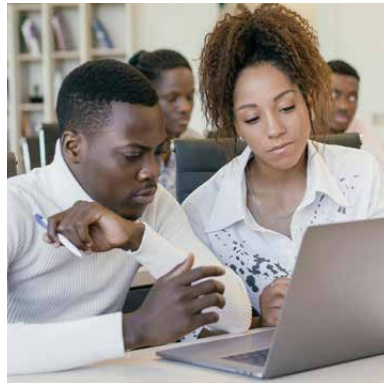




OPTIMISING
VALUE

Inside this Report



About this report	2
Centum Corporate Structure	3
2024 Financial Highlights	4
Value Creation Model	6
Our Contribution to the SDGs	8
The People Who Lead Us	14
Our Strategy	15
Chairman’s Statement	16
Chief Executive Officer’s Statement	22
Managing Risk	28
Our Stakeholders	35
Our Material Matters	39
Our Performance	43
Chief Financial Officer’s Statement	44
Centum 4.0 Performance Scorecard	48
Business Review	50
Sustainable Investing	61
Our Human Capital	65
Corporate Governance	70
Board of Directors	71
Our Governance Framework	75
Financial Statements	93

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 **107** to **247** 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 3**. 

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

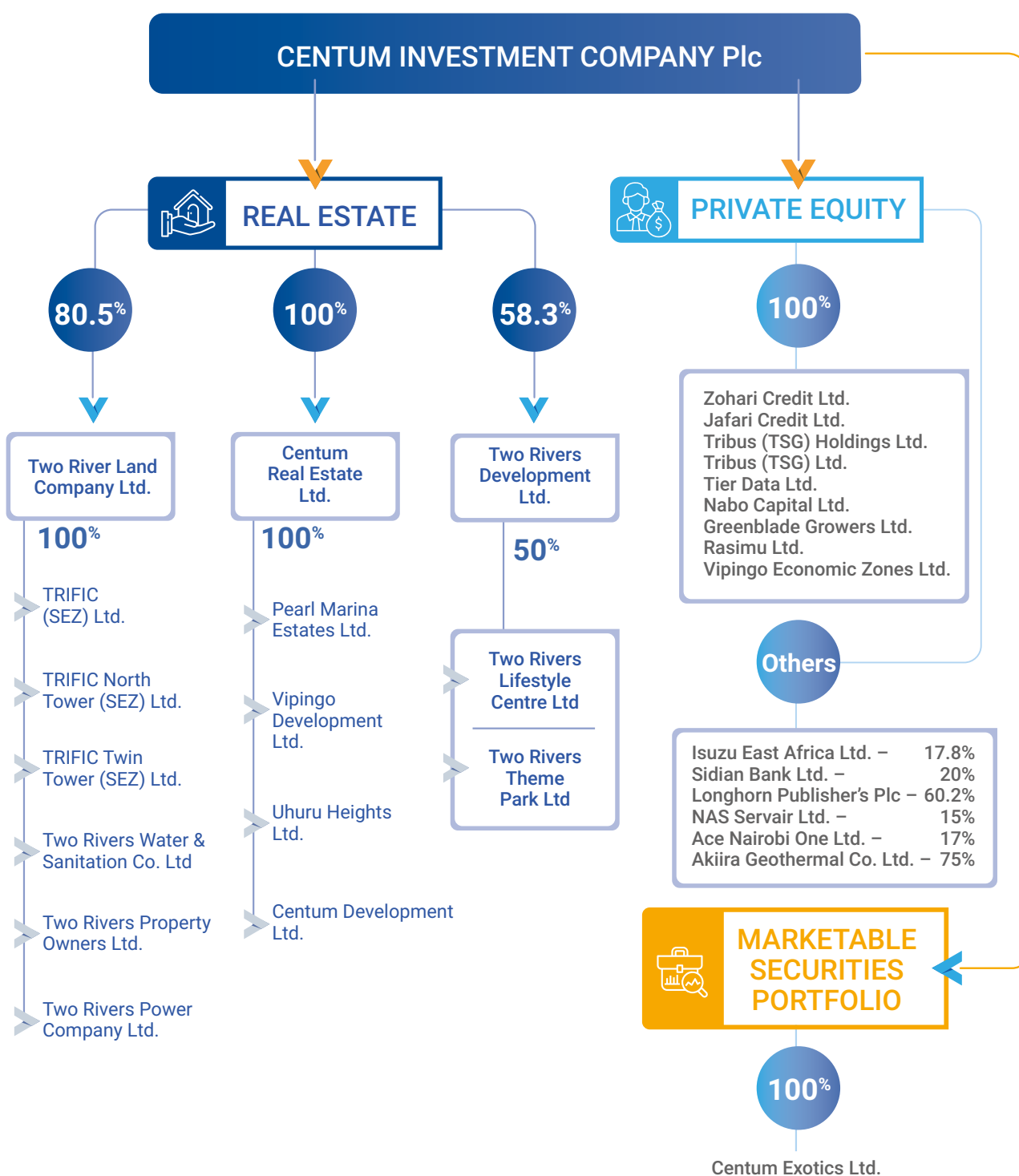
To enhance the integrity of our report, the financial statements were audited by **KPMG Kenya** in accordance with International Standards on Auditing (ISAs).

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 **102 to 106** of this report.

CENTUM CORPORATE STRUCTURE

A snapshot of our portfolio investment portfolio as of 31 March 2024 is shown below.





2024 FINANCIAL COMPANY HIGHLIGHTS

REVENUES

FY 2024: Ksh 1.15 Bn
FY 2023: Ksh 2.13 Bn
% Δ: -46%



OPERATING AND ADMINISTRATIVE EXPENSES

FY 2024: Ksh 579.71 Mn
FY 2023: Ksh 511.50 Mn
% Δ: 13%



FINANCE COSTS

FY 2024: Ksh 295 Mn
FY 2023: Ksh 459 Mn
% Δ: -36%



PROFIT/(LOSS) FOR THE YEAR

FY 2024: Ksh 555.97 Mn
FY 2023: Ksh -60.84 Mn
% Δ: 1014%



OTHER COMPREHENSIVE INCOME

FY 2024: Ksh 4.95 Bn
FY 2023: Ksh -4.87 Bn
% Δ: 202%



TOTAL RETURN

FY 2024: Ksh 5.50 Bn
FY 2023: Ksh -4.93 Bn
% Δ: 212%



TOTAL ASSETS

FY 2024: Ksh 48.08 Bn
FY 2023: Ksh 41.74 Bn
% Δ: 15%



BORROWINGS

FY 2024: Ksh 1.95 Bn
FY 2023: Ksh 2.25 Bn
% Δ: -13%



NET ASSET VALUE

FY 2024: Ksh 41.04 Bn
FY 2023: Ksh 35.97 Bn
% Δ: 14%



NET ASSET VALUE PER SHARE

FY 2024: Ksh 62.4
FY 2023: Ksh 54.4
% Δ: 15%



5-YEAR COMPANY (Centum 4.0)

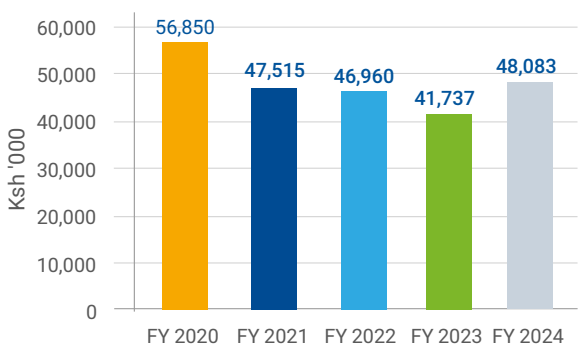
PERFORMANCE HIGHLIGHTS

Return

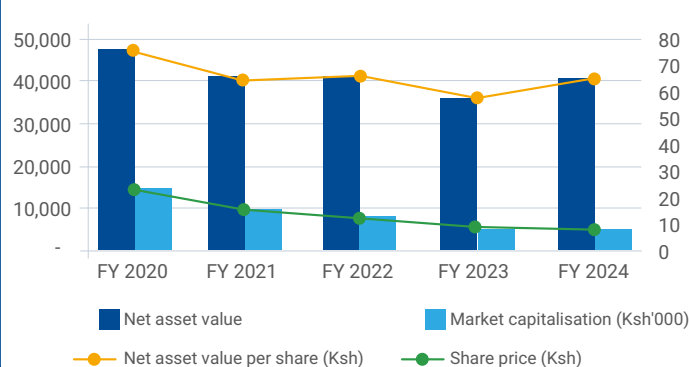
	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
Total Return (Ksh Mn)	5,504	(4,930)	(248)	(4,818)	(4,362)
Return on Opening Equity (%)	15.3%	(11.9%)	(0.6%)	(10%)	(8%)
Outperformance relative to NSE 20 Share Index	18.62%	0.37%	(1.0%)	20.3%	23%

