CENTUM

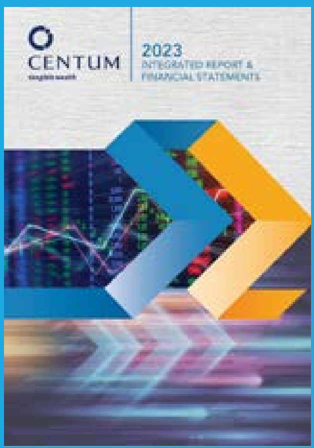
tangible wealth

2023
INTEGRATED REPORT & FINANCIAL STATEMENTS

INSIDE THIS REPORT

The information presented in this report aims to provide our various stakeholders with a clear understanding of the financial, human, social, environmental and economic impact of Centum to enable them to evaluate our ability to create sustainable value for all parties.

About this Report



The scope of this report relates to Centum as an investment Company, and material matters arising from its investment activities through growth portfolio (Private Equity and Real Estate) and Marketable Securities.

This report therefore provides a complete analysis of our business to satisfy the information needs of key stakeholders that use the Integrated Report.

Framework

Our Integrated Report is prepared in accordance with the International Integrated Reporting Council's Integrated Reporting Framework, adhering to the fundamental concepts.

Additionally, we continue to align to the Companies Act, 2015, guidelines issued by the Capital Markets Authority and the listing requirements of the Nairobi Securities Exchange as we have done over the years.

The Financial Statements set out on pages ***109*** to ***250*** have been prepared in accordance with International Financial Reporting Standards (IFRS).

Scope and Boundary

This report outlines who we are, what we do and how we create value in the short, medium and long-term. It provides insights into our structure, strategy, objectives, performance, governance and future viability.
The report provides an overview of the operations and performance of all businesses in which Centum invested.

These businesses have been depicted in a simplified ownership and legal structure diagram on page 74.

The scope of this report relates to Centum as an investment company, and material matters arising from its investment activities through the Growth Portfolio and Marketable Securities.

References made within this report refer to Centum Investment Company Plc and all references to the Group denotes the Company and its investments in underlying portfolio companies. Material developments beyond the reporting period up to the date of publishing of this report have been included.

Materiality

This report provides information on all those matters that we believe could substantively affect value creation at Centum. Written primarily for current and prospective investors, the report is of interest to any stakeholder who wishes to make an informed assessment of Centum's ability to create value over time.

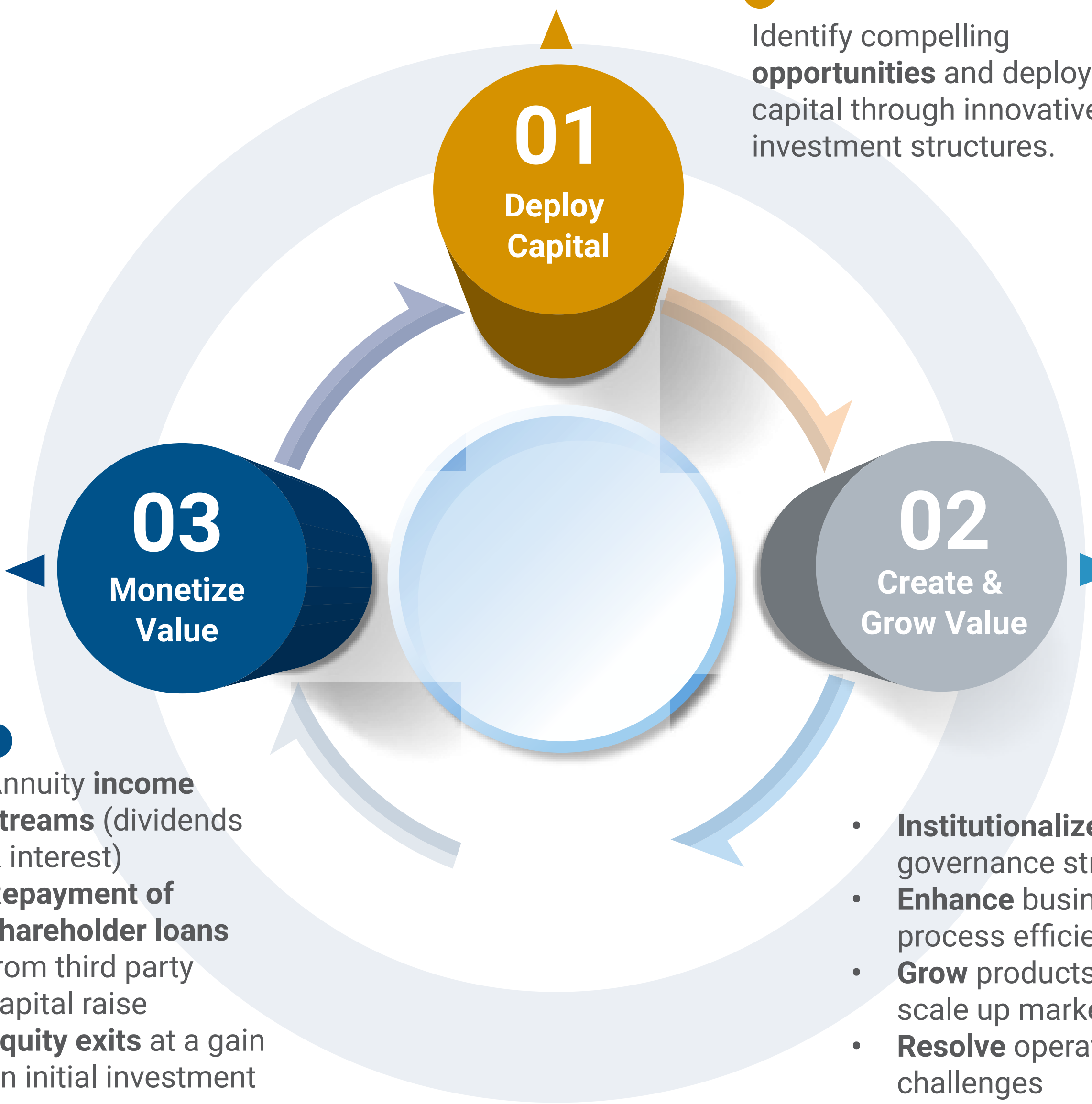
This report presents the identified material information through a clearly structured narrative. Additional information not material for this report, but of interest for other purposes, are provided on our website.

ASSURANCE

To enhance the integrity of our report, the financial statements were audited by **PricewaterhouseCoopers LLP** in accordance with International Standards on Auditing (ISAs).

The Centum Board Audit Committee verified the independence of the assurance provided.
The External Auditor's report in relation to the financial statements of the Group and the Company is set out on pages 116 to 121 of this report.

Our Business Model



Identify compelling **opportunities** and deploy capital through innovative investment structures.

- **Institutionalize** robust governance structures
- **Enhance** business process efficiencies
- **Grow** products and scale up markets
- **Resolve** operational challenges
- **Optimize** capital structures

- Annuity **income streams** (dividends & interest)
- **Repayment of shareholder loans** from third party capital raise
- **Equity exits** at a gain on initial investment

Our Competitive Advantage

IDENTIFY
Identifying and or creating high quality investment opportunities

A **high-quality portfolio** comprising assets with potential for both significant yield and capital gains.

GROW
Deep expertise and local knowledge that is key for portfolio value creation

Current portfolio is held at an average of **2.6x** multiple on net cost invested.

EXIT
Strong track record of successful exits at a premium to the asset carrying value

10 exits made in the period 2009-2022 at **3.7X** money back on average.

Company Snapshot

Net Asset Value (2)

Ksh 36 billion

translates to Ksh 54.4NAV per share

Ksh 38.2 billion

Net growth in shareholder funds since 2009

Market Capitalisation (1)

Ksh 6.0 billion

Cumulative Dividends (3)

Ksh 4.9 billion

distribution consistently made since

FY2016

A+(KE), A1(KE)

(4) National scale Long and Short- term ratings affirmed on account of strong financial profile

Cost-to-income ratio achieved:

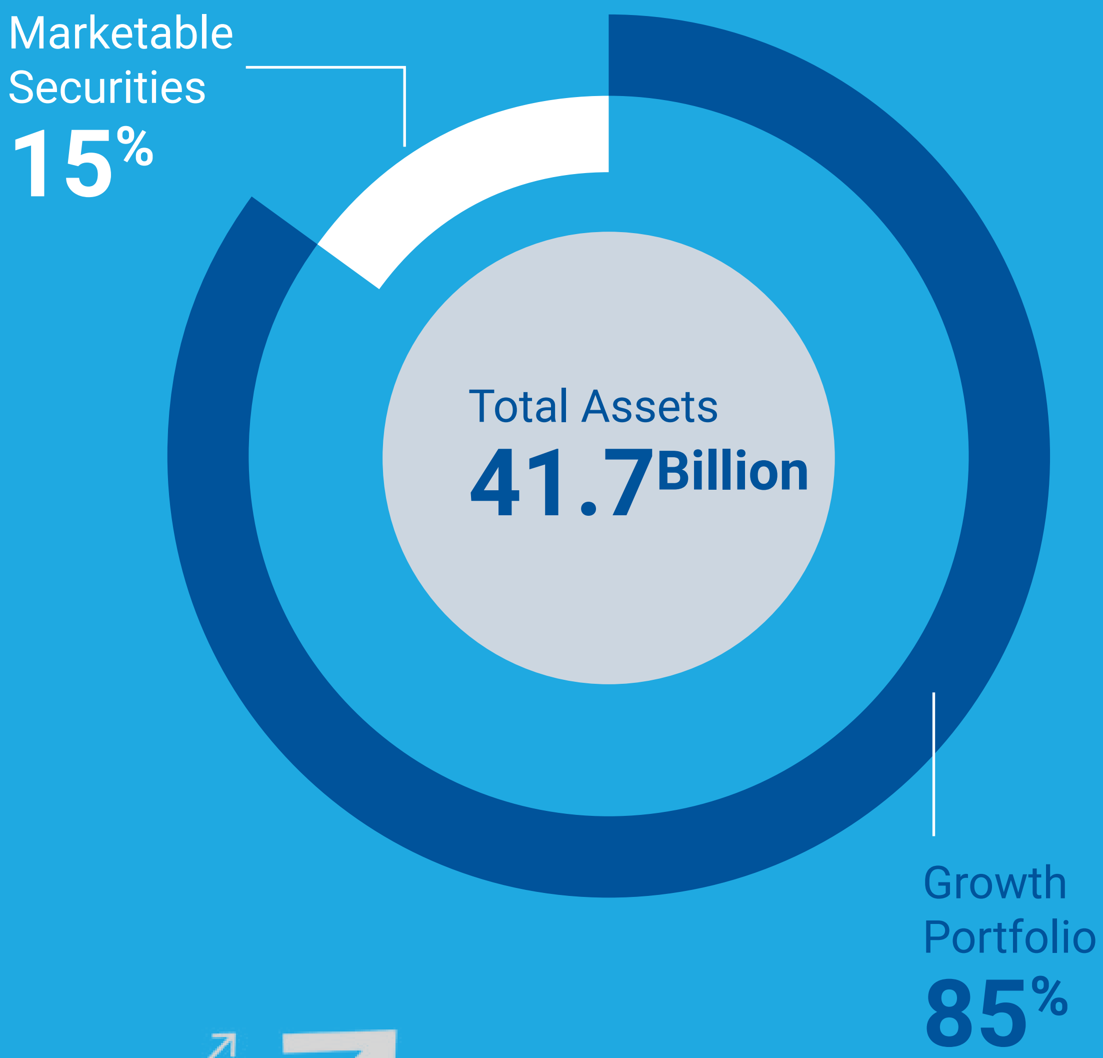
38% An improvement from 39% in FY2022

Long Term Gearing:

0%

(1) Share price as of 24 July 2023; 660.7 million shares outstanding
(2) As at 31 March 2023; 661.4 million shares outstanding
(3) Includes FY2023 proposed dividend
(4) Rating accorded by Global Credit Ratings (GCR) in October 2022

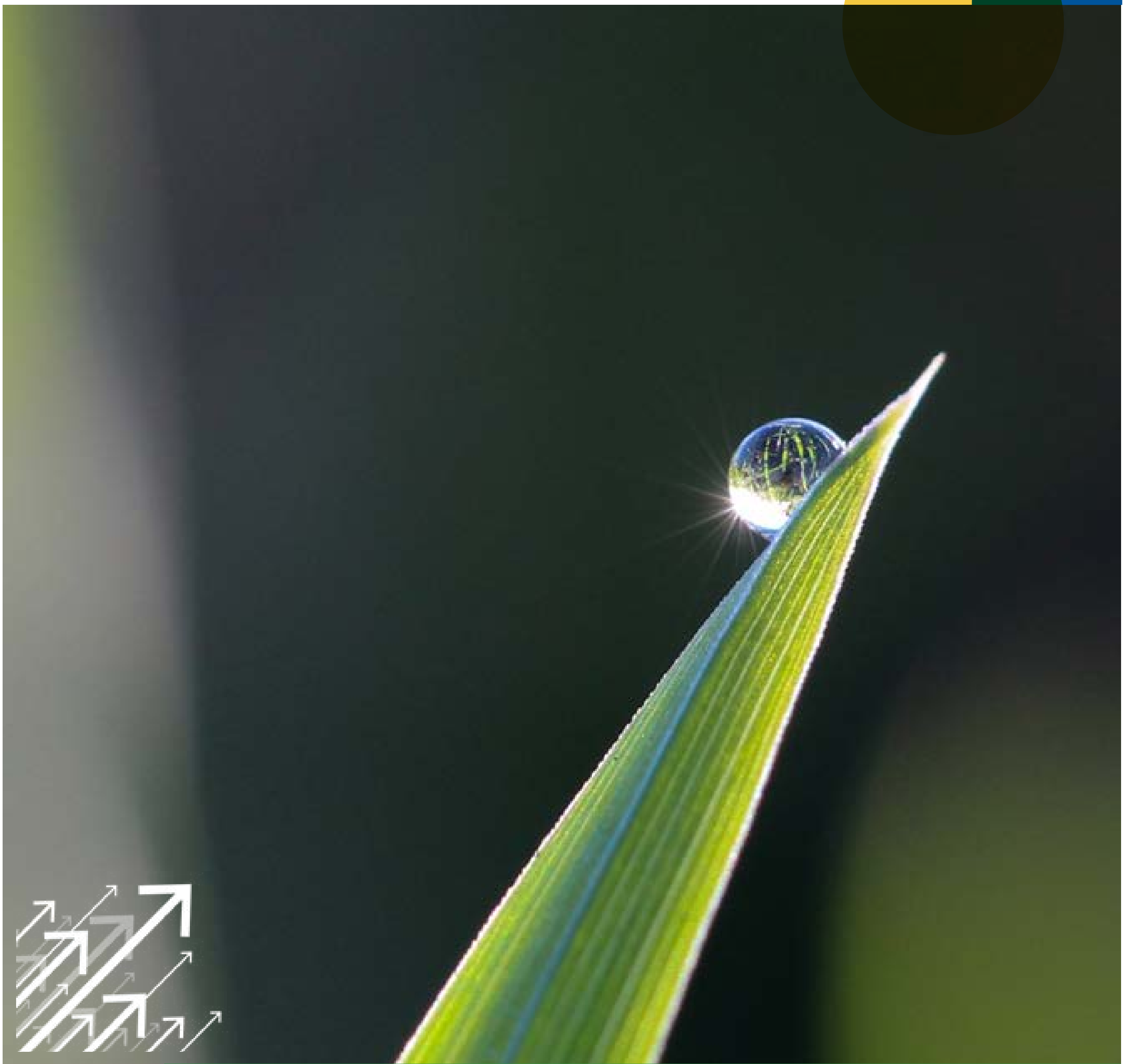
Portfolio Allocation
as of 31 March 2023



5-Year Company Performance Highlights

Return	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Total Return (Ksh Mn)	(4,930)	(248)	(4,818)	(4,362)	4,713
Return on Opening Equity (%)	(11.9%)	(0.6%)	(10%)	(8%)	10%
Outperformance relative to NSE 20 Share Index	0.37%	(1.0%)	20.3%	23%	35%
Financial Position					
Total Assets (Ksh Mn)	41,737	46,960	47,515	56,850	71,644
Net Asset Value (Ksh Mn)	35,968	41,326	41,822	47,439	52,600
NAV Per Share (Ksh)	54.4	62.1	62.9	71.3	79.0
Share Price (Ksh) (31 March)	9.1	12.1	15.6	22.6	32.0
Market Capitalization (Ksh Mn)	6,000	8,052	10,381	15,006	21,294
Gearing					
Debt (Ksh Mn)*	2,248	4,159	4,122	7,486	16,145
Net Debt (Ksh Mn)**	1,900	3,140	3,255	4,574	15,892
Net Debt to Equity (%)	5%	8%	8%	10%	30%
Net Debt to Total Assets (%)	5%	7%	7%	8%	22%

* Includes Forex translation differences
**Company is in a cash positive position



SUSTAINABLE INVESTING

Sustainability Report

We believe that sustainability is essential to long-term business success. We are therefore committed to investing in companies that are taking steps to reduce negative environmental impact, improve their social performance, and govern their businesses responsibly.

Our investment objectives are anchored on sustainable development. We make conscious decisions to ensure responsible investing anchored on social, environmental and governance factors. Our responsible investing policy forms the bedrock against which the sustainable development is anchored. This entails:

- Establishment of proper governance structures, concern for the environment and social responsibility.
- Ensuring that our investments not only generate desired return to shareholder's capital, but also benefit the society and environment.

Centum is focused on investing in businesses which are committed to:

- Taking necessary measures to ensure equitable distribution of value across the supply chain in all operations.
- A responsible approach to environmental management of their business operations by making efficient use of natural resources and mitigating environmental risks and damage.
- Respecting the human rights of their workers and of the people within their supply chain
- Maintaining safe and healthy working conditions for their employees and contractors.
- Treating their customers fairly and respecting the health, safety and wellbeing of those affected by their business activities.

OUR IMPACT IN FY 23 [A SNAPSHOT]

Environment

> 7,000
trees grown over the year.

> 80%
of water recycled from facilities within Two Rivers

> 1.2MW
of solar power installed in two of our investee companies representing **>30%** of their power needs

Social

>1,000 Direct jobs

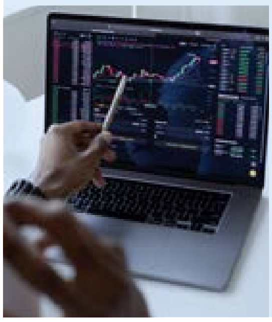
40% Women at senior management level

Zero Pay gender gaps

Provision of **>350** scholarships to bright and needy students in Kilifi County.

91% Procurement spend goes to local suppliers

Economic / Governance



Board Diversity – **50:50**

All staff were trained on ESG and the Data Protection regulations.

All portfolio companies have adopted the parent company anti-corruption policies.

HOW WE WORK WITH ESG

As part of the value creation plan, we ensure portfolio companies implement high ESG standards to mitigate investment risk and increase investment value at exit.

ESG Governance

It is important that the responsibility for ensuring good ESG practice is implemented throughout our organization.

ESG issues are addressed throughout the lifecycle of each investment:

- The Investment team is responsible for integrating ESG in accordance with internal policies and procedures, with support from the ESG team and third-party advisers.
- Pre-investment - ESG considerations and due diligence findings are presented to the Finance and Investment Committee, which is responsible for ensuring that ESG is considered in each case.
- Post-investment - the portfolio companies' boards have a responsibility to monitor and improve the ESG performance of the companies.
- The Risk Committee has a consultative role to oversee and monitor risks, ESG compliance, ESG initiatives and brand exposure of Centum and its investments.

ESG Roles and Responsibilities at Centum

Boardof Directors	Oversight and compliance with ESG policy
Partners	Accountable forthe implementation of ESG policy
Pre – investment	Active Ownership
Finance & Investment Committee Accountable forensuring ESG considerations are assessed	**Portfolio Companies Boards** ESG performance and duty of care of the portfolio companies
Risk Committee Advise on ESG risks and opportunities	**Partners** ESG performance review
ESG Team	ESG framework,internal ESG support, advice and strategy
Investment Team	Integrate ESG inaccordance with internal policies and procedures
Risk and Compliance	ESG risk assessement & internal policy and procedures followed
Investor Relations	ESG communication and engagement with key stakeholders

Sustainability Report

STAKEHOLDER ENGAGEMENT

Identifying and selecting stakeholders

We want to understand the expectations, needs and concerns of anyone who is affected by what we do and where we operate. This means listening to our stakeholders and learning from what they tell us. This helps us build stronger and lasting relationships with key stakeholders, allows us to manage our business successfully and lays out the basis for our materiality assessment.

When identifying our material topics, we carried out a wide –ranging assessment of our stakeholders to determine who had the greatest impact on us and on whom we had the most effect.

We have developed a stakeholder engagement framework to support our interaction with various stakeholders. We review and evaluate diverse stakeholder engagement initiatives across the Company and continuously monitor the relationships.

The framework has the following activities:

a) Aligning engagement objectives with business objectives;

b) Mapping issues and concerns;

c) Identifying relevant stakeholders;

d) Developing a communications and engagement plan; and

e) Conducting the engagement activities.

Approach to stakeholder engagement

Listening to our stakeholders is a core element of our sustainability management practice. Their feedback helps us to understand expectations and it contributes to the development of our overall sustainability approach. We gather views of our stakeholders by inviting them to discuss critical issues and strategic priorities.

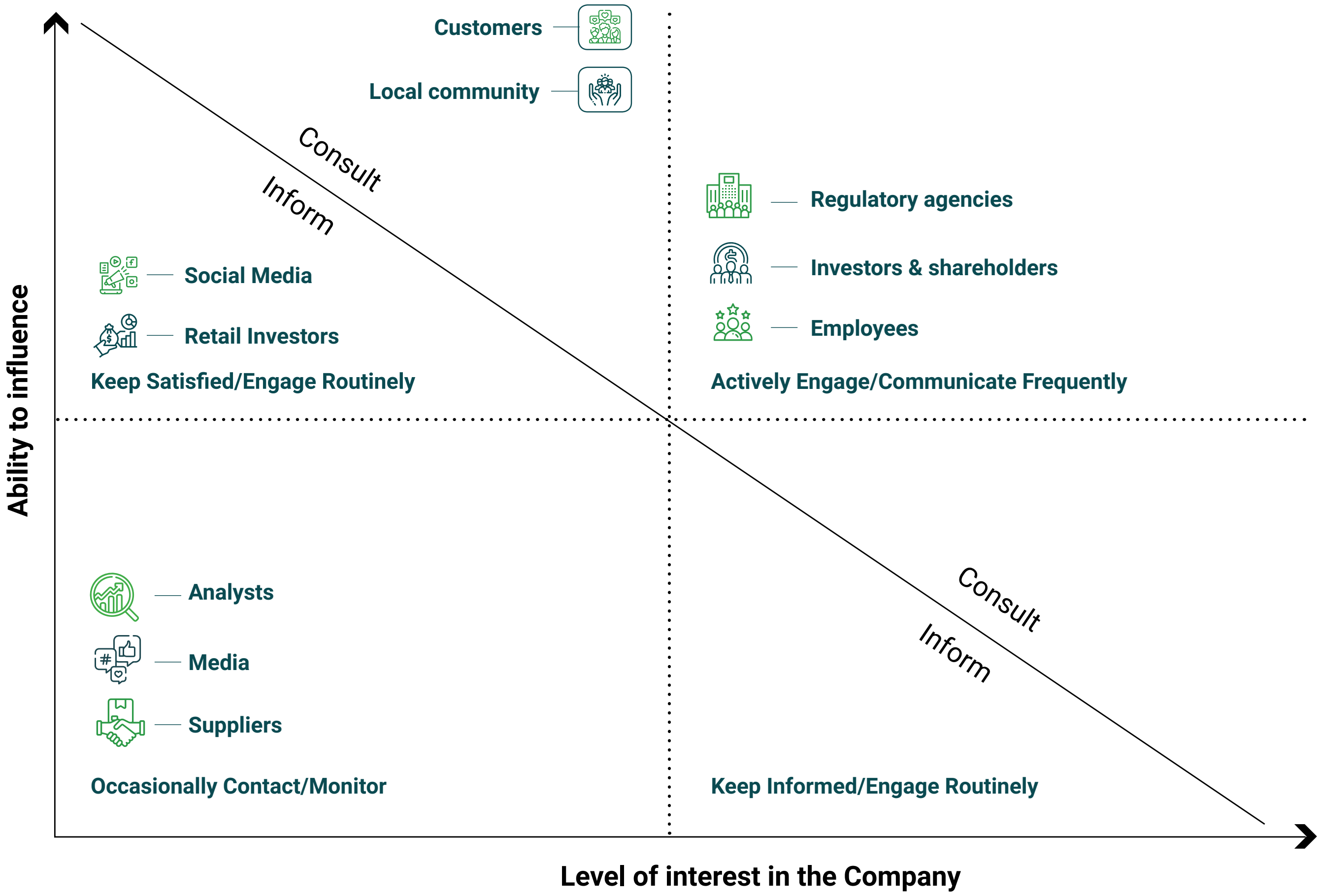
The sustainability aspects listed in our materiality matrix are shared with the stakeholders to allow them confirm what are the most important topics to them. The process gives the stakeholders a legitimate role in setting the direction of our sustainability approach.

Ultimately, through our stakeholder dialogue, we seek to identify opportunities to enhance value and strengthen our relationship with the stakeholders. This allows us prioritize our efforts for greater sustainability in the areas of great importance to our stakeholders.

Centum engages with stakeholders using various channels spread across different functions and teams; this also includes information and feedback we receive during the ordinary course of business.

Approach to stakeholder engagement

The 'interest-influence' grid below helps illustrate our approach, which shows key stakeholders with which we are in active engagement.



STAKEHOLDER ENGAGEMENT

List of stakeholder groups and key topics and concerns raised

The engagement channels as well as key topics and concerns raised per stakeholder group are listed below.

Why we engage	How we engage	Key topics and concerns
Investors and shareholders Our active dialogue with the capital markets ensures transparency and helps us improve our reporting practices. Our relationship with debt investors, banks and credit rating agencies ensures we can access funding for investment opportunities.	• Annual General Meeting • Half-year reports • Annual/Full year reports • Semi-annual investor briefings • Briefing with analysts • Company website • Direct engagement in the form of meetings, roadshows, and response to information requests	• Economic performance • Governance & business conduct/ethics/transparency • Environmental, Social and Governance • Diversity, inclusion & people development
Employees We engage with our people to foster an environment of open dialogue to mutually resolve conflicts, to identify development initiatives and innovative ideas that will help drive our business. We cannot achieve our objectives and targets without a true sense of collective purpose and a workplace where we all love to be and grow.	• Employee engagement surveys • Organization culture surveys • Quarterly performance dialogue • Staff meetings/Townhall meetings	• Economic performance • Competitive remuneration and benefits • Governance & business conduct/ethics/transparency • Employee health, safety and wellness • Diversity, inclusion & people development • Human rights
Suppliers Our suppliers are genuine business partners, and we work with them towards mutual value creation. Supplier engagement and collaboration ensure our suppliers have high standards in business ethics and respect for people and the environment.	• Supplier assessments • Direct engagement with supplier relationship managers	• Human rights • Governance & business conduct/ethics/transparency

Why we engage	How we engage	Key topics and concerns
Customers Strong engagement with our customers enable us to understand their needs and anticipate market trends. Through customer surveys and consumer insight programs we understand and anticipate consumer preferences and adapt to changing trends.	• Customer and industry conferences/trade fairs and events • Key account manager relationships – ongoing dialogue • Consumer insights surveys • Websites • Social Media	• Climate change • Human rights • Responsible sourcing • Consumer protection
Local Communities Open dialogue fosters good relations and enable us to work together with local communities on projects and causes that benefit the communities, help protect local ecosystems and support livelihoods.	• Local community engagement program • Ongoing dialogue with local community organization • Employee engagement in Corporate Social investment events	• Climate change • Governance & business conduct/ethics/transparency • Local community development • Diversity, Inclusion & People Development
Regulatory Agencies Engagement with regulatory agencies is essential in order to inspire and lead by example as a responsible business. We engage with local governments and regulators to understand the changes, their concerns and find mutually beneficial solutions.	• Regulatory filings • One–on–one meetings/ conversations • Multi stakeholders' forums • We engage the following agencies › Capital Markets Authority › Kenya Revenue Authority › Central Bank of Kenya › National Environment Management Authority › Special Economic Zones Authority › Privatization Commission › Competition Authority of Kenya	• Climate change • Governance & business conduct/ethics/transparency • Diversity, Inclusion & People Development • Human rights • Consumer protection

Sustainability Report

MATERIAL TOPICS

Defining report content and topic boundaries

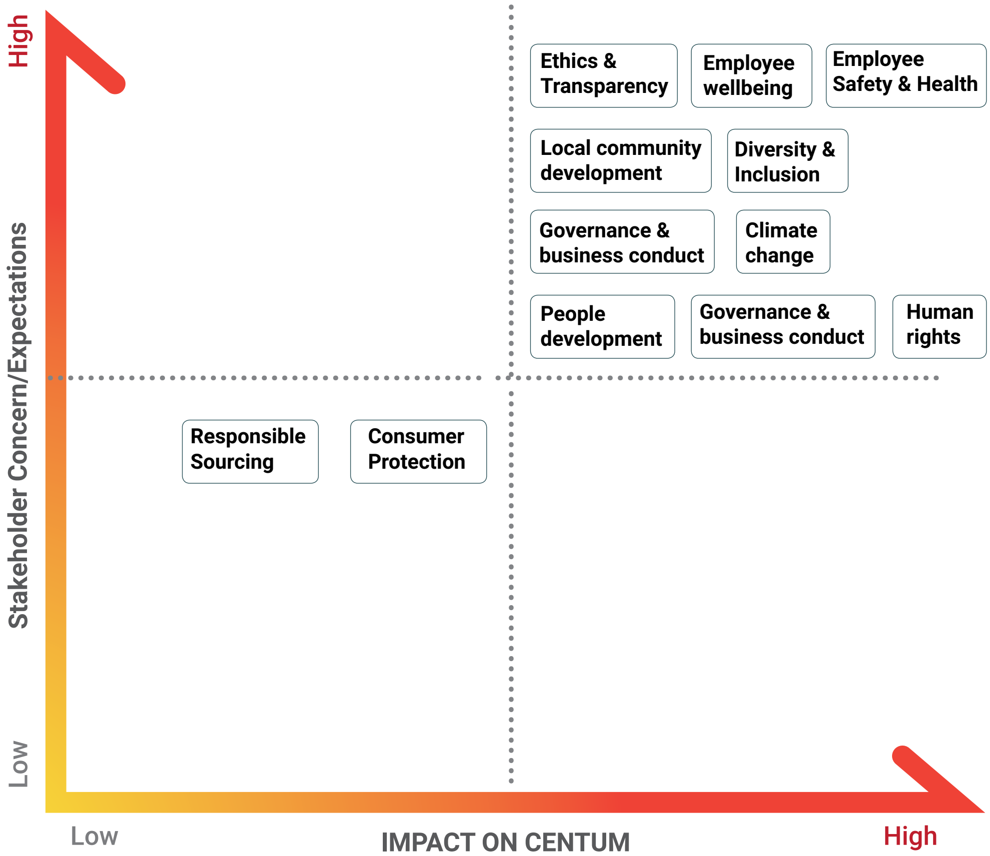
Our materiality assessment enables us to align our business with the expectations of our stakeholders. Our materiality assessment process aims to identify and prioritize the issues of the greatest material importance. The assessment also forms the basis for defining our reporting content and the boundaries of the topics. The process follows the principles of stakeholder inclusiveness, environmental and social context, materiality and completeness according to GRI Standards.

Materiality Assessment

Centum acknowledges that the impact of its activities goes beyond economic results. Our materiality assessment process is guided by applying our enterprise risk management approach to environmental, social and governance – related risks and opportunities.

Our material topics are those that have a substantial influence on the decisions of our stakeholder groups or that represent Centum's significant economic, environmental and/or social impacts. Our last comprehensive materiality assessment was conducted in 2019.

We reviewed internally our list of material topics in 2022 to ensure it continues to be consistent with our Centum 4.0 Strategy. The internal review included a desk research, peer reviews, and ESG reporting framework reviews. We developed an initial long list of material topics considered to be relevant to our stakeholders and generated a short list. The topics were then ranked in detail through internal workshops and results validated by our Executive Committee.



Material topics

Our list of material topics is mapped against GRI standards topics and the United Nations Sustainable Development Goals to demonstrate that they are fully consistent with the most used sustainability frameworks. The list of all material aspects is as illustrated below.

Material Topic	Why it is Material	Equivalent GRI topic	SDGs Mapping
Climate Change	Decarbonization is a global goal shared by many including governments, corporations and investors. At Centum, we understand that we have a role to play and recognize the importance of reducing the emissions from our own business.	**GRI 201 - 2:** Financial implications and other risks and opportunities due to climate change **GRI 302:** Energy **GRI 305:** Emissions	
Diversity, Inclusion and People Development	We strive to have an appropriate balance of diversity to ensure robust governance and promote diverse mindsets and opinions. Managing talent and encouraging our people is another critical element of meeting our business and sustainability goals	**GRI 401:** Employment **GRI 404:** Training and education **GRI 405:** Diversity and equal opportunity **GRI 406:** Non-discrimination	
Employee Safety, Health & Wellbeing	Ensuring the safety, health and wellbeing of our employees is an essential part of being a responsible company and employer and we actively promote safe and secure working environment for all	**GRI 403:** Occupational health and safety	

Material topics

Our list of material topics is mapped against GRI standards topics and the United Nations Sustainable Development Goals to demonstrate that they are fully consistent with the most used sustainability frameworks. The list of all material aspects is as illustrated below:-

Material Topic	Why it is Material	Equivalent GRI topic	SDGs Mapping
Governance & Business Conduct/Ethics/ Transparency	A good governance framework supported by responsible management and supervision is essential for shared success and for the continued creation of value for the Company and all its stakeholders.	**GRI 2 - 9:** Governance structure and composition **GRI 2 - 23:** Policy commitments **GRI 2 - 26:** Mechanisms for seeking advice and raising concerns **GRI 205:** Anti-corruption	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS
Human Rights	We believe that everyone is entitled to these rights and that upholding them, and, where applicable, promoting them, is the right thing to do. It is fundamental to the best way of doing business and living our company purpose.	**GRI 408:** Child labor **GRI 409:** Forced or compulsory labor **GRI 412:** Human rights assessment	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 17 PARTNERSHIPS FOR THE GOALS
Local Community Development	The communities and neighborhoods in which we operate are critical to our long-term success. Our business can affect these communities, and local stakeholders can in turn have an impact on our activities.	**GRI 203:** Indirect economic impacts **GRI 413:** Local communities	4 QUALITY EDUCATION 6 CLEAN WATER AND SANITATION 8 DECENT WORK AND ECONOMIC GROWTH

OUR CONTRIBUTION TO THE SDGs

As a responsible investor, we support the United Nations Sustainable Development Goals (SDGs) so that we can help overcome the global challenges we face and achieve a better and most sustainable future.

Among the 17 SDGs, we selected 6 that are most relevant to our business and the value chain and could make the greater positive contribution. We also took into consideration any potential negative impacts on our operations, including our risks to people and the environment, and determined which of our investments would contribute most to the SDGs. We also reviewed the impacts and contributions of all SDGs for our Company at each stage of our value chain.

4 QUALITY EDUCATION

ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL.

Potential Impact

- Universal literacy and numeracy
- Build and upgrade inclusive and safe schools.

Actions taken/Achievement

01 Provision of over 350 scholarships in Vipingo.
We provide at least 50 full scholarships every year to bright but needy students in Kilifi County. To date, we have awarded a total of 350 scholarships. We aim to maintain a scholarship level of at least 200 students annually on a rolling basis.

02 Longhorn Publishers digital learning.

Longhorn commits to provide quality books with up-to-date and relevant information to learners. We provide digital content using innovative and user-friendly platforms which guarantees that learners can access curriculum and non-academic titles through our technologies and partners.

Longhorn has partnered with Safaricom to extend low-cost access to eLearning platform and other educational digital experiences. By logging on to the mySafaricom App, or via USSD, learners from Grade 1 to Form 4 can easily purchase revision content with short notes, auto-marked assessments, and progress reports.

The platform has over 200,000 subscribers.

LONGHORN PUBLISHERS PLC
expanding minds

5 GENDER EQUALITY

ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

Potential Impact

+ Ensure full participation in leadership and decision making

Actions taken/Achievement

At Centum, the diversity of our workforce is a source of a wide array of skills and expertise, creates broad networks and fosters an inclusive and open corporate culture.

We are committed to providing and promoting equal opportunities and ensure that diversity and inclusion are incorporated in our corporate culture.

Over the years, Centum has continuously increased the proportion of women sitting on its Board and in Senior Management.

01 **50%** of our Board of Directors are women

02 **40%** of our senior leadership are women

03 **50%** of our total staff complement consists of women.

6 CLEAN WATER AND SANITATION

ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL.

Potential Impact

+ Improve water quality, wastewater treatment and safe reuse.

+ Increase water-use efficiency and ensure freshwater supplies.

− Business processes consume/generate significant amount of water/wastewater

Actions taken/Achievement

01 Wastewater management at Two Rivers
Two Rivers has the region's largest reverse osmosis water treatment plant with a capacity to treat 2 million litres of water per day. This reduces the daily raw water consumption by 70% and allows for 80% of grey water to be recycled and treated to World Health Organization standards.

02 Sea water desalination plant at Vipingo
Vipingo Development Plc has invested in a 3 million litres per day reverse osmosis desalination plant which is the largest sea water desalination plant in Sub-Saharan Africa. The desalination plant will provide a sustainable solution to water scarcity within the development and the community.

03 The challenge fund
Sidian Bank in collaboration with an international NGO Aqua for All and the water services regulator, has launched a Ksh 300 million fund to support 150 Small-Scale Water Service Providers (SSWPs) in Kenya.

7 AFFORDABLE AND CLEAN ENERGY

ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL.

Potential Impact

+ Universal access to modern energy

+ Increased global percentage of renewable energy

− Increased GHG emmissions from use of fossil fuels

Actions taken/Achievement

01 Akiira geothermal plant

We contribute to the expansion of renewable energy through our investment in a proposed 140 MW geothermal field. Geothermal energy provides a clean renewable energy source that could dramatically improve our environment.

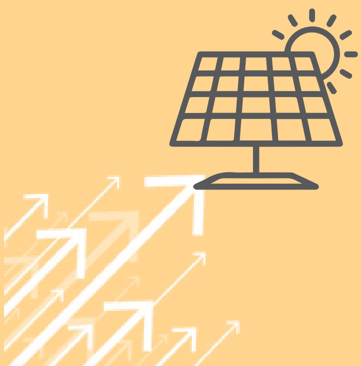
Our investment in Akiira will have a big contribution to the reduction of air emissions from fossil fuels and to offset the air emission of fossil fuel-fired power plants.

02 Green energy at Two Rivers

Sustainability has been a key consideration in the development of the Two Rivers precinct, with an installed solar energy capacity of 1.2 MW. This complements the grid supply that is distributed by Two Rivers Power Company, a licensed electricity distributor. Annual savings are approximated at Ksh 28 million from the use of solar power within Two Rivers Development. Additionally, the use of solar power reduces the amount of carbon dioxide emissions by 535 tonnes per annum

03 Green energy at Greenblade Growers

Greenblade is committed to reduce carbon emissions in its operations with energy management playing an important role in achieving this goal.



Greenblade has installed a solar energy capacity of **0.2 Mw.** This translates to **39%** of the load not covered by the grid.

8 DECENT WORK AND ECONOMIC GROWTH

PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL.

Potential Impact

- Employment and decent work with equal pay
- Youth employment, education and training.

Actions taken/Achievement

01 Ajiry Platform

Our greatest contribution is through the jobs we create, both directly and indirect, across the value chain and the taxes we pay. We empower our employees and support the youth through the work of Ajiry and other initiatives.

The Ajiry team developed and launched the First in Africa Mass Open- source Online Courses (MOOC), Learn with Ajiry. This platform now enables its users to access both free and premium courses at their convenience, provided they have access to internet connectivity.
The platform provides an opportunity for job seekers to enhance their skillsets and standards to improve their chances of getting hired.

02 Parental Leave

At centum, we are committed to nurturing a supportive work environment for our people and their families. We wish to contribute to a happier and healthier life, especially for new parents and their children.

Female employees are entitled to three (3) months parental leave with full pay. This is exclusive of the normal annual leave and will be taken separately. Female employees are entitled to normal benefits and entitlements, including rights to seniority or advancement.

03 Employee safety, health & wellbeing

Our health and safety management system includes an overarching policy, a consistent set of corporate safe work standards and a framework consisting of elements grouped into five categories: leadership, risk management, training, control & protection and monitoring & auditing.

Each business implements policies and procedures needed to meet these standards and all applicable regulatory requirements for its specific asset types and operations. We routinely update our management system for continuous improvement and regularly share best practices both within our operations.

04 Equal pay

Centum offers a competitive remuneration package of base salary, variable pay for eligible employees in the form of performance-based compensation, retirement plans and wide range of benefits based on individual eligibility.

Centum salary levels are market driven competitively positioned against the external market and set based on level and size of the job irrespective of gender. Male employees are entitled to two (2) weeks paternity leave with full pay.

13 CLIMATE ACTION

TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS.

Potential Impact

+ Strengthen resilience and adaptive capacity to climate-related hazards

− Increased GHG emissions from use of fossil fuels

Actions taken/Achievement

01 Centum Real Estate – green/resource efficient real estate projects

Implementing a low carbon power solution and increasing the resource efficiency of our real estate projects reduces carbon emissions and water consumption.

Centum Real Estate is committed to sustainable development by developing resource-efficient, green certified properties. The company has enhanced the resource efficiency of the properties by carrying out the following activities:

- Utilizing renewable energy where possible e.g., rooftop solar to reduce reliance on non-renewable fuel sources and to save costs.
- Retrofitting “green by design” features and investing in green certification where feasible.

26 MZIZI COURT Edge

Mzizi project developed by Centum Real Estate achieved an **EDGE Certification** by **Green Building Council of South Africa**.

The resource efficient design of the project will result to **> 30%** Energy savings and **> 25%** in Water savings.

02 Tree Growing Program

Centum Real Estate collaborated with Globe Gone Green, GCCA, Dance Unite Africa, Climate Action, as well as International Tree Foundation and executed a tree planting exercise at the Two Rivers Development. This included the planting of a total of **3,580 indigenous seedlings** of the following varieties Markhamia lutea (Mungweni), Green Ash (Mexican), Jacaranda, Nandi Flame and Grevillea.

RISK MANAGEMENT

Risk Management

At Centum, we believe that enterprise risk management can enhance enterprise resilience - the ability to anticipate and respond to change. Risk management helps the Company identify factors that represent not just risk, but change, and how the change could impact performance and necessitate a shift in strategy.

Applying enterprise risk management helps to create trust and instill confidence in stakeholders in the current operating environment, which demands greater scrutiny than ever before.

Our Risk Management Framework

We operate a mature risk management framework that is aligned to ISO 31000 and COSO enterprise risk management frameworks. This ensures that risk management practices are integrated across the Company improving decision-making in governance, strategy, objective setting, and day-to-day operations.

The integrated risk management framework has yielded many benefits, including:

- **Increased range of opportunities:** Management considers all possibilities, both upside and downside risk, allowing for the identification of new opportunities and unique challenges associated with the prevailing operating environment.
- **Increased positive outcomes and reduced negative surprises:** The framework allows the Company to improve its ability to identify risks and establish appropriate responses, reducing surprises and related costs or losses.
- **Reduced performance variability:** Our integrated framework allows the Company to anticipate the risks that would affect performance and enable management to put in place actions required to minimize underperformance and maximize opportunity.
- **Optimal resource deployment:** At Centum, every risk is considered as a request for resource. The framework provides robust information on risk allowing management, in the face of finite resources, to assess overall resource needs, prioritize resource deployment and enhance resource allocation.

Risk Governance

The Board of Directors has the ultimate oversight responsibility for the management of the Company's risk. The Board has delegated the Company's risk oversight role to the Board Risk Committee (BRC). The BRC comprises of 5 members all of whom are non-executive independent directors. The BRC is responsible for reviewing and recommending to the Board for approval, the risk appetite, effectiveness of the Company's risk management process and the relevant controls.

The BRC is responsible for oversight of all risk including those that are delegated to other Committees including the Board Audit Committee, the Nominations and Governance and the Finance and Investment Committees. The BRC leverages on the work of the Nominations and Governance Committee to manage people and governance risks and the Finance and Investment Committee to enhance its oversight of financial, investment and asset risks. The Board Risk Committee is responsible for providing assurance to the Board on the effectiveness of risk management.

The Committee receives and considers risk reports covering various risks including asset risks, liquidity, return risk, capital structure, portfolio risk and organizational effectiveness quarterly. The Committee's charter authorizes access to any information or personnel that it considers necessary in execution of its mandates.

The report includes an assessment of the key exposures to the Company as well as its subsidiaries against the risk appetite.

Authority for risk taking is cascaded downwards to the various heads of the business units through delegated charts of authority. Any material risk information including adverse movement in risk metrics is communicated to the various subsidiary executive committees and ultimately to the BRC and the Board.

Under the integrated framework, responsibility for risk management is delegated through the three lines of defence model.

Risk Management

BOARD OF DIRECTORS

BOARD RISK COMMITTEES | BOARD AUDIT COMMITTEE

1ST LINE

- Management Control
- Policies, procedures, and Internal Control Measures

2ND LINE

- Legal & Tax
- Compliance
- Financial Control
- Risk Management

3RD LINE

- Internal Audit
- External Audit
- Regulators

Risk Management

Centum is committed to having a strong risk culture combined with a sharp focus on three effective lines of defence, the "three lines of defence" model. These lines of defence are also used to effectuate the structuring of necessary independence of the Risk Management and Compliance Function from the operational management of the entity.

The First Line of Defence is all employees taking responsibility for the results, operations, compliance, and effective control of the Company's risks in their day-to-day operations in all the areas that are within their direct control.

The Second Line of Defence is independent of the First Line and is made up of several players including the risk function, risk champions and the compliance section of the legal and tax department. The Second Line coordinates and evaluates the risk management activities of the Company by ensuring that the risks are sufficiently controlled, monitored, and reported on. The Risk Function establishes policies and limits for the first line which align with the risk appetite as set by the governance structure.

The Third Line of Defence is made up of Internal Audit and External Audit. The Internal Audit Function provides reasonable assurance over the adequacy of design and operating effectiveness of controls that support First Line's risk management of business activities, and the process maintained by the Second Line. Its role is defined and overseen by the Board Audit Committee.

Strategic Risk Management

Our strategy in risk management entails the evaluation of internal and external risks and opportunities and setting the risk appetite to regulate risk-taking and monitor performance within acceptable thresholds.

Our risk strategy entails the alignment and conscious decision to use risk to enable the Company to achieve its strategic goals and objectives. The risk strategy seeks to align the Board's view of its risk/reward status with that of its investors, specifically to the tolerance for unpredictable earnings.

We recognize the following constraints which determine the risks that we are willing to take in pursuit of value and in the development of a sustainable business.

Risk Capacity

This is the maximum amount of risk that the Company can bear, given available capital, liquid assets, borrowing capacity and resources.

Risk Appetite

Risk appetite is a measure of the aggregate amount of risk that the Board and other stakeholders deem appropriate for the Company to take in the pursuit of value and growth. The risk appetite includes both quantitative measures as well as qualitative statements. The quantitative measures include tolerance limits on metrics measuring capital adequacy, cost ratio, staff attrition and liquidity. Qualitative risk appetite statements address reputational and regulatory risks.

Risk Tolerance and Limits

Risk tolerance is the maximum acceptable amount of risk associated with each risk-taking activity. Risk limits are the clearly defined boundaries established by the Company's operating units that provide the basis upon which actual risk levels are kept within risk tolerances.

Risk Management

Our Current Risk Priorities:

Company's Risk Culture and Conduct

Risk culture and conduct are an integral part of the Risk Management Framework. Promoting a risk culture that facilitates speedy identification and resolution/ escalation of risks as well as an open and candid discussion on areas of risk.

Cyber Security

Cyberattacks are on the rise with the advancement of digitalization throughout the world and with hackers continuing to enhance their attack capabilities.

The Company operates cyber defense processes to minimize the risk of system penetration, unauthorized access to information systems, and materialization of attacks, and to ensure the correctness, availability, and confidentiality of data.

We are constantly reviewing our Cybersecurity Strategy and a Cybersecurity Incident Response Plan to ensure we are prepared to manage cyber incidents in an effective and efficient manner.

Data Protection

Centum appreciates that data protection is a key reputational risk driver and therefore continuously enhance our risk management frameworks to ensure compliance.

We are developing our data protection compliance framework which shall guide the implementation of data protection and privacy standards alignment across all our businesses.

We continue to undertake dedicated efforts to ensure the embedding of data protection principles in operations. Data protection capacity building and awareness was a key focus area cascaded across the various investee companies in FY 23. The Company will maintain a continued awareness cascaded to all stakeholders with focus being on employees and third parties, increased technical compliance across all operations and compliance monitoring.

Further, registration of Centum and its subsidiaries which is a prerequisite for regulatory compliance in Kenya was also achieved.

Climate Risk

As a business potentially affected by climate change, Centum has been carefully considering many topics addressed by climate change and continue to embed climate action in our risk management approach.
To this end, we are addressing climate change risk through a comprehensive programme that aims to both mitigate it and to explore the opportunities that come with it. We are looking, for example, to minimize our contribution to climate change and promote transition to a low carbon economy.

Business Continuity

The Company maintains and implements a continuity plan for emergency preparedness and business continuity. The Company's preparedness is based on detailed action plans, working procedures, periodic tests, and drills, defined in a system of emergency procedures.

As part of its emergency preparedness, the Company regularly conducts a review of Business Continuity Management Framework, define reference scenarios, map, and analyse critical processes and the resources required for the recovery of such processes during an emergency through the Business Impact analysis, and updates its action plans based on the prevalent methodologies globally.

Emerging Risks

Globally the following risks remain a concern:

- **Russia-Ukraine war** and its impact on commodity prices, supply chain and on geo-politics
- **Continued increase in inflation and the monetary policy response:** This could fuel further interest rate hikes, raising the risk of debt distress, a prolonged economic downturn, and a vicious cycle for fiscal planning
- **Social and political unrests:** The persistence of a global cost of living crisis, slow growth or stagnation of economies, and subsequent decline in disposable income could result in a growing proportion of the most vulnerable parts of society being priced out of access to basic needs, fuelling unrest and political instability.

Locally, the following are the key areas of concern:

- Inflation trends and the overall CBK's monetary policy and its impact on foreign exchange rates and liquidity.
- Discordance between monetary and fiscal policies leading to liquidity shocks, prolonged economic downturn, and public debt vulnerabilities.

Risk Management

Principal Risks

Principal risks are the key risks which have the potential to materially affect the achievement of the strategic objectives and impact our financial performance and brand reputation. These risks are under active and regular review by both management and the Board. The key risk categories that the Company is exposed to were identified and mapped to the Centum 4.0 strategic objectives for alignment. The Board-set risk appetite, which is outlined in the Company Risk Appetite Framework, took into consideration the unacceptable outcomes to the business from the occurrence of key risk events. Outlined below are key risks that had significant effect on the Company during the year under review and are projected to continue having an impact going forward:

KEY RISK TYPE	RISK DESCRIPTION	LINK TO STRATEGIC OBJECTIVE	RISK MANAGEMENT AND MITIGATION
Operational Risk	A failure of key processes, systems and/or people comes at additional operating costs to Centum reducing overall operational efficiency and effectiveness.	**Return**	This risk is managed through; ▪ Embracing and fostering a culture of diversity and inclusivity which encourages staff to be innovative and be supportive of each other. ▪ Establishment of clear policies and processes ▪ Monitoring compliance with the policies and processes ▪ Clear goal setting and performance management ▪ A people-driven approach to managing the enabling technology and ensuring that system support is available all the time. This includes technology allowing staff to work remotely as may be needed from time to time.
Investment Risk/Asset Risk	This is the risk of incurring financial losses in Centum's portfolio in pursuit of returns. This risk would arise from; ▪ Underperformance by investee companies ▪ Investment concentration risk ▪ Adverse political, social, or economic change ▪ Illiquidity – inability to sell investment assets without incurring a substantial loss in value because of a lack of willing investors.	**Return**	The portfolio focus approach includes business review meetings. The key agenda in each of these meetings is to assess the management of all the key risks that the asset is exposed to. The Company also seeks to as much as possible diversify its risks by investing in a diverse range of industries. Our approach is to scale up our investments through execution of value creation initiatives and realize value through an exit. We actively engage and maintain an active pool of possible and willing investors as part of the exit strategy.

Risk Management

KEY RISK TYPE	RISK DESCRIPTION	LINK TO STRATEGIC OBJECTIVE	RISK MANAGEMENT AND MITIGATION
Liquidity and Capital Adequacy Risk	The risk that we do not have sufficient financial resources to meet our obligations when they fall due or can only meet these obligations at a high financial cost.	**Capital Structure and Liquidity**	The Company runs liquidity stress tests and scenario analyses on a regular basis to ensure that robust and optimal funding and use plans exist for best, plausible, and worst-case liquidity situations. Shifting Marketable Securities Portfolio from equities to Fixed Income instruments with good credit rating.
Financial Risk (Off Balance Sheet Risks)	This is the risk that guarantees issued to the benefit of some our investee companies will be called up.	**Return**	This risk is managed by close management of the investee companies to ensure that they continue generating adequate funds to meet their obligations.
Regulatory and Compliance Risk	This is the risk that our business may be adversely affected by: ▪ New laws / regulations affecting our core business. ▪ Ongoing litigation against us, our subsidiaries, or associates.	**Brand**	Compliance checks for all entities conducted quarterly Proactive engagement with regulators on any changes in the business.

CHAIRMAN'S STATEMENT

Dear Stakeholders,

On behalf of the Board of Directors of Centum Investment Company Plc, I am pleased to present to you an overview of the business update and strategic positioning.

The financial year ended 31 March 2023 (FY2023) marked the end of the fourth year under Centum 4.0 Strategy period, and our key focus continues to be on preservation and growth of shareholder wealth even as we continue to generate sustainable annuity cash returns from the portfolio and remaining conscious of our role and impact on the ESG agenda.

Business Overview

Centum Investment Company Plc is an investment company that creates shareholder value by driving the process of creating underlying value in our investment portfolio. Our focus is to offer our long-term shareholders a superior return on investment by providing them with access to otherwise inaccessible investment opportunities hence we focus on allocating capital to non-listed investment grade opportunities that are not readily available to the general investor community.

Our asset allocation policy is geared towards achieving two objectives. The first is meeting the cash requirements of the company to fund dividend payment, interest expenses and operating costs from recurrent income. This is what has informed our decision to:

1. Allocate between 20% - 30% of the portfolio to our Marketable Securities Portfolio (MSP). The objective of this portfolio is the generation of cash returns, and this explains why it is almost fully allocated to a diversified portfolio of high-yielding government securities and corporate debt spread out across the African continent.

2. Adopt a dividend policy to distribute 30% of the recurrent cash income as dividend to shareholders. The recurrent cash income is largely from our MSP portfolio and dividend and interest payments from our Growth Portfolio. The recurrent cash income excludes any capital gains so as not to distribute capital and to ensure that we can sustain a consistent and growing dividend to our shareholders.

3. Cap our expenses to 30% of the cash income.

4. Reduce debt so as to reduce interest expenses and fit them within the recurrent cash income.

We have made good progress towards each of these objectives, and the detailed performance and achievements against the strategic objectives are explained in this integrated report.

The growth component of our objectives is met by our Growth portfolio. Our investment strategy is to invest in growth companies that meet the underlying demand of consumers in the market we operate in.

The East African households largely focus on essentials with spending breakdown largely focused on food and non-alcoholic drinks, housing, transport and education. This explains our investment decisions, which are concentrated in sectors addressing these basic needs.

Additionally, the region continues to witness increasing urbanization, thereby attracting the service sector-focused multinationals in banking, technology, business processes outsourcing, insurance and similar subsectors.

Centum has put together the Two Rivers International Finance and Innovation Centre to address this niche.

To this end, we have secured the gazettement of Two Rivers precinct as a Special Economic Zone to provide a platform to scale up our offering for high quality office and residential space to address the growing demand.

