Services and “Others” sectors
- Development Portfolio: comprises our large-scale greenfield development projects in the Real Estate, Healthcare, Agribusiness, Education and Power sectors
- Marketable Securities: comprises our significant portfolio of quoted securities

With respect to our development portfolio, our approach remains to invest seed capital in the conceptualisation and de-risking of our projects, with third party equity capital subsequently being raised at the project level. We also continue to pursue debt at a project level as an important element of our fundraising strategy, as well as to leverage proceeds from strategic exits of legacy assets to drive our development agenda.

DEVELOPMENT PORTFOLIO HIGHLIGHTS

TWO RIVERS

Two Rivers Mall, the anchor development within our 102-acre mixed used precinct in Nairobi, was officially opened by His Excellency Uhuru Kenyatta on 17th February 2017. At 67,000 m2 GLA, Two Rivers is the largest retail and entertainment centre in East and Central Africa, comprising almost 200 shops, 70% of which are already let. The market reaction to Two Rivers Mall, which also includes an outdoor entertainment park, has been extremely positive, with the development receiving more than 1.5 million visitors within the first three months. Beyond the retail component, Two Rivers Mall also includes two office towers providing 18,000 m2 of Grade A office space, which were completed during the period under review and are currently being let. Additionally, the two utility companies incorporated within the development, namely Two Rivers Power and Two Rivers Water and Sanitation, are fully operational.

With respect to further in-fill developments within the precinct, the 3* City Lodge Hotel adjacent to the Mall is close to completion, and several other Centum-led projects within the precinct are in advanced stages of project development, including a 5* hotel, apartments, a hospital and a 2,400-bay parking silo.

VIPINGO

We are in advanced stages of planning for phase 1 of development of this 10,500-acre project located in Kilifi County. Our vision is to establish a world class city at Vipingo, with phase 1 comprising 400 acres master planned to include commercial, residential, social and industrial elements. We anticipate to break ground on trunk infrastructure and anchor infill developments within FY 2018, and are also in discussions with third party developers to further catalyse the destination.

Our initial foray into the agribusiness space through a small investment in the Nyandarua region of Kenya has been successful, with Greenblade Growers, a 100% owned subsidiary, now growing herbs and vegetables primarily for export to European markets.

In line with our stated aspiration of establishing a large scale agribusiness platform, we spent a significant portion of the period under review searching for suitable land on which to significantly expand our agribusiness play. This process culminated in the acquisition of 14,000 acres of land in Masindi, Uganda, with plans underway to operationalise this farm, which will initially grow maize and soya beans, in the near future.

EDUCATION

As previously stated, our aspiration in the Education space is to establish a network of schools throughout Sub-Saharan Africa providing quality, affordable education through a consortium comprising Centum, Investbridge Capital and SABIS, a global school operator. In line with this vision, we broke ground on the first school in the East Africa region in February 2017. The school is located along Kiambu Road and is expected to open in September 2018. The school will leverage SABIS’s world-renowned operating platform and curriculum to provide high quality education from Kindergarten to Grade 12, and will accommodate circa 2000 students once complete.

GROWTH PORTFOLIO HIGHLIGHTS

ALMASI BEVERAGES

We have continued to strive to grow Almasi Beverages, the second largest Coca-Cola Bottler in the Kenyan market accounting for ~30% of the volume, through both enhancing capacity to grow the topline and enhancing operational efficiency to drive profitability. During the period under review, we deployed KES 1 bn into this business through a rights issue, with most of the proceeds applied to the acquisition of new RGB and PET lines as well as strengthening of the distribution network. The continued efforts in this regard are bearing fruit, with the business showing strong EBITDA performance as evidenced by its achievement of KES 2bn in EBITDA, representing a 28% increase relative to the prior year.

SIDIAN BANK

The recent introduction of interest rate capping through an amendment to the Banking Act has resulted in a challenging operating environment for the Kenyan banking industry as a whole, with Sidian Bank not being exempt from the negative impact of the regulatory changes in particular with respect to the downward pressure on interest income.

Numerous efforts have been undertaken in an effort to optimise the Bank’s performance in the face of current market conditions, including refreshment of the product base to drive conversion of its large base of multi-banked/dormant customers, introduction of several initiatives to enhance operational efficiency and pursuing long term and lower priced funding to manage the costs of the deposits.

Whilst the period under review has been a difficult one for the Bank, we are confident that the various actions undertaken will achieve the desired objectives with respect to optimising performance.

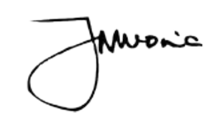
EXITS

During the year, we successful exited our 26.4% stake in Kenya Wine Agencies Limited (KWAL), which was a legacy asset in our portfolio that was no longer aligned with our Centum 3.0 strategy, realising a gain of KES 1.1 bn. We also partially exited our stake in Platcorp, realising a gain of KES 432 mn.

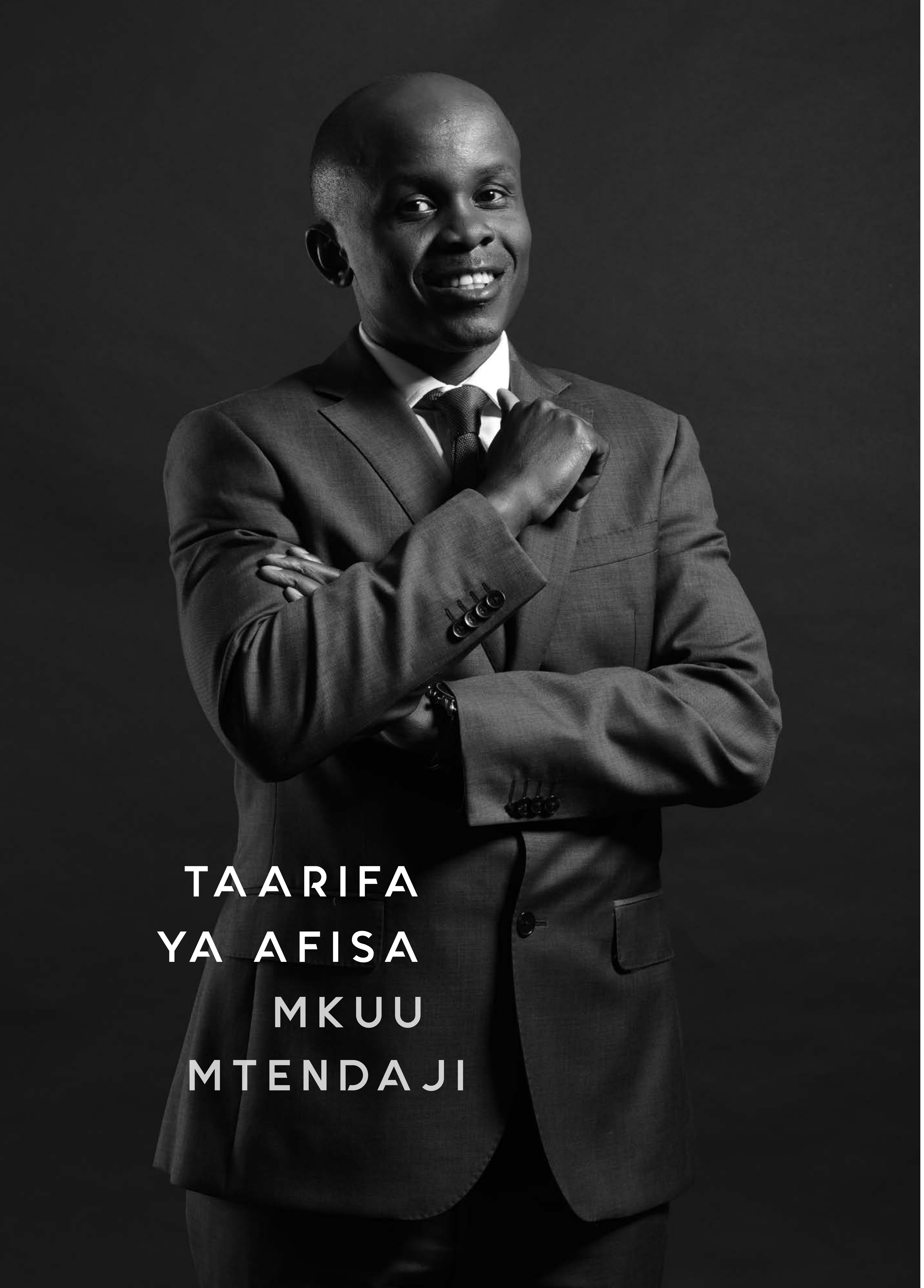
APPRECIATION

On behalf of the management team, I would like to thank the Board of Centum for their continued support over the last year. In particular, I would like to express my deep gratitude to Mr. Imtiaz Khan, Mr. Henry Njoroge and Dr. James McFie who will be retiring from the Board this year for the immense contribution they have made to the continued growth of this business both individually and collectively during their tenure on the Board.

I would also like to thank the management team and all the staff members who make up the ever-growing Centum family for their dedication and hard work that has once again enabled us to deliver on our promise to keep creating value for our shareholders even under difficult market conditions. I am confident that together we will continue to rise to the challenge of establishing Centum as Africa’s foremost investment channel with passion and determinations.



Dr. James Mworia, CFA
Group Chief Executive Officer



TAARIFA YA AFISA MKUU MTENDAJI

VIDOKEZO JUU YA MATOKEO

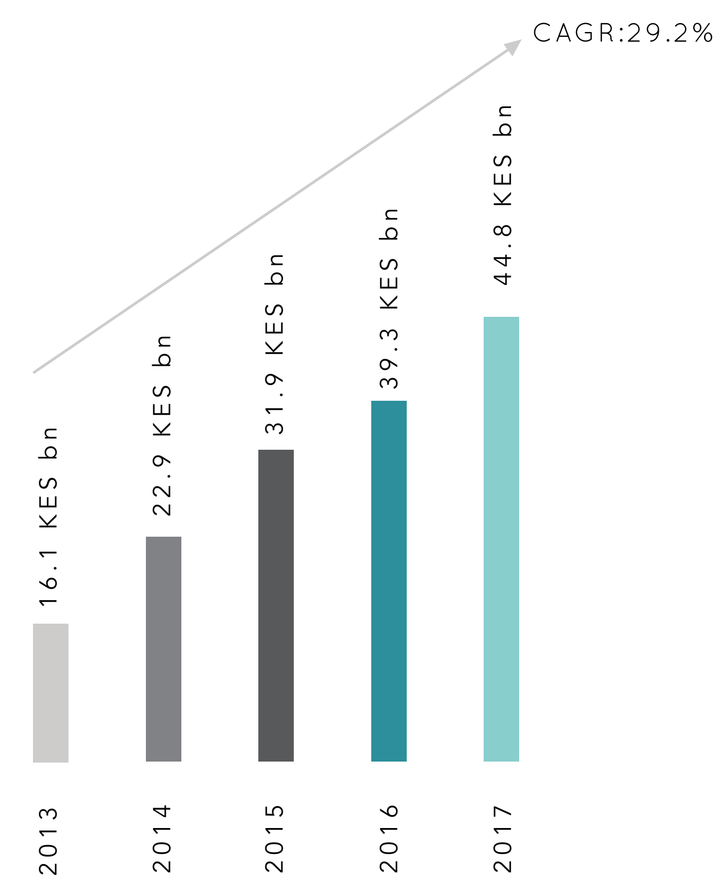
Hali ya mazingira ya utendaji kazi iliendela kukabiliwa kiasi na changamoto, huku Soko la Hisa la Nairobi likiendelea kuzoroteka na hatua ya kukazwa kwa viwango vya riba kupitia mabadiliko yaliyofanywa Kwa sheria ya benki na ambayo yaliathiri ukuaji wa mkopo kwa sekta ya kibinafsi. Licha ya changamoto hizo sokoni, Kampuni kwa mara nyingine iliweza kupata faida thabiti jinsi inavyobainishwa na ukuaji wa rasilimali hali kadhalika kupatikana kwa faida inayoshinda ile ya soko.

Ilihali faida yetu baada ya kutozwa ushuru ilikuwa Shilingi bilioni (K) 8.3, ikiwakilisha kupungua kwa asilimia 16 dhidi ya mwaka uliopita, jambo hili lilitokana na faida duni kutokana na uuzaji wa rasilimali yetu. Kwa hakika baada ya kujumuishwa na faida ya uuzaji huo, faida ya kampuni na makundi iliongezeka kwa asilimia 66 kulinganishwa na mwaka wa 2016. Katika kipindi hicho ,thamani ya rasilimali ya Kampuni iliongezeka kwa asilimia 13.9 kutoka shingi(k) bilioni 39.3 hadi shilingi (k) bilioni 44.8.

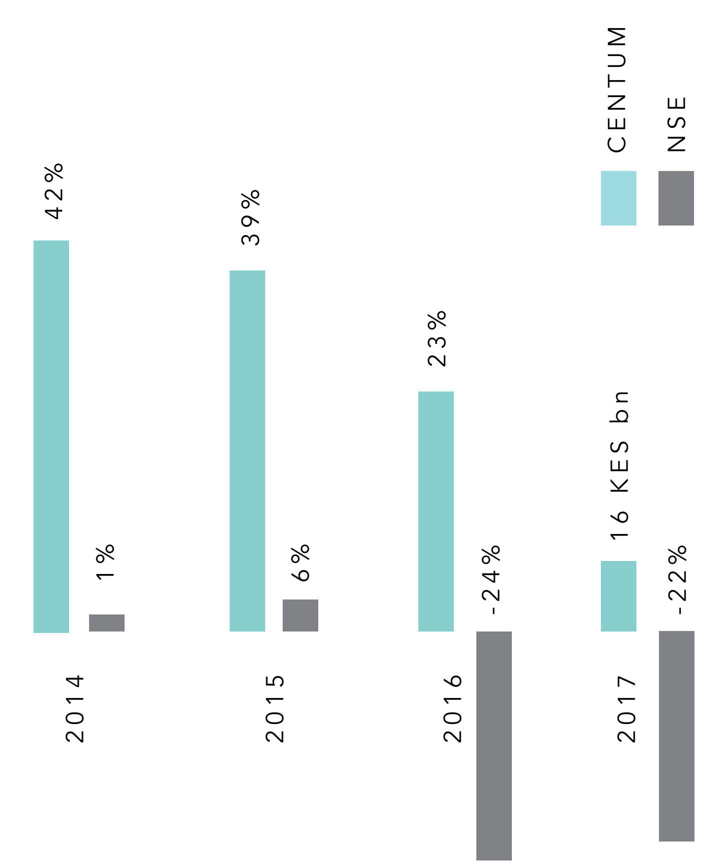
Aidha licha ya changamoto kwenye soko,tuliendelea kuwapatia wenyehisa wetu faida inayoshinda ile ya soko, ambapo tulizalisha asilimia 16 katika kipindi tunachochanganua, na kushinda alama ya soko inayojumuisha kampuni 20, kwa asilimia 38, kwa kipindi hicho.

Hasa faida kutokana na uuzaji wa mashirika ya Kenya Wine Agencies Limited (KWAL) na Platcorp (tuliuza sehemu tu) zilichangia pakubwa matokeo yetu.

THAMANI HALISI YA RASILIMALI



FAIDA YA CENTUM KWA KIPIMO CHA FAIDA KWA MTAJI ILIYOWEKEZWA DHIDI YA ILE FAIDA INAYOPATIKANA KATIKA SOKO LA HISA LA NAIROBI



Tunapozidi kuendelea na utekelezaji wa mikakati ya Centum 3.0 mfumo wa shughuli zetu na mseto wa uchumishaji unaendelea kubadilika kudhihirisha umahiri wetu katika ujenzi, kutoka kwa msingi, wa miradi makubwa katika sekta muhimu humu nchini Ili kuendelea na mfumo huo, shughuli zinatekelezwa kwa kuzingatia uwiano na vitengo hivi:

- Kitengo chenye ukuaji:Kinahusisha mashirika hasa ya Bidhaa Zinazouzwa kwa Kasi (FMCG), Huduma za kifedha, na "zinginezo."
- Kitengo cha Ujenzi:Kinahusisha ujenzi kutoka msingi wa miradi mikubwa katika Biashara ya Shamba na Nyumba, Afya, Kilimo Biashara, Elimu, Kawi.
- Kitengo cha hisa: Kinahusisha hisa zilizoorodheshwa.

Tukiangazia kitengo chetu cha ujenzi ,mwongozo wetu unabaki kuwa uwekezaji wa mtaji wa awali ili kuwaza na kuratibu miradi, huku mtaji ya wahusika wengine ikitarajiwa baada ya kuanza kwa ujenzi wa mradi. Tunaendelea pia kutafuta mkopo baada ya kujenga mradi kama njia mojawapo ya uchangishaji wa mtaji,pamoja na matumizi ya fedha kutokana na uuzaji wa mashirika yetu ya zamani, ili kuendelesha harakati yetu ya ujenzi.

VIDOKEZO JUU YA MIRADI TUNAYOENDELESHA

TWO RIVERS

Jengo la Two Rivers Mall,ambalo ni nguzo yetu katika ujenzi linalopatikana kwenye eneo la ekari 102 yenye matumizi ya mseto,lilifunguliwa rasmi na Rais Uhuru Kenyatta mnamo 17 Februari 2017.

Jengo hilo la Two Rivers, likiwa na mraba wa mita 67,000 ya kupangisha ni kituo kikubwa zaidi cha biashara na burudani katika kanda ya Afrika Mashariki na ya Kati ,likiwa na maduka 200 ,amabayo asilimia 70 kati ya hayo yakiwa yamepangishwa.Kufunguliwa kwa Two Rivers ,ambalo pia lina bustani,kulipokelewa kwa msisimko na ,huku likivutia wageni milioni 1.5 waliozuru jengo hilo kwa miezi tatu ya kwanza.Aidha pamoja na maduka, jengo hilo lina nyumba mbili ya mraba wa mita 21,000 na ya ghorofa zenye matumizi ya ofisi.Ujenzi wa nyumba hizo ulikamilika kwenye kipindi hiki na upangishaji unaendelea kwa sasa. Pia mashirika ya Two Rivers Power na Two Rivers Water and Sanitation, ambayo ni kampuni tanzu, yanaendesha shughuli kikamilifu.

Kuhusiana na majengo mengine humo ni kwamba ujenzi wa hoteli ya kiwango cha 3* na ambayo inapakana kwa karibu, unakaribia kukamilika na pia ujenzi wa miradi mengine ya Centum humo yamepiga hatua kubwa, ukiwemo ujenzi wa hoteli ya kiwango cha 5*, vyumba aina ya apatment, hospitali, na eneo la kuegesha magari 2,400.

VIPINGO

Tumepiga hatua kubwa katika kuratbu awamu ya kwanza ya ujenzi wa mradi huu kwenye ekari 10,500 na unaopatikana katika kaunti ya kilifi. Maono yetu ni kujenga jiji la kimataifa hapo Vipingo na ambapo awamu ya kwanza ni matumizi ya ekari 400 ambazo zimeratibiwa kwa ujenzi wa nyumba za biashara, makazi, huduma za kijamii na viwanda.Tunanuia kuzindua ujenzi katika kipindi cha fedha cha 2018 na pia tunajadiliana na wahusika wengine ili kufanikisha ujenzi wa mradi huo.

KILIMO BIASHARA

Tulianza kujiingiza kwa shughuli za biashara kilimo kupitia uwekezaji wa kadiri hapo Nyandarua, nchini Kenya na ambao umefaulu kwa kuwa kampuni tanzu ya Greenblade Growers tunayomiliki kwa asilimia 100, hivi sasa inauza mboga na mimea mengine katika masoko ya ulaya.

Kuandamana na azma yetu ya kubuni shirika kubwa la Kilimo biashara, tulitumia fursa kubwa kwenye kipindi kutafuta shamba linalofaa kwa minajili ya kupanua shughuli za kilimo biashara.Mchakato huo ulihitimia kununuliwa kwa shamba la ekari 14,000 hapo Masindi, nchini Uganda,na tayari tunayo mpango wa kuanza kutumia shamba hilo, tukianza na ukuzaji wa Mahindi na Soya, hivi karibuni.

ELIMU

Jinsi tulivyoeleza, nia yetu katika sekta ya Elimu ni kuanzisha shule kadhaa kote katika bara la Afrika,chini ya Sahara ,zitakazotoa elimu ya hali ya juu na kwa gharama nafuu kupitia shule hizo zikimilikiwa kwa ushirikiano wa Centum,Investbridge Capital na SABIS,ambayo inahudumu kimataifa kwa maswala ya Elimu.Kuambatana na maono hayo ,tulizindua ujenzi wa shule ya kwanza katika kanda la Afrika Mashariki hapo Februari 2017.Shule inapatikana hapo kando ya barabara ya Kiambu Road na inatarajiwa kufunguliwa mnamo Septemba 2018. Shule itanufaika kutokana na mfumo na mwongozo wa elimu, unaojulikana kote duniani ya SABIS katika kutoa huduma za elimu ya hali ya juu kuanzia shule ya chekechea hadi gredi ya 12 na itakayochukua wanafunzi 2000 baada ya kukamilika.

VIDOKEZI JUU YA KITENGO CHENYE UKUAJI WA KASI

ALMASI BEVERAGES

Tumeendelea kujaribu kuinua shirika la Almasi Beverages ambayo ni wa pili kwa ukubwa miongoni mwa kampuni za Coca-Cola nchini Kenya, ikiwakilisha asilimia 30 sokoni ,kupitia kukuza taaluma ili kuboresha mauzo na kuongeza ujaziri katika utendaji kazi na hivyo kuongeza faida. Kwenye kipindi tunachochanganua tuliwekeza shilingi (k) bilioni 1 kwenye biashara hiyo, fedha zilizochangishwa kupitia toleo la hisa stahiki ambapo fedha hizo zilitumika pakubwa kwa ununuzi wa mitambo ya kutengenezea bidhaa pamoja na kuboresha mbinu wa uuzaji. Juhudi hizo zinaendelea kuzaa matunda, huku biashara hiyo ikionyesha dalili ya kufanya vyema na kubainishwa na kupatikana kwa faida ya Shilingi (k) bilioni 2 ikiwakilisha ongezeko la asilimia 28 dhidi ya faida ya mwaka uliopita.

SIDIAN BANK

Mabadiliko yaliyofanyiwa sheria za benki yaliyosababisha kukazwa kwa viwango vya riba yamepatia Benki zote nchini changamoto katika mazingira ya utendaji kazi, Sidian ikiwa mojawapo ya benki hizo ambazo ziliathirika kupitia mabadiliko hayo hasa kwa kuwa yalisababisha kupungua kwa faida kutokana na mapato ya riba.

Tumefanya juhudi kuhakikisha tunaboresha shughuli ya Benki ili kukabiliana na hali ya sasa katika soko,pamoja na kubadilisha mfumo kwa kuhamisha baadhi ya wateja hasa wale ambao akaunti zao zimelala, kuongeza ujasiri wa utendaji kazi na kutafuta jinsi ya kuchangisha fedha zenye gharama nafuu ili kumudu ada ya malipo kwa wateja walioweka akiba.

Hata ingawa kipindi hiki tunachochanganua kimekuwa kigumu kwa benki tunaimani kuwa hatua zote zinazochukuliwa zitaleta mafanikio na kuimarisha matokeo.

UUZAJI WA RASILIMALI

Kwenye mwaka tulifaulu kuuza umiliki wetu wa asilimia 26.4 katika shirika la Kenya Wine Agencies Limited (KWAL), rasilimali yetu ambayo tumeshikilia tangu zamani ambayo haikuwiana na mikakati ya Centum 3.0 na kupata faida ya shilingi (k)bilioni 1.1 kutoka kwa uuzaji huo. Pia tuliuza baadhi ya hisa katika shirika ya Platcorp ambapo tulipata faida ya shilingi (k) milioni 432.

SHUKURANI

Kwa niaba ya kundi la usimamizi, ningependa kushukuru Bodi ya wakurugenzi ya Centum kwa kuendelea kutuunga mkono kwenye kipindi kinachokamilika. Hasa napenda kutoa shukurani za dhati kwa Bw. Imtiaz Khan, Bw. Henry Njoroge na Dr. James McFie ambao watastaafu mwaka huu kutoka kwa bodi kwa michango yao binafsi au kwa pamoja katika ukuaji wa kampuni wakati wa hatamu yao katika bodi.

Pia napenda kutoa ahsante kwa kundi la usimamizi na kwa wafanyakazi wote wakiwa familia ya Centum inayozidi kuongezeka, kwa kujitolea kufanya kazi kwa bidii ambayo kwa mara nyingine imetuwezesha kupata faida jinsi tulivyoahidi kwa manufaa ya wenyehisa, licha ya hali ngumu katika soko. Ninaimani kuwa kwa pamoja tutaendelea kukuza Centum kuwa kampuni ya uwekezaji inayoongoza barani Afrika, kwa ari na bidii.

Dr. James Mworia, CFA
Afisa Mkuu Mtendaji

FINAN-CIAL REVIEW

BACKGROUND TO OUR CONSOLIDATED FINANCIAL STATEMENTS

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

Notably, in the last two years, the consolidated financial statements have included beverage sales and financial services income as new revenue streams. In the current financial year, new revenue streams include agribusiness, power and water utility sales and publishing.

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

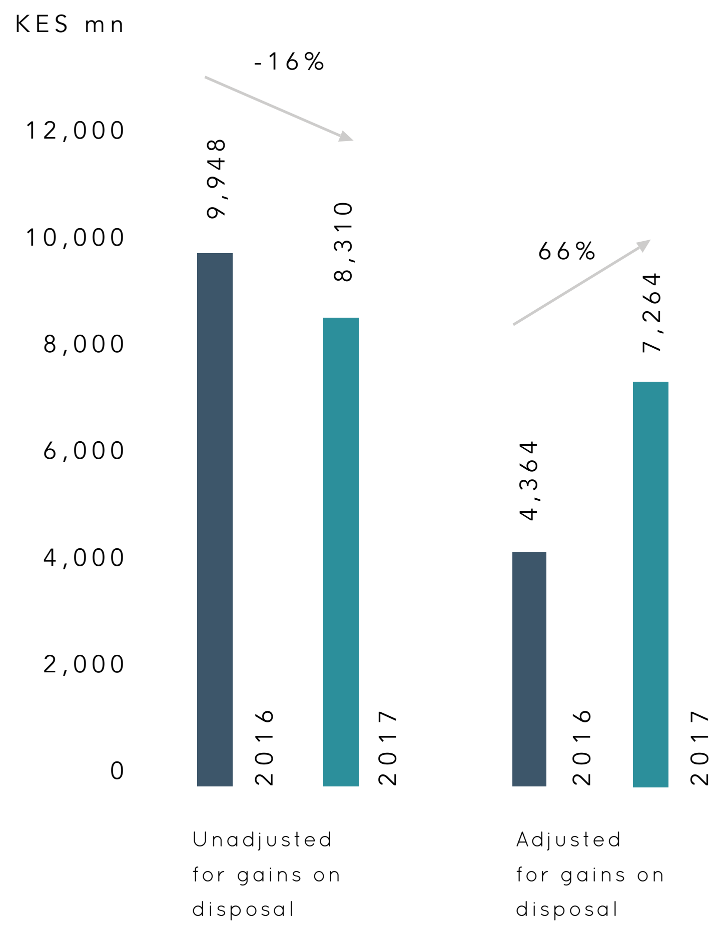
a) Real Estate portfolio;
b) Development portfolio, representing those investments, outside of real estate, that are still under development.
c) Growth portfolio, representing our trading subsidiaries or investments that have progressed from development to a cash generative stage. Investments under this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

Operating cash flow at the Group Center is primarily generated from dividends, interest income and proceeds from exits in the growth and the marketable securities portfolios. Retained earnings in subsidiaries under the growth portfolio, are generally available for dividend distribution to the Center. However, the Group exercises a prudent dividend policy that ensures the subsidiaries are able to finance their growth.

GROUP PERFORMANCE

The Group reported a profit after tax of KES 8.3 Billion, representing a 16% decrease from 2016, driven by lower gains on disposal compared to the previous period realized gains on disposal. Adjusted for the gains on disposal, the group profit after tax increased by 66% year on year.

GROUP PROFIT AFTER TAX



SEGMENTAL PERFORMANCE

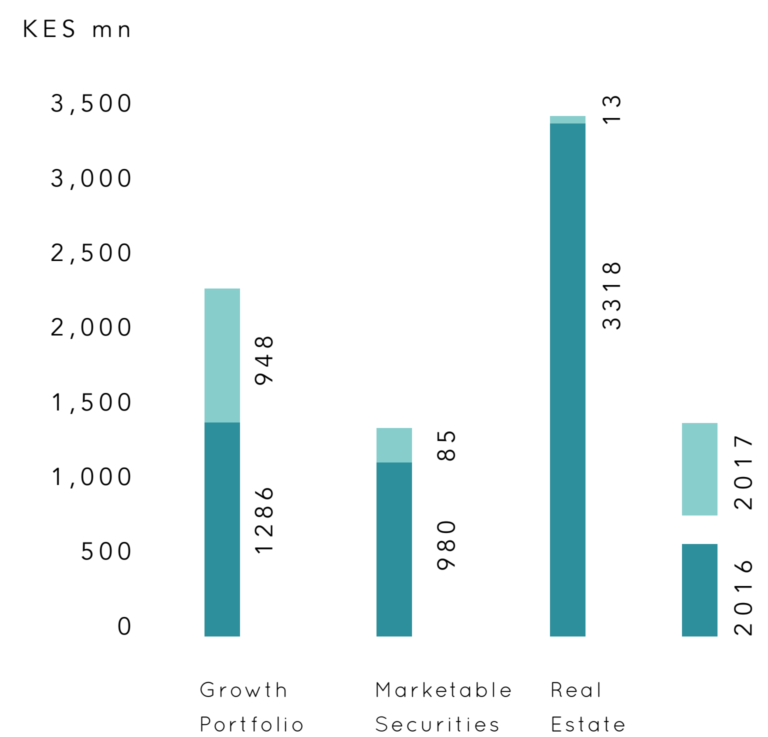
In keeping with the evolving nature of the Group's businesses and operations, the consolidated income statement has been presented such that performance is further segmented by trading subsidiaries, financial service subsidiaries and core investment income.

CORE INVESTMENT INCOME

The Group's realised gains on disposal of investments decreased by 81% compared to the prior financial year.

In the prior year, the Group partially disposed of its stake in the Two Rivers Mall, reducing its holding to 50%. The Group also completed an exit in Aon Insurance Brokers Limited and disposed of a portfolio of listed securities, both of which had resulted in a realised gain of KES 2.2 bn.

REALISED GAINS



In the current year, Centum completed an exit of its 26.43% stake in Kenya Wine Agencies Limited (KWAL), realising a gain of KES 1.1 bn at Company level and KES 516 mn on consolidation after adjusting for previously recorded share of KWAL profits. The Group also partially exited its stake in Platcorp Holdings Limited through sale of an 8% stake, realising a gain of KES 432 mn. Trading transactions in the Group's quoted securities portfolio were nominal, in light of depressed markets in the financial year. However, other investment income increased by 11% over the prior year.

TRADING SUBSIDIARIES

The Group's trading subsidiaries include the beverage, agribusiness, utilities and publishing businesses. The business segment recorded an overall growth of 76% in trading profit.

On the beverage business, a 37% growth in trading profit was achieved. This growth reflects increased cost efficiencies arising from recent investments in new RGB and PET lines at Almasi Beverages Limited.

Performance in this segment was also driven by the first-time consolidation of Longhorn Publishers Limited, following acquisition of control in May 2016.

The Group's utility subsidiaries that provide power and water at the Two Rivers development became operational in the current year and have contributed to this trading profit growth. The robust performance of this business segment reflects the strong Earnings Before Interest and Tax (EBIT) performance of the subsidiaries.

FINANCIAL SERVICES

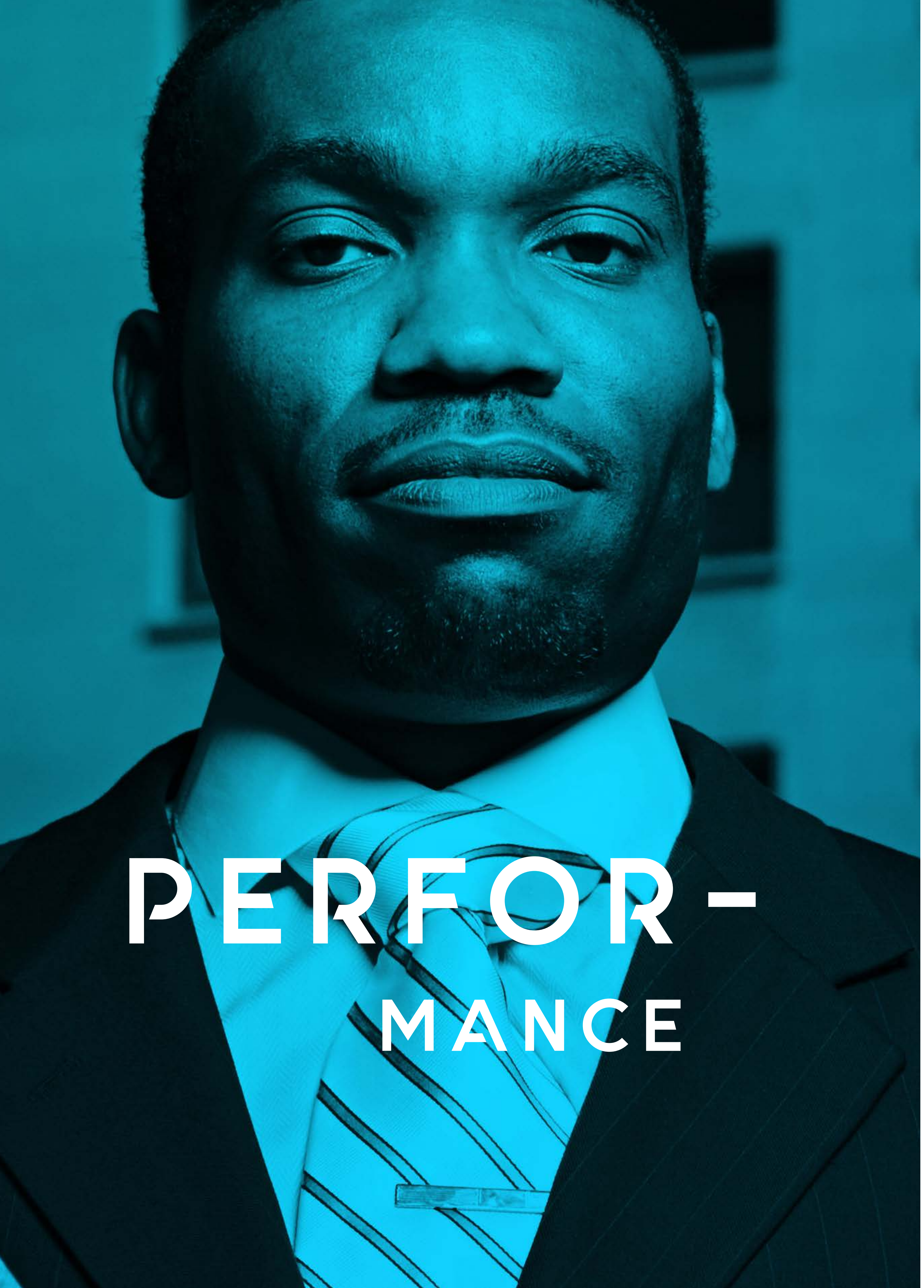
The Group's financial services subsidiaries include Sidian Bank Limited, Nabo Capital Limited and GenAfrica Asset Managers Limited, both of which are asset managers. In the current financial year, the Group also incorporated a new leasing subsidiary, Zohari Leasing Limited.

The operating profit of the financial services business dropped by 67% primarily driven by Sidian Bank's performance, which was adversely affected by the interest rate capping law which came into effect in September 2016. The bank has put in place strategic initiatives that will see it reduce its cost of funding and operating costs. Those initiatives include a restructuring exercise, investment in technology driven distribution channels and investment in additional capacity to grow its corporate banking unit. In June 2016, the Bank completed its rebranding program. The attaching rebranding costs and the one-off restructuring costs led to an increase in the Bank's cost base, which together with the adverse impact of interest rate caps on interest income resulted in a recorded loss before tax of KES 168 mn over the 12- month period ended March 2017.

The asset management businesses recorded a 27% drop in operating profit, reflecting the general performance of markets as a significant component of their fees is based on investment portfolio performance.

SEGMENTAL REVIEW BY INVESTMENT CATEGORY

As previously highlighted, management also segments the investment portfolio into the growth, marketable securities, real estate and development portfolios for performance review purposes.



THE GROUP'S PERFORMANCE, PRESENTED UNDER THIS ALTERNATIVE SEGMENTATION IS SET OUT BELOW:

	March '17 KES mn	March '16 KES mn
GROWTH PORTFOLIO		
Gross income	13,479	12,190
Direct and other operating costs	(11,818)	(10,88)
Gross profit	**1,661**	**1,303**
Dividend income	216	178
Share of associates profits	1,347	1,074
Core profit before realized gains	**3,224**	**2,555**
Realized gains on disposal	948	1,286
Profit before tax	**4,172**	**3,841**
MARKETABLE SECURITIES AND CASH		
Investment income	612	2,020
Portfolio costs	(84)	(55)
Profit before tax	**528**	**1,965**
REAL ESTATE		
Unrealized gains	6,452	5,119
Realized gains	13	3,318
Portfolio costs	(203)	(477)
Profit before tax	**6,262**	**7,960**
DEVELOPMENT PORTFOLIO		
Income	135	54
Portfolio costs	(272)	(62)
Loss before tax	**(137)**	**(8)**
Total group operating income	**10,826**	**13,758**
Group operating and administrative costs	(835)	(903)
Group finance costs	(1,048)	(1,982)
Profit before tax	**8,943**	**10,873**
Profit after tax	**8,310**	**9,948**

COMPANY PERFORMANCE

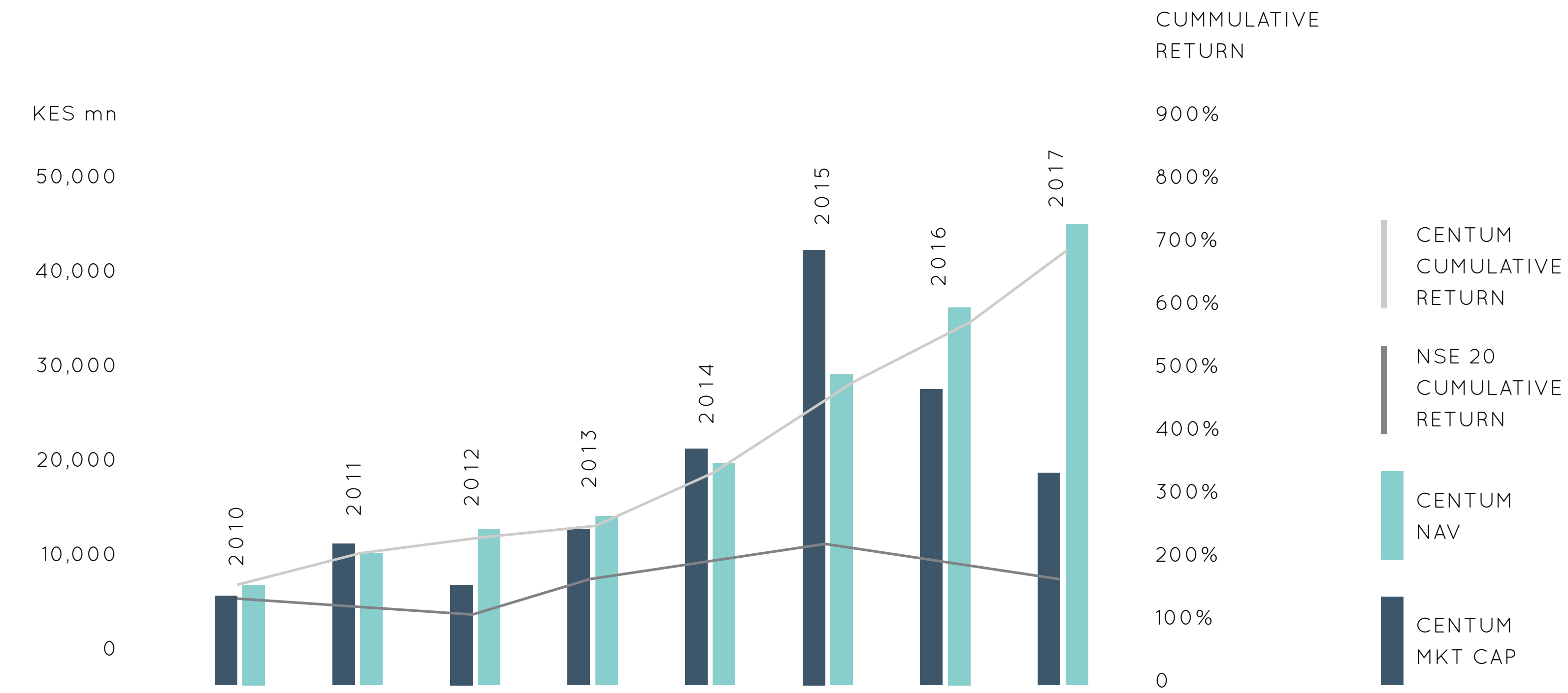
At company level, our performance is measured on the basis of the Total Return Statement, which reflects the value and performance of the underlying investments and consequently the value generated for our shareholders.

TOTAL RETURN STATEMENT

	March '2017 KES mn	March '2016 KES mn
Dividend Income	1,765	2,671
Interest Income	1,326	676
Other Income	146	8
Realised Gain	1,063	990
Gross Return	**4,300**	**4,345**
Portfolio Costs	(798)	(877)
Finance Costs	(1,754)	(1,511)
Tax	(178)	(87)
Profit After Tax	**1,570**	**1,820**
Unrealised Gains	4,925	5,812
Deferred Tax	(337)	(306)
Total Return	**6,158**	**7,376**
Opening NAV	39,314	31,939
Gross return as a percentage of opening net asset value	16%	23%

We benchmark our percentage return to general market returns, in our case, the NSE 20 Share Index. The company's total return compared favorably with the NSE 20 Share Index, which recorded a 22% decline.