Financial Position

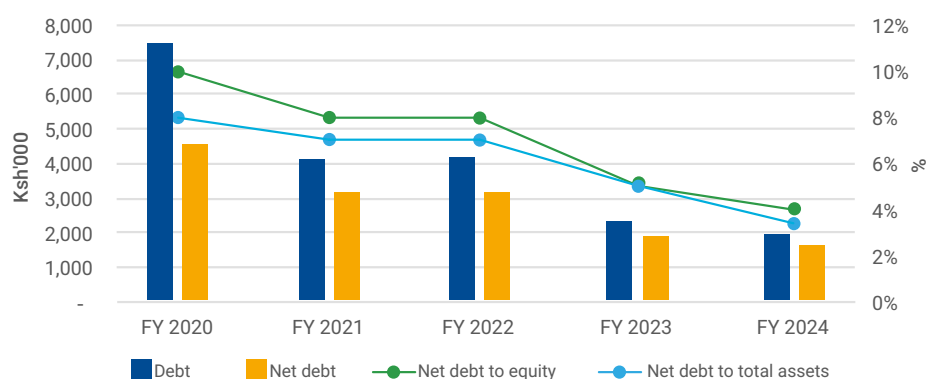
Total Assets



Net Asset Value and Market Capitalisation



Gearing





VALUE CREATION MODEL

Company Snapshot

Net Asset Value ⁽²⁾

Ksh 41 billion

translates to Ksh
62.4 NAV per share



Market Capitalisation ⁽¹⁾

Ksh 6.0 billion



Cumulative Dividends

Ksh 5.1 billion

distribution consistently paid
out annually since 2017



48%



Average Cost-to-income ratio
achieved in FY20 – FY24

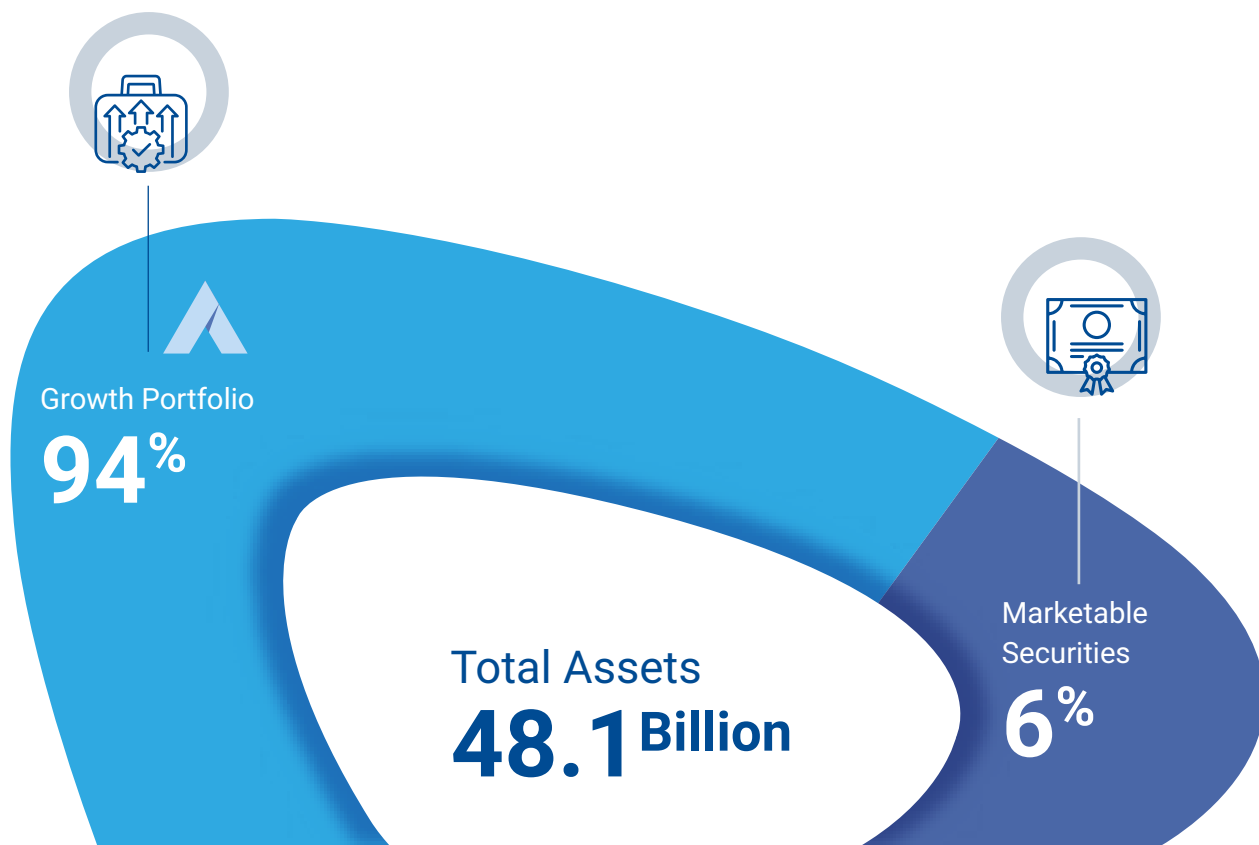
Long Term Gearing: 0%



¹Share price as of 25 July 2024; 655.8 million shares outstanding

²As at 31 March 2024; 657.5 million shares outstanding

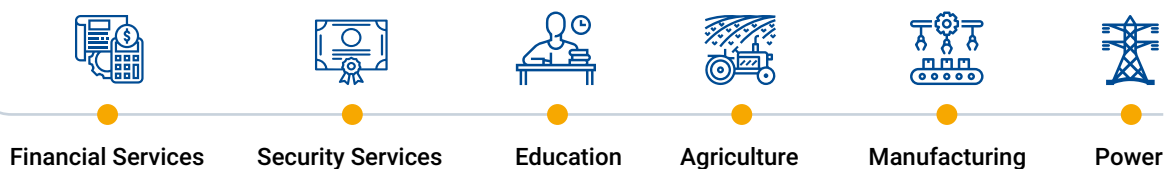
Portfolio Allocation as of 31 March 2024



Centum invests in sectors with:

Large and growing domestic and regional markets targeted principally at households and private businesses.

Ensuring that our investments not only generate desired return to shareholders' capital, but also benefit the society and environment.



OUR CONTRIBUTION TO THE SDGs

SUSTAINABLE DEVELOPMENT GOALS



**United Nations
Global Compact**

Global Compact Network Kenya is independent, self-governed and self-managed working closely with the UN Global Compact as the local chapter.



Year Launched
2007



Participants
273

On 7th March 2024, Centum joined the United Nations Global Compact Network (UNGCN). This is the world's largest corporate sustainability initiative.

By joining the network, participants commit to integrating The Ten Principles of the United Nations into their business strategies and operations thereby contributing to corporate sustainability and achievement of the UN Sustainable Development Goals (SDGs).

Refer to page 9

All companies participating in this initiative are required to communicate their progress on The Ten Principles annually either by undertaking the digital questionnaire on the UN Global Compact Platform or uploading a Sustainability Report for the respective reporting period.

Centum is required to undertake its Communication on Progress (CoP) as from July 2025, given that it provided a report on progress as part of its application when joining in FY2024.

Communication is critical as it will not only ensure Centum maintains its listing status, but will also go a long way in enhancing the Company's accountability and transparency initiatives on a global scale in relation to Centum's efforts in contributing to the SDGs.



How the Ten Principles UN Global Compact interface with the Sustainable Development Goals (SDGs)

Themes	Ten Principles of the UN Global Compact	Suitable Development Goal (SDG) Realized
Human Rights 	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights. Principle 2: Make sure that they are not complicit in human rights abuses.	           
Labour 	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. Principle 4: The elimination of all forms of forced and compulsory labour. Principle 5: The effective abolition of child labour. Principle 6: The elimination of discrimination in respect of employment and occupation.	     
Environment 	Principle 7: Businesses should support a precautionary approach to environmental challenges. Principle 8: Undertake initiatives to promote greater environmental responsibility. Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	         
Anti-Corruption 	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	   



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 SDG's, 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



Potential Impact

+ Universal literacy and numeracy.

+ Build and upgrade inclusive and safe schools.

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

Actions taken/Achievement

1 Provision of over 350 education scholarships.

We provide at least 350 full scholarships every year to bright but needy students in Kilifi County. We also provided 5 high-school scholarships in Nyandarua County, renovated classrooms as well as providing furniture to Muchemi Primary School in Ol Kalou.

2 Longhorn publishers digital learning.

Longhorn commits to embrace the future of education, striving to ensure that every student in Kenya has equal access to high quality educational resources. This commitment is underscored by their dedication to fostering innovation and empowerment within the educational sector.

In partnership with Safaricom Plc, Longhorn introduced the LoHo digital learning platform which seamlessly integrates technology with the Kenyan Competency Based Curriculum. LoHo offers students access to educational content via custom learning tablets equipped with internet connectivity, meticulously filtered to ensure students only access educational materials, providing a safe online environment for learning.

5 GENDER EQUALITY



Potential Impact

+ Ensure full participation in leadership and decision making.

ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS.

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.

50% of our Board of Directors are women

75% of Board Committee Chairpersons are women

40% of our senior leadership are women

52% of our total staff complement consists of women.

6 CLEAN WATER AND SANITATION



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

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

Actions taken/Achievement

- 1 **1.5 million litres of water on World Water Day**
On World Water Day (22nd March 2024), Tier Data was able to supply about 1,500 clients with a free unit of water as part of its effort to promote access to safe clean water. One unit is 1,000 litres and thereby 1.5million litres of water was supplied cumulatively.
- 2 **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.
- 3 **Sea water desalination plant at Vipingo**
Vipingo Development Limited 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.
- 4 **Smart Water Meters**
Smart Water Meters supplied through Tier Data are able to provide consumers with insights on how to conserve water based on their consumption patterns and highlight uneconomical consumption patterns.

7 AFFORDABLE AND CLEAN ENERGY



Potential Impact

- + Universal access to modern energy
- + Increased global percentage of renewable energy
- Increased GHG emissions from use of fossil fuels

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

Actions taken/Achievement

- 1 **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.
- 2 **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 Mn 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
- 3 **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.



OUR CONTRIBUTION TO THE SDGs

8 DECENT WORK AND ECONOMIC GROWTH



Potential Impact

- + Sustainable economic growth through inclusivity.
- + Decent and productive employment for all.

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

Actions taken/Achievement

1 Ajiry Platform

Learn with Ajiry is an e-learning skills building platform offering free courses to enhance professional capabilities and technical skills to the growing number of job seekers looking to participate in an increasingly competitive job market. Ajiry has expanded its impact by establishing Ajiry centres across 10 counties in the country.

2 Diversity and Inclusion

At Centum, we recognize the value of diversity and inclusion and continue to make efforts in creating a diverse and inclusive workplace. Currently, 52% of our total staff complement are female.

3 Employee health & wellness

We are committed to providing our employees with an environment that fosters their holistic wellbeing with emphasis on mental as well as physical health. Our employees have access to mental health professional programs, onsite wellness checks and wellbeing programs at accredited facilities, and access to gym as well as sporting facilities for physical fitness.

11 SUSTAINABLE CITIES AND COMMUNITIES



Potential Impact

- + Investment in affordable housing projects
- + Incorporating green building initiatives
- + Sustainable use of resources through use of clean sources of energy.

MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE.

Actions taken/Achievement

1 Affordable Housing

About 70% of all our current residential projects under construction fall within the affordable housing segment.

2 2023 EDGE Champions for Africa Award (Centum Real Estate)

The company has continued its dedication to sustainability using IFC's green building solution EDGE (Excellence in Design for Greater Efficiencies).

In November 2023, IFC recognized this unwavering commitment by awarding Centum RE the Champions for Africa Award.





Potential Impact

+ Strengthen resilience and adaptive capacity to climate-related hazards.

— Increased GHG emissions from use of fossil fuels.

TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS.

Actions taken/Achievement

1 Centum Real Estate – green real estate projects

Centum Real Estate adopts a development approach that maintains at least 30% of the developable area to green landscaped spaces. This is achieved through “**green by design**” features such as rooftop gardens, wall gardens, green courtyards and green fences.

The company also made commitments to achieve 80% EDGE Certification for all its projects within the next 3 years. This will be driven by utilizing renewable energy where possible, water and energy saving fittings as well as utilizing efficient construction materials.

2 Tree Growing Program

In FY24, Centum Real Estate planted 1,510 trees in Two Rivers Development of which 400 were planted in collaboration with Global Climate Change Action. The company has also nurtured 5,000 seedlings in their nursery for planting in FY25 to ensure adequate supply of trees.

3 National Tree Growing Day

In the inaugural National Tree Growing Day, of 13th November 2023, Centum through various staff led initiatives participated in tree planting exercises in various areas of the country. This supports Kenya’s commitment to plant 15 billion trees by the year 2032 with a key aim to restore 10.6 million hectares of forest.