CHAIRMAN'S STATEMENT

SECTOR	INVESTMENT	THESIS
Housing	CENTUM re	Households spend between 18% and 30% of income on rent and our focus is to develop a platform company that will provide quality housing in quality mixed use urban housing to these households. Our focus is on providing housing that will ultimately command rentals in the Ksh 20,000 to Ksh 60,000 range and at the same time provide investors who wish to access this asset class with the opportunity to acquire units that are well-developed and well-managed within our urban nodes
Innovation and technology	Two Rivers International Finance and Innovation Centre SEZ (TRIFIC)	TRIFIC was a major pivot of the Two Rivers business model, that created a service focused SEZ. This has set up a platform that is seeking to leverage on Kenya's high quality human capital and high unemployment rates to create an attractive platform for global companies to have a base to tap on this talent and serve global markets. This will have the impact of creating employment, enhancing export revenues, FDI growth and growth of export earnings by the service entities.
SME Business Support	SidianBank Own Tomorrow JAFARI CREDIT	The majority of businesses in East Africa are SMEs and we re-positioned K-Rep Bank to Sidian Bank, which is a leading bank in the SME market segment. This positioning has made Sidian Bank attractive hence the consistent profitability over the past three years and growth in value by 1.5x in FY2023. Jafari Credit is a microlender that we set up in mid-2021 to address a niche in the civil servant's payroll lending segment. The recent macroeconomic shocks have led to reduced appetite for SME and retail lending by banks hence crowding out this market segment. Jafari seeks to meet the growing demand for consumer loans and to significantly mitigate risks and has chosen to focus on the civil servants with recovery based on payroll checkoffs.
Transport	ISUZU EAST AFRICA NAS SERVAIR	Isuzu is the market leader in the commercial motor vehicle market segment while NAS is the market leader in the airline catering business.

CHAIRMAN'S STATEMENT

SECTOR	INVESTMENT	THESIS
Education	LONGHORN PUBLISHERS PLC SABIS International School Runda, Kenya	Longhorn is the market leader in the educational publishing business and has a presence in 6 countries. Its competitive advantage is in the intellectual property of its approved textbooks which has enabled it to rapidly scale across the continent. Sabis School provides high quality and relatively affordable international curriculum which is an alternative to the local competency-based curriculum. There has been a growing appetite by parents for an international curriculum and the student base has grown to 304 students which is the break-even level. We have now achieved the break-even level and we are on track for operational profitability going forward.
Power	Akiira Power Company AKIIRA GEOTHERMAL LIMITED	Akiira is a provider of green energy using geothermal energy. Although we have received all approvals and have all contracts in place this project has been delayed by challenges in the process of exploiting and drilling for the geothermal resource. We have to this end partnered with a utility company with the requisite experience in developing geothermal fields and we expect to conclude the contracting phase to enable us restart the drilling activities.

Centum generates a return by creating growth platform companies that are significant players in their market segments and therefore make them attractive to strategic investors who access investments in those segments and are prepared to pay a premium for well-managed, well governed, low risk companies that have a dominant market position in their segment. Exits therefore realize our profits and we are able to recycle these profits to new opportunities.

To avoid shareholder dilution, we have not raised any new shareholder capital and have financed growth and investment using debt capital which has in turn generated internal capital. This phase of our growth was in Centum 2.0 and Centum 3.0. As we got into Centum 4.0 we took a view that the economic conditions were not going to be as supportive of a debt funded investment strategy and that we needed to risk by paying down the debt we had built up so as to preserve the equity capital that had been built in the Centum 2.0 and 3.0 phase of our business.

This decision to focus on consolidation and ensure capital preservation has been vindicated by the performance of the markets over the last four years during which the challenges that we had anticipated were further exacerbated by the global Covid -19 pandemic and the Russia-Ukraine war. As a result, almost all asset classes – equities, fixed income instruments and alternative assets lost value and the challenge for managers of capital has been to preserve value while maintaining the value creation potential of the underlying assets.

With further debt repayment to the tune of Ksh 2.0 billion in FY2023 which is an effective debt reduction of 85% from Ksh 16 billion in March 2019 to Ksh 2.3 Billion as at March 31, 2023, I believe that we have successfully navigated a very challenging environment in Centum 4.0 phase, and we are at the tail end of consolidating our business by retiring the bulk of the debt that was used to finance the growth of the portfolio in the previous strategy periods.

At the end of this phase, we shall have a significant amount of capital that will be available for redeployment without having to rely on new debt capital or raising equity which would have diluted existing shareholders and possibly changed the character of the business.

Governance and Risk Management

Governance Update

The Board has adopted the guiding principles under the Code of Corporate Governance Practices for Issuers of Securities to The Public, 2015 (the Code). Although the Code is on "Apply or Explain" model, we strive for utmost compliance as a strong foundation for value creation in the Company and its enterprises. We continue to challenge ourselves to adopt widely accepted best practices in governance.

Centum Investment Company Plc. has sustained high standards of corporate governance at all levels of the Company and across portfolio companies which it continually monitors to ensure adherence to the provisions of the Capital Markets Authority (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (the Code), the Nairobi Securities Exchange and the ethical standards prescribed in the Company Code of Ethics.

The Board of Directors is committed to their fiduciary duty to stakeholders and has established internal governance structures to drive change, set strategic direction and formulate high-level goals and policies.

The set standards of operation in place play a fundamental role in the Company and form the way of life which cascades from the Board to the internal and external stakeholders. Ultimately, we maintain optimal levels of efficiency at every level that enables growth of stakeholder value.

Board Changes

During the period under review, Kenya Development Corporation (KDC), a non-executive director of the Board appointed Ms. Norah Buyaki Ratemo as its Board representative with effect from 1st January 2023.

With over 15 years of experience in investment management, project finance structuring, risk, credit management, and regulatory frameworks across banking and tourism industries, Norah is a valuable addition to the Centum board and we anticipate that she will continue to make valuable contribution in guiding management towards achieving the company's strategic objectives.

Risk management and internal controls

At Centum, we believe that enterprise risk management can enhance enterprise resilience - the ability to anticipate and respond to change. Risk management helps the Company identify factors that represent not just risk, but change, and how the change could impact performance and necessitate a shift in strategy.

Applying enterprise risk management helps to create trust and earn stakeholders' confidence in the current operating environment, which demands greater scrutiny than ever before.

We operate a mature risk management framework that is aligned to ISO 31000 and COSO enterprise risk management frameworks. This ensures that risk management practices are integrated across the Company improving decision-making in governance, strategy, objective setting, and day-to-day operations.

The Board of Directors has the ultimate oversight responsibility for the Company's risk management. The Board has delegated the Company's risk oversight role to the Board Risk Committee (BRC).

Business Performance

As the Company continues to focus on the creation and preservation of value to our shareholders and all stakeholders, the management team has made commendable progress on the following key fronts:

Shareholder Return

Our shareholders realize a return on their investment in the company through dividends distributed and capital appreciation driven by the intrinsic value of the company.

The Board adopted a dividend policy of distributing 30% of the annuity income of the company as dividend to shareholders. Our objective is to ensure that our dividend is sustainable and that we do not distribute capital as dividend since the focus is on distributing income. To achieve this objective, we have split the portfolio into two. The Marketable Securities Portfolio (MSP) whose investment objective is to optimize cash return which is the primary source of dividend return to our shareholders and the Growth Portfolio whose role is to generate capital growth in the portfolio which is the main driver of growth in Net Asset Value Per Share.

i) Dividend

In line with the company's dividend policy, the Board of Directors has recommended the payment of a dividend of Ksh 400 Million which translates to a dividend per share of Ksh 0.60 for the financial year ended 31 March 2023. This is a dividend yield of 6.7% which compares favorably with the average of 5% dividend yield of the Nairobi Securities Exchange listed firms for the period.

To support sustainable dividend growth, we seek to enhance the recurrent cash returns from the portfolio by enhancing the allocation to marketable securities and actively managing the portfolio to generate above market returns while maintaining an acceptable level of risk.

ii) Growth in Net Asset Value Per Share

The Company remains focused on preserving and growing long-term shareholder value. In this regard we have operationalized various value creation initiatives for each portfolio company that Centum continues to support the management teams to realize. These entail realignment of business models to respond to market dynamics, scaling up of product offerings and growth of markets, enhancement of efficiency as well as governance systems to reduce business risks and grow profitability. In FY2023, the private equity portfolio realized Ksh 1.2 billion in value uplift. The real estate portfolio was impacted by one-off impairment provisions and heavy finance costs at Two Rivers Development Limited level.

The performance of Two Rivers Development Limited has caused a major drag on the overall portfolio performance in recent years and management has taken key steps to pivot the business model and address the heavy finance cost within the business. Centum, through Two Rivers Land Company Limited (wholly-owned subsidiary) has acquired approximately 1.2 million square meters of development rights and other select assets from Two Rivers Development Limited which in turn settled its debts.

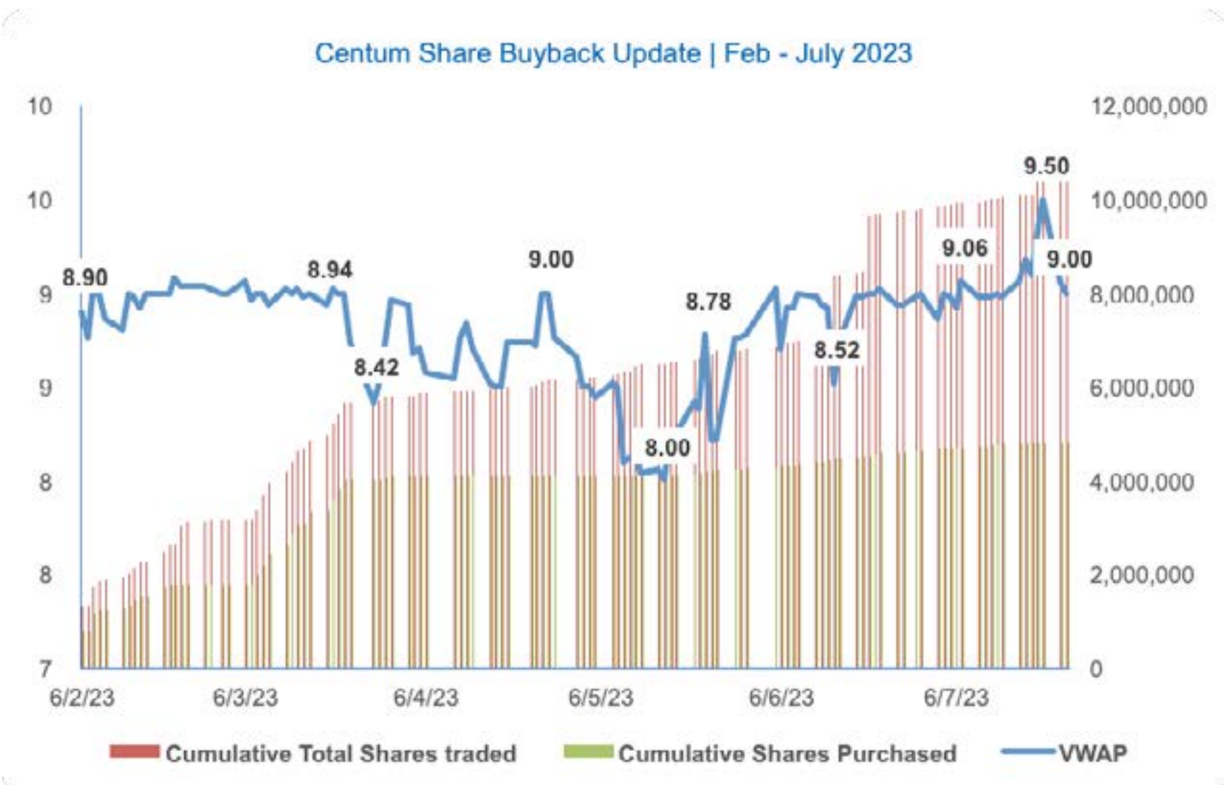
In line with the requirements of IFRS, Two Rivers Development Limited assessed the recoverability of the remainder of its assets and decided to make impairment provisions for these in the financial year ended 31 March 2023. Thus, TRDL is not expected to further impact the consolidated and company financial performance of Centum going forward.

Two Rivers Land Company Limited has lower debt in its capital structure and will seek to further reduce the same through repayments from internally generated cash flows or refinancing from equity raise.

iii) Share buyback update

Following shareholders' approval at the Extraordinary General Meeting, Centum implemented the share buyback program from 6th Feb 2023 at the offer price of Ksh 9.03 per share.

4.8 million shares had been bought back by July 2023 comprising 7.2% of the maximum possible 66.5 million shares that the Company may purchase over the 18 months buyback period. The total number of shares traded in the period was 10.5 million, thus the share buyback purchases made up 45% of total trading activity.



Management's assessment is that the buyback program continues to meet the objectives for which it was intended and these include:

1. Give our existing shareholders market liquidity for ease of trading their shares. We acquired 45% of the shares offered in the period and which would otherwise have struggled to find demand.
2. Providing downside risk mitigation given that our analyses showed that the share price was being weighed down by an overhang of small share lots that were actively trading. During the buyback period to July 2023, a total of 10.76 million shares were exchanged in 1,769 trades, translating to an average of 6,000 shares per trade.
3. Clear the overhang and allow the price to trend closer to its intrinsic value. The share price touched a high of Ksh 9.50 in July 2023, 6.7% above the Ksh 8.90 at commencement of the buyback program. In instances when the share is trading above the offer price of Ksh 9.03, we don't participate in the market.

The buyback program is one of the proactive steps that management has to help close the Price to NAV gap.

Sustainability Report

Our mission is to create real tangible wealth by providing a channel through which investors can access and build extraordinary enterprises in Africa. We are clear that to achieve this mission, we have a responsibility to integrate the sustainability agenda into our core business activities and positively impact the communities.

In FY2023, the company adopted ESG (Environmental, Social and Corporate Governance) and Sustainability Reporting as part of the investment screening process and has embedded the same into its portfolio management process. The Company has been able to have a greater level of transparency to its stakeholders and demonstrate that its values and goals align with theirs. Furthermore, the ESG reporting has provided investors with a clearer lens to the diverse investment opportunities that the Company holds and their impact on the environmental, social and governance aspects that we have sought to incorporate into our business strategy.

The company structure is developed to achieve the desired levels of social and economic conditions for long-term sustainable stakeholder and shareholder value. Through adoption of the supervisory parenting model, Centum Investment Company Plc. has been able to exercise its oversight role with a view to reducing risk while retaining focus on value creation initiatives in the subsidiary companies.

The Board of Directors has assigned the Company Secretary the mandate to bolster the Board's commitment to corporate governance and sustainability.

Environmental, social and governance considerations remain at the center of our investment decisions, portfolio management and value creation activities. Efforts have been amplified to improve reporting of our sustainability efforts with oversight at Board level.

Centum has identified key themes under the environmental, social and governance themes as outlined below.

We have considered all requirements and guidelines from the Global Reporting Initiative standards in preparation of our sustainability report, especially GRI reporting principles for defining report content and quality.

We are proud of the role that we continue to play in contributing to the efforts towards a more sustainable world.

CHAIRMAN'S STATEMENT

Environmental

The environmental impact of the company and its role as a steward of our natural environment as well as the key environmental related issues that impact its operations.

- Climate change
- Water management
- Greenhouse gas emissions
- Natural Resources

Governance

The policies, practices and processes of the Company and how it complies with the law and interacts with external parties.

- Risk management
- Ethics & Integrity
- Anti-bribery & corruption
- Board diversity & Independence
- Compensation
- Transparency

Social

The social impact and interactions the Company has with employees, suppliers and customers and how our operations affect communities where we do do business and vice versa.

- Health & Safety
- Diversity & Inclusion
- Human rights
- Local community development

Looking Ahead

The Company has made tremendous progress towards delivery of its core objective in the context of economic headwinds witnessed in the Centum 4.0 strategy period. Significant effort has been made in executing value creation plans, and the business is well positioned to take advantage of emerging opportunities. The Board is confident that the Company is on course to achieve the overarching objectives of building a resilient business with a strong balance sheet and is well positioned to launch into the next phase of growth and profitability as we go into the Centum 5.0 Strategy. In winding down the Centum 4.0 period, management's focus for FY2024 will be centered around:

1. Execution of the value creation plans for each of the portfolio assets with a view to achieving the target returns, growth and preparation for capital events.
2. Unlocking liquidity through exits of mature assets in the portfolio and redeployment of the capital to new opportunities.

Appreciation

I express my sincere appreciation to the staff, management team, and my fellow board members for the hard work they have and continue to put in to realize the very ambitious objectives that we set out to achieve.

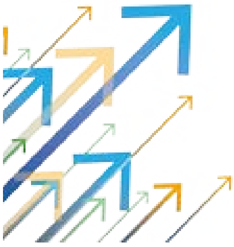
I also thank our shareholders for their support in this journey, their continuous engagement and challenge as we put our best effort in growing the value of the Company.

Dr. Donald Kaberuka
Chairman, Board of Directors

TAARIFA YA MWENYEKITI

Wapendwa Washikadau,

Kwa niaba ya Bodi ya Wakurugenzi wa Centum Investment Company Plc, nina furaha kuwasilisha kwenu sasisho la maelezo ya jumla kuhusu biashara pamoja na mikakati yetu.



Mwaka wa kifedha uliomalizikia tarehe 31 Machi 2023 (FY2023) ulikuwa ndio mwisho wa mwaka wa nne chini ya kipindi cha mkakati wa awamu ya 4.0 ya Centum, na malengo yetu makuu yanaendelea kuzingatia uhifadhi na ukuaji wa utajiri wa mwenyehisa hata wakati tunapoendelea kuzalisha mapato endelevu ya kila mwaka ya pesa taslimu kutoka kwa uwekezaji na kuzingatia pakubwa jukumu letu pamoja na athari katika ajenda ya ESG.

Mazingira ya utendakazi katika mwaka wa FY2023 yalionyesha pande mbili, upande mmoja ukiwa ni wa fursa na mwingine ukiwa na changamoto, hali ambayo usimamizi wa kampuni ulishughulikia vizuri sana na hatimaye kutangaza matokeo mazuri kama ilivyo katika ripoti hii. Matokeo mazuri ya kiuchumi yalipatikana kutoka kwa sekta mbali mbali, hususan kwenye uchumi uliopo na ule unaokua, kupitia kwa mhimili wa kurejelewa kwa shughuli za kibiashara kutokana na msururu wa matatizo ya uchumi wa kiulimwengu ulioshuhudiwa katika miaka ya hivi karibuni. Hata hivyo, kwa namna fulani, ukuaji huo ulibanwa kutokana na hali tete kwenye masoko ya fedha na sarafu.

Msukumo wa mfumko uliendelea katika kipindi hicho, na hatimaye kusababisha benki za kimataifa na zile za humu nchini kukaza mkanda. Kwa njia fulani, hatua hii iliathiri uwezo wa kufanya biashara katika masoko yote.

Maelezo ya Jumla Kuhusu Biashara

Centum Investment Company Plc ni kampuni ya uwekezaji inayounda thamani kwa mwenyehisa kupitia kwa mchakato wa kuunda thamani kwenye uwekezaji wetu. Lengo letu ni kuwapatia wenyehisa wa muda mrefu manufaa makubwa ya uwekezaji wao kwa kuwapa fursa za kufikia uwekezaji ambao wasingeweza kuupata kwingineko, huku tukitoa mtaji kwa fursa za kiwango cha uwekezaji ambacho hakijaorodheshwa na ambao pia haupatikani kwa urahisi kwenye jamii pana ya wawekezaji.

Sera yetu ya ugawaji wa amali inaazimia kuyafikia malengo yetu mawili makuu. Lengo la kwanza ni kufikia mahitaji ya pesa taslimu za kampuni ili kuwa na akiba ya kutosha ya kulipia mgao, gharama ya riba na gharama ya utendakazi kutoka kwa mapato ya biashara. Hatua hii ndio iliyosababisha kufanya maamuzi ya:

1. Kutenga kati ya 20% - 30% ya uwekezaji wa biashara yetu ya soko la ubadilishanaji wa Hisa (MSP). Lengo la uwekezaji ni kuzalisha mapato ya pesa taslimu, na hatua hii inaelezea ni kwa nini imetengwa kwa aina mbali mbali ya uwekezaji wa biashara ya serikali yenye mapato makubwa pamoja na deni la mashirika lililosambazwa kwa bara zima la Afrika.
2. Idhinisha sera ya mgao ili kusambaza 30% ya mapato ya pesa taslimu kama mgao kwa wenyehisa. Kwa kiwango kikubwa, mapato ya pesa taslimu yanatoka kwa uwekezaji wetu wa MSP na mgao na malipo ya riba kutoka kwa Uwekezaji Unaokua. Mapato ya pesa taslimu hayahusishi manufaa ya mtaji ili kutosambaza mtaji na kuhakikisha kwamba tunaweza endeleza mgao endelevu na unaokua kwa wenyehisa wetu.
3. Weka kikomo cha matumizi kwa 30% ya mapato ya pesa taslimu.
4. Punguza deni ili tupunguze gharama ya riba na tuweke kwa kiwango cha mapato ya pesa taslimu.

Tunaendelea vyema katika kuyatimiza haya malengo mawili, na maelezo ya kina kuhusu matokeo na mafanikio dhidi ya malengo ya mkakati yanaelezewa katika ripoti hii ya pamoja.

Sehemu ya ukuaji wa malengo yetu imefikiwa kutokana na ukuaji wa uwekezaji wetu. Mkakati wa uwekezaji wetu ni kuwekeza kwa ukuaji wa makampuni ili kutimiza mahitaji ya wateja katika soko tunaloendeshea shughuli zetu.

Kwa kiwango kikubwa, nyumba nyingi katika ukanda wa Afrika Mashariki, wanategemea vitu vya kimsingi kwa kupatia kipaumbele chakula na vinywaji ambavyo havina pombe, makazi, usafiri, elimu. Hii inaelezea maamuzi yetu ya uwekezaji, ambayo yanatilia mkazo zaidi kwenye sekta zinazoshughulikia bidhaa za kimsingi.

TAARIFA YA MWENYEKITI

Zaidi ya hayo, ukanda huu unaendelea kushuhudia ukuaji wa haraka wa miji, na hatimaye kuvutia sekta ya huduma kuwa kuzingatia biashara za mataifa ya ughaibuni katika sekta ya benki, teknolojia, taratibu za utafutaji wa biashara, bima na sekta zingine ndogo kama hivyo. Centum imeanzisha Two Rivers International Finance na kituo cha ubunifu (Innovation Centre) ili kushughulikia kitengo hicho. Kufikia hapa, Two Rivers imeingizwa kwenye gazeti rasmi la serikali kama Eneo Maalum la Kiuchumi ili kuandaa jukwaa la kupanua biashara zetu kwa afisi za kiwango cha juu na nyumba za makazi ili kushughulikia mahitaji ya wateja ya biashara hiyo.

SEKTA	UWEKEZAJI	HOJA
Makazi	CENTUM re	Makazi mengi hutumia kati ya 18% na 30% ya mapato ya pesa za kukodi nyumba na mazingatio yetu ni kuunda jukwaa la kampuni itakayotoa makazi bora kwa nyumba za mjini. Malengo yetu ni kutoa makazi yatakayosaida malipo ya nyumba za kukodi za kiwango cha Kes 20,000 hadi Kes 60,000 na kwa wakati huo huo kuwapatia wawekezaji watakaotaka kufikia rasilimali kwa fursa ya kununua nyumba zilizojengwa na kusimamiwa vyema katika miji yetu.
Ubunifu na Teknolojia	Two Rivers International Finance and Innovation Centre SEZ (TRIFIC)	TRIFIC ilikuwa hatua kubwa kwa mfumo wa biashara ya Two Rivers, ambayo iliunda huduma ya SEZ. Hatua hii imeunda jukwaa linaloazimia kusawazisha kiwango cha ubora cha utendakazi kwa wakenya kutokana na viwango vya ukosefu wa ajira ikiwa na lengo la kuunda jukwaa linalovutia makampuni ya mataifa ya nje pamoja na kupata msingi unaofaa wa wafanyakazi wenye maarifa na ujuzi kwa ajili ya soko la kimataifa. Hii itakuwa na athari kubwa katika uundaji wa fursa za ajira, uboreshaji wa mapato ya mahuruji, ukuaji wa FDI na ukuaji wa mapato ya usafirishaji wa bidhaa kutoka humu nchini kupitia kwa makampuni yanayotoa huduma hizo.
Usaidizi katika Biashara ndogo ndogo za SME	Sidian Bank Own Tomorrow JAFARI CREDIT	Biashara nyingi kwenye ukanda wa Afrika Mashariki ni wajasiriamali wadogo wadogo na tuliibadilisha K-Rep Bank hadi Sidian Bank, ambayo kwa sasa ni benki bingwa katika kitengo hicho cha soko la ujasiriamali. Mabadiliko hayo yamefanya Sidian Bank kuwa kivutio kwa wateja huku ikiendelea kupata faida kwa miaka mitatu mfululizo pamoja na ukuaji wa thamani ya kiwango cha 1.5x kwa mwaka wa kifedha wa FY2023. Jafari Credit ni kampuni ndogo ya ukopeshaji iliyoanzishwa katikati ya mwaka wa 2021 ili kushughulikia mikopo ya mishahara ya wafanyikazi wa serikali. Athari ya biashara kubwa iliyoshuhudiwa hivi majuzi ilizitamausha benki zenye biashara ndogo ndogo (SME) pamoja na zile benki zinazotoa mikopo ya rejareja na badala yake kujaza kitengo hicho cha biashara na hatimaye kuvuruga soko. Jafari inaazimia kuyafikia na kutimiza mahitaji ya wateja wa mikopo na kwa namna ya kipekee kupunguza hatari kwenye mikopo, na imeamua kujikita katika kushughulikia mishahara ya wafanyakazi wa serikali.
Uchukuzi	ISUZU EAST AFRICA NAS SERVAIR	Isuzu ndio bingwa wa soko katika kitengo cha magari ya biashara huku NAS wakiwa mabingwa katika uandaaji na usambazaji wa chakula kwenye mashirika ya ndege.

TAARIFA YA MWENYEKITI

SEKTA	UWEKEZAJI	HOJA
Elimu	LONGHORN PUBLISHERS PLC SABIS® International School Runda, Kenya	Longhorn ni mabingwa kwenye biashara ya uchapishaji wa vitabu vya elimu na biashara yake imesambaa kwenye mataifa 6. Sehemu muhimu kabisa katika soko hili lenye ushindani mkubwa ni haki miliki ya vitabu vyake vilivyoidhinishwa na ambavyo vimewawezesha kufanya biashara kwa urahisi kwenye ukanda mzima wa bara la Afrika. Shule ya Sabis inatoa elimu ya kiwango cha juu na nafuu kupitia kwa mtalaa wa kimataifa ambao ni mbadala kwa mtalaa wa umilisi unaotumika humu nchini. Kwa siku za hivi karibuni, wazazi wengi wameonyesha hamu na uhitaji mkubwa wa mtalaa wa elimu ya kimataifa na idadi ya wanafunzi imeongezeka hadi wanafunzi 304, idadi ambayo tayari imesawazisha mtaji wa uwekezaji uliowekwa. Kwa sasa, tumefikia pazuri na tunaendelea vyema huku tukitarajia kupata faida na mustakabali wa kupendeza.
Kawi	Akiira Power Company AKIIRA GEOTHERMAL LIMITED	Akiira ni watoaji wa kawi ya kijani kwa kutumia kawi inayotokana na gesi. Ijapokuwa tumepokea hati zote za uidhinisho na mikataba, mradi huu umekumbwa na changamoto zinazohusiana utafutaji na uchimbaji wa rasilimali ya gesi. Kwa sababu hiyo, tumeingia ubia na kampuni nyingine iliyo na tajriba pana katika mawanda ya uchimbaji wa gesi na tunatarajia kukamilisha hatua za mikataba ili kutuwezesha kuanza shughuli za uchimbaji wa gesi.

Centum huzalisha mapato kwa kuunda jukwaa la makampuni ambayo ni wadau katika vitengo vyao maalum na hivyo basi kuwafanya kuwa kivutio kikubwa kwa wawekezaji wa kimkakati wanaofikia uwekezaji kupitia kwa vitengo hivyo maalum na walio tayari kulipa pesa nzuri kwa kampuni zinazosimamiwa, kuendeshwa, au kampuni ambazo hazina hatari ya hasara na zilizoko kweye nafasi bora ya kibiashara katika vitengo vyao. Kwa hivyo, hatua ya kujiondoa hutusaidia kupata faida na kutuwezesha kutumia faida hiyo ili kuanzisha biashara au fursa nyinginezo.

Ili kuepuka kuchanganya wenyehisa, hatujazalisha mtaji mpya wa wenyehisa na tumeweka akiba kwa ajili ya ukuaji na uwekezaji kwa kutumia mtaji wa deni ambao hatimaye umezalisha mtaji wa ndani kwa ndani.

Kipindi hiki cha ukuaji wetu kilikuwa cha awamu ya 2.0 na Centum 3.0. Tulipoingia kwenye awamu ya Centum 4.0, tuligundua kwamba hali ya kiuchumi isingefaa kuwezeshwa kupitia kwa mkakati wa mkopo wa deni na tulihitaji kuthibiti hatari kwa kulipia deni ili kulinda mtaji wa usawazishaji uliokuwa umeundwa katika awamu ya 2.0 na 3.0 ya biashara zetu.

Maamuzi haya ya kuzingatia uwekaji pamoja na kuhakikisha uhifadhi wa mtaji yamethibitishwa wazi na matokeo ya masoko kwa kipindi cha miaka minne iliyopita, kipindi ambacho changamoto tulizokuwa tumetarajia zilipochochewa zaidi na ujio wa UVIKO-19 pamoja na vita vya Russia-Ukraine. Matokeo yake, madaraja yote ya rasilimali – ujasiriamali, biashara za mapato ya muda mrefu na rasilimali mbadala zimepoteza thamani na changamoto kwa mameneja wa mtaji imekuwa kuhifadhi thamani huku ikizingatia uundaji wa thamni unaoweza kulinda rasilimali muhimu.

Huku tukiendelea kulipa deni la Kes 2.0Bn katika FY2023 hatua ambayo ni punguzo la 85% kutoka Kes 16 Bn mnamo Machi 2019 hadi Kes 2.3 Bn kufikia Machi 31, 2023, nina imani kwamba tumefaulu pakubwa katika kupambana na mazingira yaliyozingirwa na changamoto tele kwenye awamu ya Centum 4.0, na tuko kileleni kwenye mchakato wa kuimarisha biashara yetu kwa kumaliza madeni yaliyokuwa yamewekezwa kwenye ukuaji wa biashara katika mkakati wa vipindi vilivyopita.

Katika mwisho wa awamu hii, tutakuwa na mtaji wa kutosha utakaosambazwa bila ya kutegemea mtaji wa deni ama kuimarisha usawa wa fedha ambao ungepunguza uwekezaji wa wenyehisa waliopo na bila shaka kubadilisha hali halisi ya biashara.

TAARIFA YA MWENYEKITI

Utendakazi na Usimamizi wa Hatari

Sasisho la usimamizi

Bodi iliidhinishwa kanuni za mwongozo chini ya Kanuni za Kaida za Usimamizi wa Kiushirika kwa Watoaji wa Biashara ya Masoko kwa Umma, 2015 (kanuni). Hata kama Kanuni ipo kwa mfumo wa, "Tuma ombi au Elezea", tunajitahidi kufuata msingi thabiti wa kuunda thamani kwa kampuni na masharika dau yake. Tunaendelea kujipatia changamoto kwa kufuata utaratibu unaokubalika pakubwa katika usimamizi.

Centum Investment Company Plc. imedumisha viwango vya juu vya ubora katika usimamizi wa kiushirika hususan kwenye ngazi zote za kampuni kwenye mashirika dau yote, na wanaendelea kufuatilia kwa karibu ili kuhakikisha kwamba masharti ya Kanuni za Kaida za Usimamizi wa Kiushirika wa Halmashauri ya Masoko ya Mtaji (CMA) kwa watoaji wa Biashara ya Masoko kwa Umma, 2015 (kanuni), Soko la Ubadilishanaji wa Hisa (NSE) pamoja na viwango vya maadili kama vilivyoelezewa katika Kanuni za Maadili ya Kampuni.

Bodi ya Wakurugenzi Wakuu inahakikisha kuchukua jukumu lake kwa washikadau na imeanzisha mfumo wa ndani wa usimamizi ili kushughulikia mabadiliko hayo, kuunda mwongozo wa kimkakati na kuunda sera pamoja na malengo mahususi.

Viwango vya utendakazi vilivyowekwa vinasaidia pakubwa katika kutekeleza jukumu la kimsingi la kampuni na kuunda kaida ya maisha kutoka kwa bodi hadi kwa washikadau wa ndani na nje. Hatimaye, tunadumisha viwango vya juu vya ubora katika ngazi zote zinazotuwezesha kupata ukuaji wa thamani ya mshikadau.

Mabadiliko katika Bodi

Katika kipindi kinachozungumziwa, Kenya Development Corporation (KDC), mkurugenzi wa bodi asiye na mamlaka ya usimamizi wa kila siku kwenye kampun, alimteua Bi. Norah Buyaki Ratemo kama mwakilishi wake kwenye Bodi Kuu, hatua itakayochukua hatamu kuanzia tarehe 1, Januari 2023.

Huku wakiwa na tajriba ya zaidi ya miaka 15 katika masuala ya usimamizi wa uwekezaji, mfumo wa miradi ya kifedha, hatari, usimamizi wa mikopo pamoja na mifumo ya udhibiti kwenye sekta za benki na utalii, Norah ni kama kito cha thamani kwa bodi ya Centum na tunatazamia kwamba ataendelea kutoa mchango wake madhubuti kwa kuuelekeza usimamizi wa kampuni ili kufikia malengo yake ya kimkakati.

Usimamizi wa hatari na udhibiti wa ndani

Hapa Centum, tunaamini kwamba hatari ya usimamizi huweza kuboresha uthubutu wa kibiashara – uwezo wa kubashiri na kuyashughulikia mabadiliko. Usimamizi wa kudhibiti hatari husaidia kampuni kutambua sababu zinazowakilisha sio tu hatari, lakini pia mabadiliko, na jinsi ambavyo mabadiliko hayo yanavyoweza kuathiri utendakazi na hatimaye kusababisha mabadiliko ya mkakati.

Mbinu za usimamizi wa kudhibiti hatari husaidia kuunda pamoja na kupata ukubalifu kutoka kwa washikadau katika mazingira ya sasa ya utendakazi, inayohitaji uangalizi wa karibu kuliko hapo awali.

Tuna mfumo thabiti unaoshughulikia usimamizi wa hatari na unaoambatana na ISO 31000 pamoja na mifumo ya COSO ya usimamizi wa hatari za kibiashara. Hii itahakikisha kwamba taratibu za usimamizi wa hatari zinashirikishwa katika kampuni nzima kwa lengo la kuimarisha hali ya utoaji wa maamuzi, mkakati, kupangilia malengo, na uendeshaji wa shughuli za kila siku.

Bodi ya wakurungezi ina jukumu kuu la uangalizi kwa ajili ya kusimamia hatari. Bodi imegawa jukumu la usimamizi wa hatari ya kampuni kwa Kamati ya Bodi Kuu ya Kushughulikia Hatari (BRC).

Matokeo ya Biashara

Kadri kampuni inavyoendelea kujikita katika uundaji na uhifadhi wa thamani kwa wenyehisa na washikadau wote, viongozi wa usimamizi wamefanikiwa pakubwa katika sehemu muhimu zifuatazo:

Mapato ya Mshikadau

Wenyehisa wetu hupata faida kutokana na uwekezaji wa kampuni kupitia kwa migao inayosambazwa kwa ubora wa mtaji unaotokana na thamani ya kampuni.

Bodi iliidhinisha sera ya mgao wa kusambaza 30% ya mapato ya mwaka ya kampuni kama mgao kwa wenyehisa. Lengo letu ni kuhakikishia kwamba mgao wetu ni endelevu na kwamba hatusambazi mtaji kama mgao ila iwe ni kwa kuzingatia ugawanyaji wa mapato. Ili kutimiza lengo hili, tumegawa rasilimali mara mbili. Soko la Ubadilishanaji wa Hisa (MSP) ambalo malengo yake ya uwekezaji ni kuhakikisha kuwepo kwa mapato ya pesa taslimu ambayo ndiyo chanzo cha kimsingi cha mapato ya mgao kwa wenyehisa wetu pamoja na Ukuaji wa Biashara, ikiwa na jukumu la ukuzaji wa mtaji kama chombo kikuu cha ukuaji katika Thamani ya Rasilimali Halisi kwa Kila Hisa.

i) Mgao

Kuambatana na sera ya mgao ya kampuni, Bodi ya Wakurugenzi imependekeza malipo ya mgao wa Ksh 400 Million ambayo ni sawa na mgao wa hisa moja kwa kila hisa ya Kes 0.60 kwa mwaka uliomalizikia tarehe 31 Machi, 2023. Haya ni mapato ya mgao wa 6.7% yanayolinganishwa vyema na wastani ya mapato ya mgao wa 5% wa makampuni yaliyoorodheshwa kwenye Soko la Ubadilishanaji wa Hisa kwa kipindi hicho.

Ili kuunga mkono ukuaji wa mgao endelevu, tunaazimia

TAARIFA YA MWENYEKITI

kuboresha mapato ya pesa taslimu kutoka kwa biashara kwa kuboresha utengaji wa hisa za soko na pia kusimamia vyema biashara ili kuzalisha mapato ya masoko huku tukihakikisha kwamba tunapunguza viwango vya hatari.

ii) Ukuaji katika Thamni Halisi ya Rasilimali kwa Kila Hisa

Kampuni inajizatiti kuhifadhi na kukuza thamani ya wenyehisa wa kitambo. Katika hali hiyo, tumezindua mikakati mbali mbali ya kuboresha thamani kwa kila kampuni ambayo Centum inasaidia kikosi chake cha usimamizi. Hii ni pamoja na kubadilisha mikakati yake ya kibiashara ili kuyashughulikia mahitaji ya soko, kuongeza bidhaa za wateja na kupanua masoko, uimarishaji wa utendakazi pamoja na mifumo ya kiusimamizi ili kupunguza hatari na kuongeza faida. Mnamo FY2023, mapato ya biashara za kibinafsi yalikuwa Kes 1.2Bn katika kuongezeka kwa thamani. Biashara ya nyumba za makazi iliathirika kupitia kwa masharti na gharama ya juu ya kifedha katika kiwango cha Two Rivers Development Limited level.

Matokeo ya Two Rivers Development Limited kwa ujumla yamelemaza matokeo ya biashara katika miaka ya hivi karibuni na kikosi cha usimamizi kimechukua hatua za kimakusudi ili kuiweka kwenye mfumo wa biashara na kisha kushughulikia gharama ya juu ya kifedha kwenye biashara. Centum, kupitia kwa Two Rivers Land Company Limited (shirikadau halisi la Centum) limenunua takribani mita mraba milioni 1.2 ya haki ya maendeleo na amali nyinginezo maalum kutoka kwa Two Rivers Development Limited ambayo kwa upande mwingine ilishayalipia madeni yake.

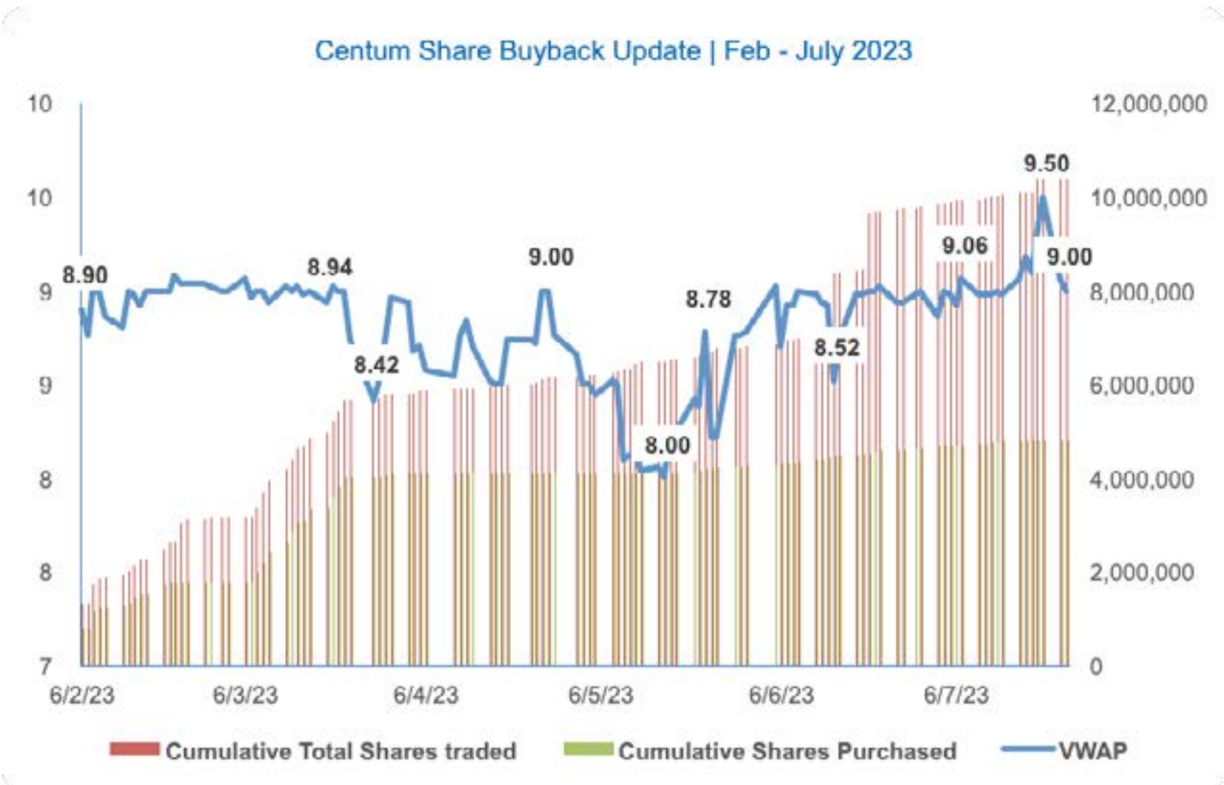
Kuambatana na mahitaji ya IFRS, Two Rivers Development Limited ilitathmini kupatikana kwa amali iliyokuwa imebakia na kuamua kuunda masharti ya hayo yote katika mwaka uliomalizikia tarehe 31, Machi 2023. Kwa hivyo, TRDL haitarajiwi kuathiri zaidi matokeo ya pamoja na yale ya kampuni ya Centum katika siku zijazo.

Two Rivers Land Company Limited ina deni dogo katika mfumo wake mzima wa mtaji na inajitahidi kupunguza hali hiyo kupitia uzalishaji wa pesa wa ndani ama kukopa ili kupandisha kiwango hicho cha fedha.

iii) Sasisho la Ununuaji Tena wa Hisa

Kufuatia uidhinishaji wa wenyehisa kwenye Mkutano Mkuu wa Kila Mwaka, Centum ilipitisha programu ya ununuaji tena wa hisa kutoka tarehe 6, Februari 2023 kwa ofa ya Kes 9.03 kwa kila hisa.

Hisa milioni 4.8 zilinunuliwa upya kufikia Julai 2023 ikiwa ni pamoja na 7.2% ya idadi ya juu ya hisa milioni 66.5 ambazo kampuni inaweza kununua kwa kipindi cha miezi 18. Idadi ya jumla ya hisa zilizouzwa katika kipindi hicho zilikuwa milioni 10.5, kwa hivyo, manunuzi ya kununua tena yaliongezeka hadi 45% ya shughuli za jumla za biashara.



Tathmini ya usimamizi ni kwamba hiyo programu ya ununuaji upya unaendelea kuyafikia malengo yaliyoazimiwa na malengo hayo yakiwa ni pamoja na:

1. Kumpa mwenyehisa wetu aliyopo **pesa ya soko** ili kumrahisishia uuzaji wa hisa zao. Tulinunua 45% ya hisa zilizotolewa wakati huo na ambazo ingelikuwa vigumu sana kuzitafutia soko.

2. Kutoa **mikakati ya kupunguza hatari**, kwa kuzingatia tathmini yetu iliyoonyesha kwamba bei ya hisa ilikuwa inapimwa kulingana na viwango vidogo vya hisa kubwa zilizokuwa zinauzwa. Katika kipindi hicho cha kununua upya hadi Julai 2023, jumla ya hisa milioni 10.76 ziliuzwa kwa biashara ya 1,769, ikiwa ni sawa na wastani ya hisa 6,000 kwa kila ubadilishanaji.

3. **Kumaliza Hisa Kubwa** na uruhusu bei kuwa karibu na thamani yake. Bei ya hisa ilifikia kiwango cha juu cha Kes 9.50 mnamo Julai 2023, 6.7% juu ya Kes 8.90 mwanza wa programu hii ya kununua upya. Katika hali ambazo hisa inauzwa juu ya bei ya ofa ya Kes 9.03, basi hatushiriki kwenye manunuzi hayo ya soko.

Programu hii ya kununua upya ni sehemu ya hatua inayotumiwa na usimamizi ili kusaidia Bei kwa NAV.

Ripoti ya Uendelevu

Azma yetu ni kuunda utajiri halisi kwa kuandaa nyenzo ambazo kwazo wawekezaji wanaweza kuwa na biashara kubwa barani Afrika. Tunafahamu kwamba ili tutimize maazimio haya, tuna jukumu la kushirikisha ajenda ya uendelevu katika shughuli za biashara yetu kuu na hatimaye kuisaidia jamii.

Katika FY2023, kampuni iliidhinisha ESG (Usimamizi wa Kimazingira, Kijamii na Kiushirika) pamoja na Utoaji Taarifa Kiuendelevu kama sehemu ya mchakato wa Kutathmini Uwekezaji. Na wameshirikisha hayo katika utaratibu wa kiusimamizi. Kampuni imekuwa na viwango vya juu vya uwazi kwa wenyehisa wake na kudhihirisha thamani na malengo yake kwa yale malengo yao. Zaidi ya hayo, utoaji wa ripoti wa ESG umewapatia wawekezaji mtazamo mpya ili kupanua fursa zao za uwekezaji zilizoko na kampuni hii pamoja na athari za kimazingira, kijamii na kiutawala ambazo tulizoazimia kushirikisha katika mkakati wa biashara yetu.

Mfumo wa kampuni umeundwa ili kufikia viwango vinavyotarajiwa vya masharti ya kijamii na kiuchumi kwa ajili ya mipango ya muda mrefu pamoja na thamani endelevu ya mshikadau na mwenyehisa. Kupitia kwa uidhinishwaji wa mfumo-chanzi wa kiusimamizi, Centum Investment Company Plc. imeweza kufanya kazi yake ya usimamizi wa jumla kwa lengo la kupunguza hatari huku ikijitahidi kuunda mikakati ya thamani kwa kampuni ambazo ni mashirikadau yetu.

Bodi ya Wakurugenzi imemjukumisha Katibu wa Kampuni kwa wajibu wa kuupa nguvu na kuushughulikia uwajibikaji wa ahadi za Bodi kwa ajili ya usimamizi bora wa kiushirika pamoja na uendelevu.

Uzingatiaji wa kimazingira, kijamii na kiusimamizi zimesalia kuwa kiungo muhimu sana maamuzi ya uwekezaji wetu, usimamizi wa biashara na shughuli za uundaji wa thamani kwenye biashara yetu. Jitihada zimezidishwa ili kuboresha jinsi ya kutoa ripoti za juhudi za uendelevu kwa usimamizi katika kiwango cha Bodi kuu. Centum imetambua kauli mbiu kuu za kimazingira, kijamii na kiutawala kama zilivyoelezewa hapo chini:

Tumezingatia mahitaji na miongozo kuhusu **Viwango vya Ubora wa Miradi ya Kuripoti ya Kilimwengu.**

Kwa ajili ya maandalizi ya ripoti ya uendelevu, hususan kanuni za utoaji wa ripoti za GRI zinazoelezea yaliyomo na ubora wa ripoti.

Tunajivunia jukumu tunaloendelea kutekeleza hususan katika kuchangia kwenye jitihada za kujenga ulimwengu ulio endelevu. Ufuatao hapo chini ni muhtasari wa hatua tulizopiga kufia sasa.

TAARIFA YA MWENYEKITI

Environmental

The environmental impact of the company and its role as a steward of our natural environment as well as the key environmental related issues that impact its operations.

- Climate change
- Water management
- Greenhouse gas emissions
- Natural Resources

Governance

The policies, practices and processes of the Company and how it complies with the law and interacts with external parties.

- Risk management
- Ethics & Integrity
- Anti-bribery & corruption
- Board diversity & Independence
- Compensation
- Transparency

Social

The social impact and interactions the Company has with employees, suppliers and customers and how our operations affect communities where we do do business and vice versa.

- Health & Safety
- Diversity & Inclusion
- Human rights
- Local community development

Mustakabali wa Biashara

Kampuni imeshuhudia maendeleo makubwa katika utendakazi wa majukumu yake halisi katika muktadha wa matokeo ya kiuchumi yaliyoshuhudiwa katika kipindi cha Mkakati wa Centum 4.0. Jitihada za ziada zimefanywa katika mipango ya kuunda thamani ya juu, na biashara iko kwenye hali nzuri pamoja na kuzifuatia na kushughulikia fursa zinazojitokeza za kibiashara. Bodi ina hakika kwamba kampuni inaendelea vizuri katika kuyafikia malengo yake ya kujenga uthubutu wa kibiashara huku ikiwa na loho nzito ya kifedha na inajiweka katika sehemu nzuri tunapojiandaa kuingoa kwenye awamu ifuatayo ya ukuaji na uundaji wa faida tunapoingia katika Mkakati wa Centum 5.0. Tunapomalizia awamu ya kipindi cha Centum 4.0, uzingativu mkuu wa usimamizi kwa ajili ya FY2024 utashughulikia zaidi masuala yafuatayo:

1. Utekelezaji wa mipango ya uundaji thamani kwa kila mali ya biashara kwa lengo la kupata mapato yanayoazimiwa, ukuaji na maandalizi ya michakato ya kutafuta mtaji.

2. Kupata fedha kupitia kwa njia ya kujiondoa kwenye biashara ya mali iliyokomaa kwa baishara na kuhamisha mtaji na kuupeleka kwa fursa nyinginezo.

Shukrani

Ninatoa shukrani zangu za dhati kwa wafanyikazi, kikosi cha usimamizi, na wanachama wenzangu wa bodi kwa bidii yao ya mchwa ambayo wameendelea kutoa ili kupata matokeo bora ya majukumu waliyokuwa wamekabidhiwa hapo awali. .

Kadhalika, wanashukuru washikadau kwa usaidizi wao mkubwa katika safari hii, ushirikiano pamoja na changamoto za kikazi ambazo zimeendelea kuwepo wakati tunapojitahidi ili kuimarisha thamani ya Kampuni.

Dr. Donald Kaberuka
Mwenyekiti, Bodi ya Wakurugenzi Wakuu

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Dr. Donald Kaberuka
Chairman and Independent Non-Executive Director | Age: 72
Appointment Date: October 2016

Dr. Laila Macharia
Vice - Chair and Independent Non-Executive Director | Age: 53
Appointment Date: October 2013

Dr. James Mworia
Executive Director | Age: 45
Appointment Date: October 2008

Mr. Andrew Musangi
Non-Executive Director | Age: 52
Appointment Date: July 2021

Mrs. Susan Wakhungu-Githuku
Non-Executive Director | Age: 63
Appointment Date: September 2017

Mrs. Catherine Mturi - Wairi
Independent Non-Executive Director | Age: 55
Appointment Date: March 2022

Mrs. Catherine Igathe
Independent Non-Executive Director | Age: 49
Appointment Date: September 2016

Dr. Moses Ikiara
Independent Non-Executive Director | Age: 58
Appointment Date: November 2017

Ms. Norah Buyaki Ratemo
Representative of Kenya Development Corporation Limited
Age: 40
Appointment Date: January 2023

Mr. William Byaruhanga
Non-Executive Director | Age: 63
Appointment Date: October 2016

EXECUTIVE COMMITTEE

Dr. James Mworia
Group Chief Executive Officer

Ms. Risper Alaro
Group Finance Director

Mr. Fred Murimi
Managing Director
Centum Capital Partners Limited

Ms. Mical Agina
Company Secretary,
Head of Legal & Tax

Mr. Thomas Omondi-Achola
Partner, Portfolio Operations -
Centum Capital Partners Limited

OUR GOVERNANCE CULTURE

The Board and Management of Centum Investment Company Plc. have sustained high standards of corporate governance at all levels of the Company and continually monitor compliance with the provisions of the Capital Markets Authority (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (the Code), the Nairobi Securities Exchange and the ethical standards prescribed in the Company Code of Ethics.

The Board of Directors is committed to their fiduciary duty to stakeholders and has established internal governance structures to drive change, set strategic direction and formulate high-level goals and policies.

The set standards of operation in place play a fundamental role in the Company and form the way of life which cascades from the Board to the internal and external stakeholders. Ultimately, we maintain optimal levels of efficiency at every level that enables growth of stakeholder value.

Following the adoption of ESG (Environmental, Social and Corporate Governance) and sustainability reporting in the investment screening process, just as in portfolio management, the Company has been able to have a greater level of transparency to its stakeholders and demonstrate that its values and goals align with theirs. Furthermore, the reporting has provided investors with a clearer lens to the diverse investment opportunities the Company holds.

The company structure is developed to achieve the desired levels of social and economic conditions for long-term and sustainable stakeholder and shareholder value. Through adoption of the parenting model, Centum Investment Company Plc. has been able to exercise its oversight role with a view to reducing risk while retaining focus on value creation initiatives in the subsidiary companies.

The Board of Directors has assigned the Company Secretary the mandate to bolster the Board's commitment to corporate governance and sustainability.

The Board

Ten (10) directors make up the constitution of the Board, who each serve an initial three-year term which may be renewed based on satisfactory performance and at the Board's discretion. Nine (9) directors are non-executive members, and the independent, non-executive directors make up 50% of the Board. This forms a perfect balance of independence and efficiency which is assessed with every change in the Board's composition.

To maintain such efficiency and objectivity, there are indicators and assessments in place under the Board's Charter that monitor performance of the Board, the Chairperson, and the respective Committees on an annual basis.

The Nomination and Governance Committee is responsible for assessing the viability of Board candidates. The committee recommends to the Board qualified candidates for Board positions before they can be recommended for election by shareholders. Any appointment of a director to the Board is ratified by the shareholders at the Annual General Meeting and all appointments are made in accordance with the Company's Articles of Association and the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015.

During the period under review, Kenya Development Corporation (KDC), a non-executive director of the Board appointed Ms. Norah Buyaki Ratemo as its Board representative with effect from 1st January 2023.

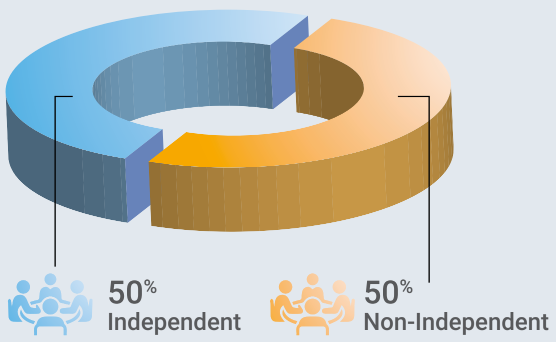
OUR GOVERNANCE CULTURE

The Board has four principal committees presented below; a majority of whom are independent non-executive directors:

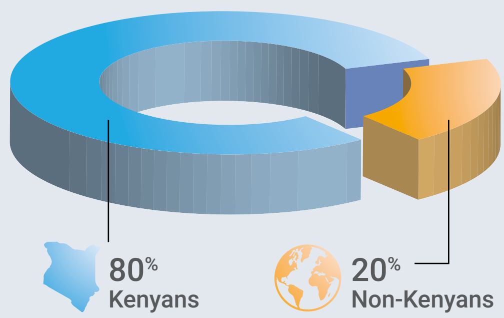
1) The Nomination and Governance Committee
2) The Finance and Investment Committee
3) The Risk Committee
4) The Audit Committee

From due consideration of the members' ages, their respective regions of origin, genders and their professional qualifications, the Company values diversity. The inclusivity observed in the constitution of the Board comes with the benefit of different perspectives to matters tabled before them. Furthermore, a balanced averseness to risk is created and maintained.