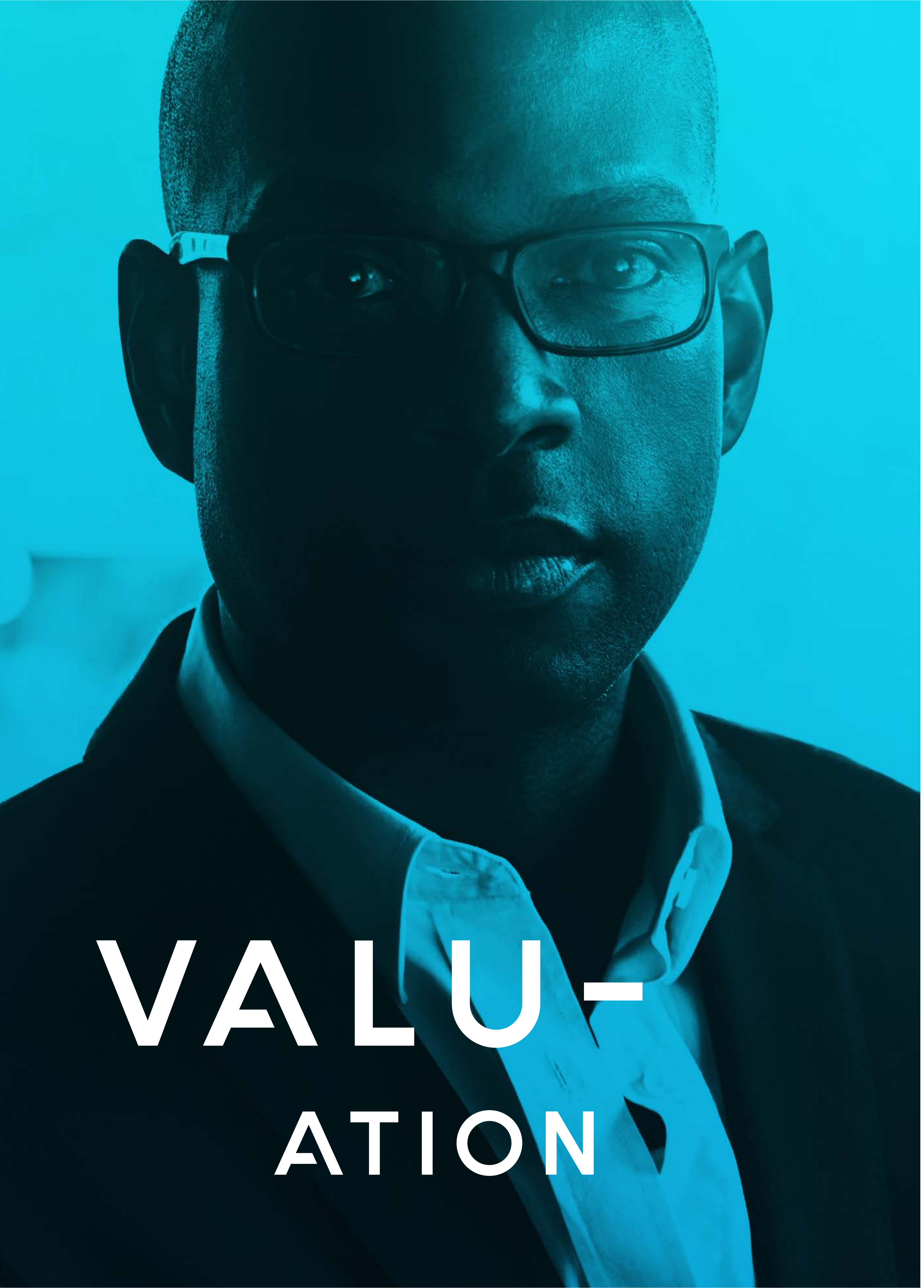
The performance in total returns is reflected in the 14% growth in the book value of shareholder funds, which closed at KES 44.8 bn. The Net Asset Value (NAV) per share increased from KES 13.8 in 2010 to KES 67.34 as at 31 March 2017, representing an increase of 388% and a compounded annual growth rate of 26% over the last seven years. Consequently, the cumulative return on shareholder funds has grown by 5x compared to the NSE 20 Share index that has cumulatively grown 1.13x over the same period, as illustrated on the following page.



CENTUM BOOK VALUE AND MARKET CAP FY 2010 TO FY 2017

THE SECTORAL ANALYSIS OF NAV AND NAV PER SHARE ARE ANALYSED BELOW:

SECTOR	ASSETS	TOTAL LIABILITIES	NAV	NAV PER SHARE
	(KES mn)	(KES mn)	(KES mn)	(KES mn)
Real Estate	26,023	9,198	16,825	25.28
FMCG	12,419	1,567	10,852	16.31
Financial Services	8,264	1,277	6,987	10.5
Others	4,759	381	4,379	6.58
Marketable Securities	5,981	1,617	4,364	6.56
Power	3,496	2,150	1,347	2.02
Agribusiness	277	224	53	0.08
Education	295	295	-	-
Healthcare	55	55	-	-
TOTAL	**61,569**	**16,764**	**44,807**	**67.33**



THE TOP 10 INVESTMENTS THAT CONSTITUTE 82% OF THE COMPANY'S NAV PER SHARE ARE SET OUT BELOW:

ENTITY / INVESTMENT	CONTRIBUTION TO NAV PER SHARE
	KES
Two Rivers Development Limited	10.59
Almasi Beverages Limited	9.56
Vipingo Development Limited	6.64
Nairobi Bottlers Limited	6.27
Two Rivers Mall	4.51
General Motors Limited	4.33
Platcorp Limited	3.98
Sidian Bank Limited	3.88
Marketable securities	3.31
GenAfrica Investment Management Limited	2.09
Sub-Total	55.16
Others	12.18
Total NAV per Share	67.34

COST EFFICIENCY

Centum's cost efficiency metric is defined as the portfolio costs which include operating and administrative expenses as a percentage of the closing assets. Centum's target is to maintain this ratio at below 2%.

Performance in the year is set out below:

KES Million	Year ended 31 March 2017 KES Million	Year ended 31 March 2016 KES Million
Portfolio costs	798	877
Closing portfolio value	61,570	51,543
Cost efficiency	1.3%	1.7%

PORTFOLIO VALUATION

A key management control in evaluating the reasonableness of the Company's portfolio valuation is the comparison of proceeds from an exit transaction and the carrying value of the asset in the last audited financial statements. A summary of transactions closed in the last three years, showing sales proceeds and the asset carrying value is set out below.

Year	Investment	Carrying value KES'000	Sale proceeds on exit KES'000
2015	UAP Insurance Company Limited	2,267,509	5,233,445
2016	Aon Minet Insurance Brokers Limited	966,436	1,027,837
2017	Kenya Wine Agencies Limited	738,000	1,080,000
2017	Platcorp Holdings Limited*	761,135	813,432

*Based on the 8% partial exit

In the current year, we have enhanced the quality of disclosures on the valuation of our investment portfolio. The key assumptions and the quantitative data applied in the valuation is set out under Note 1.5 of the financial statements on page 151.
We summarise below the valuation basis by each investment.

GROWTH PORTFOLIO ASSETS (KES mn)	CARRYING EQUITY	VALUE DEBT	TOTAL	VALUATION BASIS FOR EQUITY COMPONENT	EFFECTIVE MULTIPLE
Almasi Beverages Limited	7,716	-	7,716	EBITDA Multiple	6.77x
Nairobi Bottlers Limited	4,388	-	4,388	EBITDA Multiple	6.77x
Sidian Bank Limited	3,232	-	3,233	Price to Book multiple	1.06x
Platcorp Holdings Limited	2,117	534	2,651	Recent transaction	
GenAfrica Asset Managers Limited	Not Disclosed			% AUM	0.90%
Nabo Capital Limited	411	354	765	NAV	
Longhorn Kenya Limited	738	-	743	Market	
Zohari Leasing Limited	208	-	203	NAV	
Athena Properties Limited	25	0.5	26	NAV	
Sub Total	**20,241**	**888**	**21,129**		
Development Portfolio					
Amu Power Limited	2,144	-	2,144	Cost	
Akiira Geothermal Limited	1,347	-	1,347	Cost	
King Beverage Limited	-	310	310	Cost	
ACE Holdings Limited	295	-	295	Cost	
Greenblade Growers Limited	207	62	269	NAV	
Sub Total	**3,993**	**372**	**4,365**		
MARKETABLE SECURITIES AND EQUITY INVESTMENTS (<20%) (KES mn)	**CARRYING EQUITY**	**VALUE DEBT**	**TOTAL**	**VALUATION BASIS FOR EQUITY COMPONENT**	**EFFECTIVE MULTIPLE**
Marketable Securities	3,234	-	3,234	Market	
Cash	2,447	-	2,447	Cost	
General Motors	3,027	-	3,027	Recent transaction	
NAS Servair	Not Disclosed			EBITDA	Multiple 3.68x
Sub Total	9,473	-	9,473		
Real Estate					
Two Rivers Development Limited	9,112	2,774	11,886	Valuation	
Two Rivers Lifestyle Centre	4,221	-	4,221	Market transaction	
Vipingo Development Limited	5,040	672	5,713	Valuation	10,254 Acres
Pearl Marina	861	3,317	4,178	Valuation	384 Acres
Sub Total	**19,234**	**6,763**	**25,997**		
OTHERS					
Centum Business Solutions Limited	18	201	219	NAV	
Receivables and other assets	386	-	386	Cost	
	404	**201**	**605**		
TOTAL ASSETS	**53,345**	**8,225**	**61,570**		

FUNDING AND GEARING

The Company's cash and cash equivalents as at 31 March 2017 stood at KES 2.4 bn.
Liquidity and gearing position as managed at Company's level are summarised below:

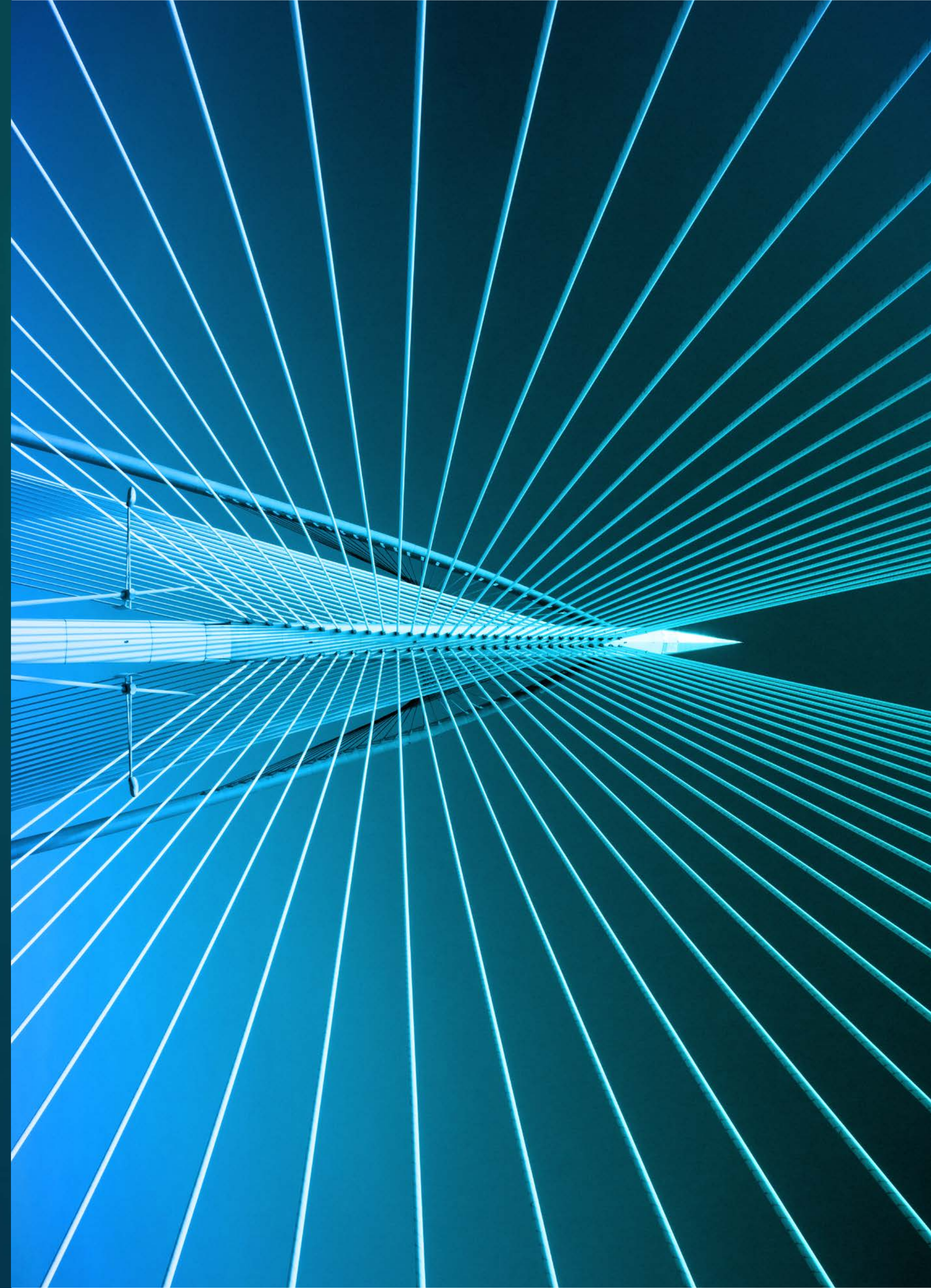
	Mar-17 KES Million	Mar-16 KES Million
Cash and cash equivalents on the Company's balance sheet	2,447	3,916
Marketable securities held in securities investment SPVs	3,089	2,918
Sub-Total	**5,536**	**6,834**
Total Equity	44,729	39,314
Net Debt (Total debt less cash) on the Company's balance sheet	12,209	6,559
Gearing	**27.29%**	**16.70%**

Committed undrawn overdraft facilities at 31 March 2017 amounted to KES 518 mn and the liquidity available to the Company was therefore KES 6,054 mn.
During the period, the Company closed an 18-month facility of USD 30 mn with FirstRand Bank Limited (through its Rand Merchant Bank Division) that was deployed towards funding capital investments.

The gearing position is projected to trend downwards in the new financial year.

KES. mn	Mar 2017	Mar 2016
Bond 1-Fixed Rate 13.5% and Equity Linked Notes at 12.75%	4,315	4,425
Bond 2- Fixed Rate 13% and Equity Linked Notes at 12.5%	6,285	6,050
USD 30 million RMB bridge financing facility	3,081	-
Bank overdraft	975	-
Total Borrowings	**14,656**	**10,475**

PORT-FOLIO REVIEW



We are developers and promoters of investment grade opportunities of scale for down-stream investors in our eight sectors of focus under Centum 3.0 Strategic Plan.

REAL ESTATE PORTFOLIO

TOTAL ASSETS;
KES 26 bn

ATHENA
TWO RIVERS
PEARL MARINA
VIPINGO

DEVELOPMENT PORTFOLIO

POWER
TOTAL ASSETS;
KES 3.5 bn

AMU POWER
AKIIRA ONE

AGRIBUSINESS
TOTAL ASSETS;
KES 0.3 bn

GREENBLADE GROWERS

EDUCATION
TOTAL ASSETS;
KES 0.3bn

HEALTHCARE
TOTAL ASSETS;
KES 0.1 bn

GROWTH PORTFOLIO

FINANCIAL SERVICES
TOTAL ASSETS;
KES 8.3 bn

NABO
SIDIAN BANK
ZOHARI
GEN AFRICA
PLATINUM

FMCG
TOTAL ASSETS;
KES 12.4 bn

ALMASI BEVERAGES
KING BEVERAGE
NAIROBI BOTTLERS

OTHERS
TOTAL ASSETS;
KES 4.8 bn

GENERAL MOTORS
NAS SERVAIR
LONGHORN PUBLISHERS
CENTUM BUSINESS SOLUTIONS

MARKETABLE SECURITIES PORTFOLIO AND CASH

TOTAL ASSETS;
KES 6 bn

CENTUM EXOTICS

The Group's objective within the Real Estate sector is to develop new urban nodes across the East African region that represent investment grade assets of scale.

Centum's Value Creation Process in the Real Estate sector involves:

01

ACQUISITION OF LAND IN STRATEGIC LOCATIONS

02

MASTER PLAN DEVELOPMENT AND OBTAINING APPROVALS

03

ATTRACTING THIRD PARTY CAPITAL AT DEVELOPMENT LEVEL

04

DEVELOPING INFRASTRUCTURE AND SELECT IN FILL DEVELOPMENTS

05

AVAIL CONSTRUCTION READY SITES TO INVESTORS IN LINE WITH MASTER PLAN

06

UNDERTAKE URBAN MANAGEMENT OF DEVELOPMENTS

Our portfolio in the Real Estate Sector as at end March 2017 was as outlined below:

ATHENA
STAKE: 100%

Athena Properties Limited ("Athena"), a wholly owned subsidiary of Centum, offers end to end real estate solutions including project setup, master planning, project development, project management and real estate leasing and operations.

During the last financial year, Athena Properties led the development of the following projects: in the following projects :-

TWO RIVERS DEVELOPMENT LIMITED
- Completion of Two Rivers infrastructure namely gatehouses, security installations, roads and landscaping

VIPINGO DEVELOPMENT
- Securing of all necessary approvals to kick start Phase 1 development which will focus on the construction of a commercial centre, development of an industrial park and the sale of plots

PEARL MARINA
- Completion of construction of a show house cluster

TWO RIVERS
STAKE: 58.3%

Two Rivers Development Limited ("TRDL"), a subsidiary of Centum, owns a 102 acres master planned development in Gigiri, Nairobi, with Two Rivers Mall as the anchor investment. Two Rivers Development Limited owns a 50% stake in Two Rivers Lifestyle Centre Limited ("TRLC").

During the year ended March 2017, the Two Rivers Mall was successfully launched with the Mall attracting over 1.2 mn visitors and over 400,000 cars in its first 3 months of operations. The Two Rivers Theme Park was also launched to the public which has proved to be a key attraction to visitors of all age groups within the development. The attractions include a 30-meter-high Flume Ride, Dancing Fountains and an Aqua Play area. Others in the pipeline include: a Ferris Wheel, Vox Cinemas, 17 meter drop tower, Go Karts and Air Shots

In the year under review, TRDL also invested a further KES 2.1 bn into the infrastructure. This enabled the completion of all main infrastructural components which includes roads, water, power and security servicing phase 1 of the development.

TRDL also successfully operationalised key infrastructure components through its subsidiary companies; Two Rivers Power Company ltd (`TRPC') and Two Rivers Water Company Ltd (`TRWC') with all key infrastructure components serving phase 1 of the development being commissioned.

TRPC launched its 1.2 MW Solar PV project and is currently supplying an average yield of 150,000 kWh of clean energy per month. In total, TRPC is currently supplying over 800,000 kwH of power to consumers within the development every month, with demand expected to soar in the next financial year as more developments come on board.

TRWC operationalised its state of the art water treatment plant with a capacity of supplying 2,000 cubic meters per day of water to the development.

TRDL also launched security systems at the development, key among them being the security operations centre which is the nerve centre of all security operations.

Going forward, TRDL will roll out its Phase 2 infrastructure project aimed at servicing the remaining land in Two Rivers. This will involve laying trunk infrastructure up to the plot boundaries.

TRDL will also roll out an intensive plot sales campaign aimed at selling bulk rights of the serviced land.

TRDL has also partnered with an event planning, production and management company based in Nairobi to put up a state of the art conference dome with the capacity to host 3,000 delegates in one sitting. The dome is set for launch within the financial year ending 31st March 2018.

In addition, TRDL also anticipates the launch of a three-star City Lodge Hotel within the next financial year.

REAL ESTATE PORTFOLIO

TWO RIVERS LIFESTYLE CENTRE

STAKE: 29%

Two River Lifestyle Centre Limited ("TRLC") is a jointly controlled entity by Two Rivers Development Limited (a subsidiary of Centum) and Old Mutual Properties Africa.

Two Rivers Lifestyle Centre (Two Rivers Mall) signifies a major step towards the realization of the Kenya's development blue print Vision 2030 which places the country as a regional commercial, retail and hospitality hub.

Two Rivers Mall was successfully launched on the 17th February 2017 by H.E. CGH. President Uhuru Kenyatta with the mall recording 78,242 visitors in its first Sunday of opening, a record mall attendance in the country and in the region.

The development comprises of 67,000 SqM of retail coupled with 18,000 SqM of offices.

In the current Financial Year, Two Rivers Mall will focus on:

CINEMAS
Establishing the first Vox Cinema in the region whose construction is set to commence in the last quarter of 2017 and expected to open doors by the third quarter of 2018.

RETAIL
Progressive increased occupancy of the retail and office spaces with the aim of achieving full occupancy.

OFFICES
The launch of the Two Rivers Lifestyle Centre office towers which will host Grade A offices for both corporate and individual occupants.

PEARL MARINA

STAKE: 100%

Pearl Marina Estates Limited, a wholly owned subsidiary of Centum, is a ~350 acre mixed use development located on the Garuga Peninsula, Entebbe, Uganda.

During the year, construction of Phase I villas and infrastructure was completed. The infrastructure includes bituminous roads, paved walk ways and sewer system. The villas are 3 and 4 bedroomed, with Italian kitchen and bedroom fittings, with sales of the villas to commence in FY 2018.

In addition, land was reclaimed to accommodate phase 2 infrastructure, which mainly includes the beach and the board walk.

The primary focus of activity in FY 2018 will be the construction of Phase 2 infrastructure, including a board walk, water features, jetty and beach.

VIPINGO DEVELOPMENT

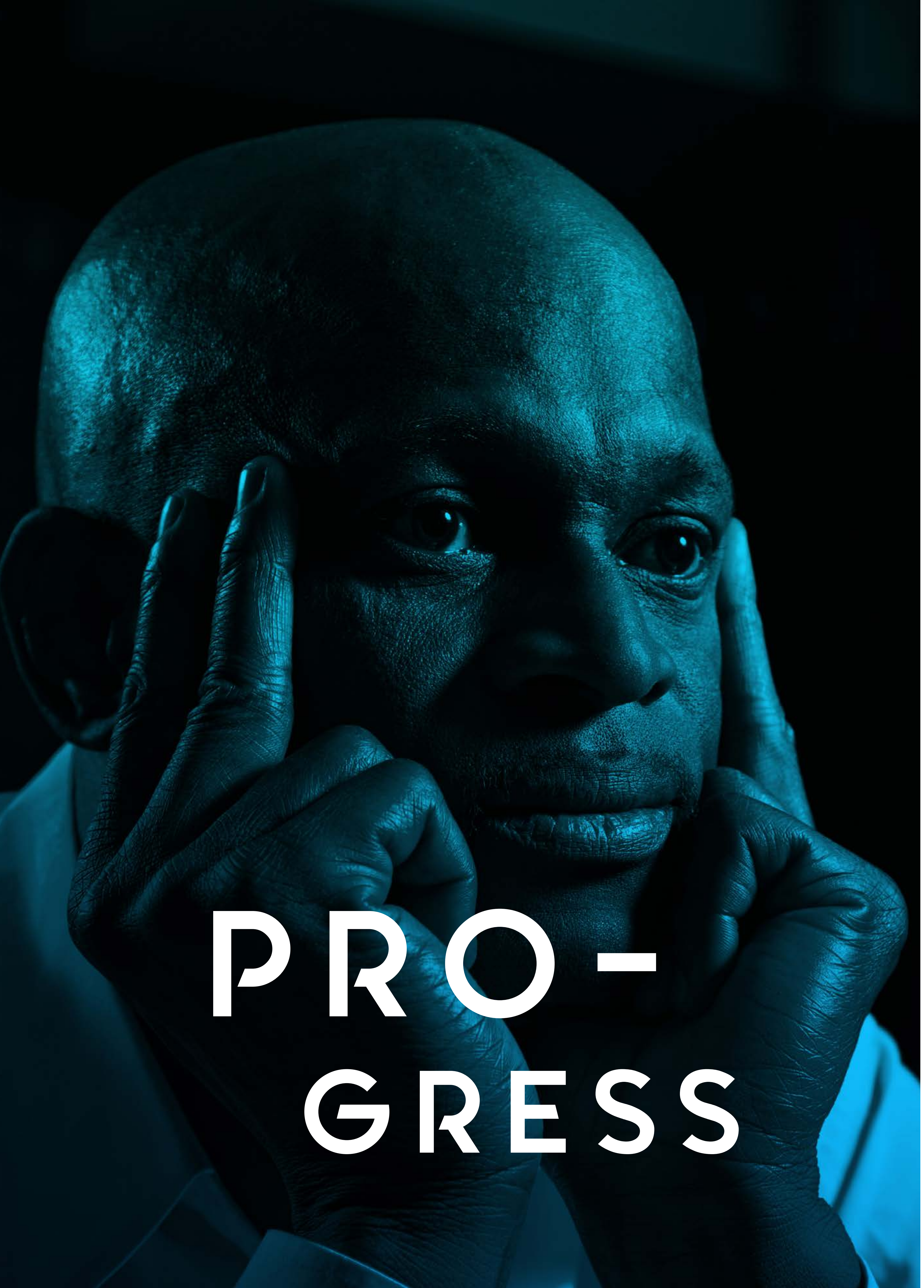
STAKE: 100%

Vipingo Development Limited is a wholly owned subsidiary of Centum comprising 10,254 acres of land in Kilifi County, Kenya.

During the period under review, significant effort was placed on securing all the necessary approvals to commence with the first phase of development of this project, in line with the Group's vision of establishing a new city. Approvals obtained include:

- Master plan approval
- Phase 1 development approvals
- Change of user approval
- NEMA approval for Phase 1 infrastructure
- Phase 1 Infrastructure designs approval

The focus in FY2018 will be on the commencement of construction of a 200 acre industrial park, a commercial centre and a residential estate.



POWER

Our portfolio in the Power Sector as at end March 2017 was as outlined below:

AMU POWER
STAKE: 51%

Amu Power Limited, is the project company for the 1,050MW coal power plant in Manda Bay, Lamu County, Kenya.

The project remains on course towards achieving financial close, with significant progress having been achieved as at March 2017.

Key milestones achieved are outlined below:

- Debt Term sheet with the senior lenders executed
- Engineering, Procurement & Construction(EPC) contract executed
- Resettlement Action Plan (RAP) terms finalized
- Operation & Maintenance(O&M) term sheet signed
- All county approvals secured
- Government Letter of Support, ESIA, Fuel Supply Agreement and Generation License are at an advanced stage of completion

AKIIRA GEOTHERMAL
STAKE: 37.5%

Akiira Geothermal Limited is the project company undertaking the development of a 140MW geothermal power plant in the Olkaria region of Nakuru County. The project will be undertaken in two phases, with the first 70MW.

Upon completion, the Akiira geothermal power plant will be the largest privately owned greenfield geothermal development in Sub-Saharan Africa.

During the year, the company undertook exploratory drilling, and also secured project documentation in line with the ongoing efforts to attain financial close.

Key milestones attained on the project are outlined below:

- Power Purchase Agreement signed
- Drilling contract executed
- Debt Term sheet with senior lenders signed
- Land purchase process has commenced
- Government Letter of Support is at an advanced stage of completion

AGRIBUSINESS

Our portfolio in the Agribusiness Sector as at end March 2017 was as outlined below:

GREENBLADE GROWERS
STAKE: 100%

Greenblade Growers Limited, incorporated in November 2015, is a wholly owned subsidiary of Centum.

The Company made its initial investment by acquiring 120 acres of agricultural arable land in Tumaini, Nyandarua County.

Greenblade's primary focus is in the growing, processing and export of fresh herbs and vegetables to customers based in Europe with key products for export being chives, dill, mint, tarragon, parsley, lemon grass, wild rocket, rosemary and coriander.

In the last Financial Year, the business made its first export sale to Europe which was undertaken in December 2016. In addition, the business made significant capital investments which included the construction and completion of production infrastructure works, the construction of 29,000 cubic metre capacity water reservoir, installation of a drip irrigation system, construction of 15 acres of greenhouse and the construction of a 6 tons per day capacity pack-house on the Tumaini farm.

In the current Financial Year, key focus for the Business will be on scaling up its operations and processing capacity.

LULU FIELDS LIMITED

STAKE: 100%

Lulu Fields Limited is a wholly owned Centum subsidiary.

Subsequent to the close of our financial year, we acquired 14,000+ acres of agricultural land in Masindi, Uganda with plans underway to roll out a large scale integrated grain growing enterprise that will serve to increase the grain supply within the Sub-Saharan region.

EDUCATION

Centum entry into the Education Sector will be undertaken through Africa Crest Education (ACE) Holdings, a consortium formed with Investbridge Capital, a Dubai-based investment bank, and SABIS®, a school operator with 130 years' experience and a presence in five continents comprising more than 70,000 students in 57 schools.

Africa Crest Education (ACE) Holdings has a vision is to pen 20 schools in Sub-Saharan Africa which will be anchored on an affordable, world class and holistic learning that incorporates cutting edge technology raising the bar on affordable quality education service provision across the continent.

In FY 2017, we successfully broke ground on the first school, which is set on 20 acres along Kiambu Road. Upon completion of phase 1, the school will have a capacity of 1,200 students, which is expected to ramp up to 2,000 capacity upon completion of phase 2. The school will cater for students from kindergarten to Grade 12, with the target date for commencement of operations being September 2018.

HEALTHCARE

Centum's overarching vision within healthcare is to develop a market-leading integrated care platform. This platform, leveraging on both processes and technology, will represent an attractive investment opportunity to drive maximum value creation for our shareholders.
During FY 2017 we significantly progressed project development on our greenfield healthcare play, including identifying a world class healthcare operator to partner with us in the realisation of our vision of establishing a leading healthcare delivery platform anchored on quality, accessibility and affordability.

We anticipate breaking ground on our first facilities, which will include a hospital at Two Rivers, in FY 2018.

FINANCIAL SERVICES

Our portfolio in the Financial Services Sector as at end March 2017 was as outlined below:

SIDIAN BANK

Stake: 74.8%

Sidian Bank, is a full-fledged commercial bank providing an array of financial services to individuals and enterprises.

The bank, formerly known as KREP, has been a leading player in Kenya's enterprise banking sector. Sidian Bank's objective is to create wealth through the provision of transformational financial solutions that meet entrepreneurs' needs and facilitate growth through convenience and choice.

During the year, the interest rate capping was introduced through the amendment of the Banking Act which has resulted in a challenging operating environment for the industry due to the compression of interest income.

The challenging operating environment notwithstanding,the bank made significant headway in key facets of Business. In May 2016, the bank partnered with Uber to launch an innovative KES 10Bn 'Uber Vehicle Solutions Program' which is a vehicle financing program. In November 2016, the bank concluded a Voluntary Early Retirement exercise due to the shift in its operations to digital channels and in optimizing its operational efficiency.

Going forward, the bank will implement initiatives geared at optimizing performance under the unfavorable market conditions which includes:
- Significant focus on refreshing product base to drive conversion of large base of multi-banked/dormant account holders
- Shift towards non-funded income
- Sustained focus on enhancing operational efficiency
- Capacity investment to grow corporate banking
- Significant investment in technology channels
- Closing on long term and lower priced funding to manage cost of deposits

PLATINUM CREDIT

STAKE: 25%

Platcorp Holdings Limited is the investment holding company for Platinum Credit and Premier Credit Limited with operations in Kenya, Uganda and Tanzania.

Platinum Credit provides emergency loans to Civil Servants, TSC Members as well as employees of select companies. The micro-lender has expanded its regional footprint and currently serves over 80,000 customers across the region.

Premier Credit, a credit only micro-finance provider, serves both entrepreneurs and corporates as well as government entities.

During the year, Centum undertook a partial divestment on its 35.6% stake bringing our shareholding to 25.0% and realising a gain of KES 432 mn.

Going forward, Platinum will continue to focus on growing its market share as it seeks looks to expand its branch network across East Africa.

GENAFRICA

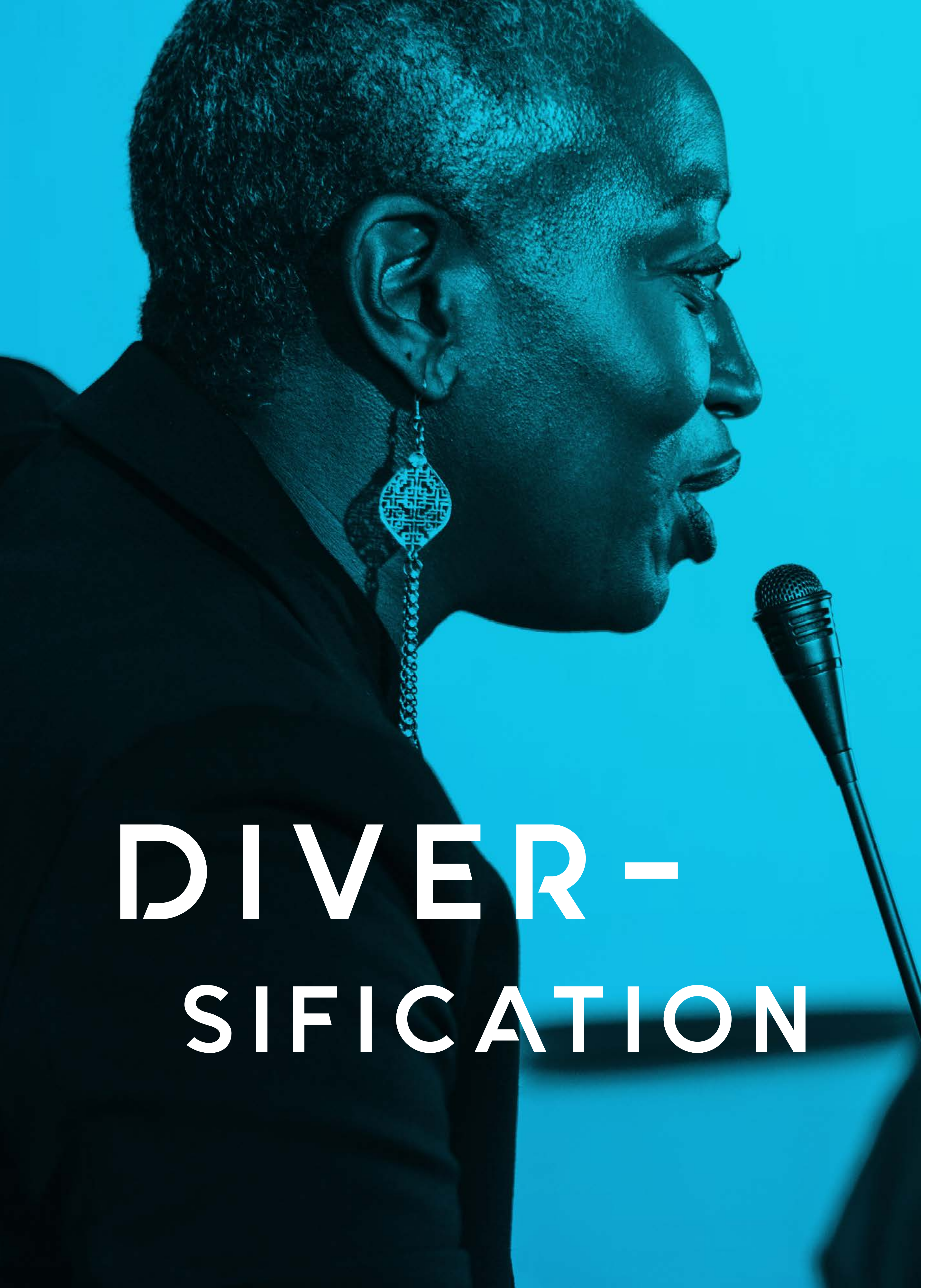
STAKE: 73.4%

GenAfrica is the second largest asset manager in the region, providing specialist investment management services to institutional clients in Kenya and Uganda.

During the year, the company launched an income drawdown fund which succeeded in attracting assets in excess of USD 4 mn.

The business also recorded a growth in Assets Under Management ("AUM"), from KES 145 bn in the previous year to KES 157 Bn. This was against the backdrop of a depressed NSE for most of year, and translated to a Return on Equity of 57% on opening shareholder funds.

In FY 2018, GenAfrica will focus on growing its market share, and launching new products aimed at scaling up its AUMs.



NABO CAPITAL
STAKE: 100%

Nabo Capital Limited ("Nabo"), formerly Centum Asset Managers, is a wholly owned subsidiary of Centum. Nabo's core business revolves around the management of traditional asset classes such as equities, money markets, fixed-income portfolios, alternative asset classes such as real estate, securitizations and private instruments.

Nabo's clients include endowments, sovereign entities, private clients and institutions. The company also provides an array of investment advisory services to corporate, partnership, institutional and private clients, including structured products for debt and equity capital markets.

FY 2017 was a challenging year for active, alternative asset managers such as Nabo Capital. The difficult operating environment characterized by declining equity markets, low interest rates and unexpected regulatory events resulted in subdued portfolio return. However, Nabo achieved positive net-inflows and signed new client mandates which going forward will contribute meaningfully to its assets under management as well as drive revenue growth and profitability.

Nabo also maintained a strong financial position and currently holds capital significantly in excess of regulatory requirements. As at 31 Dec 2016, total AUM's as at December 2016 stood at just over KES 12Bn.

In FY2018, Nabo expects asset inflows and investment performance may be impacted by market uncertainty being an election year in Kenya. However, with its broad product range and market diversification of its investments across Sub-Saharan Africa, Nabo is well placed to continue to grow the business in an uncertain environment.

ZOHARI LEASING
STAKE: 100%

Zohari Leasing Limited ("Zohari"), incorporated in April 2016, is a wholly owned subsidiary of Centum.

Zohari provides leasing solutions to SMEs across various sectors by funding an array of assets including motor vehicles, agricultural equipment, ICT equipment and retail fit-outs. Since its inception, Zohari has scaled its balance sheet and funded over KES 290 mn in leases.

Going forward, Zohari aims to drive execution of its ambitious 5-year strategy to become a market leader in the leasing space in East Africa.

FAST MOVING CONSUMER GOODS

Our portfolio in the Fast Moving Consumer Goods Sector as at end March 2017 was as outlined below:

ALMASI BEVERAGES
STAKE: 53.9%

Almasi Beverages Limited ("Almasi"), is the holding company owning three of Kenya's six Coca-Cola bottling franchises, namely Mount Kenya Bottlers, Rift Valley Bottlers and Kisii Bottlers.

The company manufactures and distributes sparkling and non-sparkling Coca-Cola beverages within its territory which serves about 18.1 mn Kenyans. Almasi is currently the second largest Coca-Cola bottler in Kenya, accounting for approximately 28% of the total volumes sold in 2016.

During the period under review, the business undertook significant capital investments focused on enhancing manufacturing capacity and efficiency, as well as strengthening the distribution network. These included the installation of a new 36,000 bph PET Line, the construction of a new production hall, a new warehouse facility and the acquisition of coolers.

The business performance continued on a strong trajectory with the EBITDA growing by 28% to KES 2 bn as at full year.

Almasi also undertook a successful KES 1.5 bn rights issue which was oversubscribed by 56%.

Going forward, Almasi will focus on optimizing capabilities within the business, growing its sales volumes and in market execution.

NAIROBI BOTTLERS

STAKE: 27.6%

Nairobi Bottlers Limited is the largest of the Coca Cola franchise in Kenya, accounting for 47% of the total volumes sold in 2016.

Nairobi Bottlers manufactures and distributes sparkling and non-sparkling Coca-Cola beverages within 13 counties in Kenya.

During the year, the business continued with its agile and efficient manufacturing approach, invested in additional capacity through the commissioning of new production lines, and enhanced storage capacity through construction of warehouses.

Going forward, the business will focus on the execution of strategic priorities, including volume growth, and market execution.

KING BEVERAGE

STAKE: 100%

King Beverage Limited commenced operations in 2014 as the sole distributor of premium Carlsberg brands in Kenya.

During the year, King Beverage Limited signed contracts with EFME and Grays Companies, the owners of some of the best premium spirit brands in the world. This placed King Beverage as the sole distributor of over 20 spirit brands in Kenya.

To this end, King Beverage Limited has gained market competitiveness within mainstream and premium spirits segments with over 1,000-outlet listings to date.

Focus going forward is on creating brand awareness through consumer experiences, marketing and product sampling with a view of growing its market share in the Alcoholic Beverages sector.

OTHERS

Our portfolio in the Others Sector as at end March 2017 was as outlined below:

LONGHORN PUBLISHERS

STAKE: 60.2%

Longhorn Publishers Limited, is a leading educational publisher with operations in Kenya, Uganda, Tanzania, Malawi, Zambia, Senegal and Rwanda. The company is the largest publisher in Kenya and the only listed publisher in Africa.

During the year, the business achieved numerous milestones. Key highlights for the year included the launch of the Kamusi Kuu which was adopted in Parliament by Tanzania and the signing of MOUs with several county governments for capacity building and provision of learning materials.

Other notable achievements included development e-learning platforms and business models, market growth in Uganda and Tanzania and successful entry into the francophone market.

In FY 2018, Longhorn Publishers will focus on growing its digital strategy, securing publishing rights for the new curriculum, product diversification, geographical diversification and in securing strategic alliances.

GENERAL MOTORS

STAKE: 17.8%

General Motors East Africa ("GMEA") assembles vehicles under the Isuzu brand through a Complete Knock Down kit (CKD) process. GMEA also sells new vehicles under the Chevrolet, Opel and Isuzu brands, and provides after sales services.

In Financial Year 2017, GMEA grew its market share to 35.1% up from 33.5% the previous year despite a 30.6% new vehicle market sales decline during the period.

In addition, the year saw a change in the business ownership with Isuzu Motors acquiring a 57.7% stake from General Motors, Subsequent to this transaction, the company's name changed to Isuzu East Africa.

In Financial Year 2018, the company will be working to fully integrate Isuzu Motors into the business and maximally leverage the company's technical know-how to relaunch its parts distribution footprint.

Isuzu Motors brings to the table expertise in the fields of personnel training and manufacturing technique and will be key in enhancing the company's aftersales business. Going forward, the company's name will effectively change to Isuzu East Africa.