THE PEOPLE WHO LEAD US



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*



Driving Growth and Value:
*Governance and Investment
Strategies for Maximizing
Shareholder Returns.*





OUR STRATEGY



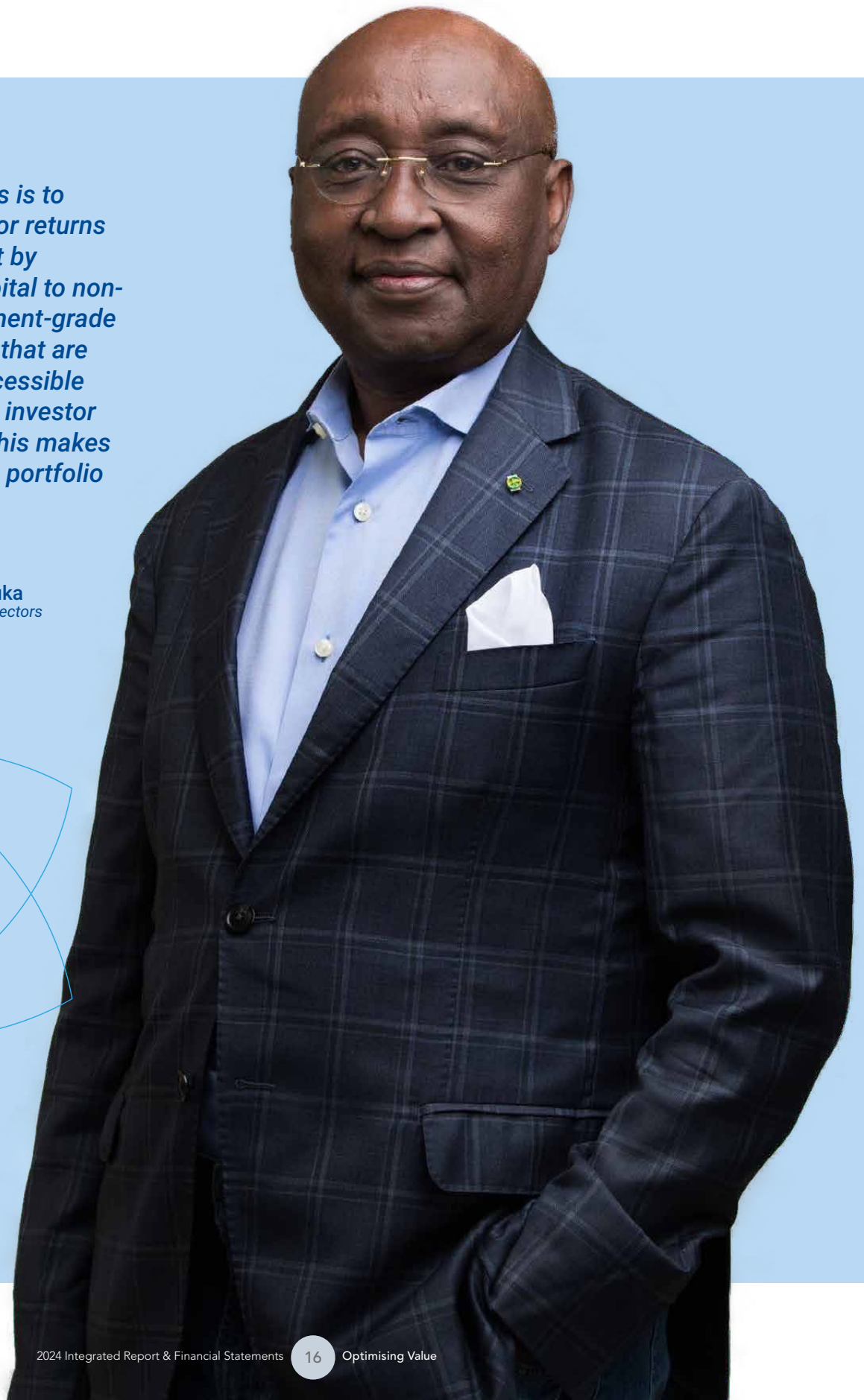


CHAIRMAN'S STATEMENT

“

Our core focus is to deliver superior returns on investment by allocating capital to non-listed, investment-grade opportunities that are typically inaccessible to the general investor community. This makes up our growth portfolio segment.

Dr. Donald Kaberuka
Chairman, Board of Directors



Dear Stakeholders,

On behalf of the Board of Directors of Centum Investment Company Plc, I am pleased to present our annual report for the financial year ended 31 March 2024 (FY2024). This year marks the conclusion of the Centum 4.0 strategy period, and in this report, we review our performance during this period and introduce our new five-year strategic plan, Centum 5.0.

Business Overview

Centum Investment Company Plc is committed to creating and growing shareholder value by actively collaborating with the management teams of our portfolio companies to implement value creation strategies.

Our core focus is to deliver superior returns on investment by allocating capital to non-listed, investment-grade opportunities that are typically inaccessible to the general investor community. This makes up our growth portfolio segment. Additionally, we maintain a portfolio of marketable securities to provide liquidity, flexibility in capital deployment, and a sustainable stream of cash returns to cover portfolio management costs.

Performance Review

The Centum 4.0 strategy, which spanned FY2020 to FY2024, was implemented during a period characterized by significant economic and geopolitical challenges, including the COVID-19 pandemic and global conflicts that disrupted supply chains, led to capital flight, and resulted in currency depreciation in emerging markets.

In response, our strategy shifted from aggressive growth to risk mitigation, focusing on preserving shareholder value.

Key decisions included:

- **Asset Monetization:** To generate liquidity.
- **Enhanced Marketable Securities Portfolio:** Focused on fixed income securities.
- **Organizational Efficiency:** A review of our organizational structure for cost efficiency.
- **Debt Reduction:** Significant efforts to reduce leverage.

These initiatives largely led to positive outcomes during the Centum 4.0 period, achieving our core objective of value preservation in a challenging business environment. Below is a summary of our achievements:

Returns and Dividend Payouts:



Our objectives were to generate a 20% annualized return on shareholder funds, pay out 30% of cash returns generated, and grow the company's net asset value (NAV) to Ksh 70 billion.

Although the annualized return over the Centum 4.0 period was -4% (compared to a -10.4% return by the NSE 20 index), we preserved shareholder equity value, with the NAV closing at Ksh 41 billion (59% of the target).

A total of Ksh 2.6 billion was paid out to shareholders as dividends over the strategy period.

Capital Structure and Liquidity:



One of the key objectives was debt reduction. We achieved this by reducing debt from Ksh 16.1 billion at the start of the strategy period to Ksh 1.9 billion as of 31 March 2024, lowering the net debt-to-equity ratio from 30% to 4%. This also led to a significant reduction in finance costs by 84%.

Cost Efficiency:



Our target was to maintain an operating cost-to-annuity income ratio at or below 30%. During the Centum 4.0 period, the average cost-to-income ratio was 48%, primarily due to lagging growth in annuity income. However, we achieved a 35% reduction in operating costs, from Ksh 895 million in FY2020 to Ksh 580 million in FY2024.

Asset Allocation:



We maintained our strategic asset allocation with 85% in the growth portfolio and 15% in marketable securities. However, in FY2024, management made a tactical reallocation to fund our equity investment in Two Rivers Land Company (SEZ) Limited.

Organizational Effectiveness:



Our supervisory parenting approach to portfolio management ensured effective oversight while maintaining operational autonomy for our portfolio companies. By the end of the Centum 4.0 strategy period, portfolio companies had independent governance systems and operations, with monthly business review meetings and Board representation from Centum.





CHAIRMAN'S STATEMENT

Centum 5.0 Strategy and Outlook

The theme for the Centum 5.0 strategy is Value Optimization. Despite the persistent volatility in the operating environment, we believe there are opportunities we can leverage through an active investment strategy to optimize and monetize the existing portfolio value.

Key pillars and strategic objectives include:

- **Return and Dividend Payout:** Generate a minimum of 30% annualized return on equity, grow NAV from Ksh 41 billion to Ksh 150 billion, develop at least 5 subsidiary companies with a minimum annual EBITDA of USD 20 million, and pay out 30% of annuity income as dividends.
- **Asset Allocation:** Allocate 10%-20% of the portfolio to marketable securities and up to 30% to quoted private equity.
- **Cost Efficiency:** Achieve an operating cost-to-income ratio below 30% of cash annuity income from FY2027.
- **Brand:** Assess and define Centum's brand equity value and institutionalize practices that enhance and sustain it.
- **Organizational Effectiveness:** Maintain fit-for-purpose people, processes, and technology at both Centum and the portfolio company level.

Given the current economic landscape, we will focus on export-oriented sectors that can benefit from a weakening currency, Kenya's trade agreements with developed economies, and the enhanced intra-Africa trade expected under AfCFTA. The East African region's increasing urbanization will also attract multinationals in banking,

technology, business process outsourcing, insurance, and similar sectors.

Sustainability is a key consideration, and we have aligned our portfolio investments with global trends, focusing on green energy and securing IFC EDGE certification for compliance with Green Building standards.

Governance and Risk Management

The Board prioritizes sustainable growth and profitability, endorsing investments that align with rigorous Environmental, Social, and Governance (ESG) standards. We ensure that all strategic decisions are carefully weighed against potential risks, safeguarding shareholder interests and ensuring responsible stewardship.

This year, our governance audit, conducted by Dorion Associates LLP, resulted in an unqualified report, reflecting our commitment to robust governance practices. Additionally, in adherence to good governance practices, we rotated our external auditors, appointing KPMG Kenya, who conducted the audit for FY2024.

Appreciation

I express my sincere appreciation to our staff, management team, and fellow Board members for their dedication and hard work. I also thank our shareholders for their continued support and engagement as we strive to grow the value of Centum Investment Company Plc.

Dr. Donald Kaberuka
Chairman, Board of Directors

TAARIFA YA MWENYEKITI

“

Lengo letu kuu ni kuleta faida bora zaidi kwenye uwekezaji kwa kutenga mtaji kwa fursa zisizoorodheshwa ambazo ni za kiwango cha uwekezaji ambazo kwa kawaida hazifikiwi na jumuiya ya wawekezaji kwa ujumla. Hii inaunda sehemu ya asasi yetu ya ukuaji.

Dr. Donald Kaberuka
Mwenyekiti, Bodi ya Wakurugenzi





TAARIFA YA MWENYEKITI

Wapendwa Washikadau,

Kwa niaba ya Bodi ya Wakurugenzi ya Centum Investment Company Plc, nina furaha kuwasilisha ripoti yetu ya mwaka wa kifedha ulioisha tarehe 31 Machi 2024 (FY2024). Mwaka huu unaashiria kutamatika kwa kipindi cha mkakati wa Centum 4.0, na katika ripoti hii, tunapitia utendakazi wetu katika kipindi hiki na kutambulisha mpango wetu wa mkakati mpya wa miaka mitano, Centum 5.0.

Muhtasari wa Biashara

Centum Investment Company Plc imejitolea kubuni na kukuza thamani ya wanahisa kwa kushirikiana kikamilifu na timu za usimamizi wa kampuni zetu za kibiashara ili kutekeleza mikakati ya kuunda thamani.

Lengo letu kuu ni kuleta faida bora zaidi kwenye uwekezaji kwa kutenga mtaji kwa fursa zisizoorodheshwa ambazo ni za kiwango cha uwekezaji ambazo kwa kawaida hazifikiwi na jumuiya ya wawekezaji kwa ujumla. Hii inaunda sehemu ya asasi yetu ya ukuaji. Isitoshe, tunadumisha orodha ya dhamana zinazoweza kuuzwa ili kutoa ukwasi, kubadilika katika utumaji wa mtaji, na mtiririko endelevu wa mapato ya pesa ili kulipia gharama za usimamizi wa kampuni za kibiashara.

Uhakiki wa Utendaji

Mkakati wa Centum 4.0, ambao ulihusisha FY2020 hadi FY2024, ulitekelezwa katika kipindi ambacho kilikuwa na changamoto kubwa za kiuchumi na kijiografia na kisiasa, ikiwa ni pamoja na janga la COVID-19 na migogoro ya ulimwengu ambayo ilitatiza minyororo ya usambazaji, kuondoka kwa mtaji, na kusababisha kushuka kwa thamani ya sarafu katika masoko yanayoibuka.