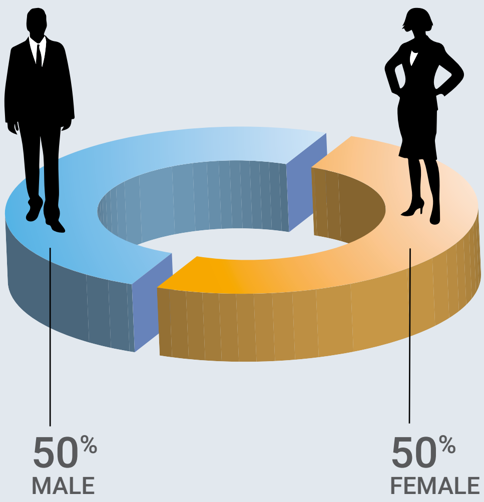
Independence of the Board Members



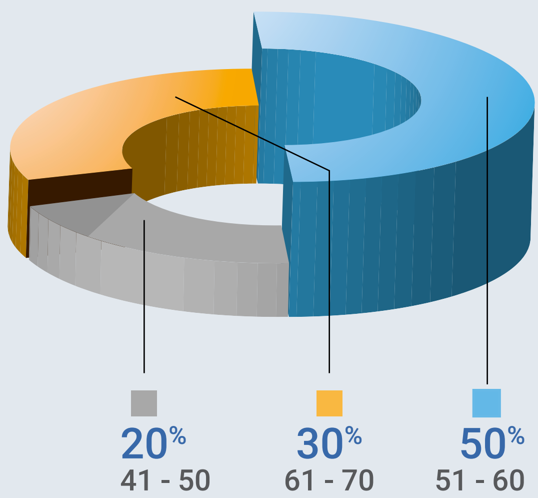
Regional Diversity



Gender Diversity



AGE



Summary of Directors' Qualifications and Experience	Dr. D. Kaberuka	Dr. J. Mworia (CEO)	A. Musangi	Dr. L. Macharia	C. Igathe	C. Mturi - Wairi	N. Ratemo (KDC Rep)	W. Byaruhanga	Dr. M. Ikiara	S. Wakhungu-Githuku
ACADEMIA/EDUCATION brings perspective regarding organizational management and academic research relevant to the Company's business and strategy.	★		★	★			★			
BUSINESS HEAD/ADMINISTRATION experience brings strong leadership qualities and ability to develop and guide other directors and senior management.	★	★	★	★	★	★	★	★	★	★
ENTREPRENEURSHIP skills and experience contribute a great deal to development of the Company's strategy, capital allocation, risk management and oversight of the Company's business.	★	★	★	★	★	★	★	★	★	★
CORPORATE GOVERNANCE experience contributes to a strong Board to ensure management accountability, responsible investing, transparency, and protection of shareholders' interests.	★	★	★	★	★	★	★	★	★	★
CAPITAL BUDGETING AND/CAPITAL ALLOCATION expertise is key in the Company's strategy and business to ensure there is a balance in allocating the Company's resources in investments that will continuously bring attractive returns to investors while ensuring the ESG standards are met and maintained.	★	★	★	★		★	★			
FINANCIAL EXPERTISE is key in driving the Company's strategy as it ensures the Board understands the Company's financial reporting and internal controls and provides oversight over these aspects.	★	★	★	★	★	★	★	★	★	★
FINANCIAL SERVICES INDUSTRY experience is key in providing oversight to the Company's investments in the financial services industry as well as approving and understanding the implications of financing of the Company's investments.	★	★	★	★	★	★	★	★	★	★
DIRECTORSHIP IN OTHER LISTED COMPANIES enables the Board to leverage on experience gained by Board members in other listed companies.		★	★	★		★				★

OUR GOVERNANCE CULTURE

Summary of Directors' Qualifications and Experience	Dr. D. Kaberuka	Dr. J. Mworia (CEO)	A. Musangi	Dr. L. Macharia	C. Igathe	C. Mturi - Wairi	N. Ratemo (KDC Rep)	W. Byaruhanga	Dr. M. Ikiara	S. Wakhungu-Githuku
PUBLIC SERVICE/ PUBLIC POLICY is essential as the government is a key stakeholder in the Company's business and government actions and public policy impact the Company's business substantively.	★						★	★	★	
REGIONAL/ INTERNATIONAL EXPOSURE is useful in benchmarking the Company against global industry players and attracting foreign investments.	★			★	★		★	★	★	★
INVESTMENT is the core business of the Company and skills are key in evaluating the Company's investment strategy.		★	★	★		★	★		★	
MARKETING/ CORPORATE COMMUNICATIONS expertise is crucial in providing oversight to matters affecting the Company's brand and managing related risks.					★					★
REAL ESTATE experience is vital in providing oversight to the Company's real estate investments.		★	★	★			★	★		
PRIVATE EQUITY experience is fundamental in providing oversight to the Company's private equity investments.		★	★	★		★				
TALENT MANAGEMENT is valuable as it helps the Company to attract, motivate, develop, and retain top talent and to ensure that there is an appropriate succession plan for the Company's critical roles.										★
INTERNAL CONTROLS experience is critical in ensuring that the Company operates within the approved governance framework.				★	★	★	★			
RISK MANAGEMENT expertise enables the Board to identify the key risks facing the Company's investment and provide oversight in continually monitoring those risks.				★	★	★	★			
LEGAL skills are key as the Board has overall responsibility for compliance with the laws and regulations applicable to the Company.		★	★	★				★		

Disclosure on External Auditor

The Board has made significant progress in adopting the recommendations of the Corporate Governance Code for Issuers, even where these recommendations are not mandatory. As a matter of principle, the Company continues to provide timely and relevant information on performance in line with its continuing obligations of the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002.

The Company has benefited from retaining PricewaterhouseCoopers (PwC) for independent external audit over the past thirteen years to achieve the important objective of seamless reporting to stakeholders.

The Company's Audit Committee is mandated to annually assess the independence, objectivity, and effectiveness of the external audit process. To ensure their sustained independence, the evaluation involves an examination of the associated fees and terms of engagement. The Board Audit Committee also evaluates any additional challenges to independence to ensure that no factors could jeopardize the external auditor's independence and objectivity.

In line with good governance practice on rotation of external auditors every six to nine years, the Board decided to embark on external auditors' rotation in the period. The new auditor recommendation by the Board will be tabled at the Annual General Meeting for shareholder approval in compliance with the Companies Act, 2015.

SHAREHOLDER'S RIGHTS AND OBLIGATIONS

All shareholders have equal voting, subscription, and transfer rights proportionate to the shares they own. To ensure that all shareholders understand the notices and resolutions to be voted on at shareholder meetings, the Company offers English and Kiswahili translations.

All shareholders get notices of shareholder meetings and other communications at the same time, and dividends are paid at the same time and at the same rate for all shareholders. To ensure that communications to shareholders reach as many people as possible, the Company now sends notices of Annual General Meetings through mobile SMS.

OUR GOVERNANCE CULTURE

Shareholder Mapping – Top 10 shareholders

Below is a list of the top ten (10) shareholders as of 31 March 2023.

			2023		2022	
Rank	**Name**	**Domicile**	**Total Shares**	**%**	**Total Shares**	**%**
1	Estate of the late Dr. Christopher John Kirubi	LI	205,908,205	30.94%	205,908,205	30.94%
2	Kenya Development Corporation	LC	152,847,897	22.97%	152,847,897	22.97%
3	Kimani, John Kibunga	LI	34,694,985	5.21%	29,233,921	4.39%
	SUB-TOTAL (TOP 3)		393,451,087	59.12%	387,990,023	58.30%
4	Standard Chartered Nominees Non-Red. A/C 9827	FC	9,799,537	1.47%	9,799,537	1.47%
5	Standard Chartered Kenya Nominees Ltd A/C KE004326	FC	9,984,356	1.50%	8,898,956	1.34%
6	Standard Chartered Kenya Nominees Ltd A/C KE003534	FC	8,017,169	1.20%	8,017,169	1.20%
7	Standard Chartered Kenya Nominees Ltd A/C KE000954	LC	6,000,000	0.90%		
8	Uganda Securities Exchange	FC	5,724,737	0.86%	5,732,247	0.86%
9	Mwirigi, James Mworia	LI	5,701,994	0.86%	5,674,594	0.85%
10	Stanbic Nominees Limited A/C NR1031313	FC	5,574,800	0.84%	5,574,800	0.84%
	TOTAL (TOP 10)		**444,253,680**	**66.75%**	**431,687,326**	**64.86%**
	TOTAL ISSUED SHARES		**665,441,714**		**665,441,714**	

LI - Local Individual
LC - Local Corporate
FC - Foreign Corporate

Shareholding by Directors:

	2023	2022
Director	**Total Shares**	**Total Shares**
Kenya Development Corporation (Alternate – Norah Buyaki Ratemo)	**152,847,897**	**152,847,897**
James M. Mworia	**5,701,994**	**5,674,594**
Andrew Musangi	**800,000**	**800,000**
Dr. Moses Ikiara	**59,050**	**59,050**
Dr. Laila Macharia	-	-
Catherine Igathe	-	-
Dr. Donald Kaberuka	-	-
William Byaruhanga	-	-
Catherine Mturi- Wairi	-	-
Mrs. Susan Wakhungu-Githuku	-	-

SHAREHOLDER ANALYSIS

Shareholding by Senior Management:

	2023	2022
Staff Name	**Total Shares**	**Total Shares**
James M. Mworia	**5,701,994**	**5,674,594**
Fred Murimi Ngari	**690,700**	**690,700**
Risper Alaro	**735,300**	**435,300**
Thomas Omondi	**117,500**	**117,500**

Shareholder Analysis by Volume:

Volume	Shares	%	Holders
1 - 500	2,438,099	0.37%	14,555
501 - 5,000	32,825,627	4.93%	15,963
5,001- 10,000	20,728,557	3.12%	2,862
10,001 - 100,000	76,544,033	11.50%	3,047
100,001 - 1,000,000	51,561,506	7.75%	203
>1,000,000	481,343,892	72.33%	30
TOTALS	**665,441,714**	**100%**	**36,660**

Shareholder Analysis by Domicile:

Domicile	Shares	%	Holders
Foreign Companies	41,335,604	6.22%	15
Foreign Individuals	4,348,495	0.65%	188
Local Companies	200,913,585	30.19%	1,607
Local Individuals	418,844,030	62.94%	34,850
TOTALS	**665,441,714**	**100.00%**	**36,660**

BOARD AND COMMITTEES' ACTIVITIES

CHAIRPERSONS' REPORT ON BOARD ACTIVITIES

The Board executes its mandate through the committees. Following receipt of recommendations from them, the Board shall deliberate on the justification of their approvals based on the best interests of the shareholders and the Company to whom they owe a fiduciary duty.

A summary of the Board's activities for the year ended 31 March 2023 may be presented as follows:

a) Received and considered updated reports on the business, investment activities; and on activities of all the committees;
b) Approved the Company and Group interim financial statements for the six-month period ended 30 September 2022;
c) Approved the Company and Group Financial statements for the year ended 31 March 2023;
d) Approved the appointment of Ms. Norah Buyaki Ratemo to the Company's Board of Directors;
e) Reviewed and tabled for shareholder approval, the proposed amendments to the Company's Articles of Association to align it to the Companies Act, 2015;
f) Approved the Company's Share buy-back scheme;
g) Reviewed Centum Strategy 4.0 progress; and
h) Received updates on the activities of subsidiary Boards.

Dr. Donald Kaberuka
Chairman, Board of Directors

NOMINATIONS AND GOVERNANCE COMMITTEE

Dear Shareholder,
It is the Nomination and Governance Committee's responsibility to exercise oversight on governance and all Human Resource matters.

During the year ended 31 March 2023, the Committee:

a) Received reports from KN LAW LLP for the Legal & Compliance Review and the Independent Governance Audit;
b) Received an update from Management on Human Resource & Governance matters;
c) Received a progress report on the transition to the parenting model that would allow for autonomous operation amongst the Company and its subsidiaries;
d) Reviewed and presented to the Board for approval, the appointment of Ms. Norah Buyaki Ratemo as the Kenya Development Corporation Limited Nominee to the Board of Directors;
e) Approved the appointment of Mrs. Susan Githuku as the Chair of the Nominations & Governance Committee; and
f) Reviewed and recommended for approval the Board Remuneration Policy and the Board Succession Policy.

On behalf of the Nominations and Governance Committee,

Susan Githuku
Chairperson, Nominations & Governance Committee

BOARD AND COMMITTEES' ACTIVITIES

FINANCE AND INVESTMENT COMMITTEE

Dear Shareholder,

The activities of the Committee are structured to ensure that the investment activities of the company are not only well-informed in terms of due diligence, but also that they are in line with the Company's agenda.

The activities carried out over the year ended 31 March 2023 included: -

a) Review of the investment criteria to allow for deal screening of investment opportunities within the approved risk appetite;
b) Receiving and deliberating on performance updates of the various investments by the Company, including risks associated with each investment;
c) Receiving activity and investment updates on the Company's private equity, marketable securities, real estate portfolios, including risks associated with each portfolio and approving the respective investment decisions;
d) Considering and approving proposals on transactions involving the Company's assets and receiving updates on such transactions;
e) Approving issuance of required Corporate Guarantees by Centum in fundraising transactions; and
f) Receiving updates on ongoing transactions at the Company's real estate subsidiaries.

On behalf of the Finance and Investment Committee,

……………………………………………..

Andrew Musangi
Chairperson, Finance and Investment Committee

RISK COMMITTEE

Dear Shareholder,

With efficient mechanisms in place, risk can not only be mitigated but bountiful rewards may also be borne from it. From the conduction of risk assessment to the establishment of how much risk the Company is willing to expose itself to, the Committee can identify the most suitable ventures. Risk management also informs how the Company handles crisis of varying magnitudes including changing legislation.

The activities of the Risk Committee carried out over the year ended 31 March 2023 included: -

a) Discussed and approved the Committee work plan for the year;
b) Received an update on the Data Privacy & Data Protection compliance status of the Company and subsidiaries;
c) Reviewed and approved the risk management plan for FY24;
d) Reviewed the Company's Business Continuity Plan;
e) Revised the Company's Risk Appetite Framework;
f) Received the Company's Ethics and Integrity Report and considered proposed updates to the Anti-bribery and Corruption Policy and the Whistle Blowing Policy, the Ethics Committee Report, and the update on British Chamber of Commerce Kenya Integrity Index;
g) Received the FY 23 Environmental, Social and Governance Report; and
h) Reviewed and approved the following Company policies:
    i. Third-party Risk Management Policy;
    ii. Reputational Risk Management Policy; and
    iii. Change Management Policy.

On behalf of the Risk Committee,

....

Catherine Igathe
Chairperson, Risk Committee

BOARD AND COMMITTEES' ACTIVITIES

AUDIT COMMITTEE

Dear Shareholder,
It is my pleasure to present to you the Audit Committee report for the year ended 31 March 2023.

Mandate of the Committee

From ensuring integrity in financial reporting to the internal control processes set in place for the monitoring of the Company's compliance with laws and regulations, the Audit Committee's role takes a supervisory nature before reporting to the Board.

While being guided by its Charter, its role may be categorized into the following primary areas:-

- The integrity of the Company and Consolidated Financial Statements;
- The independence and performance of the Company's Internal and External Auditors; and
- The Company's financial and internal control systems.

The management, as well as the internal and external auditors, while submitting reports to the Committee allow it to discuss the true position of the Company and carry out its supervisory role before making recommendations to the Board.

The key responsibilities of the Committee are:-

- **Financial Reporting**
  The veracity of the consolidated financial statements shall be assessed by the Committee before being tabled to the Board for approval. The assessment includes compliance with financial reporting standards and the basis of accounting decisions.

- **Oversight of internal controls**
  The committee ensures accountability of the internal controls and ensures that the recommendations made for implementation are executed. This level of accountability also extends to the activities of management.

- **Internal and External Audit Reports**
  The review of reports on the audit findings from the External Auditors allow the Committee to prioritize the entries on the work plan and work strategically.
  The Chief Finance Officer, Internal Auditor, External Auditor and the Business Heads are regularly invited to the meetings to provide reports or respond to any arising queries. The Internal Auditor and

External Auditor hold meetings with the non-executive directors to discuss any issues identified from the audits and monitor the audit plan's progress.

During the year ended 31 March 2023, the Committee discharged its mandate as set out in its charter as follows: -

Financial Reporting	• Reviewed the interim financial statements for the 6-month period ended 30 September 2022 and recommended the report to the Board for approval and publication. • Reviewed the key accounting judgements and estimates made by management during the preparation of the financial statements. • Reviewed and debated key accounting and tax judgements and were satisfied with how these were addressed. • Reviewed the Financial Statements and Integrated Report for the year ended 31 March 2023 and recommended the report to the Board for approval and publication. • Reviewed and recommended to the Board for approval, the Company's budget for the year ending 31 March 2024.
External Audit	• Reviewed the independence, performance and effectiveness of external auditors, PricewaterhouseCoopers LLP; • Reviewed and approved the FY 2023 audit plan by PricewaterhouseCoopers LLP including significant audit risks. • Reviewed the report on the audit of the financial statements including key audit matters and were satisfied with how these were addressed. • Reviewed the management letter and management's response to the external auditor's findings and recommendations. • Considered proposals for external audit services and recommended the appointment of KPMG Kenya as external auditors for the year ending 31 March 2024.
Internal Control	• Reviewed and approved the internal audit work plan for the year and ensured that material risk areas were included, and that the coverage of risks and business processes was acceptable. • Reviewed the independence, performance and effectiveness of the internal auditor, Ernst and Young and compliance with its terms of reference. • Assessed the role and effectiveness of the internal audit function and reviewed and monitored progress against the annual audit plan and the review and monitoring of post-audit actions.

....

Catherine Mturi-Wairi
Chairperson, Audit Committee

BOARD AND COMMITTEES' ACTIVITIES

DIRECTORS' PARTICIPATION IN MEETINGS

Name	Executive/ Non - Executive	Role		Board	Audit	Risk	Nomination and Governance	Finance and Investment
Dr. Donald Kaberuka	Non-Executive	Chairman	Membership	Y	N	N	N	N
			Attendance	4/4	-	-	-	-
Dr. James Mworia	Executive	Group CEO	Membership	Y	N	N	N	Y
			Attendance	4/4	-	-	-	-
Andrew Musangi	Non-Executive	Chair- Finance and Investment Committee	Membership	Y	N	N	Y	Y
			Attendance	4/4	-	-	2/3	4/4
Dr. Laila Macharia	Non-Executive	Deputy Chairper-son	Membership	Y	Y	Y	Y	Y
			Attendance	4/4	5/5	3/4	3/3	4/4
William Byaruhanga	Non-Executive	Board member	Membership	Y	N	N	N	N
			Attendance	4/4	-	-	-	-
Susan Wakhungu Githuku	Non-Executive	Chair Nom-ination and Governance Committee	Membership	Y	N	N	Y	Y
			Attendance	3/4	-	-	3/3	4/4
Catherine Igathe	Non-Executive	Chair- Risk Committee	Membership	Y	Y	Y	Y	Y
			Attendance	4/4	4/5	4/4	3/3	4/4
Catherine Mturi-Wairi	Non-Executive	Chair- Audit Committee	Membership	Y	Y	Y	N	N
			Attendance	4/4	5/5	4/4	-	-
Dr. Moses Ikiara	Non-Executive	Board member	Membership	Y	Y	Y	Y	Y
			Attendance	4/4	4/5	4/4	3/3	4/4
Norah Ratemo (alternate to Kenya Development Corporation, a substantive director with effect from 1st January 2023)	Non-Executive	Board member	Membership	Y	Y	N	N	N
			Attendance	4/4	2/5	4/4	-	-

Y = Yes, **N** = No, **-** = Not Applicable

REMUNERATION POLICIES

We recognize the input of the leaders who steer the Company and keep it on course towards its goals. Such recognition comes with policies (publicly available on the Company's website) structured to keep them well motivated and rewarded. The Company is well-guided by the Charter and keeps the remuneration process transparent and in compliance with the law.

There is no direct link between non-executive directors' remuneration and the performance of the Company. The Board remuneration policy is structured to ensure that the remuneration is sufficient to attract and retain directors to provide oversight of the Company effectively.

The remuneration of the executive director is determined based on benchmarks in the industry, prevailing market conditions as well as the Company's performance and profitability.

	31 March 2023	31 March 2022
Item	**Ksh'000**	**Ksh'000**
Executive Director's Fees	-	-
Executive Director's emoluments	48,852	46,502
Non-executive director's Fees	24,456	24,852
Non-executive director's emoluments	-	-

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,

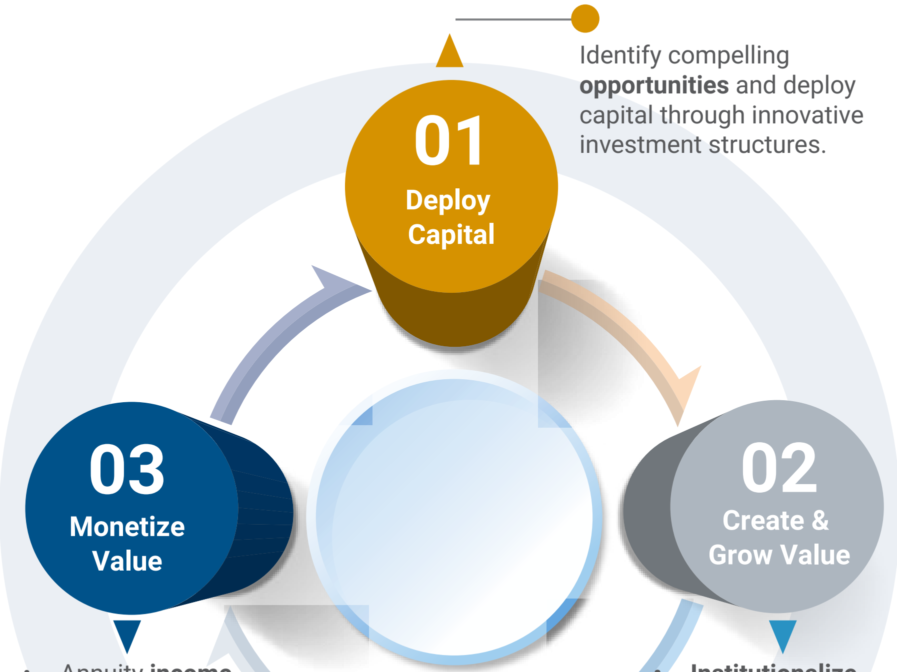
Our fourth financial year in the Centum 4.0 Strategy period came to an end on 31 March 2023 and I am pleased to present to you our integrated report for the period.

The business has continued to make commendable progress towards our core strategic objectives as detailed in this letter and I believe that our collective efforts have seen us build resilience that sets the business on a strong platform for better and sustainable performance into the next phase.

Centum's Business Model

Centum's focus as an investment company is identifying compelling investment opportunities, adding value to scale them up and at an appropriate time and price, monetize the value created during the holding period.

Monetization is achieved during the holding period through the receipt of annuity income in form of dividend/interest payments to Centum by portfolio companies and repayment of shareholder loans previously advanced to portfolio companies, and on exit/sale of our equity stake in the investments.



Identify compelling **opportunities** and deploy capital through innovative investment structures.

- **Institutionalize** robust governance structures
- **Enhance** business process efficiencies
- **Grow** products and scale up markets
- **Resolve** operational challenges
- **Optimize** capital structures

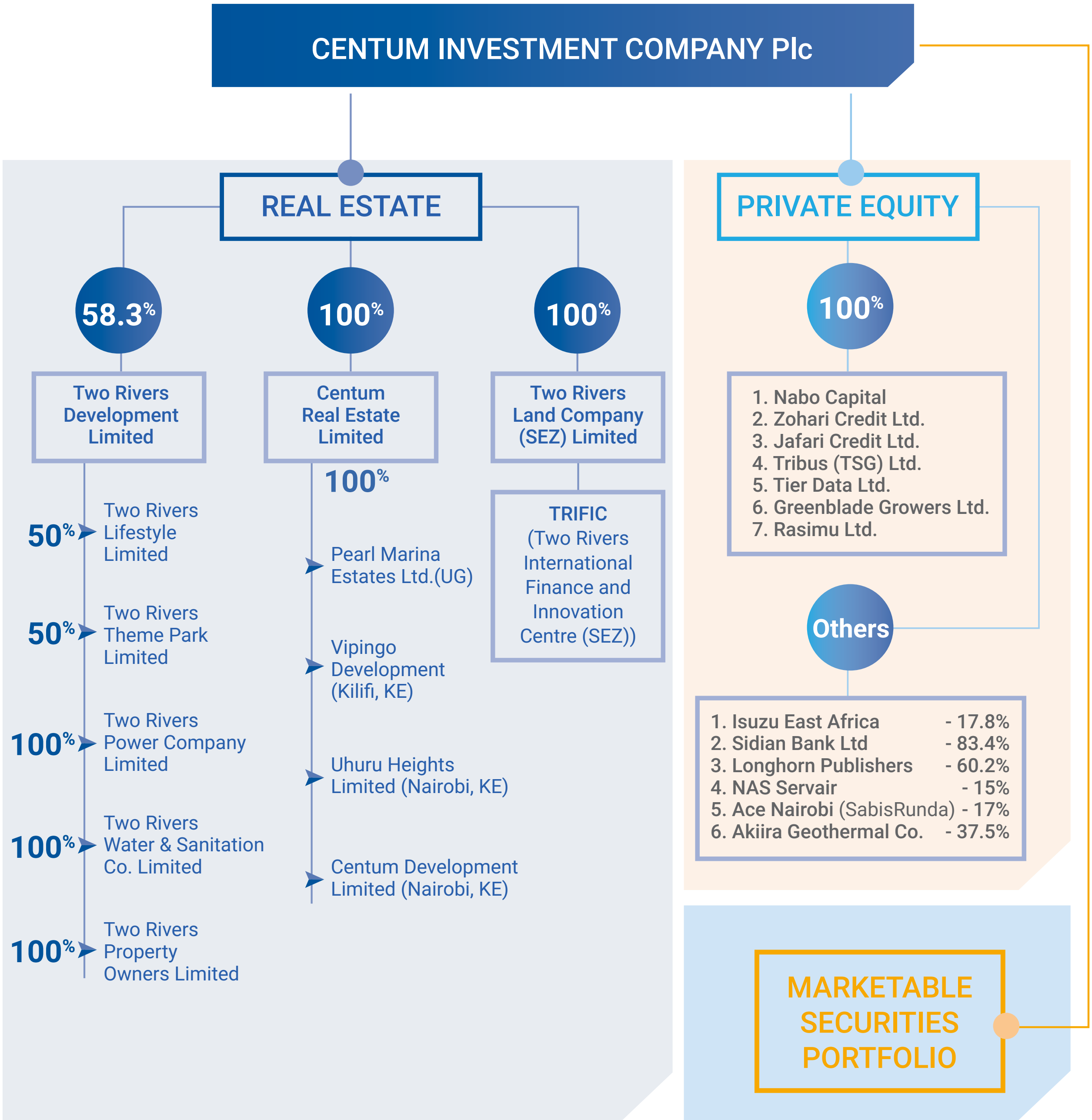
- Annuity **income streams** (dividends & interest)
- **Repayment of shareholder loans** from third party capital raise
- **Equity exits** at a gain on initial investment

Our competitive advantage lies in the ability to identify, grow and exit investments to realize maximum value and returns.

IDENTIFY Identifying and or creating high quality investment opportunities	We hold a **high-quality portfolio** comprising assets with potential for both significant cash yield and capital gains.
GROW AND EXIT Strong track record of successful exits at a premium to the asset carrying value.	Current portfolio is held at an average of **2.6x** multiple on net cost of the investments. **10 exits** made in the period 2009 - 2022 at **3.7x** money back on average.

CHIEF EXECUTIVE OFFICER'S STATEMENT

A snapshot of our investment portfolio as of 31 March 2023 is shown below.



Business performance for the FY2022/2023

Centum's strategic focus in the period was on capital preservation, improvement of efficiency and risk reduction. We continued to support our portfolio companies in the implementation of value creation initiatives to improve their performance and generate a sustainable annuity income. We also unlocked significant liquidity in the period, which enabled us to repay half of the outstanding debt that we had at the start of FY2023. This was against the backdrop of a very difficult economic environment characterized by high inflation, weakening local currency with dollar scarcity and steeply rising local and global interest rates. The Company recorded an operating profit of Ksh 1.2 billion, up from Ksh 551 million in the prior period as a result of growth in investment income, reduction in operating cost and lower finance costs.

A) Financial performance

Company Total Return

Centum Total Return Statement – 4.0 strategy	FY2020	FY2021	FY2022	FY2023	Total
	Ksh Mn	Ksh Mn	Ksh Mn	Ksh Mn	KshMn
Annuity income (dividend and interest earned)	1,212	1,411	1,303	1,331	5,262
Realized Gains & other investment income	2,483	106	359	801	3,744
Total Income	**3,695**	**1,517**	**1,662**	**2,132**	**9,006**
Operating costs	(895)	(669)	(570)	(512)	(2,645)
Finance costs	(1,815)	(603)	(540)	(459)	(3,418)
Operating profit	**985**	**245**	**552**	**1,162**	**2,943**
Impairment provisions	(3,580)	(1,071)	(491)	(954)	(6,096)
Profit/ (loss) before tax	**(2,595)**	**(826)**	**61**	**207**	**(3,153)**
Profit/ (loss) after tax	(3,391)	(606)	(21)	(61)	(4,079)
Other comprehensive loss for the year	(971)	(4,212)	(227)	(4,869)	(10,279)
Total Return	**(4,362)**	**(4,818)**	**(248)**	**(4,930)**	**(14,358)**

Opening Net Asset Value	**52,600**	**47,438**	**41,821**	**41,326**	**52,600**
Closing Net Asset Value	**47,438**	**41,821**	**41,326**	**35,968**	**35,968**
Return on Equity	**-8.29%**	**-10.16%**	**-0.59%**	**-11.93%**	**-6.82%**
Return on NSE 20 Index	**-31.00%**	**-30.44%**	**0.36%**	**-12.30%**	**-18.35%**
Outperformance	**22.71%**	**20.28%**	**-0.95%**	**0.37%**	**11.52%**

The Company's statement of financial position is reflective of the fair value of our investment portfolio as at the reporting date. The total return statement highlights the value created in the year from our investment portfolio which includes cash returns, realized and unrealized gains adjusted for operating costs, finance costs and tax.
The company recorded Ksh 1.2 Billion in operating profit for the year representing 111% increase from Ksh 551 million in the prior year.

The improved performance was attributed to sustained annuity income (dividend and interest income) generated from the portfolio, operational efficiencies as well as the reduction in finance costs following significant debt repayment in the year.
Operating and administrative costs reduced by 10% following the cost rationalization efforts. The cost to annuity income ratio improved to 38% from 39% in FY2022. Finance costs declined by 15% on account of the debt repayments as well as reduction of bank guarantee following the cancellation of a significant portion of the bank guarantee issued in favor of Coca Cola bottlers in 2019 as part of the sale of our stake in the bottlers.

The guaranteed amount reduced from USD 13 million at the beginning of the year to Ksh. 662 million by 31 March 2023. The bank guarantee has a seven-year tenor and is set to expire in 2026. It was issued to mitigate Coca Cola Beverages Africa's(CCBA) exposure to potential contingent liabilities and miscellaneous claims that may have existed prior to the Bottlers' transaction. No such claims have arisen in the past four years. Centum and CCBA reassessed the quantum of the outstanding guarantee against the likelihood and impact of the secured contingent liabilities and agreed to reduce the quantum from USD 13 million to USD 5 million. It was further agreed that the guarantee be converted to Kenya Shillings given the contingent claims would likely be local currency denominated. The conversion of the guarantee to Kenya Shillings has reduced Centum's exposure to currency fluctuations.

Total return for the period stood at a loss of Ksh. 4.9 Billion compared to a loss of Ksh. 248 million in the prior period. The total return is made up of cash operating profit Ksh. 1.2 Billion, impairment provisions of Ksh. 955 million and a net revaluation loss of Ksh. 4.87 Billion. Of these unrealized value movements, Ksh. 3.8 Billion is in respect of the mark-down of our equity value in TRDL following the impairment provisions it made on the balance of its assets after the sale of development rights and select assets. TRDL sought to accelerate the sale of its assets in order to extinguish the expensive debt it carried, and which had consistently weighed down its performance on account of the huge finance costs with no revenues to match. TRDL is now held at nil equity value in the Centum company balance sheet. Centum will continue to support the execution of the revamped business model of Two Rivers Land Company Limited (through which it acquired the development rights from TRDL), to operationalize the Special Economic Zone at Two Rivers. This is likely to result in some capital gains in future to compensate for the unrealized value loss booked on TRDL in FY2023.

The other component of the net revaluation loss booked through other comprehensive income of the company included Ksh 1.6 billion increase in deferred income tax liability on the revaluation reserves due to the change in the capital gains tax rate from 5% to 15%. The capital gains tax rate was amended vide the Finance Act of 2022 and came into effect in January 2023.

The rest of our investment portfolio, excluding the TRDL and deferred tax impact, posted a positive value movement of Ksh 600 million indicating value uplift on account of the improved performance of the underlying businesses.

We recognized impairment provisions of Ksh 954 million in the year. This included the final settlement of Ksh 334 million on account closure in respect to the sale of Centum's stake in the bottling companies to CCBA. An impairment provision of Ksh 353 million was made for the balance of assets in respect to Centum Business Solutions whose business was discontinued in the last financial year. Impairment provisions were also made in respect to shareholder loans due from Centum Capital Partners and Investpool Ltd (Akiira Geothermal holding SPV).

The company total return generated in FY2023 was -11.9% which closely tracked the performance of the NSE-20 share index that returned -12.30% in the same period.

Company Cash Flows

The company generated Ksh 3.2 Billion from operations. This comprised Ksh 696 million net cash flows from recurring operations and Ksh 2.6 Billion from investment operations including disposal of marketable securities and receipt of proceeds from shareholder loans repayment by Centum Real Estate. The funds were applied towards debt service and repayment (Ksh 2.1 Billion), dividend payment (Ksh 415 million), share buyback (Ksh 37 million) and portfolio investment (Ksh 1.1Billion).

Reconciliation of profit/(loss) to cash flows	FY2020	FY2021	FY2022	FY2023	Total
	Ksh Mn	Ksh Mn	Ksh Mn	Ksh Mn	Ksh Mn
Profit/ (loss) before tax	**(2,595)**	**(826)**	**61**	**207**	**(3,153)**
Add back/(deduct) Non-cash items:	2,903	1,787	628	489	5,807
Net cash from recurrent operations	**308**	**961**	**689**	**696**	**2,654**
Proceeds from portfolio disposals (net of tax)	18,775	-	-	830	19,605
Proceeds from shareholder loan repayments	-	3,579	426	1,717	5,722
Net free cash flows generated from operations	**19,083**	**4,540**	**1,115**	**3,243**	**27,981**
Use of funds:					
Debt and interest payments	(11,817)	(3,729)	(396)	(2,102)	(18,044)
Dividend payments	(735)	(763)	(257)	(415)	(2,170)
Share buyback	-	-	-	(37)	(37)
Net cash flows used in investing activities	(4,800)	(2,074)	(303)	(1,099)	(8,276)
Total cash utilization	**(17,352)**	**(6,566)**	**(956)**	**(3,653)**	**(28,527)**
Net cash flows for the period	**1,731**	**(2,026)**	**159**	**(410)**	**(546)**
Opening cash/(overdraft) balance	**144**	**1,875**	**(149)**	**10**	**144**
Closing cash/(overdraft) balance	**1,875**	**(149)**	**10**	**(400)**	**(400)**
Comprised of:					
Bank Balances	2,912	867	1,020	348	
Overdraft utillized	(1,037)	(1,016)	(1,010)	(748)	
Closing cash/(overdraft) balance	**1,875**	**(149)**	**10**	**(400)**	

Cumulatively over the Centum 4.0 Strategy period. Ksh. 28.8 billion was generated in cash and applied as follows:

- √ Ksh. 2.9 billion interest payment
- √ Ksh. 2.2 billion divided payment
- √ Ksh. 37 million Share buyback
- √ Ksh. 8.3 billion reinvested
- √ Ksh. 15.2 billion debt repayment

Proposed Dividend

In line with the policy to pay out 30% of annuity income, the Board of Directors has proposed to pay out Ksh 400 million in dividend with respect to the financial year ended 31 March 2023 (Ksh 391 million in FY2022). This represents dividend per share of Ksh 0.60 up from Ksh 0.59 in the last financial year. This proposal will be considered for approval by shareholders at the next annual general meeting.

The recommended dividend is courtesy of strong performance in annuity income generated from our marketable securities portfolio (MSP) as well as private equity dividend income. MSP yielded an annualized return of 15.5%, an improvement from a yield of 13.7% in the prior year. Enhanced dividend payout by our portfolio companies resulted in a year-on-year growth in dividend income by Ksh 100 million. In aggregate, the portfolio generated Ksh 1.3 billion in annuity income during the year which adequately covered the company's operating costs and finance costs and the proposed dividend payment.

Consolidated Financial Performance

The Consolidated performance aggregates the performance of our subsidiaries line by line and incorporates our share of the performance of associates and joint venture entities within the group. Performance of our subsidiaries are disclosed in five distinct segments:

(i) Trading Businesses
(ii) Financial Services,
(iii) Real Estate,
(iv) Two Rivers investment operations, and
(v) Investment operations.

Post year end, Two Rivers Land Company Limited which is a 100% held subsidiary of Centum purchased the entire balance of the undeveloped land from Two Rivers Development Limited (TRDL), which is a 58% owned subsidiary of Centum. Following the completion of this transaction, the Board of TRDL took the decision to make a full impairment provision for the balance of their unsold assets. This provision and the total comprehensive loss made at TRDL in the year accounted for Ksh 7.0 Billion of the reported comprehensive loss in the consolidated financial statements and resulted in a negative net asset value in the books of TRDL. Although we don't hold a 100% of TRDL we are required to consolidate the full financial statements of TRDL.

We have also made a full provision for our investment in TRDL and reduced its carrying value in the company balance sheet to nil, in line with IFRS, since its net asset value as at 31 March 2023 was negative. The investment in TRDL was previously carried at Ksh 3.9 Billion prior to the provisions made. Thus, of the Ksh 3.9 Billion provision, Ksh1.2 Billion reflects the investment cost and the balance of Ksh 2.7 Billion reflects previously recognized gains.

These value movements are non-cash, and they largely impacted the company's Net Asset Value per Share which declined from Ksh 62.10 to Ksh 54.

The company sustained its cash generating capacity and recorded an improved performance with the profit before the provisions increasing by 111% from Ksh 551 Million to Ksh1.1 Billion.

Total investment cash flows also improved from Ksh1.1 Billion to Ksh 2.4 Billion. This enabled us to retire about 50% of our outstanding debt of Ksh 2 Billion in the period. The company has also maintained distribution with a proposed dividend payout of Ksh 400 million to shareholders.

The consolidated net loss after tax for the year was Ksh 7.3 Billion in FY2023 compared to Ksh 2.1Billion in FY2022. The consolidated performance was largely impacted by the loss from the Two River Development operations on account of a Ksh. 3.9Billion impairment provision in addition to its high level of finance costs.

Excluding TRDL, a performance improvement of 144% was recorded by the other operating segments reporting a Profit Before Tax of Ksh 839m from Ksh 344m in prior year.

Company Balance Sheet and Asset Allocation as at 31 March 2023

Ksh Mn	*31-Mar-23*	*31-Mar-22*
Growth Portfolio		
Private Equity	11,236	10,757
Real Estate	23,874	28,484
Total Growth Portfolio	**35,110**	**39,241**
Marketable Securities & Cash	**6,292**	**7,248**
Total Portfolio Value	**41,402**	**46,489**
Other Assets	336	472
Total Assets	**41,738**	**46,961**
Borrowings	(2,248)	(4,159)
Other Liabilities	(3,521)	(1,476)
Shareholder Funds	**35,969**	**41,326**

This balance sheet presentation is from the perspective of Centum as an investment company and differs from the primary financial statements which are presented strictly in accordance with IFRS requirements.

The total assets held as of 31 March 2023 stood at Ksh 41.7 Billion. Our private equity portfolio registered growth in value by Ksh 1.2 Billion in the financial year, driven by improvement in the profitability and valuation of the underlying businesses that we have invested in.

The value of the real estate portfolio declined due to the monetization of our investment in the portfolio from which we received Ksh 1.8 Billion in repayment of shareholder loans and redeployed the capital towards debt repayment. The real estate portfolio was further impacted by impairment provisions made for the assets carried in Two Rivers Development Limited (TRDL) (58% subsidiary), which in turn necessitated the Centum to make a full provision for the value of TRDL in its books.

The value of marketable securities reduced on account of capital reallocation during the period ended 31 March 2023.

B) Portfolio Performance

Centum's portfolio is broadly segmented into growth portfolio (85%) and marketable securities portfolio (15%).

During the FY2023, the performance of our growth portfolio remained strong. Supported by various value creation initiatives, we continue to work closely with management teams to scale up product offerings, market reach and improve efficiency to grow profitability and the valuation of our underlying businesses.

The marketable securities portfolio provides us the liquidity backstop for quick redeployment into any attractive opportunities and generates a sustainable stream of cash flows that funds our recurring obligations such as operating costs, finance costs and dividend payout. On the other hand, the growth portfolio generates to Centum cash return in form of dividends and interest income; however, our strategic objective for the assets in this segment is to scale them up and grow their profitability to realize a significant capital value uplift upon exit.

Growth Portfolio

Our growth portfolio remains well diversified with exposure to financial services, education, publishing, agribusiness, automotive, airline catering, power sectors and the real estate sectors. Some of the key assets that form part of the private equity portfolio include our investments in Sidian Bank, Isuzu East Africa, Longhorn Publishers, NAS Servair, Zohari Leasing, Nabo Capital, Green blade Growers Ltd, Tribus TSG, Tier Data Ltd, Akiira Geothermal Ltd, Centum Real Estate Limited and Two Rivers International Finance and innovation Centre.

Outside the real estate sector assets, the growth portfolio value increased by Ksh 1.2Billion in FY2023 while the value of the real estate assets dipped on account of one-off impairment provisions made in the period.

Centum Real Estate (Centum RE)

Centum RE is a master developer of large mixed-use destinations where it develops residential homes for sale and sells master planned and fully serviced development rights to third party developers. The carrying value of Centum RE in the books of Centum investment Co. PLC was Ksh 16.5 Billion as of 31 March 2023. Centum RE has two key business segments: a) sale of development rights and b) sale of residential units.

Sale of development rights: Centum RE holds development rights across 6,000 acres of mixed-use master planned sites in Vipingo (Kilifi, Kenya) and Pearl Marina (Uganda). In the Centum 4.0 strategy period, this business segment had realized Ksh 10.8 Billion of sales as of 31 March 2023. In FY2023, Centum RE collected Ksh 2.6 Billion from the sale of development rights of which Ksh 1.7 Billion was distributed to Centum while the balance was retained in the business to meet its debt service obligations. As of 31 March 2023, the business had made total distributions to Centum of Ksh 7.5 Billion which comprises Ksh 7.8 Billion original invested in the company in form of shareholder loans. The carrying value of the unsold inventory of development rights was Ksh 22 Billion at close of FY2023 against a debt balance of Ksh 3.2 Billion. Thus, Ksh 18.8 Billion is the net value of the potential future sale of development rights that will be available for distribution to Centum in the near future.

Sale of residential units: Centum RE has a portfolio of approximately 2,100 units under development of which 1,947 (93%) have been sold. The revenue potential of the sold units is Ksh 16.9 billion and total cash collected to date from this is Ksh 9.4 billion. The residential units under development currently have an embedded profit potential of Ksh 5.5 billion. According to IFRS, revenues from units sold are not booked into the profit and loss statement until they are completed, fully paid for and handed over to buyers. By 31 March 2023, 555 units had met the revenue recognition criteria and booked into Centum income statement over the preceding three years. This means that the profitability relating to more than 1,500 units are not reflected in the net asset value of Centum RE.

We are in the process of delinking the two business segments with a view to separately reflect the value of the housing development business.

Two Rivers International Finance and Innovation Centre (SEZ) Limited (TRIFIC)

Centum, through a fully owned subsidiary (Two Rivers Land Company Limited), acquired the development rights that had been offered for sale by Two Rivers Development Limited (TRDL). TRDL sold the development rights in order to extinguish the debt it caried on its balance sheet. This debt was quite expensive and resulted in high finance costs that weighed down the performance of TRDL and negatively impacted Centum's performance by extension.

Two Rivers Land Company Limited has secured the gazettement of the area as a Special Economic Zone where it intends to develop offices and residential offerings that target to attract service sector companies seeking to set up operations in the region. The SEZ will be operated by a subsidiary, Two Rivers International Finance and Innovation Centre (SEZ) Limited (TRIFIC), which is a subsidiary of Two Rivers Land Company Limited. This will leverage on Kenya's high quality human capital and high unemployment rates to create an attractive platform for global companies to have a base to tap this talent and serve global markets.

The management team of TRIFIC continues to build a healthy pipeline of potential off-takers of office space at the SEZ, largely comprised of international service companies in the business process outsourcing (BPO), banking, FinTech, insurance, technology and similar subsectors. On the funding front, we have received significant interest from both debt and equity investors who have expressed interest in participating in the TRIFIC SEZ and we are advancing discussions with them. Once in full operation, the Two Rivers International Finance and Innovation Centre will have the impact of creating employment, enhancing export revenues, FDI growth and growth of export earnings by the service entities.

Sidian Bank

The bank remains profitable and has achieved significant growth supported by the implementation of value creation strategies under Centum guidance. In FY2023, we entered into an agreement to sell our stake in the bank, but the completion period lapsed before both parties could finalize the conditions and other requirements under the transaction hence the sale was not completed. Centum's current focus is to support the continued growth of the bank. Management has identified opportunities to grow profitability through optimal risk based pricing following the lifting of the interest rate caps, leverage on digital channels to grow the customer base, and sustain the growth of the non-funded income segment.

Greenblade Growers Limited

This business is involved in the production and export of premium herbs. Besides expanding its production capabilities at its 120-acre Ol Kalou farm during the period, the business has set up operations in Thika which has enabled it to expand its products offering to better address the customer needs for a broad range of products.
Greenblade sustained its profitable trend, growing EBITDA 4.2x over the past three years from Ksh 13.3 million in FY2021 to Ksh 56 million in FY2023. There exists a huge scope for further growth and the business continues to maximize the utilization of the existing capacity and looks to increasing the same in line with its growing markets

and customer base. Over Euro 1.5 billion market exists in Europe based on the value of fresh herbs imports from developing countries in 2020. We believe that the business has demonstrated the ability to generate an annual EBITDA of Ksh.100 million in the short term. With sustained positive EBITDA, the business will be valued at market multiples which could lead to recognition of a significant capital gain in its carrying value which stood at Ksh 307 million at 31 March 2023.

Isuzu East Africa

The company has maintained its market leadership and is positioned for growth with a capacity to produce 11,000 vehicles per year. Isuzu controls 51% of the new vehicle sales in the Kenyan market and is poised to grow its dominance with the installed capacity. The business paid Ksh 181m to Centum in dividends during the financial year ended 31 March 2023, a 35% growth from the prior year distribution. The management continues to explore avenues for revenue diversification through the growth of the after-sales services and repairs segment.

Longhorn Publishers Limited

Following a dip in EBITDA in 2020 due to the Covid disruptions of the school calendars, Longhorn's profitability showed recovery in 2021 but faced headwinds in 2022 with the transition to the competency-based curriculum (CBC) in the Kenyan market. As management continues to align their product offering to the changes in the education sector, the business is also reviewing its product mix to focus on profitable market segments with the target of improving its gross margins.

With its regional and product diversification efforts beginning to bear fruits, we are optimistic that the company will continue creating value for its customers and by extension, all its stakeholders. The business has been expanding its geographical footprint and is now distributing its printed products across 9 African countries, with the latest being in West Africa and the Democratic Republic of Congo. Longhorn is also looking to grow its digital channels of delivery of its products to customers. These initiatives will see considerable improvement in profitability.

NAS Servair

The company showed commendable progress to full recovery in FY2023 and resumed dividend distributions. It paid out 50% of its pre-Covid dividend. The business continues to pursue options to diversify revenue streams into train services, office catering and form strategic partnerships for home deliveries. NAS Servair registered growth in value in FY2023 on the back of improved profitability.

Jafari Credit

This is a microlender and the latest addition to the Centum portfolio. The business was set up in-house to address a niche in the civil servant's payroll lending segment. In a span of about 18 months, the company has grown its loan book to over Ksh 200 million and aims to further grow this to Ksh 1.2 billion by 2024. The business currently achieves a monthly net yield of 3.7% on its book with less than 1% non-performing loans. As the business scales up, we believe that it has potential to be highly cash generative and profitable asset in the portfolio that will contribute to sizeable cash returns to Centum in the short to medium term.

Our other portfolio companies

Tribus TSG and Tier Data are B2B service providers that are positioned to leverage on the growth of our real estate portfolio. They expanded their product offering and position to grow their third-party business portfolio. Both companies are EBITDA positive.

Marketable Securities Portfolio (MSP)

The MSP portfolio is our pool of high yielding cash securities managed by Nabo Capital Limited. The rationale for this portfolio is to generate recurrent and consistent cash income that supports the liquidity requirements of the company given that the significant source of return from the growth portfolio is in the form of capital gains at the point of exit as opposed to annuity income.

The MSP portfolio was valued at Ksh 6.3 billion at close of FY2023. The portfolio allocation during the financial year was strongly biased towards fixed income securities (government and corporate debt). We made a tactical allocation of USD 11.5 million into Eurobonds and exited the positions having made 33% annualized return mainly comprising capital gains and forex gain on the back of the interest rate and fluctuations and depreciating currency. The portfolio yielded an average return of 15.5%, outperforming the NSE-20 index by 28% in the financial year ended 31 March 2023.

Business Outlook

As we settle into the last financial year of the Centum 4.0 strategy, we note the commended progress made by the company around the strategic objectives which sets the company in a stronger financial position to take on emerging opportunities. Our focus areas as for FY2024 are:

Growth Portfolio:

- Implementation of the TRIFIC SEZ opportunity at Two Rivers and attract sizeable investor interest to unlock the embedded value.
- Accelerate the sale of development rights within Centum Real Estate and enhance cash distribution to Centum.
- Accelerate the completion of existing Centum RE project portfolio and pursue new avenues for growth of the business' residential projects segment. This will enable Centum to attract strategic investors and monetize part of our stake in the business.
- Scale up and position each of the private equity portfolio entities for growth in revenue and profitability, and by extension, generate value uplift.
- Identify attractive new investment opportunities for capital redeployment as we unlock capital from the above initiatives.

Marketable Securities Portfolio:

- Maintain the average cash return yield on the portfolio above 15% p.a.
- Preserve and grow the portfolio value to generate a sizeable cash return that covers the company's recurrent obligations and long-term liquidity requirements.

Capital structure:

- Fully repay the balance of debt.
- Monitor the effectiveness of the share buyback program and continue to implement the same if it is evaluated to positively impact shareholder value.

Conclusion

I am grateful to the Centum team, that continues to work tirelessly to make great progress towards the realization of our strategic goals. These outcomes have been achieved in a very difficult economic environment that spanned the whole strategy period commencing April 2019. I am also grateful to the Board of Directors for their guidance and to our shareholders and other investors for their unwavering support and collaboration that augments management efforts.

We have created an excellent platform to create value and our focus is to continue unlocking the embedded value in the portfolio so as to achieve the Centum 4.0 strategic objectives that will position the company for its next phase of growth which will be funded using the internally generated capital that we have built.

Dr. James Mworia
Chief Executive Officer

TAARIFA YA MKURUGENZI MKUU MTENDAJI

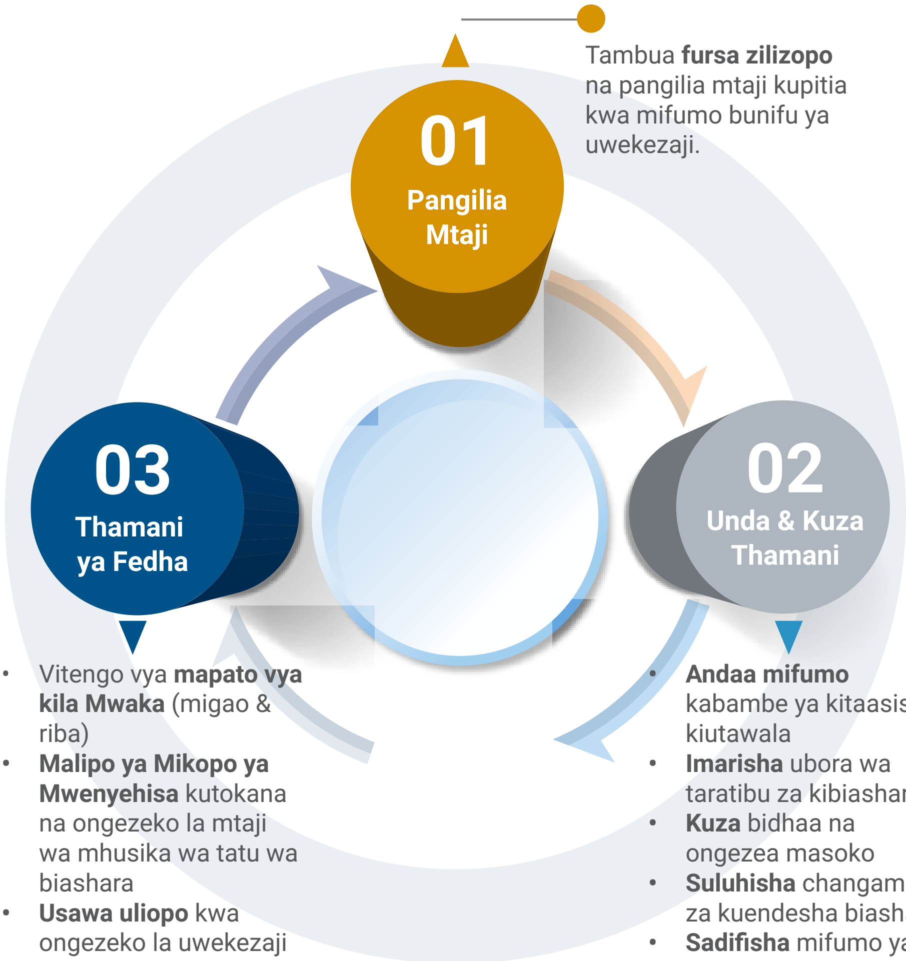
Wapendwa Wahisa,

Mwaka wetu wa nne wa kifedha katika kipindi cha 4.0 cha Mkakati wa Centum ulimalizika tarehe 31 Machi 2023 na nina furaha kuwawasilishia ripoti yetu jumuishi ya kipindi hicho.

Biashara imeendelea kufanya maendeleo ya kuridhisha kuelekea malengo yetu ya msingi ya kimkakati kama ilivyofafanuliwa zaidi katika barua hii na ninaamini kwamba juhudi zetu za pamoja zimetuwezesha kujenga uthabiti unaoweka biashara kwenye jukwaa dhabiti la utendaji bora na endelevu katika awamu inayofuata.

Mfumo wa biashara wa Centum

Lengo la Centum kama kampuni ya uwekezaji ni kutambua fursa za uwekezaji zinazovutia, kuongeza thamani ili kuziongeza na kwa wakati na bei inayofaa, kuchuma mapato kwa thamani iliyoanzishwa wakati wa kipindi cha kati ya muda wa kununua na kuuza dhamana. Uchumaji wa mapato hupatikana katika kipindi cha kati ya muda wa kununua na kuuza dhamana kupitia kwa upokeaji wa mapato ya mwaka kwa njia ya malipo ya gawio/riba kwa Centum na kampuni za kibiashara na ulipaji wa mikopo ya mhisa iliyoletwa hapo awali kwenye kampuni ya kibiashara, na tunapotoka/kuuza hisa zetu za usawa katika uwekezaji.



Tambua **fursa zilizopo** na pangilia mtaji kupitia kwa mifumo bunifu ya uwekezaji.