In the new year, the company will also be looking to fully integrate the incumbent Isuzu Motors into the business and leverage on the company's technical know-how in relaunching its part distribution footprint to include direct sales from GMEA, consignment sales to key fleet consumers as well as packaging sales with a service basket. In addition, GMEA will be looking to review the pricing in its parts business and introducing Isuzu select parts, a move that is expected to place the company's returns at a growth trajectory despite the business slowdown phase experienced earlier in the year.

NAS SERVAIR

STAKE: 15%

NAS Servair is the main airline caterer in Kenya's two largest international airports, Jomo Kenyatta International Airport and e Mombasa International Airport. It offers hot and cold meals to over 30 international airlines from its two kitchens in Nairobi and Mombasa and also on-site catering services for local commercial businesses and utilities.

NAS Servair also holds the Burger King franchise in Kenya, and, the company launched three Burger King outlets in FY 2017 at the Hub, Two Rivers and Nextgen Mall.

Going forward, key focus for the business will be on the continued diversification of its income streams by launching more Burger King outlets and the expansion of its corporate catering business.

CENTUM BUSINESS SOLUTIONS

STAKE: 100%

Centum Business Solutions Limited ("CBS"), is an integrated business solutions provider.

CBS offers services to Centum, Centum subsidiaries and third party clients. Services offered by CBS include Finance, Human Capital Management, IT, Legal & Secretarial Services, Tax, Branding and Marketing.

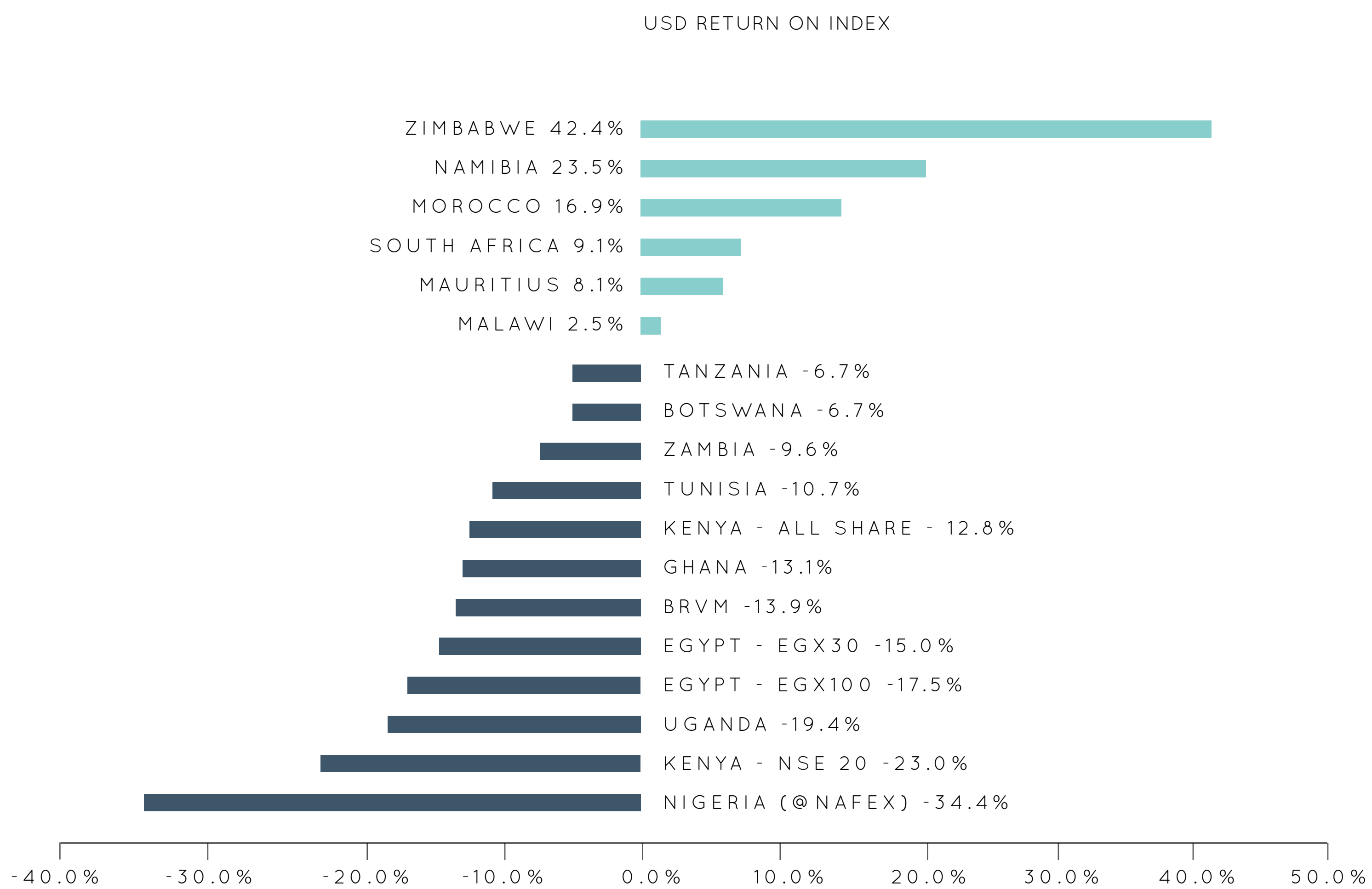
GROWTH PORTFOLIO

Centum's marketable securities portfolio is managed by Nabo Capital Limited. The portfolio is broadly diversified across several African stock exchanges and primarily invests in large & mid-capitalization equities that are mostly illiquid and under-researched. The portfolio target is an absolute return compounded at 25% p.a.

This combination of factors contributed to the market performance captured in the chart below (Return represented in USD):

Industry Review

The Pan-African equities investment climate in 2016 was challenging, continuing a downward spiral from 2015. The operating environment was characterized by low commodity prices, depreciating currencies, widening deficits and further exacerbated by an uncertain political environment from ensuing elections in the USA and the Brexit referendum vote.



Closer home, the Kenyan equity market was down another -20% in 2016 from -24% recorded in 2015 driven by a cyclical drought pattern, slowdown in private sector lending, change in banking sector regulation following the accent of the interest rate cap bill in September and lastly, anticipated presidential elections in 2017.

Our overweight cash and government bonds positions aimed at focusing on preservation of capital paid off. Overall, we remain optimistic about Africa's long term growth story on the back of infrastructure development and FDI inflows. We are positive about market developments in 2017 and continue to accumulate on our high conviction picks across Africa. In Q3 2016, we began gradually shifting back into equities to take advantage of the deeply discounted valuations that had presented themselves.

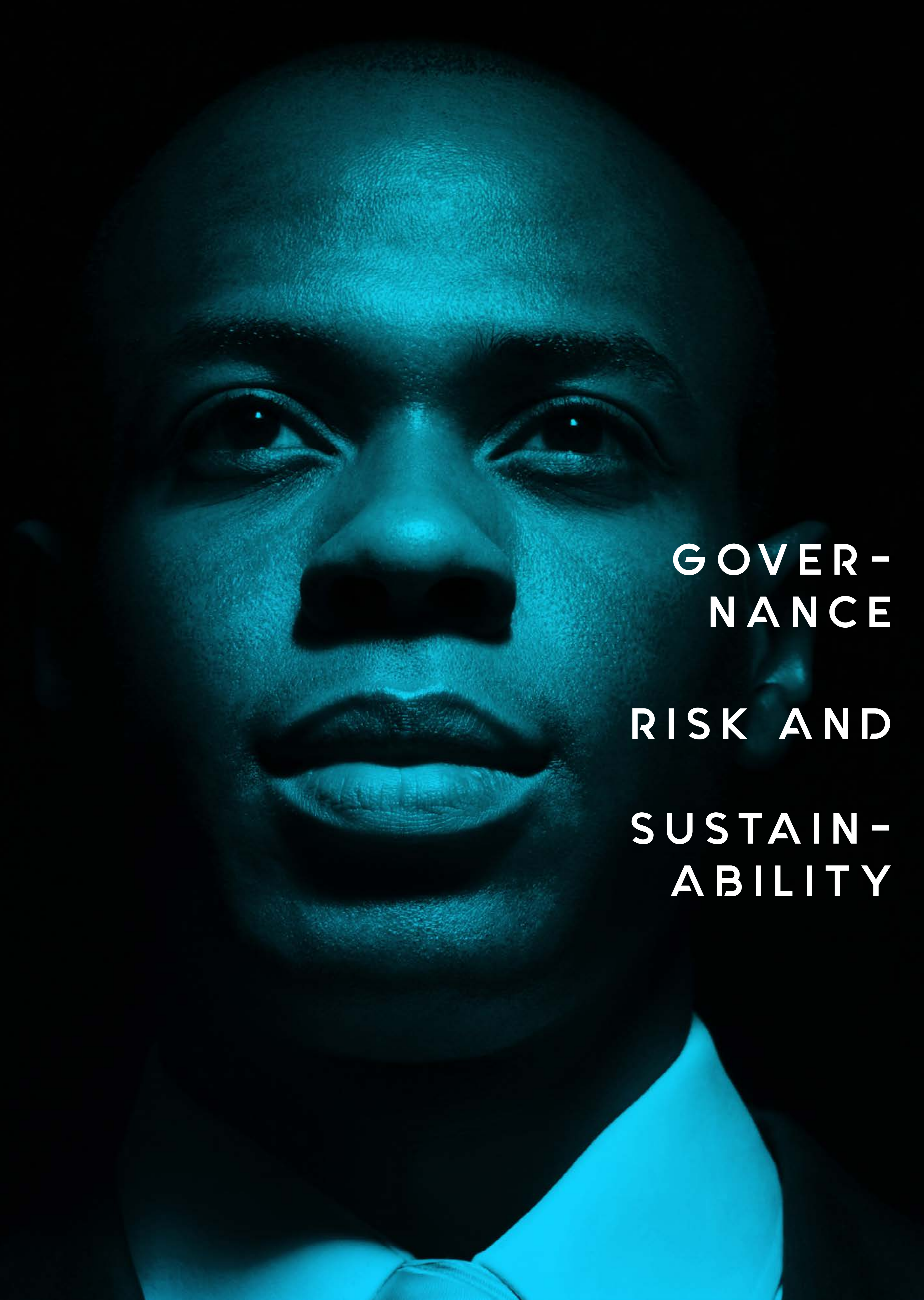
Performance Summary

The marketable securities portfolio performance in the period generated a gross absolute return of KES 80 mn equivalent to 1.2% return

KES Million	2017	2016	2015	2014	2013	2012	2011	2010
Portfolio Income	340	1,266	736	1,441	580	199	231	175
Unrealized gains	(260)	167	357	748	883	(121)	175	996
Gross Return	80	1,433	1,093	2,189	1,463	77	406	1,172
Total Return	(3)	940	889	1,782	1,230	(53)	320	1,101
Gross Return (%)	1.2%	31%	20%	42%	59%	2%	11%	52%
Total Return (%)	-0.05%	21%	17%	34%	50%	-1%	9%	49%
Closing Portfolio	3,185	6,466	4,550	5,359	5,251	2,474	3,944	3,543

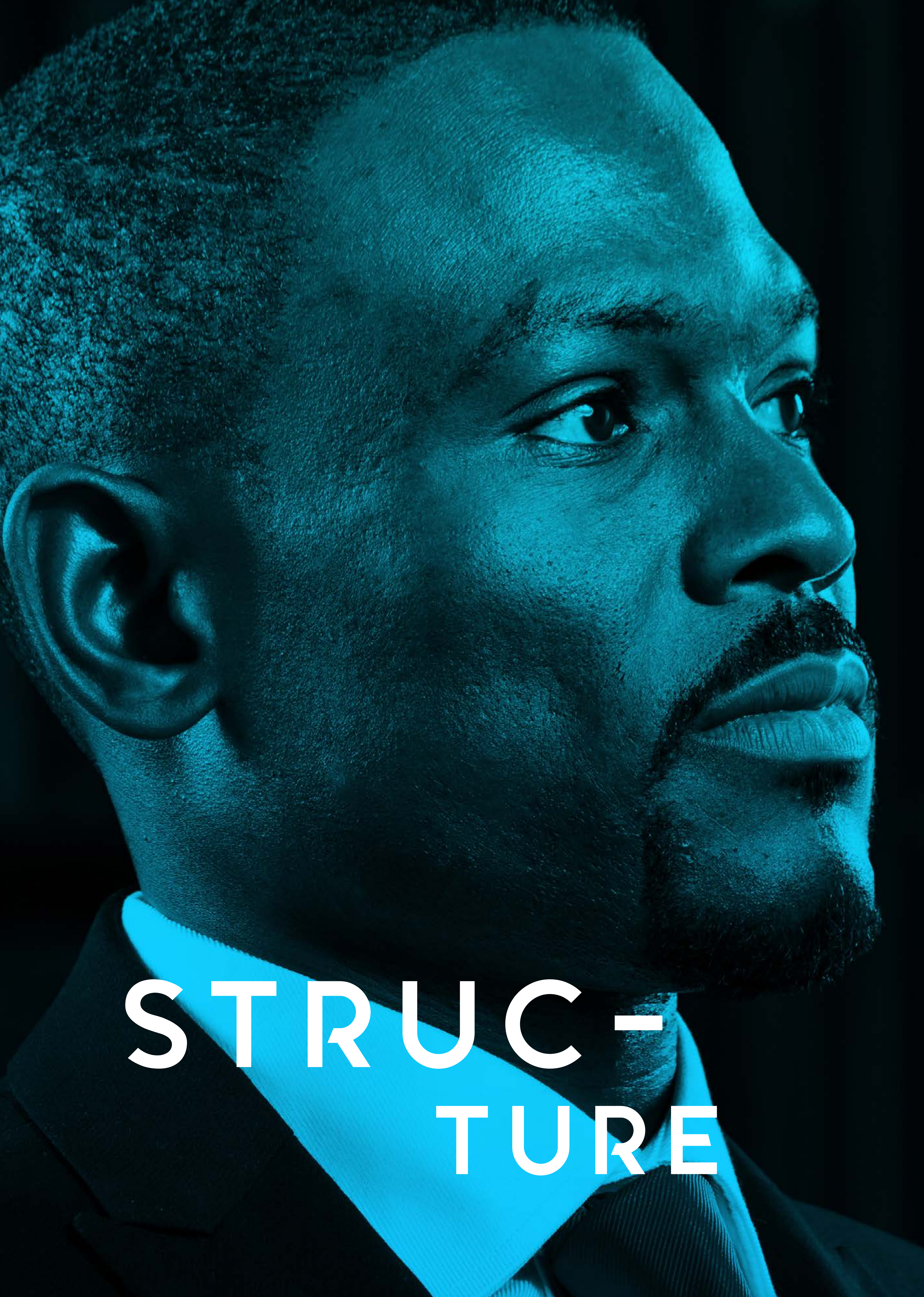
Geographical Diversification

As at 31st March 2017, the marketable securities geographical exposure was as heighted in the map below:



GOVERNANCE

RISK AND SUSTAINABILITY



BACKGROUND

The Board and Management of Centum Investment Company Plc. ("Centum" or the "Company") are committed to maintaining a high standard of corporate governance practices within the Group. We have devoted deliberate effort to identify and formalize best practices in corporate governance. The Board believes that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of any company and its ability to attract investment, protect the rights of shareholders and stakeholders, as well as enhancing shareholder value.

Accordingly, the Board has ensured that the Company's policies and guidelines are in line with the existing regulatory framework of the Capital Markets Authority, the Companies Act 2015, and the Kenyan Constitution 2010.

APPOINTMENT, COMPOSITION, SIZE AND QUALIFICATIONS OF BOARD MEMBERS

The Board is the principal governance organ of the Company. The current Board is composed of 11 members, 7 out of whom are independent non-executive directors. The current Board size increased from 9 members in the previous financial year informed by the need to have a sufficient Board to manage the Company's diversified portfolio and activities.

The Board has only one executive director to prevent conflicting roles between the Management and the Board of Directors. Non-Executive Directors are appointed with the shareholder's approval at the Company's Annual General Meeting. The Company strives to make the appointment procedure to the Board as transparent as possible. Directors are selected from range of market leaders in various areas of expertise through a competitive selection process. The Company endeavours to have a diverse Board in ethnicity, gender balance, age, and a balance of management skills to ensure the Company has the best business leaders at its helm.

The current list of Directors is as shown below:

DIRECTOR	INDEPENDENCE STATUS
DR. DONALD KABERUKA	INDEPENDENT NON-EXECUTIVE DIRECTOR
DR. JAMES MWORIA	EXECUTIVE DIRECTOR
DR. JAMES MCFIE	INDEPENDENT NON-EXECUTIVE DIRECTOR
DR. CHRISTOPHER KIRUBI	SHAREHOLDER, NON-EXECUTIVE DIRECTOR
DR. LAILA MACHARIA	INDEPENDENT NON-EXECUTIVE DIRECTOR
HON. WILLIAM BYARUHANGA	INDEPENDENT NON-EXECUTIVE DIRECTOR
MRS. MARY NGIGE	INDEPENDENT NON-EXECUTIVE DIRECTOR
MRS. CATHERINE IGATHE	INDEPENDENT NON-EXECUTIVE DIRECTOR
MR. IMTIAZ KHAN	INDEPENDENT NON-EXECUTIVE DIRECTOR
MR. KENNEDY WANDERI (ALTERNATE DIRECTOR TO ICDC)	SHAREHOLDER, NON-EXECUTIVE DIRECTOR
MR. HENRY NJOROGE	NON-EXECUTIVE DIRECTOR

BOARD RESPONSIBILITIES

The primary role of the Board is to provide leadership and strategic direction for the Company for the protection and enhancement of long-term shareholder value. While discharging its duties, the Board is required to act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

Day to day operation of the business is delegated to the Management which is led by the Chief Executive Officer, who sits in the Board as an executive member. The Board closely monitors the Management who are held accountable for the performance of the Company against the corporate goals and business targets set by the Board. The Board has the authority to make strategic decisions on behalf of the Company.

The Board has played a critical role in enabling the Company achieve its performance targets by making strategic decisions in a timely manner. The Board's activities have been in line with the Company's performance-driven culture and values of delivering to promise and investing responsibly, which has seen the net asset value per share increase by a compounded annual growth rate of 26% over the last seven years. Further, the company has declared dividends of KES 1 and KES 1.2 per share in FY 2016 and FY 2017 respectively following recommendations by the Board of Directors despite a dividend freeze for the current strategy period.

BOARD STRUCTURE

The current Board structure has a total of six committees with various responsibilities as delegated to them by the Board. These are: Audit Committee, Risk Committee, Nomination and Governance Committee, Investment Committee, Branding Committee, Information Communication and Technology (ICT) Committee. The Board has the discretion to establish ad hoc committees to review and consider urgent matters.

The Audit Committee and the Risk Committee were established as separate committees in the financial year ended 31 March 2017 for more efficient delegation by the Board. This split was as a result of the increasingly diverse mandate of the two functions in the Audit and Risk Committee owing to the increased magnitude and diversity of the Company's investments.

Each Committee is set up with a specific mandate and is governed by a Committee Charter which is approved by the Board. All Committees report to the Board on a regular basis.

THE AUDIT COMMITTEE

This Committee is comprised of 4 non-executive directors, 3 of whom are independent. Three of the current members have professional qualifications in accounting. Its primary responsibilities are:

a. To provide oversight and ensure integrity of the Company's financial reporting.
b. To gauge the independence, qualifications and performance of the external auditor.
c. To provide oversight in relation to the Company's internal audit functions.

RISK COMMITTEE

This Committee is comprised of 4 non-executive directors. Its primary responsibilities are:

a. To review the Company's statement on internal control systems prior to endorsement by the Board.
b. To consider and recommend to the Board the Company's risk appetite for financial and operational risk.
c. To commission, receive and consider reports on key financial and operational risk issues.

NOMINATION AND GOVERNANCE COMMITTEE

This Committee is currently comprised of 3 non-executive directors. The Chairperson of the Committee is an independent non-executive director. 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:

a. Develop, maintain, monitor and update the Company's policies as may be required by the Insider Trading and Disclosure Policies and best practice in governance as may be determined by the Board.
b. Consider the competencies and skills of the Board.
c. Develop and recommend to the Board a succession plan for the Board and Management that is responsive to the needs of the Company and shareholders.

INVESTMENT COMMITTEE

This Committee is comprised of 5 non-executive directors and 1 executive director. The primary responsibilities of the Committee are:

a. To develop investment objectives, guidelines and performance measurement standards.
b. To review and evaluate investment results in the context of established standards of performance and adherence to the investment guidelines.
c. 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.

ICT COMMITTEE

The Committee is composed of 5 members being: a non-executive director, an executive director and 3 industry ICT experts. Its main responsibilities are:

a. To ensure that the Company's ICT resources are aligned to its strategic operations.
b. To oversee major ICT related projects.
c. To develop and review practice to ensure that management and application of the Company's ICT resources is efficient and effective.

BRANDING COMMITTEE

The Committee is comprised of 4 directors; 3 of whom are non-executive directors and 1 executive director. The Committee's focus is to promote awareness of the products that underscore the Centum brand and promote the Company as the foremost investment channel of choice. The specific responsibilities are as follows:

a. To plan the development of a brand concept.
b. To conduct branding exercises.

COMPANY SECRETARY

The Company Secretary provides guidance to the Board on the duties of the directors and good governance; ensures Board and Committee Charters are kept up to date; prepares and circulates Board papers; assists in drafting yearly board work plans and ensures preparation and circulation of minutes of Board and Committee meetings.

RELATED PARTY TRANSACTIONS

The Board recognizes and appreciates the arm's length principle for business dealings with related parties pursuant to the tax laws, local and international jurisprudence. The Board takes a deliberate effort to ensure compliance with this principle.
The Company has a Conflict of Interest Policy that requires directors and staff to disclose actual and potential conflicts of interest in any transaction by the Company.

PROCUREMENT

A free, fair and transparent procurement process is employed within the Group. Invitations to tender are made openly through placing of newspaper adverts which are then evaluated and approved by the Procurement Committee (a function under the CICL Board) .The procurement committee ensures transparency of the process and that all procurement activities are conducted in line with the Group Procurement policy as well as applicable laws including the recently enacted Bribery Act.

CODE OF ETHICS

Central to the performance of the functions of the Board, management and all staff levels is integrity. The Company has a Code of Ethics that governs relationships within and without the Company. The Code highlights the minimum standards to be adhered to by management and the Board throughout all interactions with the Company.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Each director is entitled to a director's fee which is determined by the Board upon 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 Director's remuneration. The remuneration of executive directors and senior management is determined based on the Company's performance and profitability, as well as remuneration benchmarks in the industry and the prevailing market conditions. Remuneration of senior management is performance-based and coupled with an incentive system that is competitive to attract and retain the best talent in the market.

The fees paid to each director for the successive years are as shown below:

ITEM	REMUNERATION 31st MARCH 2017	REMUNERATION 31st MARCH 2016
EXECUTIVE DIRECTOR'S FEES	-	-
EXECUTIVE DIRECTOR'S EMOLUMENTS	KES 211,482,670	KES 201,150,000
NON-EXECUTIVE DIRECTOR'S FEES	KES 26,606,934.74	KES 15,987,000
NON-EXECUTIVE DIRECTOR'S EMOLUMENTS	-	-

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

Over the past year, the Board and Management of the Company have put in deliberate effort towards full compliance with the recently enacted Capital Markets Authority Code of Corporate Governance Practice for Issuers of Securities to the Public 2015 (the "Code").
The Company has taken the following steps to ensure compliance with Code:

1. Appointment of four (4) independent non-executive directors so as to meet the threshold stated in the Code that provides for not less than one third (1/3) of the board to comprise of non-executive independent directors.
2. Appointment of an independent non-executive director, Dr. Donald Kaberuka, as the Board Chairman.
3. Appointment of Dr. Laila Macharia, an independent non-executive director, as the chairperson of the Nomination and Governance Committee.
4. Appointment of Mrs. Mary Ngige, an independent non-executive director, as the chairperson of the Audit Committee
5. Reconstitution of the Audit Committee as a stand-alone committee, with a majority of the members being independent non-executive directors.
6. Revising the reporting structure of the Internal Audit department to report directly to the Audit Committee in line with the Code.
7. Instituting a Conflict of Interest Register where all conflicts and potential conflicts of interest for directors and staff members are recorded.
8. Updating the Board & Committees Charters and the Company's Policies for compliance with the code.
9. The Board has made changes to the Board Charter to provide a retirement policy for 9 years for independent directors.
10. The Company has availed the whistle-blowing policy to the public and has set up a whistle blowing portal on the Company's website through which members of the staff, board and public can anonymously report malpractices within the Company.

The Company is in the process of undertaking the following activities to ensure full compliance with the Code:

1. Reconstituting the Nomination and Governance Committee by appointing two (2) independent directors to the Nomination and Governance Committee.
2. The Company has engaged external legal counsel to undertake the legal and compliance audit, expected to be completed in the next three (3) months.
3. A governance auditor has been appointed to conduct the annual governance audit within the next three (3) months.
4. The Board evaluation process for the current financial year is planned to be completed in the next three (3) months.

DIRECTORS PARTICIPATION AT MEETINGS

NAME	EXECUTIVE/ NON -EXECUTIVE	ROLE		BOARD	AUDIT & RISK^	AUDIT^^	RISK^^	NOMINATION & GOVERNANCE	INVESTMENT	BRANDING	ICT
Dr. Donald Kaberuka*	Non- Executive	Chairman	Membership	Y	N	N	N	N	N	N	N
			Attendance	2/2							
Dr. James McFie	Non- Executive	Deputy Chairman	Membership	Y	N	Y	N	N	N	N	N
			Attendance	4/4		1/1					
Dr. James Mworia	Executive	Group CEO	Membership	Y	N	N	N	N	Y	N	Y
			Attendance	4/4		3/3					
Dr. Christopher Kirubi	Non-Executive	Chair-IC	Membership	Y	N	N	N	Y	Y	Y	N
			Attendance	4/4				4/4	3/3		
Dr. Laila Macharia	Non-Executive	Chair-Nomination and Governance	Membership	Y	Y	N	Y	Y	Y	N	N
			Attendance	3/4	2/4		1/1	4/4			
Hon. William Byaruhanga	*Non-Executive	Committee member	Membership	Y	N	N	N	N	N	N	N
			Attendance	1/2							
Mr. Imtiaz Khan	Non-Executive	Chair- Risk	Membership	Y	Y	Y	Y	N	Y	N	N
			Attendance	4/4	4/4	1/1	1/1		3/3		
Mrs. Catherine Igathe**	Non-Executive	Committee member	Membership	Y	N	N	N	N	N	Y	N
			Attendance	2/2							
Mrs. Mary Ngige**	Non-Executive	Chair- Audit	Membership	Y	N	Y	Y	N	N	N	N
			Attendance	2/2		1/1	1/1				
Mr. Henry Njoroge	Non-Executive	Chair - Branding Chair – ICT	Membership	Y	Y	Y	Y	N	Y	Y	Y
			Attendance	4/4	4/4	1/1	1/1		3/3		
Mr. Kennedy Wanderi	Non-Executive	Committee member	Membership	Y	N	N	N	Y	Y	N	N
			Attendance	4/4				4/4			

* Appointed in October 2016
** Elected at the AGM of 29 September 2016
^ The Committee was split to Audit Committee and Risk Committee effective 15 March 2017
^^ The Committees only had one meeting (March 2015) after the split of the Audit and Risk Committee

SHAREHOLDER MAPPING

SHAREHOLDER ANALYSIS BY HOLDING (TOP 10 SHAREHOLDERS)

Name	31st March 2017			31st March 2016		
	Total Shares	%	Rank	Total Shares	%	Rank
Dr. Christopher John Kirubi*	190,559,412	28.64%	1	188,416,312	28.31%	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	8,696,673	1.31%	4	6,696,673	1.01%	4
Standard Chartered Kenya Nominees Ltd A/C KE002367	8,000,000	1.20%	5			
Mr. John Kibunga Kimani	6,042,121	0.91%	6	5,908,221	0.89%	6
Uganda Securities Exchange^	5,916,306	0.89%	7	5,916,306	0.89%	5
Dr. James Mworia Mwirigi*	5,362,094	0.81%	8	4,356,994	0.65%	8
The Jubilee Insurance Company of Kenya Ltd	4,567,009	0.69%	9	4,567,009	0.69%	7
ICEA Life Assurance Company Limited- Pooled	4,345,170	0.65%	10	4,345,170	0.65%	9
Standard Chartered Kenya Nominees Ltd A/C KE002662	-	-	-	3,651,800	0.55%	10

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

DIRECTOR	TOTAL SHARES 31st MARCH 2017	TOTAL SHARES 31st MARCH 2106
DR. CHRISTOPHER JOHN KIRUBI	190,559,412	188,416,312
INDUSTRIAL AND COMMERCIAL DEVELOPMENT CORPORATION (ALTERNATE DIRECTOR KENNEDY WANDERI)*	152,847,897	152,847,897
DR. JAMES MWORIA	5,363,094	4,356,994
MR. HENRY C. NJOROGE	256,028	256,028
MR. IMTIAZ KHAN	84,600	84,600
DR. LAILA MACHARIA	-	-
DR. JAMES MCFIE	-	-
MRS. MARY NGIGE	-	N/A
MRS. CATHERINE IGATHE	-	N/A
HON. WILLIAM BYARUHANGA	-	N/A
DR. DONALD KABERUKA	-	N/A

*Kennedy Wanderi is an alternate director and doesn't own shares in the Company.

SHAREHOLDER ANALYSIS BY VOLUME

	31st March 2017			31st March 2016		
Volume	Shares	%	Holders	Shares	%	Holders
1-500	2,394,151	0.36%	13,459	2,382,292	0.36%	13,236
501-5000	34,848,725	5.24%	17,036	35,323,715	5.31%	17,248
5001-10000	22,084,336	3.32%	3,061	22,638,237	3.40%	3,140
10001-100000	81,675,288	12.27%	3,274	83,748,828	12.59%	3,349
100001-1000000	73,750,612	11.08%	289	79,614,949	11.96%	308
>1000000	450,688,602	67.73%	44	441,733,693	66.38%	44
TOTALS	665,441,714	100%	37,163	665,441,714	100%	37,325

SHAREHOLDER ANALYSIS BY DOMICILE

	31st March 2017			31st March 2016		
Domicile	Shares	%	Holders	Shares	%	Holders
Foreign Companies	51,981,578	7.81%	44	43,312,736	6.51%	44
Foreign Individuals	2,350,095	0.35%	208	2,073,747	0.31%	206
Local Companies	238,192,969	35.79%	1,917	248,270,879	37.31%	1,984
Local Individuals	372,917,072	56.04%	34,994	371,784,352	55.87%	35,091
TOTALS	665,441,714	100.00%	37,163	665,441,714	100.00%	37,325

RISK MANAGEMENT

RISK CULTURE AND LEADERSHIP

Our risk culture is built on embedding risk management within the organization i.e. in business and strategic planning and decision making. This ensures that for all strategic decisions are made with proper consideration of potential risks and against the group's risk appetite and tolerance levels.
The risk culture in Centum is defined by the board, cascaded by the management and owned by all staff. In addition, the risk management and internal audit department is responsible for ensuring that the risk culture is continuously inculcated.

RISK GOVERNANCE - A KEY PILLAR IN THE COMPANY'S STRATEGIC PLANNING AND IMPLEMENTATION

The Centum Group Board of Directors has the ultimate responsibility for the oversight of risk.
Under our risk management framework, the Board of directors, through the Board Risk Committee (BRC) approves the risk management strategy, defines the Group's risk appetite, oversees the establishment of robust enterprise-wide risk management policies and processes and sets risk limits to guide risk-taking within the Group.

The development of the risk management strategy and the enterprise-wide risk appetite is done hand in hand with the development of the business strategy.

The risk strategy contains the objectives of risk treatment. It may be divided into sub-strategies where appropriate. The level of detail of these sub-strategies may vary.

We define risk appetite as the amount and type of risk that Centum Investment Company Plc is prepared to pursue, retain or take in pursuit of its strategic objectives, above which necessary mitigating action should be taken or a change of strategy may be considered.
Sector wise and subsidiary/project based risk appetites are defined and these are majorly driven by the core tenets of centum 3.0 i.e. return, focus, scale, brand, cost and capital deployed.
The Board reviews the company's risk appetite quarterly to ensure that it aligns with the strategic plan of the organization along with other quantitative objectives such as profit, growth, return, value uplift, dividends income, project delivery etc.

DEVOLUTION OF THE GROUP RISK STRATEGY AND APPETITE

The limits of appetite are established based on material risk concentrations at group-wide, sectoral and business line levels. These risk limits devolved from the risk appetite and the corresponding operative planning and resultant business objectives should be synchronized as illustrated on the following page.

STRATEGY

BUSINESS STRATEGY

RISK STRATEGY

CAPITAL ALLOCATION

RISK APPETITE AND CAPITAL ADEQUACY

SUB STRATEGIES (BUSINESS AND RISK)

01 FUNDING AND LIQUIDITY

02 BUSINESS CONTINUITY AND REGULATORY

03 MARKET COMPETITION AND REPUTATIONAL

04 OPERATIONAL

RISK MEASUREMENT AND ASSESSMENT

ENABLERS AND TOOLS

LIMIT SYSTEMS

BUSINESS PLANNING AND PROJECTIONS

MONITORING AND REPORTING

UPDATE AND REVIEW

POLICIES AND PROCEDURES

COMMUNICATION

RISK SYSTEMS

INTERNAL COMMUNICATION

CONTROLS

RISK MONITORING AND REVIEW

CUSTOMIZED RISK MANAGEMENT ACTIVITIES AT PROJECT & SUBSIDIARY LEVEL

Risk management activities conducted by the independent risk management and internal audit teams within Centum are tailor made to meet the specific needs, risk exposures, strategic objectives and maturity profile of projects as shown below:

CONCEPTUALISATION PHASE	STRUCTURING AND OPERATIONALIZATION PHASE	GROWTH PHASE	MATURITY PHASE/ DEVELOPED ASSET
Risk and compliance assessment of the business concept to independently identify possible risk exposures. Stress testing and scenario analysis of the business/ financial models. Risk assessment of proposed financing and structuring options.	Development and institutionalizing of the internal control framework- policies, procedures and process flows to ensure proper segregation of duties Monthly project risk assessments against project plans. Semi Annual Internal Audit Reviews. Track utilisation of approved capital budget. Quarterly board reporting to CIC Plc Board Audit committee and Board Risk & Compliance committee.	Monthly snap checks (debtors, creditors, expenditures, cash, stocks & other key balances and assets) Compliance checks, Completion of key risk indicator matrices; Monthly tracking of utilisation of approved IC budget. Semi-annual internal audits & risk and compliance assessments Board reporting Placing of insurance covers Setting up BCP & DR procedures & tests Review existing policies and procedure manuals	Semi-annual internal audits & risk and compliance assessments Board reporting Renewal of insurance covers BCP & DR testing Other special reviews on a need basis Provide oversight to the risk function.

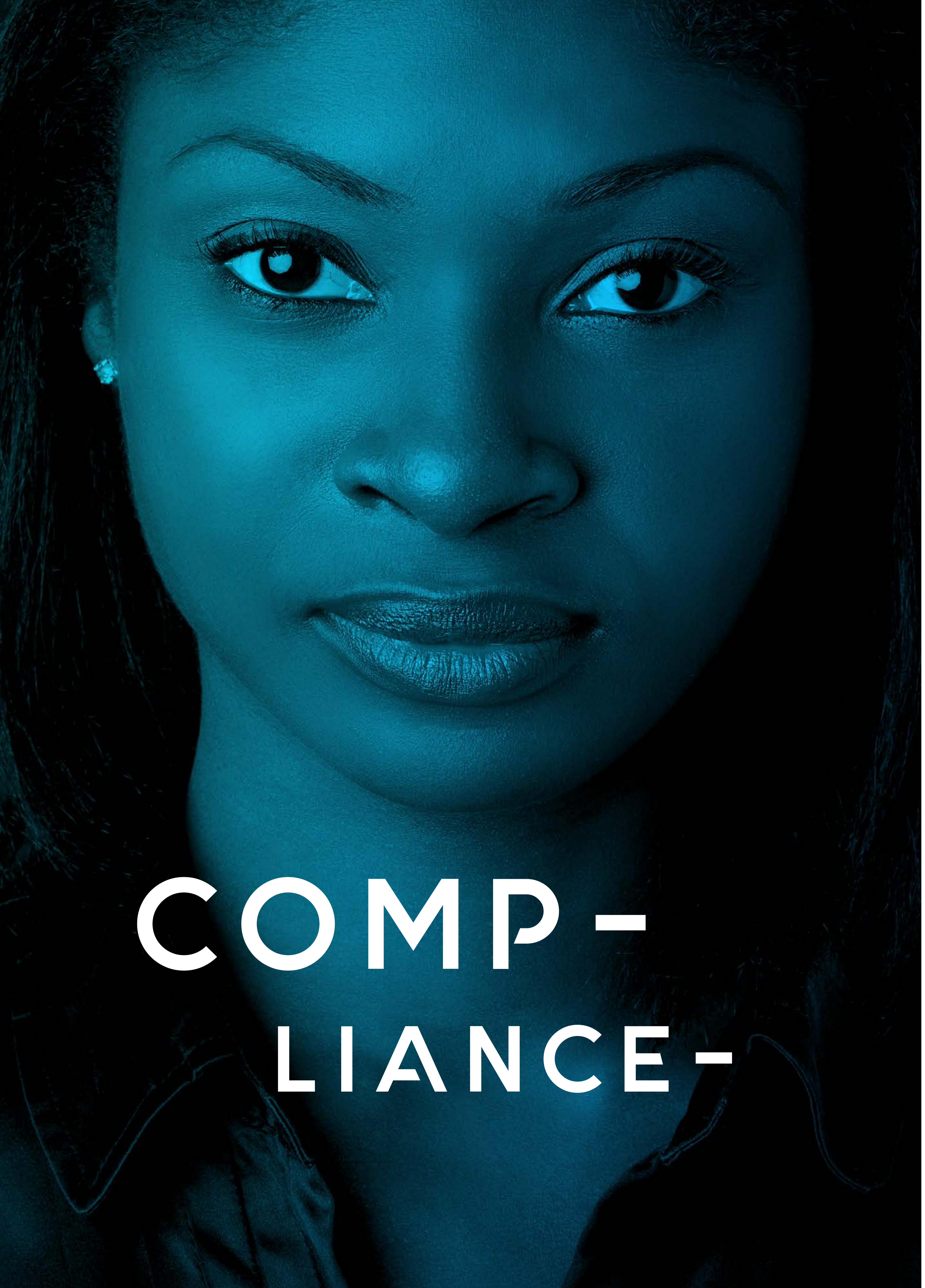
RISK MANAGEMENT PROCESS AND INTERNAL CONTROLS

The process of risk management involves the identification, analysis, evaluation and treatment of risks that have the potential to affect the group's strategic objectives. It is aimed at ensuring awareness of these risks in the development of strategic and operational objectives. The controls that mitigate these risks are identified so that assurance can be provided on the effectiveness of the control environment and determination of whether these risks are operating within the group's appetite limit.

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

- Identify key risks;
- Evaluate probability of occurrences and their impact;
- Establish adequate review mechanisms to monitor and control risks; and
- Incorporate robust reporting mechanisms and adopt

The process of identification and assessment of the principal risks combines a top-down and bottom-up approach. At the subsidiary level and /or sector level, a detailed risk assessment is conducted to identify material risks likely to affect the subsidiary and implementation of controls to reduce the likelihood and impact of these risks should they occur. These are then presented to executive management and the respective boards at each subsidiary. At group level risk assessments consider global factors affecting the industry and group, as well as risks that arose from individual subsidiary/ project assessments.



THE SYSTEM OF INTERNAL CONTROL OPERATES ON A TRADITIONAL 'THREE LINES OF DEFENSE' APPROACH AS FOLLOWS:

01

FIRST LINE OF DEFENSE

Operational management - As the first line of defense, operational managers own and manage risks. They are also responsible for implementing corrective actions to address process and control deficiencies.

02

SECOND LINE OF DEFENSE

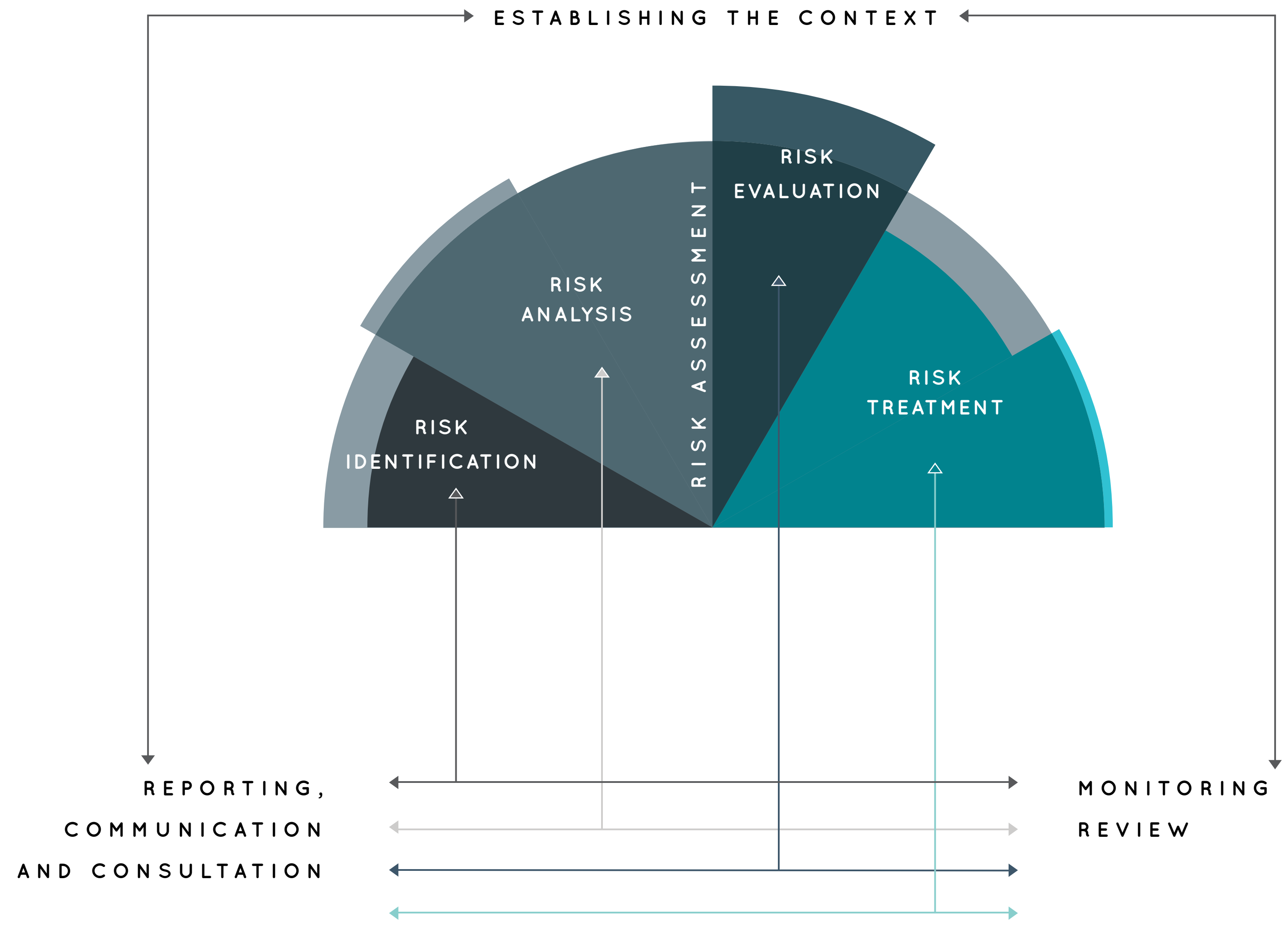
Risk management and compliance functions are established to ensure that the first line of defense is operating as intended.