Kwa kujibu, mkakati wetu ulihama kutoka kwa ukuaji mkali hadi kupunguza hatari, ikilenga kuhifadhi thamani ya wanahisa.

Maamuzi muhimu yanajumuisha:

- **Uchumishaji wa Mali:** Kupata ukwasi.
- **Maelezo ya Dhamana Zilizoboreshwa Zinazoweza Kuuzwa:** Kulenga dhamana thabiti za mapato.
- **Ufaafu wa Shirika:** Ukaguzi wa muundo wetu wa shirika kwa ajili ya ufaafu wa gharama.
- **Kupunguza Deni:** Juhudi muhimu za kupunguza matumizi.

Mikakati hii kwa kiasi kikubwa ilileta matokeo chanya katika kipindi cha Centum 4.0, na kufikia lengo letu kuu la kuhifadhi thamani katika mazingira ya biashara yenye changamoto. Ufuatao ni muhtasari wa mafanikio yetu:

Faida na Malipo ya Gawio:



Malengo yetu yalikuwa kuzalisha mapato ya kila mwaka ya 20% kwa fedha za wanahisa, kulipa 30% ya mapato ya pesa taslimu yanayozalishwa, na kukuza thamani halisi ya mali ya kampuni (NAV) hadi Ksh bilioni 70. Ingawa mapato ya kila mwaka katika kipindi cha Centum 4.0 yalikuwa -4% (ikilinganishwa na mapato ya -10.4% ya fahirisi ya NSE 20), tulihifadhi thamani ya hisa ya wanahisa, na NAV ikifungwa kwa Ksh bilioni 41 (59% ya lengo). Jumla ya Ksh bilioni 2.6 zililipwa kwa wanahisa kama gawio katika kipindi cha mkakati.

Muundo wa Mtaji na Ukwasi:



Mojawapo ya malengo makuu lilikuwa kupunguza deni. Tulifikia hili kwa kupunguza deni kutoka Ksh bilioni 16.1 mwanzoni mwa kipindi cha mkakati hadi Ksh bilioni 1.9 kufikia tarehe 31 Machi 2024, na kupunguza uwiano wa deni kwa hisa kutoka 30% hadi 4%. Hii pia ilisababisha kupunguzwa kwa kiasi kikubwa kwa gharama za kifedha kwa 84%.

Ufaafu wa Gharama:



Lengo letu lilikuwa kudumisha uwiano wa mapato ya gharama ya uendeshaji kwa malipomwaka katika au chini ya 30%. Katika kipindi cha Centum 4.0, wastani wa uwiano wa gharama kwa mapato ulikuwa 48%, kimsingi kutokana na ukuaji wa polepole wa mapato ya malipomwaka. Hata hivyo, tulipata punguzo la 35% la gharama za uendeshaji, kutoka Ksh milioni 895 katika FY2020 hadi Ksh milioni 580 katika FY2024.

Ugawaji wa Mali:



Tulidumisha mgao wetu wa wa mali kimkakati kwa 85% katika maelezo ya ukuaji na 15% katika dhamana zinazoweza kuuzwa. Hata hivyo, katika FY2024, wasimamizi walifanya upangaji upya wa kimkakati ili kufadhili uwekezaji wetu wa hisa katika Ukanda Maalum wa Kiuchumi wa TRIFIC.

Ufanisi wa Shirika:



Mtazamo wetu wa usimamizi wa kimalezi kwa usimamizi wa kampuni za kibiashara ulihakikisha usimamizi faafu huku tukidumisha uhuru wa kiutendaji kwa kampuni zetu za kibiashara. Kufikia mwisho wa kipindi cha mkakati wa Centum 4.0, kampuni za kibiashara zilikuwa na mifumo na uendeshaji huru ya utawala, wakiwa na mikutano ya kila mwezi ya ukaguzi wa biashara na uwakilishi wa Bodi kutoka Centum.

Mkakati na Mtazamo wa Centum 5.0

Dhamira ya mkakati wa Centum 5.0 ni Uboreshaji wa Thamani. Licha ya hali tete inayoendelea katika mazingira ya utendakazi, tunaamini kuwa kuna fursa tunazoweza kutumia kupitia mkakati amilifu wa uwekezaji ili kuboresha na kuchuma mapato ya thamani iliyopo ya kampuni za kibiashara.

Nguzo kuu na malengo ya kimkakati ni pamoja na:

- **Faida na Malipo ya Gawio:** Kuzalisha kiwango cha chini cha asilimia 30 ya mapato ya kila mwaka kwenye hisa, kukuza NAV kutoka Ksh bilioni 41 hadi Ksh bilioni 150, kutengeneza angalau kampuni 5 tanzu zenye EBITDA ya kila mwaka isiyopungua dola milioni 20, na kulipa 30% ya mapato ya mwaka kama gawio.
- **Ugawaji wa Mali:** Kutenga 10% -20% ya kampuni za kibiashara kwa dhamana zinazoweza kuuzwa na hadi 30% kwa hisa za kibinafsi zilizonukuliwa.
- **Ufaafu wa Gharama:** Kufikia uwiano wa gharama ya uendeshaji kwa mapato chini ya 30% ya mapato ya malipomwaka kutoka FY2027.
- **Chapa:** Tathmini na ueleze thamani ya hisa ya chapa ya Centum na kurasimisha mazoea ambayo yanaiboresha na kuidumisha.
- **Ufanisi wa Shirika:** Dumisha watu wanaofaa kwa madhumuni, michakato na teknolojia katika ngazi ya kampuni ya Centum na kampuni za kibiashara.

Kwa kuzingatia hali ya sasa ya kiuchumi, tutazingatia sekta zinazolenga mauzo ya nje ya nchi ambazo zinaweza kupata faida kutokana na sarafu inayopoteza nguvu, mikataba ya kibiashara ya Kenya na nchi zilizoendelea kiuchumi, na biashara ya ndani ya Afrika iliyoboreshwa

inayotarajiwa chini ya AfCFTA. Kuongezeka kwa ukuaji wa miji katika kanda ya Afrika Mashariki pia kutavutia mashirika ya kimataifa katika benki, teknolojia, mchakato wa biashara ya nje, bima, na sekta kama hizo.

Uendeleu ni jambo kuu la kuzingatia, na tumeoanisha uwekezaji wetu wa kampuni za kibiashara na mitindo ya kimataifa, tukizingatia nishati salama kwa mazingira na kupata uthibitisho wa IFC EDGE kwa kufuata viwango vya Green Building.

Utawala na Usimamizi wa Hatari

Bodi inatambuliza ukuaji endelevu na upatikanaji wa faida, ikiidhinisha uwekezaji unaoendana na viwango vya juu vya Kimazingira, Kijamii na Utawala (ESG). Tunahakikisha kwamba maamuzi yote ya kimkakati yanapimwa kwa uangalifu dhidi ya hatari zinazoweza kutokea, na kulinda maslahi ya wanahisa na kuhakikisha kuna usimamizi unaowajibika.

Mwaka huu, ukaguzi wetu wa utawala, uliofanywa na Dorion Associates LLP, ulionyesha ripoti isiyohitimu, inayoakisi kujitolea kwetu kwa mazoea thabiti ya utawala. Zaidi ya hayo, kwa kuzingatia kanuni za utawala bora, tuliwabadilisha wakaguzi wetu wa nje, na kuwateua KPMG Kenya, ambao walifanya ukaguzi wa FY2024.

Shukrani

Ninatoa shukrani zangu za dhati kwa wafanyakazi wetu, timu ya wasimamizi, na wanachama wenzangu wa Bodi kwa kujitolea na uchapakazi wao. Pia ninawashukuru wanahisa wetu kwa kuendelea kutuunga mkono na kushirikiana tunapojitahidi kukuza thamani ya Centum Investment Company Plc.



Dr. Donald Kaberuka
Mwenyekiti, Bodi ya Wakurugenzi



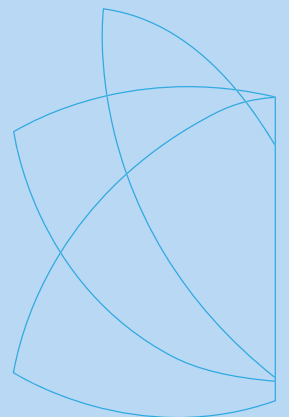


CHIEF EXECUTIVE OFFICER'S STATEMENT



*We continued to support our portfolio companies in implementing value creation initiatives aimed at enhancing performance and generating sustainable annuity income. Additionally, we unlocked significant liquidity during the FY, with **Ksh 6.6 billion***

Dr. James Mworio
Chief Executive Officer



Dear Shareholders,

As we close the **Centum 4.0 Strategy period on 31 March 2024**, it is my pleasure to present our integrated annual report, highlighting the financial year's key achievements and our strategic focus going forward.

Despite the challenges of recent years, including the global impacts of the COVID-19 pandemic, geopolitical conflicts, and local election-related uncertainties, our business has shown resilience and continues to make significant progress. In FY2024, many of our portfolio companies saw substantial recovery, driven by improving economic fundamentals.

Centum's Business Model

Centum's core business model is centered on identifying compelling investment opportunities, adding value to scale them up, and, at the appropriate time, monetizing the value created. Monetization is achieved through dividend and interest payments, repayment of shareholder loans, and eventually, the exit or sale of our equity stake in the investments. Our competitive advantage lies in our ability to identify, grow, and exit investments to realize maximum value and returns.



Identify: We focus on identifying and creating high-quality investment opportunities. Our current portfolio comprises assets with the potential for both significant cash yield and capital gains, held at an average of 2.6x multiple on net cost, reflecting the value uplift from our active portfolio management.



Grow: With deep expertise and local knowledge, we drive value creation within our portfolio companies. Over the period from 2009 to 2022, we successfully executed 10 exits, achieving an average return of 3.7x on invested capital, a testament to our capability in monetizing the value created.



Exit: We have a strong track record of successful exits at a premium to the asset carrying value, which continues to validate our investment strategy.

Business Performance for FY2023/2024

Our strategic focus during FY2024, and indeed throughout the Centum 4.0 strategy period, was on capital preservation, improving efficiency, and reducing risk. We continued to support our portfolio companies in implementing value creation initiatives aimed at enhancing performance and generating sustainable annuity income. Additionally, we unlocked significant liquidity during the period, with Ksh 6.6 billion realized from operating and investment activities, which facilitated new investments and debt repayment. The Company

recorded a total comprehensive income of Ksh 5.5 billion, a significant turnaround from the previous year's comprehensive loss of Ksh 4.9 billion. This resulted in a return on shareholder funds of 15.3%, outperforming the NSE 20 index by 18.6%.

Financial Performance

Our financial position has strengthened, reflecting the improvement in portfolio performance and growth in valuations. The growth portfolio's value increased, while marketable securities were reallocated to fund investments and repay debt. As a result, our borrowings reduced, further strengthening our balance sheet.

Operating and administrative expenses increased by 13%, largely due to inflation and the implementation of the Finance Act 2023. However, finance costs decreased by 36% due to ongoing debt repayment efforts. Our borrowings decreased to Ksh 1.95 billion, reflecting our commitment to deleveraging.

Company Cash Flows

The company generated Ksh 3.1 billion from operations, comprising dividends, interest income, and loan repayments from portfolio companies. Net investments totaled Ksh 2.3 billion, with Ksh 1.1 billion applied towards debt repayment and dividends. Our focus on deleveraging resulted in a 13% reduction in debt, and post-March 2024, we further reduced debt by Ksh 1.2 billion.