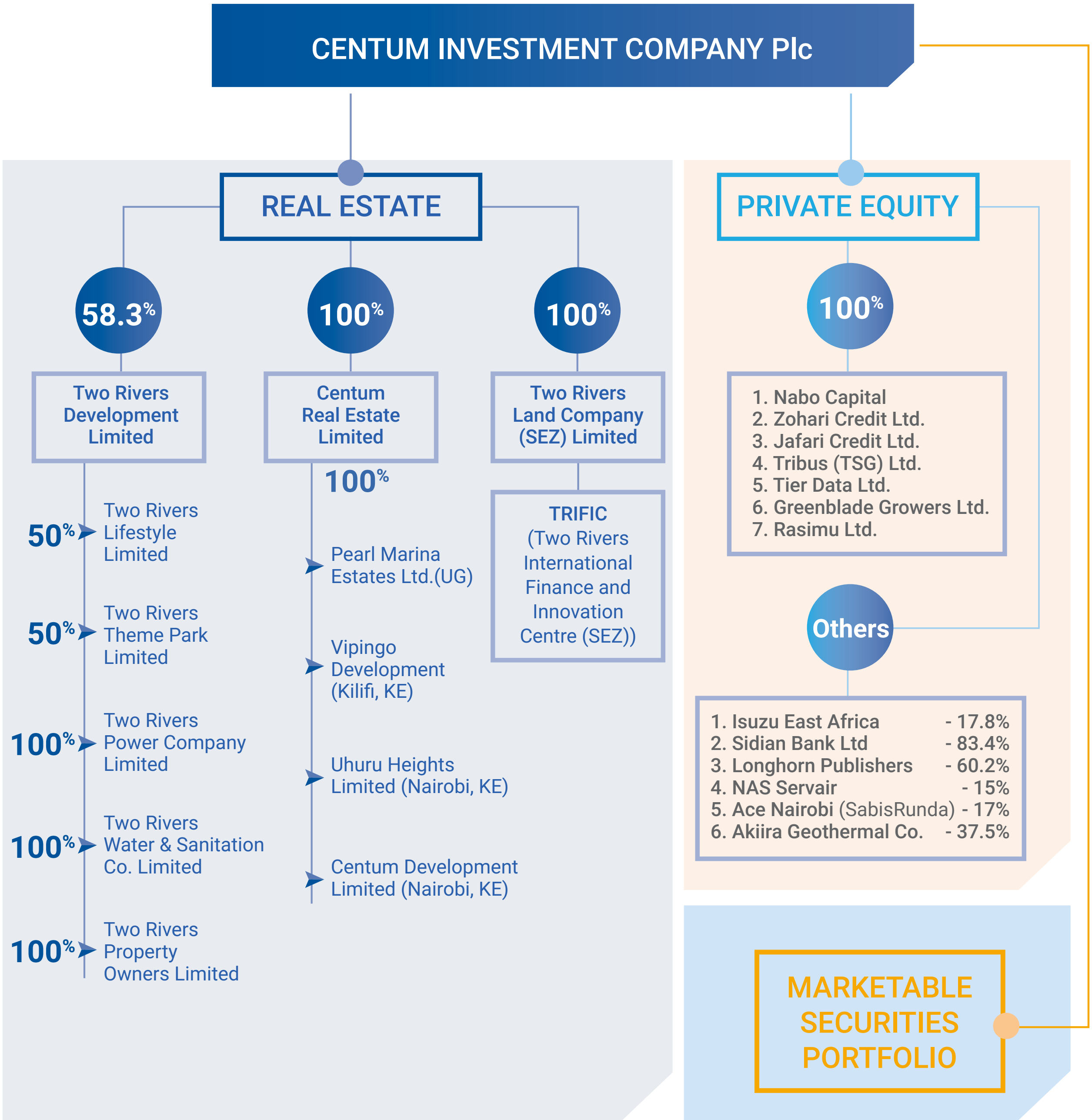
- Andaa mifumo kabambe ya kitaasisi ya kiutawala
- **Imarisha** ubora wa taratibu za kibiashara
- **Kuza** bidhaa na ongezea masoko
- **Suluhisha** changamoto za kuendesha biashara
- **Sadifisha** mifumo ya mtaji

- Vitengo vya **mapato vya kila Mwaka** (migao & riba)
- **Malipo ya Mikopo ya Mwenyehisa** kutokana na ongezeko la mtaji wa mhusika wa tatu wa biashara
- **Usawa uliopo** kwa ongezeko la uwekezaji wa awali

Faida yetu ya ushindani inatokana na uwezo wa kutambua, kukuza na kuacha uwekezaji ili kufikia thamani ya juu na pamoja na faida.

KUTAMBUA Kutambua na/au kuunda fursa za uwekezaji wa ubora wa juu.	Tuna **kampuni za ubora wa juu** zinazojumuisha mali ambazo zinaweza kuleta faida kubwa ya pesa na faida ya mtaji.
KUKUA NA KUONDOKA Rekodi imara ya kuondoka kwa ufanisi katika biashara kwenye mali inayobeba thamani.	Kampuni za sasa zinahifadhiwa katika wastani wa **2.6x** nyingi kwa jumla ya gharama ya uwekezaji. **Kuondoka mara 10** kulifanywa katika kipindi cha 2009 - 2022 katika **3.7X** ya pesa iliyopatikana kwa wastani.

A snapshot of our portfolio investment portfolio as of 31 March 2023 is shown below.



Utendaji wa biashara kwa Mwaka wa Fedha wa 2022/2023

Mtazamo wa kimkakati wa Centum katika kipindi hicho ulikuwa unahusu kuhifadhi mtaji, uboreshaji wa ufanisi na kupunguza hatari. Tuliendelea kuunga mkono kampuni zetu za kibiashara katika utekelezaji wa mipango ya uundaji wa thamani ili kuboresha utendaji wao na kupata mapato endelevu ya malipo ya mwaka. Pia tulifungua kiasi kikubwa cha fedha katika kipindi hicho, ambacho kilituwezesha kulipa nusu ya deni ambalo tulikuwa nalo mwanzoni mwa mwaka wa 2023. Hii ilikuwa dhidi ya hali ngumu ya mazingira ya kiuchumi yenye sifa ya mfumuko mkubwa wa bei, kudhoofisha sarafu ya nchi kwa uhaba wa dola na kupanda kwa kasi kwa viwango vya riba vya ndani na kimataifa. Kampuni ilirekodi faida ya uendeshaji ya shilingi bilioni 1.2, kutoka shilingi milioni 551 katika kipindi cha awali kutokana na ukuaji wa mapato ya uwekezaji, kupungua kwa gharama ya uendeshaji na gharama nafuu za kifedha.

A) Utendaji wa kifedha

Jumla ya mapato ya kampuni

Taarifa ya Jumla ya Mapato ya Centum - mkakati wa 4.0	FY2020	FY2021	FY2022	FY2023	Total
	Shilingi milioni	Shilingi milioni	Shilingi milioni	Shilingi milioni	Shilingi milioni
Mapato ya Mwaka (gawio na riba iliyopatikana)	1,212	1,411	1,303	1,331	5,262
Mapato Yaliyopatikana na mapato mengine ya uwekezaji	2,483	106	359	801	3,744
Jumla ya Mapato	**3,695**	**1,517**	**1,662**	**2,132**	**9,006**
Gharama za uendeshaji	(895)	(669)	(570)	(512)	(2,645)
Gharama za fedha	(1,815)	(603)	(540)	(459)	(3,418)
Faida ya uendeshaji	**985**	**245**	**552**	**1,162**	**2,943**
Utoaji wa uharibifu	(3,580)	(1,071)	(491)	(954)	(6,096)
Faida/ (hasara) kabla ya kodi	**(2,595)**	**(826)**	**61**	**207**	**(3,153)**
Faida/ (hasara) baada ya kodi	(3,391)	(606)	(21)	(61)	(4,079)
Mapato mengine tondoti ya mwaka	(971)	(4,212)	(227)	(4,869)	(10,279)
Jumla ya Mapato	**(4,362)**	**(4,818)**	**(248)**	**(4,930)**	**(14,358)**

Thamani Halisi ya Mali ya Kufungua	**52,600**	**47,438**	**41,821**	**41,326**	**52,600**
Thamani Halisi ya Mali ya Kufunga	**47,438**	**41,821**	**41,326**	**35,968**	**35,968**
Faida ya Usawa	**-8.29%**	**-10.16%**	**-0.59%**	**-11.93%**	**-6.82%**
Faida ya Fahirisi ya NSE 20	**-31.00%**	**-30.44%**	**0.36%**	**-12.30%**	**-18.35%**
Utendaji	**22.71%**	**20.28%**	**-0.95%**	**0.37%**	**11.52%**

Taarifa ya Kampuni ya hali ya kifedha inaakisi thamani sawa ya uwekezaji wetu wa kibiashara kufikia tarehe ya kuripoti. Taarifa ya jumla ya mapato inaangazia thamani iliyoundwa katika mwaka kutoka kwa uwekezaji wetu wa kibiashara ambao unajumuisha mapato ya pesa taslimu, faida zilizopatikana na ambazo hazijapatikana zilizorekebishwa kwa gharama za uendeshaji, gharama za kifedha na ushuru.

Kampuni ilirekodi shilingi bilioni 1.2 katika faida ya uendeshaji kwa mwaka inayowakilisha ongezeko la 111% kutoka shilingi milioni 551 katika mwaka uliotangulia. Utendaji ulioboreshwa ulichangiwa na mapato endelevu ya mwaka (mapato ya mgao na mapato) yaliyotokana na kampuni za kibiashara, ufanisi wa kiutendaji pamoja na kupunguzwa kwa gharama za kifedha kufuatia ulipaji mkubwa wa deni mwaka huo.

Kiasi kilichohakikishwa kilipunguzwa kutoka dola milioni 13 za Marekani mwanzoni mwa mwaka hadi shilingi milioni 662 kufikia tarehe 31 Machi 2023. Benki iliyohakikishiwa ina kipindi cha miaka saba na inatazamiwa kuisha mnamo 2026. Ilitolewa ili kupunguza kufichuliwa kwa CCBA kwa dhima zinazoweza kujitokeza na madai mengine ambayo yanaweza kuwa yalikuwepo kabla ya shughuli ya watengeneza soda. Hakuna madai kama hayo yaliyotokea katika miaka minne iliyopita. Centum na CCBA zilitathmini upya kiasi cha dhamana inayosalia dhidi ya uwezekano na athari za madeni ya sanjari na kukubaliana kupunguza kiasi hicho kutoka dola milioni 13 hadi dola milioni 5. Ilikubaliwa zaidi kuwa dhamana hiyo ibadilishwe hadi Shilingi za Kenya ikizingatiwa kwamba madai yanayoweza kutokea yatakuwa katika fedha za nchini. Kubadilishwa kwa dhamana hadi Shilingi ya Kenya kumepunguza mfiduo wa Centum katika kubadilikabadilika kwa sarafu.

Jumla ya mapato ya kipindi hicho ilisalia katika hasara ya shilingi bilioni 5.0 ikilinganishwa na hasara ya shilingi milioni 248 katika kipindi kilichotangulia. Jumla ya mapato inajumuisha faida ya uendeshaji fedha ya shilingi bilioni 1.2, utoaji wa uharibifu wa shilingi milioni 955 na hasara halisi ya uhakiki ya shilingi bilioni 4.87. Kati ya kubadilika huku kwa thamani ambazo hazijatekelezwa, shilingi bilioni 3.8 inahusiana na alama ya thamani yetu ya hisa katika TRDL kufuatia utoaji wa uharibifu ulioweka kwenye salio la mali zake baada ya mauzo ya haki za maendeleo na mali teule. TRDL ilitaka kuongeza kasi ya uuzaji wa mali zake ili kuzima deni la gharama kubwa ambalo ilikuwa nalo, na ambalo mara kwa mara lilipunguza utendaji wake kwa sababu ya gharama kubwa za kifedha bila mapato ya kulinganisha. TRDL sasa haiko katika thamani ya

TAARIFA YA MKURUGENZI MKUU MTENDAJI

hisa katika mizania ya kampuni ya Centum. Centum itaendelea kuunga mkono utekelezaji wa mtindo wa biashara ulioboreshwa wa Kampuni ya Two Rivers Land Company Limited (ambayo kupitia kwayo ilipata haki za maendeleo kutoka TRDL), ili kutekeleza Ukanda Maalum wa Kiuchumi katika Two Rivers. Hii huenda ikasababisha baadhi ya faida za mtaji katika siku zijazo kufidia upotevu wa thamani ambao haujatekelezwa uliowekwa kwenye TRDL mwaka wa FY2023.

Sehemu nyingine ya hasara ya uhakiki iliyohifadhiwa kupitia mapato mengine ya kina ya kampuni ilijumuisha ongezeko la shilingi bilioni 1.6 la dhima ya kodi ya mapato iliyoahirishwa kwenye hifadhi ya uhakiki kutokana na mabadiliko ya kiwango cha kodi ya faida ya mali kutoka 5% hadi 15%. Kiwango cha kodi ya faida ya mali kilirekebishwa kupitia Sheria ya Fedha ya 2022 na ilianza kutumika Januari 2023.

Sehemu nyingine ya uwekezaji wetu, bila kujumuisha TRDL na athari ya kodi iliyoahirishwa, ilileta mabadiliko chanya ya thamani ya shilingi milioni 600 inayoonyesha ongezeko la thamani kwa sababu ya utendakazi ulioboreshwa wa biashara zilizopo.

Jumla ya faida ya kampuni iliyopatikana katika mwaka wa kifedha wa 2023 ilikuwa -11.9% ambayo ilifuatilia kwa karibu utendakazi wa faharasa ya hisa ya NSE-20 ambayo ilirejesha -12.30% katika kipindi hicho hicho.

Mtiririko wa pesa za kampuni

Kampuni ilizalisha shilingi bilioni 3.2 kutokana na uendeshaji. Hii ilijumuisha mtiririko wa jumla ya fedha wa shilingi milioni 696 kutoka kwa shughuli za mara kwa mara na shilingi bilioni 2.6 kutoka kwa shughuli za uwekezaji ikijumuisha uondoaji wa dhamana zinazouzwa na kupokea mapato kutoka kwa urejeshaji wa mikopo ya wanahisa na Centum Real Estate.

Fedha hizo zilitumika kwa huduma ya deni na ulipaji wa deni (shilingi bilioni 2.1), malipo ya gawio (shilingi milioni 415), marejesho ya hisa (shilingi milioni 37) na uwekezaji wa kampuni za kibiashara (shilingi bilioni 1.1).

Centum imeonyesha uwezo mkubwa wa kuzalisha fedha katika kipindi cha mkakati na hii imewezesha kampuni hiyo kujitoa kwa kiasi kikubwa huku ikiendeleza mgao wa gawio kwa wanahisa na kuendelea na mpango wa uwekezaji wa kampuni.

Ulinganifu wa faida/(hasara) kwa mzunguko wa pesa	FY2020	FY2021	FY2022	FY2023	Total
	Ksh Mn	**Ksh Mn**	**Ksh Mn**	**Ksh Mn**	**Ksh Mn**
Faida/ (hasara) kabla ya ushuru	**(2,595)**	**(826)**	**61**	**207**	**(3,153)**
Ongezea/(punguza) bidhaa zisizohitaji pesa taslimu:	2,903	1,787	628	489	5,807
Pesa taslimu kutoka kwa fedha za matumizi	**308**	**961**	**689**	**696**	**2,654**
Mapato kutoka kwa shughuli za biashara zilizopo (ushuru halisi)	18,775	-	-	830	19,605
Mapato kutoka kwa malipo ya mkopo wa mshikadau	-	3,579	426	1,717	5,722
Mzunguko halisi wa pesa uliozalishwa kutoka kwa shughuli za kila siku	**19,083**	**4,540**	**1,115**	**3,243**	**27,981**
Matumizi ya fedha:					
Malipo ya madeni na riba	(11,817)	(3,729)	(396)	(2,102)	(18,044)
Malipo ya mgao	(735)	(763)	(257)	(415)	(2,170)
Urejeshaji wa malipo ya hisa	-	-	-	(37)	(37)
Mzunguko halisi wa pesa zilizotumika kwenye shughuli za uwekezaji	(4,800)	(2,074)	(303)	(1,099)	(8,276)
Matumizi ya jumla ya pesa	**(17,352)**	**(6,566)**	**(956)**	**(3,653)**	**(28,527)**
Mzunguko halisi wa pesa kwa kipindi hicho	**1,731**	**(2,026)**	**159**	**(410)**	**(544)**
Baki la ufunguzi/ (deni)	**144**	**1,875**	**(149)**	**10**	**144**
Baki la kufunga/ (deni)	**1,875**	**(149)**	**10**	**(400)**	**(400)**
Ikiwa ni pamoja na:					
Baki ya Benki	2,912	867	1,020	348	
Deni lililotumika	(1,037)	(1,016)	(1,010)	(748)	
Baki la kufunga/ (deni)	**1,875**	**(149)**	**10**	**(400)**	

Malimbikizi ya kipindi cha Mkakati wa Centum 4.0. Ksh. Bilioni 28.8 zilizalishwa kwa pesa taslimu na masuala mengine kama ifuatavyo:

√ Malipo ya riba ya Ksh. Bilioni 2.9
√ Malipo ya mgao ya Ksh. Bilioni 2.2
√ Malipo ya mrejesho wa hisa ya Ksh. Milioni 37
√ Ksh. Bilioni 8.3 ziliwekezwa upya
√ Malipo mapya ya deni la Ksh. Bilioni 15.2

Gawio lililopendekezwa

Kwa mujibu wa sera ya kulipa 30% ya mapato ya mwaka, Bodi ya Wakurugenzi imependekeza kulipa shilingi milioni 400 kama mgawo wa faida kwa mwaka wa fedha ulioisha tarehe 31 Machi 2023 (shilingi milini 391 katika mwaka wa fedha wa 2022). Hii inawakilisha mgao kwa kila hisa ya shilingi 0.60 kutoka shilingi 0.59 katika mwaka wa fedha uliopita. Pendekezo hili litazingatiwa ili kuidhinishwa na wanahisa katika mkutano mkuu ujao.

Mgao unaopendekezwa ni kwa hisani ya utendaji thabiti katika mapato ya mwaka yanayotokana na hazina yetu ya hisa zinazoweza kuuzwa (MSP) pamoja na mapato ya gawio la hisa za kibinafsi. MSP ilipata faida ya kila mwaka ya 15.5%, ongezeko kutoka kwa faida ya 13.7% katika mwaka uliotangulia. Ulipaji wa mgao ulioimarishwa na kampuni zetu za kibiashara ulisababisha ukuaji wa mwaka baada ya mwaka wa mapato ya mgao kwa shilingi milioni 100. Kwa jumla, kampuni ya kibiashara ilizalisha shilingi bilioni 1.3 katika mapato ya mwaka katika mwaka ambayo yalishughulikia vya kutosha gharama za uendeshaji wa kampuni na gharama za kifedha na malipo ya mgao yaliyopendekezwa.

Utendaji wa kifedha uliojumuishwa

Utendaji wa Pamoja hujumlisha utendakazi wa kampuni zetu tanzu mstari kwa mstari na kujumuisha hisa yetu ya utendaji wa washirika na huluki za ubia ndani ya kikundi. Utendaji wa kampuni zetu tanzu umefichuliwa katika sehemu tano tofauti: (i) Biashara za Uuzaji (ii) Huduma za Kifedha, (iii) Majengo, (iv) Shughuli za uwekezaji wa Two Rivers, na (v) Shughuli za Uwekezaji.

Shughuli kubwa ya uwekezaji ambayo imekuwa na athari kubwa katika taarifa za fedha zilizoripotiwa mwaka huu ilikuwa ununuzi wa salio lote la ardhi ambayo haijaendelezwa kutoka kwa kampuni ya Two Rivers Development Limited (TRDL), ambayo ni kampuni tanzu ya 58% inayomilikiwa na Two Rivers International Finance and Innovation Center (TRIFIC) ni kampuni tanzu inayomilikiwa kwa 100% na Centum na ni Kanda Maalum ya Kiuchumi inayozingatia sekta ya huduma. Kufuatia kukamilika kwa muamala huu, Bodi ya TRDL ilichukua uamuzi wa kuweka masharti kamili ya uharibifu wa salio la mali zao ambazo hazijauzwa. Kifungu hiki na jumla ya hasara ya kina iliyopatikana katika TRDL katika mwaka huo ilichangia shilingi bilioni 7.0 ya hasara ya kina iliyoripotiwa katika taarifa za fedha zilizounganishwa na kusababisha thamani hasi ya mali katika vitabu vya TRDL. Ingawa hatuna 100% ya TRDL tunatakiwa kujumuisha taarifa kamili za fedha za TRDL.

Pia tumetoa utoaji kamili wa uwekezaji wetu katika TRDL na kupunguza thamani yake ya kubeba kwenye salio la kampuni hadi sufuri, kulingana na IFRS, kwa kuwa thamani yake halisi ya mali kufikia tarehe 31 Machi 2023 ilikuwa hasi. Uwekezaji katika TRDL hapo awali ulikuwa shilingi bilioni 3.9 kabla ya utoaji uliowekwa. Kwa hivyo, kati ya utoaji wa shilingi bilioni 3.9 uliofanywa, shilingi bilioni 1.2 unaonyesha gharama ya uwekezaji na salio la shilingi bilioni 2.7 linaonyesha faida zilizotambuliwa hapo awali.

Mabadiliko haya ya thamani si za pesa taslimu, na ziliathiri pakubwa Thamani ya Jumla ya Mali ya kampuni kwa kila Hisa ambayo ilipungua kutoka shilingi 62.10 hadi shilingi 54.

Kampuni ilidumisha uwezo wake wa kuzalisha pesa taslimu na kurekodi utendakazi ulioboreshwa na faida kabla ya masharti kuongezeka kwa 111% kutoka shilingi milioni 551 hadi shilingi bilioni 1.1.

Jumla ya mtiririko wa fedha za uwekezaji pia uliboreshwa kutoka shilingi bilioni 1.1 hadi shilingi bilioni 2.4. Hii ilituwezesha kumaliza takriban 50% ya deni letu la shilingi bilioni 2 katika kipindi hicho. Kampuni pia imedumisha usambazaji na malipo yaliyopendekezwa ya mgao wa shilingi milioni 400 kwa wanahisa.

Hasara iliyojumuishwa baada ya ushuru kwa mwaka huo ilikuwa shilingi bilioni 7.3 katika mwaka wa kifedha wa 2023 ikilinganishwa na shilingi bilioni 2.1 katika mwaka wa kifedha wa 2022. Utendaji uliojumuishwa uliathiriwa kwa kiasi kikubwa na hasara kutoka kwa shughuli za Uendelezaji wa Two Rivers kwa ajili ya shilingi bilioni 3.9 ya utoaji wa uharibifu pamoja na kiwango chake cha juu cha gharama za kifedha.

Bila kujumuisha TRDL, uboreshaji wa utendaji wa 144% ulirekodiwa na vitengo vingine vya uendeshaji vinavyoripoti PBT ya shilingi milioni 839 kutoka shilingi milioni 344 katika mwaka uliopita.

Taarifa ya Salio la Kampuni na Ugawaji wa Mali kufikia tarehe 31 Machi 2023

Shilingi milioni	*31-Machi-23*	*31-Machi-22*
Maelezo ya Ukuaji		
Hisa ya Faragha	11,236	10,757
Mashamba na Nyumba	23,874	28,484
Jumla ya Ukuaji wa Kampuni za Kibiashara	**35,110**	**39,241**
Dhamana Zinazoweza Kuuzwa na Pesa	**6,292**	**7,248**
Jumla ya Thamani ya Kampuni za Kibiashara	**41,402**	**46,489**
Mali Nyingine	336	472
Jumla ya Mali	**41,737**	**46,961**
Mikopo	(2,248)	(4,159)
Dhima Nyingine	(3,521)	(1,476)
Fedha za Wenyehisa	**35,968**	**41,326**

Wasilisho hili la mizania linatoka katika mtazamo wa Centum kama kampuni ya uwekezaji na linatofautiana na taarifa za msingi za fedha ambazo huwasilishwa kwa mujibu wa mahitaji ya IFRS.

TAARIFA YA MKURUGENZI MKUU MTENDAJI

Jumla ya mali iliyomilikiwa kufikia tarehe 31 Machi 2023 ilikuwa shilingi bilioni 41.7. Hisa zetu za kibinafsi zilisajili ukuaji wa thamani kwa shilingi bilioni 1.2 katika mwaka wa fedha, kutokana na uboreshaji wa faida na uthamini wa biashara za msingi ambazo tumewekeza kwayo.

Thamani ya kampuni za kibiashara ya mali isiyohamishika ilipungua kutokana na uchumaji wa mapato ya uwekezaji wetu katika kampuni za kibiashara ambayo tulipokea shilingi bilioni 1.8 katika ulipaji wa mikopo ya wanahisa na kusambaza mtaji upya kuelekea ulipaji wa deni. Malipo ya mali isiyohamishika yaliathiriwa zaidi na masharti ya uharibifu yaliyotolewa kwa ajili ya mali zinazobebwa katika kampuni ya Two Rivers Development Limited (TRDL) (kampuni tanzu ya 58%), ambayo nayo ililazimu Centum kutoa utoaji kamili wa thamani ya TRDL katika vitabu vyake.

Thamani ya dhamana zinazouzwa ilipunguzwa kwa sababu ya ugawaji wa mtaji katika kipindi kilichoishia tarehe 31 Machi 2023.

B) Utendaji wa kampuni za kibiashara

Kampuni za kibiashara za Centum imegawanywa kwa upana katika kampuni za kibiashara za ukuaji (85%) na kampuni za kibiashara za dhamana zinazouzwa (15%).

Wakati wa mwaka wa fedha wa 2023, utendakazi wa sifa yetu ya ukuaji ulisalia kuwa thabiti. Tukiungwa mkono na mipango mbalimbali ya uundaji wa thamani, tunaendelea kufanya kazi kwa karibu na timu za usimamizi ili kuongeza utoaji wa bidhaa, kufikia soko na kuboresha ufanisi ili kukuza faida na kuthamini biashara zetu msingi.

Malipo ya dhamana zinazoweza kuuzwa hutupatia hifadhi ya ukwasi kwa utumaji upya wa haraka katika fursa zozote zinazovutia na huzalisha mtiririko endelevu wa mtiririko wa pesa ambao unafadhili majukumu yetu ya mara kwa mara kama vile gharama za uendeshaji, gharama za kifedha na malipo ya gawio. Kwa upande mwingine, sifa ya ukuaji inazalisha mapato ya fedha kwa Centum katika mfumo wa gawio na mapato ya riba; hata hivyo, lengo letu la kimkakati la mali katika sehemu hii ni kuziongeza na kukuza faida ili kupata ongezeko kubwa la thamani ya mtaji baada ya kuondoka.

Maelezo ya Ukuaji

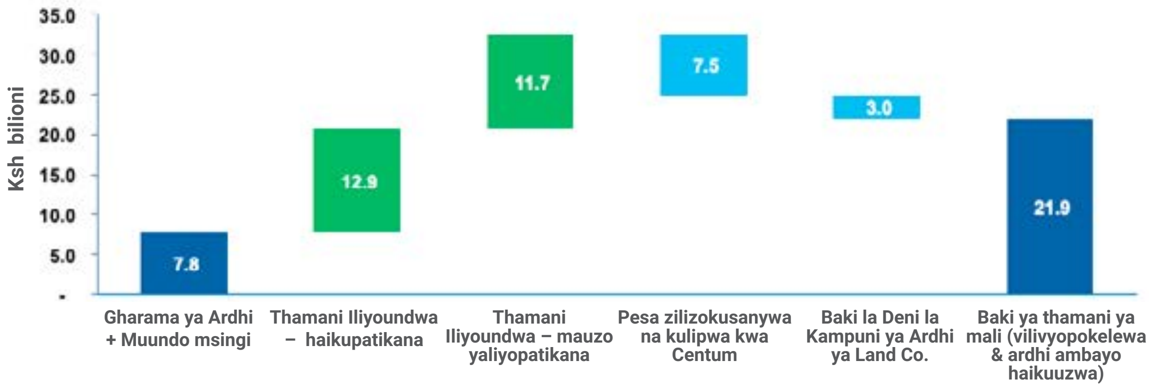
Maelezo yetu ya ukuaji yanasalia kuwa na mseto wa kutosha kwa huduma za kifedha, elimu, uchapishaji, biashara ya kilimo, magari, upishi katika ndege, sekta za nishati na sekta ya mali isiyohamishika. Baadhi ya mali muhimu ambazo ni sehemu ya hazina ya hisa za kibinafsi ni pamoja na uwekezaji wetu katika Benki ya Sidian, Isuzu East Africa, Longhorn Publishers, NAS Servair, Zohari Leasing, Nabo Capital, Green blade Growers Ltd, Tribus TSG, Tier Data Ltd, Akiira Geothermal. Ltd, Centum Real Estate Limited na Two Rivers International Finance and innovation Centre. Nje ya mali ya sekta ya mali isiyohamishika, thamani ya maelezo ya ukuaji iliongezeka kwa shilingi bilioni 1.2 katika mwaka wa kifedha wa 2023 huku thamani ya mali isiyohamishika ikipunguzwa kwa sababu ya masharti ya uharibifu wa mara moja yaliyotolewa katika kipindi hicho.

Mashamba na Nyumba ya Centum

Centum RE ni mfanya maendeleo mkuu wa maeneo makubwa ya matumizi mchanganyiko ambapo inakuza nyumba za makazi zinazouzwa na kuuza haki za maendeleo zilizopangwa na kuhudumiwa kikamilifu kwa wafanya maendeleo wengine. Thamani ya Centum RE katika vitabu vya Centum investment Co. PLC ilikuwa shilingi bilioni 16.5 kufikia tarehe 31 Machi 2023. Centum RE ina sehemu mbili muhimu za biashara: a) uuzaji wa haki za maendeleo na b) uuzaji wa nyumba za makazi.

Uuzaji wa haki za maendeleo: Centum RE inashikilia haki za maendeleo katika ekari 6,000 za vituo vilivyopangwa vya matumizi mchanganyiko huko Vipingo (Kilifi, Kenya) na Pearl Marina (Uganda). Katika kipindi cha mkakati wa Centum 4.0, sehemu hii ya biashara ilikuwa imetimiza mauzo ya shilingi bilioni 10.8 kufikia tarehe 31 Machi 2023. Mnamo mwaka wa 2023, Centum RE ilikusanya shilingi bilioni 2.6 kutokana na mauzo ya haki za maendeleo ambapo shilingi bilioni 1.7 iligawiwa kwa Centum huku salio likiwa limehifadhiwa katika biashara ili kutimiza majukumu yake ya kulipa deni. Kufikia tarehe 31 Machi 2023, biashara ilikuwa imesambaza jumla ya Centum ya shilingi bilioni 7.5 ambayo inajumuisha shilingi bilioni 7.8 ambazo ziliwekezwa awali katika kampuni kwa njia ya mikopo ya wanahisa. Thamani ya uwekezaji ambao haujauzwa ya haki za maendeleo ilikuwa shilingi bilioni 22 mwishoni mwa mwaka wa fedha wa 2023 dhidi ya salio la deni la shilingi bilioni 3.2. Kwa hivyo, shilingi bilioni 18.8 ndiyo thamani halisi ya mauzo ya baadaye ya haki za maendeleo ambayo yatapatikana kwa usambazaji kwa Centum katika siku za usoni.

Uundaji wa thamani na ufahamu kwenye Biashara ya Haki za Maendeleo (Tarehe 31 Machi 2023)



Uuzaji wa nyumba za makao: Centum RE ina biashara ya takriban vitengo 2,100 vinavyotengenezwa ambapo 1,947 (93%) vimeuzwa tayari. Uwezo wa mapato wa vitengo vilivyouzwa ni shilingi bilioni 16.9 na jumla ya pesa taslimu iliyokusanywa kufikia sasa ni shilingi bilioni 9.4. Nyumba za makazi zinazoendelezwa kwa sasa zina uwezo wa faida ya shilingi bilioni 5.5. Kulingana na IFRS, mapato kutoka kwa vitengo vilivyouzwa hayahifadhiwi kwenye taarifa ya faida na hasara hadi yatakapokamilika, kulipwa kikamilifu na kukabidhiwa kwa wanunuzi. Kufikia tarehe 31 Machi 2023, vitengo 555 vilikuwa vimekidhi vigezo vya utambuzi wa mapato na kuweka kumbukumbu kwenye taarifa ya mapato ya Centum RE katika kipindi cha miaka mitatu iliyopita. Hii ina maana kwamba faida inayohusiana na zaidi ya vitengo 1,500 vya maelezo ya miradi ya vitengo vya makazi yalikuwa bado hayajaonyeshwa katika thamani ya jumla ya mali ya Centum Real Estate.

Tuko katika mchakato wa kutenganisha sehemu hizo mbili za biashara kwa nia ya kuonyesha kando thamani ya biashara ya ukuzaji wa nyumba.

Two Rivers International Finance and Innovation Centre (SEZ) Limited (TRIFIC)

Centum, kupitia kampuni tanzu inayomilikiwa kikamilifu (Two Rivers Land Company Limited), ilipata haki za maendeleo ambazo zilikuwa zimetolewa kuuzwa na Two Rivers Development Limited (TRDL). TRDL iliuza haki za maendeleo ili kuzima deni iliyokuwa nayo kwenye mizania yake. Deni hili lilikuwa ghali kabisa na lilisababisha gharama kubwa za kifedha ambazo zilipunguza utendakazi wa TRDL na kuathiri vibaya utendaji wa Centum kwa nyongeza.

Kampuni ya Two Rivers Land Company Ltd imepata kutangazwa rasmi kwa eneo hilo kama Kanda Maalum ya Kiuchumi ambapo inatarajia kuendeleza ofisi na matoleo ya makazi ambayo yatalenga kuvutia kampuni za sekta ya huduma zinazotaka kuanzisha shughuli katika mkoa huo. SEZ itaendeshwa na kampuni tanzu ya Two Rivers International Finance and Innovation Centre (SEZ) Limited (TRIFIC), kampuni tanzu ya Two Rivers Land Company Limited. Hii imeanzisha jukwaa ambalo linatafuta kujiinua katika ubora wa juu wa rasilimali watu wa Kenya na viwango vya juu vya ukosefu wa ajira ili kuunda jukwaa la kuvutia kwa kampuni za kimataifa kuwa na msingi wa kutumia talanta hii na kutumikia masoko ya kimataifa. Timu ya wasimamizi ya TRIFIC inaendelea kujenga njia bora ya kuchukua nafasi za ofisi katika SEZ, inayojumuisha kwa kiasi kikubwa makampuni ya kimataifa ya huduma katika mchakato wa biashara ya nje (BPO), benki, FinTech, bima, teknolojia na sekta ndogo kama hizo. Kwa upande wa ufadhili, tumepokea riba kubwa kutoka kwa wawekezaji wa madeni na hisa ambao wameonyesha nia ya kushiriki katika TRFICI SEZ na tunaendeleza majadiliano nao. Mara tu itakapofanya kazi kikamilifu, Kituo cha Kimataifa cha Fedha na Ubunifu cha Two Rivers kitakuwa na athari ya kuunda ajira, kuimarisha mapato ya mauzo ya nje, ukuaji wa FDI na ukuaji wa mapato ya mauzo ya nje na mashirika ya huduma.

Sidian Bank

Benki inasalia kuwa na faida na imepata ukuaji mkubwa unaosaidiwa na utekelezaji wa mikakati ya kuunda thamani chini ya mwongozo wa Centum. Mnamo mwaka wa 2023, tuliingia katika makubaliano ya kuuza hisa zetu katika benki, lakini muda wa kukamilisha ulipita kabla ya pande zote mbili kukamilisha masharti na mahitaji mengine chini ya muamala hivyo basi mauzo hayajakamilika. Lengo la sasa la Centum ni kusaidia ukuaji unaoendelea wa benki. Usimamizi umetambua fursa za kukuza faida kupitia bei bora zaidi kulingana na hatari kufuatia kuondolewa kwa viwango vya riba, kutumia njia za kidijitali ili kukuza msingi wa wateja, na kudumisha ukuaji wa sehemu ya mapato ambayo hayafadhiliwi.

Greenblade Growers Limited

Biashara hii inajihusisha na uzalishaji na usafirishaji wa mimea ya hali ya juu. Kando na kupanua uwezo wake wa uzalishaji katika shamba lake la ekari 120 la Olkalou katika kipindi hicho, biashara hiyo imeanzisha shughuli zake mjini Thika ambayo imeiwezesha kupanua bidhaa zake zinazotoa kushughulikia vyema mahitaji ya wateja kwa aina mbalimbali za bidhaa katika kikapu fulani.

Greenblade ilidumisha mwelekeo wake wa faida, ikikuza EBITDA 4.2x katika miaka mitatu iliyopita kutoka shilingi milioni 13.3 katika mwaka wa fedha wa 2021 hadi shilingi milioni 56 katika mwaka wa fedha wa 2023. Kuna wigo mkubwa wa ukuaji zaidi na biashara inaendelea kuongeza matumizi ya uwezo uliopo na inaonekana kuongezeka sawa kulingana na soko linalokua na msingi wa wateja. Zaidi ya soko la Yuro bilioni 1.5 lipo barani Ulaya likiwakilisha thamani ya uagizaji wa mitishamba kutoka nchi zinazoendelea mnamo 2020. Tunaamini kuwa biashara imeonyesha uwezo wa kuzalisha EBITDA ya kila mwaka ya shilingi milioni 100 kwa muda mfupi. Kwa EIBITDA chanya endelevu, biashara itathaminiwa kwa wingi wa soko ambayo inaweza kusababisha kutambuliwa kwa faida kubwa ya mtaji katika thamani yake ya kubeba ambayo ilisimama kwa shilingi milioni 307 mnamo 31 Machi 2023.

Isuzu East Africa

Kampuni imedumisha uongozi wake wa soko na iko katika nafasi nzuri ya ukuaji na uwezo wa kuzalisha magari 11,000 kwa mwaka. Isuzu inadhibiti 51% ya mauzo ya magari mapya katika soko la Kenya na iko tayari kukuza utawala wake kwa uwezo uliowekwa. Biashara hiyo ililipa shilingi milioni 181 kwa Centum kama gawio katika mwaka wa fedha uliomalizika tarehe 31 Machi 2023, ukuaji wa 35% kutoka kwa usambazaji wa mwaka uliopita. Uongozi unaendelea kutafuta njia za mseto wa mapato kupitia ukuaji wa huduma za baada ya mauzo na sehemu ya ukarabati.

Longhorn Publishers Limited

Kufuatia kuzama kwa EBITDA mnamo 2020 kwa sababu ya kukatizwa kwa kalenda za shule za Covid, faida ya Longhorn ilionyesha ahueni mnamo 2021 lakini ilikabiliwa na misukosuko mnamo 2022 na mpito hadi mtaala unaozingatia uwezo (CBC) katika soko la Kenya. Huku wasimamizi wakiendelea kuoanisha bidhaa zao zinazotolewa na mabadiliko katika sekta ya elimu, biashara pia inapitia mchanganyiko wa bidhaa zake ili kulenga sehemu za soko zenye faida kwa lengo la kuboresha viwango vyake vya pato. Huku juhudi zake za kikanda na za utofautishaji wa bidhaa zikianza kuzaa matunda, tuna matumaini kwamba kampuni itaendelea kuunda thamani kwa wateja wake na kwa ugani, wadau wake wote. Biashara hiyo imekuwa ikipanua nyayo zake za kijiografia na sasa inasambaza bidhaa zake zilizochapishwa katika nchi 9 za Afrika, huku ya hivi punde ikiwa Afrika Magharibi na Jamhuri ya Kidemokrasia ya Kongo. Longhorn pia inatazamia kukuza njia zake za kidijitali za utoaji wa bidhaa zake kwa wateja. Mipango hii itaona uboreshaji mkubwa katika faida.

NAS Servair

Kampuni ilionyesha maendeleo ya kupongezwa kwa urejeshaji kamili katika FY2023 na kuanza tena usambazaji wa gawio. Ililipa 50% ya mgao wake wa kabla ya covid. Biashara inaendelea kutafuta chaguzi za kubadilisha vyanzo vya mapato kuwa huduma za treni, upishi wa ofisini na kuunda ushirikiano wa kimkakati kwa usafirishaji wa bidhaa za nyumbani. NAS Servair ilisajili ukuaji wa thamani katika mwaka wa fedha wa 2023 kwa msingi wa faida iliyoboreshwa.

Jafari Credit

Huu ni mkopeshaji mdogo na nyongeza ya hivi punde zaidi kwenye kampuni ya kibiashara ya Centum. Biashara ilianzishwa ndani ili kushughulikia sehemu ya ukopeshaji wa malipo ya watumishi wa umma. Katika kipindi cha takriban miezi 18, kampuni imekuza kitabu chake cha mkopo hadi zaidi ya shilingi milioni 200 na inalenga kukuza zaidi hii hadi shilingi bilioni 1.2 ifikapo 2024. Kwa sasa biashara inapata mavuno yote ya kila mwezi ya 3.7% kwenye kitabu chake na chini ya 1% ya mikopo isiyolipika. Biashara inapoongezeka, tunaamini kuwa inaweza kuwa rasilimali inayozalisha pesa nyingi na yenye faida katika kampuni za kibiashara ambayo itachangia mapato makubwa ya pesa kwa Centum katika muda mfupi hadi wa kati.

Kampuni zetu nyingine za kibiashara

Tribus TSG na Tier Data ni watoa huduma wa B2B ambao wako katika nafasi nzuri ya kuinua ukuaji wa kampuni yetu ya kibiashara ya mali isiyohamishika. Walipanua toleo lao la bidhaa na nafasi ya kukuza kampuni yao ya kibiashara ya biashara ya watu wengine. Kampuni zote mbili ni zina sifa nzuri na EBITDA.

Kampuni ya Kibiashara ya Dhamana Zinazoweza Kuuzwa (MSP)

Jalada la MSP ni kundi letu la dhamana za pesa taslimu zenye mavuno mengi zinazosimamiwa na Nabo Capital Limited. Mantiki ya kampuni hii ya kibiashara ni kuzalisha mapato ya fedha taslimu ya kawaida na thabiti ambayo yanaauni mahitaji ya ukwasi wa kampuni ikizingatiwa kuwa chanzo kikubwa cha mapato kutoka kwa maelezo ya ukuaji ni katika mfumo wa faida ya mtaji wakati wa kuondoka tofauti na mapato ya mwaka.

Malipo ya MSP ilithaminiwa kwa shilingi bilioni 6.3 mwishoni mwa mwaka wa fedha wa 2023. Mgao wa kampuni ya biashara katika mwaka wa fedha uliegemea sana kwenye dhamana za mapato ya kudumu (deni la serikali na shirika). Tulitenga fursa za dola milioni 11.5 katika Eurobond na tukaondoka kwenye nafasi hizo baada ya kurejesha asilimia 33 ya kila mwaka ambayo ni pamoja na faida kubwa na faida ya forex kutokana na kiwango cha riba na kushuka kwa thamani na kushuka kwa thamani ya sarafu. Kampuni hiyo ya kibiashara ilipata faida ya wastani ya 15.5%, ikifanya kazi vizuri kuliko fahirisi ya NSE-20 kwa 28% katika mwaka wa fedha uliomalizika tarehe 31 Machi 2023.

Mtazamo wa Biashara

Tunapotulia katika mwaka wa mwisho wa kifedha wa mkakati wa Centum 4.0, tunaona maendeleo yaliyopongezwa na kampuni kuhusu malengo ya kimkakati ambayo yanaweka kampuni katika nafasi nzuri ya kifedha ili kuchukua fursa zinazoibuka. Maeneo yetu ya kuzingatia katika mwaka wa fedha wa 2024 ni:

Maelezo ya Ukuaji:

- **Utekelezaji wa fursa ya TRIFIC SEZ** katika Mito Miwili na kuvutia riba kubwa ya wawekezaji ili kufungua thamani iliyopachikwa.
- **Kuharakisha uuzaji wa haki za maendeleo** ndani ya Centum Real Estate na uimarishe usambazaji wa pesa taslimu kwa Centum.
- Kuharakisha ukamilishaji wa jalada lililopo la mradi wa Centum RE na **ufuate njia mpya za ukuaji** wa sehemu ya miradi ya makazi ya biashara. Hii itaiwezesha Centum kuvutia wawekezaji wa kimkakati na kuchuma mapato kwa sehemu ya hisa zetu katika biashara.
- **Ongeza na uweke** kila moja ya huluki za hisa za kibinafsi kwa ukuaji wa mapato na faida, na kwa kuongeza, kuzalisha ongezeko la thamani.
- Tambua **fursa mpya za kuvutia za uwekezaji** kwa uwekaji upya wa mtaji tunapofungua mtaji kutoka kwa mipango iliyo hapo juu.

Maelezo ya Dhamana Zinazoweza Kuuzwa:

- Dumisha wastani wa mapato ya pesa taslimu kwenye kampuni ya kibiashara zaidi ya **15% kila mwaka**.
- Hifadhi na ukue thamani ya kampuni ya kibiashara ili kutoa **faida kubwa ya pesa taslimu** ambayo inashughulikia majukumu ya kawaida ya kampuni na mahitaji ya muda mrefu ya ukwasi.

Muundo wa mtaji:

- **Kulipa** kikamilifu **salio la deni**.
- **Fuatilia** ufanisi wa **mpango wa ununuzi wa hisa** na uendelee kutekeleza vivyo hivyo ikiwa utatathminiwa ili kuathiri vyema thamani ya wanahisa.

Hitimisho

Ninaishukuru timu ya Centum, ambayo inaendelea kufanya kazi bila kuchoka kupata maendeleo makubwa kuelekea utimilifu wa malengo yetu ya kimkakati. Matokeo haya yamepatikana katika mazingira magumu sana ya kiuchumi ambayo yalichukua muda wote wa mkakati unaoanza Aprili 2019. Pia ninaishukuru Bodi ya Wakurugenzi kwa mwongozo wao na kwa wanahisa wetu na wawekezaji wengine kwa usaidizi wao usioyumbayumba na ushirikiano unaoongeza juhudi za usimamizi.

Tumeunda jukwaa bora la kujenga thamani na lengo letu ni kuendelea kufungua thamani iliyopachikwa kwenye jalada ili kufikia malengo ya kimkakati ya Centum 4.0 ambayo yataweka kampuni katika awamu yake inayofuata ya ukuaji ambayo itafadhiliwa kwa kutumia bidhaa zinazozalishwa ndani. mtaji ambao tumejenga.

Dr. James Mworia
Mkurugenzi Mkuu

CHIEF FINANCE OFFICER'S STATEMENT

The company recorded a 111% increase in operating profit for the year from Ksh 551 million in the prior year to Ksh 1.2 billion in the year ended 31 March 2023.

As an investment holding company, Centum focuses on identifying great opportunities, adding value/scaling up the opportunities and monetizing the value created during the holding period through annuity income and realized gains on exits to lock in superior returns for shareholders.

Our Company statement of comprehensive income highlights the value created in the year from our investment portfolio. This value includes annuity income (dividends and interest income), realised gains on exit from portfolio companies and unrealised fair value movements of the portfolio during the period. This value is adjusted for operating costs, finance costs and tax.

The Company statement of financial position is reflective of the fair value of our investment portfolio as at the reporting date. Our Consolidated financials on the other hand fully aggregates the financial performance of the underlying portfolio companies and the proportionate share of associate company and joint venture performance. The attribution of this aggregate performance to our shareholders and non-controlling interest is then disclosed.

Details of our investment portfolio, movements and holding value as at 31 March 2023 are highlighted in notes 5 and 6 (page **174 - 187**).

The valuation methodology applied in valuing our investments are highlighted in note 1.5 (page **145 - 151**).

Ksh Million	Mar 2023	Mar 2022	%Δ
Dividend and interest income	1,331	1,303	2%
Other investment income	801	359	123%
Operating expenses	(512)	(570)	10%
Finance costs	(459)	(540)	15%
Operating profit	**1,161**	**552**	**111%**
Impairment of assets	(954)	(491)	(95%)
Income tax expense	(268)	(82)	(227%)
Loss after tax	**(61)**	**(21)**	**(195%)**
Unrealized losses	(4,869)	(227)	(2,042%)
Total return for the year	**(4,930)**	**(248)**	**(1,888%)**
Opening NAV	41,326	41,822	
Return on opening NAV	(11.9%)	(0.6%)	-11.3%

The company recorded a 111% increase in operating profit for the year from Ksh 552 million in the prior year to Ksh 1.2 billion in the year ended 31 March 2023. The improved performance was attributed to sustained annuity income (dividend and interest income) generated from the marketable securities and the private equity portfolio, operational efficiencies as well as the reduction in finance costs following significant debt repayment in the year.

Operating and administrative costs reduced by 10% following the cost rationalization efforts. The cost to annuity income ratio improved to 38% from 39% in FY2022. Finance costs declined by 15% on account of the debt repayments.

Total return for the year stood at a loss of Ksh 5.0 billion compared to a loss of Ksh 248 million in the prior period. This was primarily on account of Ksh 4.86 billion unrealized value movement losses.
Of these value movements, Ksh 3.8 billion was in respect to the mark-down of our equity value in Two Rivers Development Limited (TRDL) following its impairment provisions. TRDL is now held at nil value in the Centum company balance sheet.

We also recognized a Ksh 1.6 billion increase in deferred income tax liability on fair value gains due to the change in the Kenya capital gains tax rate from 5% to 15%. The rest of our investment portfolio posted a positive value movement of Ksh 600 million. These value movements are non-cash, and largely impacted the Net Asset Value per Share which declined from Ksh 62.10 to Ksh 54.

Impairment loss on assets of Ksh 955 million were recorded in the year compared to Ksh 490 million in the prior period. During the year, the Company made the final settlement of Ksh 334 million on account closure in respect to the sale of its stake in the bottling companies to CCBA. An impairment provision was also made for the balance of assets in respect to Centum Business Solutions whose business was discontinued in the last financial year, and in respect to assets held on account of Centum Capital Partners and Investpool Ltd.

Consolidated Performance

The Consolidated performance aggregates the performance of our subsidiaries line by line and incorporates our share of the performance of associates and joint venture entities within the group. Performance of our subsidiaries are disclosed in five distinct segments: (i) Trading Businesses (ii) Financial Services, (iii) Real Estate, (iv) Two Rivers investment operations, and (v) Investment operations.

During the period, Two Rivers International Finance and Innovation Center (TRIFIC) which is a 100% held subsidiary of Centum and is a Special Economic Zone focusing on the service sector, purchased the entire balance of the undeveloped land from Two Rivers Development Limited (TRDL), a 58% held subsidiary. Following the completion of this transaction the Board of TRDL took the decision to fully provide for the balance of their unsold assets. Although Centum holds 58% of TRDL, we are required to consolidate the full financial statements of TRDL. This provision and performance of TRDL in the year accounted for the loss of Ksh 7.3 billion in the consolidated financial statements.
Excluding the performance of TRDL, a performance improvement of 144% was recorded by the other operating segments, reporting a profit before tax of Ksh 839 million from Ksh 344 million in prior year.

Company Cash flows and Debt

During the period, the company generated Ksh 3.2Billion in cash from operations. This comprised Ksh 696 million net cash flows from recurring operations and Ksh 2.5 billion from investment operations including disposal of marketable securities and receipt of proceeds from shareholder loans repayments.

Total debt as at 31 March 2023 stood at Ksh 2.2Billion (5% gearing), following the debt repayments in the year. Post the year-end, the Company made a further debt repayment of Ksh 250 million and consolidated the balance of the debt into a Kenya Shillings denominated facility to eliminate foreign currency exposure.

During the period, net settlement was made upon the conclusion of the final account in respect to the sale of the bottling companies to Coca Cola Beverages. Centum's contingent liability exposure arising from a guarantee issued to the purchaser was simultaneously reduced from USD 13 million to Ksh 662 million.

Group Debt

At portfolio company level, borrowings are aligned to the respective company's debt capacity. The borrowings of each company are secured by their respective assets and cash flows. Below is a summary of the consolidated debt as at 31 March 2023.

	March 2023			March 2022		
Ksh Millions	**Borrowings**	**Total assets**	**Debt coverage ratio**	**Borrowings**	**Total assets**	**Debt coverage ratio**
Centum Investment Co. Plc	2,248	41,737	18.6x	4,159	46,960	11.3x
Longhorn Publishers	1,091	2,679	2.5x	1,004	2,824	2.8x
Centum Real Estate	4,500	46,358	10.3x	5,253	40,867	7.8x
Two Rivers Development	11,839	15,189	1.3x	10,210	20,860	2.0x
Sub-total	**19,678**	**105,963**		**20,626**	**111,511**	

Dividends

Our dividend policy sets the dividend pay-out at 30% of annuity income for the year. Annuity income which comprises of dividend and interest income from the portfolio stood at Ksh 1.33 billion for the year ended 31 March 2023.

The Board of Directors has recommended to pay out Ksh 400 million (2022: Ksh 391 million) in dividend in respect of the financial year ended 31 March 2023. This represents a dividend per share of Kshs 0.60 up from Ksh 0.59 in the last financial year. This proposal will be considered for approval by shareholders at the upcoming annual general meeting.

OUR PEOPLE

OUR PEOPLE

We believe that our team is the heart of our success. Our excellence is fuelled by our collective passion, dedication, and incredible talent. We remain committed to being the destination of choice for top talent by creating an inclusive, inspiring, and supportive workplace that empowers our team members to thrive both personally and professionally.

Our Employee Value Proposition encompasses the following key pillars:

1. **Opportunities for Growth and Development:**

   We are dedicated to fostering a culture of continuous learning and growth. We provide our employees with access to diverse development programs, training workshops, and mentorship opportunities.

2. **Meaningful and Challenging Work:**

   Joining Centum means being a part of something meaningful. Our contribution to the various projects has a positive impact on our customers, communities, and our nation.

3. **Work-Life Balance:**

   We understand the importance of maintaining a healthy work-life balance. Our flexible work arrangements are designed to support employee well-being and ensure that they can fulfil their personal commitments while excelling in their roles.

4. **Inclusive and Collaborative Environment:**

   We take pride in our diverse workforce, where every individual's unique background and perspectives are valued. Our inclusive culture promotes open communication, teamwork, and a sense of belonging.

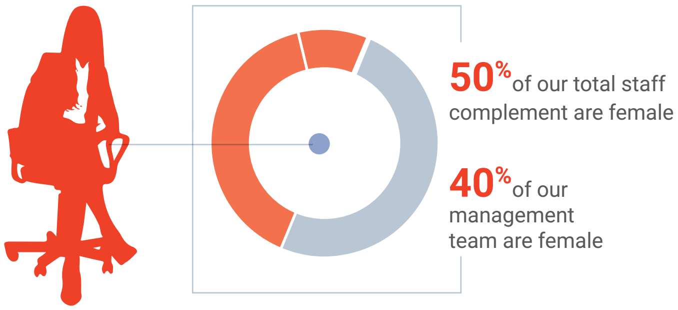
5. **Competitive Compensation and Benefits:**

   We believe in recognizing and rewarding the contributions of our employees. Our competitive compensation packages are complemented by a range of benefits that prioritize financial security, health, and overall happiness.

Diversity and Inclusion

We remain committed to the development of our team and recognize the value of diversity and an inclusive workplace in driving innovation and creativity.

During this reporting period, we continued our efforts to enhance diversity and achieved growth in the same.



Employee Health and Wellness

We strive to provide a healthy and supportive work environment that enables our team to lead happier and fulfilling lives.

We have in place several well-being initiatives:

1. Flexible work arrangements to promote work-life balance.
2. Access to mental health resources and counselling services.
3. Wellness programs, such as yoga and gym sessions, mental wellness workshops, and health check-ups.

Learning & Development

The development of our team is essential for continued success. We have long established paths for employee upskilling and reskilling, and our efforts have been well-rewarded and mutually beneficial.

Throughout the reporting period, we focused on providing various learning opportunities, including:

- On-the-job training and mentorship programs to support enhancement of skills and competencies.
- Workshops and webinars on professional and personal development topics.
- E-learning as a mode of learning was notably embraced in the wake of the post Covid-19 business realities.
- Participation of the teams in external conferences and industry events to stay updated on industry trends.

Employee Engagement

Our focus is to maintain a motivated and productive workforce. We conduct engagement surveys and feedback sessions and implement the suggestions that come from the sessions.

We achieved an engagement score of 87% from the last survey. During the year we took the following actions:

- Introduced recognition and reward programs to acknowledge outstanding contributions.
- Enhanced communication channels to ensure transparency and open dialogue between management and employees.
- Conducted team-building activities and social events to foster a sense of camaraderie among colleagues.