03

THIRD LINE OF DEFENSE

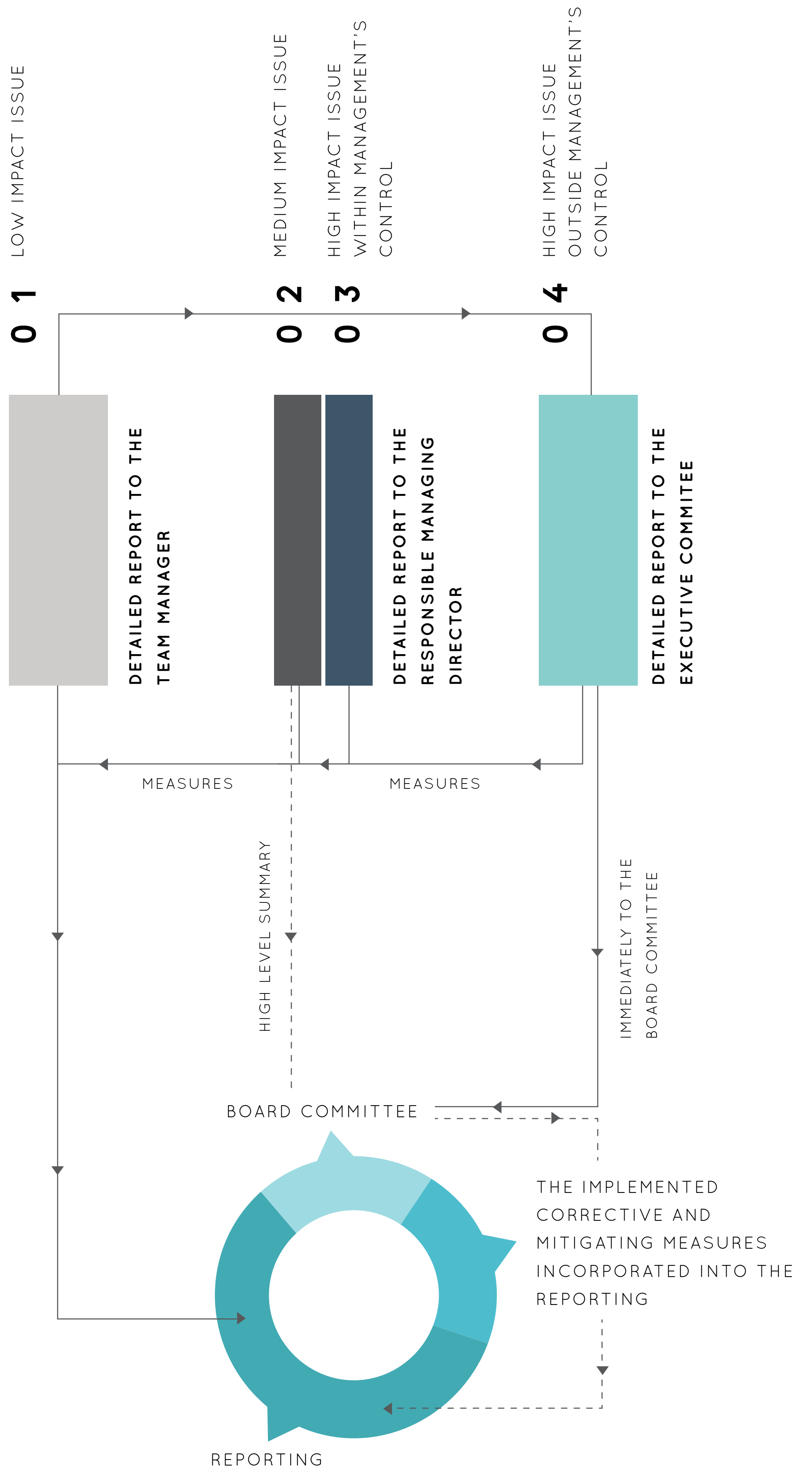
Internal Audit provides assurance on the effectiveness of governance, risk management, and internal controls, including the way the first and second lines of defense achieve risk management and control objectives.

TABLE: RISK MANAGEMENT PROCESS



RISK ESCALATION THROUGH THE GOVERNANCE STRUCTURES

The risk department independently reports and provides strategy review updates within the organization, the subsidiary boards and the board committees at group level as part of the regular reporting cycle



KEY RISKS FACING THE GROUP AND MANAGEMENT OF THESE EXPOSURES.

CENTUM SECTORS	KEY RISK EXPOSURES	MITIGATION
• **REAL ESTATE**	• Strategy risks • Project Delivery risks • Legal risks • Market risks	• Integration of risk management in strategic planning and conducting periodic reviews on strategic objectives of the group and sector.
• **AGRIBUSINESS**	• Strategy risks • Production risks • Project Delivery risks	• Integration of risk management in strategic planning and conducting periodic reviews on strategic objectives of the group and sector. • Institution of bi-weekly scenario analysis of key resources to production. • Development of harmonized project schedules that are reviewed monthly to identify potential delays and initiate timely corrective action.
• **FMCG** • **FINANCIAL SERVICES**	• Operational risks • Market risks • Regulatory/ Compliance risks	• Development and institution of strong internal controls to manage operational losses and continuous monitoring of their implementation. • Market and product diversification; shifting of market opportunities and increasing marketing efforts for products. • Continuous compliance and regulatory assessments to ensure businesses are not in breach.
• **POWER**	• Strategy risks • Exploration risks • Counterparty risks • Socio-political risks	• Employment of new techniques for drilling wells • Sufficient insurance covers. • Providing employment opportunities to the residents of the project areas. • Intensifying CSR activities in the project areas, and increasing efforts in educating the community on the positive impacts of the project should be considered.
• **ICT**	• Project delivery risks • Cybersecurity risks	• Implementation of network security controls and periodic penetration are carried out. • Sufficient insurance covers. • Continuous monitoring of the project at each phase by the project team and management
• **HEALTHCARE**	• Project risk	• Continuous monitoring of the project plan with the project team and management
• **EDUCATION**	• Project delivery risks • Strategy risk	• Harmonize the existing revised project plan to identify and development of new methods to improve the predictability and efficiency of construction. • Continuous integration of risk management into strategic planning.

INTERNAL AUDIT

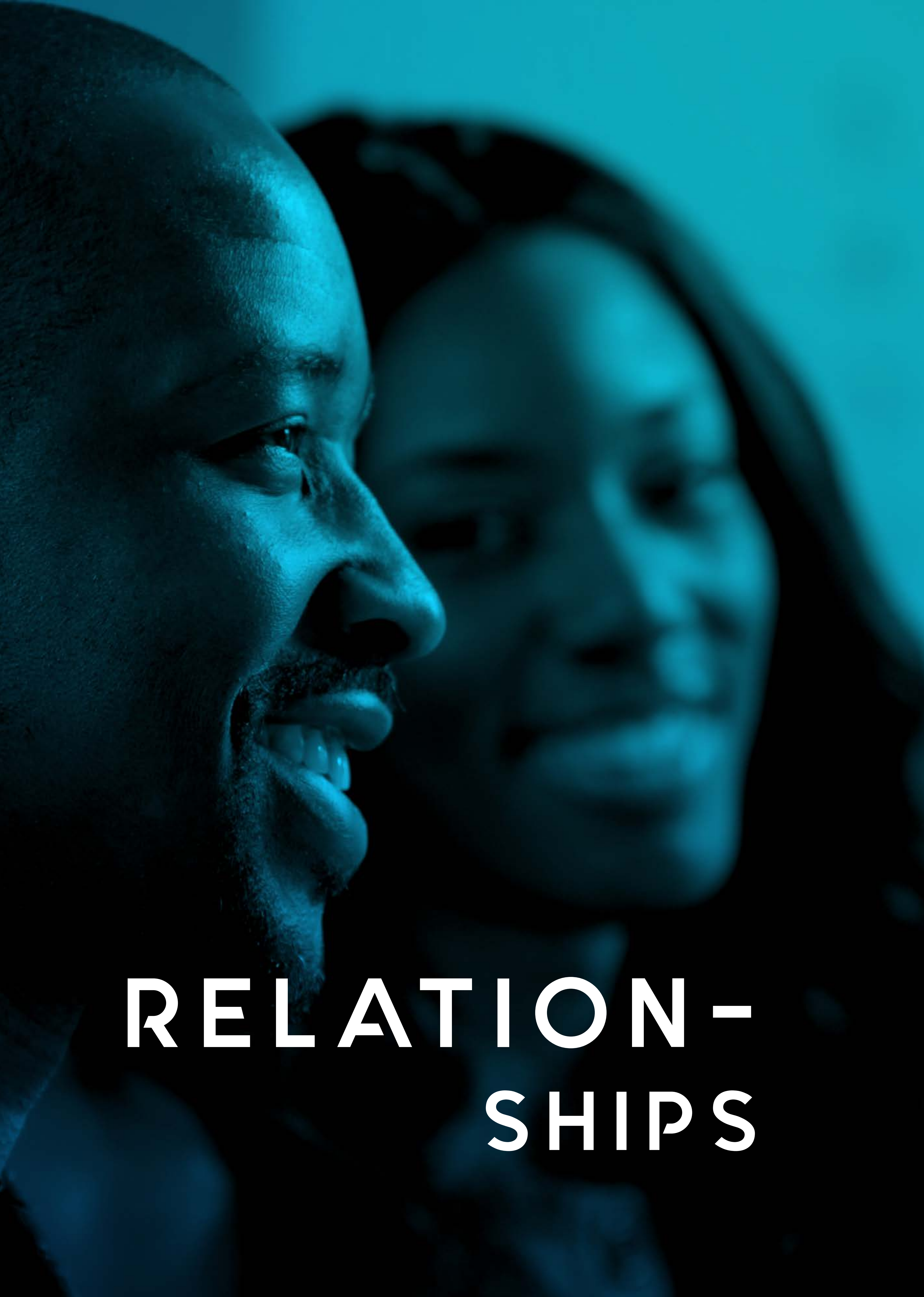
The internal audit department has adopted a risk based approach to its internal audit plan and is informed by the group risk profile done by the internal risk function. Internal audit provides a written assessment of the effectiveness of our system of internal controls and risk management over financial matters as well as operational, compliance and sustainability issues.

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

WHISTLE BLOWING PROGRAMME

The Group instituted a whistle blowing facility for all its subsidiaries as well as a group-wide awareness program on whistle blowing. The programme is monitored by the audit committee and is designed to encourage stakeholders i.e. employees, shareholders, customers, suppliers, managers or others to disclose wrong doings or malpractices within the organization without fear of detriment.

During the financial period 2016, there haven't been reports received through the "Centum Whistle Blowing Portal". A disclosure response plan has been developed to ensure that all reports received shall undergo proper follow-up and appropriate action taken in a timely manner.



OUR PEOPLE

OUR CULTURE

We strive to engage, empower and create a diverse and all-inclusive working environment where our people can be inspired to fulfil their potential.

Our culture is entrepreneurial, high performance, fast paced, initiative oriented and solutions focused which is enhanced by a relatively flat organizational structure that promotes the flow of ideas and communication at all levels of the organization.

OUR TEAM

At Centum, the attraction and retention of talent is business imperative, hence we endeavor to recruit and invest in retaining the best talent in the market. We employ a total reward system on the back of sound HR practices which includes our Leadership Development Program.

Our team has grown 10 folds over the last decade signifying the growth in our business and the low attrition rate over the years.

PERFORMANCE MANAGEMENT

Over the years, our business culture and performance management system have been instrumental in steering our performance both at a quantitative and qualitative level.

Our performance management system at a quantitative level is geared towards growth of real tangible wealth for the investors whilst performance management at a qualitative performance is aimed at personal growth of the individual team members.

Through the performance management system, and guided by our competency framework, alignment of individual and corporate objectives is achieved to ensure a win-win situation for all stakeholders and the Centum team.

LEADERSHIP DEVELOPMENT

We remain committed to our Leadership Development Program ("LDP"), a Program designed to harness an individual's potential and accelerate performance key for our Business's sustainable and growth.

The LDP focuses on the developing leaders who are critical to our business success and continuity.
The program implementation involved numerous training interventions geared towards leadership proficiency for individuals at all levels of management.

Our Graduate Trainee Program ("GTP") represents one of our LDP initiatives.
The GTP is an annual initiative through which we identify qualified fresh graduates with a winning attitude, high leadership potential and determined to impact from a broad array of study disciplines and renowned universities across East Africa.

The GTP is a one year program, during which participants are given project based assignment within various business lines within the Group. Upon completion of the formal learning phase, participants are absorbed into different roles within the various business lines within the Group.
Since its inception in 2013, the GTP has had four successful graduate classes and seen through over 50 graduates.

OUR ENVIRONMENT

We continuously endeavor to design, construct and operationalize environmental best practice in our projects and surrounding communities.

By way of example, the Two Rivers Development is anchored on a sustainability approach on energy and water utilization. To this end, the development has not only adopted technologies aimed at increasing the operational sustainability and efficiency of the development, but also in the creation of a city that has a positive impact on the environment.

The key initiatives include:

POWER CONSUMPTION;
Two Rivers Development has installed a 1.28 MW roof top Solar PV Plant. Annual savings are approximated at KES 28Million from the use of solar power within the Two Rivers Lifestyle Centre.

ENERGY USAGE;
The following measures have undertaken to ensure efficient use of energy:
a. Installation of LED energy efficient lighting
b. Installation of energy saving escalators with the ability to reduce power consumption when not in use
c. Construction of double volume common area and tenant shops to eliminate the need for expensive and energy consuming air conditioning units
d. Installation of roof sky lights reducing the need for power for lighting in the common areas during the day

WATER RECYCLING AND REUSE;
The development recycles waste water via a 2000 m3/day capacity waste water treatment plant, with the recycled water being used for irrigation, firefighting, dust control, grounds maintenance and construction. This has resulted in savings of approximately KES 4.5 Million from savings on the use of daily raw water consumption

SUSTAINABLE WATER USAGE;
The following measures have been put in place to facilitate sustainable water use in the mall and the development.
a. Installation of drip system for irrigation
b. Installation of timed sprinklers for sprinklers which operate at predetermined intervals
c. Installation of sensors on water taps in the mall which automatically turn off after the user leaves the premises. This prevents the wastage of water through taps left running

Going forward, the development is currently working towards the installation of a rain water harvesting scheme in continuity to its sustainability and environmentally friendly program. This scheme is projected to reduce the amount of water extracted from boreholes and promote the efficient use of the water resources.

CORPORATE SOCIAL RESPONSIBILITY

CENTUM FOUNDATION
Centum Foundation, established in 2015, focuses on supporting, guiding and investing in activities that provide solutions or avenues that uplift and empower individuals and community sustainably both socially and economically.

CENTUM ENTREPRENEURIAL PROGRAM
The Centum Entrepreneurship Program ("CEP"), now in its second year of operation, continues to support upcoming businesses in establishing their structures, strategies and relationships needed to scale and optimize these businesses into >KES 100 mn companies.

Our investee companies include:

HUGE AFRICA MEDIA
Huge Africa Media is focuses on building digital first media brands in big categories with passionate niche audiences. The company's first platform is www.blissful.co.ke , a weddings and events marketplace that connects people planning their weddings and events to vendors of different services.

BUNIFU
Bunifu Technologies, a software development and information security firm, provides data protection and information security solutions. Their clients include individuals, small, medium and large businesses who are interested in data protection and creation of a secure work environment that ensures business continuity. Their products is Bunifu Antivirus, Bunifu School ERP, Bunifu.Net UI Framework and Bunifu Custom Software.

ELIMU DIGITAL MEDIA
Elimu Digital Media Limited offers educational solutions through technology and media. Elimu aims to enable children and youth in remote areas & low income communities to access quality education through various media enabled by technology. The company uses various channels including free to air television (Elimu TV), and radio (Elimu Radio) and website content.

CREATEIN48 CHALLENGE

Centum Foundation has partnered with Accelevate Leads in search of entrepreneurs with unique businesses in their start-up phase.

In the last financial year, Centum Foundation continued with its support of last year's create-in-48 winners namely Desserts Anyone and Alive & Young Beauty Products Ltd. Currently, the teams are working towards consistently generating a return and gaining traction that will eventually qualify them for the Centum Entrepreneurship Program.

In the current financial year, the Centum Foundation and Accelevate Leads will host The Accelevate Skills Summits across different University campuses in Nairobi with a view of selecting teams for an initial round of funding. The teams selected will then be expected to bringing their ideas to fruition in time for the Accelevate Skills Expo in November 2017. Ultimate winners will receive seed funding and mentorship from Centum to help kick start their ideas into scalable businesses in the near future.

OUR COMMUNITIES

We are passionate about our communities and we value the inclusion of the local communities in projects and programs that promote community welfare and prosperity.

Our approach on the project development process has been in developing a robust stakeholder engagement framework on a project by project basis, mainly geared towards identifying gaps or needs within the local communities and to thereafter leverage on a consultative and participatory process so as to have a collaborative approach in the projects. This serves to minimize conflicts and enables a collaborative relationship with the local communities.

By way of example, we have undertaken a number of extensive community engagement activities in the year ended March 2017, namely;

VIPINGO EDUCATION SCHOLARSHIPS
Centum Foundation launched the KES 3Million Annual Vipingo Scholarship Fund in January 2017. The scholarship program aims to provide full secondary education scholarships for bright and needy students from Kilifi County.
In its inaugural year, the Vipingo scholarships were awarded to 50 outstanding girls and boys from Kikambala Division, Kilifi County. In addition, the Foundation also sponsored 5 form one students in Alliance Boys High School.

MENTORSHIP

Centum Foundation continues to partner with EFAC (Education For All Children) on mentoring the Centum Foundation scholarship beneficiaries. EFAC is an education-to-employment program offering 8 years of scholarships, mentoring and career development to secondary and post-secondary students. The program is focused on mitigating the opportunity gap for talented primary school graduates who cannot afford to continue their education.

Through the EFAC program, Centum Foundation scholars will have access to bridge workshops, robust mentoring component and employability-training programs that will place them on the path to personal and professional success.

NEW MATHARI PRIMARY SCHOOL
The New Mathari Primary School finally opened its doors after two years of construction. The schools refurbishment was undertaken through a partnership between Nairobi County Government, Centum Foundation and Two Rivers Development Limited.

The school will now have 36 newly built classrooms that are fully furnished, an administration block, a social hall, dining hall, kitchen and open landscaped areas. The school will provide a modern, engaging learning environment to more than 1,000 students which is a true reflection of a successful private public partnership.

This includes:
• Separate blocks connected with walkways and awnings
• 36 classrooms in G+2 Blocks;
• An administration block
• A social hall, kitchen and dining area.
• Open spaces and interactions points.

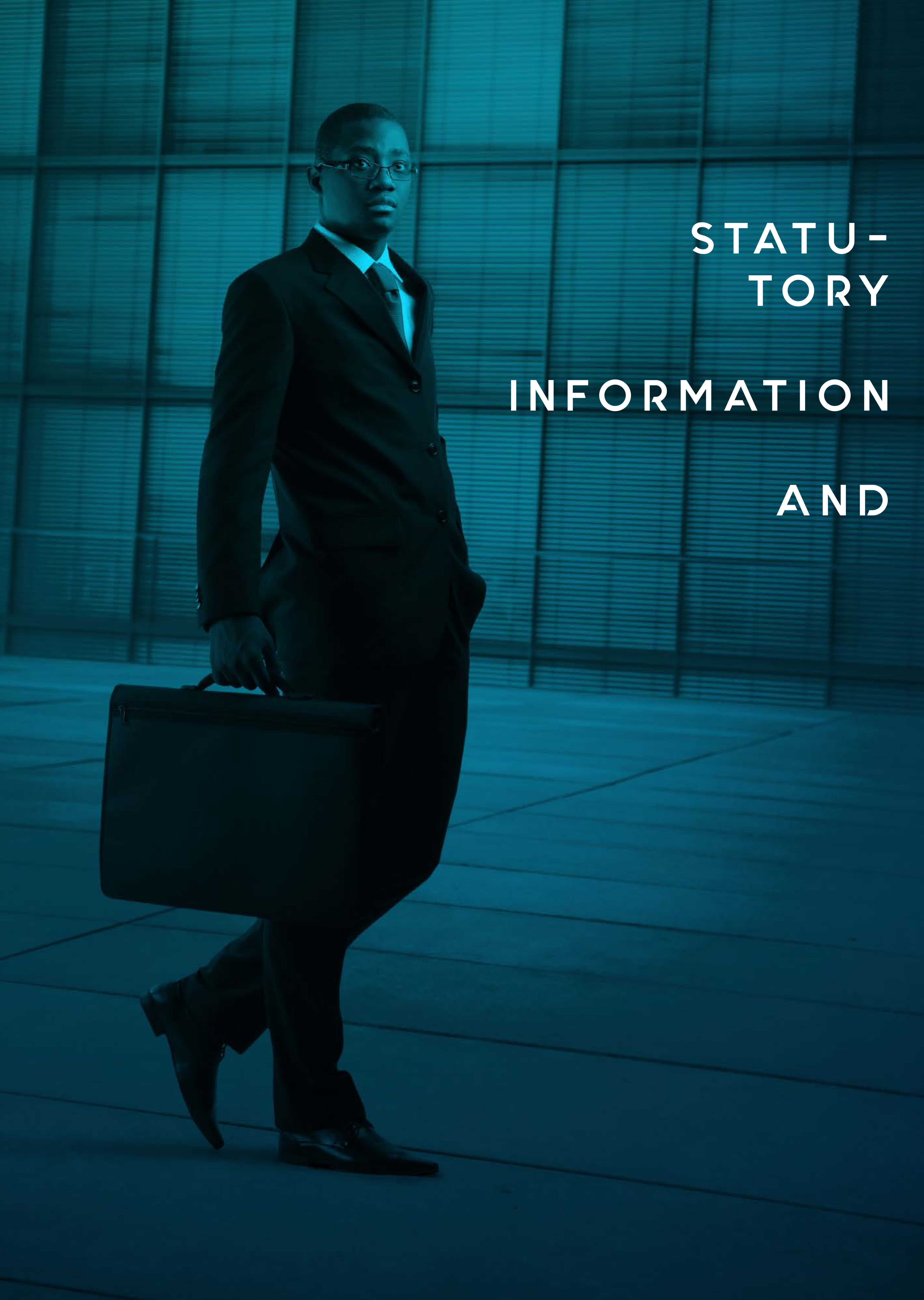
OTHER SOCIAL INITIATIVES

During the year, we also undertook numerous Corporate Social Initiatives through our Investee companies, notably;

At Vipingo Development, the key CSR activity undertaken was the construction of 6 class rooms for Timboni and Makonde primary schools.

Greenblade Growers Limited undertook an initiative to provide clean drinking water to Mucemi Primary School. Towards this end, Greenblade donated and installed a 10,000 cubic metre water tank to the school. The students and the community now have access to clean drinking water.

In addition, Greenblade Growers started a program of recruiting and training out-growers in line with its commitment to improve the livelihood of farmers in Kenya. Greenblade has facilitated the certification of some of its out-growers with Good Agricultural Practices (GAP) certificates. This has afforded such out-growers access to premium fresh produce customers in Europe while boosting incomes for them.



STATUTORY INFORMATION AND AUDITED FINANCIAL STATEMENTS

REPORTS

NOTES TO THE FINANCIAL STATEMENTS

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DIRECTORS REPORT

The Directors submit their report together with the audited financial statements for the year ended 31 March 2017, in accordance with Section 147 to 163 of the repealed companies Act Cap 486, which remain inforce under the transition rules contained in the sixth schedule, the transition and saving provisions of the companies Act 2015 which discloses the state of affairs of Centum Investment Company Plc (the 'Company') and its subsidiaries (together, the 'Group').

PRINCIPAL ACTIVITIES
The principal activity of the Company is engagement in investment activities. Through its subsidiaries, the Company has invested in the fast moving consumer goods, financial services, education, agribusiness, energy and real estate sectors.

RESULTS
For the year ended 31 March:

	2017 Ksh'000	2016 Ksh'000
Profit before tax	8,943,203	10,872,693
Income tax expense	(632,911)	(925,063)
Net profit for the year	**8,310,292**	**9,947,630**

The results for the year are set out fully on pages 128 to 232 in the attached financial statements.

DIVIDEND
The directors recommend the payment of a first and final dividend of KES 798,530,057 (2016: 665,441,714).

DIRECTORS
The directors who served during the year and to the date of this report are shown on page seven (7).

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

APPROVAL OF FINANCIAL STATEMENTS
The financial statements were approved by the Board of Directors on 12 June 2017

By order of the Board

Loise Gakumo
Secretary
Nairobi

12 June 2017

RIPOTI YA WAKURUGENZI

Wakurugenzi wanawasilisha ripoti yao pamoja na taarifa ya kifedha iliyokaguliwa ya mwaka uliokwisha 31 Machi 2017, kwa mujibu ya sehemu ya 147 hadi 163 ya sheria na kanuni iliyoondolewa ya kampuni fungu la 486 na ambayo ingali inatumika kwa mpito kwa mujibu wa kipengele kwenye ratiba ya sita na ambayo inalinda masharti ya sheria za kampuni ya 2015 yanayobainisha hali ya mambo katika Centum Investment Company Plc (Kampuni),pamoja na Kampuni tanzu (Kwa pamoja "Kundi"

SHUGHULI MUHIMU
Shughuli muhimu ya Kampuni ni ya uwekezaji. Kupitia kampuni tanzu ,Kampuni imewekeza kwenye sekta za Bidhaa zinazouzwa kwa kasi,Huduma za kifedha,Elimu,Kilimo biashara ,Kawi na Biashara ya shamba

MATOKEO
Kwa mwaka uliokwisha 31 Machi:

	2017 Ksh'000	2016 Ksh'000
Faida kabla ya kutozwa ushuru	8,943,203	10,872,693
Ushuru	(632,911)	(925,063)
Faida	**8,310,292**	**9,947,630**

Matokeo kamili ya mwaka yanapatikana kwenye ukurasa wa 128 hadi 232 ya taarifa za kifedha ambazo zimeandamanishwa pamoja na hii ripoti

MGAWO WA FAIDA
Wakurugenzi wanapendekeza ulipaji wa mgawo wa kwanza na mwisho wa shilingi 798,530,057 (Mwaka wa 2016 ulikuwa: 665,441,714).

WAKURUGENZI
Majina ya wakurugenzi waliohudumu kwenye mwaka hadi sasa yameorodheshwa kwenye ukurasa wa saba (7).

MKAGUZI WA HESABU
PricewaterhouseCoopers wameonyesha nia ya kuendelea kuhudumu kwa mujibu ya sehemu ya 159 (2) ya kanuni na sheria iliyoondolewa ya Kampuni (sura ya 486).

IDHINISHO KWA TAARIFA ZA KIFEDHA
Taarifa za kifedha ziliidhinishwa na Bodi ya Wakurugenzi mnamo 12 Juni 2017

Kwa amri ya Bodi ya Wakurugenzi

Loise Gakumo
Katibu
Nairobi

12 June 2017

DIRECTORS RESPONSIBILITIES

The Company's Act 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company at the end of the financial year and its financial performance for the year then ended. The directors are responsible for ensuring that the company keeps proper accounting records that are sufficient to show and explain the transactions of the company; disclose with reasonable accuracy at any time the financial position of the company; and that enables them to prepare financial statements of the company that comply with prescribed financial reporting standards and the requirements of the Company's Act. They are also responsible for safeguarding the assets 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 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 apply 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 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 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 2017 and signed on its behalf by:

Dr. James Mworia

Dr. Christopher Kirubi

AUDITORS REPORT

pwc

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 financial statements of Centum Investment Company Plc (the Company) and its subsidiaries (together, the Group) set out on pages 128 to 232, which comprise the consolidated statement of financial position at 31 March 2017 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the separate statement of financial position of the Company at 31 March 2017, statement of comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

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 2017 and of the financial performance and cash flows of the Group and the Company 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate company opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Credit risk and impairment of loans and advances – Sidian Bank Limited As explained under note 7.1, the directors make complex and subjective judgements over the valuation of loans and advances to customers and other banks. The impairment for loans and advances to customers is computed as the difference between the carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate of the loans. Where no objective evidence of impairment exists for individually assessed financial asset, the asset is included in a group of financial assets with similar credit characteristics and collectively assessed for impairment	We assessed and tested the design and operating effectiveness of the controls over impairment data and calculations. These controls included those over the identification of loans and advances that were impaired and the calculation of the impairment provision. 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.

Key audit matter	How our audit addressed the Key audit matter
using an unidentified impairment model whose key inputs are the estimated emergence period and historical loss ratios. We focused our audit on the following areas relating to the determination of the provision for impairment at year-end: • The completeness and accuracy of classification of the customers' accounts that are included in the impairment calculation; and • The principal assumptions underlying the calculation of impairment for the portfolio of loans and advances.	Where impairment was individually calculated, we tested a sample of loans and advances to ascertain whether the loss event (that is the point at which impairment is recognised) had been identified in a timely manner including, where relevant, how forbearance had been considered. 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. We applied risk based sampling to pick our sample for testing. 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. We reviewed a sample of material loans to ascertain that they have been classified in accordance with CBK Prudential Guideline number 4 and that any differences between provisions per International Accounting Standard 39, Financial Instruments: Recognition and measurement, and CBK guidelines have been dealt with appropriately.
Provision for impairment of financial assets As disclosed under Note 10.1, financial assets include loans and receivables due from a local bank that is currently under receivership by the Kenya Deposit Insurance Corporation (KDIC). Because of the receivership, the deposits with bank are not earning any interest income. At year end, there was uncertainty on the timing and the amounts that could be recovered by the depositors of the bank. As disclosed in note 10.1, the directors have used the best available information on the financial status of the bank to make judgements and estimate of the potential losses on the receivables from the bank.	We tested the deposit balances by agreeing them to relevant supporting documents and obtaining confirmations from the custodians. We agreed the discount rate used in the impairment calculation to the original effective interest rate on the deposits. We challenged management's assumption with regard to the expected recovery and period to recovery based on the progress of the bank's receivership. We independently recalculated the impairment provision and compared our results to management's computation.

Key audit matter	How our audit addressed the Key audit matter
Valuation of unquoted investments The Group holds unquoted investments, mainly consisting of investments in unlisted companies. The determination of fair value of these unquoted investments represents an area of judgment in the financial statements. 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 company. 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 market, income or cost approaches. Some of the judgements involve use of valuation experts.	We assessed the qualifications of the internal experts who carried out the valuation of the unquoted investments. We have reviewed the valuations of investments in private equity entities and confirmed that they have been carried out in line with the requirements of International Financial Reporting Standards. We have also assessed the reasonableness of the underlying assumptions as detailed under Note 1.5.2 and inputs used in the valuation techniques and the appropriateness of the valuation methods. We independently checked the accuracy of the calculations and compared our results with management's computation. We independently engaged valuation experts to review the computations and ensure compliance with International Financial Reporting Standards.
Valuation of Goodwill As explained under note 1.5.5 and note 8.2, goodwill impairment assessment is carried out annually to assess the carrying value. The assessment is based on the higher of fair value less cost to sell or value-in-use of the Cash Generating Units (CGU). The resultant value is compared with the carrying amount to determine if impairment exists. The use of both fair value less costs to sell involves significant judgments about the future performance of the business, the assumptions market participants would use when pricing the asset (CGU), and the applicable discount rate for the projected cash flows.	We evaluated management's valuations and the underlying assumptions based on the historical performance of the business, industry-specific reports and the macro- economic outlook. We assessed the reasonability of the fair values less cost to sell and projected cash flows of each cash generating unit. We also tested management's assumptions in relation to the: - Valuation assumptions; - long term growth rates by comparing them to economic and industry forecasts; and - pre-tax discount rate by assessing the cost of capital for the Company and comparable organisations, as well as considering country specific factors. We reviewed the adequacy of the disclosures in the financial statements.

Key audit matter	How our audit addressed the Key audit matter
Valuations of Investment properties Investment properties are held at fair value as disclosed under note 1.5. The fair values are determined using the market, income or cost approach as per the requirements of International Financial Reporting Standards. The valuation experts used various assumptions such as market values of comparable properties, recent transactions, discounted future rental cash flows (for completed buildings held for rental income) and other infrastructure where the property is located. The discounted future rental cash flows used to value buildings held for rental income involve significant judgements about future performance of the properties (occupancy rates) and discount rates.	We assessed the competence, qualification and independence of the valuation experts. We obtained an understanding of the valuation methods used to value the various properties based on their particular circumstances; such as the stage of development and location. We checked whether the Group had appropriate rights to the properties being valued. We recomputed the fair value gains arising from the valuations and compared our results to management's computation.

Other information

The directors are responsible for the other information. The other information comprises the Director's report and Statement of Director's responsibilities, which we obtained prior to the date of this report, and the rest of 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 other reports expected to be included in the annual report include; the Performance highlights, Business model, Centum 3.0 Strategic pillars, Our investments, Performance against centum 3.0 pillars, Five years Performance highlights, Chairman's statement, Chief executive review, Financial review, Sector review, Corporate governance report, Risk and Audit Report, Sustainability report, Historical performance, Shareholder information, and any other report therein which is made available to us after this date.

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 this auditor's 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 annual report and the reports therein listed above, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated 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.

The directors are responsible for overseeing the Group's financial reporting process.

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 legal requirements

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

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

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

PricewaterhouseCoopers

Certified Public Accountants
Nairobi

12 June 2017

CONSOLIDATED INCOME STATEMENT

	Notes	2017 Kshs'000	2016 Kshs'000
Trading business:			
Sales	2.2	9,401,660	8,140,574
Cost of sales	2.3.1 (a)	(5,869,463)	(5,365,147)
Gross profit		3,532,197	2,775,427
Operating and administrative expenses	2.3.1 (b)	(2,335,144)	(2,096,512)
Trading profit		**1,197,053**	**678,915**
Financial services:			
- Income from provision of financial services	2.2	4,074,964	4,072,050
- Interest expenses	2.4	(994,061)	(1,094,320)
- Net impairment of loans and advances	7.1	(326,645)	(230,124)
- Operating and administrative expenses	2.3.1 (b)	(2,563,963)	(2,163,116)
Operating profit from finances services		**190,295**	**584,490**
Investment operations:			
Investment income	2.2	7,208,447	6,501,921
Realised gains on disposal of investments	2.7	1,033,362	5,419,394
Project and development management fees	2.2	137,359	31,135
Operating and administrative expenses		(1,121,877)	(1,435,310)
Finance costs	2.4	(1,048,371)	(1,981,966)
Share of profits of associates and joint ventures after tax		1,346,935	1,074,114
Profit before tax		**8,943,203**	**10,872,693**
Income tax expense	3.1	(632,911)	(925,063)
Net profit for the year		**8,310,292**	**9,947,630**
Attributable to:			
Owners of the parent		7,273,851	7,816,035
Non controlling interests		1,036,441	2,131,595
		8,310,292	**9,947,630**
Earnings per share	2.6	10.93	11.75

The notes on pages 139 to 232 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2017 Kshs'000	2016 Kshs'000
Profit for the year		**8,310,292**	**9,947,630**
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
Revaluation surplus on property		64,226	-
Items that may be subsequently reclassified to profit or loss			
Share of other comprehensive income of associates	6.2	-	(958,441)
Reserves released on disposal of investments	2.7	(117,008)	(1,108,625)
Fair value loss in unquoted investments	5.2	(1,789,025)	(700,816)
Fair value (loss)/gain in quoted investments	5.3	(259,949)	167,383
Deferred tax on revaluation (loss)/gains	3.2	212,993	133,917
Currency translation differences		17,604	119,586
Total other comprehensive loss		(1,871,159)	(2,346,996)
Total comprehensive income for the year		6,439,133	7,600,634
Attributable to:			
Owners of the parent		5,402,692	5,469,039
Non-controlling interest		1,036,441	2,131,595
		6,439,133	7,600,634

The notes on pages 139 to 232 are an integral part of these financial statements

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Notes	2017 Kshs'000	2016 Kshs'000
Investment income	2.2	**4,300,342**	**4,343,494**
Expenses			
Operating and administrative expenses	2.3.1 (b)	(797,574)	(877,462)
Finance costs	2.4	(1,753,561)	(1,510,623)
		(2,551,135)	(2,388,085)
Profit before tax		**1,749,207**	**1,955,409**
Income tax expense	3.1	(177,939)	(86,982)
Profit for the year		**1,571,268**	**1,868,427**
Other comprehensive income for the year			
Items that may be subsequently reclassified to profit or loss			
Reserves released on disposal of investments	2.7	(720,765)	(954,920)
Fair value gain in subsidiaries	6.1	7,733,758	7,836,094
Fair value loss in associates	6.2.1	(283,617)	(556,845)
Fair value loss in unquoted investments	5.2	(1,748,165)	(423,634)
Fair value loss in quoted investments	5.3	(56,162)	(88,342)
Deferred tax on revaluation gains/(loss)	3.2	(336,787)	(306,056)
Total other comprehensive income		**4,588,262**	**5,506,297**
Total comprehensive income		**6,159,530**	**7,374,724**

The notes on pages 139 to 232 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 March 2017 Kshs'000	2016 Kshs'000
Assets			
Property, plant and equipment	8.1	10,072,008	7,003,874
Investment properties	5.1	27,311,091	16,514,196
Goodwill	8.2	3,528,732	3,167,397
Intangible assets - software	8.2	472,061	443,967
Deferred income tax assets	3.2	237,282	293,113
Prepaid operating lease rentals	8.4	44,797	9,161
Investments:			
- Associates	6.2.1	4,135,409	4,477,705
- Joint ventures	6.2.2	9,384,701	8,570,126
- Unquoted equity investments	5.2	4,226,166	5,977,198
- Quoted investments	5.3	1,223,152	1,369,032
- Government securities and corporate bonds	7.2	3,021,498	3,990,829
Loans and advances	7.1	12,633,408	12,953,674
Inventories	4.1	1,625,957	983,710
Biological assets	8.5	8,634	-
Finance lease receivable	8.3	7,921	-
Current income tax recoverable	3.1	328,116	190,104
Receivables and prepayments	4.2	4,485,892	1,911,990
Cash and cash equivalents	4.3	5,638,783	10,197,460
		88,385,608	**78,053,536**
Capital and reserves			
Share capital	11.1	332,721	332,721
Share premium	11.1	589,753	589,753
Other reserves	11.2	2,803,798	4,674,957
Retained earnings		32,771,793	28,245,913
Proposed dividends	11.3	798,530	665,442
Total equity attributable to equity holders of the company		**37,296,595**	**34,508,786**
Non-controlling interest		12,177,609	8,749,463
Total equity		**49,474,204**	**43,258,249**
Liabilities			
Borrowings (excluding banking subsidiary)	9.1	17,416,137	13,024,100
Banking subsidiary:			
- Customer deposits	7.3	9,798,748	12,039,864
- Borrowings	9.1	3,570,241	3,332,120
Payables and accruals	4.4	5,436,708	3,337,500
Dividends payable	11.3	82,725	6,777
Deferred income	4.4	111,460	127,596
Current income tax liabilities	3.1	230,848	344,402
Deferred income tax liabilities	3.2	2,264,536	2,582,928
		38,911,404	**34,795,287**
		88,385,608	**78,053,536**

The notes on pages 139 to 232 are an integral part of these financial statements

The financial statements on pages 128 to 232 were approved by the Board of Directors on 12 June 2017 and signed on its behalf by:

Dr. James Mworia

Dr. Christopher Kirubi

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 March: 2017 Kshs'000	2016 Kshs'000
Assets			
Investment portfolio:			
- Investment in subsidiaries	6.1	35,310,891	25,411,172
- Debt investment in subsidiaries	12.1	12,722,835	8,334,222
- Investment in associates	6.2.1	4,686,675	5,655,429
- Investment in joint ventures	6.2.2	2,144,452	2,144,126
- Unquoted investments	5.2	3,796,836	5,545,001
- Quoted investments	5.3	99,957	156,119
Total portfolio		**58,761,646**	**47,246,069**
Motor vehicle	8.1	22,845	-
Intangible assets	8.2	563	1,338
Current income tax recoverable	3.1	-	35,216
Receivables and prepayments	4.2	337,908	343,959
Cash and cash equivalents	4.3	2,447,072	3,916,200
		61,570,034	**51,542,782**
Capital and reserves			
Share capital	11.1	332,721	332,721
Share premium	11.1	589,753	589,753
Other reserves	11.2	30,192,608	25,604,346
Retained earnings		12,894,016	12,121,278
Proposed dividends	11.3	798,530	665,442
Total equity		**44,807,628**	**39,313,540**
Liabilities			
Borrowings	9.1	14,656,126	10,474,987
Trade and other payables	4.4	446,469	571,240
Dividends payable	11.3	82,725	6,777
Current income tax	3.1	53,596	-
Deferred income tax	3.2	1,523,490	1,176,238
		16,762,406	**12,229,242**
		61,570,034	**51,542,782**