Proposed Dividend

The Board of Directors proposes a final dividend of Ksh 0.32 per share for the year ended 31 March 2024, amounting to Ksh 210 million. This aligns with our policy of distributing 30% of total annuity income, reflecting the Ksh 692 million generated in FY2024.

Share Buyback Update

Our share buyback program, initiated in February 2023, has so far seen the purchase of 9.7 million shares, representing 24% of the volume traded. This program provided liquidity to shareholders during a period of limited activity on the NSE.



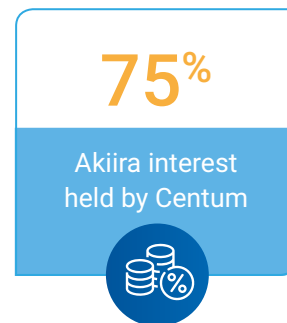
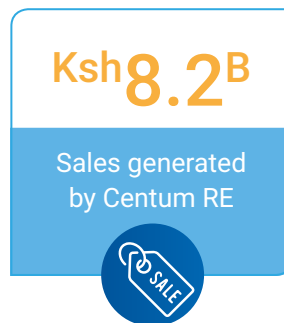


CHIEF EXECUTIVE OFFICER'S STATEMENT

Consolidated Performance

The consolidated performance improved significantly, with a profit after tax of Ksh 2.6 billion, compared to a loss of Ksh 7.3 billion in the prior year. This was driven by enhanced profitability across most investment segments, despite challenges from interest costs and foreign exchange losses at Two Rivers.

Portfolio Review - Select Entities.

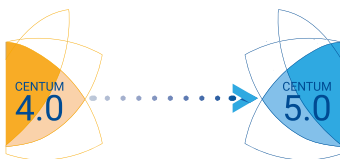


Two Rivers International Finance and Innovation Centre (SEZ) Limited (TRIFIC): We established TRIFIC SEZ to leverage the incentives provided under Kenya's Special Economic Zones regime. With significant demand for SEZ-located office space, TRIFIC has attracted 16 licensed enterprises and is on track for full occupancy by March 2025.

Centum Real Estate: This 100%-owned subsidiary has made significant strides in selling development rights and residential units across East Africa. The business has generated Ksh 8.2 billion in sales, with a cash collection of Ksh 5.8 billion, representing 71% of the value of sales achieved.

Akiira Geothermal: With the acquisition of an additional 37.5% stake in Akiira in July 2024, we now hold a controlling 75% interest. Akiira is strategically positioned to provide green power to the grid and other users, creating a seamless ecosystem that supports industrial development and sustainability.

Business Outlook



As we transition into the Centum 5.0 strategy period, our focus is on optimizing the value of our current portfolio, monetizing mature assets, and enhancing shareholder returns. We aim to drive growth and profitability in our portfolio companies, with an emphasis on efficiency and revenue growth initiatives.

Conclusion

The achievements of the Centum 4.0 strategy period, despite the challenging economic environment, are a testament to the dedication of our team. I extend my sincere gratitude to our employees, Board of Directors, shareholders, and investors for their unwavering support. As we embark on the Centum 5.0 strategy, we are well-positioned to take the company to the next level.

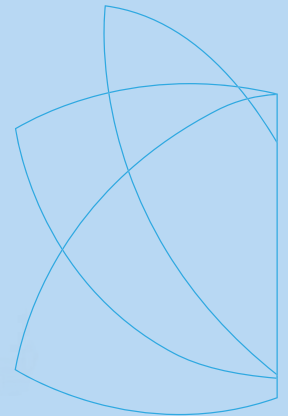
Dr. James Mworira
Chief Executive Officer

KAULI YA MKURUGENZI MKUU



*Tuliendelea kuunga mkono kampuni zetu za kibiashara katika kutekeleza mipango ya uundaji wa thamani inayolenga kuboresha utendaji na kuzalisha mapato endelevu ya malipo ya mwaka. Zaidi ya hayo, tulifungua ukwasi mkubwa katika kipindi hicho, na **bilioni Ksh 6.6***

Dr. James Mworira
Mkurugenzi Mkuu





KAULI YA MKURUGENZI MKUU

Wapendwa Wahisa,

Tunapofunga kipindi cha Mkakati wa **Centum 4.0 tarehe 31 Machi 2024**, ni furaha yangu kuwasilisha ripoti yetu jumuishi ya mwaka, inayoangazia mafanikio makuu ya mwaka wa kifedha na lengo letu la kimkakati kuendelea.

Licha ya changamoto za miaka ya hivi majuzi, ikiwa ni pamoja na athari za ulimwenguni za janga la COVID-19, mizozo ya kijiografia na kisiasa na sintofahamu zinazohusiana na uchaguzi katika nchi yetu, biashara yetu imeonyesha uthabiti na inaendelea kufanya maendeleo makubwa. Katika mwaka wa kifedha wa 2024, kampuni zetu nyingi za kibiashara zilipata afueni kubwa, ikichochea na misingi ya kiuchumi inayoendelea kuwa bora.

Mfumo wa Biashara wa Centum

Mfumo mkuu wa biashara wa Centum umeegemezwika katika kutambua fursa za uwekezaji zinazovutia, kuongeza thamani ili kuziongeza na, kwa wakati unaofaa, kuchuma mapato kwa thamani iliyoanzishwa. Uchumishaji wa mapato unapatikana kupitia malipo ya gawio na riba, ulipaji wa mikopo ya wanahisa, na hatimaye, kuacha au kuua dau ya hisa zetu katika uwekezaji. Faida yetu ya ushindani inatokana na uwezo wetu wa kutambua, kukuza na kuacha uwekezaji ili kufikia thamani ya juu na pamoja na faida.



Kutambua: Tunalenga kutambua na kuunda fursa za uwekezaji wa ubora wa juu. Kampuni zetu za kibiashara za sasa zinajumuisha mali yenye uwezo wa kupata faida kubwa ya pesa taslimu na faida kubwa, inayoshikiliwa kwa wastani wa mara 2.6 kwa gharama halisi, inayoakisi ongezeko la thamani kutoka kwa usimamizi wetu amilifu wa kampuni za kibiashara.



Kukuza: Kwa utaalamu wa kina na maarifa ya ndani, tunaendesha uundaji wa thamani ndani ya kampuni zetu za kibiashara. Katika kipindi cha kuanzia mwaka wa 2009 hadi 2022, tulitekeleza kwa ufanisi majukumu 10 ya kuondoka, na kupata faida ya wastani ya mara 3.7 kwenye mtaji uliowekezwa, ushahidi wa uwezo wetu wa kuchuma mapato kwa thamani iliyoundwa.



Kuondoka: Tuna rekodi thabiti inayothamaniwa sana ya kuondoka kwa mafanikio kwa mali iliyo na thamani, hali ambayo inaendelea kuthibitisha mkakati wetu wa uwekezaji.

Utendaji wa Biashara kwa Mwaka wa Fedha wa 2023/2024

Lengo letu la kimkakati wakati wa mwaka wa kifedha wa 2024, na kwa kweli katika kipindi kizima cha mkakati wa Centum 4.0, lilikuwa katika kuhifadhi mtaji, kuboresha ufanisi na kupunguza hatari. Tuliendelea kuunga mkono kampuni zetu za kibiashara katika kutekeleza mipango ya uundaji wa thamani inayolenga kuboresha utendaji na kuzalisha mapato endelevu ya malipo ya mwaka. Zaidi ya hayo, tulifungua ukwasi mkubwa katika kipindi hicho,

na bilioni Ksh 6.6 zilipatikana kutokana na shughuli za uendeshaji na uwekezaji, ambazo ziliwezesha uwekezaji mpya na ulipaji wa deni. Kampuni ilirekodi jumla ya mapato ya Ksh bilioni 5.5, mabadiliko makubwa kutoka kwa hasara ya mwaka uliopita ya Ksh bilioni 4.9. Hii ilileta faida kwa fedha za wanahisa ya 15.3%, na kufanya ufanisi zaidi kuliko fahirisi ya NSE 20 kwa 18.6%.

Utendaji wa Kifedha

Hali yetu ya kifedha imeimarika, ikionyesha kuboreka kwa utendaji wa kampuni ya kibiashara na ukuaji wa uwekaji thamani. Ukuaji wa thamani ya kampuni ya kibiashara uliongezeka, ilhali dhamana zinazoweza kuuzwa zilihamishwa ili kufadhili uwekezaji na kulipa deni. Kutokana na hayo, mikopo yetu ilipungua, na kuimarisha zaidi mizania yetu.

Gharama za uendeshaji na utawala ziliongezeka kwa asilimia 13, hasa kutokana na mfumuko wa bei na utekelezaji wa Sheria ya Fedha ya 2023. Hata hivyo, gharama za fedha zilipungua kwa 36% kutokana na juhudi zinazoendelea za kulipa madeni. Mikopo yetu ilipungua hadi Ksh bilioni 1.95, ikionyesha kujitolea kwetu katika kupunguza.

Mtiririko wa Pesa katika Kampuni

Kampuni ilizalisha Ksh bilioni 3.1 kutokana na shughuli zake, ikijumuisha gawio, mapato ya riba na ulipaji wa mikopo kutoka kwa kampuni za kampuni za kibiashara. Uwekezaji wa jumla ulifikia Ksh bilioni 2.3, huku Ksh bilioni 1.1 zikitumika katika kulipa madeni na gawio. Lengo letu la kupunguza madeni lilisababisha kupungua kwa madeni kwa 13%, na baada ya Machi 2024, tulipunguza deni zaidi kwa Ksh bilioni 1.2.

Mgao Uliopendekezwa

Bodi ya Wakurugenzi inapendekeza mgao wa mwisho wa Ksh 0.32 kwa kila hisa kwa mwaka uliomalizika tarehe 31 Machi 2024, ambayo ni Ksh milioni 210 kwa jumla. Hii inawiana na sera yetu ya kusambaza 30% ya jumla ya mapato ya mwaka, inayoonyesha Ksh milioni 692 zilizotolewa katika mwaka wa kifedha wa 2024.

Sasisho la Ununuzi wa Hisa Zake

Mpango wetu wa kununua hisa, ulioanzishwa Februari 2023, hadi sasa umewezesha ununuzi wa hisa milioni 9.7, zinazowakilisha 24% ya kiasi kilichouzwa. Mpango huu ulitoa ukwasi kwa wanahisa katika kipindi cha shughuli chache kwenye NSE.

Utendaji wa Pamoja

Utendaji uliojumuishwa uliimarika pakubwa na kuleta faida ya Ksh bilioni 2.6 baada ya kulipa ushuru, ikilinganishwa na hasara ya Ksh bilioni 7.3 katika mwaka uliotangulia. Hii ilichangiwa na kuimarishwa kwa uwezekano wa kuleta faida katika sehemu nyingi za uwekezaji, licha ya changamoto kutoka kwa gharama za riba na hasara zinazotokana na kubadilisha fedha za kigeni katika Two Rivers.