Centum Capital Partners (CCAP)

Centum Capital Partners (CCAP) is a wholly-owned, independently managed subsidiary of Centum and a private equity fund manager and currently manages Centum's private equity assets and has an additional mandate to manage new private equity funds and third-party capital alongside Centum's own capital.

CCAP manages two distinct portfolios:

a) Centum's Fund I Assets
–assets managed comprise Centum's legacy investments in Longhorn Publishers Plc, Nas Servair Limited, Sidian Bank Limited, Zohari Credit Limited, Isuzu East Africa Limited, Africa Crest Education (ACE) Holdings, Green Blade Growers, Tribus Security Group and Tier Data Limited.

b) Centum's Development Portfolio ¬Assets
– portfolio consists of investments in the power sector through Amu Power Limited and Akiira Geothermal Limited, as well as the financial services sectors through Jafari Credit Limited.

Our Business Model

With the repositioning of Centum Capital Partners (CCAP) under Centum 4.0 as an institutional private equity fund manager evolving from the Centum's 3.0 strategic period, where Centum undertook a developer role in greenfield projects and de-risking them with the intention of attracting third party capital. CCAP adopts a "Parenting Model" to portfolio management, where we prioritize the independence and autonomy of each company in our portfolio, aligning with our vision of nurturing individual entities for value creation, and ultimately exit. We maintain an active and supportive role, leveraging our industry insights, strategic advice, and extensive network to deliver on the strategic vision. By fostering independence, we enable our portfolio companies to remain agile to adjust swiftly to market shifts and seize growth opportunities as they arise, as well as remain investor-readiness should opportunities for exit materialize.

From a value creation strategy standpoint, CCAP's value creation levers are mainly centred around unlocking the true earnings potential of our underlying investee companies and in line with maximising shareholder value. This is achieved through working closely with management teams to define and drive business strategy, supporting business development and fundraising efforts by leveraging Centum's networks and subsidiaries, utilizing synergies between portfolio companies and forging strategic partnerships both at operational and shareholder level.

Our ESG approach

CCAP has had a long-standing commitment to fostering strong Environmental, Social and Governance (ESG) performance in its portfolio. Seeking positive ESG outcomes aligns with one of our core values of investing responsibly which forms the bedrock upon which sustainable development is anchored within the Company. We believe that working towards implementing high sustainability or environmental, social and governance ("ESG") standards at the companies in which we invest, is the best way to mitigate risk and an opportunity to create value.

CCAP engages and aligns its ESG practices with a range of leading performance – focused organizations and standard setting entities, including the Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD) and Global Reporting Initiative (GRI).

To best improve the environmental and social impacts of our deployed capital, material ESG considerations are managed across multiple functions, including Risk and Compliance, Legal and Governance, Human Resources and Operations. The multidisciplinary team reviews the progress, activities, risks, and opportunities related to the environmental and social impacts of our capital at work. In addition, we have a dedicated team of ESG-focused professionals supporting the Company's activities in these areas.

The ESG team is responsible for the design, implementation, and performance of the firm's ESG strategy, including how to conduct ESG screening and due diligence on potential investments, encouraging cross-portfolio collaboration and knowledge sharing, and developing initiative-level engagements designed to create value and improve performance within individual portfolio companies.

Fund I - FY 2023 Performance

In the Financial Year ended March 2023, the Private Equity Portfolio recorded a significant improvement in operational performance compared to the previous financial year. The respective management teams within each of the Portfolio companies managed to withstand the difficult operating environment occasioned by geopolitical factors like the Russia-Ukraine conflict, the rising global macro-economic headwinds and political uncertainty in the lead-up to the General Elections in Kenya.

Management efforts continued to be centred on: -

1. **Strengthening of the balance sheet and enhancing liquidity** - to enable the individual companies have the capacity to withstand prolonged periods of uncertainty, and,

2. **Business Continuity** - Management initiatives ensured robust business continuity plans were in place and there were minimal disruptions on operations. As a result, there were no disruptions in operations, in all our portfolio companies during the year.

Portfolio Performance Overview

Despite the challenging prevailing operating environment, the management efforts in the respective portfolio companies ensured that of the eight companies in the growth portfolio, six were profitable, with four of the companies in the growth portfolio having increased profitability year on year. Overall, the portfolio registered an average increase of 59% in profitability.

Below, we categorize the performance in our Private Equity Portfolio into the following segments:

BANKING SUBSIDIARY

SidianBank
Own Tomorrow

Sidian Bank

The bank remains part of our Private Equity portfolio and has sustained profitability. In the year ended December 2022, the bank posted an after-tax profit of Ksh 396 million, marking the fourth (4th) consecutive year of profitability. The bank's total asset base has grown from Ksh 25.3 Billion in 2018 to Ksh 42.9 Billion in the year ended March 2023, representing a Compounded Annual Growth Rate (CAGR) of 14%. In the same period, shareholders' equity has grown from Ksh 4.1 Billion to Ksh 5.3 Billion, representing a CAGR of 6%.

Sidian remains compliant with statutory minimum capital requirements, with a core capital to risk-weighted assets ratio of 12.5%, 2 percentage points above the minimum Central Bank of Kenya (CBK) requirement of 10.5%. This keeps the bank in a strong liquid position to leverage on emerging opportunities, for sustainable growth.

Sidian has continued to be a key contributor to economic growth, having an outstanding loan book of approximately Ksh 23.5 Billion in the year ended March 2023. The bank has remained firm on its commitment to serve Small and Medium Enterprises (SMEs) and looks to expand its customer touchpoints by expanding its branch network, evidenced by the recent opening of the Kamakis Branch in March 2022. Going forward, the bank is well poised to take advantage of the numerous growth opportunities presenting themselves as the economy and the business environment recovers from the effects of the pandemic and the protracted electioneering period.

TRADING SUBSIDIARIES

Our trading subsidiaries continued to record operational performance improvement, aided by the extensive management intervention to turn around the businesses in an environment riddled with various headwinds.

ISUZU
EAST AFRICA

Isuzu East Africa Limited

Isuzu East Africa Limited continues to record an exemplary performance year on year with an overall focus on regional diversification into the broader East African market namely Uganda, Tanzania & Rwanda. Isuzu continues to be a market leader, with a market share of 51.8% of Kenya's new motor vehicle market as at December 2022 improving by 6.78 percentage points from a market share of 45.02% as at December 2021. The business continues to be a key player in the economy creating a lot of employment opportunities as well as being an enabler of business in a wide range of sectors.

NAS
SERVAIR

NAS Servair

This business operates in the airline and corporate catering business segment with its key sources of revenue being inflight meals, handling services, airport services and corporate catering. The business was heavily affected by the Covid-19 pandemic which forced governments across the globe to impose travel restrictions in a desperate attempt to protect human life. These moves affected air travel and consequently the inflight catering revenue segment.
With the lifting of the restrictions following a reduced number of infections both locally and internationally, partly due to a massive vaccination drive, this specific business environment has improved, and this coupled with management initiatives have turned around the Company's performance. In FY 23 the Company recorded a 64% increase in revenues year-on-year and is now back to profitability.

ACE Holdings

ACE Holdings operates in the education space, and owns schools in Kenya, and the Northern Africa region. In Kenya, ACE Holdings owns Sabis International School Runda, which has continued to record an improvement in operational performance, largely driven by a continued increase in student enrolment numbers. Sabis International School Runda achieved a notable milestone in FY 23 by breaking even at an operating level and is expected to continue the growth trajectory. ACE Holdings has also continued to pursue its expansion strategy, which culminated in the opening of two new schools in Egypt, which have begun enrolment of students. This is expected to drive the business's growth going forward.

LONGHORN PUBLISHERS PLC
expanding minds

Longhorn

The business was significantly affected by the COVID-19 pandemic, after the suspension of learning activities for most of FY20/21. However, with the full reopening of the schools in FY 21/22 in Kenya, the management has set out on an elaborate turnaround strategy that involves several initiatives mainly centred around the following areas:

1. **Digital transformation**: e-books, e-learning, SOMO and venture studios. The business has already signed an MoU with Computer for Schools, Kenya.

2. **People & Culture**: initiatives revolving around culture transformation, recruitment, performance management and retention & succession planning. The business has already rolled out the Navision based performance management module.

3. **Accelerating the regional growth strategy**: this is being done by developing local content for Kenya, Cameroon, Tanzania and Ghana, Partnerships with NGOs and launching distribution businesses. The business is also engaging in targeted marketing with a view to achieving an 80% customer satisfaction score.

Greenblade Growers Ltd

Green Blade Growers Ltd

Our agriculture business continues to record an improving performance having recorded operating profitability for the second successive year with a growth of 276% y/y. The growth remains driven by a sustained demand for its products in the export market, and consequently, management initiatives have remained focused on increasing production, product diversification and enhancing organizational effectiveness. Green Blade continues to be a key employer within the region, with over 350 employees working at the farm. This number is expected to increase in tandem with the various business growth initiatives being pursued by management.

TRIBUS
The Solutions Group

Tribus Security Group

Tribus operates businesses along 4 main verticals: - Facility Management, Cybersecurity, Technical, Training, and Manufacturing. Tribus continues to be one of the fastest growing companies in our portfolio, with the growth largely being driven by management's focus on revenue expansion driven by new customers acquisition and venturing into new product offering. The business has remained profitable since inception and is expected to maintain the growth and profitability trend in the near term, as it continues to explore new strategic partnerships.

Development Portfolio

Our development portfolio consists of assets in sectors such as Power and Financial Services, namely Akiira Geothermal Limited and Jafari Credit Limited. The strategy for our development portfolio is centred around the development and de-risking of the existing assets, making them investor-ready to attract third-party capital before transitioning them into our private equity portfolio or exiting to a strategic acquirer at an opportune time in the future.

Development Portfolio - FY 23 Performance

AKIIRA GEOTHERMAL LIMITED

Akiira Geothermal Ltd

The business continues to explore opportunities to complete the appraisal phase of the project development. We continue to pursue several avenues to complete the appraisal phase, including raising the balance of required development capital to complete the appraisal phase from 3rd party investors, as well as partnering with strategic players in the energy generation space.

JAFARI CREDIT

Jafari Credit Limited

During the year, we commenced operations of our non-deposit taking microfinance company-Jafari Credit Limited, that offers long-term credit to civil servants, both at National and County Governments.

Management's initiatives continue to be centred on scaling the business efficiently and providing timely credit to more of its customers.

FUND OUTLOOK

We retain a positive outlook on performance of our private equity business. In the near-term, focus will be placed on driving value creation in these assets through active portfolio management. We continue to pursue exits at an optimal valuation of the matured companies in our portfolio and look to re-deploy the proceeds to superior cash generation opportunities.

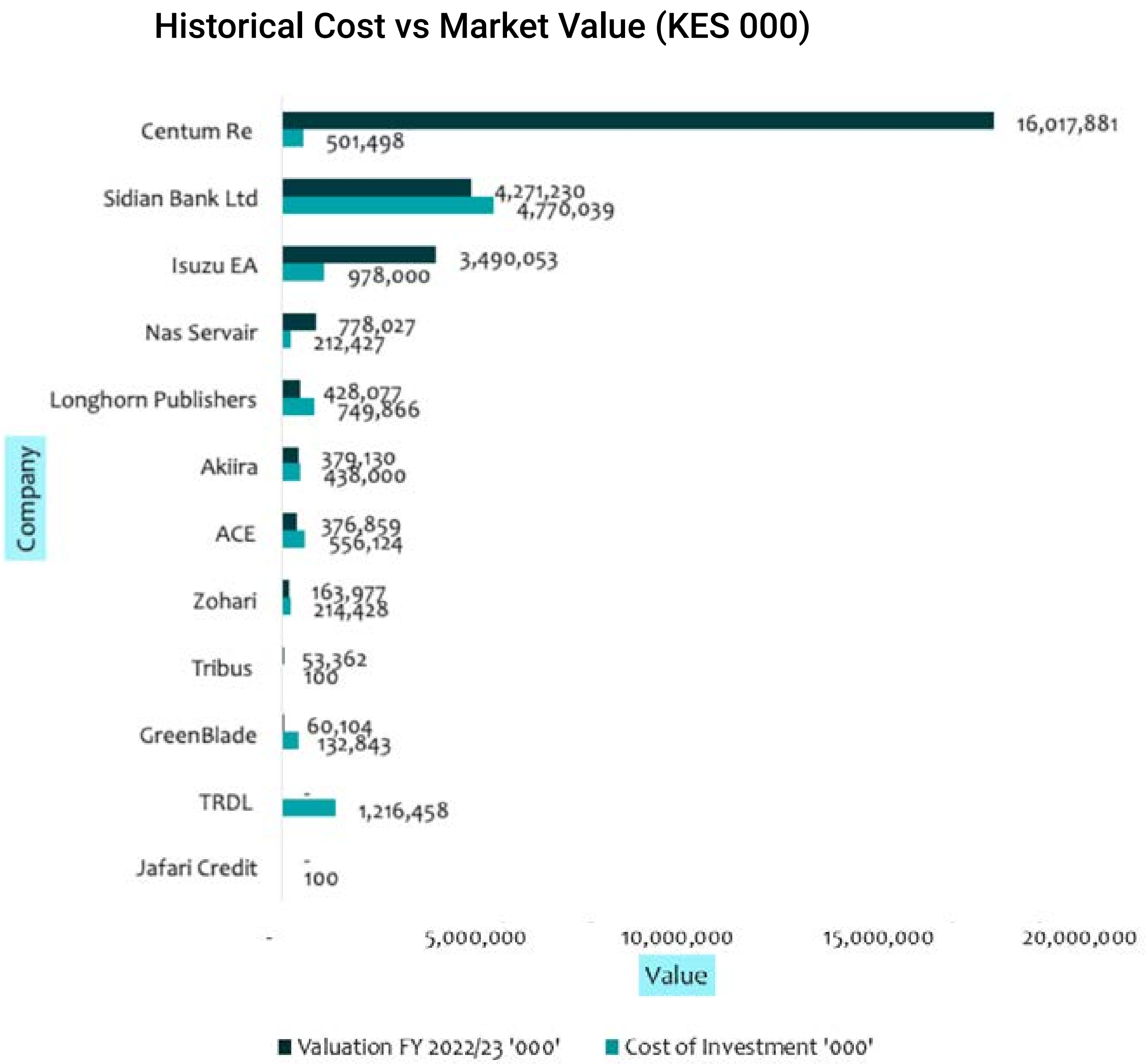
DEVELOPMENT PORTFOLIO OUTLOOK

With increasing population in the Country, we anticipate increased demand for power and long-term financing needs which offers growth opportunities for players in the industry with the assets under our development portfolio expected to continue offering needed solutions for the society i.e., access to power and financial inclusivity.

In the near term, the focus remains to develop the existing assets into profitability, operationalise for those under development before transitioning them into our private equity portfolio.

CENTUM INVESTMENT COMPANY PLC (CICP) PORTFOLIO COMPANIES

The chart below summarises Centum's portfolio assets and shows the cost of the investment as well as the current carrying value.



As of March 2023, the total market value of our investment portfolio was Ksh 26 Billion, which was higher than the total investment cost of Ksh 10 Billion, representing a multiple on cost of 2.6x. Mature assets have recorded a value enhancement to a market value of Ksh 25 Billion from a total investment cost of Ksh 7.2 Billion, translating to 3.5x value expansion.

The value expansion validates our value creation strategy focusing on key pillars such as revenue expansion, margin enhancement, working capital optimization, organizational effectiveness, and capital structure optimization. We continue to implement these value creation initiatives on the development and growth assets that are still relatively young in maturity profile but on track to deliver an upside on investment.

REAL ESTATE PORTFOLIO

Centum Investment Company's exposure to the Real Estate sector is held through Centum Real Estate Limited (100% subsidiary) and Two Rivers Land Company (SEZ) Limited (100% subsidiary).

1. Centum Real Estate Limited (Centum RE)

Centum Real Estate Limited is the holding company of four wholly-owned subsidiaries i.e Vipingo Development Plc, Pearl Marina Estates Limited, Centum Development Kenya Limited, and Uhuru Heights Limited. Centum Real Estate Limited has two distinct business segments – i) sale of residential units; and ii) sale of development rights. The company has made significant traction on both business segments in Kenya and Uganda, as evidenced by the quantum and value of development rights sales, size of residential units pipeline, sales, cash collections and receivables.

i. Residential units

Centum Real Estate Limited currently has a projects portfolio of 2,076 units under development and targets to develop and sell 1,000 residential units per year. This will be enabled by the following key pillars:

- Focus on the affordable markets segments where there is significant demand.
- Leveraging on economies of scale and accelerated speed of delivery to enhance margins.
- Pursuit of a sell-to-build model; and
- Pre-selling at least 30% of units and collection of 10% of sales price before construction with the balance sold during construction.

ii. Development rights

Centum Real Estate Limited has sold over 4,000 acres of development rights with a value of Ksh 11.7 billion and collected Ksh 7.5 billion from these sales.

The business continues to progressively collect the receivables balance of Ksh 4.2 billion. Centum RE has 6,000 acres of remaining land banks across East Africa and its focus within this segment is to:-

- Increase the sales velocity within its land banks with a target to realize optimal value from realization of the asset.
- Accelerate the collection of receivables on concluded sales made; and
- Utilize the cash proceeds received above to fully repay third party debt as well as continue to make cash distributions to Centum.

iii. Performance highlights for the year ended 31 March 2023

a) Residential units development

In line with the criteria set by IFRS, revenue from the sales of residential units are only recognized in the profit and loss once the units have been fully paid for, construction completed and handed over to the buyers. The cash received with respect to units that have been sold but are yet to meet the revenue recognition criteria is booked as customer deposits (current liabilities) on the balance sheet. Thus, the profitability and impact of the residential project portfolio on shareholder value is expected to be reflected in future periods as revenue is recognized and matched to capitalized costs.

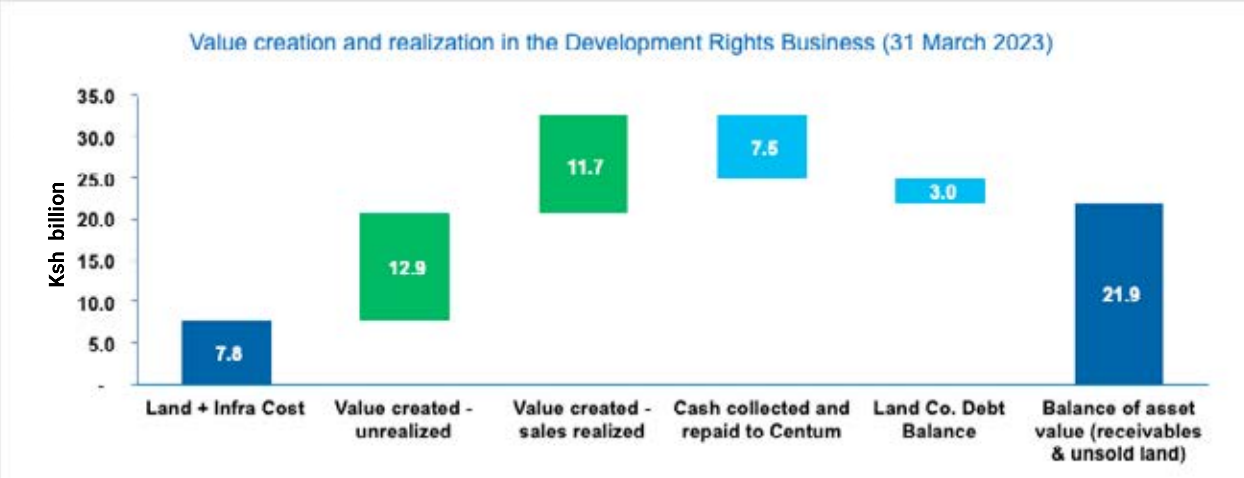
During the year ended 31 March 2023, the company recognized revenue from 222 units (FY 2022: 304 units) and booked revenue of Ksh 1.9 billion (FY 2022: Ksh 1.8 billion). At close of FY2023, the units that had been sold and completed but pending revenue recognition were valued at Ksh 2.6 billion (FY2022: Ksh 1.1billion) while the unsold but completed units were valued at Ksh 0.6 billion (FY2022: Ksh 0.9 billion). The revenue from this clusters is expected to be booked in FY2024.

The residential units business segment has an embedded equity value of Ksh 5.5 billion from the entire project portfolio but this is not yet fully reflected in Centum Real Estate Limited's net asset value.

Residential development business	Mar 2023 Ksh Mn	Mar 2022 Ksh Mn
Cumulative signed sales at start of the year	14,112	11,315
Cumulative cash collected at start of the year	(6,648)	(3,778)
Cumulative receivables at start of the year	**7,464**	**7,537**
New sales signed during the year	2,034	3,562
Cash collected in the year	(2,443)	(2,871)
Total outstanding receivables	**7,055**	**8,228**
Value of unsold inventory	4,854	4,614
Total asset value	**11,909**	**12,842**
Less: Cost to completion	5,632	6,297
Borrowings (outstanding bond less sinking fund)	808	1,113
Total obligations	**6,440**	**7,410**
Net equity value (profit potential)	**5,469**	**5,432**
Attributable to: Completed projects	1,355	617
Ongoing projects	4,114	4,815
Net equity value (profit potential)	**5,469**	**5,432**

Centum could opt to realize the embedded value upfront by delinking the residential units business segment and selling down its equity stake in the Development Company (DevCo) to a strategic investor.

b) Sale of development rights



The initial investment by Centum Investment Company Plc in Centum Re was Ksh 7.8 billion which was invested in land acquisition, master planning and infrastructure. Centum RE has created value of Ksh 24.6 billion comprising of Ksh 11.7 billion worth of sales achieved and Ksh 12.9 billion uplift on the value of unsold land. Ksh 7.5 billion has been collected from the sales made and the cash repaid back to Centum (96% of the initial Ksh 7.8 billion invested capital). The value of the remaining assets in the Centum RE Land Co is Ksh 22 billion comprising Ksh 4.2 billion of receivables and Ksh 17.7 billion in unsold inventory of development rights.

During the year ended 31 March 2023, Centum Real Estate executed agreements for the sale of an additional 3,319 acres of land within the property portfolio valued at Ksh 6.3 billion increasing the value of active signed contracts to Ksh 7.4 billion. Ksh 4.2 billion is outstanding in receivables and this is expected to be fully collected over the next 12 to 48 months. The buyers have and continue to honour all the payment milestones.

The development rights sales have been achieved at valuations that are several multiples to both the land acquisition and development costs and carrying values, validating both Centum RE's business model as a master developer and the valuation of the property on its balance sheet.

c) Cash flows and Gearing

As at 31 March 2023, the Centum RE Group had cash holdings of Ksh 864 million to fund the development of residential houses and meet the maturing debt obligations as they fall due. The net debt to equity ratio has remained 17% year-on-year and the asset cover ratio improved to 10.6x from 9.6x in the period following debt reductions.

Ksh'000	31-Mar-23	31-Mar-22
	Ksh'000	Ksh'000
Borrowings	5,234,874	5,836,995
Less: Cash	(863,886)	(1,594,003)
Net Borrowings	**4,370,988**	**4,242,992**
Equity	25,576,408	24,384,999
Total Assets	**46,356,124**	**40,867,376**
Net Debt-Equity Ratio	17.1%	17.4%
Asset Cover Ratio	10.6x	9.6x

OUTLOOK

Residential Units: High Growth Pillar

Currently 2,076 homes are under active development, of which 895 homes have been completed and a further 1,949 under construction with a target completion date of March 2024.

Centum Real Estate remains optimistic on the prospects of its homes business and ability to leverage the brand and track record to generate sales. The primary focus is to complete construction of all Centum RE 1.0 projects within the current financial year ending 31 March 2024 and set up the next phase of developments (2.0 project pipeline) with a product offering that is focused on the high demand and underserved affordable to mid-market segment.

In the short to medium term, the current macro-economic environment will no doubt place pressure on the pre-sell and build model especially on housing demand and construction cost. The company will continue to monitor and adjust its product offering to respond to market demand, introduce new customer incentives to increase sales, focus on gross margin improvement, review the supply chain to mitigate high cost, adopt alternative construction technology to shorten construction time, cost, and cash flow cycle.

Development Rights: Strong Cash Generation Pillar

During the year ended 31 March 2023, Centum Real Estate Limited signed development rights sales contracts valued at Ksh 6.3 billion where the required deposits have since been received. The purchasers are adhering to the terms of the respective contracts, and these sales are expected to be completed in the subsequent years. The Cash flows from this pillar of this business is intended to be reinvested in the residential unit's business and settle the maturing debt obligations.

2. Two Rivers

Two Rivers is a prime 101-acre mixed use urban node located within Kenya's Diplomatic Blue Zone in Nairobi. This master-planned development ready site has 1.5 million square meters of gross bulk remains approved for development. Approximately 300,000 sqm has been developed and the precinct currently has:

i) State-of-the-art installed infrastructure including power, ICT, roads, water and waste management facilities.
ii) Completed developments comprising 66,000 sqm of retail space (Two Rivers Mall) and 21,000 sqm of office space (Two Rivers Southern and Northern Office Towers), Victoria Commercial Bank head office, and a 3-star hotel operated by Holiday Inn.
iii) Ongoing residential developments ranging from high-end market products (Riverbank Apartments and The Loft Duplexes) to mid-market offering (Mzizi Court Apartments).

The balance of 1.3 million square meters of bulk remains available for development.

The property was held by Two Rivers Development Limited (58% held subsidiary of Centum) and to achieve its strategic objective of reorganizing its capital structure, the company opted to focus on accelerating the sale of its assets and repayment of its debts in FY2023.

During the year, the company offered its development rights among other assets for sale to its shareholders and Centum Investment Company Plc acquired these through Two Rivers Land Company Limited (100% owned subsidiary). Following the sale of all its development rights and based on a review of the business plans of TRDL, the Board of TRDL made a prudent decision to impair the balance of the unsold assets on its balance sheet.

Two Rivers Land Company Limited has subsequently secured the gazettement of the area as a Special Economic Zone in which it is setting up the Two Rivers International Finance and Innovation Centre (TRIFIC), a platform that is expected to attract significant investor interest.

Two Rivers International Finance and Innovation Centre (TRIFIC) is rolling out the development of offices and residential offerings and its primary target market is the service sector with companies seeking to set up operations in the East Africa region. TRIFIC is the first-ever business services Special Economic Zone (SEZ) in Kenya, offering new and exciting prospects for global, regional, African, and Kenyan service-oriented business enterprises seeking a base to competitively access international markets and the business has aptly positioned itself as the 'Gateway to Africa'.

Key milestones achieved so far with respect to the set-up of TRIFIC SEZ include:

- Completed land acquisition.
- Commenced the acquisition of utility infrastructure entities (Power & Water);
- Obtained the gazettement as a Special Economic Zone (SEZ).
- Onboarded potential investors who are currently undertaking a detailed due diligence on the business.
- Completed the recruitment of the management team including the Chief Executive Officer, Chief Operating Officer and Business Development Manager.
- Active business development is ongoing and management is building up a pipeline of potential off-takers.

Marketable Securities Performance

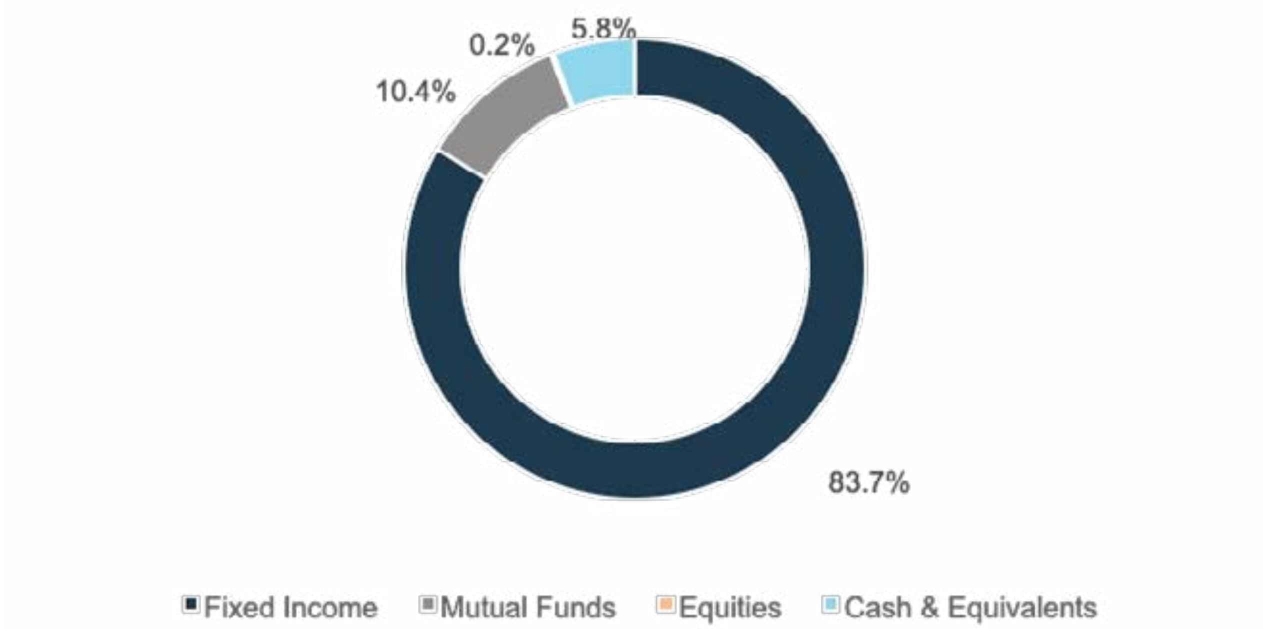
Nabo Capital Limited (Nabo) is entrusted by Centum Investment Company PLC (Centum) with a dual mandate of capital preservation and delivering asymmetric risk-adjusted returns on its Marketable Securities Portfolio (MSP) while maintaining operational liquidity. To accomplish this, Nabo implements an active, asset class-agnostic strategy that capitalizes on prevailing investment opportunities across cycles.

FY2023 Performance Review

A highlight of the portfolio performance is summarized below:

Portfolio Performance Vs Benchmarks | Financial Year ended 31 March 2023	
	Performance (Ksh)
MSP Portfolio Return	15.5%
NSE 20 Share Index	(12.2%)
MSCI Africa ex-South Africa Index	(8.1%)
Portfolios outperformance to NSE 20 Share benchmark (% points)	27.7%
Portfolios outperformance to MSCI Africa ex-ZA benchmark (% points)	23.6%

Our Marketable Securities Portfolio allocation is summarized in the exhibit below. The strategic asset allocation was and is currently biased towards fixed income. Fixed income securities account for the large share of the Marketable Securities exposure comprising 84% of the portfolio as of 31 March 2023.



There is an option to tactically tilt to other asset classes given prevailing macro conditions. However, considering Nabo's two-pronged mandate, it's unlikely that we will focus primarily on equity investments under the current economic conditions.

Operating Environment

In FY2022/23, heightened inflation expectations and stricter monetary policy led to a rise in the risk-free rate. For instance, in March 2023, the yield on the 2-year U.S. Treasury note surged to upwards of 4%, a substantial increase from less than 2% in 2022. Similarly, Kenya's risk-free rate jumped from 7.50% to 9.50%.

These drastic increases in risk-free rates could potentially catalyze a stock market crash. This is evidenced by the current negative Sharpe ratios, which measure the return per unit of risk in an investment. This situation arises when expected returns from major stock markets fall below the risk-free rate. Also, monetary policy adjustments are even more challenging due to the long and variable impacts they have on macroeconomic conditions.

The primary risk for investors with monetary tightening is that central banks could raise interest rates too quickly and excessively, potentially curtailing economic growth without curbing inflation. Presently, the Federal Reserve is following a hawkish policy, which could lead to surpassing its target. The market presently estimates a 30% likelihood of the federal fund rates going above 5.25%. However, sell-side analysts are yet to account for the possibility of a severe downturn. Conversely, buy-side investors have priced in a 78% probability of a negative event based on analysis on market weighted probabilities. Casual investors who align with the sell-side's optimistic "Great Expectations" could risk substantial losses or exhaustion of their resources.

Outlook

The current economic landscape, while characterized by turbulence, offers an avenue for positive outcomes through careful and dynamic strategies. Nabo Capital Limited, with its clear directive of preserving capital and delivering profitable returns for Centum Investment Company PLC, has proven adept at navigating market headwinds.

As evidenced by the impressive performance of our MSPs which, despite macroeconomic headwinds, managed to generate strong risk-adjusted returns. These portfolios significantly outpaced both the local Kenyan index (NSE) and the Pan-African index (MSCI-ex South Africa), a testament to our resilient asset allocation strategy and proactive portfolio management.

Our current inclination towards fixed income is informed by both the prevailing macroeconomic conditions and our mandate to preserve capital and deliver profitable returns. On the other hand, equity markets, despite the trend of underperformance, present potential opportunities in event-driven scenarios that can offer attractive returns with manageable risk profiles.

We pay close attention to the economic policies of various countries and their implications for our investment strategy. We're keeping an eye on the hawkish stances adopted by the Central Bank of Kenya and the Central Bank of Ivory Coast. In contrast, Uganda's potential dovish stance on monetary policy provides an interesting dynamic.

Despite the challenges faced by emerging markets like Kenya, there are unique investment prospects, such as the privatization program in Egypt. Our vigilant approach in understanding market dynamics, risks, and monetary policies, coupled with our flexible and responsive portfolio management strategy, equip us well to navigate the fiscal landscape. Our commitment to our dual mandate of capital preservation and delivering profitable returns remains unwavering, as we strive to seize opportunities in the unfolding economic landscape, which remains extremely fluid.

FINANCIAL STATEMENTS

DIRECTORS' REPORT
For the year ended 31 March 2023

The Directors submit their report together with the audited financial statements of Centum Investment Company Plc (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 March 2023.

BUSINESS REVIEW
In evaluating performance, Company's business is segmented into two principal portfolios:

a) Growth Portfolio
This portfolio includes:
(i) Real Estate, where the focus is on master development of mixed-use developments in East Africa; and
(ii) Private Equity, representing our trading subsidiaries or investments that have progressed from development to cash generative stage. Investments under this segment include the publishing, financial services, and utility companies. This business unit is also responsible for managing the development portfolio.

b) Marketable securities and cash
This portfolio represents investments in listed securities and other fixed income securities and cash, that contribute to the Company's liquidity.

Performance

Company
The Company recorded Ksh 1.2 billion in operating profit for the year, representing a 111% increase from Ksh 551 Million in the prior year. The improved performance was attributed to sustained annuity income (dividend and interest income) generated from the portfolio, operational efficiencies as well as the reduction in finance costs following significant debt repayment in the year.

Operating and administrative costs reduced by 10% following cost rationalization efforts. The cost to annuity income ratio improved to 38% from 39% in the year ended 31 March 2023. Finance costs declined by 15% on account of the debt repayments as well as reduction of bank guarantee following the cancellation of a significant portion of the USD 21.4 Million portion of the CCBA bank guarantee following conclusion of the sale of the bottling companies.

Total return for the period stood at a loss of Ksh 5 billion compared to a loss of Ksh 248Mn in the prior period. This was primarily on account of Ksh 4.86 billion unrealized value movement losses. Of these value movements, Ksh 3.8 billion was in respect of the mark-down of our equity value in TRDL following its impairment provisions. TRDL is now held at nil value in the Centum Company balance sheet. We also recognized a Ksh 1.6 billion increase in deferred income tax liability on fair value gains due to the change in the capital gains tax rate from 5% to 15%. The rest of our investment portfolio posted a positive value movement of Ksh 600 million.

An impairment loss of Ksh 954 million was recorded in the period compared to Ksh 490 million in the prior period. During the year, the company made the final settlement of Ksh 334 million on account closure in respect to the sale of its stake in the bottling companies to CCBA. An impairment provision of Ksh 353 million was made for the balance of assets in respect to Centum Business Solutions whose business was discontinued in the last financial year. Impairment provisions were also made in respect to assets held on account of Centum Capital Partners Limited and Investpool Holdings Limited. We also fully provided for our investment in TRDL in our company balance sheet. The investment was previously carried at Ksh 3.9 billion. Of the Ksh 3.9 billion provision, Ksh 1.2 billion reflects the investment cost and the balance of Ksh 2.7 billion reflects previously recognized gains. These value movements are non-cash and they largely impacted the Net Asset Value per Share which declined from Ksh 62.10 to Ksh 54.

The Company recorded an improvement in cash performance with the profit before the provisions increasing by 111% from Ksh 551 million to Ksh 1.2 billion. Total investment cash flows also improved from Ksh 1.1 billion to Ksh 2.4 billion. During the period 50% of the outstanding debt was retired. As at 31 March 2023, the Company debt stood at Ksh. 2.2 billion compared to Ksh. 4.2 billion in 2022.

Group

Post year end, Two Rivers Land Company Limited which is a 100% held subsidiary of Centum purchased the entire balance of the undeveloped land from Two Rivers Development Limited (TRDL), which is a 58% owned subsidiary of Centum. Following the completion of this transaction the Board of TRDL took the decision to fully provide for the balance of their unsold assets. Although the Company does not hold 100% of TRDL, the reporting requirement is to consolidate the full financial statements of TRDL. This provision and performance of TRDL and its subsidiaries in the year accounted for the loss of Ksh 7 billion in the consolidated financial statements.

The consolidated net loss after tax for the year was Ksh 7.3 billion in FY2023 compared to Ksh 2.1 billion in FY2022. The performance was largely impacted by the loss recorded from the Two River Development operations as a result of the Ksh 3.9 billion impairment provision in addition to a high level of finance costs. Excluding TRDL, a performance improvement of 144% was recorded by the other operating segments reporting a profit before tax of Ksh 839 million from Ksh 344 million in prior year.

Outlook

As we progress into FY2024, which is the last year of our Centum 4.0 strategy period, we are optimistic that the key initiatives that we have set out to pursue will positively impact shareholder value and returns. Our focus remains to take the critical decisions that are necessary to continue creating value and generating enhanced cash flow in the dynamic and challenging operating environment that we are in. We are cautiously optimistic and look forward to an improved performance in the coming year.

	Group		Company	
		Restated		
	2023	2022	2023	2022
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
(Loss)/ profit before income tax	(6,251,325)	(1,945,935)	207,344	61,321
Income tax (expense)/credit	(1,063,265)	(152,896)	(268,183)	(81,960)
Loss for the year	**(7,314,590)**	**(2,098,831)**	**(60,839)**	**(20,639)**

The results for the year are set out fully on pages 122 to 250 in the financial statements.

DIRECTORS' REPORT

For the year ended 31 March 2023

DIVIDEND

The Directors recommend a dividend of Ksh 0.60 (2022: Ksh 0.587) per share for the financial year ended 31 March 2023.

DIRECTORS

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

1 Dr. D Kaberuka - Chairman
2 Dr. J M Mworia - Managing Director
3 Mr. A Musangi
4 Dr. L Macharia
5 Hon. W Byaruhanga - Alternate: Mr. A Kasirye
6 Mrs. C Igathe
7 Mrs. C. Mturi- Wairi
8 Kenya Development Corporation - Alternate Ms. Norah Ratemo (Appointed : 1 January 2023)
9 Mrs. S Githuku
10 Dr. M Ikiara

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AND GROUP'S AUDITOR

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

a) there was, as far as each director is aware, no relevant audit information of which the Company's and Group's auditor is unaware; and

b) each director had taken all steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the Company's and Group's auditor is aware of all that information.

TERMS OF APPOINTMENT OF THE AUDITOR

The Audit and Risk Committee has recommended and the Board has endorsed the proposed appointment of KPMG Kenya as the auditors of Centum Investment Company Plc for the financial year ending 31 March 2024. The appointment of KPMG Kenya will be put to the shareholders of Centum Investment Company Plc at the annual general meeting scheduled for 27 September 2023.

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

By order of the Board

Mical Agina
Secretary
Nairobi
27 July 2023

DIRECTORS' REMUNERATION REPORT

For the year ended 31 March 2023

Information not subject to audit

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

Executive Directors

The remuneration of Executive Directors is determined based on remuneration benchmarks in the industry, prevailing market conditions as well as the company's perfomance and profitability. The Chief Executive is currently the only Executive director. The Executive Directors' remuneration is fixed in the employment contract and reviewed periodically by the Nominations and Governance Committee of the Board. The Executive Directors do not earn directors' fees or sitting allowances. The basis for determination of staff bonus is set out under Note 2.3.2 to the financial statements. In respect to the FY22/23, the performance hurdle rate, and vesting conditions required to unlock previous bonus tranches were not met. As such the eligibility for bonus was not attained.

Non-Executive Directors

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

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

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

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

Professional Indemnity Cover

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

Share Options

The Company has no share options issued to the Executive and Non-Executive Directors.

Information subject to audit

The following table shows a single figure remuneration for the Executive Director, Chairman and Non-Executive directors in respect of qualifying services for the year ended 31 March 2023 together with the comparative figures for 2022. The aggregate Directors' emoluments are shown on note 12.1 (iv) to the financial statements.

DIRECTORS' REMUNERATION REPORT

For the year ended 31 March 2023

Year ended 31 March 2023	**Salary Ksh'000**	**Pension Ksh'000**	**Fees Ksh'000**	**Total Ksh'000**
Dr. Donald Kaberuka (Chairman)	-	-	2,664	2,664
Mrs. Catherine Mturi-Wairi	-	-	2,688	2,688
Kenya Development Corporation Limited	-	-	763	763
Mr. Andrew Musangi	-	-	2,508	2,508
Mr. Christopher Huka	-	-	1,639	1,639
Hon. William Byaruhanga	-	-	2,088	2,088
Dr. Laila Macharia	-	-	3,336	3,336
Ms. Norah Ratemo	-	-	346	346
Mrs. Catherine Igathe	-	-	2,928	2,928
Dr. Moses Ikiara	-	-	3,048	3,048
Mrs. Susan Wakhungu-Githuku	-	-	2,448	2,448
Dr. James Mworia	45,509	3,343	-	48,852
	45,509	**3,343**	**24,456**	**73,308**

Year ended 31 March 2022	**Salary Ksh'000**	**Pension Ksh'000**	**Fees Ksh'000**	**Total Ksh'000**
Dr. Donald Kaberuka (Chairman)	-	-	2,744	2,744
Dr. Christopher Kirubi (Deceased)	-	-	311	311
Kenya Development Corporation Limited	-	-	984	984
Mr. Andrew Musangi	-	-	2,377	2,377
Mr. Christopher Huka	-	-	872	872
Hon. William Byaruhanga	-	-	2,208	2,208
Dr. Laila Macharia	-	-	3,292	3,292
Mrs. Mary Ngige	-	-	2,748	2,748
Mrs. Catherine Igathe	-	-	3,048	3,048
Dr. Moses Ikiara	-	-	3,048	3,048
Mrs. Susan Wakhungu-Githuku	-	-	2,628	2,628
Mr. William Haggai	-	-	592	592
Dr. James Mworia	43,255	3,247	-	46,502
	43,255	**3,247**	**24,852**	**71,354**

Dr. Laila Macharia
Chairperson, Nomination and Governance Committee

27 July 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 March 2023

The Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and Company at the end of the financial year and of their financial performance for the year then ended. The directors are responsible for ensuring that the Group and Company keep proper accounting records that are sufficient to show and explain the transactions of the Group and Company; disclose with reasonable accuracy at any time the financial position of the Group and of the Company; and that enables them to prepare financial statements of the Group and of the Company that comply with prescribed financial reporting standards and the requirements of the Companies Act, 2015. They are also responsible for safeguarding the assets of the Group and 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 applying them consistently; and
iii. making judgements and accounting estimates that are reasonable in the circumstances.

Having assessed the Group's and Company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's and Company's ability to continue as a going concern.

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 27 July 2023 and signed on its behalf by:

Dr. James M. Mworia
Director

Catherine Mturi- Wairi
Director

REPORT OF THE INDEPENDENT AUDITOR'S TO THE SHAREHOLDERS OF CENTUM INVESTMENT COMPANY PLC

Report on 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 122 to 250 which comprise the consolidated statement of financial position at 31 March 2023 and the consolidated statement of profit or loss, 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 Company statement of financial position at 31 March 2023 and the Company statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial Statements, which include a summary of significant accounting policies and other explanatory information.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Group and the Company at 31 March 2023 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the 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 Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issuedby the International Ethics Standards Board for Accountants (IESBA CODE) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with 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 Group financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers LLP. PwC Tower, Waiyaki Way/Chiromo Road, Westlands
P O Box 43963 – 00100 Nairobi, Kenya
T: +254 (20)285 5000 F: +254 (20)285 5001 www.pwc.com/ke

Partners: E Kerich B Kimacia M Mugasa A Murage F Muriu P Ngahu B Ngunjiri R Njoroge S O Norbert's B Okundi K Saiti

REPORT OF THE INDEPENDENT AUDITOR'S TO THE SHAREHOLDERS OF CENTUM INVESTMENT COMPANY PLC (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Fair value measurement of unquoted investments The Group holds unquoted investments, comprising investments in unlisted entities, measured at fair value. As explained under Note 5.2 of the financial statements, the Group uses a variety of approaches in estimating the fair value of these investments. The methods used in determining the fair value of the unquoted investments involves significant estimates and assumptions of unobservable inputs such as comparable market multiples, marketability discounts and control premiums. Changes in these assumptions could result in material adjustments to the carrying amounts of the investments and the recorded gains/losses at the end of year.	We assessed management's processes and controls for determination of fair values of investments, including the oversight from those charged with governance. We assessed the appropriateness and consistency of the valuation methods used and the underlying assumptions such as the selected comparable entities, liquidity discounts, and any other adjustments. We tested the arithmetical accuracy of the computations. We evaluated the adequacy and consistency of disclosures in the financial statements.
Valuation of investment properties As described in Note 5.1.2 of the financial statements, the Group holds significant investment properties measured at fair value. The Group's accounting policy is to measure investment properties at fair value using either the market approach or the income approach depending on the type of property. The Group uses external independent property valuers to determine the fair values of investment properties at year end. The external valuers make significant estimates and assumptions of unobservable inputs in the valuation models such as comparable market prices based on location and zoned use of the property, projected future cash flows, future rent escalations, exit values and the discount rates. The fair values of the investment properties are highly sensitive to the changes in the underlying estimates and assumptions.	We assessed management's processes and controls over the valuation of investment properties, including the oversight from those charged with governance. We evaluated the objectivity, independence and expertise of the external independent valuers. We assessed the appropriateness of the valuation methodology used and the reasonableness of the applicable assumptions depending on the type of property. Where possible, we tested the calculations of the valuations. We agreed the carrying amounts and the related valuation gains/losses of the investment properties in the financial statements to the independent valuers' reports. We assessed the adequacy of the disclosures in the financial statements.

REPORT OF THE INDEPENDENT AUDITOR'S TO THE SHAREHOLDERS OF CENTUM INVESTMENT COMPANY PLC (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Estimation of expected credit losses on loans and advances As described in Notes 1.4.4, 1.5.3 and 7.1 of the financial statements, the assumptions and inputs into the models for estimation of expected credit losses (ECL) on loans and advances involves significant judgments made by management. The key areas where significant judgements are exercised, and therefore an increased level of audit focus applied, include: - The classification of loans and advances which involves consideration of qualitative and quantitative considerations, particularly the identification of significant increase in credit risk in accounts and default events. The classification of loans determines whether a 12-month or lifetime Probability of Default is applied in the calculation of expected credit losses and; - The estimation of exposures at default, the probabilities of default and the loss given default for the various credit exposures, including the amounts and timing of expected future cash flows. Changes to the assumptions and estimates used by management could result in material variations in the reported financial performance and financial position of the Group.	We evaluated the compliance of the Group's accounting policies with the key principles of IFRS 9 in relation to significant increase in credit risk, default definition, forecasting of forward looking macro-economic factors and weighting of expected loss scenarios. For a sample of contracts, we tested the identification of financial assets that have experienced significant increase in credit risk or met the Group's default definition criteria for purposes of classification. This was done through examining documentation and credit performance to form an independent judgment as to whether the staging of such facilities was in line with the Group's policy and IFRS 9 requirements. We tested the accuracy of the computations of exposures at default, probability of default and loss given default and evaluated the reasonableness of the assumptions used in the computations. We tested the reasonableness of management's assumptions in deriving the amounts and timing of expected future cash flows. For secured facilities, we agreed the collateral values used in the impairment model to external valuation reports. We tested the historical data used in derivation of the key model parameters, and how these had been used to project forward looking parameters; and We evaluated and assessed adequacy of the related disclosures in the financial statements.
Impairment assessment of investments in associates and joint ventures As disclosed in Note 6.2.1 and 6.2.2 of the financial statements, the Group has significant investments in associates and joint ventures. These investments are assessed annually for impairment by comparing the carrying amount of the investments to their respective recoverable amount. Significant judgement is involved in the determination of the recoverable amounts and therefore an increased level of audit focus is applied. Changes to the assumptions and estimates used by management could result in material variations in the reported financial performance and financial position of the Group and Company.	We evaluated the assumptions used by management in assessing the impairment of investments and determining the recoverable amounts; We tested the reasonableness of management's assumptions in deriving the amounts and timing of expected future cash flows from the investments; and We evaluated and assessed adequacy of the related disclosures in the financial statements.

REPORT OF THE INDEPENDENT AUDITOR'S TO THE SHAREHOLDERS OF CENTUM INVESTMENT COMPANY PLC (continued)

Other information

The other information comprises the Directors report, Directors' remuneration report and Statement of directors' responsibilities which we obtained prior to the date of this auditor's report, and the rest of the other information in the Integrated Report & Financial Statements which is expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not and will 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 we have received 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 rest of the other information in the Integrated Report and Financial Statements and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the 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 and Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

REPORT OF THE INDEPENDENT AUDITOR'S TO THE SHAREHOLDERS OF CENTUM INVESTMENT COMPANY PLC (continued)

Auditor's responsibilities for the audit of the financial statements

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 and Company'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 or Company'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 or Company 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 Group's 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 OF THE INDEPENDENT AUDITOR'S TO THE SHAREHOLDERS OF CENTUM INVESTMENT COMPANY PLC (continued)

Report on other matters prescribed by the Companies Act, 2015

Report of the directors

In our opinion the information given in the directors' report on pages 110 to 112 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on pages 113 to 114 has been properly prepared in accordance with the Companies Act, 2015.