The notes on pages 139 to 232 are an integral part of these financial statements

The financial statements on pages 128 to 232 were approved by the Board of Directors on 12 June 2017 and signed on its behalf by:

Dr. James Mworia

Dr. Christopher Kirubi

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2017

	Notes	Share capital Kshs'000	Share premium Kshs'000	Other reserves Kshs'000	Retained earnings Kshs'000	Proposed dividends Kshs'000	Owners equity Kshs'000	Non-controlling interest Kshs'000	Total equity 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	2.7	-	-	(117,008)	-	-	(117,008)		(117,008)
Fair value gain in unquoted investments	5.2	-	-	(1,789,025)	-	-	(1,789,025)	-	(1,789,025)
Fair value gain in quoted investments	5.3	-	-	(259,949)	-	-	(259,949)	-	(259,949)
Revaluation surplus on property		-	-	64,226	-	-	64,226	-	64,226
Currency translation differences		-	-	17,604	-	-	17,604	-	17,604
Deferred tax on revaluation gains	3.2	-	-	212,993	-	-	212,993	-	212,993
Total other comprehensive income		**-**	**-**	**(1,871,159)**	**-**	**-**	**(1,871,159)**	**-**	**(1,871,159)**
Total comprehensive income		**-**	**-**	**(1,871,159)**	**7,273,851**	**-**	**5,402,692**	**1,036,441**	**6,439,133**
First and final 2016 dividends paid	11.3	-	-	-	-	(665,442)	(665,442)	-	(665,442)
Proposed 2017 dividends	11.3	-	-	-	(798,530)	798,530	-	-	-
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**

The notes on pages 139 to 232 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2016

	Notes	Share capital Kshs'000	Share premium Kshs'000	Other reserves Kshs'000	Retained earnings Kshs'000	Proposed dividends Kshs'000	Total equity Kshs'000	Non-controlling interest Kshs'000	Total equity Kshs'000
					Year ended 31 March 2016				
At start of year		**332,721**	**589,753**	**7,021,953**	**18,555,971**	**-**	**26,500,398**	**5,129,099**	**31,629,497**
Comprehensive income									
Profit for the year		-	-	-	7,816,035	-	7,816,035	2,131,595	9,947,630
Other comprehensive income:									
Reserves released on disposal of investments	2.7	-	-	(1,108,625)	-	-	(1,108,625)	-	(1,108,625)
Share of other comprehensive income of associates	6.2.1	-	-	(958,441)	-	-	(958,441)	-	(958,441)
Fair value loss in unquoted investments	5.2	-	-	(700,816)	-	-	(700,816)	-	(700,816)
Fair value gain in quoted investments	5.3	-	-	167,383	-	-	167,383	-	167,383
Currency translation differences		-	-	119,586	-	-	119,586	-	119,586
Deferred tax on revaluation gains	3.2	-	-	133,917	-	-	133,917	-	133,917
Total other comprehensive income		**-**	**-**	**(2,346,996)**	**-**	**-**	**(2,346,996)**	**-**	**(2,346,996)**
Total comprehensive income		-	-	(2,346,996)	7,816,035	5,469,039	2,131,595	7,600,634	
Proposed dividends		-	-	-	(665,442)	665,442	-	-	-
Dividends paid to non controlling interest		-	-	-	-	-	-	(76,132)	(76,132)
Transactions with non controlling interests		-	-	-	2,539,349	-	2,539,349	1,564,901	4,104,250
At end of year		**332,721**	**589,753**	**4,674,957**	**28,245,913**	**665,442**	**34,508,786**	**8,749,463**	**43,258,249**

The notes on pages 139 to 232 are an integral part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY 2017

	Notes	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	2.7	-	-	(720,765)	-	-	(720,765)
Fair value gain in subsidiaries	6.1	-	-	7,733,758	-	-	7,733,758
Fair value loss in associates	6.2.1	-	-	(283,617)	-	-	(283,617)
Fair value loss in unquoted investments	5.2	-	-	(1,748,165)	-	-	(1,748,165)
Fair value loss in quoted investments	5.3	-	-	(56,162)	-	-	(56,162)
Deferred tax on revaluation gains	3.2	-	-	(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 2017 dividends	11.3	-	-	-	(798,530)	798,530	-
First and final 2016 dividends paid	11.3	-		-	-	(665,442)	(665,442)
At end of year		**332,721**	**589,753**	**30,192,608**	**12,894,016**	**798,530**	**44,807,628**

The notes on pages 139 to 232 are an integral part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY 2016

Year ended 31 March 2016

	Notes	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**	**20,098,049**	**10,918,293**	**-**	**31,936,816**
Comprehensive income							
Profit for the year		-	-	-	1,868,427	-	1,868,427
Other comprehensive income:							
Reserves released on disposal of investments	2.7	-	-	(954,920)	-		(954,920)
Fair value gain in subsidiaries		-	-	7,836,094	-		7,836,094
Fair value loss in associates	6.2.1	-	-	(556,845)	-		(556,845)
Fair value loss in unquoted investments	5.2	-	-	(423,634)	-		(423,634)
Fair value loss in quoted investments	5.3	-	-	(88,342)	-		(88,342)
Deferred tax on revaluation gains	3.2	-	-	(306,056)	-		(306,056)
Total other comprehensive income		-	-	5,506,297	-	-	5,506,297
Total comprehensive income		-	-	5,506,297	1,868,427	-	7,374,724
Transactions with owners							
Proposed dividends		-	-	-	(665,442)	665,442	-
At end of year		**332,721**	**589,753**	**25,604,346**	**12,121,278**	**665,442**	**39,313,540**

The notes on pages 139 to 232 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 March: 2017 Kshs'000	2016 Kshs'000
Cash flows from operating activities			
Cash generated from operations	2.5	2,792,947	3,631,542
Income tax paid	3.1	(919,571)	(1,142,320)
Net cash generated from operating activities		**1,873,376**	**2,489,222**
Cash flows from investing activities			
Purchase of investment property	5.1	(2,305,561)	(4,695,509)
Purchases of property, plant and equipment	8.1	(3,838,444)	(3,712,754)
Purchases of intangible assets	8.2	(176,803)	(346,902)
Acquisition of subsidiary, net of cash acquired	6.3	(434,623)	(386,235)
Purchase of shares in associates	6.2.1	(633,998)	(740,027)
Purchase of shares in joint venture	6.2.2	-	(373,288)
Purchase of quoted equity investments	5.3	(1,169,312)	(741,427)
Purchase of corporate bonds at amortised cost	7.2.3	(157,460)	(859,806)
Purchase of government securities at fair value through profit or loss	7.2.1	(199,705)	(456,641)
Purchase of government securities at amortised cost	7.2.2	(10,400)	(1,555,432)
Proceeds from disposal of unquoted investments	2.7	-	764,916
Proceeds from disposal of quoted investments	2.7	1,023,389	2,493,490
Proceeds on disposal of government securities at fair value through profit or loss	7.2.1	736,317	207,000
Proceeds on disposal of government securities at amortised cost	7.2.2	363,815	-
Dividends received from associates	6.2.1	277,326	373,427
Proceeds from disposal of associate	2.7	1,895,760	1,027,651
Net disbursement of loans and advances		320,266	(1,892,222)
Proceeds from disposal of corporate bonds at amortised cost	7.2.3	316,187	297,982
Proceeds from disposal of investment property		-	585,101
Net cash used in investing activities		**(3,993,246)**	**(10,010,676)**
Cash flows from financing activities			
Net proceeds from borrowings		2,138,493	6,494,189
Interest paid on borrowings		(2,712,900)	(3,031,040)
Net change in customer deposits		(2,241,115)	(360,754)
Dividends paid		(605,442)	-
Issue of shares in subsidiary to non-controlling interests		-	6,426,000
Net cash generated from financing activities		**(3,420,964)**	**9,528,395**
Net increase in cash and cash equivalents		**(5,540,834)**	**2,006,941**
Movement in cash and cash equivalents			
At start of year		10,197,460	9,006,348
Cash derecognised on disposal of subsidiary		-	(815,829)
(Decrease)/Increase		(5,540,834)	2,006,941
At end of year	**4.3**	**4,656,626**	**10,197,460**

The notes on pages 139 to 232 are an integral part of these financial statements

COMPANY STATEMENT OF CASH FLOWS

	Notes	Year ended 31 March: 2017 Kshs'000	2016 Kshs'000
Cash flows from operating activities			
Cash generated from operations	2.5	2,183,867	2,241,451
Proceeds from disposal of associate	6.2.1	1,080,000	1,027,651
Income tax paid	3.1	(78,661)	(406,762)
Net cash generated from operating activities		**3,185,206**	**2,862,340**
Cash flows from investing activities			
Purchase of motor vehicle	8.1	(27,536)	-
Purchases of intangible assets	8.2	-	(371)
Investment in subsidiaries		(1,934,035)	(3,244,051)
Net debt investment in subsidiaries		(3,247,704)	(396,085)
Purchase of shares in associates	6.2.1	(294,863)	-
Purchase of shares in joint venture	6.2.2	-	(373,288)
Proceeds from disposal of quoted investments	2.7	-	135,206
		(5,504,138)	**(3,878,589)**
Cash flows from financing activities			
Net proceeds from borrowings		1,962,141	2,820,351
Interest paid on borrowings		(1,489,053)	(1,490,285)
Dividends paid		(605,442)	-
Unclaimed dividends paid	11.3	-	(70,494)
Net cash generated from financing activities		**(132,353)**	**1,259,572**
Net increase in cash and cash equivalents		(2,451,285)	243,323
Movement in cash and cash equivalents			
At start of year		3,916,200	3,672,877
Increase		(2,451,285)	243,323
At end of year	**4.3**	**1,464,915**	**3,916,200**

The notes on pages 139 to 232 are an integral part of these financial statements

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS

1.1 General information

Centum Investment Company Plc is incorporated and domiciled in Kenya. Its shares are listed on the Nairobi Securities Exchange and on the Uganda Securities Exchange. The address of its registered office is:

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

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

1.2 Basis for preparation

i Compliance with IFRS

The consolidated financial statements of Centum Investment Company Plc (the "Company"), its subsidiaries and its interests in associates and joint ventures (together the "Group") have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

Centum group has operations across various industries. In order to achieve a more informative presentation of the financial statements, the expenses in the consolidated income statement have been presented using a mix of both nature and function classification. As required by IFRS, a detailed breakdown of the expenses has been presented in the notes to the financial statements. The directors are satisfied that mixing the presentation provides more relevant information and does not have an effect of misstating any balance or giving any undue bias.

ii New and ammended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2016:

- Accounting for acquisitions of interests in joint operations – Amendments to IFRS 11;
- Clarification of acceptable methods of depreciation and amortisation – Amendments to IAS 16 and IAS 38;
- Annual improvements to IFRSs 2012 – 2014 cycle; and
- Disclosure initiative – amendments to IAS 1.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

The Group also elected to adopt the following amendments early:
- Disclosure Initiative: Amendments to IAS 7.

This amendment requires disclosure of changes in liabilities arising from financing activities.

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS (CONTINUED)

1.2 Basis for preparation (continued)

iii New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	**IFRS 9 Financial instruments**
Nature of change	IFRS 9 replaces IAS 39. It addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Impact	The adoption of IFRS 9 is not expected to change the measurement of the Group's financial assets and liabilities significantly, but will require a review of the current classification of financial assets and liabilities. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed. The new hedge accounting rules are not expected to have an impact on the Group's risk management practices as the Group does not have any hedging relationships. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model,it may result in an earlier recognition of credit losses. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS (CONTINUED)

1.2 Basis for preparation (continued)

iii New standards and interpretations not yet adopted (continued)

Title of standard	**IFRS 9 Financial instruments (continued)**
Mandatoryapplication date/ Date of adoption by group	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group will adopt the standard on 1 January 2018. The Group is currently assessing the most appropriate approach to follow on transition.

Title of standard	**IFRS 15 Revenue from contracts with customers**
Nature of change	IFRS 15 replaces the two main revenue recognition standards, IAS 18 Revenue and IAS 11 Construction Contracts and their related interpretations.
Impact	The standard provides a single controlbased revenue recognition model and clarifies the principles for recognising revenue from contracts with customers. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. IFRS 15 also includes comprehensive disclosure requirements that will provide users with information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits either a full retrospective or modified retrospective approach for adoption and the Group is currently assessing the most appropriate approach to follow on transition. At this stage, the group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

1.2 Basis for preparation (continued)

iii New standards and interpretations not yet adopted (continued)

Title of standard	IFRS 15 Revenue from contracts with customers (continued)
Mandatory application date/ Date of adoption by group	Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the group: 1 January 2018.

Title of standard	IFRS 16 Leases
Nature of change	IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases.
Impact	The accounting for lessors will not significantly change. The Group expects that the new standard will primarily affect its accounting for operating leases, in particular those relating to its property and equipment. The group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.
Mandatory application date/ Date of adoption by group	The new standard contains enhanced disclosure requirements for both lessees and lessors. Mandatory for financial years commencing on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.3 Going concern

The Group and the Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group and the Company should be able to operate within their current funding levels into the foreseeable future.

After making enquiries, the Directors have a reasonable expectation that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. The financial statements therefore have been prepared on a going concern basis.

1.4 Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below and in the related notes to the Group financial statements.

The principal accounting policies applied are consistent with those adopted in the prior year, unless otherwise stated.

1.4.1 Principles of consolidation and equity accounting

i Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Where necessary, adjustments are made to the financial statements of subsidiaries to align any difference in accounting policies with those of the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

ii Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Centum Investment Company Plc.

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS (CONTINUED)

1.4 Principal accounting policies (continued)

1.4.1 Principles of consolidation and equity accounting (continued)

iii Disposal of subsidiaries

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

iv Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

vi Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

vii Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS (CONTINUED)

1.4 Principal accounting policies (continued)

1.4.1 Principles of consolidation and equity accounting (continued)

vii Equity method (continued)

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment.

viii Changes in ownership interests with change of control

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in prof it or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

1.4 Principal accounting policies (continued)

1.4.1 Principles of consolidation and equity accounting (continued)

ix Business combinations

The Group accounts for business combinations using the acquisition method when control is obtained by the Group. A business is defined as an integrated set of activities and assets that are capable of being conducted and managed for the purposes of providing a return directly to investors or other owners, members or participants. The consideration transferred is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are recognised in profit or loss. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any noncontrolling interests.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date fair values of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition date fair values of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), such excess is recognised immediately in profit or loss as a bargain purchase gain.

An obligation to pay contingent consideration is classified as either a financial liability or equity based on the respective definitions set out in IAS 32 Financial Instruments: Presentation. The Group classifies any rights to the return of consideration previously transferred as a financial asset. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 Financial Instruments: Recognition and Measurement, with the corresponding gain or loss recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured after the acquisition date.

Any changes resulting from additional and new information about events and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amount recognised at that date, are considered to be measurement period adjustments.

ix Business combinations (continued)

The Group retrospectively adjusts the amounts recognised for measurement period adjustments. The measurement period ends when the acquirer receives all the information that they were seeking about the facts and circumstances that existed at the acquisition date or learns that information cannot be obtained. The measurement period shall, however, not exceed one year from the acquisition date. To the extent that changes in the fair value relate to post-acquisition events, these changes are recognised in accordance with the IFRS applicable to the specific asset or liability.

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

1.4.2 Foreign currency

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS (CONTINUED)

1.4 Principal accounting policies (continued)

1.4.2 Foreign currency (continued)

Transactions and balances (continued)

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

1.4.3 Measurement principles

Key assets and liabilities shown in the statement of financial position are measured as follows:

Item included in the statement of financial position	Measurement principle	Item included in the statement of financial position	Measurement principle
Assets		**Liabilities**	
Property, plant and equipment	Historical cost less accumulated depreciation and impairment losses except for land and buildings that are carried at fair value.	Borrowings	Amortised cost

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS (CONTINUED)

1.4 Principal accounting policies (continued)

1.4.3 Measurement principles (continued)

Item included in the statement of financial position	Measurement principle	Item included in the statement of financial position	Measurement principle
Assets		**Liabilities**	
Biological assets	Fair value less cost to sell		
Investment property	Fair value	Customer deposits	Amortised cost
Goodwill	Historical cost less impairment losses	Deferred income	Nominal value
Intangible assets	Historical cost less accumulated amortisation and impairment losses		
Deferred tax assets	Undiscounted amount measured at the tax rates that have been enacted and are expected to apply to the period when the asset is realised.	Deferred income tax liabilities	Undiscounted amount measured at the tax rates that have been enacted and are expected to apply to the period when the liability is settled
Investments in associates and joint ventures	Group: Cost adjusted for share of movements in net assets less impairment losses. Company: Fair value based on price of a recent transaction or earnings multiples of comparable companies.	Provisions	Present value of the best estimate of the settlement amount
Investment in subsidiaries	Company: Fair value based on recent transactions or price multiples		
Unquoted investments	Fair value based on price of a recent transaction or earnings multiples of comparable companies		
Quoted investments	Fair value		
Loans and advances	Amortised cost		
Government securities and corporate bonds	Fair value through profit and loss, and amortised cost		
Inventories	Lower of cost and net realisable value		

1.4 Principal accounting policies (continued)

1.4.3 Measurement principles (continued)

Item included in the statement of financial position	Measurement principle	Item included in the statement of financial position	Measurement principle
Current income tax recoverable	Amount expected to be recovered from tax authorities, using tax rates that have been enacted or substantively enacted at the reporting date.	Current income tax liabilities	Amount expected to be recovered from tax authorities, using tax rates that have been enacted or substantively enacted at the reporting date.
Receivables and prepayments	Amortised cost	Payables and accruals	Amortised cost
Cash and cash equivalents	Amortised cost	Bank overdraft	Amortised cost

1.5 Critical accounting judgements, estimates and assumptions

The Group makes judgements, estimates and assumptions concerning the future when preparing the consolidated financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The "Critical accounting judgements, estimates and assumptions" note should be read in conjunction with the "Principal accounting policies" disclosed in note 1.4.

1.5.1 Impairment losses

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell (FVLCS) and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units). The best evidence of FVLCS is value obtained from an active market or binding sale agreement. Where neither exist, FVLCS is based on the best information available to reflect the amount the Company could receive for the cash-generating unit in an arm's length transaction. This is often estimated using discounted cash flow techniques and/or market multiple for comparable entities. The discount rates applied to the future cash flow forecasts in real terms, represent an estimate of the rate the market would apply having regard to the time value of money and the risks specific to the asset. Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount.

In addition IAS 36, Impairment of Assets requires:

- The recoverable amounts of intangible assets not yet available for use are assessed for impairment annually, irrespective of whether there is an indication that they may be impaired; and
- The recoverable amounts of intangible assets with indefinite useful lives are assessed for impairment annually, irrespective of whether there is an indication that they may be impaired.

Non-financial assets that have been impaired in past periods are reviewed for possible reversal of impairment at each reporting date.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS (CONTINUED)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.2 Valuation of unquoted investments

Valuation of the Group's unquoted investments is an area of judgement, involving significant estimates and assumptions.

The Group's policy is to measure all unquoted investments at fair value on the standalone balance sheet of the Company. On the consolidated balance sheet, only unquoted investments with a holding of less than 20% are measured at fair value as subsidiaries are consolidated and associates are accounted for under the equity accounting method. Unquoted investments on the standalone company balance sheet are classified as Available For Sale.

Valuation of unquoted investments involves making use of significant unobservable inputs. The main inputs into the valuation models for these investments include:

a) EBITDA multiples - based on the budgeted EBITDA or most recent EBITDA achieved on rolling 12 months basis of the issuer and equivalent corresponding EBITDA multiples of comparable companies;

b) Price-to-Book multiples for the banking subsidiary, using the closing balance sheet of the subsidiary and average Price-to-Book multiples of listed banks in Kenya;

c) Percentage of Assets Under Management for asset management subsidiaries, based on recent transactions; and

d) Marketability discounts, based on guidance under International Private Equity and Venture Capital Valuation (IPEV) Guidelines. In principle, the group applies an illiquidity discount between 1% and 30% set out under IPEV guidelines. The Group also involves third party valuation experts and may therefore apply a different compounded discount, based on a valuation report by those external experts.

The group also considers the original transaction prices, recent transactions in the same or similar instruments and completed third party transactions in comparable companies instruments in valuation of unquoted investments.

Real Estate subsidiaries are valued on the basis of the Group's proportionate share of their Net Asset Values as the underlying properties are measured at fair value. A cost or net asset value approach is also used for marketable securities and early stage portfolio companies.

In evaluating the valuations, Management reviews the performance of the portfolio investee companies on a monthly basis and is regularly in contact with the management of the portfolio companies in order to make assessments of business and operational matters which are considered in the valuation process. Where appropriate, Management also tracks peer company multiples, recent transaction results and credit ratings for similar instruments and companies.

The valuations are prepared by Management and are reviewed on a regular basis by the Board Investment Committee and the Board Audit Committee. The Board Committees consider the appropriateness of the valuation model itself, the significant and key inputs as well as the valuation result using various valuation methods and techniques generally recognised as standard within the industry.

In determining the continued appropriateness of the chosen valuation technique, Management may perform back-testing to consider the various models' actual results and how they have historically aligned to actual market transactions. As a result of this process, Man agement may recalibrate the valuation techniques appropriately.

Where EBITDA multiples are used, Management determine comparable companies based on industry, size, development stage, revenue generation and strategy. The trading multiple for each comparable company identified is then calculated. The multiple is calculated by dividing the enterprise value of the comparable company by its earnings before interest, taxes, depreciation and amortisation (EBITDA).

The trading multiple is then adjusted for discounts with regards to such considerations as illiquidity and other differences, advantages and disadvantages between the portfolio company and the comparable public company based on company specific facts and circumstances. As a general rule, a discount of upto 30% is applied.

The table below present those investments in portfolio companies whose fair values have been determined on the basis described above.

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS (CONTINUED)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.2 Valuation of unquoted investments (continued)

Year ended 31 March 2017

Description	Ownership	Fair value at 31 March 2017 Ksh 000	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in valuation +/-
Unquoted investments:							
General Motors East Africa Limited	17.80%	3,026,769	Recent transaction	NA	-	NA	NA
				NA	-	NA	NA
NAS Airport Services Limited	15%	765,066	Comparable trading multiples	EBITDA multiple	5.26x	1%	7,230
				Marketability discount	30%	5%	(16,394)
				Discounted EBITDA multiple	3.68x		
				EBITDA (Kes 'm)	ND*	10%	72,296
				Net debt (Kes 'm)	ND*	NA	NA
Capital Market Challenge Fund		5,000	Cost				
Total - Company		**3,796,835**					
Associates:							
Nairobi Bottlers Limited	27.62%	4,388,383	Comparable trading multiples	EBITDA multiple	9.67x	1%	50,977
				Marketability discount	30%	5%	(94,037)
				Discounted EBITDA multiple	6.77x		
				EBITDA (Kes 'm)	ND*	10%	509,775
				Net debt (Kes 'm)	ND*	NA	NA
Ace Nairobi One		294,863	Cost				
UAP Financial Services (U) Limited		3,429	Cost				
Total - Company		**4,686,675**					
Platcorp Holdings Limited	25.07%	2,323,989	Recent transaction	NA	-	NA	NA
				NA	-	NA	NA

*These are private companies where the Group holds a minority interest. The EBITDA and Debt information is market sensitive information and has therefore not been disclosed.

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS (CONTINUED)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.2 Valuation of unquoted investments (continued)

Year ended 31 March 2017 (continued)

Subsidiaries: Company

	Ownership	31-Mar-17 Ksh'000	31-Mar-16 Ksh'000	Valuation basis for the year ended 31st March 2017
Two Rivers Development Limited	58%	12,315,989	10,733,045	Net asset value which represents the fair value of the underlying asset Note 6.1
Almasi Beverages Limited	54%	7,716,472	3,545,371	Market multiples. See below
Vipingo Development Limited	100%	3,950,863	100	Net asset value which represents the fair value of the underlying asset Note 6.1
Bakki Holdco Limited	100%	3,232,233	3,968,185	Net asset value which represents the fair value of Sidian Bank Limited as shown below.
Investpool Holdings Limited	100%	2,117,147	2,119,210	Net asset value which represents the fair value of the underlying asset (Plat corp Holdings Limited). Note 6.1
GenAfrica Investment Management Limited	73%	1,404,183	1,157,573	Assets under management. See below
Centum Development Limited	100%	860,896	1,064,114	Net asset value which represents the fair value of the underlying property Note 6.1
Longhorn Publishers Limited	60%	738,063	-	Market prices. The entity is listed on the Nairobi Securities Exchange
Rasimu Limited	100%	755,769	719,999	Net asset value which represents the fair value of the underlying asset. The company owns 3.65% of Two Rivers Development Limited.
Nabo Capital Limited	100%	410,802	828,470	Net asset value. Note 6.1
Vipingo Estates Limited	100%	1,089,628	386,209	Net asset value which represents the fair value of the underlying asset Note 6.1
Uhuru Heights Limited	100%	261,349	207,123	Net asset value which represents the fair value of the underlying asset. The company owns 1.05% of Two Rivers Development Limited
Zohari Leasing Limited	100%	207,781	-	Net asset value. Note 6.1
Greenblade Growers Limited	100%	207,104	82,450	Net asset value. Note 6.1
Athena Properties Limited	100%	25,093	452,228	Net asset value. Note 6.1
Centum Business Solutions Limited	100%	17,519	100	Net asset value. Note 6.1
Centum Exotics Limited	100%	-	146,377	Net asset value. Note 6.1
Mwaya Investments Company Limited	100%	-	618	Net asset value. Note 6.1
		35,310,891	25,411,172	

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS (CONTINUED)

Valuation:	Ownership	Valuation technique	Ksh'000	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in valuation +/-
Almasi Beverages Limited	53.88%	Market multiples	7,716,472	EBITDA multiple	9.67x	1%	74,249
				Marketability discount	30%	5%	(165,353)
				Discounted EBITDA multiple	6.77x		
				EBITDA (Kes 'm)	2,035	10%	742,491
				Net debt (Kes 'm)	(773)	NA	NA
GenAfrica Investment Management Limited	73.35%	Assets under management	1,404,183	AUM's (Kes 'm)	212,000	10%	140,418
				%price of AUM's	1.29%	NA	NA
				Marketability discount	30%	30%	(181)
Sidian Bank Limited	74.77%	Market multiples	3,247,099	PB Ratio multiple	1.06x	5%	162,355
				NAV (Kes 'm)	4,097	10%	324,710

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS (CONTINUED)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.2 Valuation of unquoted investments (continued)

Year ended 31 March 2016

Description	Fair value at 31 March 2016	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in valuation +/-
Unquoted investments:						
General Motors East Africa Limited	4,672,599	Comparable trading multiples	EBITDA multiple	10.78x	1%	50,507
			Marketability discount	30%	5%	(108,230)
NAS Airport Services Limited	867,193	Comparable trading multiples	EBITDA multiple	4.73x	1%	8,296
			Marketability discount	18%	5%	(9,389)
Associates:						
Nairobi Bottlers Limited	4,672,064	Comparable trading multiples	EBITDA multiple	7.91x	1%	51,870
			Marketability discount	13%	5%	(34,906)
Platcorp Holdings Limited	2,850,120	Recent transaction	None	-	NA	NA
			None	-	NA	NA
Kenya Wine Agencies Holdings Limited	737,978	Comparable trading multiples	EBITDA multiple	13.18x	1%	6,899
			Marketability discount	15%	5%	(6,512)

Subdiaries:
The subsidiaries have been valued at the Group's share of Net Asset Value which is set out under Note 6.1.
If the subsidiaries were marked to market, then the valuation would have been as below:

Almasi Beverages Limited	3,216,271	Recent transaction	None	-	NA	NA
			None	-	NA	NA
GenAfrica Investment Management Limited	1,797,809	Assets under management	AUM's (Kes 'm)	190,000	10%	180
			%price of AUM's	1.29%	NA	NA
Sidian Bank Limited	3,447,218	Recent transaction	None	-	NA	NA
			None	-	NA	NA

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.2 Valuation of unquoted investments (continued)

The change in valuation disclosed in the above table shows the relative increase or decrease in the input variables deemed to be subjected to the most judgement and estimate and the respective impact on the fair value presented in these financial statements. For equity securities, increases in the EBITDA multiple and control premium inputs would each lead to an increase in estimated value. However an increase in the discount for lack of marketability would lead to a decrease in value.

1.5.3 Valuation of investment property

The fair value model has been applied in accounting for investment property. The Group commissioned external, independent and professionally qualified real estate valuers that hold recognised relevant professional qualification and have recent experience in the locations and types of investment properties valued to determine the fair value of the investment property as at 31 March 2017 and 2016 on the basis of open market value. The valuation figures have been adjusted downwards to take into account the stage of completion of the investment properties. The current use of the investment properties equates to the highest and best use.

All the Group's investment properties are under development. The valuation of the investment properties is derived by making reference to recent comparable sales transactions in the relevant property market, on the assumption that the property had already been completed at the valuation date. It also takes into account the construction cost already incurred as well as the estimated cost to be incurred to complete the project. The fair value gains have been credited to 'income' in the income statement (Note 2.2).
The implied values per acre are as detailed below:

Because of the unique nature of the Group's investment properties, most of them are valued by reference to a level 2 fair value measurement. In 2017 and 2016, there were no transfers between different levels within the fair value hierarchy. Level 2 measurement uses inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly as derived from prices.

	Level 1 Ksh'000	Level 2 Ksh'000	Level 3 Ksh'000
31 March 2017			
Investment property	-	27,311,091	-
31 March 2016			
Investment property	-	16,514,196	-

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS (CONTINUED)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.4 Income taxes

The Group is subject to income taxes in numerous jurisdictions. As a result, significant judgement is required in determining the Group's provision for income taxes. There are numerous calculations and transactions for which the ultimate tax position is uncertain during the ordinary course of business. The Group recognises tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be payable. Where payment is possible but not probable, the tax exposure is disclosed as a contingent liability. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact current and deferred tax in the period in which such determination is made.

Defered taxes

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deferred tax assets can be utilised. When recognising deferred tax assets, the Group exercises judgement in determining whether sufficient taxable profits will be available; this is done by assessing the future financial performance of the underlying Group entities to which the deferred tax assets relate. The Group's deferred tax assets for the current year amounted to Kes 237,282,000 (2016: Kes 293,113,000), refer to note 3.2.

1.5.5 Impairment of goodwill

The Group tests goodwill for impairment on an annual basis, in accordance with the accounting policy disclosed in note 8.2. The recoverable amounts of cash-generating units have been determined based on the higher of fair value less costs to sell or value-in-use calculations. These calculations are performed internally by the Group and require the use of estimates and assumptions.

The input factors most sensitive to change are management estimates of future cash flows based on budgets and forecasts, growth rates and discount rates. Further detail on these assumptions has been disclosed in note 8.2. The Group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the changes in input factors result in any of the goodwill allocated to appropriate cash generating units being impaired.

2 RESULTS OF OPERATIONS

2.1 Segment information

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

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

i Total return

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

ii Gross portfolio return

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

a Portfolio income

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

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

- **Realised profits on the disposal of investments are the difference between the fair value of the consideration received less any directly attributable costs, on the sale of equity, and its carrying value at the start of the accounting period.**
  Although the net realised gains are similar to those in the statement of comprehensive income, the disclosure differs under the Group's segment reporting.

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

2 RESULTS OF OPERATIONS (CONTINUED)

2.1 Segment information (continued)

ii Gross portfolio return (continued)

a Portfolio income (continued)

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

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

b Portfolio costs

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

c Total assets

Total assets represents the portfolio value, which includes the carrying value of equity investments as well as marketable securities.

The segment information provided to the executive management committee for the reportable segments for the year ended 31 March 2017 is as overleaf.

2 RESULTS OF OPERATIONS (CONTINUED)

2.1 Segment information (continued)
Group

Year ended 31 March 2017	Financial Services Ksh'000	FMCG Ksh'000	Energy Ksh'000	Real Estate Ksh'000	Quoted Equity Ksh'000	Others Ksh'000	Total Ksh'000
Dividend income	77,185	-	-	-	90,433	138,748	306,366
Interest income	3,013,930	-	-	-	111,119	-	3,125,049
Lease rentals	25,777	-	-	-	-	-	25,777
Fund management income	527,042	-	-	-	-	-	527,042
Sales income	-	8,078,182	-	-	-	1,323,478	9,401,660
Other income	32,654	-	-	-	217,432	250,086	
Realised gains	432,441	515,766	-	13,329	87,949	-	1,049,485
Fee, commission and forex trading income	580,926	-	-	-	-	-	580,926
Project and development management fees	-	-	-	-	-	137,359	137,359
Share of profit of associates	307,135	218,626	-	814,249	-	6,925	1,346,935
Unrealised value movements	(3,145)	-	-	6,322,718	(150,983)	(1,587,706)	4,580,883
Gross return	**4,993,945**	**8,812,574**	**-**	**7,150,296**	**138,518**	**236,236**	**21,331,568**
Finance costs	(854,311)	(150,626)	-	-	-	(43,434)	(1,048,371)
Portfolio costs	(3,831,018)	(5,338,358)	(1,495)	(648,579)	(83,895)	(3,307,808)	(13,211,153)
Net return	**308,617**	**3,323,590**	**(1,495)**	**6,501,717**	**54,623**	**(3,115,006)**	**7,072,044**
Tax	(110,643)	(318,599)	-	102,028	(66,440)	(239,258)	(632,912)
Total return	**197,973**	**3,004,991**	**(1,495)**	**6,603,745**	**(11,816)**	**(3,354,264)**	**6,439,132**
Gross Return (%)	50%190%	0%60%	2%	-24%	62%		
Return on opening shareholder funds (%)	2%65%	0%56%	0%	-345%	19%		
Opening net asset value							
Total assets	27,911,646	11,295,017	4,001,820	25,347,435	8,687,885	809,733	78,053,536
Borrowings	(4,479,976)	(2,975,117)	(1,410,676)	(4,358,175)	(2,218,898)	(913,378)	(16,356,220)
Other liabilities	(12,430,574)	(1,558,023)	-	(3,577,682)	(3,355)	(869,433)	(18,439,067)
Non-controlling interest	(1,032,391)	(2,130,331)	-	(5,586,741)	-	-	(8,749,463)
Net asset value attributable to equity holders	**9,968,705**	**4,631,546**	**2,591,144**	**11,824,837**	**6,465,632**	**(973,078)**	**34,508,786**
Closing net asset value							
Total assets	25,240,408	9,702,504	3,491,163	44,067,380	3,089,073	2,795,079	88,385,607
Borrowings	(5,407,027)	(4,903,659)	(839,642)	(6,247,065)	(1,366,294)	(2,222,692)	(20,986,379)
Other liabilities	(14,104,188)	(1,463,412)	(61,872)	(1,778,569)	(63,417)	(453,567)	(17,925,025)
Non-controlling interest	(1,090,521)	(2,853,809)	-	(7,888,331)	-	(344,948)	(12,177,609)
Net asset value attributable to equity holders	**4,638,672**	**481,623**	**2,589,649**	**28,153,416**	**1,659,362**	**(226,129)**	**37,296,594**

2 RESULTS OF OPERATIONS (CONTINUED)

2.1 Segment information (continued)
Group

Year ended 31 March 2016	Financial Services Ksh'000	FMCG Ksh'000	Energy Ksh'000	Real Estate Ksh'000	Quoted Equity Ksh'000	Others Ksh'000	Total Ksh'000
Dividend income	-	-	-	-	94,338	171,923	266,261
Interest income	3,688,497	-	-	83,676	197,413	33	3,969,619
Fund management income	428,518	-	-	-	-	-	428,518
Sales income	-	8,140,574	-	-	-	-	8,140,574
Other income	22,108	-	-	-	-	-	22,108
Realised gains	1,120,904	-	-	3,483,178	980,327	-	5,584,409
Fee, commission and forex trading income	622,636	-	-	-	-	-	622,636
Project and development management fees	-	-	-	31,135	-	-	31,135
Share of profit of associates	729,721	289,662	-	-	-	54,731	1,074,114
Unrealised value movements	(951,818)	15,415	-	5,118,581	167,383	(1,596,742)	2,752,819
Gross return	**5,660,566**	**8,445,651**	**-**	**8,716,570**	**1,439,461**	**(1,370,055)**	**22,892,193**
Finance costs	(1,446,454)	(467,450)	(67,239)	(505,472)	(352,795)	(236,877)	(3,076,287)
Portfolio costs	(2,487,487)	(7,312,302)	(43,784)	(864,921)	(145,892)	(435,823)	(11,290,209)
Net return	**1,726,625**	**665,899**	**(111,023)**	**7,346,177**	**940,774**	**(2,042,755)**	**8,525,697**
Tax	(405,520)	(55,456)	8,182	(521,399)	5,747	43,383	(925,063)
Total return	**1,321,105**	**610,443**	**(102,841)**	**6,824,778**	**946,521**	**(1,999,372)**	**7,600,634**
Gross Return (%)	157%	147%	0%	259%	32%	-19%	86%
Return on opening shareholder funds (%)	37%	11%	-6%	203%	21%	-27%	29%
Opening net asset value							
Total assets	26,278,875	10,175,591	1,840,008	17,566,183	8,915,673	7,455,057	72,231,387
Borrowings	(6,815,327)	(938,083)	-	(2,857,690)	628,500	-	(9,982,600)
Other liabilities	(14,792,240)	(1,592,187)	(480)	(2,249,634)	(4,993,960)	(65,773)	(23,694,274)
Shareholder-equity loans	-	-	-	(6,925,016)	-	-	(6,925,016)
Non-controlling interest	(1,072,482)	(1,886,145)	-	(2,170,472)	-	-	(5,129,099)
Net asset value attributable to equity holders	**3,598,826**	**5,759,176**	**1,839,528**	**3,363,371**	**4,550,213**	**7,389,284**	**26,500,398**
Closing net asset value							
Total assets	27,911,646	11,295,017	4,001,820	25,347,435	8,687,885	809,733	78,053,536
Borrowings	(4,479,976)	(2,975,117)	(1,410,676)	(4,358,175)	(2,218,898)	(913,378)	(16,356,220)
Other liabilities	(12,430,574)	(1,558,023)	-	(3,577,682)	(3,355)	(869,433)	(18,439,067)
Non-controlling interest	(1,032,391)	(2,130,331)	-	(5,586,741)	-	-	(8,749,463)
Net asset value attributable to equity holders	**9,968,705**	**4,631,546**	**2,591,144**	**11,824,837**	**6,465,632**	**(973,078)**	**34,508,786**

2 RESULTS OF OPERATIONS (CONTINUED)

2.1 Segment information (continued)

Company

Year ended 31 March 2017	Financial Services Ksh'000	FMCG Ksh'000	Energy Ksh'000	Real Estate Ksh'000	Quoted Equity Ksh'000	Others Ksh'000	Total Ksh'000
Dividend income	748,957	376,053	-	360,000	6,728	273,338	1,765,076
Interest income	151,875	-	-	681,381	483,886	9,297	1,326,439
Other income	436	2,650	36,859	47,127	-	58,990	146,062
Realised gains	-	1,062,765	-	-	-	-	1,062,765
Unrealised value movements	(1,297,142)	1,927,992	-	5,696,505	(206,278)	(1,532,815)	4,588,262
Gross return	**(395,875)**	**3,369,461**	**36,859**	**6,785,013**	**284,336**	**(1,191,189)**	**8,888,605**
Finance costs	(219,852)	(357,397)	(100,500)	(746,953)	(163,537)	(165,323)	(1,753,561)
Portfolio costs	(97,795)	(112,580)	(80,291)	(88,294)	(4,681)	(413,934)	(797,574)
Net return	**(713,522)**	**2,899,484**	**(143,932)**	**5,949,766**	**116,119**	**(1,770,446)**	**6,337,469**
Tax	(1,603)	(52,824)	-	(58,894)	(41,824)	(22,794)	(177,940)
Total return	**(715,125)**	**2,846,660**	**(143,932)**	**5,890,872**	**74,295**	**(1,793,240)**	**6,159,529**
Gross Return (%)	-5%	43%	2%	54%	7%	-21%	23%
Return on opening shareholder funds (%)	-9%	36%	-8%	47%	2%	-32%	16%
Opening net asset value							
Total assets	8,940,893	9,179,885	3,113,924	17,099,649	6,126,621	7,081,810	51,542,782
Borrowings	(1,147,842)	(936,345)	(1,410,676)	(3,847,848)	(2,218,898)	(913,378)	(10,474,987)
Other liabilities	(72,874)	(362,429)	-	(719,884)	3,739	(602,806)	(1,754,255)
Net asset value attributable to equity holders	**7,720,177**	**7,881,111**	**1,703,248**	**12,531,917**	**3,911,462**	**5,565,626**	**39,313,540**
Closing net asset value							
Total assets	8,292,096	12,415,245	3,491,163	25,947,637	5,680,939	5,742,953	61,570,034
Borrowings	(1,836,786)	(2,985,927)	(839,642)	(6,247,065)	(1,366,294)	(1,380,412)	(14,656,126)
Other liabilities	29,241	(487,679)	(329)	(827,272)	(535)	(819,707)	(2,106,281)
Net asset value attributable to equity holders	**6,484,551**	**8,941,639**	**2,651,192**	**18,873,300**	**4,314,111**	**3,542,834**	**44,807,627**

2 RESULTS OF OPERATIONS (CONTINUED)

2.1 Segment information (continued)

Company

Year ended 31 March 2016	Financial Services Ksh'000	FMCG Ksh'000	Energy Ksh'000	Real Estate Ksh'000	Quoted Equity Ksh'000	Others Ksh'000	Total Ksh'000
Dividend income	744,533	165,540	-	74,434	1,400,268	285,787	2,670,562
Interest income	480,580	9,892	-	184,039	-	1,093	675,605
Other income	-	-	-	-	-	7	7
Realised gains	1,015,353	-	-	-	(25,826)	-	989,527
Unrealised value movements	1,102,409	(365,008)	120	7,150,031	(1,740,336)	(327,070)	5,820,146
Gross return	**3,342,876**	**(189,576)**	**120**	**7,408,504**	**(365,895)**	**(40,182)**	**10,155,847**
Finance costs	(394,381)	(333,301)	(67,239)	(336,074)	(143,881)	(235,747)	(1,510,623)
Portfolio costs	(174,219)	(209,983)	(42,361)	(211,730)	(90,647)	(148,523)	(877,462)
Net return	**2,774,276**	**(732,860)**	**(109,480)**	**6,860,700**	**(600,422)**	**(424,452)**	**7,767,762**
Tax	(2,528)	(36,097)	-	(342,443)	4,412	(16,381)	(393,038)
Total return	**2,771,748**	**(768,957)**	**(109,480)**	**6,518,257**	**(596,011)**	**(440,833)**	**7,374,724**
Gross Return (%)	68%	-2%	0%	123%	-8%	-1%	32%
Return on opening shareholder funds (%)	56%	-9%	-6%	108%	-13%	-7%	23%
Opening net asset value							
Total assets	10,789,524	9,118,489	1,839,528	9,194,350	3,936,322	6,449,579	41,327,792
Borrowings	(5,340,085)	-	-	(2,857,690)	628,500	-	(7,569,275)
Other liabilities	(501,011)	(468,421)	(26,800)	(323,000)	(57,349)	(443,120)	(1,819,701)
Net asset value attributable to equity holders	**4,948,428**	**8,650,068**	**1,812,728**	**6,013,660**	**4,507,473**	**6,006,459**	**31,938,816**
Closing net asset value							
Total assets	8,940,892	9,179,885	3,113,924	17,099,649	6,126,621	7,081,810	51,542,781
Borrowings	(1,147,842)	(936,345)	(1,410,676)	(3,847,848)	(2,218,898)	(913,378)	(10,474,987)
Other liabilities	(72,874)	(362,429)	-	(719,884)	3,739	(602,806)	(1,754,254)
Net asset value attributable to equity holders	**7,720,176**	**7,881,111**	**1,703,248**	**12,531,917**	**3,911,462**	**5,565,626**	**39,313,540**

2 RESULTS OF OPERATIONS (CONTINUED)

2.2 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

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

The group's revenue comprises of the following:

Type	Nature	Description	Recognition
Sale of goods	Beverages	Beverage sales relate to sales by Almasi Beverages Limited and King Beverages Limited who deal in Soft drinks, Coca Cola and Alcoholic beverages respectively.	Revenues from the various sources are recognised in the period in which the company has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery does not occur until the products have been accepted by the customer.
	Educational materials	Sale of educational material is through Longhorn Publishers Limited, which was acquired during the year.	
	Agricultural products	The Group exports exotic herbs through Greenblade Growers Limited, a subsidiary that commenced operations during the year.	
Financial services	1. Interest income 2. Fund management income 3. Fees, commissions and trading income 4. Leasing income	1. Interest income relates to income earned by the Sidian Bank Limited and fixed income investments by the asset management subsidiaries. 2. Fund management income relates to management fees earned by Nabo Capital Limited and GenAfrica Investment Management Limited who are asset managers. 3. Fees, commissions and trading income is the non funded income earned by Sidian Bank Limited. 4. Leasing income relates to rental and finance lease income earned on operating and finance leases provide by Zohari Leasing Limited.	- Interest income is accrued using the effective interest rate method, by reference to the principal outstanding and the interest rate applicable. - Fund management income is recognised in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a percentage of the total services to be provided. - Fees and commissions are recognised on an accrual basis when the service has been provided. Loan commitment fees for advances are credited to income upon first utilisation of the facility and are charged on an annual basis.
Sale of services	1. Project management fees 2. Utilities	1. Project management fees relate to fees earned by Athena Properties Limited on Real Estate projects. 2. Utilities relate to income earned by Two Rivers Power Limited and Two Rivers Water and Sanitation Limited on the provision of electricity and water at the Two Rivers Mall.	- Project management fees are recognised in the period in which the services are rendered, by reference to completion of the specific project assessed on the basis of the actual service provided as a percentage of the total service to be provided. - Electricity and water revenue are recognised when electricity and/or water is consumed by the user and is stated net of value added tax and other Government levies.
Investment Income		1. Dividend income 2. Gains on disposal of investments	- Dividend income from investments is recognised when the shareholders' right to receive payment has been established. - Gains on disposal of investments are recognised when the Company has no unfulfilled obligation that could affect the completion of the transaction.