Ukaguzi wa Kampuni za Kibiashara - Taasisi Teule

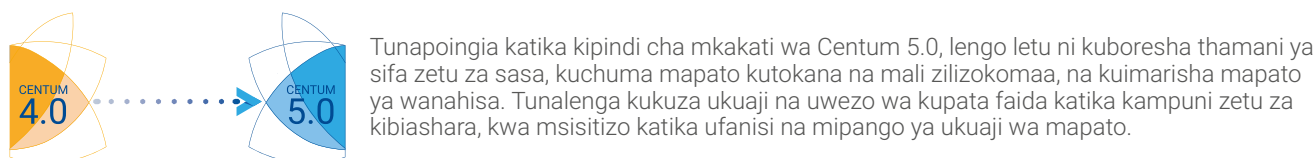


Two Rivers International Finance and Innovation Centre (SEZ) Limited (TRIFIC): Tulianzisha TRIFIC SEZ ili kutumia vichochezi vinavyotolewa chini ya utawala wa Maeneo Maalum ya Kiuchumi ya Kenya. Kwa mahitaji makubwa ya nafasi ya ofisi iliyo katika SEZ, TRIFIC imevutia kampuni 16 zenye leseni na ipo mbioni kumilikiwa kikamilifu ifikapo Machi 2025.

Centum Real Estate: Kampuni hii tanzu inayomilikiwa 100% imepiga hatua kubwa katika kuuza haki za maendeleo na vitengo vya makazi kote Afrika Mashariki. Biashara hiyo imezalisha Ksh bilioni 8.2 katika mauzo, ikiwa na ukusanyaji wa Ksh bilioni 5.8 katika pesa taslimu, ikiwakilisha 71% ya thamani ya mauzo yaliyopatikana.

Akiira Geothermal: Kwa kupata hisa za ziada za 37.5% katika Akiira, sasa tunashikilia riba 75% thabiti. Akiira iko katika nafasi nzuri ya kutoa nishati ya safi kwa mazingira kwa gridi ya taifa na watumiaji wengine, na kuleta mfumo wa ikolojia usio na kikomo ambao unasaidia maendeleo na uendeleu wa viwanda.

Mtazamo wa Biashara



Hitimisho

Mafanikio ya kipindi cha mkakati wa Centum 4.0, licha ya mazingira magumu ya kiuchumi, ni ushahidi wa kujitolea kwa timu yetu. Natanguliza shukrani zangu za dhati kwa wafanyakazi wetu, Bodi ya Wakurugenzi, wanahisa, na wawekezaji kwa msaada wao thabiti. Tunapoanza mkakati wa Centum 5.0, tumejipanga vyema kupeleka kampuni kwenye ngazi inayofuata.

Dr. James Mworia
Mkurugenzi Mkuu





RISK MANAGEMENT

A solid risk culture embedded throughout our operations drives the risk management practices at Centum since significant risk-based decisions are made daily. Risk management helps the Company to align its business strategy, business model and business practices to for better performance and to perpetuate resilience. Effective risk management ensures that Centum runs a sustainable business which creates trust and instils confidence in our stakeholders, strategic partners and potential investors.

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 as adopted by Centum has supported the Company's strategic goals in the following ways:

- **Operational Efficiency:** The framework allows Management to have the unity of vision and align on the execution of projects to achieve utmost value creation in its investment portfolios within the least time possible.
- **Business Resilience:** The framework allows the Company to improve its ability to identify risks and establish appropriate timely responses, to reduce surprises and undesired costs or losses.
- **Quick Decision Making:** Our integrated framework allows Management to have a better understanding of underlying risks, emerging risks and opportunity costs involved as the undertake business decisions daily.
- **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 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 risk reports include an assessment of the key exposures to the Company as well as its subsidiaries against the risk appetite. The Committee's charter authorizes the Committee to access any information or personnel that it considers necessary in execution of its mandates.

The BRC is responsible for oversight of all risks including those that are delegated to other Board Committees including the Board Audit Committee (BAC), the Nominations and Governance (NGC) and the Finance and Investment Committees (FIC). The BAC reviews Centum's financial position and advises the Board of Directors on financial risks and adequacy of internal controls to the extent they impact financial reporting. The BRC leverages on the work of the NGC to manage people and governance risks and similarly on the FIC to enhance its oversight of financial, investment and asset risks. These board committees report to the Board of Directors through their committee chairpersons.

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.



BOARD OF DIRECTORS



Board Risk Committee | Board Audit Committee

01ST LINE



Management Control



Policies, Procedures,
and Internal Control
Measures



02ND LINE



Legal & Tax



Compliance



Financial Control



Risk Management



03RD LINE



Internal Audit



External Audit



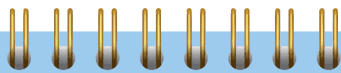
Regulators





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.



01 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.

02 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.

03 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 limits on metrics measuring capital adequacy, cost ratio, staff attrition and liquidity. Qualitative risk appetite statements address reputational and regulatory risks.

Risk Tolerance Limit

Risk tolerance limit is the maximum acceptable amount of risk the Company is willing to tolerate above the prescribed risk appetite within a short-term basis on condition that there are risk management actions in place to go back to the prescribed risk appetite limits. Risk tolerance 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 prescribed appetites.

Our Current Risk Priorities:

Strategic Risk



Strategic Risk encompasses internal and external risk factors that the Company may face in trying to achieve its strategic objectives.

FY2024 marks the end of Centum 4.0 strategy period which focused on portfolio value preservation and paves way for Centum 5.0 strategy period whose theme is centred on value optimization.

Effective management of risk change, strategic brand positioning and monetization of the existing portfolio, within the approved risk appetite limits will be a key focus to accelerate the success of the new strategy and achieve an enhanced brand equity value for Centum.

Information, Technology & Cyber Risks



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

The Company has put in place measures 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.

Artificial Intelligence (AI) technology continues to evolve rapidly as professionals continue to deploy AI tools in performance of their tasks and roles. This brings the added threats of data security and copyrights and unverified information. Centum continuously evaluates adoption of this technology to ensure that integration does not undermine its network integrity or negatively impact productivity.

Under these considerations, Centum undertook an IT audit through external auditors to review controls and other emerging risks to shore up its measures with respect to cyber security, information access control, disaster recovery and compliance with the Data Protection Act 2019. The company is committed to strengthening its capabilities and measures on data security to protect and safeguard its stakeholder.

Climate Risk



Centum recognizes the potential impact of climate change to the business as well as the Company's environmental footprint in the course business operations. As a result, the Company carefully considers various topics addressed by climate change and

continues 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 integrate environmental sustainability as well as exploring the opportunities that come with it.

Centum is working towards minimizing our contribution to climate change and promote transition to a low carbon economy. The Company is also progressively adopting renewable energy in its areas of operation and integrating green projects to foster sustainability and responsible business practices.

People Risk



People Risk relates to potential losses or damages arising from human factors. It includes elements of governance risks, workforce performance management and HR systems, succession planning and

business continuity, culture and behavioural conduct, personal data protection, people driven processes and enforcement of the Code of Ethics.

Centum 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 testing, and drills defined in a system of emergency procedures.

The Company is intentional in its investment of training and capacity of employees to ensure they are equipped and empowered to achieve Centum's strategic objectives.

We continue to undertake dedicated efforts to ensure the embedding of data protection principles in operations through regular sensitization of employees and third parties to improve compliance.

Centum promotes a positive risk culture which comprises of continuous employee risk awareness activities, positive attitude towards risk management and a proactive approach in risk mitigation at all levels within the business.

External Risks

On the global landscape 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.

Domestically, the following key risk areas continue to draw our concern:

- Inflation trends and the overall Central Bank of Kenya's monetary policy intervention resulting in rising interest rates with direct impact on disposable incomes and investment decisions.
- Regulation evolution on the tax landscape as deployed by The National Treasury and its impact on the domestic economy.
- Political unrest and protests to an extent impacting our productivity as well as the safety of our clients, suppliers or business partners.





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 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; - Under-performance 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 regular 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.

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 that we have issued to the benefit of some of 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 There is proactive engagement with regulators on any changes in the business.

Risk Appetite Statement (RAS)

Our Risk Appetite Statement simplifies Centum's risk appetite to ensure it is understood across all the levels of our business and to provide base-line guidance on strategic and operational decision making. The statement is at the heart of our Risk Management Framework.

"We create value for our shareholders through prudent and responsible investment practices. We have a low appetite for business disruptions in the event of business continuity measures arising from technology systems or operational systems. We have a low appetite for losses or capital erosion due to our investment operations and decisions."

"We have zero appetite for engaging in business or activities that could compromise our reputation or diminish our brand equity value. We have zero appetite for business or market conduct that would result in regulatory breaches."





OUR 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.



Investors and Shareholders

Why they are important

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.

How we Engage

- 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.

Material Topics and Concerns

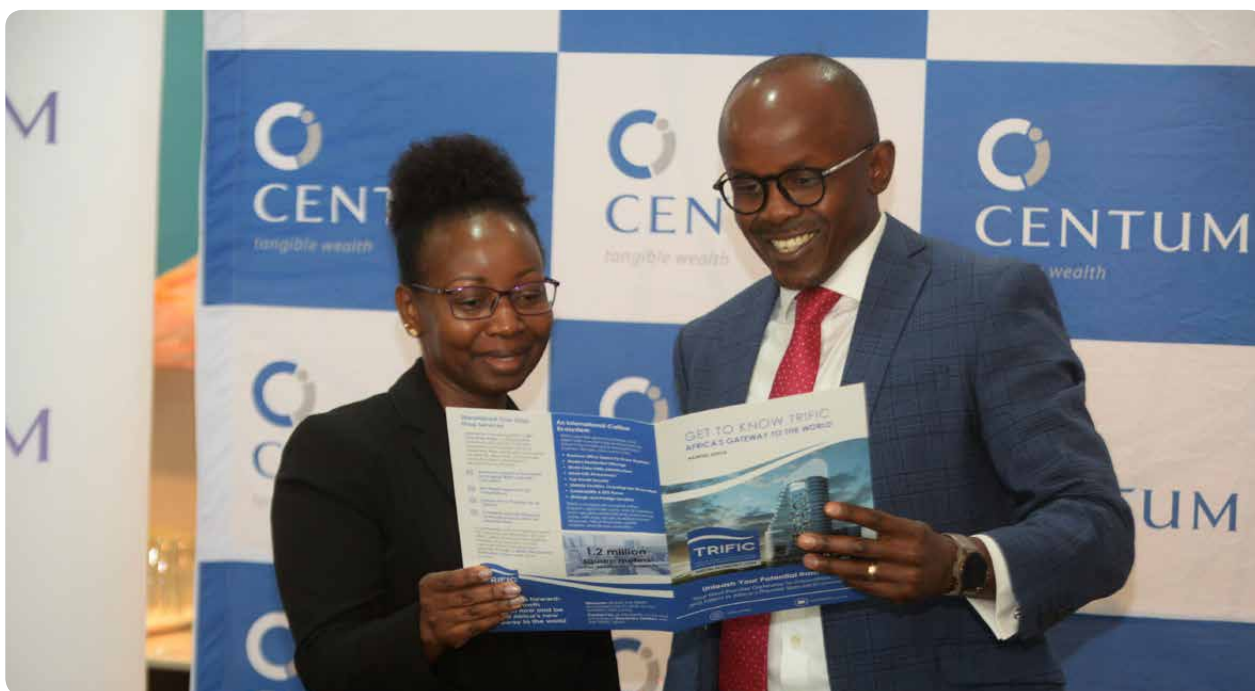
- Economic performance.
- Governance & business conduct/ethics/transparency.
- Environmental, Social and Governance.
- Diversity, inclusion & people development.