FCPA Michael Mugasa, Practising certificate Number 1478
Engagement partner responsible for the audit
For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

27 July 2023

Consolidated statement of profit or loss

	Notes	2023 Ksh'000	2022 Ksh'000 Restated
Trading business:			
Sales	2.2	1,961,862	2,303,649
Cost of sales	2.3.1	(1,237,839)	(1,468,654)
Gross profit		**724,023**	**834,995**
Operating and administrative expenses	2.3.1	(700,707)	(606,484)
Finance costs	2.4	(142,343)	(155,296)
Trading (loss)/profit		**(119,027)**	**73,215**
Real estate:			
Residential units sales;			
Sales		1,931,525	1,858,032
Cost of sales		(1,645,872)	(1,523,309)
Gross profit		**285,653**	**334,723**
Other income		88,952	99,204
Operating and administrative expenses	2.3.1	(685,324)	(449,339)
Operating loss		**(310,719)**	**(15,412)**
Fair value gain on investment properties		2,129,175	513,068
Gain on disposal of investment properties	5.1.2	75,608	111,074
Finance income/ (costs)	2.4	124,394	(481,681)
Profit from real estate operations		**2,018,458**	**127,049**
Two Rivers investment operations:			
Sales of goods and services (utilities)		251,121	242,983
Cost of sales		(214,185)	(207,390)
Fair value gain on investment properties		-	53,500
Other income		-	29,380
Gain on disposal of subsidiary with retention of joint control	13	-	427,004
Operating and administrative expenses	2.3.1	(182,113)	(417,384)
Share of loss from joint venture	6.2.2	(1,116,581)	(956,006)
Provision for impairment of assets	2.3.1	(3,875,015)	-
Provision for impairment of investment in joint ventures	6.2.2	-	(52,758)
Finance costs	2.4	(1,953,589)	(1,409,210)
Loss from Two Rivers investment operations		**(7,090,362)**	**(2,289,881)**
Financial services:			
Income from provision of financial services	2.2	6,373,761	5,599,891
Interest expenses	2.4	(2,920,756)	(2,186,851)
Net impairment of loans and advances	7.1	(567,116)	(500,341)
Operating and administrative expenses	2.3.1	(2,551,528)	(2,221,042)
Operating profit from financial services		**334,361**	**691,657**
Investment operations:			
Investment income	2.2	235,708	1,084,518
Operating and administrative expenses	2.3.1	(476,750)	(746,031)
Provision for impairment of assets	2.3.1	(695,172)	(191,156)
Finance costs	2.4	(458,541)	(545,143)
Share of loss from associates	6.2.1	-	(150,163)
Operating loss from investment operations		**(1,394,755)**	**(547,975)**
Loss before income tax		**(6,251,325)**	**(1,945,935)**
Income tax expense	3.1	(1,063,265)	(152,896)
Loss for the year		**(7,314,590)**	**(2,098,831)**
Attributable to:			
Owners of the parent		(4,179,610)	(1,364,787)
Non-controlling interests		(3,134,980)	(734,044)
		(7,314,590)	**(2,098,831)**
Earnings per share (Basic and diluted)	**2.6**	**(6.32)**	**(2.05)**

Consolidated statement of comprehensive income

	Notes	2023 Ksh'000	2022 Ksh'000 Restated
Loss for the year		**(7,314,590)**	**(2,098,831)**
Other comprehensive (loss)/income for the year			
Items that will not be reclassified to profit or loss			
Fair value loss on unquoted investments	5.2	(596,044)	1,188,735
Fair value loss on quoted investments	5.3	(1,110)	(3,806)
Deferred income tax thereon	3.2	966	1,109
Currency translation differences on foreign operations		(1,166,225)	295,823
Total other comprehensive(loss)/income		**(1,762,413)**	**1,481,861**
Total comprehensive loss for the year		**(9,077,003)**	**(616,970)**
Total comprehensive loss for the year is attributable to:			
Owners of the parent		(5,942,023)	111,132
Non-controlling interests		(3,134,980)	(728,102)
		(9,077,003)	(616,970)
Total other comprehensive (loss)/income for the year is attributable to:			
Owners of the parent		(1,762,413)	1,475,919
Non-controlling interests		-	5,942
		(1,762,413)	**1,481,861**

About Us

Corporate Governance

Financial Statements

Company statement of profit or loss and other comprehensive income

	Notes	2023 Ksh'000	2022 Ksh'000
Investment income	2.2	2,131,800	1,661,922
Expenses			
Operating and administrative expenses	2.3.1	(511,503)	(569,992)
Finance costs	2.4	(458,541)	(540,466)
Operating profit		**1,161,756**	**551,464**
Provision for impairment of assets	2.3.1	(954,412)	(490,143)
Profit before income tax		**207,344**	**61,321**
Income tax expense	3.1	(268,183)	(81,960)
Loss for the year		**(60,839)**	**(20,639)**
Other comprehensive (loss)/income for the year			
Items that will not be subsequently reclassified to profit or loss			
Fair value loss on investments in subsidiaries	6.1	(3,028,369)	(1,422,410)
Fair value loss on unquoted investments	5.2	(212,969)	1,204,080
Fair value loss on quoted investments	5.3	-	(3,784)
Deferred income tax charge	3.2	(1,627,785)	(5,242)
Total other comprehensive loss		**(4,869,123)**	**(227,356)**
Total comprehensive loss for the year		**(4,929,962)**	**(247,995)**

Consolidated statement of financial position

	Notes	2023 Ksh'000	2022 Ksh'000 Restated
Assets			
Property, plant and equipment	8.1	2,916,041	2,933,600
Investment properties	5.1.2	43,855,237	41,193,072
Inventories - Residential houses	5.1.1	8,871,837	7,551,257
Intangible assets - goodwill	8.2	-	361,335
Intangible assets - software	8.2	993,835	859,576
Deferred income tax	3.2	739,402	449,603
Right-of-use assets	8.3	60,644	126,643
Investments:			
- Associates	6.2.1	1,006,497	978,905
- Joint ventures	6.2.2	-	1,116,581
- Unquoted equity investments	5.2	4,825,113	5,468,619
- Quoted investments	5.3	3,792	8,295
- Government securities and corporate bonds	7.2	1,889,358	4,082,564
Loans and advances	7.1	100,927	-
Finance lease receivable	8.3.1	227,835	138,639
Inventories	4.1	877,882	738,021
Biological assets	8.5	19,103	-
Current income tax	3.1	419,152	399,738
Receivables and prepayments	4.2	2,087,647	6,697,243
Restricted cash	4.3.1	636,887	1,200,021
Cash and bank balances	4.3	542,873	1,196,077
		70,074,062	75,499,789
Assets classified as held for sale	8.4	42,665,245	43,029,504
Total assets		**112,739,307**	**118,529,293**
Capital and reserves			
Share capital	11.1	332,721	332,721
Treasury shares	11.1	(36,709)	-
Share premium	11.1	589,753	589,753
Other reserves	11.2	(442,816)	1,319,597
Retained earnings		35,451,997	40,031,606
Proposed dividends	11.3	400,000	390,983
Total equity attributable to equity holders of the company		**36,294,946**	**42,664,660**
Non-controlling interests	6.1	811,178	3,946,158
Total equity		**37,106,124**	**46,610,818**
Liabilities			
Borrowings (excluding banking subsidiary)	9.1	19,677,780	20,626,420
Pre-sales customer deposits	4.5	8,161,179	4,738,811
Payables and accrued expenses	4.4	4,427,838	3,560,087
Dividends payable	11.3	249,158	274,111
Current income tax	3.1	8,007	131,479
Deferred income tax	3.2	5,720,803	4,864,036
Lease liabilities	8.3	73,966	143,886
Total liabilities		**38,318,731**	**34,338,830**
Liabilities directly associated with assets classified as held for sale	8.4	37,314,452	37,579,645
Total equity and liabilities		**112,739,307**	**118,529,293**

The financial statements on pages 122 to 250 were approved by the Board of Directors on 27 July 2023 and signed on its behalf by:

Dr. James M. Mworia
Director

Catherine Mturi- Wairi
Director

Company statement of financial position

Assets	Notes	2023 Ksh'000	2022 Ksh'000
Property and equipment	8.1	78,931	82,191
Intangible assets	8.2	405	-
Right of use assets	8.3	-	21,803
		79,336	103,994
Investments:			
- Investment in subsidiaries	6.1	17,752,529	22,242,876
- Debt investment in subsidiaries	12.1	10,344,329	11,546,394
- Unquoted equity investments	5.2	4,687,380	4,946,898
- Government securities and corporate bonds	7.2	4,104,368	3,949,862
- Quoted equity investments	5.3	-	7,561
		36,888,606	42,693,591
Receivables and prepayments	4.2	77,341	267,468
Current income tax	3.1	105,808	100,074
Cash and bank balances	4.3	348,250	1,019,103
		531,399	1,386,645
Assets classified as held for sale	8.4	4,238,141	2,776,163
Total assets		**41,737,482**	**46,960,393**
Capital and reserves			
Share capital	11.1	332,721	332,721
Treasury shares	11.1	(36,709)	-
Share premium	11.1	589,753	589,753
Other reserves	11.2	14,210,529	19,079,651
Retained earnings		20,471,836	20,932,675
Proposed dividends	11.3	400,000	390,983
Total equity		35,968,130	41,325,783
Liabilities			
Borrowings	9.1	2,248,171	4,159,036
Payables and accrued expenses	4.4	539,941	340,140
Dividends payable	11.3	249,158	273,339
Lease liabilities	8.3	-	25,981
Deferred income tax	3.2	2,732,082	836,114
Total liabilities		5,769,352	5,634,610
Total equity and liabilities		**41,737,482**	**46,960,393**

The financial statements on pages 122 to 250 were approved by the Board of Directors on 27 July 2023 and signed on its behalf by:

Dr. James M. Mworia
Director

Catherine Mturi- Wairi
Director

Consolidated statement of changes in equity

	Notes	Share capital Ksh'000	Share premium Ksh'000	Treasury shares Ksh'000	Other reserves Ksh'000	Retained earnings Ksh'000	Proposed dividends Ksh'000	Owners equity Ksh'000	Non-controlling interest Ksh'000	Total equity Ksh'000
Year ended 31 March 2023										
At start of year		**332,721**	**589,753**	**-**	**1,319,597**	**40,031,606**	**390,983**	**42,664,660**	**3,946,158**	**46,610,818**
Comprehensive (loss)/income										
Loss for the year		-	-	-	-	(4,179,610)	-	(4,179,610)	(3,134,980)	(7,314,590)
Other comprehensive (loss)/income:										
Fair value loss on unquoted investments	5.2	-	-	-	(596,044)	-	-	(596,044)	-	(596,044)
Fair value loss on quoted investments	5.3	-	-	-	(1,110)	-	-	(1,110)	-	(1,110)
Currency translation differences on foreign operations		-	-	-	(1,166,225)	-	-	(1,166,225)	-	(1,166,225)
Deferred income tax thereon	3.2	-	-	-	966	-	-	966	-	966
Total other comprehensive loss		-	-	-	(1,762,413)	-	-	(1,762,413)	-	(1,762,413)
Total comprehensive loss		-	-	-	(1,762,413)	(4,179,610)	-	(5,942,022)	(3,134,980)	(9,077,002)
Transactions with owners in their capacity as owners:										
First and final 2022 dividends paid	11.3	-	-	-	-	-	(390,983)	(390,983)	-	(390,983)
Proposed 2023 dividends	11.3	-	-	-	-	(400,000)	400,000	-	-	-
Share buyback		-	-	(36,709)	-	-	-	(36,709)	-	(36,709)
At end of year		**332,721**	**589,753**	**(36,709)**	**(442,816)**	**35,451,997**	**400,000**	**36,294,946**	**811,178**	**37,106,124**

Consolidated statement of changes in equity

	Notes	Share capital	Share premium	Other reserves	Retained earnings	Proposed dividends	Owners equity	Non controlling interest	Total equity
		Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Year ended 31 March 2022									
At start of year		**332,721**	**589,753**	**224,178**	**41,752,206**	**219,596**	**43,118,454**	**3,930,250**	**47,048,704**
Comprehensive income									
- as previously reported		-	-	-	(618,998)	-	(618,998)	(748,918)	(1,367,916)
- prior year adjustments					(745,789)	-	(745,789)	14,874	(730,915)
- as restated		-	-	-	(1,364,787)	-	(1,364,787)	(734,044)	(2,098,831)
Other comprehensive income:									
Fair value gain on unquoted investments	5.2	-	-	1,188,735	-	-	1,188,735	-	1,188,735
Fair value loss quoted investments	5.3	-	-	(3,806)	-	-	(3,806)	-	(3,806)
Currency translation differences on foreign operations		-	-	295,823	-	-	295,823	-	295,823
Deferred income tax thereon	3.2	-	-	1,109	-	-	1,109	-	1,109
Total other comprehensive income		-	-	1,481,861	-	-	1,481,861	-	1,481,861
Total comprehensive loss		-	-	1,481,861	(1,364,787)	-	117,074	(734,044)	(616,970)
Transactions with owners in their capacity as owners:									
First and final 2021 dividends paid	11.3	-	-	-	-	(219,596)	(219,596)	-	(219,596)
Proposed 2022 dividends	11.3	-	-	-	(390,983)	390,983	-	-	-
Transactions with non-controlling interest		-	-	(386,442)	35,170	-	(351,272)	749,952	398,680
At end of year		**332,721**	**589,753**	**1,319,597**	**40,031,606**	**390,984**	**42,664,661**	**3,946,158**	**46,610,819**

Company statement of changes in equity

	Notes	Share capital Ksh'000	Share premium Ksh'000	Treasury shares Ksh'000	Other reserves Ksh'000	Retained earnings Ksh'000	Proposed dividends Ksh'000	Total equity Ksh'000
Year ended 31 March 2023								
At start of year		**332,721**	**589,753**	**-**	**19,079,652**	**20,932,675**	**390,983**	**41,325,783**
Comprehensive income								
Loss for the year		-	-	-	-	(60,839)	-	(60,839)
Other comprehensive income:								
Fair value loss on investments in subsidiaries	6.1	-	-	-	(3,028,369)	-	-	(3,028,369)
Fair value loss on unquoted investments	5.2	-	-	-	(212,969)	-	-	(212,969)
Deferred income tax thereon	3.2	-	-	-	(1,627,785)	-	-	(1,627,785)
Total other comprehensive loss		-	-	-	(4,869,123)	-	-	(4,869,123)
Total comprehensive income		-	-	-	(4,869,123)	(60,839)	-	(4,929,962)
Transactions with owners								
Proposed 2023 dividends	11.3	-	-	-	-	(400,000)	400,000	-
First and final 2022 dividends paid	11.3	-	-	-	-	-	(390,983)	(390,983)
Share buy back	11.1	-	-	(36,709)	-	-	-	(36,709)
At end of year		**332,721**	**589,753**	**(36,709)**	**14,210,529**	**20,471,836**	**400,000**	**35,968,130**

Company statement of changes in equity

	Notes	Share capital	Share premium	Other reserves	Retained earnings	Proposed dividends	Total equity
		Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Year ended 31 March 2022							
At start of year		**332,721**	**589,753**	**19,321,343**	**21,358,633**	**219,596**	**41,822,046**
Comprehensive (loss)/income							
Loss for the year		-	-	-	(20,639)	-	(20,639)
Other comprehensive income:							
Reserves released on disposal of investments	2.7	-	-	(14,336)	(14,336)	-	(28,672)
Fair value loss on investments in subsidiaries	6.1	-	-	(1,422,410)	-	-	(1,422,410)
Fair value gain on unquoted investments	5.2	-	-	1,204,080	-	-	1,204,080
Fair value loss on quoted investments	5.3	-	-	(3,784)	-	-	(3,784)
Deferred income tax thereon	3.2	-	-	(5,242)	-	-	(5,242)
Total other comprehensive loss		-	-	(241,692)	(14,336)	-	(256,028)
Total comprehensive loss		-	-	(241,692)	(34,975)	-	(276,667)
Transactions with owners							
Proposed 2022 dividends	11.3	-	-	-	(390,983)	390,983	-
First and final 2021 dividends paid	11.3	-	-	-	-	(219,596)	(219,596)
At end of year		**332,721**	**589,753**	**19,079,651**	**20,932,675**	**390,983**	**41,325,783**

Consolidated statement of cash flows

	Notes	2023 Ksh'000	2022 Ksh'000
Cash flows from operating activities			
Cash generated from operations	2.5	4,808,772	4,951,014
Proceeds from disposal of investment property	5.1.2	172,390	1,508,038
Income tax paid	3.1	(155,061)	(378,638)
Net cash flows from operating activities		**4,826,101**	**6,080,414**
Cash flows from investing activities			
Purchase of investment properties	5.1.2	(31,931)	(24,617)
Purchases of property, plant and equipment	8.1	(536,476)	(319,898)
Purchases of intangible assets	8.2	(253,112)	(108,286)
Purchase of shares in associates	6.2.1	(27,592)	(34,589)
Purchase of shares in joint venture	6.2.2	-	(16,455)
Purchase of unquoted equity investments	5.2	(79,347)	(224,420)
Purchase of quoted equity investments	5.3	(156,144)	(1,024,093)
Purchase of corporate bonds at amortised cost	7.2.3	(352, 464)	(762,276)
Purchase of commercial papers at amortised cost	7.2.4	(781,516)	(107,669)
Purchase of government securities at fair value through profit or loss	7.2.1	(259,382)	(4,154,275)
Purchase of government securities at amortised cost	7.2.2	(4,521,370)	(7,230,986)
Proceeds from disposal of property, plant and equipment	8.1	29,934	22,353
Proceeds from disposal of unquoted investments	5.2	128,703	71,644
Proceeds from disposal of commercial papers	7.2.4	503,789	255,300
Proceeds from disposal of quoted investments	2.7	158,469	1,465,677
Proceeds on disposal of government securities at fair value through profit or loss	7.2.1	604,019	2,315,234
Proceeds on disposal of government securities at amortised cost	7.2.2	5,457,001	3,275,141
Proceeds from disposal of corporate bonds at amortised cost	7.2.3	1,331,120	1,982,210
Net cash flows from investing activities		**1,213,701**	**(4,620,005)**
Cash flows from financing activities			
Proceeds from borrowings		7,554,640	6,994,741
Purchase of treasury shares	11.1	(36,709)	-
Repayment of borrowings		(10,875,852)	(6,553,222)
Interest paid on borrowings		(1,916,674)	(3,135,833)
Dividends paid	11.3	(390,983)	(219,596)
Payment of principal portion of lease liabilities		(729,675)	(124,914)
Net cash flows from financing activities		**(6,395,253)**	**(3,038,824)**
Decrease in cash and cash equivalents		**(355,451)**	**(1,578,415)**
Movement in cash and cash equivalents			
At start of year		3,264,197	4,842,612
Decrease		(355,451)	(1,578,415)
At end of year	4.3	**2,908,746**	**3,264,197**

Company statement of cash flows

	Notes	2023 Ksh'000	2022 Ksh'000
Cash flows from operating activities			
Cash generated from operations	2.5	2,418,866	1,154,632
Income tax paid	3.1	(5,734)	(38,669)
Net cash flows from operating activities		**2,413,132**	**1,115,963**
Cash flows from investing activities			
Purchase of property and equipment	8.1	(8,237)	(6,720)
Purchases of intangible assets	8.2	(418)	-
Investment in subsidiaries	6.1	-	(183,059)
Net debt investment in subsidiaries		(862,554)	(1,132,184)
Proceeds from sale of unquoted investments	5.2	128,703	20,892
Proceeds from sale of quoted securities	2.7	136,345	1,229,203
Proceeds from sale of government securities and corporate bonds	7.2	5,238,112	4,987,430
Purchase of quoted investments	5.3	(128,784)	(1,007,159)
Purchase of shares in unquoted investments	5.2	(79,347)	(175,589)
Purchase of government securities and corporate bonds	7.2	(4,692,468)	(4,037,908)
Net cash flows from investing activities		**(268,648)**	**(305,094)**
Cash flows from financing activities			
Repayment of borrowings		(1,741,872)	-
Interest paid on borrowings		(360,304)	(395,650)
Dividends paid	11.3	(390,983)	(219,595)
Unclaimed dividends paid	11.3	(24,181)	(36,964)
Purchase of treasury shares	11.1	(36,709)	-
Net cash flows from in financing activities		**(2,554,049)**	**(652,209)**
(Decrease) /increase in cash and cash equivalents		(409,565)	158,660
Movement in cash and cash equivalents			
At start of year		9,567	(149,093)
(Decrease) /increase		(409,565)	158,660
At end of year	4.3	**(399,998)**	**9,567**

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:

Two Rivers Office Towers
9th Floor, South Tower, Limuru Road
P O Box 10518 – 00100
Nairobi

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 sectors. In order to achieve a more informative presentation of the financial statements, the expenses in the consolidated statement of profit or loss 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.

The consolidated statement of profit and loss has been presented based on the nature of the various businesses that the Group engages in. A list of the subsidiaries and the nature of their operations has been presented under note 6.1

1 Accounting framework and critical judgements (continued)

1.2 Basis for preparation

(ii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the annual reporting year commencing 1 April 2022:

Standard	Effective Date	Executive Summary
Annual improvements cycle 2018 -2020	Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract (Published May 2020)	These amendments include minor changes to: • IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. • IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. • IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.
Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

1 Accounting framework and critical judgements (continued)

1.2 Basis for preparation (continued)

(ii) New and amended standards adopted by the Group (continued)

Standard	Effective Date	Executive Summary
Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.
"Amendment to IFRS 3, 'Business combinations' Asset or liability in a business combination clarity"	"Annual periods beginning on or after 1 January 2022 (Published May 2020) "	"The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework. The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date."

(iii) New and amended standards not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2023 reporting periods and have not been early adopted by the Group and Company. The Group and Company have not applied the following new or revised Standards and Interpretations that have been published but are not yet effective for the year beginning 1 April 2022, and the Directors do not plan to apply any of them until they become effective. They are not expected to have a significant impact on the financial statements.

1 Accounting framework and critical judgements (continued)

1.2 Basis for preparation (continued)

(ii) New and amended standards adopted by the Group (continued)

Number	Effective Date	Executive Summary
IFRS 17, 'Insurance contracts	IFRS 17, 'Insurance contracts'	The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.
IFRS 17, Insurance contracts Amendments	IFRS 17, Insurance contracts Amendments	In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway. Further detailed information is available at the following link: In Brief June 2020

1 Accounting framework and critical judgements (continued)

1.2 Basis for preparation (continued)

(iii) New and amended standards not yet adopted by the Group (continued)

Standard	Effective Date	Executive Summary
Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023 (Published Jan 2020)	"The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment.
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published May 2021)	The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published February 2021)	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

1.3 Going concern

The Group and the Company 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.

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 Significant 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.

1 Accounting framework and critical judgements (continued)

1.4 Significant accounting policies (continued)

1.4.1 Principles of consolidation and equity accounting (continued)

i. Subsidiaries (continued)

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.

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 49% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

v 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 statement of financial position.

vi 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 Significant accounting policies (continued)

1.4.1 Principles of consolidation and equity accounting (continued)

vi 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.

vii 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 profit 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.

viii 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 non-controlling 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 IFRS 9 Financial Instruments, 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.

1 Accounting framework and critical judgements (continued)

1.4 Significant accounting policies (continued)

1.4.1 Principles of consolidation and equity accounting (continued)

viii. 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.

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 (Ksh)', 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 investments in a foreign operation. The Group does not have qualifying cash flow hedges.

Foreign exchange gains and losses that relate to cash and cash equivalents and 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 financial assets at fair value through 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.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

1 Accounting framework and critical judgements (continued)

1.4 Significant accounting policies (continued)

1.4.2 Foreign currency (continued)

Group companies (continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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			
Property, plant and equipment	Historical cost less accumulated depreciation and impairment losses except for land and buildings that are carried at fair value.	Biological assets	Fair value less cost to sell.
		Quoted investments	Fair value through other comprehensive income.
		Investment properties	Fair value.
Loans and advances	Amortised cost.	Cash and cash equivalents	Amortised cost.
Goodwill	Historical cost less impairment losses.	Receivables and prepayments	Amortised cost.
Intangible assets	Historical cost less impairment losses.	Investment in subsidiaries	Company: Fair value based on recent transactions or price multiples, or net asset value.
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.	Government securities, corporate bonds and commercial papers	Fair value through profit and loss, fair value through other comprehensive income and armotized cost.
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 or cost.	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.
Unquoted investments	Fair value based on price of a recent transaction or earnings multiples of comparable companies or cost.	Right of use asset	Historical cost less accumulated depreciation and accumulated impairment.

1 Accounting framework and critical judgements (continued)

1.4 Significant 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
Liabilities			
Customer deposits	Amortised cost.	Contract liabilities	Normal value.
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.	Current income tax liabilities	Amount expected to be paid to tax authorities, using tax rates that have been enacted or substantively enacted at the reporting date.
Provisions	Present value of the best estimate of the settlement amount.	Payables and accruals	Amortised cost.
		Borrowings	Amortised cost.
		Bank overdraft	Amortised cost.
Lease liabilities	Present value of lease payments during the lease term that are not yet paid.	Dividends payable	Present value of the best estimate of the settlement amount.

1.4.4 Financial instruments

i. Classification

The Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual characteristics of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

ii. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

iii. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

1 Accounting framework and critical judgements (continued)

1.4 Significant accounting policies (continued)

1.4.4 Financial instruments (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:-

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

iv. Impairment

The Group recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

1 Accounting framework and critical judgements (continued)

1.4 Significant accounting policies (continued)

1.4.4 Financial instruments (continued)

v. Presentation

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the balance sheet date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the Group's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the Group does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

vi. Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the Group has transferred substantially all risks and rewards of ownership, or when the Group has no reasonable expectations of recovering the asset.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

When a financial asset measured at fair value through other comprehensive income, other than an equity instrument, is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. For equity investments for which an irrevocable election has been made to present changes in fair value in other comprehensive income, such changes are not subsequently transferred to profit or loss.

vii. Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.4.5 Comparatives

Except otherwise required, all amounts are reported or disclosed with comparative information. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

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 "Significant accounting policies.

1 Accounting framework and critical judgements (continued)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.1 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 Company statement of financial position. On the consolidated statement of financial position, 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 Company statement of financial position are classified as fair value through other comprehensive income.

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

a) EV/EBITDA multiples - based on the most recent EBITDA achieved on a rolling 12 months basis of the company under valuation and equivalent corresponding EBITDA multiples of comparable companies;

b) Market approach for the banking subsidiary - based on a recent transaction between minority shareholders;

c) Discounted cash flow methodology which reflects the specifics of the entity and its operating environment;

d) EV/Revenue multiples - based on the most recent Revenue achieved on a rolling 12 months basis of the company under valuation and equivalent corresponding Revenue multiples of comparable companies; and

e) Marketability discounts, based on guidance under International Private Equity and Venture Capital Valuation (IPEV) and International Financial Reporting Standards (IFRS) Guidelines. In principle, the Group applies an illiquidity discount between 1% and 30% set out under IPEV guidelines.

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 some of the 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 some of the unquoted investments 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 Finance and 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, management may recalibrate the valuation techniques appropriately.

Where EBITDA multiples are used, management determines 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.

1 Accounting framework and critical judgements (continued)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.1 Valuation of unquoted investments (continued)
Year ended 31 March 2023

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

Description Unquoted investments: Company	Ownership	Fair value at 31 March 2023 Ksh'000	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift+/- (absolute value)	Change in valuation +/- Ksh'000
Isuzu East Africa Limited	17.8%	3,490,053	Comparable trading multiples	EBITDA multiple	8.88x	1%	30,612
				Marketability discount	17.5%	5%	(37,016)
				Discounted EBITDA multiple	7.33x		
				EBITDA (Ksh 'm)	ND*	10%	306,125
				Net debt (Ksh 'm)	ND*	NA	NA
NAS Airport Services Limited	15%	778,027	Comparable trading multiples	EBITDA multiple	10.25x	1%1	7,847
				Marketability discount	18%	5%	(8,252)
				Discounted Revenue multiple	8.46x		
				EBITDA (Ksh 'm)	ND*	10%	78,471
				Net debt (Ksh "m)	ND*	NA	NA
Africa Crest Education (ACE) Holdings	17%	376,859	Share of net assets				
Nabo Unit Trust Funds		42,441	Amortised cost				
Total - Company		**4,687,380**					

* Isuzu East Africa Limited, NAS Airport Services Limited and Africa Crest Education (ACE) Holdings 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)

1.5.1 Valuation of unquoted investments (continued)
Year ended 31 March 2022

Description Unquoted investments: Company	Ownership	Fair value at 31 March 2022 Ksh'000	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift+/- (absolute value)	Change in valuation +/- Ksh'000
Isuzu East Africa Limited	17.8%	2,999,485	Comparable trading multiples	EBITDA multiple	7.99x	1%	25,116
				Marketability discount	30%	5%	(64,275)
				Discounted EBITDA multiple	5.59x		
				EBITDA (Ksh 'm)	ND*	10%	251,158
				Net debt (Ksh 'm)	ND*	NA	NA
NAS Airport Services Limited	15%	859,167	Comparable trading multiples	EBITDA multiple	3.80x	1%	8,560
				Marketability discount	30%	5%	(18,411)
				Discounted EBITDA multiple	2.66x		
				Revenue (Ksh 'm)	ND*	10%	85,600
				Net debt (Ksh "m)	ND*	NA	NA
Africa Crest Education (ACE) Holdings	17%	960,217	Cost				
Nabo Unit Trust Funds		128,029	Amortised cost				
Total - Company		**4,946,898**					

* 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 subsidiaries

Subsidiaries: Company	Ownership	31-Mar-23 Ksh'000	Valuation basis for the year ended 31 March 2023
Centum Real Estate Limited	100%	16,519,379	This is a real estate development company.The entity holds investments in Uhuru Heights Limited, Centum Development Kenya Limited, Vipingo Development Plc, Vipingo Estates Plc and Centum Development Company Limited (that owns 100% of Pearl Marina Estates Limited). It is measured at net asset value of the underlying assets and liabilities.
Two Rivers Development Limited	53.6%	-	This is a real estate investment that company holds a joint control in the investment in Two Rivers Mall. It is measured at net asset value of which the underlying assets are measured at fair value. The investment in Two Rivers Mall is disclosed in note 6.2.2.
Bakki Holdco Limited	100%	4,238,141	This is a holding company for the investment in Sidian Bank Limited. It is measured at net asset value however the underlying asset is measured based on the price of a recent transaction. The investment in Sidian Bank Limited is disclosed below.
Longhorn Publishers Limited	60.2%	428,077	This is the investment in the controlling stake of the publishing company. The entity is listed on the Nairobi Securities Exchange. The investment valuation is based on market prices.
Rasimu Limited	100%	75,368	This is an investment company that holds 3.65% of Two Rivers Development Limited. It is measured at net asset value of which the underlying assets are measured at fair value. The investment in Two Rivers Development Limited is disclosed above.
Nabo Capital Limited	100%	379,130	This is an investment company involved in fund management and transaction advisory services. It is measured at net asset value.
Greenblade Growers Limited	100%	132,843	This is an agricultural production company. It is measured at net asset value.
Zohari Credit Limited	100%	164,370	This is a leasing company. It is measured at net asset value.
Tribus TSG Limited	80%	53,362	This is a training, security and governance consultancy services company. It is measured at net asset value.
Tier Data Limited	100%	-	This is the investment in the controlling stake of an IT service provision company. It is measured at net asset value.
Jafari Credit Limited	100%	-	This is a micro-lender that offers long term credit to civil servants. It is measured at net asset value.
Two Rivers Land Company (SEZ) Limited	100%	-	This is an infrastructure development company and is the holding company for Two Rivers International Finance and Innovation Center (TRIFIC). It is measured at net asset value.
Two Rivers International Finance and Innovation Center (SEZ) Limited	100%	-	This is a 100% held subsidiary of Two Rivers Land Conpany Limited and is a Special Economic Zone focusing on the service sector. It is measured at net asset value. sector. It is measured at net asset value.
		21,990,670	
Reclassification to asset held for sale			
Sidian Bank Limited		(4,238,141)	
Total		**17,752,529**	
Valuation:		**Ksh'000**	

A complete list of the Group's subsidiaries is included under note 6.1

1 Accounting framework and critical judgements (continued)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.2 Valuation of subsidiaries

Subsidiaries: Company	Ownership	31-Mar-22 Ksh'000	Valuation basis for the year ended 31 March 2022
Centum Real Estate Limited (Formerly Athena Properties Limited)	100%	16,800,858	This is a real estate development company. The entity holds investments in Uhuru Heights Limited, Centum Development Kenya Limited, Vipingo Development Plc, Vipingo Estates Plc and Centum Development Company Limited (that owns 100% of Pearl Marina Estates Limited). It is measured at net asset value of the underlying assets and liabilities.
Two Rivers Development Limited	53.6%	3,796,322	This is a real estate investment company that holds a joint control in the investment in Two Rivers Mall. It is measured at net asset value of which the underlying assets are measured at fair value. The investment in Two Rivers Mall is disclosed in note 6.2.
Bakki Holdco Limited	100%	2,776,163	This is a holding company for the investment in Sidian Bank Limited. It is measured at net asset value of which the underlying assets are measured at fair value. The investment in Sidian Bank Limited is disclosed below.
Longhorn Publishers Limited	60.2%	572,409	This is the investment in the controlling stake of the publishing company. The entity is listed on the Nairobi Securities Exchange. The investment valuation is based on market prices.
Rasimu Limited	100%	258,518	This is an investment company that holds 3.65% of Two Rivers Development Limited. It is measured at net asset value of which the underlying assets are measured at fair value. The investment in Two Rivers Development Limited is disclosed above.
Nabo Capital Limited	100%	463,134	This is an investment company involved in fund management and transaction advisory services. It is measured at net asset value.
Greenblade Growers Limited	100%	117,462	This is an agricultural production company. It is measured at net asset value.
Zohari Credit Limited	100%	190,958	This is a leasing company. It is measured at net asset value.
Tribus TSG Limited	80%	43,215	This is a training, security and governance consultancy services company. It is measured at net asset value.
Tier Data Limited	100%	-	This is the investment in the controlling stake of an IT service provision company. It is measured at net asset value.
Barium Capital Limited	100%	-	This is an investment company involved in fundraising. It is measured at net asset value.
		25,019,039	
Reclassification to asset held for sale			
Sidian Bank Limited		(2,776,163)	
Total		**22,242,876**	

Valuation:	Valuation technique	Ksh'000	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in valuation +/- Ksh'000
Sidian Bank Limited	Price to book multiples	2,778,781	PB Ratio multiple	0.59x	1%	27,788
			NAV (Ksh '000)	4,881,223	10%	277,878
			Control premium	20%	10%	241,633
			Illiquidity discount	5%	10%	(12,082)
			Discounted multiple	0.68		

1 Accounting framework and critical judgements (continued)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.2 Valuation of subsidiaries (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 associates

Year ended 31 March 2023

Description	Ownership	31-Mar-23 Ksh'000	Valuation basis for the year ended 31 March 2023
Associates: Company			
Akiira Geothermal Limited	37.50%	1,006,497	The Company holds a 37.5% interest through it's subsidiary, Investpool Company Limited. It is measured at cost less impairment.

Year ended 31 March 2022

Description	Ownership	31-Mar-22 Ksh'000	Valuation basis for the year ended 31 March 2022
Associates: Company			
Akiira Geothermal Limited	37.50%	978,905	The Company holds a 37.5% interest through it's subsidiary, Investpool Company Limited. It is measured at cost less impairment.

1.5.4 Valuation of investment properties

The fair value model has been applied in accounting for investment properties. 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 properties at 31 March 2023 and 31 March 2022 on the basis of open market value. The current use of the investment properties equates to the highest and best use.

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. The fair value gains have been credited to 'income' in the income statement (Note 2.2).

The Group's investment properties are valued by reference to a level 3 fair value measurement. In 2023 and 2022, there were no transfers between different levels within the fair value hierarchy. Level 3 measurement uses one or more significant inputs not based on observable data.

	Level 1 Ksh'000	Level 2 Ksh'000	Level 3 Ksh'000
31 March 2023			
Investment properties	-	-	43,855,237
31 March 2022			
Investment properties	-	-	41,193,072

See note 5.1.2 for the reconciliation of investment properties.

1 Accounting framework and critical judgements (continued)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.5 Impairment losses on loans and advances

IFRS 9 Financial Instruments requires assessment on a forward looking basis of the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting period. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Refer to note 7.1 for a detailed analysis on the Group's expected credit loss model for loans and advances.

1.5.6 Impairment of 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.

For purposes of impairment testing, goodwill acquired in a business combination is allocated to CGUs. On the basis described on the accounting policy above, the Group's primary CGUs are as outlined above. Goodwill is tested for impairment annually in the fourth quarter by comparing the recoverable amount of each goodwill carrying CGU with its carrying amount. In addition, in accordance with IAS 36, the Group tests goodwill whenever a triggering event is identified. The recoverable amount is the higher of a CGU's fair value less costs of disposal and its value in use.

See assumptions as discussed in Note 8.2

2 Results of operations

2.1 Operating segments

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's chief operating decision maker is the executive management committee. The executive management committee consists of the Chief Executive Officer, Finance Director, Managing Director - Private Equity, Managing Director - Centum Real Estate, Managing Director - Nabo Capital Limited, Partner - Portfolio Operations, Company Secretary and heads of the various business units.

The Group's operating structure comprises the reportable segments below:
a) Growth Portfolio - This consists of:-

i. Private Equity Portfolio
Centum's legacy investments in Longhorn Publishers Plc, NAS Servair Limited, Sidian Bank Limited, Isuzu East Africa Limited, Africa Crest Education (ACE) Holdings, Amu Power Limited, Akiira Geothermal Limited, Centum Capital Partners Limited, Zohari Credit Limited, Jafari Credit Limited, Greenblade Growers Limited, Tribus TSG Limited and Tier Data Limited.

ii. Centum Real Estate Portfolio
This represents Centum's investment in real estate assets under Centum Real Estate Limited and Two Rivers Development Limited Group.

2 Results of operations (continued)

2.1 Operating segments (continued)

b) Centum Capital Private Equity Fund II - portfolio currently under development.

c) Marketable Securities

These consists of Centum Exotics Limited and Oleibon Investments Limited that are involved in investment of funds in quoted equity and fixed income 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 amounts or as a percentage of opening net asset value in the period.

ii 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, profit on exit from investments, unrealised value movements on the portfolio, rental income as well as fee income.

- Realised profits on the disposal of investments is computed as 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.

  The difference between the sales proceeds and cost of the investments are accounted for in the income statement, while the difference between the gains and the opening fair value is then disclosed under other comprehensive income as reserves released on disposal of investments.
- Unrealised value movements are the difference between the opening and closing carrying value of portfolio investments in each period.

b Portfolio costs

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

c Total assets

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

The segment information provided to the executive management committee for the reportable segments for the year ended 31 March 2023 and 31 March 2022 is as presented overleaf.

2 Results of operations (continued)

2.1 Operating segments (continued)
Company

Year ended 31 March 2023	Private Equity Ksh'000	Real Estate Ksh'000	Marketable Securities Ksh'000	Total Ksh'000
Dividend income	255,738	-	2	255,740
Interest income	23,259	193,304	858,349	1,074,912
Other income	(176,922)	968,092	-	791,170
Realised losses	-	-	(29,444)	(29,444)
Unrealised value movements	483,549	(5,352,672)	39,422	(4,829,701)
Gross return	**585,624**	**(4,191,276)**	**868,329**	**(2,737,323)**
Finance costs	(122,470)	(250,874)	(85,197)	(458,541)
Impairment of assets	(954,412)	-	-	(954,412)
Portfolio costs	(136,615)	(279,851)	(95,037)	(511,503)
Net return	**(627,873)**	**(4,722,001)**	**688,095**	**(4,661,779)**
Tax	(268,183)	-	-	(268,183)
Total return	**(896,056)**	**(4,722,001)**	**688,095**	**(4,929,962)**
Gross Return on opening shareholder funds (%)	5%	-16%	24%	-7%
Return on opening shareholder funds (%)	-8%	-18%	19%	-12%
Opening shareholder funds				
Total assets	14,811,057	28,483,707	3,665,629	46,960,393
Borrowings	(2,762,041)	(1,396,995)	-	(4,159,036)
Other liabilities	(519,199)	(956,375)	-	(1,475,574)
Net asset value attributable to equity holders	**11,529,817**	**26,130,337**	**3,665,629**	**41,325,783**
Closing shareholder funds				
Total assets	15,492,984	23,874,080	2,370,418	41,737,482
Borrowings	(1,225,977)	(1,022,194)	-	(2,248,171)
Other liabilities	(1,289,679)	(2,231,502)	-	(3,521,181)
Net asset value attributable to equity holders	**12,977,328**	**20,620,384**	**2,370,418**	**35,968,130**

2 Results of operations (continued)

2.1 Operating segments (continued)
Company

Year ended 31 March 2022	Private Equity Ksh'000	Real Estate Ksh'000	Marketable Securities Ksh'000	Total Ksh'000
Dividend income	172,835	-	-	172,835
Interest income	10,359	399,238	720,726	1,130,323
Other income	5,120	312,096	-	317,216
Realised gains	29,999	-	11,549	41,548
Unrealised value movements	1,129,205	(1,352,966)	(3,595)	(227,356)
Gross return	**1,347,518**	**(641,632)**	**728,680**	**1,434,566**
Finance costs	(130,174)	(304,472)	(105,820)	(540,466)
Impairment of assets	(60,970)	(429,173)	-	(490,143)
Portfolio costs	(137,286)	(321,107)	(111,599)	(569,992)
Net return	**1,019,088**	**(1,696,384)**	**511,261**	**(166,035)**
Tax	(81,960)	-	-	(81,960)
Total return	**937,128**	**(1,696,384)**	**511,261**	**(247,995)**
Gross Return on opening shareholder funds (%)	13%	-2%	20%	3%
Return on opening shareholder funds (%)	9%	-6%	14%	-1%
Opening shareholder funds				
Total assets	13,642,462	30,138,684	3,734,095	47,515,241
Borrowings	(2,724,589)	(1,396,995)	-	(4,121,584)
Other liabilities	(545,164)	(1,026,440)	(7)	(1,571,611)
Net asset value attributable to equity holders	**10,372,709**	**27,715,249**	**3,734,088**	**41,822,046**
Closing shareholder funds				
Total assets	14,811,057	28,483,707	3,665,629	46,960,393
Borrowings	(2,762,041)	(1,396,995)	-	(4,159,036)
Other liabilities	(519,199)	(956,375)	-	(1,475,574)
Net asset value attributable to equity holders	**11,529,817**	**26,130,337**	**3,665,629**	**41,325,783**

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	Educational materials	Sale of educational material is through Longhorn Publishers Plc.	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.
	Agricultural products	The Group exports exotic herbs through Greenblade Growers Limited.	
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 Sidian Bank Limited and Jafari Credit Limited and fixed income investments by the asset management subsidiaries. 2. Fund management income relates to management fees earned by the asset management companies. 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 provided by Zohari Credit 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.

2 Results of operations (continued)

2.2 Revenue (continued)

Type	Nature	Description	Recognition
Sale of services	1. Project management fees 2. Utilities 3. Provision of security and cleaning services 4. Provision of IT services	1. Project management fees relate to fees earned by Centum Real Estate Limited on Real Estate projects. 2. Utilities relate to income earned by Two Rivers Power Company Limited and Two Rivers Water and Sanitation Company Limited on the provision of electricity and water to the Two Rivers Development. 3. Security and cleaning services earned by Tribus TSG Limited to third party clients. 4. IT services earned by Tier data on provision of ICT infrastructure, internet services, networking solutions, data centre and disaster recovery.	- 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. - Security and cleaning services are recognised on a monthly basis when services are offered. - IT services are recognised on a monthly basis when monthly services are offered. In case of projects, the revenues are recognised based on the work completed.

Type	Nature	Recognition
Investment income	1. Dividend income 2. Gains on disposal of investments 3. Interest income	- 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. - Interest income is accrued using the effective interest rate method, by reference to the principal outstanding and the interest rate applicable.
Real Estate	1. Sale of houses 2. Sale of land	- Revenue from sale of housing units is recognised upon completion and release of ownership to the respective buyers of the completed units. - Revenue from sale of land is recognised upon execution of the transfer of title and settlement of the consideration of the land per the agreement.

The Group revenues are recognised based on point in time and over period of time based on the various businesses invested in.

2 Results of operations (continued)

2.2 Revenue (continued)

	Group		Company	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
Sale of goods and services				
- Publishing business	1,258,239	1,901,023	-	-
- Utilities	325,887	226,309	-	-
- Agribusiness	353,612	169,355	-	-
- Other income	24,124	6,962	-	-
Total	**1,961,862**	**2,303,649**	-	-
Financial services:				
- Banking subsidiary:				
- Interest income	4,726,071	3,718,440	-	-
- Fees, commission and forex trading income	1,324,636	1,477,914	-	-
- Other income	119,409	201,508	-	-
- Asset management subsidiaries:				
- Fund management income	91,529	77,531	-	-
- Interest income	44,805	31,323	-	-
- Other (expense)/income	(4,816)	1,685	-	-
- Leasing:				
- Lease rentals	49,359	81,654	-	-
- Other income	22,768	9,836	-	-
Total	**6,373,761**	**5,599,891**	-	-
	8,335,623	**7,903,540**	-	-
Investment income				
Dividend income	235,740	147,634	255,740	172,835
Interest income from investing and financing activities	476,044	793,633	1,074,912	1,130,443
(Losses)/gains on disposal of investments (Note 2.7)	(63,286)	(76,893)	(29,444)	91,314
Unrealised (losses)/gains on government securities	(236,689)	(99,553)	39,422	(49,766)
Other (expense)/ income	(176,101)	319,697	791,170	317,096
	235,708	**1,084,518**	**2,131,800**	**1,661,922**
Dividend income				
Subsidiaries	-	-	20,000	41,510
Unquoted investments	235,738	131,325	235,738	131,325
Quoted investments	2	16,309	2	-
	235,740	**147,634**	**255,740**	**172,835**
2.3 Expenses				
2.3.1(a) Cost of sales				
Publishing business	778,197	1,162,396	-	-
Utilities business	292,852	224,637	-	-
Agribusiness	166,790	81,621	-	-
	1,237,839	**1,468,654**	**-**	**-**

2 Results of operations (continued)

2.3 Expenses (continued)

2.3.1(b)Operating and administrative expenses	Group 2023 Ksh'000	Group 2022 Ksh'000	Company 2023 Ksh'000	Company 2022 Ksh'000
Employee benefits expense (Note 2.3.2)	1,972,778	1,991,670	246,234	199,169
Directors' fees and expenses	144,446	130,635	35,906	24,852
Auditor's remuneration	25,885	25,182	5,802	5,423
Office rent and service charge	279,866	267,103	23,004	13,924
Depreciation and amortisation	463,518	687,156	11,510	16,140
AGM and annual report printing	14,898	7,313	14,110	7,313
Business development costs	47,528	31,206	8,664	645
Advertising costs	149,675	116,406	7,784	1,485
Share registration costs	11,229	10,459	11,229	10,459
Listing expenses	15,131	5,590	3,469	5,121
Consultancy	240,163	226,966	38,034	28,308
Management fees	55,841	213,598	31,873	182,107
Expected credit losses	90,285	10,143	-	-
Donations	22,292	18,260	5,152	2,544
Other costs*	1,062,887	698,593	68,732	72,502
	4,596,422	**4,440,280**	**511,503**	**569,992**
Analysed as below:				
Trading subsidiaries	700,707	606,484	-	-
Real estate operations	685,324	449,339	-	-
Two Rivers Group	182,113	417,384	-	-
Financial services subsidiaries	2,551,528	2,221,042	-	-
Investment Operations	476,750	746,031	511,503	569,992
	4,596,422	**4,440,280**	**511,503**	**569,992**

*Other costs relate to software licences, legal fees, connectivity charges, printing and stationery, travel and accommodation expenses among other operating expenses.

2.3.1 (c)Provision for impairment of assets	Group 2023 Ksh'000	Group 2022 Ksh'000	Company 2023 Ksh'000	Company 2022 Ksh'000
- Joint venture (Note 6.2.2)	-	52,758	-	-
- Shareholder loans	3,875,015	-	620,575	490,143
- Other assets	695,172	191,156	333,837	-
	4,570,187	**243,914**	**954,412**	**490,143**

2 Results of operations (continued)

2.3 Expenses (continued)

2.3.2 Employee benefits expense

2.3.2.1 Short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

2.3.2.2 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 Ksh 1080 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.

2.3.2.3 Performance bonus

The bonus scheme is designed to optimize the cash return on the assets managed by Centum for the share holders. The scheme aligns the staff reward system to creation of cash return on assets at a rate greater than that of the market. The return considered for the purposes of the bonus computation is cash adjusted and does not include the annual fair valuation movement of assets, but instead incorporates the net asset value movements.

2.3.2.3.1 Determining the bonus pool

The determination of the bonus pool is as follows:

a. The private equity and marketable securities portfolios bonus pool

The annual performance bonus pool for the private equity and marketable securities portfolios is subject to attainment of a total cash return as a percentage of Company opening cash-adjusted shareholder funds of 15% or more in the financial year (the hurdle rate). The annual bonus pool is then computed as 20% of the total cash return that is above the hurdle rate of 15%. Should total return exceed 25%, then the performance pool will be increased by 1% for each 1% above total return.
Elements of cash return for the two portfolios are:

i. Monetization events which include sale/exit of a stake in a portfolio company and securing equity investments at multiples to the carrying value of the portfolio investments;
ii. Dividend and interest income from the portfolio; and
iii. Cash Net Asset Value movements in the portfolio companies, representing the Company's share of distributable dividends.

b. Real estate portfolio

The Real Estate portfolio bonus pool is only determined on the attainment of a cash return (property sale or an exit transaction) in a real estate portfolio company. However, the hurdle rate in Real Estate cash returns is tied to a relevant index of value appreciation (Hass Composite Land Property Index) to ensure that management is not incentivized for ordinary/inflationary increases in property values. The percentage cash return is therefore effectively adjusted downwards for the effects of ordinary property value appreciation.

2 Results of operations (continued)

2.3 Expenses (continued)

2.3.2 Employee benefits expense (continued)

2.3.2.3.1 Determining the bonus pool (continued)

b. Real estate portfolio (continued)

The Real Estate bonus pool is based on 10% of return in excess of the hurdle adjusted base. The base refers to the actual cash deployed into the investment. At the end of a financial year where sale or exit transactions have occurred, the base is adjusted for the hurdle rate plus all costs incurred (investment and operational).

2.3.2.3.2 Vesting Conditions

The bonus entitlement for a particular year is paid out to staff in three tranches over a period of three years. The vesting conditions are:

i. Shareholder funds (defined as Net Asset Value) will not fall below the level they were at the point of the bonus award (high-water mark);

ii. The high-water mark will be adjusted for owner related adjustments such as payment of dividends or new capital raisings; and

iii. An eligible employee must remain in the employ of the Company for the entire period unless a specific waiver is granted by the Board of Directors.

The performance hurdle rates described above were not met in the year ended 31 March 2023 and hence no bonus pool was recognized for the year. The vesting conditions that are required to unlock the second and third bonus tranche for the year ended 31 March 2020 were not met.

2.3.2.4 Other entitlements

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

	Group		Company	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
Salaries	1,540,471	1,526,933	201,197	137,473
Performance bonus	-	70,926	-	40,523
Retirement benefit scheme contributions	76,577	84,637	14,436	9,156
National Social Security Fund contributions	9,423	6,648	102	39
Accrued leave	16,698	13,994	650	(3,236)
	1,643,169	1,703,138	216,385	183,955
Staff medical expenses	129,102	127,632	10,690	5,518
Other staff costs	200,507	160,900	19,159	9,696
	1,972,778	1,991,670	246,234	199,169

2 Results of operations (continued)

2.4 Finance costs

Finance costs comprise interest expenses on borrowings, unwinding of the discount on provisions and net foreign exchange 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	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
Trading businesses:				
- Interest on bank and other borrowings	142,343	155,296	-	-
	142,343	155,296	-	-
Financial services:				
- Interest on customer deposits	1,500,137	1,290,758	-	-
- Interest on bank and other borrowings	1,420,619	896,093	-	-
	2,920,756	2,186,851	-	-
Centum real estate:				
- Interest on bank and other borrowings	464,973	445,542	-	-
- Foreign exchange (gains)/ losses on borrowings	(626,366)	15,008	-	-
- Amortised borrowing costs	36,999	21,131	-	-
	(124,394)	481,681	-	-
Two Rivers group:				
- Interest on bank and other borrowings	884,471	877,456	-	-
- Commitment and other fees	162,107	83,792	-	-
- Foreign exchange gains losses on borrowings	907,011	447,962		
	1,953,589	1,409,210	-	-
Other finance costs:				
- Interest on bank and other borrowings	412,407	370,147	411,687	370,147
- Commitment and other fees	45,262	78,892	46,854	78,892
- Foreign exchange gains/(losses) on borrowings	-	90,463	-	89,310
- Interest on lease liabilities	872	5,641	-	2,117
	458,541	545,143	458,541	540,466
Total finance costs	**5,350,835**	**4,778,181**	**458,541**	**540,466**
Analysed as below:				
Trading subsidiaries	142,343	155,296	-	-
Real Estate subsidiaries	(124,394)	481,681	-	-
Two Rivers Group subsidiaries	1,953,589	1,409,210	-	-
Financial services subsidiaries	2,920,756	2,186,851	-	-
Other entities*	458,541	545,143	458,541	540,466
	5,350,835	**4,778,181**	**458,541**	**540,466**

*Other entities refers to Centum Investment Company Plc, Jafari Credit Limited (formerly Centum Business Solutions Limited) and Centum Capital Partners Limited.

2 Results of operations (continued)

2.5 Cash generated from operations

		Group		Company	
		2023 Ksh'000	Restated 2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
Reconciliation of profit before income tax to cash generated from operations:					
(Loss)/profit before income tax		(6,251,325)	(1,945,935)	207,344	61,321
Adjustments for:					
Finance costs	2.4	5,350,835	4,778,181	458,541	540,466
Depreciation on property, plant and equipment	8.1	372,643	586,874	11,497	11,219
Amortisation of intangible assets	8.2	125,972	117,094	13	-
Depreciation of right of use asset	8.3.1	192,000	234,680	-	-
Gain/(loss) on disposal of investments	2.7	63,286	76,893	29,444	(91,314)
Change in fair value of investment property	5.1.2	(2,129,175)	(566,568)	-	-
Unrealised exchange (gains)/losses	2.2	176,101	(319,697)	(791,170)	(227,786)
Fair value losses/(gains) on government securities through profit and loss		(137,195)	298,352	(39,422)	49,766
Gain on disposal of subsidiary with retention of joint control		-	(427,004)	-	-
Gain on disposal of investment property	5.1.2	(75,608)	(111,074)	-	-
Share of loss from joint ventures	6.2.2	1,116,581	956,006	-	-
Share of loss from associates		-	150,163	-	-
Net impairment of loans and advances	7.1	567,116	500,341	-	-
Provision for impairment on assets	2.3.1	4,570,187	243,914	639,546	490,143
Proceeds from shareholder loans		-	-	1,717,100	425,579
Impairment of goodwill	8.2	361,335	-	-	-
Changes in working capital:					
- inventories		(139,861)	108,299	-	-
- receivables and prepayments		(665, 847)	269,471	(13,828)	48,107
- construction of residential units		(1,069,690)	(945,213)	-	-
- payables and accrued expenses		777,446	(164,166)	199,801	(152,869)
- biological assets		(19,103)	-	-	-
- finance lease receivable		(89,196)	26,806	-	-
- presales customer deposits		3,422,368	1,141,203	-	-
- loans and advances		(225,688)	(2,506,184)	-	-
- customer deposits		(2,047,544)	2,893,825	-	-
- restricted cash		563,134	(445,247)	-	-
		4,808,772	**4,951,014**	**2,418,866**	**1,154,632**

2 Results of operations (continued)

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.

Diluted earnings per share

The Company has not issued any convertible securities and as such, the basic and diluted earnings per share is the same.

	Company	
	2023 Ksh'000	2022 Ksh'000
Basic and diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	(6.32)	(2.05)
Total basic and diluted earnings per share attributable to the ordinary equity holders of the company	(6.32)	(2.05)
Reconciliation of earnings used in calculating earnings per share		
Loss attributable to equity holders of the company used in calculating basic and diluted earnings per share:		
- From continuing operations	(4,179,609)	(1,364,787)
	(4,179,609)	(1,364,787)
Weighted average number of ordinary shares in issue (thousands)	661,373	665,442

2 Results of operations (continued)

2.7 Gain on disposal of investments

		Group			Company		
	Notes	Carrying value Ksh'000	Proceeds Ksh'000	(Loss)/Gain on disposal Ksh'000	Cost Ksh'000	Proceeds Ksh'000	Gain on disposal Ksh'000
Year ended 31 March 2023							
Quoted investments	5.3	175,194	158,469	(16,725)	118,748	136,345	(17,597)
Other investments		6,406,261	6,359,700	46,561	5,354,468	5,366,815	(11,847)
		6,581,455	6,518,169	(63,286)	5,473,216	5,503,160	(29,444)
Reserves released on disposal:							
Quoted investments		-	-	-	-	-	-
Losses during the year		**-**	**-**	**(63,286)**	**-**	**-**	**(29,444)**
Year ended 31 March 2022							
Quoted investments	5.3	1,572,569	1,465,677	(106,892)	1,137,889	1,199,204	61,315
Other investments		-	29,999	29,999	-	29,999	29,999
		1,572,569	1,495,676	(76,893)	1,137,889	1,229,203	91,314
Reserves released on disposal:							
Quoted investments		-	-	-	-	-	(14,336)
(Losses)/gains during the year		**-**	**-**	**(76,893)**	**-**	**-**	**76,978**

3 Income tax

3.1 Income tax expense

The tax expense for the year 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 income tax

Current income 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 income 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.

	Group		Company	
a) Income tax expense	**2023 Ksh'000**	**Restated 2022 Ksh'000**	**2023 Ksh'000**	**2022 Ksh'000**
Current income tax	192,073	472,129	-	-
Deferred income tax	871,192	(319,233)	268,183	81,960
	1,063,265	**152,896**	**268,183**	**81,960**

3 Income tax (continued)

3.1 Income tax expense (continued)

b) Income tax expense
The table below explains the differences between the expected tax expense at the Kenyan statutory tax rate of 30% (2022:30%) and the Group's total tax expense.

	Group		Company	
	2023 Ksh'000	**2022 Ksh'000**	**2023 Ksh'000**	**2022 Ksh'000**
Accounting (loss)/profit before tax	(6,251,324)	(1,945,935)	207,344	61,321
Tax at the applicable rate of 30% (2022: 30%)	(1,875,397)	(583,781)	62,203	18,396
Tax effect of:				
Income not subject to tax	(57,453)	(155,495)	(57,565)	(27,394)
Income subject to capital gains tax rate*	334,120	(714,559)	-	-
Expenses not deductible for tax	2,509,897	1,130,777	263,545	90,958
Unrecognised deferred tax assets	11,833	(4,994)	-	-
Adjustment in respect of prior periods	-	549,243	-	-
Previously unrecognised deferred tax losses	140,265	(68,296)	-	-
	1,063,265	152,896	268,183	81,960
c) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised	39,443	(16,647)	-	-
Potential tax benefit at 30%	11,833	(4,994)	-	-

*relates to capital gains tax on fair value movements on investment properties, unrealised gains/(losses) on investments and realised gains/(losses) on disposal of investments.

3 Income tax (continued)

3.1 Income tax expense (continued)

d) Unrecognised temporary differences
Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:

	Group		Company	
	2023 Ksh'000	**2022 Ksh'000**	**2023 Ksh'000**	**2022 Ksh'000**
Foreign currency translation	(421,971)	744,254	-	-
Undistributed earnings	2,655,955	2,655,955	-	-
	2,233,984	**3,400,209**	**-**	**-**
Unrecognised deferred tax liabilities relating to the above temporary differences	**223,398**	**340,021**	**-**	**-**

Temporary differences of Ksh 422 Million (2022 – Ksh 744 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) Current income tax (recoverable)/ payable

	Group		Company	
	2023 Ksh'000	**2022 Ksh'000**	**2023 Ksh'000**	**2022 Ksh'000**
At start of year	(268,259)	(334,866)	(100,074)	(61,405)
Charge for the year	192,073	472,129	-	-
Payments during the year	(155,061)	(378,638)	(5,734)	(38,669)
Over-provision in prior years	(179,898)	(26,884)	-	-
At end of year	**(411,145)**	**(268,259)**	**(105,808)**	**(100,074)**
Analysed as:				
Current income tax recoverable	(419,152)	(399,738)	(105,808)	(100,074)
Current income tax payable	8,007	131,479	-	-

3 Income tax (continued)

3.2 Deferred income tax

Deferred income tax is calculated on all temporary differences under the liability method using the currently enacted tax rate of 30% (2022: 30%) and the capital gains tax rate of 15% (2022: 5%). The movement on the deferred income tax account is as follows:

	Group		Company	
	2023 Ksh'000	2022 Ksh'000 (Restated)	2023 Ksh'000	2022 Ksh'000
At start of year	4,414,433	3,333,263	836,114	748,912
Charge/(credit) to income statement	871,192	(319,233)	268,183	81,960
Credit to other comprehensive income	(966)	(1,109)	1,627,785	5,242
Adjustment in respect of prior periods	(168,169)	722,150	-	-
Derecognition on disposal of subsidiary	-	53,916	-	-
Reclassified to assets held for sale	(135,089)	625,446	-	-
At end of year	**4,981,401**	**4,414,433**	**2,732,082**	**836,114**
Deferred income tax assets and liabilities are analysed as follows:				
Deferred income tax assets	(739,402)	(449,603)	-	-
Deferred income tax liabilities	5,720,803	4,864,036	2,732,082	836,114
	4,981,401	**4,414,433**	**2,732,082**	**836,114**

Group	**At start of year Ksh'000 (Restated)**	**Charged/ (credited) to Profit/loss Ksh'000**	**Charged/ (credited) to OCI Ksh'000**	**Reclassified to assets held for sale Ksh'000**	**At end of year Ksh'000**
Year ended 31 March 2023					
Property, plant and equipment:					
- on historical cost basis	300,644	31,867	-	(7,876)	324,635
Tax losses	(2,056,910)	(423,192)	-	(13,341)	(2,493,443)
Other deductible differences	(741,744)	2,606,717	-	(113,872)	1,751,101
Exchange differences	(8)	(2,875)	-	-	(2,883)
Fair value gains/(losses) on investment properties	7,358,998	(4,597,088)	-	-	2,761,910
Fair value gains/(losses) on investments	(446,547)	3,087,594	(966)	-	2,640,081
	4,414,433	**703,023**	**(966)**	**(135,089)**	**4,981,401**

	At start of year Ksh'000	**Charged/ (credited) to Profit/loss Ksh'000 (Restated)**	**Charged/ (credited) to OCI Ksh'000**	**Reclassified to assets held for sale Ksh'000**	**At end of year Ksh'000**
Year ended 31 March 2022					
Property, plant and equipment:					
- on historical cost basis	206,868	57,309	-	36,467	300,644
Tax losses carried forward	(1,994,733)	(123,940)	-	61,763	(2,056,910)
Other deductible differences	70,913	(1,339,873)	-	527,216	(741,744)
Exchange differences	48,711	(48,719)	-	-	(8)
Fair value gains/(losses) on investment properties	6,488,742	870,256	-	-	7,358,998
Fair value gains/(losses) on investments	(1,487,238)	1,041,800	(1,109)	-	(446,547)
	3,333,263	**456,833**	**(1,109)**	**625,446**	**4,414,433**

3 Income tax (continued)

3.2 Deferred income tax (continued)

Company	At start of year Ksh'000	Charged/ (credited) to Profit/loss Ksh'000	Charged/ (credited) to OCI Ksh'000	At end of year Ksh'000
Year ended 31 March 2023				
Property and equipment	(2,340)	(117)	-	(2,457)
Other deductible differences	(171,484)	268,300	-	96,816
Fair value gains on investments	1,009,938	-	1,627,785	2,637,723
	836,114	268,183	1,627,785	2,732,082
Year ended 31 March 2022				
Property and equipment	1,105	(3,445)	-	(2,340)
Other deductible differences	(256,889)	85,405	-	(171,484)
Fair value gains on investments	1,004,696	-	5,242	1,009,938
	748,912	81,960	5,242	836,114

The Group has concluded that the deferred income tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The Group is expected to continue generating taxable income.