2 RESULTS OF OPERATIONS (CONTINUED)

2.2 Revenue (continued)

	Group 2017 Ksh'000	Group 2016 Ksh'000	Company 2017 Ksh'000	Company 2016 Ksh'000
Sale of goods and services:				
- Beverage business	8,078,182	8,140,574	-	- -
- Publishing business	1,248,058	-	-	
- Agribusiness	15,731	-	-	-
- Electricity and water sales	59,689	-	-	-
	9,401,660	8,140,574	-	-
Financial services:				
- Banking subsidiary:				
- Interest income	2,833,062	2,883,668	-	-
- Fees, commission and forex trading income	580,926	622,636	-	-
- Other income	7,102	12,428	-	-
- Asset management subsidiaries:				
- Fund management income	527,042	428,518	-	-
- Interest income	68,395	120,035	-	-
- Other income	21,116	4,765	-	-
- Leasing:				
- Interest income	7,108	-	-	-
- Lease rentals	25,777	-	-	-
- Other income	4,436	-	-	-
	4,074,964	4,072,050	-	-
Others:				
Project and development management fees	137,359	31,135	-	-
	13,613,983	12,243,759	-	-
Investment income				
Dividend income	306,366	266,261	1,765,076	2,670,562
Interest income from investing and financing activities	216,484	965,915	1,326,439	675,605
Gain on disposal of investments (Note 2.7)	-	-	1,062,765	989,527
Gain on disposal of investment property	13,328	165,015	-	-
Unrealised gains on investment property (Note 5.1)	6,452,042	5,118,581	-	-
Unrealised gains/(loss) on government securities	2,795	(35,959)	-	-
Other income	217,432	22,108	146,062	7,800
	7,208,447	6,501,921	4,300,342	4,343,494
Dividend income				
Subsidiaries	-	-	1,400,870	2,200,080
Associates	-	-	141,545	280,932
Unquoted investments	215,933	178,181	215,933	178,182
Quoted investments	90,433	88,080	6,728	11,368
	306,366	266,261	1,765,076	2,670,562

2.3 Expenses

2.3.1(a) Cost of sales

	Group 2017 Ksh'000	Group 2016 Ksh'000	Company 2017 Ksh'000	Company 2016 Ksh'000
Beverage business	5,310,057	5,365,147	-	-
Publishing business	524,335	-	-	-
Utilities business	20,344	-	-	-
Agribusiness	14,727	-	-	-
	5,869,463	5,365,147	-	-

2 RESULTS OF OPERATIONS (CONTINUED)

2.3 Expenses (continued)

2.3.1(b) Operating and administrative expenses

	Group		Company	
	2017	2016	2017	2016
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Employee benefits expense (Note 2.3.2)	2,448,714	2,512,348	435,614	494,600
Directors' fees and expenses	71,038	85,479	26,607	15,897
Auditor's remuneration	38,772	26,296	7,246	4,104
Office rent and service charge	209,158	173,433	7,119	3,406
Depreciation and amortisation	438,107	432,899	8,646	652
AGM and annual report printing	35,459	42,668	35,459	23,407
Business development costs	107,196	154,447	40,681	93,702
Advertising and PR costs	204,232	93,105	7,701	12,027
Share registration costs	11,188	10,626	11,188	10,626
Listing expenses	6,037	6,721	5,408	5,933
Consultancy	145,515	220,565	52,549	19,310
Impairment charges on receivables	181,300	-	-	-
Donations	59,355	103,716	18,096	10,247
Selling and distribution	1,057,780	1,005,191	-	-
Other costs	1,007,133	827,444	141,260	183,551
	6,020,984	5,694,938	797,574	877,462
Analysed as below:				
Trading subsidiaries	2,335,144	2,096,512	-	
Financials services subsidiaries	2,563,963	2,163,116	-	
Other	1,121,877	1,435,310	797,574	877,462
	6,020,984	5,694,938	797,574	877,462

2.3.2 Employee benefits expense

Short term employee benefits

Remuneration to employees in respect of services rendered during a reporting period is expensed in that reporting period. A liability is recognised for accumulated leave when there is a present legal or constructive obligation as a result of past service rendered by employees.

A liability for unvested short-term benefits is recognised when there is no realistic alternative other than to settle the liability, and at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid can be reliably estimated; or
- achievement of previously agreed bonus criteria has created a valid expectation by employees that they will receive a bonus and the amount can be reliably estimated.

Retirement benefits obligations

The Group operates a defined contribution pension scheme. The assets of the scheme are held in a separate trustee administered fund. The scheme is administered by independent fund managers and is funded by contributions from both the employer and the employees.

The Group also contributes to the statutory National Social Security Fund. This is a defined contribution pension scheme registered under the National Social Security Act. The Group's obligations under the scheme are limited to specific obligations legislated from time to time and are currently limited to a maximum of Shs 200 per month per employee.

The Group contributions in respect of retirement benefit schemes are charged to profit or loss in the year to which they relate.

Performance bonus

The Group has in place a performance bonus scheme. The scheme rewards employees of the Group based on achievement of certain set benchmarks of business success. The Group's performance bonus scheme is designed to enable achievement of consistent business growth that is tied to the increase in shareholder wealth, which is the primary business objective. A hurdle rate of 15% annual increase in return based on the opening shareholder funds has been set.

2 RESULTS OF OPERATIONS (CONTINUED)

2.3.2 Employee benefits expense (continued)

Performance bonus (continued)

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

1. The annual payment is on condition that shareholder wealth is maintained at the same level or increased each year. Should there be a drop in shareholder wealth, payment will not be made and will be deferred until the year when shareholder wealth is restored.
2. Should an employee leave employment of the Group before payment is due, he/she will forfeit payment.

Other entitlements

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

	Group		Company	
	2017	2016	2017	2016
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Salaries	1,531,850	1,690,647	104,885	109,029
Performance bonus accrual	443,302	616,372	286,323	367,774
Retirement benefit scheme contributions	72,129	89,483	9,813	5,323
National Social Security Fund contributions (NSSF)	4,714	3,914	54	47
Movement in leave pay provision	21,083	5,625	9,821	1,459
	2,073,078	2,406,041	410,896	483,632
Staff medical expenses	105,749	37,693	7,781	-
Other staff costs	269,887	68,614	16,937	10,968
	2,448,714	2,512,348	435,614	494,600

2.4 Finance costs

Finance costs comprise interest expenses on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, net foreign exchange losses and any losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method, unless the borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets, in which case the directly attributable borrowing costs are capitalised.

	Group		Company	
	2017	2016	2017	2016
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Financial services:				
- Interest on customer deposits	676,795	831,134	-	-
- Interest on bank and other borrowings	317,266	263,186	-	-
	994,061	1,094,320	-	-
Others:				
- Interest on bank and other borrowings	362,941	583,860	225,409	139,798
- Commitment and other fees	23,978	-	23,978	-
- Forex losses on borrowings	102,541	443,983	59,541	20,338
- Bond related expenses	124,352	117,403	124,352	115,030
- Interest on corporate bonds	1,320,281	1,235,457	1,320,281	1,235,457
Less: amounts capitalised on qualifying assets (Note 5.1)	1,934,093	2,380,703	1,753,561	1,510,623
	(885,722)	(398,737)	-	-
Total finance costs	**2,042,432**	**3,076,286**	**1,753,561**	**1,510,623**

2 RESULTS OF OPERATIONS (CONTINUED)

2.4 Finance costs (continued)

	Group 2017 Ksh'000	Group 2016 Ksh'000	Company 2017 Ksh'000	Company 2016 Ksh'000
Analysed as below:				
Financial services subsidiaries	994,061	1,094,320	-	-
Others	1,048,371	1,981,966	1,753,561	1,510,623
	2,042,432	3,076,286	1,753,561	1,510,623

2.5 Cash generated from operations

	Notes	Group 2017 Ksh'000	Group 2016 Ksh'000	Company 2017 Ksh'000	Company 2016 Ksh'000
Reconciliation of profit before income tax to cash generated from operations:					
Profit before income tax		8,943,203	10,872,693	1,749,207	1,955,409
Adjustments for:		2,042,432	3,076,286	1,753,561	1,510,623
Finance costs	2.4	1,143,699	1,061,382	7,871	-
Depreciation on property, plant and equipment	8.1	121,136	74,547	775	652
Amortisation of intangible assets	8.2	(1,033,362)	(5,419,394)	(1,062,765)	(989,527)
Gains on disposal of investments	2.2	(6,452,042)	(5,118,581)	-	-
Fair value gains on investment property	5.1	(146,062)	-	(146,062)	-
Unrealised exchange gains					
Fair value gain/(loss) on government securities through profit and loss	7.2.1	(2,795)	35,960	-	-
Gain on disposal of investment property		(13,328)	(165,015)	-	-
Share of profit from associates and joint ventures		(1,346,935)	(1,074,114)	-	-
Changes in working capital:					
- inventories		(55,990)	99,957	-	-
- receivables and prepayments		(1,894,246)	(72,007)	6,051	(219,706)
- payables and accrued expenses		1,503,792	259,828	(124,771)	(16,000)
- biological assets		(8634)	-	-	-
- finance lease receivable		(7921)	-	-	-
		2,792,947	3,631,542	2,183,867	2,241,451

2.6 Earnings per share

Basic earnings per share
Earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the profit after tax attributable to ordinary shareholders.

	2017	2016
Profit attributable to equity holders of the Company (Kshs '000)	7,273,850	7,816,035
Weighted average number of ordinary shares in issue (thousands)	665,442	665,442
	10.93	11.75

2 RESULTS OF OPERATIONS (CONTINUED)

2.7 Gain on disposal of investments

	Note	Group Carrying value Ksh'000	Group Proceeds Ksh'000	Group Gain on disposal Ksh'000	Company Cost Ksh'000	Company Proceeds Ksh'000	Company Gain on disposal Ksh'000
Year ended 31 March 2017							
Quoted investments	5.3	938,235	1,023,389	85,154	-	-	-
Associates	6.2.1	947,553	1,895,760	948,207	17,235	1,080,000	1,062,765
		1,885,788	2,919,149	1,033,361	17,235	1,080,000	1,062,765
Reserves released on disposal:							
Quoted investments	5.3			(117,008)			-
Associates	6.2.1			-			(720,765)
				(117,008)			(720,765)
Gains during the year				916,353		342,000	
Year ended 31 March 2016							
Quoted investments		1,539,208	2,493,490	954,282	161,032	135,206	(25,826)
Unquoted investments		242,245	764,916	522,671	-	-	-
Associates		238,358	1,027,651	789,293	12,298	1,027,651	1,015,353
		2,019,811	4,286,057	2,266,246	173,330	1,162,857	989,527
Reserves released on disposal:							
Quoted investments				(914,456)			(781)
Unquoted investments				(194,169)			-
Associates				-			(954,139)
				(1,108,625)			(954,920)
Gains during the year				1,157,621			34,607
				2,266,246			989,527
Gain on disposal of a subsidiary				3,153,148			-
Total gains during the year				5,419,394			989,527

3 TAXATION

3.1 Income tax expense

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

Current tax

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income, and any adjustment to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

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

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

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

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

3 TAXATION (CONTINUED)

3.1 Income tax expense (continued)

	Group		Company	
a) Income tax expense	**2017**	**2016**	**2017**	**2016**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
Current income tax	668,005	814,686	167,474	98,367
Deferred income tax	(35,094)	110,377	10,465	(11,385)
	632,911	925,063	177,939	86,982

b) Tax rate reconciliation

The table below explains the differences between the expected tax expense at the Kenyan statutory tax rate of 30% and the Group's total tax expense.

	Group 2017	Group 2016	Company 2017	Company 2016
Accounting profit before tax	8,943,203	10,872,693	1,749,207	1,955,409
Tax at the applicable rate of 30% (2016: 30%)	2,682,961	3,261,808	524,762	586,623
Tax effect of:				
Income not taxable	(1,803,077)	(2,833,095)	(529,523)	(1,173,009)
Income subject to capital gains tax rate	(845,507)	(566,562)	(266,051)	-
Expenses not deductible for tax	380,798	195,166	245,549	8,909
Unrecognised deferred tax assets	217,736	664,459	203,203	664,459
Differences in overseas tax rates	-	203,287	-	-
	632,911	925,063	177,940	86,982

c) Tax losses

	Group 2017	Group 2016	Company 2017	Company 2016
Unused tax losses for which no deferred tax asset has been recognised	725,786	2,214,863	677,342	2,214,863
Potential tax benefit at 30%	217,736	664,459	203,203	664,459

3 TAXATION (CONTINUED)

3.1 Income tax expense (continued)

d) Unrecognised temporary differences

	Group 2017 Ksh'000	Group 2016 Ksh'000	Company 2017 Ksh'000	Company 2016 Ksh'000
Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:				
Foreign currency translation	131,046	119,586	-	-
Undistributed earnings	2,655,955	2,655,955	-	-
	2,787,001	2,775,541		-
Unrecognised deferred tax liabilities relating to the above temporary differences	278,700	277,554		-

Temporary differences of Kshs 113 Million (2016 – Kshs 120 Million) have arisen as a result of the translation of the financial statements of the group's subsidiaries in Mauritius, Uganda and Tanzania. However, a deferred tax liability has not been recognised as the liability will only eventuate in the event of disposal of the subsidiaries, and no such disposals are expected in the foreseeable future.

e) Taxation payable

	Group 2017 Ksh'000	Group 2016 Ksh'000	Company 2017 Ksh'000	Company 2016 Ksh'000
At start of year	154,298	484,294	(35,216)	273,623
Tax payable on acquisition of a subsidiary	-	655	-	
Charge for the year	668,005	814,686	167,474	98,367
Payments during the year	(919,571)	(1,142,320)	(78,661)	(406,762)
Derecognised on disposal of a subsidiary	-	(3,173)	-	-
Prior year under/(over) provision	-	156	-	(444)
	(97,268)	154,298	53,597	(35,216)
Analysed as:				
Current income tax recoverable	(328,116)	(190,104)	-	(35,216)
Current income tax payable	230,848	344,402	53,596	-
	(97,268)	154,298	53,596	(35,216)

3 TAXATION (CONTINUED)

3.2 Deferred taxes

Deferred income tax is calculated on all temporary differences under the liability method using the currently enacted tax rate of 30% (2016: 30%) and the capital gains tax rate of 5% (2016: 5%). The movement on the deferred income tax account is as follows:

	Group 2017 Ksh'000	Group 2016 Ksh'000	Company 2017 Ksh'000	Company 2016 Ksh'000
At beginning of year	2,289,815	2,334,101	1,176,238	881,567
Deferred tax on acquisition of subsidiary	(14,474)	-	-	-
Charge to income statement	(35,094)	110,377	10,465	(11,385)
Charge to other comprehensive income	(212,993)	(133,917)	336,787	306,056
Derecognised on disposal of subsidiary	-	(20,746)	-	-
	2,027,254	2,289,815	1,523,490	1,176,238

Deferred income tax assets and liabilities are analysed as follows:

	Group 2017 Ksh'000	Group 2016 Ksh'000	Company 2017 Ksh'000	Company 2016 Ksh'000
Deferred income tax assets	(237,282)	(293,113)	-	-
Deferred income tax liabilities	2,264,536	2,582,928	1,523,490	1,176,238
	2,027,254	2,289,815	1,523,490	1,176,238

Group	At start of year Kes'000	On acquisition/ disposal of subsidiary Kes'000	Charged/ (credited) to P/L Kes'000	Charged/ (credited) to OCI Kes'000	At end of year Kes'000
Year ended 31 March 2017					
Property, plant and equipment:					
- on historical cost basis	324,871	13,997	143,516	-	482,384
- on fair value basis	171,157	-	(41,947)	-	129,210
Tax losses	(889,314)	-	58,404	-	(830,910)
Performance bonus provision	(210,265)	-	95,348	-	(114,917)
Leave pay provision	(7,916)	-	6,211	-	(1,705)
Other deductible temporary differences	(79,877)	(28,457)	(14,938)	-	(123,272)
Exchange differences	(19,524)	(14)	6,457	-	(13,081)
Fair value gains on investment property	2,588,087	-	25,225	-	2,613,312
Fair value gains on investments	412,596	-	(313,372)	(212,993)	(113,768)
	2,289,815	(14,474)	(35,094)	(212,993)	2,027,254
Year ended 31 March 2016					
Property, plant and equipment:					
- on historical cost basis	116,415	(2)	208,458	-	324,871
- on fair value basis	-	-	-	171,157	171,157
Tax losses	(123,130)	52,029	(818,213)	-	(889,314)
Performance bonus provision	(153,098)	-	(57,167)	-	(210,265)
Leave pay provision	(4,735)	-	(3,181)	-	(7,916)
Other deductible temporary differences	(48,953)	-	(30,924)	-	(79,877)
Exchange differences	(114,080)	71,614	22,942	-	(19,524)
Fair value gains on investment property	2,101,669	(144,388)	630,806	-	2,588,087
Fair value gains on investments	560,013	-	157,657	(305,074)	412,596
	2,334,101	(20,747)	110,377	(133,917)	2,289,815

3 TAXATION (CONTINUED)

3.2 Deferred taxes (continued)

Company	At start of year	Charged/ (credited) to P/L	Charged/ (credited) to OCI	At end of year
Year ended 31 March 2017				
Property and equipment	42	1,777	-	1,819
Performance bonus provision	(15,596)	13,126	-	(2,470)
Leave pay provision	(242)	(767)	-	(1,009)
Other deductible temporary differences	3,670	(3,671)	-	(1)
Fair value gains on investments	1,188,364	-	336,787	1,525,151
	1,176,238	10,465	336,787	1,523,490
Year ended 31 March 2016				
Performance bonus provision	(568)	(15,028)	-	(15,596)
Leave pay provision	(5)	(195)	-	(200)
Other deductible temporary differences	(168)	3,838	-	3,670
Fair value gains on investments	882,308	-	306,056	1,188,364
	881,567	(11,385)	306,056	1,176,238

4 WORKING CAPITAL

4.1 Inventories

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

	Group	
	2017	2016
	Ksh'000	Ksh'000
Beverage business:		
- Raw materials	420,559	560,715
- Finished products	218,392	166,901
- Bottles, crates and crowns	27,604	20,107
- Spare parts and other inventories	360,288	314,370
- Provision for obsolescence	(61,277)	(78,383)
Publishing business:		
- Educational materials	727,632	-
- Provision for obsolescence	(67,824)	-
Agribusiness:		
- Raw materials	583	-
	1,625,957	983,710

Inventories are held in Almasi Beverages Limited, King Beverages Limited, Longhorn Publishers Limited and Greenblade Growers Limited. The cost of inventories recognised as an expense and included in 'cost of sales' amounted to Sh. 5,869,463,000 (2016:Sh 5,365,147,000).

4.2 Receivables and prepayments

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

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

	Group		Company	
	2017	2016	2017	2016
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Trade receivables	2,204,056	557,045	-	-
Less: Provision for impairment	(258,015)	(28,304)	-	-
Net trade receivables	1,946,041	528,741	-	-
VAT recoverable	854,886	532,276	776	-
Other receivables	659,878	620,989	260,836	340,561
Prepayments	703,844	226,586	2,468	-
Dividend receivable	80,967	3,398	73,828	3,398
Amounts due from joint venture	240,276	-	-	-
	4,485,892	1,911,990	337,908	343,959

The carrying amount of receivables and prepayments approximate their fair values.

4.2 Receivables and prepayments (continued)	Group 2017 Ksh'000	Group 2016 Ksh'000	Company 2017 Ksh'000	Company 2016 Ksh'000
Movement in provision for impairment				
At start of year	28,304	68,148	-	-
On acquisition of subsidiary	48,303	-	-	-
Charge in the year	181,408	-	-	-
Write back of provisions	-	(39,844)	-	-
At end of year	258,015	28,304	-	-

4.3 Cash and cash equivalents

"Cash and cash equivalents are accounted for as loans and receivables and bank overdrafts are accounted for as financial liabilities in accordance with the accounting policies.

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

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	Group 2017 Ksh'000	Group 2016 Ksh'000	Company 2017 Ksh'000	Company 2016 Ksh'000
Banking subsidiary:				
- Bank balances	4,462,027	3,388,007	-	-
Others:				
- Call deposits (maturing within 90 days)	520,437	3,961,372	2,179,075	2,957,164
- Bank balances	656,319	2,848,081	267,997	959,036
	5,638,783	10,197,460	2,447,072	3,916,200
Bank overdrafts	(982,157)	-	(982,157)	-
	4,656,626	10,197,460	1,464,915	3,916,200

At 31 March 2017, the Company had undrawn committed borrowing facilities amounting to Kshs 17,843,000 (2016: Kshs 2,300,000,000). The effective interest rate for the bank overdraft is 14% (2016: 17.5%). The overdraft facility is secured by a floating debenture over the corporate bonds and quoted shares.

4 WORKING CAPITAL (CONTINUED)

4.4 Trade and other payables

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

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

	Group 2017 Ksh'000	Group 2016 Ksh'000	Company 2017 Ksh'000	Company 2016 Ksh'000
Trade payables	1,622,768	748,598	-	-
Amounts due to property contractors	562,980	309,091	-	-
Accruals	232,471	170,177	41,168	-
Other payables	2,236,206	1,092,850	51,608	47,320
Leave pay accrual	42,524	29,292	14,949	5,128
Dividends payable	23,473	-	-	-
Amounts due to related parties	-	-	10,000	188,392
Bonus accrual	716,286	987,492	328,744	330,400
	5,436,708	3,337,500	446,469	571,240

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

4.4 Deferred income	Group 2017 Ksh'000	Group 2016 Ksh'000
Deferred income	111,460	127,596

The deferred income will be armotised as follows:

	2017	2016
Within 1 year	23,387	24,497
Within 2 to 5 years	59,677	67,232
After 5 years	28,396	35,867
	111,460	127,596

Deferred income relates to Almasi Beverages Limited.

Deferred income represents unamortised portion of funds received from Coca-Cola Central East & West Africa Limited (CEWA) towards the purchase of marketing equipment (coolers). The amortisation is equivalent to the depreciation rate for marketing equipment.

5 INVESTMENTS

5.1 Investment properties

Buildings, or part of a building, (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation and are not occupied by the Group are classified as investment property and are non current assets. Investment property is carried at fair value, representing open market value determined annually by external valuers. Properties under construction and development sites with projected use as investment properties are valued at projected fair values taking into account current market conditions. Changes in fair values are included in investment income in the income statement.

	Group	
	2017	2016
	Ksh'000	Ksh'000
At start of year	16,514,196	17,774,826
Acquisitions	1,465,718	754,928
Capitalised subsequent expenditure	3,054,953	9,414,068
Capitalised borrowing costs	885,722	398,737
Disposals	-	(420,086)
Derecognition on disposal of subsidiary	-	(16,250,059)
Transfers to property, plant and equipment	(790,878)	(171,644)
Gain from fair value adjustments	6,452,042	5,118,581
Translation differences	(270,662)	(105,155)
	27,311,091	16,514,196

i) Amounts recognised in profit or loss for investment properties		
Fair value gain recognised in investment income	6,452,042	5,118,581

ii) Capitalised borrowing costs

Capitalised borrowing costs relate to interest costs incurred during the development phase of Two Rivers Development Limited, Pearl Marina Estates Limited and Vipingo Development Limited. An average cost of debt of 14% (2016: 10%) was used as a basis for capitalisation.

iii) Valuation

The information is set out under Note 1.5.3

iv) Cashflow

For the purposes of the statement of cash flows, additions during the year are made up of:

Actual cash payments	2,305,561	4,695,509
Accruals	2,215,110	5,473,487
	4,520,671	10,168,996

5 INVESTMENTS (CONTINUED)

5.2 Unquoted investments

	Group		Company	
	2017	2016	2017	2016
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Opening valuation	5,977,198	6,678,014	5,545,001	6,027,867
Movements in the year:				
Additions	37,993	-	-	-
Reclassification	-	-	-	(59,232)
Fair value (losses)/gains	(1,789,025)	(700,816)	(1,748,165)	(423,634)
	(1,751,032)	(700,816)	(1,748,165)	(482,866)
Closing valuation	4,226,166	5,977,198	3,796,836	5,545,001

The Group's unquoted investments relate to investments in General Motors East Africa, Nas Servair and Nabo Unit Trusts Fund.

The fair value of unquoted investments is determined by using the earnings multiples method using multiples as derived from comparable companies at the year-end date, adjusted for points of difference between the comparable company and the company being valued. Unquoted investments are non-current assets. See detailed disclosure under Note 1.5.2.

5.3 Quoted investments

	Group		Company	
	2017	2016	2017	2016
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Opening valuation	1,369,032	2,979,170	156,119	406,274
Movements in the year:	1,169,312	741,427	-	-
Additions	(938,235)	(1,539,208)	-	(161,032)
Disposals	(117,008)	(914,456)	-	(781)
Reserves released on disposal	-	(65,284)	-	-
Translation differences	(259,949)	167,383	(56,162)	(88,342)
Fair value (losses)/gains	(145,880)	(1,610,138)	(56,162)	(250,155)
Closing valuation	1,223,152	1,369,032	99,957	156,119

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

6 GROUP COMPOSITION

6.1 Interest in subsidiaries

The companies interest in subsidiaries is as set out below:

		Cost			Cumulative fair value gains				Fair value
	Ownership %	01-Apr-16 Ksh'000	Additions Ksh'000	31-Mar-17 Ksh'000	01-Apr-16 Ksh'000	In the year Ksh'000	31-Mar-17 Ksh'000	31-Mar-17 Ksh'000	31-Mar-16 Ksh'000
Athena Properties Limited	100%	114,735	-	114,735	337,493	(427,135)	(89,642)	25,093	452,228
Rasimu Limited	100%	100	-	100	719,899	35,770	755,669	755,769	719,999
Centum BVI Limited	100%	8	-	8	(8)	-	(8)	-	-
Two Rivers Development Limited	58.33%	1,216,458	-	1,216,458	9,516,587	1,582,944	11,099,531	12,315,989	10,733,045
Uhuru Heights Limited	100%	100	-	100	207,023	54,226	261,249	261,349	207,123
eTransact Limited	100%	100	-	100	(100)	-	(100)	-	-
Centum Exotics Limited	100%	100	-	100	146,277	(146,377)	(100)	-	146,377
Centum Development Limited	100%	91	-	91	1,064,023	(203,218)	860,805	860,896	1,064,114
Nabo Capital Limited	100%	438,000	-	438,000	390,470	(417,668)	(27,198)	410,802	828,470
Investpool Holdings Limited	100%	68	-	68	2,119,142	(2,063)	2,117,079	2,117,147	2,119,210
GenAfrica Investment Management Limited	73.35%	1,079,453	-	1,079,453	78,120	246,610	324,730	1,404,183	1,157,573
Mvuke Limited	100%	100	-	100	(100)	-	(100)	-	-
Centum Business Solutions Limited	100%	100	-	100	-	17,419	17,419	17,519	100
King Beverage Limited	100%	68,000	-	68,000	(68,000)	-	(68,000)	-	-
Almasi Beverages Limited	53.85%	2,173,633	1,080,390	3,254,023	1,371,738	3,090,711	4,462,449	7,716,472	3,545,371
Bakki Holdco Limited	100%	3,447,650	-	3,447,650	520,535	(735,952)	(215,417)	3,232,233	3,968,185
Vipingo Development Limited	100%	100	264	364	-	3,950,499	3,950,499	3,950,863	100
Vipingo Estates Limited	100%	386,209	-	386,209	-	703,419	703,419	1,089,628	386,209
Greenblade Growers Limited	100%	89,059	121,013	210,072	(6,609)	3,641	(2,968)	207,104	82,450
Mwaya Investments Company Limited	100%	1,000	-	1,000	(382)	(618)	(1,000)	-	618
Longhorn Publishers Limited	60.20%	-	749,866	749,866	-	(11,803)	(11,803)	738,063	-
Zohari Leasing Limited	100%	-	214,428	214,428	-	(6,647)	(6,647)	207,781	-
		9,015,064	2,165,961	11,181,025 1	6,396,108	7,733,758	24,129,866	35,310,891	25,411,172

6 GROUP COMPOSITION (CONTINUED)

6.1 Interest in subsidiaries (continued)

The companies interest in subsidiaries is as set out below:

		Cost			Cumulative fair value gains			Fair Value	
Company	Ownership %	01-Apr-15 Ksh'000	Additions Ksh'000	31-Mar-16 Ksh'000	01-Apr-15 Ksh'000	In the year Ksh'000	31-Mar-16 Ksh'000	31-Mar-16 Ksh'000	31-Mar-15 Ksh'000
Athena Properties Limited	100%	114,735	-	114,735	202,845	134,648	337,493	452,228	317,580
Rasimu Limited	100%	100	-	100	692,797	27,102	719,899	719,999	692,897
Centum BVI Limited	100%	8	-	8	(105)	97	(8)	-	(97)
Two Rivers Development Limited	58%	200	1,216,258	1,216,458	3,038,044	6,478,543	9,516,587	10,733,045	3,038,244
Uhuru Heights Limited	100%	100	-	100	170,720	36,303	207,023	207,123	170,820
eTransact Limited	100%	100	-	100	(100)	-	(100)	-	-
Centum Exotics Limited	100%	100	-	100	1,798,271	(1,651,994)	146,277	146,377	1,798,371
Centum Development Limited	100%	91	-	91	439,527	624,496	1,064,023	1,064,114	439,618
Nabo Capital Limited	100%	18,000	420,000	438,000	276,213	114,257	390,470	828,470	294,213
Kilele Holdings Limited	100%	68	-	68	766,788	1,352,354	2,119,142	2,119,210	766,856
GenAfrica Investment Management Limited	73%	1,079,453	-	1,079,453	25,045	53,075	78,120	1,157,573	1,104,498
Mvuke Limited	100%	100	-	100	(220)	120	(100)	-	(120)
Centum Business Solutions Limited	100%	100	-	100	(39,859)	39,859	-	100	(39,759)
King Beverage Limited	100%	68,000	-	68,000	(38,753)	(29,247)	(68,000)	-	29,247
Almasi Beverages Limited	52%	2,134,830	38,803	2,173,633	1,086,957	284,781	1,371,738	3,545,371	3,221,787
Bakki Holdco Limited	100%	2,355,028	1,092,622	3,447,650	141,844	378,691	520,535	3,968,185	2,496,872
Vipingo Development Limited	100%	-	100	100	-	-	-	100	-
Vipingo Estates Limited	100%	-	386,209	386,209	-	-	-	386,209	-
Greenblade Growers Limited	100%	-	89,059	89,059	-	(6,609)	(6,609)	82,450	-
Mwaya Investments Company Limited	100%	-	1,000	1,000	-	(382)	(382)	618	-
		5,771,013	3,244,051	9,015,064	8,560,014	7,836,094	16,396,108	25,411,172	14,331,027

6 GROUP COMPOSITION (CONTINUED)

6.1 Interest in subsidiaries (continued)

i) Incorporation and principal activity

Company	Country of incorporation	Principal activity
Athena properties Limited	Kenya	End-to-end project and development management services for real estate projects
Rasimu Limited	Kenya	Investment holding company. At 31 March 2017, the company's sole holding was a 3.65% stake in Two Rivers Development Limited
Pearl Marina Estates Limited	Uganda	Real estate development in Uganda
Two Rivers Development Limited	Kenya	Real estate development. The company is developing the Two Rivers project in Nairobi. The company holds a joint controlling stake of 50% at Two Rivers Lifestyle Center Limited and a 100% stake in Two Rivers Luxury Apartments Limited, Two Rivers Power Company Limited, Two Rivers ICT Company Limited, Two Rivers Water and Sewerage Company Limited, Two Rivers Property Owners Limited, Two Rivers Office Suites Limited and Two Rivers Development Phase 2 Limited.
Uhuru Heights Limited	Kenya	The company is an investment holding company . At 31 March 2017, the company's holdings were a 1.05% stake in Two Rivers Development Limited and investment property.
Centum Exotics Limited	Mauritius	The company is engaged in investment in quoted private equity investments. At 31 March 2017, the company held 100% stake in Oleibon Investments Limited
Centum Development Limited	Mauritius	The company is an investment holding company for real estate development. At 31 March 2017, the company's sole holding was in Pearl Marina Estates Limited
Nabo Capital Limited	Kenya	The company is involved in fund management and transaction advisory services.
Investpool Holdings Limited	Mauritius	Investment Holding Company. At 31 March 2017, the company held 100% of Kilele Holdings Limited that is a private equity holding company and Mvuke Limited that is a special purpose vehicle to explore Geothermal opportunities in Africa.
GenAfrica Asset Managers Limited	Kenya	Provision of fund management services
Centum Business Solutions Limited	Kenya	Provision of shared services to Centum Investment Company Limited and its subsidiaries.
King Beverages Limited	Kenya	Importation, distribution and sale of alcoholic beverages
Almasi Beverages Limited	Kenya	Investment holding company for Mount Kenya Bottlers, Kisii Bottlers and Rift Valley Bottlers Limited. The principal activity of these subsidiaries is to bottle and market soft drinks under a franchise from the Coca-Cola Company.
Bakki Holdco Limited	Kenya	Holding company for the Group's investment in Sidian Bank Limited.
Vipingo Development Limited	Kenya	Real estate development
Vipingo Estates Limited	Kenya	Real estate development
Greenblade Growers Limited	Kenya	Agricultural production
Shefa Holdings Limited	Mauritius	Private equity investments
Zohari Leasing Limited	Kenya	Leasing services
Mvuke Limited	Kenya	Investment holding company for Akiira Geothermal Limited.
eTransact Limited	Kenya	Dormant entity
Centum BVI Limited	British Virgin Islands	Dormant entity
Mwaya Investment Company Limited	Mauritius	Private equity investments
Longhorn Publishers Limited	Kenya	Public limited liability company involved in publishing and distribution of learning materials in Kenya and East Africa.

6 GROUP COMPOSITION (CONTINUED)

6.1 Interest in subsidiaries (continued)

ii) Significant restrictions

No local exchange control regulations apply in relation to exporting capital in the foreign jurisdictions where the Group has incorporated subsidiaries.

iii) Non controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.
The amounts disclosed for each subsidiary are before inter-company eliminations.

	GenAfrica Asset Managers Limited		Sidian Bank Limited		Almasi Beverages Limited		Two Rivers Development Limited		Longhorn Publishers Limited	
	2017 Ksh'000	2016 Ksh'000	2017 Ksh'000	2016 Ksh'000	2017 Ksh'000	2016 Ksh'000	2017 Ksh'000	2016 Ksh'000	2017 Ksh'000	2016 Ksh'000
Summarised balance sheet										
Current assets	323,072	338,501	9,132,090	7,195,054	3,142,448	2,800,878	862,144	4,846,732	1,340,811	-
Current liabilities	(51,161)	(134,582)	(13,258,526)	(2,506,157)	(1,587,328)	(1,492,546)	(1,528,066)	(2,179,986)	(767,974)	-
Net current assets	271,911	203,919	(4,126,437)	4,688,897	1,555,120	1,308,332	(665,922)	2,666,746	572,837	-
Non current assets	38,185	21,463	11,902,945	12,735,828	6,419,125	5,280,828	25,121,730	11,250,688	293,867	-
Non current liabilities	-	-	(3,900,043)	(13,563,221)	(1,790,476)	(2,135,893)	(5,525,329)	(510,327)	-	-
Net non current assets	38,185	21,463	8,002,903	(827,393)	4,628,649	3,144,935	19,596,401	10,740,361	293,867	-
Net assets	310,095	225,382	3,876,466	3,861,504	6,183,769	4,453,267	18,930,479	13,407,107	866,703	-
Accumulated NCI	82,641	60,064	1,007,881	972,327	2,853,809	2,130,331	7,888,331	5,586,741	344,948	-
Summarised income statement										
Income	447,652	456,748	3,421,090	3,518,732	7,959,353	8,086,750	837,622	5,338,885	1,248,058	-
Profit for the year	141,029	149,829	(221,714)	338,028	765,469	824,571	1,948,984	4,062,041	136,482	-
Other comprehensive income	-	-	-	-	170	-	129,324	-	-	-
Total comprehensive income	141,029	149,829	(221,714)	338,028	765,639	824,571	2,078,308	4,062,041	136,482	-
Profit allocated to NCI	37,584	39,930	(57,646)	85,116	353,342	313,896	812,064	1,692,653	54,320	-
Dividends paid to NCI	31,980	32,594	-	-	68,131	43,538	-	-	37,951	-

6 GROUP COMPOSITION (CONTINUED)

6.2 Investment in associates and joint ventures

Associates and joint ventures are accounted for using the equity method and are recognised initially at cost. The Group's investment in associates and joint ventures includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of post acquisition accumulated profits or losses of associated companies and joint ven tures in the carrying amount of the investments, which are generally determined from their latest audited annual financial statements or management accounts and the annual profit attributable to the Group is recognised in profit or loss.

The Group's share of any post-acquisition movement in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

The carrying amount of the Group's investments in associates and joint ventures is reduced to recognise any potential impairment in the value of individual investments. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless the Group has an obligation, issued guarantees or made payments on behalf of the associate or joint venture.

Dilution gains or losses arising on investments in associates and joint ventures are recognised in profit or loss. If the ownership interests in an associate or joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss. Profits or losses resulting from upstream and downstream transactions between the Group and its associates and joint ventures are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associates and joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Adjustments have been made where necessary to bring the accounting policies of the associates and joint ventures in line with those of the Group.