Engagement Level

Ability to Influence: **High** ↑

Level of Interest in Centum: **High** ↑

We actively engage and communicate frequently to them.





OUR STAKEHOLDERS



Suppliers

Why they are important

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.

How we Engage

- Supplier assessments and evaluations.
- Due diligence before onboarding.
- Direct engagement with supplier relationship managers.

Material Topics and Concerns

- Human rights.
- Collaborative partnerships.
- Governance & business conduct/ethics/transparency.

Engagement Level

Ability to Influence: **Low** ↓

Level of Interest in Centum: **Low** ↓

We occasionally contact and monitor to ensure alignment with our standards.



Customers

Why they are important

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.

How we Engage

- Customer and industry conferences/ trade fairs and events
- Key account manager relationships
- Consumer insights surveys
- Websites
- Social Media
- Sponsorships

Material Topics and Concerns

- Climate change
- Human rights
- Responsible sourcing
- Consumer protection

Engagement Level

Ability to Influence: **High** ↑

Level of Interest in Centum: **Low** ↓

We engage routinely and ensure they are well informed.





Local Communities

Why they are important

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.

How we Engage

- Local community engagement program e.g. mentorships.
- Ongoing dialogue with local community organization.
- Employee engagement in Corporate Social Investment (CSI) events.

Material Topics and Concerns

- Climate change.
- Governance & business conduct/ethics/transparency.
- Local community development.
- Diversity, Inclusion & People Development.

Engagement Level

Ability to Influence: **High** 

Level of Interest in Centum: **Low** 

We engage routinely and cultivate a sense of inclusion.





OUR STAKEHOLDERS



Regulatory Agencies

Why they are important

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.

Material Topics and Concerns

- Climate change.
- Governance & business conduct/ethics/transparency.
- Diversity, Inclusion & People Development
- Human rights
- Consumer protection

How we Engage

- Regulatory filings
 - One – to – 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 Authority of Kenya
 - Competition Authority of Kenya

Engagement Level

Ability to Influence: **High** 

Level of Interest in Centum: **High** 

We engage routinely to maintain trust and promote ethical operations.



OUR MATERIAL MATTERS

Local Communities

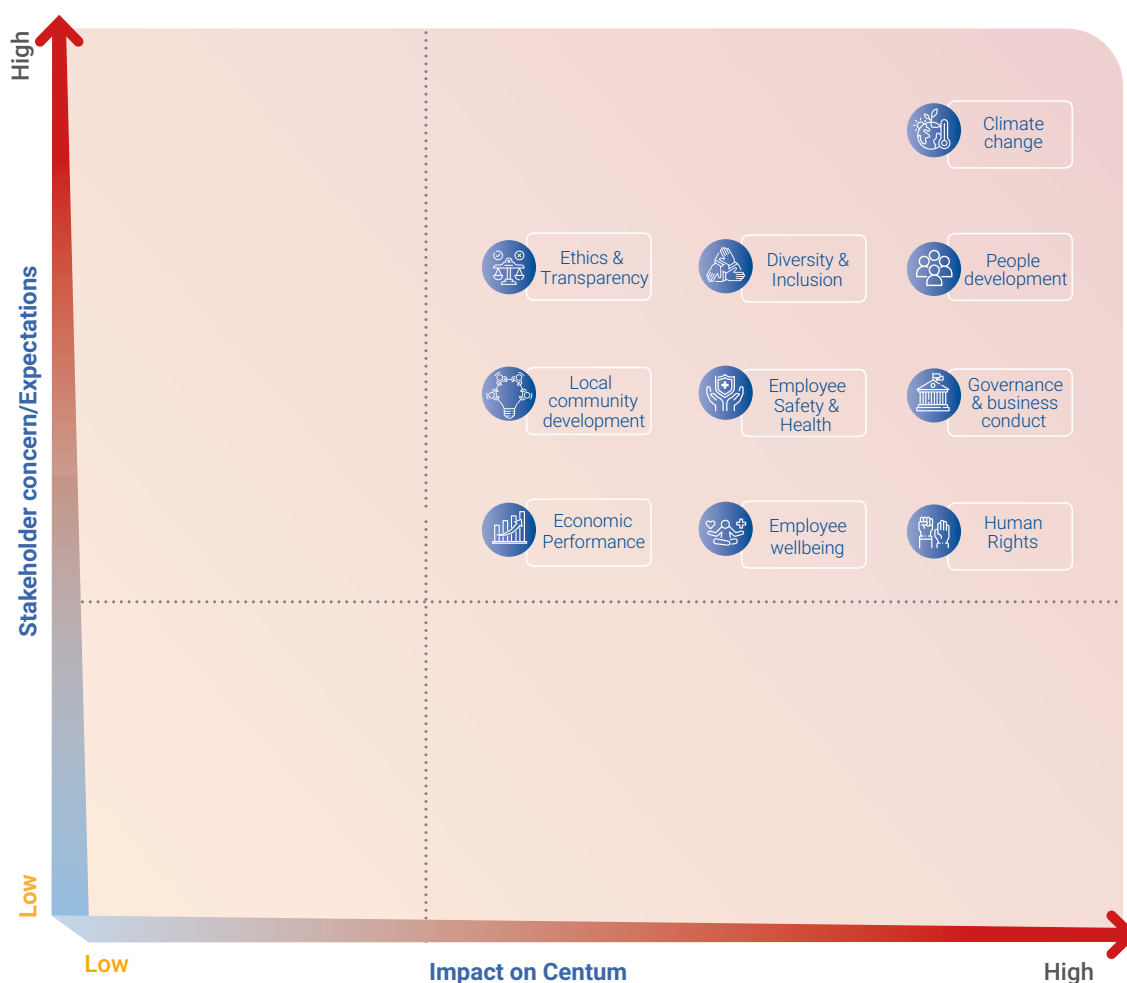
Our materiality assessment enables us to align our business with the expectations of our stakeholders. Our materiality assessment process aims to identify and prioritize the issues of the greatest material importance. The assessment also forms the basis for defining our reporting content and the boundaries 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.

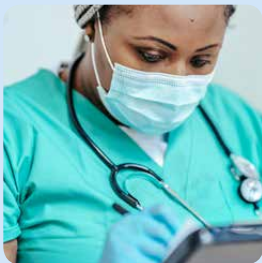




OUR MATERIAL MATTERS

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 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 102 – 11: Precautionary Principle or approach GRI 102 – 16: Values, principles, standards, and norms of behavior GRI 102 – 17: Mechanisms for advice and concerns about ethics GRI 102 -18: Governance structure GRI 205: Anti-corruption	 
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	  
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	  







OUR PERFORMANCE

About Us

Our Strategy

Our Performance

Corporate Governance

Financial Statements



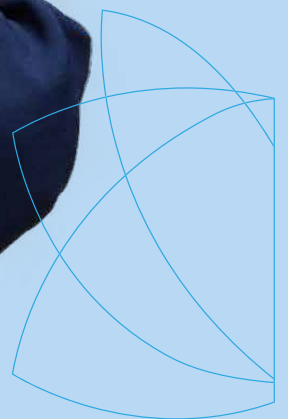


CHIEF FINANCIAL OFFICER'S STATEMENT



The Group recorded improved performance in the year ended 31 March 2024 attributable to improved profitability recorded from most of the investment segments in the year.

Risper Alaro
Chief Financial Officer



Centum is an investment holding company with a business model focusing on identifying compelling investment opportunities, adding value to scale them up and at an appropriate time and price, monetizing the value created during the holding period. Monetization is achieved during the holding period through receipt of annuity income in the form of dividend/interest payments, repayments of shareholder loans previously advanced, and on exit/sale of stake in the portfolio companies.

Total Return Statement

Ksh Millions	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	%Δ
Dividend and interest income	1,212	1,411	1,308	1,331	444	-67%
Realized Gains & Other investment income	2,483	106	354	801	708	-43%
Total income	3,695	1,517	1,662	2,132	1,152	-46%
Operating expenses	-895	-669	-529	-512	-579	-13%
Provision for impairment	-3,580	-1,071	-531	-954	-	-100%
Finance costs	-1,814	-603	-540	-459	-295	36%
Profit before tax	-2,595	-826	61	207	278	35%
Income tax credit/(expense)	-797	220	-82	-268	278	100%
Profit/(loss) after tax	-3,391	-606	-21	-61	556	1000%
Other comprehensive income	-971	-4,212	-227	-4,869	4,948	100%
Total return	-4,362	-4,818	-248	-4,930	5,504	100%
Opening NAV	52,600	47,438	41,821	41,326	35,968	-13%
Return on equity	-8%	-10%	-1%	-12%	15%	225%

The Company recorded improved performance in the year ended 31 March 2024 and reported a Total Return of Ksh 5.5 billion compared to a loss of Ksh 4.9 billion in the prior year. The improved performance was driven by: -

➤ Reallocation of the marketable securities portfolios to higher yielding opportunities within the Group and repayment of the company debt; and

➤ Execution of value creation plans which led to improved performance and valuations of the portfolio companies.

Total income stood at Ksh 1.15 billion; a 46% reduction compared to Ksh 2.1 billion recorded in the prior year. The reduction was driven by asset reallocation to higher yielding opportunities and to repay debt which reduced to Ksh 1.95 billion from Ksh 2.2 billion recorded in FY 2023.

Operating expenses increased to Ksh 579 million from Ksh 512 million recorded in the prior year. The 13% increase reflects the impact of rising inflation and implementation of provisions of the 2023 Finance Act which majorly impacted employee costs. Finance costs reduced by 36% to Ksh 295 million from Ksh 459 million recorded in FY 2023 on account of repayment of borrowings.

Other comprehensive income which comprises unrealized fair value gains and losses on the investment portfolio that are not reflected in the income statement increased to an income of Ksh 4.9 billion compared to a loss of Ksh 4.9 billion recorded in FY 2023 driven by improved performance and valuations of the portfolio companies. This was reflective of the various value creation initiatives executed over the Centum 4.0 strategy period coming to fruition.

Company Statement of Financial Position

Ksh Millions	Mar-24	Mar-23	%Δ
Investment portfolio	47,432	36,889	29%
Cash and cash equivalents	320	348	-8%
Assets held for sale	-	4,238	-100%
Other assets	331	262	26%
Total Assets	48,083	41,737	15%
Borrowings	1,951	2,248	-13%
Other liabilities	5,090	3,521	45%
Total Liabilities	7,041	5,769	22%
Total Equity	41,042	35,968	14%
Total Equity and Liabilities	48,083	41,738	15%



CHIEF FINANCIAL OFFICER'S STATEMENT

The company statement of financial position reflects the fair value of our investment portfolio as at the reporting date. Particulars of our investment portfolio, movements and carrying value as at 31 March 2024 and 31 March 2023 are detailed in notes 5.2, 5.3 and 6.1 (page 179 to 184).

The methodology applied in valuing the investments is highlighted in note 1.5 (page 137 to 147).

Total assets increased by 15% to Ksh 48 billion in line with portfolio growth while total liabilities increased by 22% on account of deferred tax liability on revaluation gains and deferred revenue.

	Mar-23	Mar-24
Total Assets (in millions)	41,737	48,083
Total Liabilities (in millions)	5,769	7,041
Shareholder Funds (in millions)	35,968	41,042
NAV Per Share	54.05	62.12

The net asset value per share increased to Ksh 62 as of 31 March 2024 compared to Ksh 54 as of 31 March 2023.