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	
	2023 Ksh'000	2022 Ksh'000
Publishing business:		
- Educational materials	918,527	816,785
- Provision for obsolescence	(53,108)	(86,922)
Agribusiness:		
- Consumables	12,463	8,158
	877,882	**738,021**

Inventories are held in Longhorn Publishers Limited and Greenblade Growers Limited. The cost of inventories recognised as an expense and included in 'cost of sales' amounted to Ksh 944,987,000 (2022:Ksh 885,238,438).

No amounts of inventory have been pledged as security for any borrowings.

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	
	Notes	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
Trade receivables		697,951	991,607	-	-
Less: provision for expected credit losses		(133,943)	(224,629)	-	-
Net trade receivables		564,008	766,978	-	-
VAT recoverable		273,625	184,744	-	-
Other receivables		431,795	918,819	40,942	231,705
Commissions (deferred acquisition costs)		43,090	-	-	-
Prepayments		406,069	431,729	5,553	9,363
Dividend and interest receivable		30,846	51,678	30,846	26,400
		1,749,433	**2,353,948**	**77,341**	**267,468**
Amounts due from joint ventures	12.1	338,214	4,902,417	-	-
Less: Provision for impairment		-	(559,122)	-	-
		338,214	4,343,295	-	-
		2,087,647	**6,697,243**	**77,341**	**267,468**

4 Working capital (continued)

4.2 Receivables and prepayments (continued)

	Notes	Group 2023 Ksh'000	Group 2022 Ksh'000	Company 2023 Ksh'000	Company 2022 Ksh'000
Movement in provision for expected credit losses					
At start of year		224,629	202,495	-	-
(Reversal)/Charge in the year		(90,686)	22,134	-	-
At end of year		**133,943**	**224,629**	**-**	**-**

4.3 Cash and cash equivalents

Cash and cash equivalents are accounted for at amortised cost in accordance with the accounting policies.

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

Cash and bank balances

	Notes	Group 2023 Ksh'000	Group 2022 Ksh'000	Company 2023 Ksh'000	Company 2022 Ksh'000
Others:					
- Call deposits (maturing within 90 days)		86,531	228,238	271,032	1,007,331
- Bank balances		456,342	967,839	77,218	11,772
		542,873	**1,196,077**	**348,250**	**1,019,103**
Reclassified to assets held for sale	8.4	3,111,860	3,108,274	-	-
		3,654,733	**4,304,351**	**348,250**	**1,019,103**

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

	Group 2023 Ksh'000	Group 2022 Ksh'000	Company 2023 Ksh'000	Company 2022 Ksh'000
Cash and cash equivalents	542,873	1,196,077	348,250	1,019,103
Bank overdrafts	(745,987)	(1,040,154)	(748,248)	(1,009,536)
Reclassified as held for sale	3,111,860	3,108,274	-	-
	2,908,746	**3,264,197**	**(399,998)**	**9,567**

4 Working capital (continued)

4.3 Cash and cash equivalents (continued)

4.3.1 Restricted cash

	Notes	Group 2023 Ksh'000	Group 2022 Ksh'000	Company 2023 Ksh'000	Company 2022 Ksh'000
- Restricted cash		636,887	1,200,021	-	-
		636,887	**1,200,021**	**-**	**-**

Restricted cash relates to cash held in a debt service reserve account and is used for servicing the borrowings obtained. The cash is restricted and therefore not available for general use by the Group companies within Centum Real Estate Limited.

4.4 Payables and accrued expenses

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables 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.

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.

	Notes	Group 2023 Ksh'000	Group 2022 Ksh'000	Company 2023 Ksh'000	Company 2022 Ksh'000
Trade payables		769,774	639,667	1,487	10,185
Payable to property contractors		1,573,248	1,060,353	-	-
Other payables and accrued expenses		2,558,313	2,311,180	538,454	329,955
Reclassified to liabilities held for sale	8.4	(512,897)	(603,312)	-	-
Client deposits		39,400	4,825	-	-
Due to related parties	12.1	-	147,374	-	-
		4,427,838	3,560,087	539,941	340,140

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

4 Working capital (continued)

4.5 Pre-sales customers' deposits

	Group	
	2023 Ksh'000	2022 Ksh'000
Deposits on land sales	2,750,789	309,056
Deposits on residential units	5,410,390	4,429,755
	8,161,179	**4,738,811**

Residential units advances and progress billings	Group	
	2023 Kshs'000	2022 Kshs'000
The movement in this balance is as broken down below:		
Residential Units		
At start of year	4,429,755	3,390,828
Collections during the year	2,624,569	2,784,645
Currency translations	(1,931,528)	112,314
Recognised as revenue during the year	287,594	(1,858,032)
	5,410,393	**4,429,755**
Land sales		
At start of year	309,056	199,922
Collections during the year	2,519,193	1,508,038
Recognised as revenue during the year	(96,782)	(1,405,138)
Currency translations	19,322	6,234
At end of year	**2,750,789**	**309,056**

The deposits are non-interest bearing and are only refundable in accordance with the provisions of the respective sale agreements.

5 Investment properties and residential houses under construction (inventories)

5.1 Investment properties and residential houses under construction (inventories)

5.1.1 Inventories - Residential houses

Inventoried costs on the residential houses program include land, construction costs, borrowing costs and professional fees not in excess of the estimated net realisable value. To the extent a material amount of such costs are related to an abnormal event or are fixed costs not appropriately attributable to the program, they are expensed in the current period rather than inventoried. Inventoried costs include amounts relating to programs and contracts with long-term production cycles, a portion of which is not expected to be realised within one year.

The determination of net realisable value of long term contract costs is based on monthly reviews that estimate costs to completion. When actual contract costs and the estimate to complete exceed total estimated contract revenues, a loss provision is recorded.

Borrowing costs directly attributable to the acquisition and construction of the residential houses are capitalised.

	Group	
	2023 Ksh'000	**2022 Ksh'000**
At start of year	7,551,257	6,485,145
Additions	2,775,181	2,349,225
Capitalized borrowing costs	125,509	133,967
Commissions	46,287	-
Transfer from investment properties	-	4,701
Transfer to investment properties	(242,205)	(27,900)
Transfers to cost of sales	(1,628,904)	(1,514,848)
Currency translation differences	244,712	120,967
At end of year	**8,871,837**	**7,551,257**

5.1.2 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 properties and are non-current assets. Investment properties are 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 presented in the income statement in the year to which they relate.

Borrowing costs directly attributable to the acquisition and construction of investment properties are capitalised.

5 Investment properties and residential houses under construction (inventories) (continued)

5.1 Investment properties and residential houses under construction (inventories) (continued)

5.1.2 Investment properties (continued)

	Group	
	2023 Ksh'000	**2022 Ksh'000**
At start of year	41,193,072	41,528,010
Additions	31,931	24,617
Transfers to inventory/other assets	-	(75,940)
Transfer from inventory	242,205	27,900
Fair value loss	2,129,175	566,568
Disposals	(790,782)	(1,597,549)
Currency translation differences	1,049,636	719,466
	43,855,237	**41,193,072**
The changes in fair value are broken down below:-		
Two Rivers Development Limited	-	53,500
Centum Real Estate Limited	2,129,175	513,068
	2,129,175	**566,568**

Transfers to inventory/other assets

These relate to transfers of investment property in Vipingo Development Plc, Pearl Marina Estates Limited and Uhuru Heights Limited to inventory following a change of use in these investment properties

Valuation

The information is set out under Note 1.5.2

Cashflow

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

	Group	
	2023 Ksh'000	**2022 Ksh'000**
Actual cash payments	31,931	24,617
	31,931	**24,617**

Valuers

The fair value of the investment properties are based on the valuation carried out by Regent Valuers International (K) Limited and Ark Consultants Limited independent valuers. The valuers are registered valuers and have recent experience in the locations and the category of the investment properties being valued.

About Us
Corporate Governance
Financial Statements

5 Investment properties and residential houses under construction (inventories) (continued)

5.1 Investment properties and residential houses under construction (inventories) (continued)

5.1.2 Investment properties (continued)

Disposals

During the year, the group sold land for a total consideration of Ksh 172,390,000 (2022: Ksh 1,716,725,000) resulting in a gain in the profit or loss account as follows:

	Group	
	2023 Ksh'000	2022 Ksh'000
Sales proceeds	172,390	1,716,725
Commissions	-	(2,511)
Original cost of the land and related infrastructure costs	(44,193)	(327,208)
	128,197	1,387,006
Less: previously recognised fair value gains	(52,589)	(1,275,932)
Gain recognised in profit or loss	**75,608**	**111,074**

Pledges as security for borrowings

Investment properties valued at Ksh 31 billion (2022: Ksh 30.41 billion) has been pledged as security for borrowings in the Group. Refer to note 9.1c.

	Group	
	2023 Ksh'000	2022 Ksh'000
Amounts in profit and loss:		
Change in fair value	2,129,175	566,568
Currency translation differences	1,049,636	719,466
	3,178,811	**1,286,034**

Post year end, the Group entered into a contract for the sale of 56 acres for a sum of Ksh 109, 280, 000. This transaction will reflect in the subsequent period.

5.2 Unquoted equity investments

		Group		Company	
	Notes	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
At start of year		5,468,619	4,060,015	4,946,898	3,585,229
Additions		79,347	224,420	79,347	175,589
Disposals		(128,703)	(71,644)	(128,703)	(18,000)
Interest income		1,894	67,093	2,807	-
Fair value (loss)/gain		(596,044)	1,188,735	(212,969)	1,204,080
		(643,506)	1,408,604	(259,518)	1,361,669
At end of year		**4,825,113**	**5,468,619**	**4,687,380**	**4,946,898**

5 Investment properties and residential houses under construction (inventories) (continued)

5.2 Unquoted equity investments (continued)

The Group's unquoted investments relate to investments in Isuzu East Africa Limited, Nas Servair, Africa Crest Education (ACE) Holdings and Nabo Unit Trusts Fund.

Africa Crest Education (ACE) Holdings is carried at share of net assets. This is a private equity investment with no quoted market.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. Detailed disclosures in the valuation of each investee company are set out under note 1.5.1.

5.3 Quoted equity investments

		Group		Company	
	Notes	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
At start of year		8,295	429,104	7,561	156,411
Additions		156,144	1,024,093	128,784	1,007,159
Disposals		(159,537)	(1,752,596)	(136,345)	(1,152,225)
Currency translation differences		-	311,500	-	-
Fair value loss		(1,110)	(3,806)	-	(3,784)
		(4,503)	(420,809)	(7,561)	(148,850)
At end of year		3,792	8,295	-	7,561

The fair value of all equity securities is based on the quoted closing market prices on the listed securities market at the year end date.

6 Group composition

6.1 Interest in subsidiaries

The Company's interest in subsidiaries is as set out below:

		Cost				Cumulative fair value gains/ (losses)				Fair value	
	Ownership %	01-Apr-22	Additions	Disposals	31-Mar-23	01-Apr-22	In the year	Released on disposal	31-Mar-23	31-Mar-23	31-Mar-22
		Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Centum Real Estate Limited	100%	501,498	-	-	501,498	16,299,360	(281,479)	-	16,017,881	16,519,379	16,800,858
Rasimu Limited	100%	100	-	-	100	258,418	(183,150)	-	75,268	75,368	258,518
Centum BVI Limited	100%	8	-	-	8	(8)	-	-	(8)	-	-
Two Rivers Development Limited	53.60%	1,216,458	-	-	1,216,458	2,579,864	(3,796,322)	-	(1,216,458)	-	3,796,322
eTransact Limited	100%	100	-	-	100	(100)	-	-	(100)	-	-
Centum Exotics Limited	100%	100	-	-	100	(100)	-	-	(100)	-	-
Nabo Capital Limited	100%	438,000	-	-	438,000	25,134	(84,004)	-	(58,870)	379,130	463,134
Investpool Holdings Limited	100%	68	-	-	68	(68)	-	-	(68)	-	-
Mvuke Power Limited	100%	100	-	-	100	(100)	-	-	(100)	-	-
Jafari Credit Limited	100%	-	-	-	-	-	-	-	-	-	-
Bakki Holdco Limited	100%	4,768,266	-	-	4,768,266	(1,992,103)	1,461,978	-	(530,125)	4,238,141	2,776,163
Greenblade Growers Limited	100%	412,405	-	-	412,405	(294,943)	15,381	-	(279,562)	132,843	117,462
Elimu Holdings Limited	100%	1,000	-	-	1,000	(1,000)	-	-	(1,000)	-	-
Longhorn Publishers Plc	60.20%	749,866	-	-	749,866	(177,457)	(144,332)	-	(321,789)	428,077	572,409
Zohari Credit Limited	100%	214,428	-	-	214,428	(23,470)	(26,588)	-	(50,058)	164,370	190,958
Tier Data Limited	100%	-	-	-	-	-	-	-	-	-	-
Tribus TSG Limited	80%	100	-	-	100	43,115	10,147	-	53,262	53,362	43,215
Barium Capital Limited	100%	5,000	-	-	5,000	(5,000)	-	-	(5,000)	-	-
		8,307,597	-	-	8,307,597	16,711,442	(3,028,369)	-	13,683,073	21,990,670	25,019,039
Reclassification to asset held for sale											
Sidian Bank Limited		(4,768,266)	-	-	(4,768,266)	1,992,103	(1,461,978)	-	530,125	(4,238,141)	(2,776,163)
Total		**3,539,331**	**-**	**-**	**3,539,331**	**18,703,545**	**(4,490,347)**	**-**	**14,213,198**	**17,752,529**	**22,242,876**

6 Group composition (continued)

6.1 Interest in subsidiaries

The Company's interest in subsidiaries is as set out below:

		Cost				Cumulative fair value gains/ (losses)				Fair value	
	Ownership %	01-Apr-21	Additions	Disposals	31-Mar-22	01-Apr-21	In the year	Released on disposal	31-Mar-22	31-Mar-22	31-Mar-21
		Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Centum Real Estate Limited	100%	501,498	-	-	501,498	16,174,275	125,085	-	16,299,360	16,800,858	16,675,773
Rasimu Limited	100%	100	-	-	100	340,711	(82,293)	-	258,418	258,518	340,811
Centum BVI Limited	100%	8	-	-	8	(8)	-	-	(8)	-	-
Two Rivers Development Limited	53.60%	1,216,458	-	-	1,216,458	4,013,561	(1,433,697)	-	2,579,864	3,796,322	5,230,019
eTransact Limited	100%	100	-	-	100	(100)	-	-	(100)	-	-
Centum Exotics Limited	100%	100	-	-	100	(100)	-	-	(100)	-	-
Nabo Capital Limited	100%	438,000	-	-	438,000	64,610	(39,476)	-	25,134	463,134	502,610
Investpool Holdings Limited	100%	68	-	-	68	(68)	-	-	(68)	-	-
Mvuke Power Limited	100%	100	-	-	100	(100)	-	-	(100)	-	-
Jafari Credit Limited (Formerly Centum Business Solutions Limited)	100%	100	-	-	100	(100)	-	-	(100)	-	-
Bakki Holdco Limited	100%	4,585,207	183,059	-	4,768,266	(2,064,221)	72,118	-	(1,992,103)	2,776,163	2,520,986
Greenblade Growers Limited	100%	412,405	-	-	412,405	(360,233)	65,290	-	(294,943)	117,462	52,172
Elimu Holdings Limited	100%	1,000	-	-	1,000	(1,000)	-	-	(1,000)	-	-
Longhorn Publishers Plc	60.20%	749,866	-	-	749,866	(83,969)	(93,488)	-	(177,457)	572,409	665,897
Zohari Leasing Limited	100%	214,428	-	-	214,428	4,138	(27,608)	-	(23,470)	190,958	218,566
Tier Data Limited	100%	-	-	-	-	16,834	(16,834)	-	-	-	16,834
Tribus TSG Limited	80%	100	-	-	100	34,622	8,493	-	43,115	43,215	34,722
Barium Capital Limited	100%	5,000	-	-	5,000	(5,000)	-	-	(5,000)	-	-
		8,124,538	183,059	-	8,307,597	18,133,852	(1,422,410)	-	16,711,442	25,019,039	26,258,390
Reclassification to asset held for sale											
Sidian Bank Limited		-	-	-	(4,768,266)	-	-	-	1,992,103	(2,776,163)	-
		8,124,538	**183,059**	**-**	**3,539,331**	**18,133,852**	**(1,422,410)**	**-**	**18,703,545**	**22,242,876**	**26,258,390**

6 Group composition (continued)

6.1 Interest in subsidiaries (continued)

i) Incorporation and principal activity

Company	Country of incorporation	Classification	Operating segment	Percentage ownership	Principal activity
Centum Real Estate Limited	Kenya	Investment operations	Real estate	100%	End-to-end project and development management services for real estate projects and real estate development and also owns developments.
Rasimu Limited	Kenya	Investment operations	Real estate	100%	Investment holding company. At 31 March 2023, the company's sole holding was a 3.65% stake in Two Rivers Development Limited.
Pearl Marina Estates Limited	Uganda	Investment operations	Real estate	100%	Real estate development in Uganda.
Two Rivers Development Limited	Kenya	Investment operations	Real estate	53.60%	Real estate investment entity.The company holds a joint controlling stake of 50% at Two Rivers Lifestyle Center Limited and a 100% stake in, Two Rivers Power Company Limited, Two Rivers Water and Sanitation Company Limited, Two Rivers Property Owners Limited, Two Rivers Theme Park Limited is a Joint Venture between Two Rivers Development Limited and Funscapes Limited.
Uhuru Heights Limited	Kenya	Investment operations	Real estate	100%	The company is an investment holding company . At 31 March 2023, the company's holdings included a 1.05% stake in Two Rivers Development Limited and was developing Cascadia apartments.
Centum Development Kenya Limited	Kenya	Investment operations	Real estate	100%	The company is an investment holding company.
Centum Exotics Limited	Mauritius	Investment operations	Marketable securities	100%	The company is engaged in investment in marketable securities. At 31 March 2023, the company held 100% stake in Oleibon Investments Limited.

6 Group composition (continued)

6.1 Interest in subsidiaries (continued)

i) Incorporation and principal activity (continued)

Company	Country of incorporation	Classification	operating segment	Percentage ownership	principal activity
Centum Development Company Limited	Mauritius	Investment operations	Real estate	100%	The company is an investment holding company for real estate development. At 31 March 2023, the company's sole holding was in Pearl Marina Estates Limited.
Vipingo Development Plc	Kenya	Investment operations	Real estate	100%	Real estate development and holding company for Vipingo Estates Limited.
Vipingo Estates Limited	Kenya	Investment operations	Real estate	100%	Real estate development.
Nabo Capital Limited	Kenya	Financial Services	Private equity	100%	The company is involved in fund management and transaction advisory services.
Investpool Holdings Limited	Mauritius	Investment operations	Private equity	100%	The company is an investment holding company. At 31 March 2023, the company held 100% of Mvuke Limited that is a special purpose vehicle to explore Geothermal opportunities in Africa and owns 37.5% of Akiira Geothermal Limited.
Jafari Credit Limited (Formerly Centum Business Solutions Limited)	Kenya	Financial Services	Private equity	100%	The company is involved in payroll lending to government employees and previously provided shared services to Centum Investment Company Plc and its subsidiaries.
Bakki Holdco Limited	Kenya	Financial Services	Private equity	100%	Holding company for the Group's investment in Sidian Bank Limited.
Greenblade Growers Limited	Kenya	Trading	Private equity	100%	Agricultural production and export.
Shefa Holdings Limited	Mauritius	Financial Services	Private equity	100%	Private equity investments .
Zohari Credit Limited	Kenya	Financial Services	Private equity	100%	Leasing services.

6 Group composition (continued)

6.1 Interest in subsidiaries (continued)

i) Incorporation and principal activity (continued)

Company	Country of incorporation	Classification	operating segment	Percentage ownership	principal activity
Elimu Holdings Limited	Mauritius	Investment operations	Real estate	100%	Investment holding company.
Longhorn Publishers Limited	Kenya	Trading	Real estate	60.20%	Public limited liability company involved in publishing and distribution of learning materials in Kenya and East Africa.
Tier Data Limited	Kenya	IT Services	Private equity	100%	Provision of IT services .
Tribus TSG Limited	Kenya	Investment operations	Private equity	80%	Training, security, governance consultancy services and facilities management.

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.

	Sidian Bank Limited		Tribus TSG		Two Rivers Development Limited		Longhorn Publishers Limited			
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
Summarised balance sheet										
Current assets	41,800,676	23,623,412	205,962	163,437	913,399	4,647,250	1,322,525	1,558,420	44,242,562	29,992,519
Current liabilities	(30,136,429)	(30,884,756)	(149,185)	(121,036)	(1,451,427)	(2,706,200)	(964,022)	(1,066,920)	(32,701,063)	(34,778,912)
Net current assets/ (liabilities)	11,664,247	(7,261,344)	56,777	42,401	(538,028)	1,941,050	358,503	491,500	11,541,499	(4,786,393)
Non-current assets	1,078,306	19,619,020	9,925	11,618	14,275,594	16,212,287	1,356,141	1,265,128	16,719,966	37,108,053
Non-current liabilities	(7,460,132)	(7,476,453)	-	-	(14,518,069)	(11,070,649)	(1,091,325)	(1,003,088)	(23,069,526)	(19,550,190)
Net non-current assets/ (liabilities)	(6,381,826)	12,142,567	9,925	11,618	(242,475)	5,141,638	264,816	262,040	(6,349,560)	17,557,863
Net assets/ (liabilities)	5,282,421	4,881,223	66,702	54,019	(780,503)	7,082,688	623,319	753,540	5,191,939	12,771,470
Accumulated NCI	875,227	808,754	13,340	10,804	(325,470)	2,953,481	248,081	299,908	811,178	3,946,158
Summarised income statement										
Income	6,181,949	5,424,658	324,672	245,325	290,340	765,812	1,258,239	1,904,033	8,055,200	8,339,828
Profit/(loss) for the year	267,996	508,710	18,899	9,442	(7,521,048)	(1,796,216)	(130,221)	133,475	(7,364,374)	(1,144,589)
Other comprehensive income	-	-	-	-	-	14,147	-	-	-	14,147
Total comprehensive income/ (loss)	267,996	508,710	18,899	9,442	(7,521,048)	(1,782,069)	(130,221)	133,475	(7,364,374)	(1,130,442)
Profit/(loss) allocated to NCI	44,403	84,287	3,780	1,888	(3,136,277)	(743,123)	(51,828)	53,123	(3,139,922)	(603,825)
Dividends paid to NCI	-	-	-	-	-	-	-	-	-	-

6 Group composition (continued)

6.2 Investment in associates and joint ventures

At Company level, associates and joint ventures are accounted for at fair value in accordance with IFRS 9. At the Group level, 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 ventures in the carrying amount of the investments, which are generally determined from their latest audited annual financial statements or management accounts and the 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 align the accounting policies of the associates and joint ventures with those of the Group.

6.2.1 Investment in associates

Set out below are the associates of the Group at 31 March 2023. 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 2023	2022
Akiira Geothermal Limited	Kenya	37.50%	37.50%

6 Group composition (continued)

6.2 Investment in associates and joint ventures

6.2.1 Investment in associates (continued)

Movements in investments in associates is as follows:

	Group		Company	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
At start of year	978,905	1,094,479	-	-
Additions during the year	27,592	34,589	-	-
Impairment charge to profit or loss	-	(150,163)	-	-
	1,006,497	978,905	-	-

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 or losses and other comprehensive income less any impairment in the value of individual investments.

Associates are held at cost less impairment in the Company's financial statements. See note 1.5.3.

6.2.2 Investment in joint ventures

Set out below are the joint ventures of the Group at 31 March 2023. 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	
		2023	2022
Two Rivers Lifestyle Centre Limited	Mauritius	50%	50%
Two Rivers Theme Park Limited	Kenya	50%	50%
Amu Power Company Limited	Kenya	51%	51%

6 Group composition (continued)

6.2 Investment in associates and joint ventures

6.2.2 Investment in joint ventures (continued)

Movements in investments in associates is as follows:

	Group		Company	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
At start of year	1,116,581	2,108,890	-	-
Additions during the year	-	16,455	-	-
Share of losses	(1,116,581)	(956,006)	-	-
Provision for impairment	-	(52,758)	-	-
	-	1,116,581	-	-
Analysed as follows:				
- Joint ventures (equity)	-	1,116,581	-	-

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 company statements of financial position at cost plus share of subsequent profits or losses and other comprehensive income less any impairment in the value of individual investments.

The Group used audited financial statements of Two Rivers Lifestyle Centre Limited and Two Rivers Theme Park Limited for the year ended 31 March 2023 to account for the Group's joint ventures using the equity method.

i) Summarised financial information for joint ventures

The tables below provide summarised financial information for 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

6.2.2 Investment in joint ventures (continued)

i) Summarised financial information for joint ventures

	Two Rivers Lifestyle Centre Limited		Two Rivers Theme Park Limited	
	2023 Ksh'000	**2022 Ksh'000**	**2023 Ksh'000**	**2022 Ksh'000**
Summarised balance sheet				
Current assets:				
- Cash and cash equivalents	15,475	107,745	790	1,381
- Other current assets	2,325,520	2,346,104	24,146	86,095
Total current assets	2,340,995	2,453,849	24,936	87,476
Non-current assets	13,377,453	15,676,139	629,657	892,590
Current liabilities:				
- Financial liabilities (excluding trade payables)	-	-	(1,155,911)	(1,183,975)
- Other current liabilities	(17,642,976)	(4,515,034)	(38,763)	(49,408)
Total current liabilities	(17,642,976)	(4,515,034)	(1,194,674)	(1,233,383)
Non-current liabilities				
- Financial liabilities (excluding trade payables)	-	(11,196,414)	-	-
- Other Non-current liabilities	(192,713)	(185,375)	(24,679)	(55,150)
Total Non-current liabilities	(192,713)	(11,381,789)	(24,679)	(55,150)
Net assets	**(2,117,241)**	**2,233,165**	**(564,760)**	**(308,467)**
Reconciliation to carrying amounts:				
Opening net assets 1 April	2,233,165	4,010,172	-	-
Loss for the year	(4,350,406)	(1,803,554)	(256,294)	(108,457)
Additions	-	-	256,294	108,457
Capital contribution	-	26,547	-	-
Closing net assets	**(2,117,241)**	**2,233,165**	**-**	**-**
Group's share in %	50%	50%	50%	50%
Group's share in Ksh	-	1,116,583	-	-
Carrying amount	**-**	**1,116,583**	**-**	**-**
Summary statement of comprehensive income				
Income	668,699	620,946	88,249	76,456
Cost of sales	-	-	(122,251)	(125,438)
Operating and administration expenses	(412,916)	(394,134)	(8,762)	(7,748)
Impairment loss	-	-	(206,299)	-
Operating profit/(loss)	**255,783**	**226,812**	**(249,063)**	**(56,730)**
Interest expense	(2,277,750)	(1,559,219)	(37,702)	(50,492)
Fair value losses on revaluation	(2,328,439)	(471,147)	-	-
Income tax expense	-	-	30,471	(1,235)
Loss for the year	**(4,350,406)**	**(1,803,554)**	**(256,294)**	**(108,457)**
Total comprehensive income	**(4,350,406)**	**(1,803,554)**	**(256,294)**	**(108,457)**

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 interest in Amu Power was fully impaired during the year ended 31 March 2020.

There were no commitments and contingent liabilities with respect to associate and joint ventures that have a material impact on the Group.

7 Other financial assets and liabilities

7.1 Loans and advances

Loans and advances 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.

	Notes	Group 2023 Ksh'000	Group 2022 Ksh'000
Term loans		21,823,789	21,738,721
Overdrafts		2,328,694	2,132,277
Credit cards		42,997	56,116
Interest in suspense		(343,485)	(300,807)
Gross loans and advances		23,851,995	23,626,307
Expected credit loss allowance		(436,471)	(521,323)
Reclassified to assets held for sale	8.4	(23,314,597)	(23,104,984)
		100,927	-
Analysis of gross loans and advances by maturity			
Maturing within one year		5,976,103	5,235,644
Between two and three years		10,522,395	10,332,082
Over 3 years		6,816,099	7,537,258
		23,314,597	**23,104,984**
The movement in the expected credit loss allowance:			
Statement of financial position			
At start of year		521,323	697,590
Charged through profit or loss in the year (loans and advances)		567,116	500,341
Recoveries of amounts previously written off		(34,221)	(31,656)
Write - offs in the year		(617,747)	(644,952)
At end of year		436,471	521,323
Profit and loss			
Provision in the year		601,337	531,997
Recoveries of amounts previously provided for		(34,221)	(31,656)
		567,116	**500,341**

Loans and advances are held by Sidian Bank Limited and Jafari Credit Limited.

The aggregate amount of non-performing advances was Ksh 3,189,274,000 (2022:Ksh 2,835,458,136) against which specific provisions of Ksh 542,235,000 (2022: Ksh 567,750,000) have been made leaving a net balance of Ksh 2,647,039, 000 (2022: Ksh 2,267,708,000) which is included in the statement of financial position in the loans and advances line item.

The weighted average effective interest rate on loans and advances as at 31 March 2023 was 15.0% (2022: 14.9%) and Jafari Credit Limited 16.7% (2022: nil).

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

	Group 2023 Ksh'000	Group 2022 Ksh'000
Fair value of collateral held	**84,807,133**	**81,919,229**

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

Impairment of loans and advances

The estimation of impairment of loans and advances is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of impairment of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

The Group has developed models to support the quantification of the credit risk. These rating and scoring models are in use for all key credit portfolios and form the basis for measuring default risks. In measuring credit risk of loans and advances at a counterparty level, the Group considers three components: (i) the 'Probability of Default' (PD) by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Group derive the 'Exposure at Default' (EAD); and (iii) the likely recovery ratio on the defaulted obligations (the 'Loss Given Default') (LGD). The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimise their effectiveness.

Credit risk grading

The Group uses internal credit risk gradings that reflect its assessment of the probability of defaults of individual counterparties. The Group uses internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, the level of collateral for retail exposures, and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgment from the credit officers to be fed into the final internal credit rating for each exposure. This allows for the considerations which may not be captured as part of the other data input into the model.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between A and A- rating grade is lower than the difference in the PD between a B and B- rating grade.

The following are additional considerations for other types of portfolio held by the Group:

Expected credit loss measurement

IFRS 9 outlines a 'three-Stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the bank.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The key judgements and assumptions adopted by the Group in addressing the requirement of the standard are as follows:-

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

(a) Significant Increase in credit risk (SICR)

The Group's decision on whether expected credit losses are based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk since initial recognition. An assessment of whether credit risk has increased significantly is made at each reporting date.

The Group considers a financial instruments to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met.

Quantitative Criteria

The quantitative criteria is based on relative and not absolute changes in credit quality as stated in the table above driven by ratings and days past due.

The Group considers that financial instruments for which default patterns are not concentrated at a specific point during the expected life of the financial instrument, changes in the risk of a default occurring over the next 12 months may be a reasonable approximation of the changes in the lifetime risk of a default occurring and could be used to determine whether credit risk has increased significantly since initial recognition.

The Group considers if there has been an increase in the customer's rating, the facility is deemed to have a significant increase in credit risk. The standard also sets out a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. This 30 days past due simplification permits the use of delinquency or past due status to identify a significant increase in credit risk. In adherence to the standard, the Group shall at every reporting period assess the loan portfolio individually for possible breach of the 30 days past due SICR criterion. Where there is a breach and the loan has not been transferred to stage 2, the Group shall rebut the 30 days rebuttable presumption based on availability of supportable and reasonable information to justify that credit quality has not deteriorated significantly since initial recognition.

The Group's quantitative credit grading, as compared to CBK's prudential guidelines, into five prudential guidelines categories as follows:

IFRS 9 credit staging	CBK PG/04 Guidelines	Days past due
1.	Normal	Up to date and in line with contractual agreements or within 30 days' arrears
2.	Watch	31 to 90 days overdue
3.	Substandard	91 to 180 days overdue
	Doubtful	181 to 365 days overdue
	Loss	Over 365 overdue

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

(a) Significant Increase in credit risk (SICR)

Qualitative Criteria (continued)

In addition to the above, the Group considers other qualitative factors in determining the classification above, and may accelerate the classification of credit facilities where deemed appropriate. They include but not limited to the following:

1. Significant changes in the terms of the same instrument if it were issued at the reporting date that indicate a change in credit risk since initial recognition, e.g. increase in credit spread; more stringent covenants; increased amounts of collateral or guarantees; or higher income coverage;
2. Significant changes in external market indicators of credit risk for the same financial instrument (or similar instrument of the borrower), e.g. other market information related to the borrower, such as changes in the price of a borrower's debt and equity instruments; or external credit rating (actual or expected);
3. Actual or expected adverse changes in business, financial or economic conditions significantly affecting borrower's ability to meet its debt obligations;

4. Significant changes in the value of collateral which are expected to reduce the borrower's economic incentive to pay or otherwise affect the probability of default;

5. Expected changes in the loan documentation (e.g. breach of contract leading to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees); and
6. Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the group (e.g. increase in delayed contractual payments or number of credit card borrowers expected to approach or exceed their credit limit or who are expected to be paying the minimum monthly amount).

Backstop
A backstop is applied and the financial instrument is considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

(b) Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Qualitative criteria
The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
- The borrower is in long-term forbearance;
- The borrower is deceased;
- The borrower is insolvent or becoming probable that the borrower will enter bankruptcy;
- The borrower is in breach of financial covenants;
- An active market for that financial asset has disappeared because of financial difficulties;
- Concessions have been made by the lender relating to the borrower's financial difficulty;
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

Qualitative Criteria (continued)

The Group considers a facility that is more than 90 days past due as credit impaired as per internal risk rating.

The above criteria have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

(c) Measuring expected credit loss – inputs, assumptions and estimation techniques

The expected credit loss (ECL) is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows;

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

- LGD represents the Group's expectations of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type of seniority of claim and availability of collateral or other credit support. LGD is calculated on a 12-month or lifetime basis, where 12 month LGD is the percentage of loss expected to be made if the default occurs over the next 12 months and lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12 month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and a credit grade. This is supported by a historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type:

- For amortising products or bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. This will also be adjusted for any expected overpayments made by the borrower. Early repayments/refinance assumptions are also incorporated.

- For revolving products, the exposure at default is predicted by taking the current drawn-down balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data.

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

((c) Measuring expected credit loss – inputs, assumptions and estimation techniques (continued)

The 12-month and lifetime LGDs are determined based on the factors which impact the recoverable amount post default. These vary by product type:

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies, including contracted debt sales and prices.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a quarterly basis.

(d) Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and their associated impact on PD, EAD and LGD vary by financial instrument.

Forecasts of the base economic scenario and the possible scenarios along with scenario weightings are prepared by an expert economic team. The impact of these economic variables on the PD, EAD and LGD is determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible outcomes.

The most significant assumptions affecting the ECL allowance are as follows. The scenarios "base", "upside" and "downside" were used for all portfolios.

	All segments		
	Base	Upside	Downside
Exchange rate (USD)	124.7	134.6	114.7
Nominal Gross domestic product (GDP)	7.80%	7.50%	8.10%
Interest rates (lending rates)	15.00%	16.50%	13.50%
Inflation	9.50%	9.30%	6.70%

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

(d) Forward-looking information incorporated in the ECL models (continued)

The weightings assigned to each economic scenario at 31 March 2022 and 31 March 2023 were as follows:

	All segments		
	Base	Upside	Downside
Weightings	50%	30%	20%

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

Maximum exposure to credit risk before collateral held

The breakdown of loans and advances is summarised below:

	2023				2022
	Stage 1 12 month ECL Ksh'000	Stage 2 Ksh'000	Stage 2 Lifetime ECL Ksh'000	Total Ksh'000	Ksh'000
Individually impaired / non performing facilities					
Grade 3: Substandard	-	-	578,382	578,382	604,558
Grade 4: Doubtful	-	-	2,092,007	2,092,007	442,281
Grade 5: Loss	-	-	235,171	235,171	1,575,690
Gross amount	-	-	2,905,560	2,905,560	2,622,529
Credit impairment losses	-	-	(542,235)	(542,235)	(567,750)
Carrying amount	-	-	2,363,325	2,363,325	2,054,779
Collectively impaired					
Grade 1: Normal	18,479,569	-	-	18,479,569	19,015,853
Grade 2: Watch	-	2,709,424	-	2,709,424	2,288,732
Gross amount	18,479,569	2,709,424	-	21,188,993	21,304,585
Credit impairment losses	(83,777)	(153,944)	-	(237,721)	(254,380)
Carrying amount	18,395,792	2,555,480	-	20,951,272	21,050,205
Total carrying amount	**18,395,792**	**2,555,480**	**2,363,325**	**23,314,597**	**23,104,984**

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)
(e) Collateral and other credit enhancements

The Group uses a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The acceptability of collateral for credit risk mitigation is guided by the Group's procedures and policies. The main types of collateral taken are:

Type of lending	Common collateral type
Mortgage lending	First ranking legal charge over the property financed.
Commercial loans	Debentures over the borrower's assets, cash cover in cash margin account, first ranking legal charge over both commercial and residential properties, directors' personal guarantees and bank guarantees.
Personal loans	Checkoffs and cash backed
Asset finance	Secured by motor vehicles and chattel registrations
Other loans and advances	Debentures over the borrower's assets, cash cover in cash margin account, first ranking legal charge over both commercial and residential properties, directors' personal guarantees and bank guarantees.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss the Bank will seek additional collateral from the counterparty as soon as impairment indicators are identified for the relevant individual loans and advances. The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the period.

Valuation of collateral

The Group has a panel of valuers who undertake valuation of property and other assets to be used as Collateral. The valuers in the panel are qualified professional valuers with adequate experience in the field of property and machinery valuation. Valuation of collateral are performed between 3 to 5 year intervals.

Lending limits

The Group maintains strict control limits on net open derivative positions (that is, the difference between purchase and sale contracts) by both amount and term. The amount subject to credit risk is limited to expected future net cash inflows of instruments, which in relation to derivatives are only a fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not always obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Bank's market transactions on any single day.

Financial covenants (for credit related commitments and loan books)

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans.

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

(e) Collateral and other credit enhancements (continued)

Financial covenants (for credit related commitments and loan books) (continued)

Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards (often referred to as financial covenants).

The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

(f) Impairment and provisioning policies

The loss allowance recognised in the period is impacted by a variety of factors as follows:

- Transfers between Stage 1 and Stage 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit impaired in the period, and the consequent “step up” or “step down” between 12-month and lifetime ECL;
- Additional allowance for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

(f) Impairment and provisioning policies

The following tables explain the changes in the loss allowance in the year due to these factors:

Group and Bank	Stage 1 12-month ECL Ksh'000	Stage 2 Lifetime ECL Ksh'000	Stage 3 Lifetime ECL Ksh'000	Total Ksh'000
Year ended 31 March 2023				
Loss allowance at 1 April 2022	828,101	289,834	(387,550)	730,385
Net staging transfers	(84,501)	(25,864)	110,365	-
New financial assets originated or purchased	44,479	41,426	129,043	214,948
Net charge to profit or loss in the year	(40,022)	15,562	239,408	214,948
Other movements with no profit and loss impact:	-			
Financial assets derecognised	(27,978)	35,779	239,205	247,006
Write-offs	-	-	(412,383)	(412,383)
Loss allowance at 31 March 2023	**760,101**	**341,175**	**(321,320)**	**779,956**
Year ended 31 March 2022				
Loss allowance at 1 April 2021	33,722	286,101	(161,860)	957,963
Net staging transfers	(53,796)	24,858	28,938	-
New financial assets originated or purchased	22,064	1,765	-	23,829
Net charge to profit or loss in the year	(31,732)	26,623	28,938	23,829
Other movements with no profit and loss impact:				
Net staging transfers	-	-	-	-
Financial assets derecognised	26,111	(22,890)	55,495	58,716
Write-offs	-	-	(310,123)	(310,123)
Loss allowance at 31 March 2022	**828,101**	**289,834**	**(387,550)**	**730,385**

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

(f) Impairment and provisioning policies

The following table below shows the movement in gross carrying amount of loans and advances to help explain the changes in the loss allowance for the same portfolio:

Group and Bank	Stage 1 12-month ECL Ksh'000	Stage 2 Lifetime ECL Ksh'000	Stage 3 Lifetime ECL Ksh'000	Total Ksh'000
Year ended 31 March 2023				
Gross carrying amount at 1 April 2022	18,367,653	1,973,583	2,763,748	23,104,984
Net staging transfers	(917,500)	239,313	678,187	-
Financial assets derecognised	(9,522,928)	(1,113,833)	(484,978)	(11,121,739)
New financial assets originated	9,904,144	1,295,212	636,125	11,835,481
FX translation and other movements	-	-	(504,129)	(504,129)
At year end	**17,831,369**	**2,394,275**	**3,088,953**	**23,314,597**
Year ended 31 March 2022				
Gross carrying amount at 1 April 2022	17,782,303	1,005,148	2,332,672	21,120,123
Net staging transfers	(1,721,838)	788,855	932,983	-
Financial assets derecognised	(2,202,403)	15,658	48,212	(2,138,533)
New financial assets originated	4,509,591	163,922	48,935	4,722,448
Modification of contractual cash flows	-	-	-	-
Changes in interest accrual	-	-	-	-
Write-offs	-	-	(599,054)	(599,054)
FX translation and other movements	-	-	-	-
At year end	**18,367,653**	**1,973,583**	**2,763,748**	**23,104,984**

7 Other financial assets and liabilities (continued)

7.2 Government securities and corporate bonds:

	Group		Company	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
Government securities at fair value through profit or loss	692,935	903,004	-	-
Government securities at amortised cost	268,890	1,810,041	199,693	1,664,655
Corporate bonds at amortised cost	290,438	851,013	3,904,675	2,285,207
Commercial papers at amortised cost	637,095	518,506	-	-
	1,889,358	**4,082,564**	**4,104,368**	**3,949,862**

7.2.1 Government securities at fair value through profit or loss

	Group		Company	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
At start of year	903,004	806,439	-	-
Reclassification to assets held for sale	-	(1,717,115)	-	-
Additions	259,383	4,154,275	-	-
Disposals	(604,019)	(2,315,234)	-	-
Accrued interest	(2,628)	272,991	-	-
Fair value gain/(loss)	137,195	(298,352)	-	-
At end of year	**692,935**	**903,004**	**-**	**-**

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

7.2.2 Government securities at amortised cost

	Group		Company	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
At start of year	1,810,041	9,211,218	1,664,655	2,625,924
Reclassification to assets held for sale	(1,089,015)	(12,066,153)	-	-
Additions	4,521,370	7,230,986	1,177,933	1,748,232
Fair value gain/(loss)	15,143	-	18,603	-
Disposals	(5,457,001)	(3,275,141)	(2,754,897)	(3,064,253)
Accrued interest	468,352	709,131	93,399	354,752
At end of year	**268,890**	**1,810,041**	**199,694**	**1,664,655**

7 Other financial assets and liabilities (continued)

7.2.3 Corporate bonds at amortised cost

	Group		Company	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
At start of year	851,013	1,815,477	2,285,207	1,609,418
Reclassification from assets held for sale	(92,787)	-	-	-
Additions	352,464	762,276	3,514,535	2,289,676
Maturities	(1,331,120)	(1,982,210)	(2,483,215)	(1,869,357)
Change in fair value	(59,580)	-	27,865	-
Accrued interest	570,448	255,470	560,283	255,470
At end of year	**290,438**	**851,013**	**3,904,675**	**2,285,207**

7.2.4 Commercial papers at amortised cost

	Group		Company	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
At start of year	518,506	647,868	-	-
Additions	781,516	107,669	-	-
Accrued interest	(11,921)	18,269	-	-
Fair value loss	(147,217)	-	-	-
Disposals	(503,789)	(255,300)	-	-
At end of year	**637,095**	**518,506**	-	**-**

7 Other financial assets and liabilities (continued)

7.2.4 Commercial papers at amortised cost (continued)

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

	0-180 days Ksh'000	181 days -1 year Ksh'000	Stage 2 1-5 years Ksh'000	Over 5 years Ksh'000	Total Ksh'000
Group					
Year ended 31 March 2023					
Government securities at fair value through profit and loss	-	692,935	-	-	692,935
Government securities at amortised cost	-	69,197	-	199,693	268,890
Corporate bonds at amortised cost	-	290,438	-	-	290,438
Commercial papers at amortised cost	-	637,095	-	-	637,095
	-	**1,689,665**	**-**	**199,693**	**1,889,358**
Year ended 31 March 2022					
Government securities at fair value through profit and loss	-	-	-	903,004	903,004
Government securities at amortised cost	-	-	5,894	1,804,147	1,810,041
Corporate bonds at amortised cost	218,399	592,327	40,287	-	851,013
Commercial papers at amortised cost	-	518,506	-	-	518,506
	218,399	**1,110,833**	**46,181**	**2,707,151**	**4,082,564**
Company					
Year ended 31 March 2023					
Government securities at amortised cost	-	-	-	199,693	199,693
Corporate bonds at amortised cost	-	3,904,675	-	-	3,904,675
	-	3,904,675	-	199,693	4,104,368
Company					
Year ended 31 March 2022					
Government securities at amortised cost	-	-	5,894	1,658,761	1,664,655
Corporate bonds at amortised cost	218,399	1,522,295	544,513	-	2,285,207
	218,399	**1,522,295**	**550,407**	**1,658,761**	**3,949,862**

7.3 Customer deposits

		Group 2023 Ksh'000	Group 2022 Ksh'000
Call and fixed deposits		13,939,665	14,327,321
Current and demand accounts		7,080,196	8,616,328
Savings accounts - Microsavers		770,829	650,536
- Others		2,125,321	2,369,369
Reclassification to liabilities held for sale	8.4	(23,916,011)	(25,963,554)
		-	-
Analysis of customer deposits by maturity:			
Payable within one year		23,753,725	25,729,055
Between one year and three years		162,286	234,499
Reclassification to liabilities held for sale		(23,916,011)	(25,963,554)
		-	**-**

Customer deposits are held by 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 subsequently 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 under other reserves 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

Depreciation charged on factory plant, buildings, machinery and motor vehicles used in distribution of raw materials and finished goods is included in cost of sales while depreciation on all the other assets is included in operating and administrative expenses in the statement of profit or loss.

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

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.

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)	Land and buildings Ksh'000	Factory, plant and equipment Ksh'000	Office furniture and fittings Ksh'000	Motor vehicles Ksh'000	Computers Ksh'000	Work in progress Ksh'000	Total Ksh'000
At 1 April 2022							
Cost or valuation	503,889	4,827,084	1,111,118	609,136	535,852	384,518	7,971,597
Reclassification to assets held for sale	(125,219)	(201,857)	(40,735)	-	-	-	(367,811)
Accumulated depreciation	(129,857)	(2,961,932)	(708,786)	(461,366)	(408,245)	-	(4,670,186)
Net book amount	**248,813**	**1,663,295**	**361,597**	**147,770**	**127,607**	**384,518**	**2,933,600**
Year ended 31 March 2023							
Opening net book amount	248,813	1,663,295	361,597	147,770	127,607	384,518	2,933,600
Additions	91,527	318,389	21,431	10,028	4,777	90,324	536,476
Transfers*	24,583	4,803	495	4,945	1,469	(14,670)	21,625
Disposals	-	(7,251)	-	(22,683)	-	-	(29,934)
Reclassification to assets held for sale	2,125	(179,363)	7,709	3,697	-	-	(165,832)
Depreciation released on disposal	-	(7,251)	-	-		-	(7,251)
Depreciation charge for the year	(14,688)	(262,280)	(50,368)	(18,956)	(26,351)	-	(372,643)
Closing net book amount	**352,360**	**1,530,342**	**340,864**	**124,801**	**107,502**	**460,172**	**2,916,041**
At 31 March 2023							
Cost or valuation	494,780	4,941,168	1,092,309	601,426	542,098	460,172	8,131,953
Reclassification to assets held for sale	2,125	(179,363)	7,709	3,697	-	-	(165,832)
Accumulated depreciation	(144,545)	(3,231,463)	(759,154)	(480,322)	(434,596)	-	(5,050,080)
Net book amount	**352,360**	**1,530,342**	**340,864**	**124,801**	**107,502**	**460,172**	**2,916,041**

* Relates to capitalisation of costs for assets that are ready for use from work in progress to the various classes.

8 Non financial assets (continued)

8.1 Property, plant and equipment (continued)	Land and buildings Ksh'000	Factory, plant and equipment Ksh'000	Office furniture and fittings Ksh'000	Motor vehicles Ksh'000	Computers Ksh'000	Work in progress Ksh'000	Total Ksh'000
At 1 April 2021							
Cost or valuation	505,121	5,551,926	1,009,468	593,917	509,602	364,434	8,534,468
Accumulated depreciation	(116,862)	(2,502,639)	639,720)	(440,763)	(380,559)	-	(4,080,543)
Net book amount	**388,259**	**3,049,287**	**369,748**	**153,154**	**129,043**	**364,434**	**4,453,925**
Year ended 31 March 2022							
Opening net book amount	388,259	3,049,287	369,748	153,154	129,043	364,434	4,453,925
Additions	16,463	125,763	19,790	17,020	19,134	121,728	319,898
Transfers*	59,472	9,754	82,841	-	7,468	(55,178)	104,357
Disposals	-	(3,529)	(299)	(1,801)	-	(16,725)	(22,354)
Derecognition on disposal of a subsidiary	(77,167)	(856,830)	(682)	-	(26)	(29,741)	(964,446)
Reclassification to assets held for sale	(125,219)	(201,857)	(40,735)	-	-	-	(367,811)
Depreciation released on disposal	-	(2,808)	(287)	-	-	-	(3,095)
Depreciation charge for the year	(12,995)	(456,485)	(68,779)	(20,603)	(28,012)	-	(586,874)
Closing net book amount	**248,813**	**1,663,295**	**361,597**	**147,770**	**127,607**	**384,518**	**2,933,600**
At 31 March 2022							
Cost or valuation	503,889	4,827,084	1,111,118	609,136	535,852	384,518	7,971,597
Reclassification to assets held for sale	(125,219)	(201,857)	(40,735)	-	-	-	(367,811)
Accumulated depreciation	(129,857)	(2,961,932)	(708,786)	(461,366)	(408,245)	-	(4,670,186)
Net book amount	**248,813**	**1,663,295**	**361,597**	**147,770**	**127,607**	**384,518**	**2,933,600**

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:

	2023 Ksh'000	2022 Ksh'000
Land and buildings:		
Cost	791,594	627,808
Accumulated depreciation	(93,140)	(118,572)
Net book amount	**698,454**	**509,236**

Fair value hierarchy

Details of the fair value hierarchy for the Group's property, plant and equipment held at fair value as at 31 March 2023 are as follows. An explanation of each level is provided in Note 10.1(d).

31 March 2023	Level 1 Ksh'000	Level 2 Ksh'000	Level 3 Ksh'000	Total Ksh'000
Land and buildings	-	-	**352,360**	**352,360**
31 March 2022				
Land and buildings	-	-	**248,813**	**248,813**

The following table presents the changes in level 3 items for the year ended 31 March 2023 and 31 March 2022 for recurring fair value measurements:

	2023 Ksh'000	2022 Ksh'000
At start of year	248,813	388,259
Additions	91,527	16,463
Transfers	24,583	59,472
Derecognition on disposal of a subsidiary	-	(77,167)
Reclassification to assets held for sale	2,125	(125,219)
Depreciation charge	(14,688)	(12,995)
At end of year	**352,360**	**248,813**

8 Non-financial assets (continued)

8.1 Property, plant and equipment (continued)

Company

Property and equipment	Motor Vehicles Ksh'000	Computers Ksh'000	Furniture & Fittings Ksh'000	Total Ksh'000
At 1 April 2022				
Cost	27,536	18,901	119,038	165,475
Accumulated amortisation	(27,536)	(14,730)	(41,018)	(83,284)
Net book amount	-	4,171	78,020	82,191
Year ended 31 March 2023				
Opening net book amount	-	4,171	78,020	82,191
Additions	-	3,093	5,144	8,237
Depreciation charge	-	(456)	(11,041)	(11,497)
Closing net book amount	**-**	**6,808**	**72,123**	**78,931**
At 31 March 2023				
Cost	27,536	21,994	124,182	173,712
Accumulated amortisation	(27,536)	(15,186)	(52,059)	(94,781)
Net book amount	-	6,808	72,123	78,931
At 1 April 2021				
Cost	27,536	18,477	123,739	169,752
Accumulated amortisation	(27,536)	(14,094)	(30,435)	(72,065)
Net book amount	-	4,383	93,304	97,687
Year ended 31 March 2022				
Opening net book amount	-	4,383	93,304	97,687
Additions	-	424	6,296	6,720
Transfers	-	-	(10,997)	(10,997)
Depreciation charge	-	(636)	(10,583)	(11,219)
Closing net book amount	-	4,171	78,020	82,191
At 31 March 2022				
Cost	27,536	18,901	119,038	165,475
Accumulated amortisation	(27,536)	(14,730)	(41,018)	(83,284)
Net book amount	**-**	**4,171**	**78,020**	**82,191**

8 Non-financial assets (continued)

8.2 Intangible assets

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 not amortised but is tested annually or more frequently if changes in circumstances indicate that it might be impaired and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes being the operating segment.

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.

Computer software

Expenditure incurred on computer software are initially accounted for at cost and subsequently at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight line basis over the estimated useful lives for a period of 3 to 5 years.