6.2.1 Investment in associates

Set out below are the associates of the Group as at 31 March 2017. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Country of incorporation	% of ownership interest 2017	2016
Nairobi Bottlers Limited	Kenya	27.62%	27.62%
UAP Financial Services Limited	Uganda	29.00%	29.00%
Platcorp Holdings Limited	Mauritius	27.63%	35.63%
Akiira Geothermal Limited	Kenya	37.50%	37.50%
Longhorn Publishers Limited (See, Note 6.3)	Kenya	-	31.50%
KWAL Holdings Limited	Kenya	-	26.43%

The Group gained control of Longhorn Publishers Limited during the year and such ceased to be treated as an associate. See Note 6.3 on details of the business combination. In addition, there was a full disposal of the Company's stake in KWAL Holdings Limited.

6 GROUP COMPOSITION (CONTINUED)

6.2 Investment in associates and joint ventures (continued)

6.2.1 Investment in associates (continued)

Movements in investments in associates is as follows:

	Group 2017 Ksh'000	Group 2016 Ksh'000	Company 2017 Ksh'000	Company 2016 Ksh'000
At start of year	4,477,705	3,967,486	5,655,429	7,178,711
Share of profits after taxation	532,686	1,074,114	-	-
Share of other comprehensive income	-	(958,441)	-	-
Fair value loss	-	-	(283,617)	(556,845)
Dividends received	(277,326)	(373,427)	-	-
Additions during the year	633,998	740,027	294,863	-
Conversion of shareholder loans to equity	-	266,304	-	-
Disposals at cost	-	-	(17,235)	(12,298)
Disposal on acquisition of control	(284,101)	-	(242,000)	-
Disposal at share of net assets	(947,553)	(238,358)	-	-
Transfer to investments in subsidiaries	-	-	-	-
Reserves released on disposal	-	-	(720,765)	(954,139)
	4,135,409	4,477,705	4,686,675	5,655,429

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

The Group used audited financial statements for associates for the year ended 31 December 2016 to account for the Group's investment in associates using the equity method. Significant transactions (if any) in the intermediate period are adjusted.

Associates are held at fair value in the Company's separate financial statements. See note 1.5.2

Disposal of associates

Year ended 31 March 2017

On 28 March 2017, Centum Investment Company Plc sold its entire 26.43% investment in KWAL Holdings Limited for cash.

On 29 March 2017, Kilele Holdings Limited (a wholly owned subsidiary) sold 9.27% of the equity investment in Platcorp Holdings Limited for cash reducing its effective ownership to 26.36% (2016: 35.63%).

The gains on disposal are as shown below:

	Group 2017 Ksh'000	Group 2016 Ksh'000	Company 2017 Ksh'000	Company 2016 Ksh'000
Proceeds on disposal	1,895,760	1,027,651	1,080,000	1,027,837
Carrying value	(947,553)	(238,358)	(17,235)	(12,298)
Gain on disposal	948,207	789,293	1,062,765	1,015,539

Year ended 31 March 2016
Centum disposed off its 21.5% investment in Aon Minet.

6 GROUP COMPOSITION (CONTINUED)

6.2 Investment in associates and joint ventures (continued)

6.2.1 Investment in associates (continued)

Summarised financial information of associates

Set out below is the summarised financial information of the associates that are material to the Group. The summarised financial information is adjusted to reflect adjustments made by the Group when applying the equity method, including fair value adjustments at acquisition and modifications for differences in accounting policy. There were no modifications for differences in accounting policy in 2017 and 2016.

	FAST MOVING CONSUMER GOODS		FINANCIAL SERVICES		OTHERS		TOTAL	
	2017 Ksh'000	2016 Ksh'000	2017 Ksh'000	2016 Ksh'000	2017 Ksh'000	2016 Ksh'000	2017 Ksh'000	2016 Ksh'000
Summarised statement of financial position								
Cash and cash equivalent	154,471	686,687	1,443,934	544,071	-	3,811	1,598,405	1,234,569
Other current assets	3,277,195	4,703,285	982,404	518,188	-	1,247,382	4,259,599	6,468,855
Total current assets	**3,431,666**	**5,389,972**	**2,426,338**	**1,062,259**	-	**1,251,193**	**5,858,004**	**7,703,424**
Non current assets	10,698,639	9,669,596	8,483,580	6,387,622	-	255,984	19,182,219	16,313,202
Financial liabilities (excluding trade payables)	(1,955,624)	(2,281,942)	-	-	-	(338,642)	(1,955,624)	(2,620,584)
Other current liabilities	(4,189,571)	(4,751,784)	(1,145,670)	(506,435)	-	(730,140)	(5,335,241)	(5,988,359)
Total currrent liabilities	**(6,145,195)**	**(7,033,726)**	**(1,145,670)**	**(506,435)**	-	**(1,068,782)**	**(7,290,865)**	**(8,608,943)**
Financial liabilities	(1,866,667)	(38,700)	(7,669,834)	(5,371,294)	-	-	(9,536,501)	(5,409,994)
Other non current liabilities	(1,598,359)	(1,679,869)	-	-	-	-	(1,598,359)	(1,679,869)
Total non current liabilities	**(3,465,026)**	**(1,718,569)**	**(7,669,834)**	**(5,371,294)**	-	-	**(11,134,860)**	**(7,089,863)**
Net assets	**4,520,084**	**6,307,273**	**2,094,413**	**1,572,152**	-	**438,395**	**6,614,497**	**8,317,820**
Reconciliation to carrying amounts:								
Opening net assets at 1 April:	6,307,273	5,829,844	1,572,152	1,446,964	438,395	452,285	8,317,820	7,729,093
Profit for the year	791,551	1,053,665	872,142	433,147	-	134,919	1,663,693	1,621,731
Other comprehensive income	-	58,325	-	187,330	-	(31,809)	-	213,846
Derecognition of net assets on disposal*	(2,134,827)	-	-	-	(438,395)	-	(2,573,222)	-
Dividends paid	(443,913)	(634,561)	(349,881)	(495,289)	-	(117,000)	(793,794)	(1,246,850)
Closing net assets	**4,520,084**	**6,307,273**	**2,094,413**	**1,572,152**	-	**438,395**	**6,614,497**	**8,317,820**
Summarised statement of comprehensive income								
Revenue	14,573,005	19,292,074	-	680,564	-	813,054	14,573,005	20,785,692
Interest income	-	21,378	4,044,279	2,740,915	-	-	4,044,279	2,762,293
Interest expense	(235,281)	(151,590)	(1,212,541)	(773,086)	-	8,894	(1,447,822)	(915,782)
Income tax expense	(371,676)	(489,050)	(439,754)	(225,238)	-	36,730	(811,430)	(677,558)
Profit/(loss) for the period	**791,551**	**1,053,665**	**872,142**	**384,159**	-	**85,702**	**1,663,693**	**1,523,526**
Other comprehensive income	-	58,325	-	187,330	-	(31,809)	-	213,846
Total comprehensive income	**791,551**	**1,111,990**	**872,142**	**571,489**	-	**53,893**	**1,663,693**	**1,737,372**
Dividends received from associates	**141,545**	**175,266**	**135,781**	**95,291**	-	**40,950**	**277,326**	**311,507**

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

The net assets derecognised on disposal relate to the net assets of KWAL Holdings Limited and Longhorn Publishers Limited that were disposed off and reclassified to subsidiaries on acquisition of control respectively.

6 GROUP COMPOSITION (CONTINUED)

6.2 Investment in associates and joint ventures (continued)

6.2.2 Investment in joint ventures

Set out below are the joint ventures of the group as at 31 March 2017. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Country of incorporation	% of ownership interest 2017	2016
Two Rivers Lifestyle Centre Limited	Mauritius	50%	50%
Broll Kenya Limited	Kenya	-	30%
Amu Power Company Limited	Kenya	51%	51%

	Group		Company	
Movements in joint ventures are as follows:	2017 Ksh'000	2016 Ksh'000	2017 Ksh'000	2016 Ksh'000
At start of year	8,570,126	1,647,027	2,144,126	1,647,027
Additions during the year	-	373,288	-	373,288
Share of profits after tax	814,249	-	-	-
Share of other comprehensive income	-	-	-	-
Disposal of subsidiary with retention of joint venture interest	-	6,426,000	-	-
Foreign exchange gains	36,859	143,132	36,859	143,133
Reclassification of joint venture assets to receivables or on termination of business	(36,533)	(19,322)	(36,533)	(19,322)
	9,384,701	8,570,126	2,144,452	2,144,126

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

The Group used audited financial statements for associates for the year ended 31 December 2016 to account for the Group's joint ventures using the equity method except for Two Rivers Lifestyle Centre limited whose year end is 31 March 2017. Significant transactions in the intermediate period are adjusted.

i) Summarised financial information for joint ventures

The tables below provide summarised financial information for those joint ventures that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not The Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

6 GROUP COMPOSITION (CONTINUED)

6.2 Investment in associates and joint ventures (continued)

6.2.2 Investment in joint ventures (continued)

i) Summarised financial information for joint ventures (continued)

Summarised balance sheet	**Two Rivers Lifestyle Centre Limited**	
	2017	**2016**
	Ksh'000	**Ksh'000**
Current assets:		
- Cash and cash equivalent	175,042	814,515
- Other current assets	1,650,829	1,353,131
Total current assets	1,825,871	2,167,646
Non current assets	21,242,177	16,273,751
Current liabilities:		
- Financial liabilities (excluding trade payables)	(2,516,789)	(2,184,934)
- Other current liabilities	(1,706,817)	(998,532)
Total current liabilities	(4,223,606)	(3,183,466)
Non current liabilities		
- Financial liabilities (excluding trade payables)	(7,374,704)	(5,370,420)
- Other current liabilities	-	(46,271)
Total non current liabilities	(7,374,704)	(5,416,691)
Net assets	11,469,738	9,841,240
Reconciliation to carrying amounts:		
Opening net assets 1 April	9,841,240	555,107
Profit/loss for the year	1,628,498	2,031,473
Other comprehensive income	-	-
Capital contribution	-	7,254,660
Dividends paid	-	-
Closing net assets	11,469,738	9,841,240
Group's share in %		
Group's share in Kes	50%	50%
Goodwill	5,734,869	4,920,620
	-	-
Carrying amount	5,734,869	4,920,620

Summary statement of comprehensive income

Income	600,764	2,331,532
Interest income	10,831	12,400
Depreciation and amortisation	(5,865)	-
Interest expense	(74,942)	(141,020)
Income tax credit/(expense)	1,396,503	(19,953)
Profit for the year	1,628,498	2,031,473
Other comprehensive income	-	-
Total comprehensive income	1,628,498	2,031,473

ii) Other joint ventures

In addition to the interest in joint ventures disclosed above, the group also has interests in Amu Power Company Limited. The carrying amount of the investment is at the historical cost and represents the Group's investments in the company's power project.

6 GROUP COMPOSITION (CONTINUED)

6.3 Business combinations

Year ended 31 March 2017

Longhorn Publishers Limited

On 28 May 2016 Centum Investment Company Limited obtained control of Longhorn Publishers Limited through acquisition of an additional 28.7% of the issued shares, thereby increasing Centum Investment Company Limited shareholding to 60.2%.

The following table summarises the consideration transferred by the Group, the fair value of assets acquired and liabilities assumed at the acquisition date:"

	Kshs.'000
Consideration paid	507,866
Fair value of previously held interest	244,491
Total consideration	752,357

The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value Kshs'000
Cash and cash equivalent	73,243
Land and buildings	450,000
Property and equipment	22,318
Intangible assets	9,025
Inventory	586,257
Receivables and other assets	679,656
Payables	(595,416)
Borrowings	(590,018)
Net deferred tax assets	14,474
Fair value of net assets acquired	649,539
Less: Non controlling interest	(258,517)
Add: Goodwill	361,335
	752,357

The goodwill is attributable to Longhorn's strong position in the publishing business and the synergies expected from the acquisition to the overall Group.

(i) Acquired receivables

The fair value of receivables and other assets is Ksh 679 million and includes trade and other receivables with a fair value of Ksh 632 million. The gross contractual amount for trade receivables due is Ksh 516 million of which Ksh 48 million is expected to be uncollectible.

(ii) Non controlling interest

The group has chosen to recognise non-controlling interest at non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

6 GROUP COMPOSITION (CONTINUED)

6.3 Business combinations (continued)

Year ended 31 March 2017 (continued)

Longhorn Publishers Limited (continued)

(iii) Revenue and profit contribution

The acquired business contributed revenues of Kshs 1,248 million and net profit of 135 million to the Group for the period from 29 May 2016 to 31 March 2017. If the aquisition had occured on 1 April 2016, the contribution to consolidated revenues and consolidated profit after tax for the year ended 31 March 2017 would have been Ksh 1,497 million and Kshs 163 million respectively.

(iv) Purchase consideration	**Kshs.'000**
Outflow of cash to aquire subsidiary, net of cash aquired;	
Cash consideration	507,866
Less: Balances aquired	
Cash	73,243
Bank overdraft	-
	73,243
Net outflow of cash - investing activities	434,623

Year ended 31 March 2016

Vipingo Estates Limited

On 15 December 2015, Centum Investment Company Limited acquired 100% of the shares in Vipingo Estates Limited, previously owned by Rea Vipingo Limited. Vipingo Estates Limited is a land holding company.

The following table summarises the consideration paid for Vipingo Estates Limited, the fair value of assets acquired and liabilities assumed at the acquisition date.

	Kshs.'000
Cash consideration paid	386,235
Fair value of assets acquired	(386,235)
Goodwill	-
Fair value of assets acquired	
Investment property	387,196
Cash and cash equivalent	40
Other receivables	2,602
Accrued liabilities	(3,603)
	386,235

7 OTHER FINANCIAL ASSETS AND LIABILITIES

7.1 Loans and advances

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the bank as at fair value through profit or loss or available-for-sale.

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Origination transaction costs and origination fees received that are integral to the effective rate are capitalised to the value of the loan and amortised through interest income as part of the effective interest rate. The majority of the bank's loans and advances are included in the loans and receivables category.

	Group	
	2017	**2016**
	Ksh'000	**Ksh'000**
Term loans	13,060,298	12,799,261
Overdrafts	797,913	1,000,612
Interest in suspense	(428,923)	(151,835)
Gross loans and advances	13,429,288	13,648,038
Provision for impaired loans and advances	(795,880)	(694,364)
Analysis of gross loans and advances by maturity	12,633,408	12,953,674
Maturing within one year	2,435,631	2,848,501
Between two and three years	2,443,672	1,658,601
Over 3 years	8,549,985	9,140,936
	13,429,288	13,648,038

Loans and advances relate to Sidian Bank Limited.

The aggregate amount of non-performing advances was Shs 3,373,284,000 (2016:Shs 1,807,420,000) against which provisions of Shs 795,880,000 (2016 Shs 694,364,000) in addition to the suspended interest as shown above. The weighted average effective interest rate on loans and advances as at 31 March 2017 was 14% (2016: Shs 21%).

The collateral held against these loans includes mortgages, motor vehicles, land and building, chattels, share certificates among other assets.

	Group	
	2017	**2016**
	Ksh'000	**Ksh'000**
Fair value of collateral held	26,577,236	15,156,525

7.1 Loans and advances (continued)

Impairment of loans and advances

The bank assesses at each reporting date whether there is objective evidence that a loan or group of loans is impaired. A loan or group of loans is impaired if objective evidence indicates that a loss event has occurred after initial recognition which has a negative effect on the estimated future cash flows of the loan or group of loans that can be estimated reliably.

Criteria that are used by the bank in determining whether there is objective evidence of impairment include:
- known cash flow difficulties experienced by the borrower;
- a breach of contract, such as default or delinquency in interest and/or principal payments;
- breaches of loan covenants or conditions;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and
- where the bank, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the bank would not otherwise consider.

The bank first assesses whether there is objective evidence of impairment individually for loans that are individually significant, and individually or collectively for loans that are not individually significant. Non-performing loans include those loans for which the bank has identified objective evidence of default, such as a breach of a material loan covenant or condition as well as those loans for which instalments are due and unpaid for 90 days or more. The impairment of non-performing loans takes into account past loss experience adjusted for changes in economic conditions and the nature and level of risk exposure since the recording of the historic losses.

When a loan carried at amortised cost has been identified as specifically impaired, the carrying amount of the loan is reduced to an amount equal to the present value of its estimated future cash flows, including the recoverable amount of any collateral, discounted at the financial asset's original effective interest rate. The carrying amount of the loan is reduced through the use of a specific credit impairment account and the loss is recognised as a credit impairment charge in profit or loss.

The calculation of the present value of the estimated future cash flows of collateralised financial assets recognised on an amortised cost basis includes cash flows that may result from foreclosure less costs of obtaining and selling the collateral, whether or not foreclosure is probable.

If the bank determines that no objective evidence of impairment exists for an individually assessed loan, whether significant or not, it includes the loan in a group of financial loans with similar credit risk characteristics and collectively assesses for impairment. Loans that are individually assessed for impairment and for which an impairment loss is recognised are not included in a collective assessment for impairment.

Impairment of groups of loans that are assessed collectively is recognised where there is objective evidence that a loss event has occurred after the initial recognition of the group of loans but before the reporting date. In order to provide for latent losses in a group of loans that have not yet been identified as specifically impaired, a credit impairment for incurred but not reported losses is recognised based on historic loss patterns and estimated emergence periods (time period between the loss trigger events and the date on which the bank identifies the losses). Groups of loans are also impaired when adverse economic conditions develop after initial recognition, which may impact future cash flows. The carrying amount of groups of loans is reduced through the use of a portfolio credit impairment account and the loss is recognised as a credit impairment charge in profit or loss.

Increases in loan impairments and any subsequent reversals thereof, or recoveries of amounts previously impaired (including loans that have been written off), are reflected within credit impairment charges in profit or loss. Previously impaired loans are written off once all reasonable attempts at collection have been made and there is no realistic prospect of recovering outstanding amounts. Any subsequent reductions in amounts previously impaired are reversed by adjusting the allowance account with the amount of the reversal recognised as a reduction in impairment for credit losses in profit or loss.

7.1 Loans and advances (continued)

Impairment of loans and advances (continued)

Subsequent to impairment, the effects of discounting unwind over time as interest income.

Renegotiated loans
Loans that would otherwise be past due or impaired and whose terms have been renegotiated and exhibit the characteristics of a performing loan are reset to performing loan status. Loans whose terms have been renegotiated are subject to on-going review to determine whether they are considered to be impaired or past due.
The effective interest rate of renegotiated loans that have not been derecognised is predetermined based on the loan's renegotiated terms.

The movement in provisions for impairment of loans and advances are as follows:

	Group	
	2017	**2016**
	Ksh'000	**Ksh'000**
Profit and loss:		
Provision in the year	326,645	230,124
Recoveries on amounts previously provided for	(12,693)	-
	313,952	230,124

Statement of financial position:

	Individually	Collectively assessed	Total assessed
	Ksh'000	**Ksh'000**	**Ksh'000**
Year ended 31 March 2017			
At start of year	**588,282**	**106,082**	**694,364**
Provision for loan impairment	337,535	(10,890)	326,645
Loans written off	(234,550)	9,421	(225,129)
	102,985	**(1,469)**	**101,516**
At end of year	**691,267**	**104,613**	**795,880**
Year ended 31 March 2016			
At start of year	**642,868**	**99,807**	**742,675**
Provision for loan impairment	223,749	6,375	230,124
Loans written off	(278,335)	(100)	(278,435)
	(54,586)	**6,275**	**(48,311)**
At end of year	**588,282**	**106,082**	**694,364**

The directors are of the opinion that net recoverable amounts are reasonable and are expected to be realised based on past experience.

7 OTHER FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

7.2 Government securities and corporate bonds:

	Notes	Group 2017 Ksh'000	2016 Ksh'000
Government securities at fair value through profit or loss	7.2.1	51,662	584,739
Government securities at amortised cost	7.2.2	2,225,716	2,502,497
Corporate bonds at amortised cost	7.2.3	744,120	903,593
		3,021,498	3,990,829

7.2.1 Government securities at fair value through profit or loss

	2017 Ksh'000	2016 Ksh'000
Opening valuation	**584,739**	**366,100**
Movements in the year:		
Additions	199,705	456,641
Disposals	(736,317)	(207,000)
Accrued interest	740	4,958
Fair value gains/(losses)	2,795	(35,960)
	(533,077)	**218,639**
Closing valuation	**51,662**	**584,739**

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

7.2.2 Government securities at amortised cost

	2017 Ksh'000	2016 Ksh'000
At start of year	**2,502,497**	**2,734,420**
Movements in the year:		
Additions	10,400	1,555,432
Disposals	(363,815)	(1,808,114)
Interest receivable	76,634	20,759
	(276,781)	**(231,923)**
At end of year	**2,225,716**	**2,502,497**

7.2.3 Corporate bonds at amortised cost

	2017 Ksh'000	2016 Ksh'000
At start of year	**903,593**	**326,099**
Movements in the year:		
Additions	157,460	859,806
Accrued interest	(7,861)	30,681
Interest receipts	7,114	(15,011)
Disposals		
	(316,187)	(297,982)
	(159,474)	**577,494**
At end of year	**744,119**	**903,593**

7 OTHER FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

7.2 Government securities and corporate bonds (continued)

The maturity profile of government securities and corporate bonds is set out below:

Year ended 31 March 2017	0 - 180 days Ksh'000	181 days - 1 year Ksh'000	1 - 5 years Ksh'000	Over 5 years Ksh'000	Total Ksh'000
Government securities at fair value through profit and loss	-	-	-	51,662	51,662
Government securities at amortised cost	653,186	10,400	-	1,562,130	225,716
Corporate bonds at amortised cost	-	62,986	681,134	-	744,120
	653,186	73,386	681,134	1,613,792	3,021,498

Year ended 31 March 2016	0 - 180 days Ksh'000	181 days - 1 year Ksh'000	1 - 5 years Ksh'000	Over 5 years Ksh'000	Total Ksh'000
Government securities at fair value through profit and loss	-	397,560	91,267	95,912	584,739
Government securities at amortised cost	194,020	-	899,129	1,409,348	2,502,497
Corporate bonds at amortised cost	105,972	50,000	447,621	300,000	903,593
	299,992	447,560	1,438,017	1,805,260	3,990,829

7.3 Customer deposits

	Group 2017 Ksh'000	2016 Ksh'000
Call and fixed deposits	4,341,785	5,842,119
Current and demand accounts	3,537,076	3,040,465
Savings accounts:		
- micro savers	1,401,649	2,637,888
- others	495,641	492,279
Accrued interest	22,598	27,113
	9,798,749	**12,039,864**

Analysis of customer deposits by maturity:

	2017 Ksh'000	2016 Ksh'000
Payable within one year	6,051,961	9,533,707
Between one year and three years	3,746,788	2,506,157
	9,798,749	**12,039,864**

Customer deposits are held in Sidian Bank Limited

8 NON FINANCIAL ASSETS

8.1 Property, plant and equipment

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

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

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

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

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

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

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

8 NON FINANCIAL ASSETS (CONTINUED)

8.1 Property, plant and equipment (continued)

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

Impairment

An impairment loss is recognised in profit or loss if the carrying amount of an asset or a cash-generating unit exceeds its estimated recoverable amount. For the purpose of impairment testing, assets are grouped together into cash-generating units. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Goodwill arising from business combinations is allocated to CGUs or the group of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is subsequently reversed only to the extent that the asset or cash-generating unit's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

The Group annually reviews the carrying amounts of its property, plant and equipment in order to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of the assets are estimated in order to determine the extent, if any, of the impairment loss.

8 NON FINANCIAL ASSETS (CONTINUED)

8.1 Property, plant and equipment (continued)

Group	Land and buildings Ksh'000	Factory, plant and equipment Ksh'000	Office furniture and fittings Ksh'000	Motor vehicles Ksh'000	Computers Ksh'000	Bottles, coolers, crates Ksh'000	Work in progress Ksh'000	Total Ksh'000
At 1 April 2016								
Cost or valuation	1,097,857	2,352,360	861,897	263,626	329,369	945,332	2,295,725	8,146,166
Accumulated depreciation	(27,661)	(261,385)	(313,132)	(48,616)	(112,660)	(38,432)	(340,406)	(1,142,292)
Net book amount	**1,070,196**	**2,090,975**	**548,765**	**215,010**	**216,709**	**906,900**	**1,955,319**	**7,003,874**
Year ended 31 March 2017								
Opening net book amount	1,070,196	2,090,975	548,765	215,010	216,709	906,900	1,955,319	7,003,874
Additions	36,426	1,098,708	330,676	153,493	112,050	652,808	1,454,284	3,838,444
Transfers/write offs	725,662	17,317	-	12,339	-	25,065	(909,132)	(128,750)
Disposals	(5,226)	-	(6)	(43,140)	-	(44,014)	-	(92,386)
Revaluation surplus	64,226	-	-	-	-	-	-	64,226
Recognition on acquisition of subsidiary	450,000	2,886	6,272	5,427	7,734	-	-	472,318
Depreciation released on disposal	423	-	-	13,544	-	44,014	-	57,981
Depreciation charge	(38,296)	(289,886)	(116,806)	(96,464)	(92,526)	(509,721)	-	(1,143,699)
Closing net book amount	**2,303,410**	**2,920,000**	**768,901**	**260,208**	**243,966**	**1,075,052**	**2,500,471**	**10,072,008**
At 31 March 2017								
Cost or valuation	2,394,628	3,478,588	1,208,331	416,748	473,595	1,579,191	2,840,877	12,391,958
Accumulated depreciation	(91,218)	(558,588)	(439,430)	(156,540)	(229,629)	(504,139)	(340,406)	(2,319,950)
Net book amount	**2,303,410**	**2,920,000**	**768,901**	**260,208**	**243,966**	**1,075,052**	**2,500,471**	**10,072,008**

8 NON FINANCIAL ASSETS (CONTINUED)

8.1 Property, plant and equipment (continued)

Group	Land and buildings Ksh'000	Factory, plant and equipment Ksh'000	Office furniture and fittings Ksh'000	Motor vehicles Ksh'000	Computers Ksh'000	Bottle coolers Ksh'000	Work in progress Ksh'000	Total Ksh'000
At 1 April 2015								
Cost or valuation	1,003,524	911,659	650,739	241,572	166,223	903,411	477,095	4,354,223
Accumulated depreciation	(934)	-	(47,623)	(2,825)	(29,528)	-	-	(80,910)
Net book amount	**1,002,590**	**911,659**	**603,116**	**238,747**	**136,695**	**903,411**	**477,095**	**4,273,313**
Year ended 31 March 2016								
Opening net book amount	1,002,590	911,659	603,116	238,747	136,695	903,411	477,095	4,273,313
Additions	94,333	1,306,476	211,158	24,712	163,481	49,721	1,862,873	3,712,754
Disposals	-	(29,214)	-	(2,658)	(335)	(7,800)	(43,098)	(83,105)
Reclassification from investment property	-	171,644	-	-	-	-	-	171,644
Derecognition on disposal of subsidiary	-	(8,205)	-	-	-	-	(1,145)	(9,350)
Depreciation charge	(26,727)	(261,385)	(265,509)	(45,791)	(83,132)	(38,432)	(340,406)	(1,061,382)
Closing net book amount	**1,070,196**	**2,090,975**	**548,765**	**215,010**	**216,709**	**906,900**	**1,955,319**	**7,003,874**
At 31 March 2016								
Cost or valuation	1,097,857	2,352,360	861,897	263,626	329,369	945,332	2,295,725	8,146,166
Accumulated depreciation	(27,661)	(261,385)	(313,132)	(48,616)	(112,660)	(38,432)	(340,406)	(1,142,292)
Net book amount	**1,070,196**	**2,090,975**	**548,765**	**215,010**	**216,709**	**906,900**	**1,955,319**	**7,003,874**

8 NON FINANCIAL ASSETS (CONTINUED)

8.1 Property, plant and equipment (continued)

Group

There are no assets within property, plant and equipment where the Group is a lessee under a finance lease. Information on non-current assets pledged as security by the Group is set out under Note 9.1. If freehold land and buildings carried at fair value were stated on the historical cost basis, the amounts would be as follows:

	2017 Ksh'000	2016 Ksh'000
Land and buildings:		
Cost	1,787,159	1,086,779
Accumulated depreciation	(93,913)	(58,648)
Net book amount	1,693,246	1,028,131

Company **Motor vehicles**	2017 Ksh'000	2016 Ksh'000
At 1 April:		
Cost	-	-
Accumulated amortisation	-	-
Net book amount	-	-
Year ended 31 March:		
Opening net book amount	-	-
Additions	27,536	-
Depreciation charge	(4,691)	-
Closing net book amount	22,845	-
At 31 March:		
Cost	27,536	-
Accumulated amortisation	(4,691)	-
Net book amount	22,845	-

8.2 Intangible assets and goodwill

Goodwill

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

8 NON FINANCIAL ASSETS (CONTINUED)

8.2 Intangible assets and goodwill (continued)

Goodwill (continued)

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

Computer software

Costs incurred on computer software are initially accounted for at cost as intangible assets subsequently at cost less any accumulated amortisation is calculated and accumulated impairment losses. Amortisation is calculated on the straight line basis over the estimated useful lives for a period of 3 to 5 years.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or a cash-generating unit exceeds its estimated recoverable amount. For the purpose of impairment testing, assets are grouped together into cash-generating units. The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is subsequently reversed only to the extent that the asset or cash-generating unit's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised. A reversal of an impairment loss is recognised immediately in profit or loss. An impairment loss in respect of goodwill is not reversed.

		Group		Company
	Goodwill Ksh'000	Computer software Ksh'000	Total Ksh'000	Computer software Ksh'000
At 1 April 2016:				
Cost	3,167,397	812,287	3,979,684	2,327
Accumulated amortisation and impairment	-	(368,320)	(368,320)	(989)
Net book amount	3,167,397	443,967	3,611,364	1,338
Year ended 31 March 2017	3,167,397	443,967	3,611,364	1,338
Opening net book amount	361,335	176,803	538,138	-
Additions - acquisitions	-	9,025	9,025	-
Recognition on acquisition of subsidiaries	-	(212,995)	(212,995)	-
Disposals/write offs	-	176,397	176,397	-
Released on disposal	-	(121,136)	(121,136)	(775)
Amortisation charge				
Closing net book amount	3,528,732	472,061	4,000,793	563
At 31 March 2017				
Cost	3,528,732	785,120	4,313,852	2,327
Accumulated amortisation and impairment	-	(313,059)	(313,059)	(1,764)
Net book amount	3,528,732	472,061	4,000,793	563

8 NON FINANCIAL ASSETS (CONTINUED)

8.2 Intangible assets and goodwill (continued)

	Group Goodwill Ksh'000	Group Computer software Ksh'000	Group Total Ksh'000	Company Computer software Ksh'000
At 1 April 2015:				
Cost	3,167,397	465,385	3,632,782	1,956
Accumulated amortisation and impairment	-	(293,773)	(293,773)	(337)
Net book amount	3,167,397	171,612	3,339,009	1,619
Year ended 31 March 2016	3,167,397	171,612	3,339,009	1,619
Opening net book amount	-	346,902	346,902	371
Additions - acquisitions	-	(74,547)	(74,547)	(652)
Amortisation charge				
Closing net book amount	3,167,397	443,967	3,611,364	1,338
At 31 March 2016				
Cost	3,167,397	812,287	3,979,684	2,327
Accumulated amortisation and impairment	-	(368,320)	(368,320)	(989)
Net book amount	3,167,397	443,967	3,611,364	1,338

A summary of the goodwill allocation is presented below:	2017 Ksh'000	2016 Ksh'000
Almasi Beverages Limited	1,351,539	1,351,539
Sidian Bank Limited	848,648	848,648
GenAfrica Investment Management Limited	967,210	967,210
Longhorn Publishers Limited	361,335	-
	3,528,732	3,167,397

Goodwill is tested annually for impairment. The recoverable amounts of CGUs were determined based on value-in-use calculations or fair value less costs to sell. The calculations mainly used cash flow projections based on financial budgets approved by management covering a 5-year period. Management is confident that the 5-year projections are appropriate based on the long term nature of the Group's infrastructure and operating model.

The following key assumptions were used for the value-in-use calculations:

- growth rates: the Group used steady growth rates to extrapolate revenues beyond the budget period cash flows. The growth rates were consistent with publicly available information relating to long-term average growth rates for each of the markets in which the respective CGU operated; and
- discount rates: discount rates used reflect both time value of money and other specific risks relating to the relevant CGU.

During the year, no impairment loss has been recognised.

8 NON FINANCIAL ASSETS (CONTINUED)

8.2 Intangible assets and goodwill (continued)

Significant estimate: Impact of possible changes in key assumptions

1. Growth rate

Sidian Bank Limited

The budgeted growth rate used in the value-in-use calculations for Sidian Bank Limited is 5% which yields a headroom of Kes 698 million. If the budgeted growth rate had been 5% higher or lower than management's estimates at 31 March 2017, the headroom would have been Kes 708 million and 688 million respectively. The reasonably possible change of 5% reduction in growth rates represents a reasonable possible reduction as a result of interest caps in the market.

Longhorn Publishers Limited

The budgeted growth rate used in the value-in-use calculations for Longhorn Publishers Limited is 3% which yields a headroom of Kes 209 million. If the budgeted growth rate had been 5% higher or lower than management's estimates at 31 March 2017, the headroom would have been Kes 216 million and 201 million respectively. The reasonably possible change of 5% represents possible reduction in sales volumes due to the current changes being implemented in the Education sector in which Longhorn Publishers Limited is engaged in.

2. Discount rate

Sidian Bank Limited

The pretax discount rate applied to the cash flow projections of Sidian Bank Limited is 18% which yields a head room of Kes 698 million. If the pretax discount rate applied to the cash flow projections had been 5% higher or lower than management's estimates, the head room would have been Kes 566 million and 816 million respectively.

Longhorn Publishers Limited

The pretax discount rate applied to the cash flow projections of Longhorn Publishers Limited is 16% which yields a head room of Kes 209 million. If the pretax discount rate applied to the cash flow projections had been 5% higher or lower than management's estimates, the headroom would have been Kes 148 million and 278 million respectively.

8 NON FINANCIAL ASSETS (CONTINUED)

8.3 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments, the right to use an asset for an agreed period of time. When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

	Group	
	2017	2016
	Ksh'000	Ksh'000
Finance lease receivable	7,921	-

The finance lease receivables relate to Zohari Leasing Limited which is the Lessor.

The maturity of the lease receivable is as below:

Non current:		
Gross finance lease receivable	7,774	-
Unearned finance income	(1,708)	-
	6,066	-
Current:		
Gross finance lease receivable	3,379	-
Unearned finance income	(1,525)	-
	1,855	-
	7,921	-
Gross receivable from finance lease:		
- No later than 1 year	3,379	-
- Later than 1 year no later than 5 years	7,774	-
- Later than 5 years	-	-
	11,153	-
Unearned future finance income on finance lease	(3,232)	-
	7,921	-

8.4 Prepaid operating lease rentals

Payments to aquire lease hold interests in land are treated as prepaid operating lease rentals and ammortised over the period of the lease.

At Cost:	11,309	11,309
At start of year	35,809	-
Additions		
	47,118	11,309
At end of year		
Amortisation:	(2,148)	(1,826)
At start of year	(173)	(322)
Charge for the year		
	(2,321)	(2,148)
At end of year		
	44,797	9,161
Net book amount		

8 NON FINANCIAL ASSETS (CONTINUED)

8.5 Biological assets

Biological assets comprise growing produce on herb bushes.

Biological assets are measured on initial recognition and at each reporting date at fair value less costs to sell. Any gains or losses arising on initial recognition of biological assets and from subsequent changes in fair value less costs to sell are recognised in the statement of comprehensive income in the year in which they arise.

The Group has adopted and applied the amendments to IAS 41 Agriculture and IAS 16 Property, plant and equipment. Accordingly, the company measures bearer plants at historical cost less accumulated depreciation and accumulated impairment. Agricultural produce growing on the bearer plants is a biological asset and is measured at fair value less costs to sell with changes recognised in profit or loss as the produce grows.

The Group's biological assets have maturities of less than 12 months and management has assessed the fair value of growing produce on herb bushes and concluded that it approximates the cost.

	Group	
	2017	2016
	Ksh'000	Ksh'000
At start of year	-	-
Additions	8,634	-
At end of year	8,634	-

The Groups' biological assets are held by Greenblade Growers Limited

9 FINANCING STRUCTURE AND COMMITMENTS

9.1 Borrowings

Borrowings are accounted for as financial liabilities in accordance with the accounting policy disclosed in note 10.1.

Fees paid on the establishment of loan facilities are recognised as transaction costs and capitalised to the extent that it is probable that some or all of the facility will be drawn down. When the draw down is made, the transaction costs are amortised to profit or loss using the effective interest method. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

	Group		Company	
	2017 Ksh'000	2016 Ksh'000	2017 Ksh'000	2016 Ksh'000
Unsecured:				
Term loans	618,101	659,326	-	-
Corporate bonds	10,555,710	10,474,987	10,555,710	10,474,987
Total unsecured borrowings	**11,173,811**	**11,134,313**	**10,555,710**	**10,474,987**
Secured:				
Bank borrowings	6,750,970	2,549,113	4,100,416	-
Overnight borrowings	3,061,597	2,672,794	-	-
Total secured borrowings	9,812,567	5,221,907	4,100,416	-
Total borrowings	**20,986,378**	**16,356,220**	**14,656,126**	**10,474,987**
Analysed as below:				
Banking subsidiary	3,570,241	3,332,120	-	-
Other	17,416,137	13,024,100	14,656,126	10,474,987
	20,986,378	**16,356,220**	**14,656,126**	**10,474,987**
The classification of the Group's borrowings is as follows:				
Current	12,452,772	2,867,048	8,572,095	-
Non current	8,533,606	13,489,172	6,084,031	10,474,987
	20,986,378	**16,356,220**	**14,656,126**	**10,474,987**

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Group 2017 Ksh'000	Group 2016 Ksh'000	Company 2017 Ksh'000	Company 2016 Ksh'000
Kenya shillings	15,832,804	15,348,229	11,537,867	10,474,987
United States dollar	5,153,574	1,007,991	3,118,259	-
	20,986,378	**16,356,220**	**14,656,126**	**10,474,987**

The group has the following undrawn committed facilities:

	Group 2017 Ksh'000	Group 2016 Ksh'000	Company 2017 Ksh'000	Company 2016 Ksh'000
Oiko Credit	300,000	-	-	-
Kenya Commercial Bank Limited	240,690	15,380,895	-	-
The Co-Operative Bank of Kenya Limited	17,843	2,300,000	17,843	2,300,000
	558,533	17,680,895	17,843	2,300,000

9 FINANCING STRUCTURE AND COMMITMENTS (CONTINUED)

9.1 Borrowings (continued)

a) Term loans	Group		Company	
	2017 Ksh'000	2016 Ksh'000	2017 Ksh'000	2016 Ksh'000
European Investment Bank	90,194	376,044	-	-
Oiko Credit	418,450	215,072	-	-
Commercial paper	109,458	-	-	-
Government of Kenya - SME	-	68,210	-	-
	618,102	659,326	-	-
Movement in term loans was as follows:				
At start of year	659,325	1,015,632	-	-
Received during the year	402,401	-	-	-
Accrued interest	62,588	78,626	-	-
Repayments during the year	(506,212)	(434,933)	-	-
At end of year	618,102	659,325	-	-

Term loans are held at Sidian Bank Limited.

The weighted average effective interest rate on the borrowings as at 31 March 2017 was 9.42% (2016: 8.76%). The borrowings are measured at amortised cost and are all unsecured.

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

Oiko Credit loan of Kshs 300 million was received on 22 September 2014. It accrues interest at a rate of 11.07% for the first six months. Thereafter, the net interest rate will be reviewed by Oiko Credit and adjusted semi-annually based on the 182 day T bill rate plus a margin of 1.25% subject to a minimum rate of 10% p.a. The interest is repayable semi-annually. The loan will be paid in 3 equal instal ments of Kshs 100 million after 12 months from the date of disbursement. The second tranche was received on 8 December 2016. It will accrue interest at the rate of 10.84%, for the first six months, thereafter the interest will be reviewed by Oiko Credit. Interest is repayable semi annually with 3 equal instalments of Sh 100 million after the date of disbursement.

b) Bank borrowings	Group		Company	
	2017 Ksh'000	2016 Ksh'000	2017 Ksh'000	2016 Ksh'000
Kenya Commercial Bank Limited	440,677	1,030,781	-	-
The Co-operative Bank of Kenya Limited	982,157	-	982,157	-
FirstRand Bank Limited (through its Rand Merchant Bank Division)	3,118,259	-	3,118,259	-
Coca Cola Export Corporation	1,477,055	1,007,991	-	-
Chase Bank Kenya Limited	573,490	510,341	-	-
Standard Chartered Bank Kenya Limited	159,332	-	-	-
	6,750,970	2,549,113	4,100,416	-

9 FINANCING STRUCTURE AND COMMITMENTS (CONTINUED)

9.1 Borrowings (continued)

b) Bank borrowings (continued)

Movement in bank borrowings is as follows:	Group 2017 Ksh'000	Group 2016 Ksh'000	Company 2017 Ksh'000	Company 2016 Ksh'000
At start of year	2,549,113	4,254,832	-	-
On acquisition of subsidiary	222,741	-	-	-
Received during the year	4,162,648	742,422	3,998,797	-
Revaluation gain/(loss)	76,926	(9,887)	53,510	-
Accrued interest	87,711	583,860	48,108	-
Repayments during the year	(348,169)	(3,022,114)	-	-
At end of year	6,750,970	2,549,113	4,100,416	-

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

The Co-operative Bank of Kenya Limited
On 3 April 2017, Centum Investment Company Plc secured an overdraft/guarantee line facility to be used in financing working capital requirements. The facility is secured by floating debentures over the Group's corporate bonds and quoted shares. The facility attracts interest at 14% and is renewable after every 12 months.

Coca Cola Export Corporation
The loan from Coca Cola Export Corporation was availed to Almasi Bottlers Limited to buy crates and bottles. The total loan availed was US$ 2,300,000. The loan is unsecured and interest determined based on LIBOR plus 3% per annum. The effective interest rate as at 31 March 2016 was 3.69%.

Chase Bank Kenya Limited
1. Two Rivers Development Limited
The loan was advanced for infrastructure development. The US Dollar denominated loan attracts interest at 8.5%. The Loan matures in 2027 and has a two year moratorium on principal.