8 Non-financial assets (continued)

8.2 Intangible assets (continued)

Computer software (continued)

	Group			Company
	Goodwill Ksh'000	Computer software Ksh '000	Total Ksh'000	Computer software Ksh'000
At 1 April 2022				
Cost	1,209,983	1,891,106	3,101,089	2,327
Accumulated amortisation	(848,648)	(1,031,530)	(1,880,178)	(2,327)
Net book amount	361,335	859,576	1,220,911	-
Year ended 31 March 2023				
Opening net book amount	361,335	859,576	1,220,911	-
Additions	-	253,112	253,112	418
Impairment	(361,335)	-	(361,335)	-
Amortisation charge and impairment	-	(125,972)	(125,972)	(13)
Reclassification to assets classified as held for sale	-	7,119	7,119	-
Closing net book amount	-	993,835	993,835	405
At 31 March 2023				
Cost	1,209,983	2,151,337	3,361,327	2,745
Accumulated amortisation	(1,209,983)	(1,157,502)	(2,367,485)	(2,340)
Net book amount	**-**	**993,835**	**993,835**	**405**

8 Non-financial assets (continued)

8.2 Intangible assets (continued)

Computer software (continued)

	Group			Company
	Goodwill Ksh'000	Computer software Ksh'000	Total Ksh'000	Computer software Ksh'000
At 1 April 2021				
Cost	1,209,983	1,975,974	3,185,957	2,327
Accumulated amortisation	(848,648)	(914,436)	(1,763,084)	(2,327)
Net book amount	361,335	1,061,538	1,422,873	-
Year ended 31 March 2022				
Opening net book amount	361,335	1,061,538	1,422,873	-
Additions	-	108,286	108,286	-
Transfers	-	(4,928)	(4,928)	-
Amortisation charge and impairment	-	(117,094)	(117,094)	-
Reclassification to assets classified as held for sale	-	(188,226)	(188,226)	-
Closing net book amount	361,335	859,576	1,220,911	-
At 31 March 2022				
Cost	1,209,983	1,891,106	3,101,089	2,327
Accumulated amortisation	(848,648)	(1,031,530)	(1,880,178)	(2,327)
Net book amount	**361,335**	**859,576**	**1,220,911**	**-**

Goodwill on acquisition

Goodwill represents the excess of the cost of acquisition over the fair value of the share of net identifiable assets of the subsidiary at the date of acquisition. Goodwill on acquisition of associates in included in the carrying amount of the investments in associates. Goodwill is monitored by the directors at the level of the related cash generating unit (CGU) as follows:

	2023 Ksh'000	2022 Ksh'000
Longhorn Publishers Plc	**-**	**361,335**

Goodwill is monitored by management at the Group level and management considers the whole business to be one cash generating unit for the purposes of testing the impairment of goodwill.

The recoverable amounts for the purposes of Goodwill impairment testing is based on fair value less cost to sell basis or value in use calculations using a discounted cashflow. The analysis of the method and the assumptions used in assessing the impairment of goodwill for each cash generating unit is as follows:

8 Non-financial assets (continued)

8.2 Intangible assets (continued)

Cash generating unit	Method used and assumptions
Longhorn Publishers Plc	Method used to determine recoverable amount: Fair value less costs of disposal **Significant estimate: Impact of possible changes in key assumptions:** **Share price** If the share price had been 5% lower and all inputs remain unchanged, the market value would have been Ksh 21 million lower. If the share price had been 5% higher and all inputs remain unchanged, the market value would have been Ksh 21 million higher.

Based on the above assumptions, the recoverable value exceeded the carrying net asset amount (including the goodwill) of all the CGU's as analysed below:

At 31 March 2023 Cash generating unit	Carrying value Ksh'000	Recoverable amount (Fair value) Ksh'000	Carrying amount + goodwill Ksh'000	Headroom Ksh'000
Longhorn Publishers Plc	428,077	428,077	428,077	-

At 31 March 2022

At 31 March 2022 Cash generating unit	Carrying value Ksh'000	Recoverable amount (Fair value) Ksh'000	Carrying amount + goodwill Ksh'000	Headroom Ksh'000
Longhorn Publishers Plc	572,409	2,533,415	933,744	1,599,671

The impairment of goodwill has been charged to the profit and loss for the year. The assessment revealed an impairment loss of Ksh 361.335 million being the difference between the recoverable amount and the carrying amount of goodwill at 31 March 2023.

8 Non-financial assets (continued)

8.3 Leases

8.3.1 Leases

This note provides information for leases where the Group and Company is a lessee. For leases where the group is a lessor, see note 8.3.2

(i) Amounts recognised in the balance sheet

The statement of financial position shows the following amounts relating to leases:

	Group		Company	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
Right-of-use assets				
Buildings	60,644	126,643	-	21,803
	60,644	**126,643**	**-**	**21,803**
Lease liabilities				
Current	26,255	72,155	-	4,639
Non - current	47,711	71,731	-	21,342
	73,966	**143,886**	**-**	**25,981**

The movement in right-of-use assets is broken down below:

	Group		Company	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
At start of year	126,643	941,965	21,803	18,903
Additions	91,062	175,268	-	9,897
Lease termination	(21,803)	-	(21,803)	-
Amortisation	(192,000)	(234,680)	-	(6,997)
Reclassified to assets held for sale	121,797	(708,100)	-	-
Adjustment to cashflow changes	(65,055)	(47,810)	-	-
At end of year	**60,644**	**126,643**	**-**	**21,803**

The movement in lease liabilities is broken down below:

	Group		Company	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
At start of year	143,886	1,157,752	25,981	19,386
Additions	-	179,196	-	12,516
Lease termination	(25,981)	-	(25,981)	-
Accretion of interest	86,611	132,550	-	2,117
Interest repayment	(271,324)	(399,548)	-	(7,712)
Adjustment to cashflows	(18,504)	(37,112)	-	(326)
Reclassified to liabilities held for sale	159,278	(888,952)	-	-
At end of year	**73,966**	**143,886**	**-**	**25,981**

8 Non-financial assets (continued)

8.3.1 Leases (continued)

(i) Amounts recognised in the statement of profit or loss

	Group		Company	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
Depreciation charge of right of use assets				
Buildings	(192,000)	(234,680)	-	(6,997)
Vehicles	-	-	-	-
	(192,000)	(234,680)	-	(6,997)
Interest expense (included in finance cost)	(86,610)	(132,550)	-	(2,117)

(iii) The Group and Company's leasing activities and its accounting treatment

The Group and Company leases various office spaces, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 8 years, but may have extension options as described in (iv) below.

Contracts may contain both lease and non-lease components. The Group and Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option;and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:
- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group and Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term and security.

8 Non-financial assets (continued)

8.3.1 Leases (continued)

The Group is exposed to potential future increases in variable lease payments based on a rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

(iv) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

This note provides information for leases where the Group and Company is a lessor.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.

8 Non-financial assets (continued)

8.3.1 Leases (continued)

	2023 Ksh'000	2022 Ksh'000
Finance lease receivable	227,835	138,639
The finance lease receivables relate to Zohari Credit Limited which is the lessor.		
The maturity of the lease receivable is as below:		
Non-current:		
Gross finance lease receivable	236,551	143,908
Unearned finance income	(65,675)	(42,324)
	170,876	101,584
Current:		
Gross finance lease receivable	94,524	66,010
Unearned finance income	(37,565)	(28,955)
	56,959	37,055
	227,835	138,639
Gross receivable from finance leases:		
- No later than 1 year	94,524	66,010
- Later than 1 year no later than 5 years	236,551	143,908
	331,075	209,918
Unearned future finance income on finance lease	(103,240)	(71,279)
	227,835	**138,639**

8.3.2 Leases

This note provides information for leases where the Group and Company is a lessor.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.

	2023 Ksh'000	2022 Ksh'000
Finance lease receivable	227,835	138,639
The finance lease receivables relate to Zohari Credit Limited which is the lessor.		
The maturity of the lease receivable is as below:		
Non current:		
Gross finance lease receivable	236,551	143,908
Unearned finance income	(65,675)	(42,324)
	170,876	101,584
Current:		
Gross finance lease receivable	94,524	66,010
Unearned finance income	(37,565)	(28,955)
	56,959	37,055
	227,835	**138,639**
Gross receivable from finance leases:		
- No later than 1 year	94,524	66,010
- Later than 1 year no later than 5 years	236,551	143,908
	331,075	209,918
Unearned future finance income on finance lease	(103,240)	(71,279)
	227,835	**138,639**

8 Non-financial assets (continued)

8.4 Assets classified as held for sale (continued)

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

The Company has not changed its plan to sell the asset after classifying it as held for sale.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

	2023 Ksh'000	2022 Ksh'000
Group		
- Investment in subsidiary:		
Sidian Bank Limited		
- Total assets	42,665,245	43,029,504
- Total liabilities	(37,314,452)	(37,579,645)
Net assets	**5,350,793**	**5,449,859**
Company		
Investment in subsidiary:		
- Sidian Bank Limited	4,238,141	2,776,163
	4,238,141	**2,776,163**

8 Non financial assets (continued)

8.4 Assets classified as held for sale (continued)

The following assets and liabilities have been reclassified as held for sale:-

	2023 Ksh'000	2022 Ksh'000
Intangible assets	181,107	188,226
Equipment	533,643	367,811
Receivables, prepayments and other assets	2,276,083	2,394,318
Loans and advances	23,314,597	23,104,984
Government securities & corporate bonds	13,247,955	13,865,891
Cash and bank balances	3,111,860	3,108,274
Total assets	**42,665,245**	**43,029,504**
Payables and accrued expenses	515,759	603,312
Customer deposits	23,916,011	25,963,554
Lease liabilities	729,675	888,952
Borrowings	12,153,007	10,123,827
Total liabilities	**37,314,452**	**37,579,645**
Net assets	**5,350,793**	**5,449,859**

8.5 Biological assets

Biological assets comprise growing produce on herb bushes and are held at Greenblade Growers Limited.

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 profit or loss in the year in which they arise.

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.

	2023 Ksh'000	2022 Ksh'000
At start of year	-	-
Additions	19,103	-
At end of year	**19,103**	**-**

9 Financing structure and commitments

9.1 Borrowings

Borrowings are accounted for as financial liabilities in accordance with the accounting policy disclosed under note 10.1(b).

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 expensed as incurred.

		Group		Company	
		2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
Unsecured					
Term loans		1,337,696	856,901	-	-
Commercial Papers and Loan Notes		4,032,667	3,145,678	-	-
Corporate bonds		1,295,993	1,206,185	-	-
		6,666,356	5,208,764	-	-
Secured:					
Bank borrowings		13,009,163	15,387,037	2,248,171	4,159,036
Short term borrowings		2,261	30,619	-	-
		13,011,424	**15,417,656**	**2,248,171**	**4,159,036**
Total borrowings		**19,677,780**	**20,626,420**	**2,248,171**	**4,159,036**
Analysed as follows:					
Banking subsidiary		12,153,007	10,123,827	-	-
Reclassified to liabilities held for sale	8.4	(12,153,007)	(10,123,827)	-	-
Other		19,677,780	20,626,420	2,248,171	4,159,036
		19,677,780	**20,626,420**	**2,248,171**	**4,159,036**
The classification of the Group's and Company's borrowings is as follows:					
Current		12,225,896	9,078,383	2,248,171	4,159,036
Non-current		7,451,884	11,548,037	-	-
		19,677,780	**20,626,420**	**2,248,171**	**4,159,036**
Kenya Shillings		12,318,740	10,835,647	1,716,201	2,442,046
United States dollar		7,302,239	9,714,010	531,970	1,716,990
Euro		56,801	76,763	-	-
		19,677,780	**20,626,420**	**2,248,171**	**4,159,036**

9 Financing structure and commitments (continued)

9.1 Borrowings (continued)

The Group and Company had the following undrawn committed facilities at year end:

	2023 Ksh'000	2022 Ksh'000
Standard Chartered Bank	89,247	111,623
Stanbic Kenya Limited	101,470	1,771,760
	190,717	**1,883,383**

a) Term loans

	2023 Ksh'000	2022 Ksh'000
Oiko Credit	1,030,914	1,186,095
Triodos Investment Management	1,345,700	1,166,858
EMF Microfinance Fund	1,367,079	1,162,624
Water Equity	560,576	559,643
East Africa Development Bank	442,395	534,819
Investment Fund for Developing Countries (IFU)	1,809,060	1,593,575
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO)	1,218,183	1,547,690
Aqua For All	4,217	4,217
Reclassified to liabilities held for sale	(7,778,124)	(7,755,521)
GridX Africa	856,901	856,901
Longhorn Publishers PLC	480,795	-
Total term loans	**1,337,696**	**856,901**

The Term Loans above are held by Sidian Bank Limited, Longhorn Publishers Plc and Two Rivers Power Company Limited. The movement in the term loans is as follows:-

	2023 Ksh'000	2022 Ksh'000
At start of year	856,901	4,101,273
Received during the year	6,037,388	4,750,878
Foreign exchange loss	1,137,522	27,497
Accrued interest	2,474,229	376,227
Repayments during the year	(1,390,220)	(643,454)
Reclassified to liabilities held for sale	(7,778,124)	(7,755,520)
At end of year	**1,337,696**	**856,901**

9 Financing structure and commitments (continued)

9.1 Borrowings (continued)

Oiko Credit

The Oiko Credit facility was received in two tranches of Ksh 75 million and Ksh 300 million respectively in December 2020 and September 2021 respectively.

Additional Oiko Credit USD 9 million at an interest rate of 5% p.a. with a tenure of 5 years was received in August 2021.The interest is repayble semi-annually with a 1- year grace period for payment of first principal instalment.The loan is for on-lending to Micro and SME segments. This loan is unsecured.

East Africa Development Bank (EADB)

The EADB facility has a tenor of 8 years and accrues interest at a fixed rate of 8.25% per annum. The interest is payable semi-annually. The principal will be repaid in 14 equal semi-annual instalments after 12-month grace period from the date of first drawdown. The loan is secured by treasury bonds.

Additional EADB Loan of Ksh 128 million (EUR 1 million) was received in June 2021 at a fixed rate of 8.5%p.a.Total amounts received since inception of partnership with EADB is Ksh 657 million (EUR 5.5 million). The interest is payable semi-annually. This loan is secured by treasury bonds. The loan is for on lending to the agriculture value cha in.

Investment Fund for Developing Countries
The IFU convertible loan of USD 12 million with a tenure of 7 years was received on 22 March 2019 at an interest rate of 5.25% plus six month Libor rate p.a.The loan has a 2 year grace period for payment of interest and an option to convert the outstanding loan to ordinary shares within 5 years of first drawdown. This qualifies as tier II capital being a subordinated loan.

The Group treats this as a compound instrument. The equity instrument in the loan is considered insignificant. The loan is unsecured.

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO)

The FMO Loan of USD 20 million was received in two tranches- 1st tranche of USD 10 million (December 2019) and 2nd tranche USD 10 million (June 2020) at a rate of 4.25% plus six-month Libor rate p.a repayable over a period of 5 years.The first principal instalment and interest was paid in November 2020.Interest is repayable semi-annually. This loan is for on-lending to Micro, Small and Medium-sized Enterprise segments and is unsecured.

Aqua for all

A Term loan of EUR 200,000 was received from Aqua for all in September 2020.The loan has a tenor of 2 years repayable as bullet payment less Aqua for All's share of funding project. This loan is unsecured.

GridX Duara Holdings

During the year ended 31 March 2022, Two Rivers Power Company obtained a USD 7,000,000 convertible loan facility from GridX Duara Holdings. According to the terms of the agreement, the lender has the option to convert the outstanding loan balance to share capital of the Company voluntarily or on occurrence of an event of default. No such conversion had occurred by the year-end date. The facility accrues interest at a rate of 14.13% per annum. The loan tenor is 180 months since the first drawn down in October 2021.

9 Financing structure and commitments (continued)

9.1 Borrowings (continued)

b) Commercial Papers and Loan Notes

Commercial Papers and Loan Notes are issued by the following entities to private investors:

	Group		Company	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
Two Rivers Development Limited	3,799,521	2,990,981	-	-
Longhorn Publishers Plc	233,146	154,697	-	-
Total commercial papers and loan notes	**4,032,667**	**3,145,678**	**-**	**-**
The movement in commercial papers was as follows:				
At start of year	3,145,678	4,112,483	-	-
Received during the year	3,936,063	603,028	-	-
Accrued interest	1,582,699	904,882	-	-
Repayments during the year	(4,631,773)	(2,474,715)	-	-
At end of year	**4,032,667**	**3,145,678**	**-**	**-**

The Commercial Papers and Loan Notes are unsecured debt obligations and have fixed repayment maturity dates. The Two Rivers Development Limited Loan Notes earn interest at an average rate of 22%,, while the Longhorn Publishers Plc Commercial Papers earn interest at a rate of 15%.

c) Bank borrowings

	Group		Company	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
Kenya Commercial Bank Limited	-	4,117	-	-
Stanbic Bank Kenya Limited	2,248,171	4,128,751	2,248,171	4,159,036
Standard Bank of South Africa Limited	3,171,252	3,819,650	-	-
Nedbank Group	6,770,269	6,303,526	-	-
SBM Bank (Kenya) Limited	-	40,824	-	-
NCBA Bank Kenya	56,801	76,763	-	-
Standard Chartered Bank Kenya Limited	762,670	785,166	-	-
Co-operative Bank of Kenya Limited	-	228,240	-	-
	13,009,163	**15,387,037**	**2,248,171**	**4,159,036**

9 Financing structure and commitments (continued)

9.1 Borrowings (continued)

c) Bank borrowings

	Group		Company	
Movement in bank borrowings is as follows:	**2023 Ksh'000**	**2022 Ksh'000**	**2023 Ksh'000**	**2022 Ksh'000**
At start of year	15,387,037	15,534,785	4,159,036	4,121,584
Received during the year	1,517,252	1,150,805	-	-
Revaluation loss	1,215,791	528,628	176,336	58,592
Accrued interest	838,835	850,646	-	370,024
Repayments during the year	(5,949,752)	(2,677,827)	(2,087,201)	(391,164)
At end of year	**13,009,163**	**15,387,037**	**2,248,171**	**4,159,036**

Co-operative Bank of Kenya Limited

Co-operative Bank of Kenya approved a Ksh 2 billion project finance facility during the year ended 31 March 2021. The facility was earmarked for the completion of the Cascadia Apartments being developed by Uhuru Heights Limited. The facility has a tenor of 36 months and was priced at the Central Bank Rate (CBR) plus 4%. During the year ended 31 March 2023, Uhuru Heights Limited repaid the project finance facility.

Kenya Commercial Bank Limited

Ksh 8.5 million of the Kenya Commercial Bank Limited loan was advanced to Law Africa Limited, a subsidiary of Longhorn Publishers Plc to finance working capital requirements and is secured by the company's building. It attracts interest at Central Bank Reference Rate (CBRR) plus 4% and matures in 72 months. The carrying amount on the statement of financial position represents the amortised cost of the facility.

SBM Bank (Kenya) Limited

Longhorn Publishers Plc has an asset financing facility with the bank for acquisition of vehicles. The loan is secured by the Company's vehicles and attracts interest at 14%. The loan tenor is 60 months.

Standard Chartered Bank Kenya Limited

The facility was advanced to Longhorn Publishers Plc for working capital financing and is secured by the Company's buildings. The loan attracts interest at Central Bank Reference Rate (CBR) plus 4% and matures over 12 months.

NCBA Bank Kenya

The facility is a EUR 2,181,991 loan advanced to Two Rivers Power Company Limited to finance the installation of solar equipment at the Two Rivers development in 2017. The loan is priced at 3% plus 3 months Euribor and has a tenor of 120 months.

Stanbic Bank Kenya Limited
Centum Investment Company Plc

As at 31 March 2023, the Company maintained an overdraft and revolving credit facility with Stanbic Bank of Ksh 2.2 billion (31 March 2022; Ksh 4.2 billion).The USD component of the exposure as at 31 March 2023 was USD 4 Million. The Ksh facilities are priced at Stanbic Prime Rate (9.91%) plus 3.2% while the USD facilities are priced at Federal Funds Target Rate (FDTRMID), (5%) plus 5.49%.

9 Financing structure and commitments (continued)

9.1 Borrowings (continued)

c) Bank borrowings (continued)

Nedbank Limited
Two Rivers Development Limited

As at 31 March 2023, Nedbank Ltd had advanced a term facility of USD 50 million to Two Rivers Development Limited. The facility was priced at SOFR plus 5.75% (2022; 3-Month LIBOR plus 5.5%) and has a tenor of 5 years.

Standard Bank of South Africa Limited
Vipingo Development Plc

As at 31 March 2023, Standard Bank of South Africa had advanced Ksh 3.2 billion facility to Vipingo Development Plc. Of this amount USD 5.9 million was dollar dominated. The USD component was priced at 3 months LIBOR plus 5.75% while the Ksh component at Standard Bank Prime Rate 9.91% plus 4.5%. The facility has a tenor of 48 months.

d) Corporate bonds

	Group		Company	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
At start of year	1,206,185	1,204,857	-	-
Received during the year	-	490,029	-	-
Accrued interest	89,808	251,276	-	-
Amortisation of bond issue costs	-	17,250	-	-
Repayments during the year	-	(757,227)	-	-
At end of year	1,295,993	1,206,185	-	-

On 16 December 2020, Centum Real Estate Limited issued a 3 year Zero Coupon Bond of Ksh 2,957,900,000.The bond comprises of fixed rate notes of Ksh 2,603,300,000 at an interest rate of 12.5% and equity linked notes of Ksh 354,600,000 at 12%. The investors in the equity linked notes will be paid an additional 200bps for a total return of 14% if the developer achieves a 20% internal rate of return on at least two of its projects funded using the bond proceeds.

The carrying amounts of borrowings approximate to their fair value. The bond is secured by a floating charge over the projects funded by the bond and a fixed charge over a sinking fund set up for the purposes of funding the redemption of the bond upon maturity.

9 Financing structure and commitments (continued)

9.2 Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2023 Ksh'000	2022 Ksh'000
Residential housing projects	5,631,510	6,297,408
	5,631,510	**6,297,408**

9.3 Contingent liabilities

The Group does not recognise contingent liabilities in the statement of financial position until it is probable that an outflow of resources will take place and a reliable estimate can be made.

a) Contingent consideration

Centum Investment Company Plc (CICP) entered into a Sales and Purchase Agreement (SPA) with Coca-Cola Beverages Africa (CCBA) relating to the disposal of CICP's stakes in Almasi Beverages Limited and Nairobi Bottlers Limited during the year ended 31 March 2020. Under the terms of the SPA, CCBA required CICP to provide a guarantee of USD 34.4 Million against general and contingent tax liabilities that were unresolved as at the transaction date. During the year ended 31 March 2022, USD 21.4 Million of the CCBA guarantee was discharged following the Supreme Court's ruling on the Excise duty claim in favor of the bottlers. During the year ended 31 March 2023, a net settlement was made and the contingent liability simultaneously reduced to Ksh 662 Million. The third party guarantee from Stanbic Bank Kenya Limited stands at Ksh 662 Million (2022: USD 13 Million) and is secured by an equivalent floating charge on the Marketable Securities Portfolio for Ksh 662 Million (2022: Ksh 1.5 Billion). The guarantee is in respect of any claims that were unknown as at the sale date which may later come up. As at 31 March 2023 no claims had come up. The guarantee matures seven years from September 2019.

b) Letters of credit and performance bonds

In the ordinary course of business, Sidian Bank Limited 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.

	2023 Ksh'000	2022 Ksh'000
Letters of credit and performance bonds	12,090,128	9,639,344

10 Financial risk

10.1 Financial risk management and financial instruments

Risk management framework

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 Group and 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 and 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 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 operating effectiveness of its internal accounting and operational controls.

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

a) Financial assets

	Group At fair value through profit or loss Ksh'000	Group At fair value through other comprehensive income Ksh'000	Group At amortised cost Ksh'000	Company At fair value through other comprehensive income Ksh'000	Company At amortised cost Ksh'000
At 31 March 2023					
Government Securities	-	-	268,890	-	199,693
Corporate bonds and commercial papers	-	-	927,533	-	3,904,675
Loans and advances	-	-	23,851,995	-	-
Finance lease receivables	-	-	227,835	-	-
Call deposits	-	-	86,531	-	271,032
Bank balances	-	-	1,093,229	-	77,218
Trade and other receivables	-	-	2,087,647	-	77,340
Shareholder loans advanced to subsidiaries	-	-	-	-	10,344,329
Non financial assets					
Investment in subsidiaries	-	-	-	21,990,670	-
	-	**-**	**28,543,660**	**21,990,670**	**14,874,287**
At 31 March 2022					
Government securities	903,004	-	1,810,041	-	1,664,655
Corporate bonds and commercial papers	-	-	851,013	-	2,285,207
Loans and advances	-	-	23,626,307	-	-
Finance lease receivables	-	-	138,639	-	-
Call deposits	-	-	228,238	-	1,007,331
Bank balances	-	-	2,167,860	-	11,772
Trade and other receivables	-	-	6,697,241	-	267,468
Shareholder loans advanced to subsidiaries	-	-	-	-	11,546,394
Quoted investments	-	8,295	-	7,561	-
Unquoted investments	-	5,468,619	-	4,946,898	-
Non financial assets					
Investment in subsidiaries	-	-	-	25,019,039	-
	903,004	**5,476,914**	**35,519,339**	**29,973,498**	**16,782,827**

b) Financial liabilities

All the Group's financial liabilities are measured at amortised cost. The carrying value of the Group's and the Company's financial liabilities at the end of 2023 and 2022 are shown under respective notes.

10 Financial risk (continued)

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 2023, Group and Company held deposits of Ksh 86,531,000 and Ksh 271,032,000 respectively (2022: Ksh 228,238,000 and Ksh 1,007,331,000 respectively) and the Company had unutilised bank credit facilities of Ksh 326,501,683 (2022: Ksh 65,214,308).

As at 31 March 2023, a 5% increase/decrease of the annual interest rate would have resulted in an increase/decrease in pre-tax profit and equity of Ksh 168 million (2022: Ksh 239 million) for Group and Ksh 23 million (2022: Ksh 27 million) for Company respectively as a result of exposures in bank deposits and borrowings.

The Group has invested in corporate bonds and Government securities 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 and International Financial Reporting Standards, 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 trading multiples 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 Board Audit 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 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

a) Market risk (continued)

ii) Price risk (continued)

At 31 March 2023, 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 Ksh 414,842 (2022: Ksh 413,386) and Nil (2022: Ksh 378,056) higher/lower respectively.

iii) Investment holding period risk

85% and 99% (2022: 85% 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

79% (2022: 80%) of the Group's assets are located in Kenya with 21% (2022: 20%) in the wider East African Region and 0% (2022: 0%) 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 Finance and 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 Real estate and financial 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 Financial risk (continued)

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 2023 and 31 March 2022 were:

	2023	2022
1 US dollar (USD)	132.33	114.95
1 Euro (Eur)	144.37	127.80
1 British pound (GBP)	163.67	151.13
1 Ugandan shilling (UGX)	28.56	31.23
1 Tanzania shilling (Tshs)	17.68	20.18
1 Ghana cedi (Ghc)	11.22	15.26

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

a) Market risk (continued)

v) Foreign exchange risk

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

	Group		Company	
	2023 Ksh'000	**2022 Ksh'000**	**2023 Ksh'000**	**2022 Ksh'000**
Financial assets				
Balances due from banks (USD)	1,829,246	868,833	-	-
Balances due from banks (EUR)	421,185	75,859	-	-
Balances due from banks (GBP)	225	1,900	-	-
Cash and equivalents (USD)	138,922	118,398	24,869	3,227
Cash and equivalents (EUR)	27,210	45,133	-	-
Cash and equivalents (GBP)	9,114	8,804	-	-
Loans and advances (USD)	3,231,943	2,572,407	7,369,625	6,401,534
Loans and advances (EUR)	2	19,919	-	-
	5,657,847	**3,711,253**	**7,394,494**	**6,404,761**
Financial liabilities				
Customer deposits (USD)	1,202,746	940,011	-	-
Customer deposits (EUR)	442,218	132,977	-	-
Customer deposits (GBP)	1,001	1,326	-	-
Borrowings (Euro)	57,742	76,763	-	-
Borrowings (USD)	7,922,862	9,714,010	527,381	1,716,991
	9,626,569	**10,865,087**	**527,381**	**1,716,991**

If all other variables were held constant, at 31 March 2023 and 31 March 2022, the impact on profit and equity of the Shilling weakening or strengthening by 5% against the above currencies would have been as below:

	Group		Company	
	2023 Ksh'000	**2022 Ksh'000**	**2023 Ksh'000**	**2022 Ksh'000**
1 US dollar (USD)	357,872	483,340	343,356	234,389
1 Euro (EUR)	309	(599)	-	-
1 British pound (GBP)	417	469	-	-
	358,598	**483,210**	**343,356**	**234,389**

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

b) Liquidity risk

This is the risk that the Group will encounter difficulties in meeting its financial commitments from its financial liabilities, including off balance sheet items. Prudent liquidity risk management includes maintaining sufficient cash to meet its obligations. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements.

The Group manages liquidity risk by:

- maintaining adequate cash reserves and banking facilities on the Parent company and operating subsidiaries' balance sheets;
- holding cash, near cash assets and other fixed income marketable securities in two special purpose liquidity vehicles (Centum Exotics Limited and Oleibon Investments Limited); and
- continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk also relates to the risk that the Group would miss out attractive investment opportunities due to lack of funding. This risk is mitigated by the fact that the investments measured at fair value through other comprehensive income can be converted to cash when funds are required. The risk is also minimised by use of annually renewable credit facilities.

The Group has developed internal control processes and contingency plans for managing liquidity risk including maturity gaps that incorporates an assessment of expected cash flows. The Group maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow.

At 31 March 2023, 3.8% (2022: 4.6%) of the Group's assets were held in marketable securities which are quickly convertible to cash. The Group had unutilised bank credit facilities of Ksh 190,717,000 (2022: Ksh 65,214,308) (Note 9.1).

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 2023	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							
Investment in associates	-	-	-	-	1,006,497	-	1,006,497
Unquoted equity investments	-	-	-	-	4,825,113	-	4,825,113
Quoted investments	-	-	-	3,792	-		3,792
Loans and advances	-	3,126,653	2,856,809	15,814,410	-	2,054,123	23,851,995
Finance lease receivable	-	-	94,524	133,311	-	-	227,835
Government securities at fair value through profit and loss	-	-	-	-	-	692,935	692,935
Government securities at amortised cost	-	39,404	1,367,604	2,458,471	-	9,442,039	13,307,518
Corporate bonds at amortised cost	-	408,776	927,533	-	110,339	92,787	1,539,435
Receivables and prepayments	1,194,743	-	659,416	81,334	-	338,214	2,273,707
Cash and cash equivalent	2,994,852	546,755	109,539	-	-	-	3,651,146
	4,189,595	**4,121,588**	**6,015,425**	**18,491,318**	**5,941,949**	**12,620,098**	**51,379,973**
Financial liabilities							
Customer deposits	8,334,218	15,084,262	2,810,029	234,499	-	-	26,463,008
Borrowings	-	3,808,618	7,422,872	12,177,681	-	1,229,774	24,638,945
Other liabilities and accrued expenses	769,774	-	4,131,561	39,400	-	-	4,940,735
Unclaimed dividends	-	249,158	-	-	-	-	249,158
	9,103,992	19,142,038	14,364,462	12,451,580	-	1,229,774	56,291,846
Net liquidity	**(4,914,397)**	**(15,020,450)**	**(8,349,037)**	**6,039,738**	**5,941,949**	**11,390,324**	**(4,911,873)**

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 2022**	**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							
IInvestment in associates	-	-	-	-	978,905	-	978,905
Investment in joint ventures	-	-	-	-	1,116,581	-	1,116,581
Unquoted equity investments	-	-	-	-	5,468,619	-	5,468,619
Quoted investments	-	-	-	8,295	-	-	8,295
Loans and advances	-	2,378,834	2,856,809	15,815,218	-	2,054,123	23,104,984
Finance lease receivable	-	-	66,010	72,629	-	-	138,639
Government securities at fair value through profit and loss	-	1,717,115	-	-	-	903,004	2,620,119
Government securities at amortised cost	-	19,702	428,257	2,464,364	-	11,046,493	13,958,816
Corporate bonds at amortised cost	-	218,399	1,110,833	40,287	-	-	1,369,519
Receivables and prepayments	1,194,743	-	2,357,445	757,657	-	4,781,715	9,091,560
Cash and cash equivalent	3,506,349	688,462	109,539	-	-	-	4,304,350
	4,701,092	**5,022,512**	**6,928,893**	**19,158,450**	**7,564,105**	**18,785,335**	**62,160,387**
Financial liabilities							
Customer deposits	7,834,764	15,084,262	2,810,029	234,499	-	-	25,963,554
Borrowings	-	6,321,604	7,334,635	15,783,555	-	1,310,453	30,750,247
Other liabilities and accrued expenses	787,041	-	3,371,532	4,825	-	-	4,163,398
Unclaimed dividends	-	274,111	-	-	-	-	274,111
	8,621,805	**21,679,977**	**13,516,196**	**16,022,879**	**-**	**1,310,453**	**61,151,310**
Net liquidity	(3,920,713)	(16,657,465)	(6,587,303)	3,135,571	7,564,105	17,474,882	1,009,077
Financial guarantees	-	-	-	-	-	-	-

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 2023	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							
Investment in subsidiaries	-	-	1,953,389	6,979,998	23,401,612	-	32,334,999
Unquoted equity investments	-	-	-	-	4,687,379	-	4,687,379
Receivables and prepayments	36,398	-	40,942	-	-	-	77,340
Cash and cash equivalent	77,218	271,032	-	-	-	-	348,250
	113,616	**271,032**	**1,994,331**	**6,979,998**	**28,088,991**	**-**	**37,447,968**
Financial liabilities							
Payables and accruals	273,349	4,884	-	260,221	-	-	538,454
Borrowings	-	2,248,171	-	-	-	-	2,248,171
Unclaimed dividends	-	249,158	-	-	-	-	249,158
	273,349	**2,502,213**	**-**	**260,221**	**-**	**-**	**3,035,783**
Net liquidity	**(159,733)**	**(2,231,181)**	**1,994,331**	**6,719,777**	**28,088,991**	**-**	**34,412,185**

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 2022	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							
Investment in subsidiaries	56,015	-	1,632,569	8,158,895	22,921,632	3,796,322	36,565,433
Unquoted equity investments	-	-	-	-	4,946,898	-	4,946,898
Quoted investments	-	-	7,561	-	-	-	7,561
Receivables and prepayments	35,763	-	231,705	-	-	-	267,468
Cash and cash equivalent	11,772	1,007,331	-	-	-	-	1,019,103
	103,550	**1,007,331**	**1,871,835**	**8,158,895**	**27,868,530**	**3,796,322**	**42,806,463**
Financial liabilities							
Payables and accruals	15,063	5,969	-	308,923	-	-	329,955
Borrowings	-	4,159,036	-	-	-	-	4,159,036
Unclaimed dividends	-	273,339	-	-	-	-	273,339
	15,063	**4,438,344**	**-**	**308,923**	**-**	**-**	**4,762,330**
Net liquidity	**88,487**	**(3,431,013)**	**1,871,835**	**7,849,972**	**27,868,530**	**3,796,322**	**38,044,133**

c) Credit risk and expected credit losses

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a Group-wide basis.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution. The Group carries out its own assessment of credit risk before investing in corporate bonds, and updates such assessments at each reporting date.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting a credit limit and credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

In assessing whether the credit risk on a financial asset has increased significantly, the Group compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Group considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

c) Credit risk and expected credit losses (continued)

If the Group does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the Group clusters financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument
- industry in which the debtor operates
- nature of collateral held.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

Group **Basis for measurement of loss allowance**	**12-month expected credit losses**	**Lifetime expected credit losses (see note below)**			
		(a)	**(b)**	**(c) income**	**Total**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
At 31 March 2023					
Government securities	961,825	-	-	-	961,825
Corporate bonds and commercial papers	927,533	-	-	-	927,533
Loans and advances	18,479,569	2,709,424	3,189,275	-	24,378,268
Finance lease receivables	227,835	-	-	-	227,835
Call deposits	86,531	-	-	-	86,531
Bank balances	3,568,202	-	-	-	3,568,202
Trade and other receivables	-	-	-	5,303,560	5,303,560
Gross carrying amount	**24,251,495**	**2,709,424**	**3,189,275**	**5,303,560**	**35,453,754**
Loss allowance	(436,471)	-	-	(4,008,958)	(4,445,429)
Exposure to credit risk	**23,851,024**	**2,709,424**	**3,189,275**	**1,294,602**	**31,068,497**

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

c) Credit risk and expected credit losses (continued)

Group

Basis for measurement of loss allowance	12-month expected credit losses	Lifetime expected credit losses (see note below)			
		(a)	(b)	(c) income	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 31 March 2022					
Government securities	2,713,045	-	-	-	2,713,045
Corporate bonds and commercial papers	1,369,519	-	-	-	1,369,519
Loans and advances	19,015,853	2,288,732	2,835,458	-	24,140,043
Finance lease receivables	138,639	-	-	-	138,639
Call deposits	228,238	-	-	-	228,238
Bank balances	4,076,113	-	-	-	4,076,113
Trade and other receivables	-	-	-	7,049,263	7,049,263
Gross carrying amount	**27,541,407**	**2,288,732**	**2,835,458**	**7,049,263**	**39,714,860**
Loss allowance	(521,323)	-	-	(783,751)	(1,305,074)
Exposure to credit risk	**27,020,084**	**2,288,732**	**2,835,458**	**6,265,512**	**38,409,786**

Company

Basis for measurement of loss allowance	12-month expected credit losses	Lifetime expected credit losses (see note below)			
		(a)	(b)	(c) income	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 31 March 2023					
Call deposits	271,032	-	-	-	271,032
Bank balances	77,218	-	-	-	77,218
Government securities and corporate bonds	4,104,369	-	-	-	4,104,369
Trade and other receivables	-	-	-	71,788	71,788
Shareholder loans advanced to subsidiaries	12,889,645	-	-	-	12,889,645
Gross carrying amount	**17,342,264**	**-**	**-**	**71,788**	**17,414,052**
Loss allowance	(2,545,316)	-	-	-	(2,545,316)
Exposure to credit risk	**14,796,948**	**-**	**-**	**71,788**	**14,868,736**

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

c) Credit risk and expected credit losses (continued)

Company Basis for measurement of loss allowance	12-month expected credit losses	Lifetime expected credit losses (see note below)			
		(a)	(b)	(c) income	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 31 March 2022					
Call deposits	1,007,331	-	-	-	1,007,331
Bank balances	11,772	-	-	-	11,772
Government securities and bonds	3,949,862	-	-	-	3,949,862
Trade and other receivables	-	-	258,105		258,105
Shareholder loans advanced to subsidiaries	13,471,136	-	-	-	13,471,136
Gross carrying amount	**18,440,101**	**-**	**-**	**258,105**	**18,698,206**
Loss allowance	(1,924,742)	-	-	-	(1,924,742)
Exposure to credit risk	**16,515,359**	**-**	**-**	**258,105**	**16,773,464**

The loss allowances at the end of each year relate to the following:-

Group Basis for measurement of loss allowance	12-month expected credit losses	Lifetime expected credit losses (see note below)			
		(a)	(b)	(c) income	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 31 March 2023					
Loans and advances	18,479,569	2,709,424	3,189,275	-	24,378,268
Trade and other receivables	-	-	-	5,303,560	5,303,560
	18,479,569	**2,709,424**	**3,189,275**	**5,303,560**	**29,681,828**
At 31 March 2022					
Loans and advances	19,015,853	2,288,732	2,835,458	-	24,140,043
Trade and other receivables	-	-	-	7,049,263	7,049,263
Total	**19,015,853**	**2,288,732**	**2,835,458**	**7,049,263**	**31,189,306**

The Group does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due receivables.

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

(a) financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired;
(b) financial assets that are credit impaired at the balance sheet date; and
(c) trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (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	Level 1 Ksh'000	Level 2 Ksh'000	Level 3 Ksh'000	Total Ksh'000
31 March 2023				
Financial assets:				
Unquoted equity instruments	-	-	4,825,113	4,825,113
Quoted equity instruments	3,792	-	-	3,792
Government securities at fair value through profit and loss	-	692,935	-	692,935
	3,792	**692,935**	**4,825,113**	**5,521,840**
Non financial assets:				
Investment property	-	-	43,855,237	43,855,237
Property, plant and equipment	-	-	352,360	352,360
	-	**-**	**44,207,597**	**44,207,597**

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

d) Fair value hierarchy (continued)

Group	Level 1 Ksh'000	Level 2 Ksh'000	Level 3 Ksh'000	Total Ksh'000
31 March 2022				
Financial assets:				
Unquoted equity instruments	-	-	5,468,619	5,468,619
Quoted equity instruments	8,295	-	-	8,295
Government securities at fair value through profit and loss	-	903,004	-	903,004
	8,295	903,004	5,468,619	6,379,918
Non financial assets:				
Investment property	-	-	41,193,072	41,193,072
Property, Plant and equipment	-	-	248,813	248,813
	-	**-**	**41,441,885**	**41,441,885**

The following table summarises the carrying amount of those assets and liabilities not held at fair value. Except for held-to-maturity investment securities, the carrying amount of assets and liabilities held at amortised cost is considered to approximate their fair value where they have short tenor or, for long term facilities, earn/accrue interest at market rate.

Group At 31 March 2023 Financial assets	Carrying amount Ksh'000	Fair value Ksh'000	Level 1 Ksh'000	Level 2 Ksh'000	Level 3 Ksh'000
Loans and advances	23,314,597	23,314,597	-	-	23,314,597
Finance lease receivable	227,835	227,835	-	-	227,835
Cash and cash equivalent	4,291,620	4,291,620	-	-	4,291,620
Other assets	4,363,730	4,363,730	-	-	4,363,730
	32,197,782	**32,197,782**	**-**	**-**	**32,197,782**
Financial liabilities					
Customer deposits	23,916,011	23,916,011	-	-	23,916,011
Borrowings	31,830,787	31,830,787	-	-	31,830,787
Dividend payable	249,158	249,158	-	-	249,158
Other liabilities	13,104,779	13,104,779	-	-	13,104,779
	69,100,735	**69,100,735**	**-**	**-**	**69,100,735**

About Us
Corporate Governance
Financial Statements

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

d) Fair value hierarchy (continued)

Group At 31 March 2022 Financial assets	Carrying amount Ksh'000	Fair value Ksh'000	Level 1 Ksh'000	Level 2 Ksh'000	Level 3 Ksh'000
Loans and advances	23,104,984	23,104,984	-	-	23,104,984
Finance lease receivable	138,639	138,639	-	-	138,639
Cash and cash equivalent	5,504,372	5,504,372	-	-	5,504,372
Other assets	9,091,559	9,091,559	-	-	9,091,559
	37,839,554	**37,839,554**	**-**	**-**	**37,839,554**
Financial liabilities					
Customer deposits	25,963,554	25,963,554	-	-	25,963,554
Borrowings	30,750,247	30,750,247	-	-	30,750,247
Dividend payable	274,111	274,111	-	-	274,111
Other liabilities	8,902,209	8,902,209	-	-	8,902,209
	65,890,121	**65,890,121**	**-**	**-**	**65,890,121**

Reconciliation of level 3

	Note
Loans and advances	7.1
Finance lease receivable	8.3
Cash and cash equivalents	4.3

The following table summarises the carrying amount of those assets and liabilities not held at fair value. Except for held-to-maturity investment securities, the carrying amount of assets and liabilities held at amortised cost is considered to approximate their fair value where they have short tenor or, for long term facilities, earn/accrue interest at market rate.

Company	Level 1 Ksh'000	Level 2 Ksh'000	Level 3 Ksh'000	Total Ksh'000
31 March 2023				
Financial assets:				
Investment in subsidiaries	428,077	-	21,562,593	21,990,670
Government securities and corporate bonds	-	-	4,104,368	4,104,368
Unquoted equity instruments	-	-	4,687,380	4,687,380
	428,077	**-**	**30,354,341**	**30,782,418**
31 March 2022				
Financial assets:				
Investment in subsidiaries	572,409	-	24,446,630	25,019,039
Government securities and corporate bonds	-	-	3,949,862	3,949,862
Unquoted equity instruments	-	-	4,946,898	4,946,898
Quoted equity instruments	7,561	-	-	7,561
	579,970	**-**	**33,343,390**	**33,923,360**

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

d) Fair value hierarchy (continued)

There were no transfers into or out of level 3 in 2023 and 2022. The following is a movement of financial assets classified under level 3.

	Group		Company	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
At start of year	5,473,170	4,060,015	34,948,785	33,493,628
Additions	79,347	224,420	79,347	175,589
Disposals	-	-	(128,703)	(18,000)
Fair value (losses)/gains	(596,044)	1,188,735	(68,637)	1,297,568
At end of year	4,956,473	5,473,170	34,830,792	34,948,785
Total (losses)/gains on level 3 financial assets held at the end of the year as recognised in other comprehensive income	(596,044)	1,188,735	(68,637)	1,297,568

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	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
5% change in market value	7,847	8,560	7,847	36,348

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 2023, the Group's strategy, which was unchanged from 2022, was to maintain a gearing ratio within 20% to 50%. The gearing ratios at 31 March 2023 and 31 March 2022 were as follows:

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

e) Capital management (continued)

	Group		Company	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 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	(442,816)	1,319,597	14,210,528	19,079,651
Retained earnings	35,451,997	40,031,606	20,471,836	20,932,675
Dividends proposed	400,000	390,983	400,000	390,983
Treasury Shares	(36,709)	-	(36,709)	-
Non controlling interest	811,178	3,947,158	-	-
Equity	37,106,124	46,611,818	35,968,129	41,325,783
Total borrowings	19,677,780	20,626,420	2,248,171	4,159,036
Less: cash and bank balances	(3,654,733)	(4,304,351)	(348,250)	(1,019,103)
Net borrowings	16,023,047	16,322,069	1,899,921	3,139,933
Gearing (%)	43.18%	35.02%	5.28%	7.60%

Loan covenants

Group

Sidian Bank Limited
The bank was compliant with all financial covenants as at 31 March 2023.

Two Rivers Development Limited
The financial covenants relating to Guarantor net asset value and Guarantor interest cover ratio were not met at 31 March 2023. The lender, Nedbank Limited, provided a waiver.

Centum Real Estate Limited

Group
As at 31 March 2023, the Company was compliant with financial covenants save for those relating to the guarantor-net asset value and marketable securities cover. The company obtained a waiver from the Stanbic Bank.

Company
Under the terms of the corporate bond, Centum Re is required to maintain a Sinking Fund to be exclusively used to meet its obligations to the bond holders at the maturity date or upon redemption at Centum Re's option. The Sinking Fund is made up of 100% of collections received post the bond issue date on the projects being funded by the proceeds of the bond. As at 31 March 2023, the sinking fund was fully funded and the amounts invested in money market instruments in line with the terms of the issue.

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

e) Capital management (continued)

Centum Investment Company Plc

Company

The Company was compliant with all financial covenants as at 31 March 2023.

11 Equity structure

11.1 (a) Ordinary share capital and share premium

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

	Number of shares (in thousands) Ksh'000	Ordinary shares Ksh'000	2022 Share premium Ksh'000
At 1 April 2022, 31 March 2022 and 31 March 2023	665,442	332,721	589,753

The total authorised number of ordinary shares is 800,000,000 with a par value of Ksh 0.50 per share. 665,441,714 shares were issued and fully paid up as at 31 March 2023 and 31 March 2022.

11.1 (b) Share buyback

The Shareholders during an Extraordinary General Meeting held on 3rd February 2023 approved to undertake a share buyback programme and purchase up to 66,544,178 ordinary shares of the Company, being ten percent (10%) of its issued and paid up share capital of the Company (Ordinary Shares), through on market purchases at the Nairobi Security Exchange at a maximum price of Ksh 9.03 and minimum price of Ksh 0.50 per share over a period of 18 months from the resolution.

The shares repurchased through the Buyback are held as Treasury shares. As at 31 March 2023 a total of Ksh 4,069,300 shares had been bought back by the company at a cost of Ksh 36,709,000

11 Equity structure (continued)

11.2 Other reserves

	Group			Company
	Investment revaluation Ksh'000	Currency translation Ksh'000	Total other reserves Ksh'000	Investment revaluation Ksh'000
At 31 March 2021	(224,253)	448,431	224,178	19,321,343
Realised gains on disposal of investments	-	-	-	(14,336)
Fair value gains in subsidiaries	-	-	-	(1,422,410)
Fair value losses in unquoted investments	1,188,735	-	1,188,735	1,204,080
Fair value gains in quoted investments	(3,806)	-	(3,806)	(3,784)
Currency translation differences	-	295,823	295,823	-
Other movements	(386,442)	-	(386,442)	-
Deferred tax on revaluation gains	1,109	-	1,109	(5,242)
At 31 March 2022	**575,343**	**744,254**	**1,319,597**	**19,079,651**
Reserves released on disposal	-	-	-	-
Realised gains on disposal of investments	-	-	-	-
Fair value gains in subsidiaries	-	-	-	(3,028,369)
Fair value losses in unquoted investments	(596,044)	-	(596,044)	(212,969)
Fair value losses in quoted investments	(1,110)	-	(1,110)	-
Currency translation differences	-	(1,166,225)	(1,166,225)	-
Other movements	-	-	-	-
Deferred tax on revaluation gains	966	-	966	(1,627,784)
At 31 March 2023	**(20,845)**	**(421,971)**	**(442,816)**	**14,210,529**

Investment revaluation reserve

The investment revaluation reserve arises on the revaluation of financial assets at fair value through other comprehensive income 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 retained earnings.

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.

	2023 Ksh'000	2022 Ksh'000
i) Dividends paid		
Final dividend in respect of the prior year	**390,983**	**219,596**

ii) Dividends proposed

The Board of Directors has recommended the payment of a dividend equivalent to Ksh 0.60 per share for the financial year ended 31 March 2023 (2022: Ksh 0.59 per share). The aggregate amount of the proposed dividend expected to be paid out of retained earnings at 31 March 2023, but not recognised as a liability at year end, is Ksh 400,000,000 (2022: Ksh 390,983,000).

	Group		Company	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
At start of year	274,111	310,303	273,339	310,303
Dividend	(772)	772	-	-
On disposal of subsidiary	-	-	-	-
Dividend paid	(24,181)	(36,964)	(24,181)	(36,964)
	249,158	**274,111**	**249,158**	**273,339**

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. Related party transactions are done at an arm's length.

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	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
i) Purchase of goods and services				
Office rent paid to a related party	41,159	44,506	23,004	13,924
Management fees paid to a subsidiary	-	-	26,130	182,107
At end of year	**41,159**	**44,506**	**49,134**	**196,031**

	Company	
	2023 Ksh'000	2022 Ksh'000
ii) Interest and dividend income		
Interest income earned on advances and deposits placed with subsidiaries	**690,777**	**1,368,853**
Dividend income earned from subsidiaries and associates	**20,000**	**33,691**

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	
	2023 Ksh'000	2022 Ksh'000	2023 Ksh'000	2022 Ksh'000
Salaries	349,687	229,540	139,211	73,861
Retirement benefit scheme contribution	21,327	15,823	8,978	5,425
	371,014	**245,363**	**148,189**	**79,286**

12 Related parties (continued)

12.1 Related party transactions (continued)

	Group		Company	
iv) Directors remuneration	**2023 Ksh'000**	**2022 Ksh'000**	**2023 Ksh'000**	**2022 Ksh'000**
Fees and expenses for services as a non-executive director	132,996	130,635	24,456	24,852
Other included in key management compensation above	48,852	46,502	48,852	46,502
	181,848	**177,137**	**73,308**	**71,354**
v) Outstanding related party balances				
Amounts due to related parties	-	147,374	-	-
Amounts due from related parties	4,302,070	4,343,295	10,344,329	11,546,394
vi) Shareholder loans advanced to related parties				
Two Rivers Development Limited	-	-	1,925,583	1,578,141
Two Rivers Lifestyle Centre Limited	-	3,210,701	4,231	3,324
Two Rivers Theme Park Limited	338,214	1,132,594	-	-
Uhuru Heights Limited	-	-	580,377	580,377
Centum Exotics Limited	-	-	1,839,019	2,271,324
Centum Development Limited (Mauritius)	-	-	3,640,104	4,388,920
Nabo Capital Limited	-	-	92,996	50,930
Jafari Credit Limited	-	-	-	289,988
Tier Data Limited	-	-	9,711	7,312
Rasimu Limited	-	-	32,522	31,253
Investpool Holdings Limited	-	-	865,595	1,014,226
Shefa Holdings Limited	-	-	3,776	1,533
Elimu Holdings Limited	-	-	9,075	6,087
Greenblade Growers Limited	-	-	174,122	155,345
Bakki Holdco Limited	-	-	31,628	1,266
Centum Real Estate Limited	-	-	1,096,516	1,049,418
Zohari Leasing Limited	-	-	27,667	54,428
Tribus (TSG) Limited	-	-	11,407	6,507
Centum Capital Partners Limited	-	-	-	56,015
	338,214	**4,343,295**	**10,344,329**	**11,546,394**

At Group level, the amounts due from related parties are in relation to the joint venture investments specifically loans issued by Two Rivers Development Limited to Two Rivers Lifestyle Centre Limited and Two Rivers Theme Park Limited.

13 Disposal of investments

Year ended 31 March 2023

During the year, there was no disposal. In the previous year, Two Rivers Development Limited (a 58% subsidiary of Centum Investment Company Plc) and Funscapes FZC entered into a share subscription agreement in which Funscapes FZC acquired a 50% equity stake in Two Rivers Theme Park Limited at a consideration of Ksh 103,604,000. The transaction was effected through Two Rivers Theme Park Limited issuing and Funscapes FZC subscribing to additional shares in Two Rivers Theme Park Limited resulting in a deemed disposal of a 50% stake by TRDL. As at 31 March 2023, all the conditions precedent, as set out on the joint venture agreement have been fulfilled. On the basis of the 50-50 ownership and control structure, Two Rivers Theme Park Limited was deemed as disposed by TRDL, with TRDL retaining joint control.

Prior to this transaction, Two Rivers Theme Park Limited was 100% owned by TRDL. At 31 March 2023, Two Rivers Theme Park Limited was de-consolidated with a corresponding investment in joint venture recognised. The arising gain recognised in the income statement is set out as below:

	Company	
	2023 Ksh'000	**2022 Ksh'000**
Fair value of interest gained	-	103,804
Net assets derecognised	-	323,200
Gain on disposal	**-**	**427,004**

14 Restatement of prior year financial statements

The following adjustments have been made to the Group's prior years' financial statements have been corrected as prior year restatements.

14.1 Prior year adjustment relating to deferred income tax

The adjustment relates to errors in the recognition of deferred income tax assets due to overstatement of tax losses carried forward arising from non-deductible interest expense in Uganda. The determination of tax losses carried forward in the prior year financial statements did not take into account the forfeited interest expense, which was subsequently disallowed in the entity's statutory tax returns. The adjustment does not however have any impact on the chargeable income in the prior financial year.

Statement of profit or loss and other comprehensive income

At 31 March 2022	As previously stated	Restatement	Restated
	Ksh'000	Ksh'000	Ksh'000
Income tax expense	113,127	(454,972)	(341,845)

Statement of financial position

At 31 March 2022	As previously stated	Restatement	Restated
	Ksh'000	Ksh'000	Ksh'000
Retained earnings	13,621,011	(454,972)	13,166,039
Deferred income tax liabilities	4,327,104	454,972	4,782,076

Statement of changes in equity

At 31 March 2022	As previously stated	Restatement	Restated
	Ksh'000	Ksh'000	Ksh'000
At start of the year	13,651,345	-	13,651,345
Loss for the year	(30,334)	(454,972)	(485,306)
At end of year	13,621,011	(454,972)	(13,166,039)

14 Restatement of prior year financial statements (continued)

14.2 Prior year adjustment relating to depreciation in Two Rivers Development Limited

The prior year profit and loss account, statement of financial position and statement of changes in equity has been restated to adjust for recomputation of depreciation on plant and equipment.The impact of the adjustment made in the financial statements of 31 March 2022 is as follows:-

Statement of profit or loss and other comprehensive income

At 31 March 2022	As previously stated	Restatement	Restated
	Ksh'000	Ksh'000	Ksh'000
Cost of sales	210,104	62,992	273,096

Statement of financial position

At 31 March 2022	As previously stated	Restatement	Restated
	Ksh'000	Ksh'000	Ksh'000
Plant and Equipment			
Cost	1,556,144	-	1,556,144
Accumulated depreciation	(104,455)	(304,050)	(408,505)
Net book value at end of year	**1,451,689**	**(304,050)**	**1,147,639**

Statement of changes in equity

At 31 March 2022	As previously stated	Restatement	Restated
	Ksh'000	Ksh'000	Ksh'000
Accumulated losses			
At start of the year	34,132	241,058	275,190
Loss for the year	67,270	62,992	130,262
At end of year	**101,402**	**304,050**	**405,452**

CENTUM

tangible wealth

P.O. Box 10518-00100 Nairobi, Kenya
(+254) 20 228 6000
info@centum.co.ke