2. Longhorn Publishers Limited
The company has an asset financing facility for acquisition of vehicles. The loan is secured by the Company vehicles and attracts interest at 15.75%. The loan tenor is 60 months.

First Rand Bank Limited
In 2016, Centum Investment Company Limited obtained a 18 month loan facility from FirstRand Bank Limited (acting through its Rand Merchant Division acting as agent) for US$ 30,000,000 at an interest rate of 5.75% plus US LIBOR per annum. The facility was secured by a charge over the company's shares in Nairobi Bottlers Limited and Almasi Beverages Limited.

Standard Chartered Bank Kenya Limited
The loan was advanced to Longhorn Publishers Limited for working capital financing and is secured by the company's buildings. The loan attacts interest at 14% and matures in 12 months.

9 FINANCING STRUCTURE AND COMMITMENTS (CONTINUED)

9.1 Borrowings (continued)

c) Corporate bond

	Group and Company 2017 Ksh'000	2016 Ksh'000
At start of year	10,474,987	4,252,526
Additions	-	6,000,001
Accrued interest	45,707	242,845
Amortisation of bond related expenses	(44,523)	(135,415)
Additional accrued interest on Equity linked note	79,539	115,030
	10,555,710	10,474,987

Centum Investment Company Plc successfully issued a 5 year bond in 2012 and raised Kshs 4,167,900,000. This comprised of fixed rate notes of Kshs 2,917,530,000 at an interest rate of 13.5% and equity-linked notes of Kshs 1,250,370,000 at 12.75% fixed rate and an additional amount payable at redemption date based on the movement in the Company's net asset value. The maximum upside is 15% of the face value of the bond.

In 2015, the company successfully issued another 5 year bond and raised Kshs 6,000,000,000. This comprised of fixed rate notes of Kshs 3,899,226,700 at an interest rate of 13% and equity linked notes of Kshs 2,100,773,300 at a 12.5% fixed rate and an additional amount payable at redemption date based on the movement in the Company's Net Asset Value. The maximum upside is 10% of the face value of the bond.

The carrying amounts of borrowings approximate to their fair value.

d) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	Group 2017 Ksh'000	Group 2016 Ksh'000	Company 2017 Ksh'000	Company 2016 Ksh'000
Cash and cash equivalent	5,638,783	10,197,460	2,447,072	3,916,200
Liquid investments*	1,223,152	1,369,032	99,957	156,119
Borrowings - repayable within one year (including overdraft)	(12,452,772)	(2,867,048)	(8,572,095)	-
Borrowings - repayable after one year	(8,533,606)	(13,489,172)	(6,084,031)	(10,474,987)
Net debt	(14,124,443)	(4,789,728)	(12,109,097)	(6,402,668)

	Cash and cash equivalent Ksh'000	Liquid investments* Ksh'000	Borrowings due within 1 year Ksh'000	Borrowings due after 1 year Ksh'000	Total Ksh'000
Net debt at 1 April 2016	10,197,460	1,369,032	(2,867,048)	(13,489,172)	(4,789,728)
Cashflows	(4,558,677)	231,077	-	(3,710,668)	(8,038,268)
Foreign exchange adjustments	-	-	-	(76,926)	(76,926)
Other non cash movements	-	(376,957)	(9,585,724)	8,743,160	(1,219,521)
Net debt at 31 March 2017	5,638,783	1,223,152	(12,452,772)	(8,533,606)	(14,124,443)

Liquid investments comprise current investments that are traded in an active market, being the Group's financial assets held at fair value through profit or loss.

9 FINANCING STRUCTURE AND COMMITMENTS (CONTINUED)

9.2 Capital commitments

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

	Group		Company	
	2017	2016	2017	2016
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Authorised and contracted for	123,039	3,662,414	-	
Authorised but not contracted for	717,810	-	-	
	840,849	3,662,414	-	-

9.3 Contigent liabilities

The Group does not recognise contingent liabilities in the statement of financial position until future events indicate that it is probable that an outflow of resources will take place and a reliable estimate can be made, at which time a provision is raised.

a) Litigations

The Company has investments in four of the six bottling companies in Kenya. On 26 October 2012, the bottling companies lost a case against the Kenya Revenue Authority (KRA) for contested demand for tax arrears, penalties and interest for the period 2006 to 2009 relating to excise tax on returnable containers.

The bottling companies lodged an appeal against the ruling and have in the meantime obtained conservatory orders from the court maintaining the status quo/staying any adverse action as the notice of appeal is filed. The Directors' assessment is that the matter will be resolved amicably with minimal impact to the business of the bottling companies.

b) Letters of credit and performance bonds

In the ordinary course of business, Sidian Bank conducts business involving letters of credit, performance bonds and guarantees. Letters of guarantee and performance bonds are issued by the Bank, on behalf of customers, to guarantee performance by a customer to third parties. The Bank holds cash collateral to the extent of the guarantee that is realised in the events of default by customers.

	Group	
	2017	2016
	Ksh'000	Ksh'000
Letters of credit and performance bonds	1,065,581	220,728

10 FINANCIAL RISK

10.1 Financial risk management and financial instruments

Financial assets

The Group classifies its financial assets in the following categories: loans and receivables, held to maturity, financial assets at fair value through profit or loss and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were

i) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are accounted for as current assets, except for maturities greater than 12 months after the end of the reporting period. These are non-current assets and are carried at amortised cost.

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

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

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

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

(iv) Financial assets at fair value through profit or loss
This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Group as at fair value through profit or loss upon initial recognition. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified finan cial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

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

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

10.1 Financial risk management and financial instruments (continued)

Financial assets (continued)

(iv) Financial assets at fair value through profit or loss (continued)

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

Recognition and measurement

Regular purchases and sales of available-for-sale financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Available-for-sale financial assets are initially recognised at fair value plus transaction costs and are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Changes in fair value are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss.

Financial liabilities

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

10.1 Financial risk management and financial instruments (continued)

Financial instruments by category

a) Financial assets	Group				Company			
	At fair value through profit or loss Ksh'000	Held to maturity Ksh'000	Loans and receivables Ksh'000	Available for sale Ksh'000	At fair value through profit or loss Ksh'000	Held to maturity Ksh'000	Loans and receivables Ksh'000	Available for sale Ksh'000
At 31 March 2017								
Government securities	51,662	2,225,716	-	-	-	-	-	-
Corporate bonds	-	744,119	-	-	-	-	-	-
Loans and advances	-	-	12,633,408	-	-	-	-	-
Finance lease receivables	-	-	7,921	-	-	-	-	-
Call deposits	-	-	520,437	-	-	-	2,179,075	-
Bank balances	-	-	5,118,346	-	-	-	267,997	-
Trade and other receivables	-	-	3,782,048	-	-	-	334,665	-
Shareholder loans advanced to subsidiaries	-	-	-	-	-	-	12,722,835	-
Investment in subsidiaries	-	-	-	-	-	-	-	35,310,891
Investment in associates	-	-	-	-	-	-	-	4,686,675
Investment in joint ventures	-	-	-	-	-	-	-	2,144,452
Unquoted investments	-	-	-	4,226,166	-	-	-	3,796,836
Quoted investments	-	-	-	1,223,152	-	-	-	99,957
	51,662	2,969,835	22,062,160	5,449,318	-	-	15,504,572	46,038,811
At 31 March 2016								
Government securities	584,739	2,502,497	-	-	-	-	-	-
Corporate bonds	-	903,593	-	-	-	-	-	-
Loans and advances	-	-	12,953,674	-	-	-	-	-
Call deposits	-	-	3,961,372	-	-	-	2,957,164	-
Bank balances	-	-	6,236,088	-	-	-	959,036	-
Trade and other receivables	-	-	1,681,869	-	-	-	8,678,181	-
Investment in subsidiaries	-	-	-	-	-	-	-	25,411,172
Investment in associates	-	-	-	-	-	-	-	5,655,429
Investment in joint ventures	-	-	-	-	-	-	-	2,144,126
Unquoted investments	-	-	-	5,977,198	-	-	-	5,545,001
Quoted investments	-	-	-	1,369,032	-	-	-	156,119
	584,739	3,406,090	24,833,003	7,346,230	-	-	12,594,381	38,911,847

b) Financial liabilities

All the Group's financial liabilities are measured at amortised cost, except the equity-linked note liability which is measured at fair value. The carrying value of the Group's and the Company's financial liabilities at the end of 2017 and 2016 are shown under respective notes.

10.1 Financial risk management and financial instruments (continued)

Risk management

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

a) Market risk - currency risk, interest rate risk and price risk;
b) Credit risk; and
c) Liquidity risk.

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

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

The Group's general risk management approach is to increase the likelihood of success in its strategic activities, that is, to raise the potential reward of its activities relative to the risks undertaken.

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

To assist in implementing its risk management policy, the Group has:
- Identified, analysed and produced a risk management strategy for those risks which might inhibit it from achieving its strategic objectives and which would threaten its ongoing survival as a leading investment Company;
- Raised awareness of and integrated risk management into its management policies.
  Promoted an understanding of the importance and value of risk management, particularly associated with investment opportunities; and
- Established risk management roles responsibilities for its board of directors, audit risk committee and the risk department.

The risk management function is supervised by the Board Audit Committee. Management identifies, evaluates and manages financial risks under policies approved by the Board of Directors. The board provides written principles for overall risk management, as well as written policies covering specific areas such as price risk, foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity.

The Board has put in place a Group Risk and Internal Audit function to assist it in assessing the risk faced by the Group on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

a) Market risk

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices, and foreign exchange rates which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at both floating and fixed interest rates and also holds cash deposits with financial institutions. The interest rates on the cash deposits are fixed and agreed upon in advance. Interest rates on overdrafts are pegged to the bank's base lending rate or prevailing Treasury Bills rates.

Management closely monitors the interest rate trends to minimise the potential adverse impact of interest rate changes. Deposits are placed at fixed interest rates and management is therefore able to plan for the resulting income. For facilities with variable rates, the Group is in regular contact with the lenders in a bid to obtain the best available rates. The Group may also review the level of holding of such facilities downwards in order to mitigate the attaching cash flow interest rate risk.

As at 31 March 2017, Group and Company held deposits of Kshs 5,638,782,000 and Kshs 2,447,072,000 respectively (2016: Kshs 10,197,460,000 and Kshs 3,916,200,000 respectively) and the Company had unutilised bank credit facilities of Kshs 17,843,000 (2016: Kshs 2,300,000,000).

As at 31 March 2017, a 5% increase/decrease of the annual interest rate would have resulted in an increase/decrease in pre-tax profit and equity of Kshs 64 million (2016: Kshs 53,838,150 and Kshs 33,780,250) for both Group and Company respectively as a result of exposures in bank deposits and borrowings.

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

ii) Price risk

The Group's private equity holdings are valued in accordance with International Private Equity and Venture Capital guidelines, which set out the valuation methodology for fair valuation. Valuation is relatively subjective and may change from time to time. In addition the valuation is also affected by the volatility of the stock prices since the Group uses the earnings multiple method which entails the use of the share prices of similar/comparable quoted companies among other components. Valuation risks are mitigated by comprehensive quarterly reviews of the underlying investments by management every quarter. The appropriateness of the investment valuations are then considered by the Audit and Risk Committee.

Quoted equity are valued at their market prices. These values are subject to frequent variations and adverse market movements.
This risk is mitigated by choice of defensive stocks with low price volatility, and weekly monitoring of the value changes.

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

a) Market risk (continued)

ii) Price risk (continued)

At 31 March 2017, if the prices at the Nairobi Securities Exchange and other exchanges had appreciated/depreciated by 5% with all other variables held constant, the impact on the Group and Company comprehensive income and equity would have been Kshs 61,157,600 (2016: Kshs 68,451,600) and Kshs 4,997,880 (2016: Kshs 7,805,950) higher/lower respectively.

iii) Investment holding period risk

94% and 98% (2016: 92% and 99%) of the Group and Company's investments respectively are not traded on any formal exchange. Disposal of these investments is constrained in many instances by pre-emptive rights, shareholder agreements and the absence of willing trade buyers or an active secondary market. The timing of realised proceeds on disposal may pose a risk to the Group.

The Group/Company mitigates this risk by seeking influence in the investee company's operations through large shareholding or board representation. The Group/Company also seeks compensation for this risk through high return hurdles during the investment appraisal and laying emphasis on dividend generating potential. However, the Group/Company has no fixed time horizon for its investments, and does not enforce exit options on investments as it believes current practice makes it easier to acquire attractive investments.

iv) Concentration risk

87% (2016: 91%) of the Group's assets are located in Kenya with 12% (2016: 8%) in the wider East African Region and 1% (2016: 1%) outside East Africa.

Investment portfolio sectoral allocation
The allocation of Centum's investments to the different sectors is as disclosed in note 2.
Each investment asset is considered independently by the Board's Investment Committee and the Board of Directors according to a structured process that includes extensive due diligence, industry analysis, consideration of existing
assets and future capital commitments. Whereas sector limits are in place, concentration in the financial, beverages and industrial and allied sectors have mainly been brought about by organic growth and appreciation of market value.
To reduce exposure to country risk the Group is actively looking for regional investment opportunities."

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

a) Market risk (continued)

v) Foreign exchange risk

Currency risk is the exposure to exchange rate fluctuations that have an impact on cash flows and financing activities.

The Group operates internationally and is exposed to currency risk arising from various currency exposures. Refer to the table below for the Group's exposure to foreign currency risk based on notional amounts. Currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is also exposed to translation risk as holding companies do not report in the same currencies as operating entities.

The Group has foreign subsidiaries whose assets are exposed to foreign currency translation risk, which is managed primarily through borrowings denominated in the relevant foreign currencies to the extent that such funding is available on reasonable terms in the local capital markets.

The Group's exposure to fluctuations in the foreign currency rates relate to conversion rates for valuation of overseas holdings.

The mean exchange rates ruling at 31 March 2017 and 31 March 2016 were:

	Group and	Company
	2017	2016
	Ksh'000	Ksh'000
1 US dollar (USD)	103.35	101.33
1 Euro (Eur)	115.69	114.69
1 British pound (GBP)	134.25	145.31
1 Ugandan shilling (UGX)	0.03	0.03
1 Tanzania shilling (Tshs)	0.05	0.05
1 Ghana cedi (Ghc)	23.86	25.76
1 Morocco dirham (Mad)	10.59	10.28

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

a) Market risk (continued)

v) Foreign exchange risk (continued)

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

	Group		Company	
	2017	2016	2017	2016
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Financial assets				
Quoted investments (UgX)	-	35,169	-	-
Quoted investments (Tshs)	-	-	-	-
Quoted investments (GhC)	172,763	441,950	-	-
Quoted investment (CFA Franc)	50,726	-	-	-
Quoted investment (EGP)	292,110	301,789	-	-
Quoted investment (Mad)	-	53,897	-	
Balances due from banks (Usd)	702,339	583,073	-	-
Balances due from banks (Eur)	255,295	77,749	-	-
Balances due from banks (Gbp)	276,831	174,289	-	-
Investment in Funds (Usd)	-	367,489	-	-
Cash and equivalents (Usd)	265,355	263,816	67,138	224,382
Cash and equivalents (Eur)	15,839	18,561	-	-
Cash and equivalents (Gbp)	11,018	4,987	-	-
Cash and equivalents (UgX)	-	34,529	-	-
	2,042,276	2,357,298	67,138	224,382
Financial liabilities				
Customer deposits (Usd)	94,364	207,377	-	-
Customer deposits (Eur)	2,438	58,381	-	-
Customer deposits (Gbp)	65,884	189,577	-	-
Borrowings (Usd)	5,153,574	1,007,991	3,118,259	-
Borrowings (Eur)	-	376,044	-	-
	5,316,260	1,839,370	3,118,259	-

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

v) Foreign exchange risk (continued)

If all other variables were held constant, at 31 March 2017, the impact on values and reserves of the Shilling weakening or strengthening by 5% against the above currencies would have been as below:

	Group		Company	
	2017	2016	2017	2016
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
1 US dollar (USD)	(214,012)	50	(152,556)	11,219
1 Euro (Eur)	13,435	16,906	-	-
1 British pound (GBP)	11,098	515	-	-
1 Ugandan shilling (UGX)	-	3,485	-	-
1 Egyptian pound (EGP)	14,605	15,089	-	-
1 Ghana cedi (Ghc)	8,638	22,098	-	-
1 Morocco dirham (Mad)	-	2,695	-	
	(166,236)	60,838	(152,556)	11,219

10 FINANCIAL RISK (CONTINUED)

10.1 Financial risk management and financial instruments (continued)
Risk management framework (continued)
b) Liquidity risk (continued)

Group

At 31 March 2017	Up to 1 month Ksh'000	1-3 months Ksh'000	3-12 months Ksh'000	1-3 years Ksh'000	3-5 years Ksh'000	Over 5 years Ksh'000	Total Ksh'000
Financial assets							
Loans and advances	1,220,329	128,407	969,354	3,755,703	3,741,889	2,817,725	12,633,408
Finance lease receivable	-	-	3,379	4,541			7,921
Government securities at fair value through profit and loss	-	-	-	-	-	51,662	51,662
Government securities at amortised cost	-	321,302	342,284	-	-	1,562,130	2,225,716
Corporate bonds at amortised cost	-	-	62,986	381,134	300,000	-	744,120
Receivables and prepayments	601,706	634,447	1,498,476	1,510,987	-	240,276	4,485,891
Cash and cash equivalent	5,118,346	520,437	-	-	-	-	5,638,783
	6,940,381	1,604,593	2,876,480	5,652,366	4,041,889	4,671,793	25,787,501
Financial liabilities							
Customer deposits	2,597,758	2,691,735	762,468	3,746,788	-	-	9,798,749
Borrowings	3,171,744	60,693	9,195,416	8,435,652	122,874	-	20,986,379
Other liabilities and accrued expenses	1,622,768	232,471	2,865,183	716,286	-	-	5,436,708
Unclaimed dividends	-	82,725	-	-	-	-	82,725
	7,392,270	3,067,624	12,823,066	12,898,726	122,874	-	36,304,562
Net liquidity	(451,889)	(1,463,031)	(9,946,586)	(7,246,360)	3,919,015	4,671,793	(10,517,061)

At 31 March 2016	Up to 1 month Ksh'000	1-3 months Ksh'000	3-12 months Ksh'000	1-3 years Ksh'000	3-5 years Ksh'000	Over 5 years Ksh'000	Total Ksh'000
Financial assets							
Loans and advances	942,238	1,198,125	1,731,172	1,658,369	4,259,223	3,164,547	12,953,674
Government securities at fair value through profit and loss	-	-	397,560	-	91,267	95,912	584,739
Government securities at amortised cost	194,020		599,129	300,000		1,409,348	2,502,497
Corporate bonds at amortised cost	612,377	105,972	50,000	384,560	63,061	300,000	903,593
Receivables and prepayments	10,197,460	402,510	107,636	30,605	-	-	1,153,128
		-	-	-	-	-	10,197,460
Cash and cash equivalent	11,946,095	1,706,607	2,885,497	2,373,534	4,413,551	4,969,807	28,295,091
Financial liabilities							
Customer deposits	5,575,170	3,159,992	798,544	2,503,540	2,618	-	12,039,864
Borrowings	2,778,271	68,211	205,266	4,828,277	8,184,580	291,615	16,356,220
Other liabilities and accrued expenses	2,783,451	316,262	237,787	-	-	-	3,337,500
Unclaimed dividends	6,777	-	-	-	-	-	6,777
	11,143,669	3,544,465	1,241,597	7,331,817	8,187,198	291,615	31,740,361
Net liquidity	802,426	(1,837,858)	1,643,900	(4,958,283)	(3,773,647)	4,678,192	(3,445,270)

10 FINANCIAL RISK (CONTINUED)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

b) Liquidity risk (continued)

Company

At 31 March 2017	Up to 1 month Ksh'000	1-3 months Ksh'000	3-12 months Ksh'000	1-3 years Ksh'000	3-5 years Ksh'000	Over 5 years Ksh'000	Total Ksh'000
Financial assets							
Due from subsidiary companies	-	-	-	12,722,835	-	-	12,722,835
Receivables and prepayments	77,072	-	260,836	-	-	-	337,908
Cash and cash equivalent	267,997	2,179,075	-	-	-	-	2,447,072
	345,069	2,179,075	260,836	12,722,835	-	-	15,507,815
Financial liabilities							
Payables and accruals	92,776	14,949	-	328,744	-	-	436,469
Due to subsidiary companies	-	10,000	-	-	-	-	10,000
Borrowings	-	-	8,572,095	6,084,031	-	-	14,656,126
Unclaimed dividends	-	82,725	-	-	-	-	82,725
	92,776	107,675	8,572,095	6,412,775	-	-	15,185,320
Net liquidity	252,293	2,071,401	(8,311,259)	6,310,060	-	-	322,495

At 31 March 2016	Up to 1 month Ksh'000	1-3 months Ksh'000	3-12 months Ksh'000	1-3 years Ksh'000	3-5 years Ksh'000	Over 5 years Ksh'000	Total Ksh'000
Financial assets							
Due from subsidiary companies	132,276	-	-	8,201,946	-	-	8,334,222
Receivables and prepayments	343,959	-	-	-	-	-	343,959
Cash and cash equivalent	3,916,200	-	-	-	-	-	3,916,200
	4,392,435	-	-	8,201,946	-	-	12,594,381
Financial liabilities							
Payables and accruals	52,448	110,133	-	220,267	-	-	382,848
Due to subsidiary companies	188,392	-	-	-	-	-	188,392
Borrowings	-	-	-	4,432,972	6,000,000	-	10,432,972
Unclaimed dividends	6,777	-	-	-	-	-	6,777
	247,617	110,133	-	4,653,239	6,000,000	-	11,010,989
Net liquidity	4,144,818	(110,133)	-	3,548,707	(6,000,000)	-	1,583,392

10.1 **Financial risk management and financial instruments (continued)**

Risk management framework (continued)

c) Credit risk (continued)

i) Receivables and other assets

The amount that best represents the Group and Company's maximum exposure to credit risks at 31 March 2017 and 31 March 2016 is made up as follows:

	Group		Company	
	2017	2016	2017	2016
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Cash and cash equivalent	5,638,783	10,197,460	2,447,072	3,916,200
Amounts due from related parties	-	-	12,722,835	8,334,222
Trade receivables	1,946,041	528,741	-	-
Other receivables	1,595,731	1,156,663	334,665	340,561
	9,180,555	11,882,864	15,504,572	12,590,983

ii) Loans and advances

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

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

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

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

	Group	
	2017	2016
	Ksh'000	Ksh'000
Grade 1 - Normal	11,070,736	10,591,132
Grade 2 - Watch	377,548	1,401,313
Grade 3 - Substandard	178,450	681,074
Grade 4 - Doubtful	1,792,825	829,925
Grade 5 - Loss	425,032	296,429
	13,844,591	13,799,873
Less: Allowance for impairment	(1,224,803)	(846,199)
Net	12,619,788	12,953,674

0.1 **Financial risk management and financial instruments (continued)**

Risk management framework (continued)

c) Credit risk (continued)

ii) Loans and advances (continued)

Grade 1 - Normal
All loans are performing in accordance with the contractual terms and are expected to continue doing so. Loans in this category are fully protected by the current sound net worth and paying capacity of the borrower.

Grade 2 - Watch
Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. The gross amounts of loans and advances that were past due but not impaired were as follows:

	2017	2016
	Ksh'000	Ksh'000
Past due upto 30 days	199,429	356,113
Past due 31 - 60 days	94,874	292,546
Past due 61 - 90 days	88,304	414,435
Renegotiated 1 - 90 days	594,370	338,219
	976,978	1,401,313

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

	2017	2016
	Ksh'000	Ksh'000
Grade 3 - Substandard	178,450	681,074
Grade 4 - Doubtful	1,792,825	829,925
Grade 5 - Loss	425,032	296,429
	2,396,307	1,807,428
Individually assessed impaired loans and advances:		
Micro	340,456	608,284
SME	2,055,851	1,199,144
	2,396,307	1,807,428
Fair value of collateral held	2,031,639	2,291,548

Collateral on loans and advances

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

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

c) Credit risk (continued)

ii) Loans and advances (continued)

Analysis of gross loans and advances by performance

	2017 Ksh'000	2016 Ksh'000
Current	10,471,307	10,591,132
1 - 30 days	599,429	356,112
31 - 60 days	192,059	292,546
61 - 90 days	151,870	414,437
91 - 180 days	178,450	347,578
181 - 360 days	1,232,106	786,431
over 360 days	425,032	228,975
Sub total	13,250,253	13,017,211
Renegotiated/rescheduled loans		
1 - 90 days	33,619	338,218
Over 90 days	560,719	444,444
Sub total	594,338	782,662
Grand total	13,844,591	13,799,873

According to Central Bank of Kenya prudential guidelines, loans and advances overdue by above 90 days are considered non-performing. The provisions made amount to 9% of gross advances. These provisions are considered adequate in view of the realisable value of securities held.

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

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

d) Fair value hierarchy

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

Level 1
Quoted prices in active markets for identical assets or liabilities. This level includes equity securities and debt instruments listed on the Nairobi Securities Exchange.

Level 2
Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly as derived from prices.

Level 3
Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

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

Group

31 March 2017	Level 1 Ksh'000	Level 2 Ksh'000	Level 3 Ksh'000	Total Ksh'000
Financial assets:				
Unquoted equity instruments	-	-	4,226,166	4,226,166
Quoted equity instruments	1,223,152	-	-	1,223,152
Government securities at fair value through profit and loss	51,662	-	-	51,662
31 March 2016				
Financial assets:				
Unquoted equity instruments	-	-	5,977,198	5,977,198
Quoted equity instruments	1,369,032	-	-	1,369,032
Government securities at fair value through profit and loss	584,739	-	-	584,739

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

d) Fair value hierarchy (continued)

Company

	Level 1	Level 2	Level 3	Total
31 March 2017	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Financial assets:				
Investment in subsidiaries	-	-	35,310,891	35,310,891
Investment in associates	-	-	4,686,675	4,686,675
Unquoted equity instruments	-	-	3,796,836	3,796,836
Quoted equity instruments	99,957	-	-	99,957
31 March 2016				
Financial assets:				
Investment in subsidiaries	-	-	25,411,172	25,411,172
Investment in associates	-	-	5,655,429	5,655,429
Unquoted equity instruments	-	-	5,545,001	5,545,001
Quoted equity instruments	156,119	-	-	156,119

There were no transfers into or out of level 3 in 2016 and 2015. The following is a movement of financial assets classified under level 3.

	Group		Company	
	2017	2016	2017	2016
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year	5,977,198	6,678,014	36,611,602	27,537,605
Additions	37,993	-	2,460,498	3,244,051
Disposals	-	-	(17,235)	(12,298)
Disposals on acquisition of control	-	-	(242,000)	-
Translation differences	-	-	36,859	-
Reserves released on disposal	-	-	(720,765)	(954,139)
Reclassification	-	-	(36,533)	-
Fair value gains/(losses)	(1,789,025)	(700,816)	5,701,976	6,796,383
At end of year	4,226,166	5,977,198	43,794,402	36,611,602
Total (losses)/gains on level 3 financial assets held at the end of the year as recognised in other comprehensive income	(1,789,025)	(700,816)	5,701,976	6,796,383

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

	Group		Company	
	2017	2016	2017	2016
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
5% change in market value	72,296	298,859	1,649,272	1,823,070

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

e) Capital management

The Group's objectives when managing capital are:
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for the other stakeholders; and
- To maintain a strong capital base to support the current and future development needs of the business.

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

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

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

During 2017, the group's strategy, which was unchanged from 2016, was to maintain a gearing ratio within 20% to 50%. The gearing ratios at 31 March 2017 and 31 March 2016 were as follows:

	Group		Company	
	2017	2016	2017	2016
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Share capital	332,721	332,721	332,721	332,721
Share premium	589,753	589,753	589,753	589,753
Investment revaluation reserve	2,803,798	4,674,957	30,192,608	25,604,346
Retained earnings	32,771,793	28,245,913	12,894,016	12,121,278
Dividends proposed	798,530	665,442	798,530	665,442
Non controlling interest	12,177,609	8,749,463	-	-
Equity	49,474,204	43,258,249	44,807,628	39,313,540
Total borrowings	20,986,378	16,356,220	14,656,126	10,474,987
Less: cash and bank balances	(5,638,783)	(10,197,460)	(2,447,072)	(3,916,200)
Net borrowings	15,347,595	6,158,760	12,209,054	6,558,787
Gearing (%)	31.02%	14.24%	27.25%	16.68%

10 FINANCIAL RISK (CONTINUED)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

e) Capital management (continued)

Loan covenants

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants:

a) interest cover: the ratio of internally generated funds to finance charges is equal to or more than 1.5:1; and
b) Net debt to equity cover: the ratio of consolidated total net debt to equity shall not exceed 1:2.

11 EQUITY STRUCTURE

11 Equity structure

11.1 Ordinary share capital and share premium

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

	Number of shares (in thousands)	Ordinary shares Ksh'000	Share premium Ksh'000
At 1 April 2015, 31 March 2016 and 31 March 2017	665,442	332,721	589,753

The total authorised number of ordinary shares is 800,000,000 with a par value of Kshs 0.50 per share. 665,441,714 shares were issued and fully paid up as at 31 March 2017 and 2016.

11.2 Other reserves

	Group			Company
	Investment revaluation Ksh'000	Currency translation Ksh'000	Total other reserves Ksh'000	Investment revaluation Ksh'000
At 1 April 2015	7,028,097	(6,144)	7,021,953	20,098,049
Reserves released on disposal	(1,108,625)	-	(1,108,625)	(954,920)
Share of other comprehensive income of associates	(958,441)	-	(958,441)	-
Fair value losses in associates	-	-	-	(556,845)
Fair value gains in subsidiaries	-	-	-	7,836,094
Fair value losses in unquoted investments	(700,816)	-	(700,816)	(423,634)
Fair value gains in quoted investments	167,383	-	167,383	(88,342)
Currency translation differences	-	119,586	119,586	-
Deferred tax on revaluation gains	133,917	-	133,917	(306,056)
At 31 March 2016	**4,561,515**	**113,442**	**4,674,957**	**25,604,346**
	(117,008)	-	(117,008)	(720,765)
Reserves released on disposal	-	-	-	-
Share of other comprehensive income of associates	64,226	64,226	-	
Revaluation surplus on property and equipment	-	-	-	(283,617)
Fair value losses in associates	-	-	-	7,733,758
Fair value gains in subsidiaries	(1,789,025)	-	(1,789,025)	(1,748,165)
Fair value losses in unquoted investments	(259,949)	-	(259,949)	(56,162)
Fair value gains in quoted investments	-	17,604	17,604	-
Currency translation differences	212,993	-	212,993	(336,787)
Deferred tax on revaluation gains				
At 31 March 2017	**2,672,752**	**131,046**	**2,803,798**	**30,192,608**

Investment revaluation reserve
The investment revaluation reserve arises on the revaluation of available-for-sale financial assets and are distributable upon realisation. Where a revalued financial asset is sold, the portion of the reserve that relates to that financial asset, which is effectively realised, is reduced from the investment revaluation reserve and is recognised in profit or loss. Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in profit or loss.

Currency translation reserve
The currency translation reserve comprises all foreign currency differences arising from the translation of foreign operations and are distributable upon realisation.

11 EQUITY STRUCTURE (CONTINUED)

11.3 Dividends

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

i) Dividends paid	2017 Ksh'000	2016 Ksh'000
Final dividend in respect of the prior year	665,442	-

ii) Dividends declared

In addition to the above dividend, since year end the directors have recommended the payment of a final dividend of Sh.1.2 per fully paid ordinary share (2016: Sh. 1). The aggregate amount of the proposed dividend expected to be paid out in October 2017 out of retained earnings at 31 March 2017, but not recognised as a liability at year end, is

iii) Unclaimed dividend	798,530	665,442

	Group		Company	
	2017 Ksh'000	2016 Ksh'000	2017 Ksh'000	2016 Ksh'000
At start of year	6,777	77,271	6,777	77,271
Dividend - 2016	75,948	-	75,948	-
Dividend paid	-	(70,494)	-	(70,494)
	82,725	6,777	82,725	6,777

12 RELATED PARTIES

12.1 Related party transactions

Related party transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, regardless of whether a price is charged. For the purposes of defining related party transactions with key management, key management has been defined as directors and the Group's executive committee and includes close members of their families and entities controlled or jointly controlled by these individuals.

Centum Investment Company Plc is the ultimate Parent of the Group. The Group transacts with companies related to it by virtue of common shareholding and also by virtue of common directors.

The following transactions were carried out with related parties:

	Group		Company	
	2016 Ksh'000	2017 Ksh'000	2016 Ksh'000	2017 Ksh'000
i) Purchase of goods and services				
Office rent (paid to entity controlled by a director)	17,427	12,547	7,119	3,406
Management fees paid to a subsidiary	-	-	111,886	133,623
Asset management fees paid to a subsidiary	-	-	-	2,222
Insurance premiums (paid to an associate)	-	-	-	6,054
At end of year	17,427	12,547	119,005	145,305

	Group	
ii) Interest income	2017 Ksh'000	2016 Ksh'000
Interest income earned on deposits placed with a subsidiary	162,186	110,848

iii) Key management compensation

Key management includes executive directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	Group		Company	
	2017 Ksh'000	2016 Ksh'000	2017 Ksh'000	2016 Ksh'000
Salaries	223,289	221,985	102,164	39,877
Performance bonus	380,735	472,760	267,149	290,279
Retirement benefit scheme contribution	10,952	16,758	7,271	2,996
	614,976	711,503	376,584	333,152

12 RELATED PARTIES (CONTINUED)

12.1 Related party transactions (continued)

iv) Directors remuneration	**Group**		**Company**	
	2017	**2016**	**2017**	**2016**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
Fees for services as a non-executive director	71,038	85,479	26,607	15,897
Other included in key management compensation above	375,627	201,150	211,483	201,150
	446,666	286,629	238,090	217,047
v) Outstanding related party balances				
Amounts due to subsidiaries	-	-	10,000	188,392
Amounts due from related parties	240,276	-	12,722,835	8,334,222
vi) Shareholder loans advanced to related parties				
Two Rivers Development Limited	-	-	2,146,245	656
Two Rivers Lifestyle Centre Limited	240,276	-	-	-
Uhuru Heights Limited	-	-	574,051	573,848
eTransact Limited	-	-	7,157	7,080
Centum Exotics Limited	-	-	3,133,910	2,673,925
Centum Development Limited	-	-	3,317,069	2,587,130
Nabo Capital Limited	-	-	354,309	44,553
Centum Business Solutions Limited	-	-	201,356	23,236
Mvuke Limited	-	-	1,346,710	1,006,331
GenAfrica Asset Managers Limited	-	-	-	51,450
King Beverage Limited	-	-	310,391	224,514
Vipingo Development Limited	-	-	672,263	333,484
Rasimu Limited	-	-	27,776	5,180
Investpool Holdings Limited	-	-	533,722	764,038
Shefa Holdings Limited	-	-	3,816	2,760
Mwaya Investments Company Limited	-	-	1,625	382
Greenblade Growers Limited	-	-	61,938	35,173
Bakki Holdco Limited	-	-	858	481
Vipingo Estates Limited	-	-	5,470	-
Athena Properties Limited	-	-	2,678	-
Two Rivers Luxury Apartments Limited	-	-	21,491	-
	240,276	-	12,722,835	8,334,222

PROXY FORM / FOMU YA UAKILISHI

I/We: ______________________________

Share A/C no. ______________________________

of [address] ______________________________

Being a member(s) of Centum Investment Company PLC hereby appoint ______________________________

or failing him/her the duly appointed Chairman of the meeting to be my/our proxy, to vote for me/us and on my/our behalf at the 50th Annual General Meeting of the Company, to be held on Monday, 25 September 2017 at Two Rivers, Limuru Road, Nairobi at 11:00 a.m. and at any adjournment thereof.

I/we direct the proxy to vote for/against the resolution(s) as indicated on the Voting Form.

As witness I/We lay my/our hands this ______________

day of ______________ 2017

Signature (s): ______________________________

NOTES:

1. This proxy form is to be delivered to the Secretary's office not later than 11:00 a.m. on Thursday 21 September 2017.

2. In the case of a Corporation, the proxy must be under the Common or under the hand of an officer or Attorney duly authorized.

3. There is a form provided to each shareholder to be used for voting for or against or to withhold your vote on the resolutions. If neither for nor against is struck out or your vote is not withheld you will be deemed to have authorized the Proxy to vote as they think fit.

4. Please note that voting will only take place if a poll is demanded at the meeting in accordance with section 295 and 303 of the Companies Act (No. 17 of 2015).

Mimi/Sisi: ______________________________

Nambari ya akaunti ya hisa ______________________________

Anwani ______________________________

Kwa kuwa Mwanachama/Wanachama wa Centum Investment Company PLC namteua/tunamteua ______________________________

Na akikosa, nateua/tunamteua Mwenyekiti wa Mkutano kama mwakilishi wangu/wetu, kupiga kura kwa niaba yangu/yetu kwenye Mkutano Mkuu wa Mwaka Makala ya 50 utakaofanyika Jumatatu, 25 Septemba 2017 katika sehemu ya Two Rivers, Limuru Road, Nairobi 11:00 a.m. ama siku yoyote ile endapo mkutano huo utahairishwa.

Mimi/sisi ninamuagiza/tunamuagiza mwakilishi kupiga kura kuunga mkono/kupinga dhidi ya maazimio jinsi ilivyoelekezwa katika fomu ya upigaji kura.

Kama shahidi,mim nimetia kidole /sisi tumetia kidole

______________ Tarehe ________ ya ________ 2017

Sahihi: ______________________________

MAELEZO:

1. Ni lazima fomu hii ya uwakilishi ijazwe kikamilifu na kuwasilishwa kwa katibu wa Kampuni kabla ya saa tano asubuhi Alhamisi, 21 Septemba, 2017.

2. Iwapo mteuaji ni shirika, fomu hii ya uwakilishi ni lazima ipigwe muhuri wa kampuni hiyo na afisa au mwanasheria aliyeidhinishwa.

3. Kuna fomu ambayo inafaa kutumika kuunga mkono, kupinga au ya kutoshiriki dhidi ya maazimio yatakayopendekezwa. Iwapo kura yako ya kuunga mkono au kupinga haitakataliwa au kura yako kukosa kuzuiliwa basi itaeleweka kwamba umemuidhinisha mwakilishi wako kupiga kura jinsi atakavyotaka.

4. Upigaji kura utafanyika iwapo kura itaitishwa katika mkutano kuambatana na kifungu 295 na 303 cha Sheria za Kampuni (Nambari 17 ya 2015).

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

CUSTODY AND REGISTRARS SERVICES LIMITED
(C&R GROUP)

CHANGE OF ADDRESS AND PAYMENT MANDATE FORM
FOR CENTUM INVESTMENT COMPANY PLC

Completed dividend mandate forms should be posted to
Custody and Registrars Services Limited,

P O Box 8484, 00100 GPO, Nairobi, Kenya or delivered by hand
to 6th Floor, Bruce House, Standard Street, Nairobi, Kenya.

Email Address: info@candrgroup.co.ke
Telephone: 2230518, 2230493, 2230488,
0791 086964, 0726 971599, 0737 095124

I/We, the undersigned, hereby authorise and instruct CENTUM INVESTMENT COMPANY PLC and Custody and Registrars Services Limited to maintain or update our details for payment of all dividends that may hereafter and from time to time, become due and payable to me/us by the Issuer with the payment details below. I/We, the undersigned, note that M-Pesa dividend mandates are maintained by the Registrar but that postal and bank mandate details for CDSC accounts can only be done through my/our brokers and not the Registrar. I/We understand that if our mandate details on CDSC accounts not related to M-Pesa require an update through our broker we will be notified by the Registrar.

TICK PREFFERED METHOD OF PAYMENT:

☐ Depositing the same at any branch of the bank mentioned below for the credit of my/our account detailed below

☐ By cheque to the new address stated below

☐ By Mpesa though Shareholder Safariom Mobile Phone number (Maximum amount of 70,000 KES)

I/We understand and agree that any such deposit shall constitute a full and sufficient discharge of the Issuer's and Custody and Registrars Services Limited's obligations to make such payments to me/us and neither the Issuer nor Custody and Registrars Services Limited shall be responsible in anyway for any loss which I/we may suffer consequent to such deposits being made pursuant to this authority and instruction.
I/We confirm that the details set out below are true and correct. In the event that the details set out below change in any way, I/we agree to cancel this authority and instruction forthwith and notify the Registrar and/or my/our broker as necessary.

SHAREHOLDER'S FULL NAME/(S): IDENTIFICATION NO (ID /Passport/ Company registration no.			
SHARES OR CDSC A/C No			
CURRENT POSTAL ADDRESS		Telephone No: (Compulsory)	SIGNATURE**
(Include postal code and post office name)		Email Address:	DATE

**** For joint account holders, all holders to sign. For Corporate shareholder provide introductory letter of two directors to sign, introduced by the Company Secretary or another director who is not signing.**

**BANK ACCOUNT NAME: ______________________
**Name of Bank and Branch ______________________
**Bank & Branch Postal Address ______________________

****Verification by the bank official:** ____________ **Name** ____________ **Signature** ____________ **Stamp** ____________

**Account number:														
**Bank Code:														
**Branch Code:														
**SWIFT Code														

All normal charges by banks for processing Electronic Funds Transfers are applicable. Please enquire with your bank.
Important: For verification please attach:
1. A certified copy of your identification document/(s) (Kenya ID or Valid passport as per account) (for all individual or joint holders)
2. An original CR12 dated and stamped within past 6 months by the Companies Registry (for Corporate shareholders)
3. A certified copy of either a dividend notice OR CDSC statement OR shares certificate
4. A copy of your bank statement, which must be certified by the bank.

All the above copies should be certified by a magistrate, lawyer or at our offices upon presentation of originals. Any copies certified outside of Kenya must be done by a Notary Public. These instructions will supersede any previous instructions.

MAP TO AGM VENUE

CENTUM

tangible wealth

CENTUM INVESTMENT COMPANY PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017