Company cash flows and debt

Ksh'000	March 2024	March 2023
Opening cash and cash equivalents	(399,998)	9,567
Net cash from operating activities	3,177,131	2,589,469
Net cash used in investing activities	(2,263,771)	(296,513)
Net cash used in financing activities	(1,056,416)	(2,554,049)
Effects of movements in exchange rates on cash held	(33,389)	(148,472)
Closing cash and cash equivalents	(576,443)	(399,998)
Cash and cash equivalents	319,939	348,250
Bank overdraft	(896,382)	(748,248)
Closing cash and cash equivalents	(576,443)	(399,998)

During the year ended 31 March 2024, cash flows from operating activities increased to Ksh 3.1 billion from Ksh 2.6 billion recorded as at 31 March 2023 due to receipts from interest and dividend income and repayment of shareholder loans.

Cashflows recorded from investing activities stood at Ksh 2.3 billion compared to Ksh 297 million in the prior year reflective of the investment activities during the year.

Net cashflows used in financing activities was Ksh 1 billion compared to Ksh 2.6 billion in FY 23 on account of repayment of principal debt and interest.

Ksh 2.3B

Cashflows recorded from investing activities in FY23



Consolidated performance

The Consolidated performance aggregates the financial performance of our subsidiaries line by line and our proportion of the performance of associates and joint venture entities within the Group. The Group recorded improved performance in the year ended 31 March 2024 attributable to improved profitability recorded from most of the investment segments in the year, reduction in impairment provisions by Ksh 4.2 billion compared to the previous year and a 55% reduction in finance costs within the Two Rivers segment on account of debt reduction. The consolidated performance after tax stood at a profit of Ksh 2.6 billion compared to a loss of Ksh 7.3 billion in the prior year.

Other comprehensive loss net of tax of Ksh 62 million was recorded from a loss of Ksh 1.7 billion in the prior year. This was on account of unrealized currency translation movements in respect of UGX denominated assets. The consolidated total comprehensive income increased to Ksh 2.5 billion from a loss of Ksh 9 billion in the prior period.

Group debt

Group debt reduced by 16% to Ksh 16.6 billion as at 31 March 2024 from Ksh 19.7 billion recorded as at 31 March 2023 on account of principal and interest repayments in the year.

Below is a summary of the consolidated debt as at 31 March 2024 and 31 March 2023 and a highlight of the debt coverage per company: -

Ksh millions	Mar-24			Mar-23		
	Borrowings	Total assets	Debt coverage ratio	Borrowings	Total assets	Debt coverage ratio
Centum Investment Company Plc	1,951	48,083	24.65x	2,248	41,737	18.57x
Longhorn Publishers Plc	1,069	2,159	2.02x	1,091	2,679	2.46x
Centum Real Estate Limited	3,098	45,056	14.55x	4,500	46,358	10.30x
Two Rivers Development Limited	2,978	2,444	0.82x	11,839	15,189	1.28x
Two Rivers Land Company (SEZ) Limited	7,274	17,065	2.35x	-	-	-
Zohari Credit Limited	204	246	1.21x	-	-	-
Tribus TSG Limited	11	229	20.88x	-	-	-
Greenblade Growers Limited	7	762	110.20x	-	-	-
Total	16,591	116,044		19,678	105,963	

The borrowings at portfolio companies are aligned to the respective company's debt capacity and are secured by their respective assets and cashflows.

Dividends

The Board of Directors has proposed a first and final dividend of Ksh 0.32 per share in respect of the year ended 31 March 2024 (2023: Ksh 0.60), amounting to Ksh 210 million (2023: Ksh 400 million) to be considered by shareholders for approval at the next Annual General Meeting. This is in line with Centum distribution policy which is to pay out 30% of annuity income as dividend to shareholders. The annuity income recorded in the year ended 31 March 2024 was Ksh 698 million.



CENTUM 4.0 PERFORMANCE SCORECARD



Company Snapshot

Adapting effectively to our dynamic business environment, Centum has remained resilient to deliver **10x growth** in shareholders' equity through diverse strategies from 2009 to 2024.

Centum 4.0 strategy period spanning FY2020 to FY2024 was characterized by significant economic and geopolitical headwinds that elevated business risks. At the onset of the strategy period we had assessed potentially high business risk environment considering the continued currency depreciation, high interest rates and dampened purchasing power which could arise on the back of sustained fiscal deficits, general economic slow-down and an anticipated election in 2022. These factors informed our underlying theme in Centum 4.0 around capital preservation.

VALUE PRESERVATION FOCUS

Portfolio Allocation: marketable securities, controlling stakes in private equity, real estate



Funding: Internal Cash Flows



Liquidity: Annuity Income and Exits



2024	Total Assets	Ksh 48 Bn
	Net Asset Value	Ksh 41 Bn Ksh 62.4 Per Share
	Return Vs. Market	-16.83% vs -40%
	Gearing	4%

Strategic Pillars (FY 2020 – FY 2024)



FINANCIAL	Returns & Dividend Payout	
	Capital Structure & Liquidity	
	Operating Costs	
NON-FINANCIAL	Portfolio Focus	
	Organizational Effectiveness	

Key Objectives 			Achievements  (FY 2020 – FY 2024)												
<table><tr><th>Return & Dividend Pay-out</th><th>Target</th><th>Achieved Performance</th></tr><tr><td>Return (% p.a)</td><td>20%</td><td>-4%</td></tr><tr><td>Net Asset Value (Ksh Bn)</td><td>70.0</td><td>41.1</td></tr><tr><td>Dividend Pay-out (% of annuity income)</td><td>30%</td><td>44%</td></tr></table>			Return & Dividend Pay-out	Target	Achieved Performance	Return (% p.a)	20%	-4%	Net Asset Value (Ksh Bn)	70.0	41.1	Dividend Pay-out (% of annuity income)	30%	44%	 58% of NAV target realized.  -4% annualized return; value preservation achieved.
Return & Dividend Pay-out	Target	Achieved Performance													
Return (% p.a)	20%	-4%													
Net Asset Value (Ksh Bn)	70.0	41.1													
Dividend Pay-out (% of annuity income)	30%	44%													
<table><tr><th>Capital Structure & Liquidity</th><th>Target</th><th>Achieved Performance</th></tr><tr><td>Total Debt/ Equity</td><td>0%</td><td>4.8%</td></tr><tr><td>Annuity income/ Costs</td><td>1.0x</td><td>0.9x</td></tr></table>			Capital Structure & Liquidity	Target	Achieved Performance	Total Debt/ Equity	0%	4.8%	Annuity income/ Costs	1.0x	0.9x	 Ksh 14.2^{Bn} debt repaid in the strategy period.  Annual finance costs reduced by 84% from Ksh 1.8^{Bn} in FY2020 to Ksh 295^{Mn} in FY2024.			
Capital Structure & Liquidity	Target	Achieved Performance													
Total Debt/ Equity	0%	4.8%													
Annuity income/ Costs	1.0x	0.9x													
<table><tr><th>Cost Efficiency</th><th>Target</th><th>Achieved Performance</th></tr><tr><td>Cash opex-to-Annuity Income Ratio</td><td>30%</td><td>48%</td></tr></table>			Cost Efficiency	Target	Achieved Performance	Cash opex-to-Annuity Income Ratio	30%	48%	 Operating costs reduced by 67% from Ksh 895^{Mn} in FY2022 to Ksh 580Mn in FY2024.  48% recurrent cost to annuity income ratio on average.						
Cost Efficiency	Target	Achieved Performance													
Cash opex-to-Annuity Income Ratio	30%	48%													
<table><tr><th>Portfolio Focus</th><th>Target</th><th>Achieved Performance</th></tr><tr><td>Growth portfolio</td><td>85%</td><td>94%</td></tr><tr><td>Marketable securities</td><td>15%</td><td>6%</td></tr></table>			Portfolio Focus	Target	Achieved Performance	Growth portfolio	85%	94%	Marketable securities	15%	6%	 Tactical asset reallocation was done in FY2024 to higher yielding growth portfolio opportunities.			
Portfolio Focus	Target	Achieved Performance													
Growth portfolio	85%	94%													
Marketable securities	15%	6%													
<table><tr><th>Organization Effectiveness</th><th>Target</th><th>Achieved Performance</th></tr><tr><td>Level 2 process maturity</td><td>100%</td><td>100%</td></tr></table>			Organization Effectiveness	Target	Achieved Performance	Level 2 process maturity	100%	100%	 Portfolio companies have separate independent operations and governance systems in line with the target supervisory parenting model targeted under Centum 4.0.						
Organization Effectiveness	Target	Achieved Performance													
Level 2 process maturity	100%	100%													





BUSINESS REVIEW

Private Equity

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 with an additional mandate to manage any new private equity funds and third-party capital alongside Centum's own capital.

Our Business Model

Centum Capital Partners (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 so as to maximize shareholder value. This is achieved through working closely with management teams to define and drive business strategy, supporting business development and fundraising for growth and development capital by leveraging on Centum's networks and experience.

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, as well as developing initiative-level engagements designed to create value and improve performance within individual portfolio companies.

FY 2024 Portfolio Performance

In the Financial Year ended March 2024, the Private Equity Portfolio recorded a significant improvement in operational performance compared to the previous financial year. Management efforts continued to be centred on: -

1. Driving Growth

The management team prioritized strategies aimed at accelerating growth across the portfolio. This included identifying and pursuing new market opportunities, expanding product lines, and optimizing existing business models to capture a larger market share as well as leveraging strategic partnerships to broaden the portfolio's market reach. These targeted growth strategies contributed significantly to the improved operational performance.

2. Enhancing Organizational Effectiveness

Efforts were also concentrated on improving the organizational effectiveness of various portfolio companies. This encompassed streamlining operations, refining management structures, and implementing best practices to boost efficiency and productivity.

Portfolio Performance

Growth Portfolio

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
- 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 RE has approximately 2,113 units in its project's portfolio spread out across Vipingo (Kilifi, Kenya), Nairobi (Kenya) and Pearl Marina (Uganda) and 89% of these had been sold as of 31 March 2024. Ksh 20.7Bn revenue potential from the residential project portfolio under development.

The units sold have a revenue potential of Ksh 17.7Bn while the value of units in inventory is Ksh 3.0Bn. From the sales made, Ksh 12.5Bn cash had been collected and Ksh 5.1Bn remained in receivables. According to IFRS, the revenue from units sold is only recognized in the profit and loss after completion, receipt of full payment and hand over to the buyers. Thus, the profit from the current project portfolio will progressively be reflected in the Centum RE company books as they get to completion. Additionally, despite the existence of registered sale contracts, the outstanding receivables from units sold does not reflect as an asset in the books of Centum RE but these remains a primary source of consistent stream of cash flows to the business as customers continue to make instalment payments for the units.

The gross realizable cash from receivables and inventory stood at Ksh 8.1Bn with a cost to completion of Ksh 4.4Bn, thus representing a net cash potential of Ksh 3.7Bn for Centum Real Estate.

Ksh3.7Bn

net cash potential of
Centum Real Estate



Residential business	No. of Units	Total Value Ksh Bn	Cost Ksh Bn	Profit Ksh Bn	Cash collected Ksh Bn	Receivables Ksh Bn	Costs to complete Ksh Bn	Net Cash Realisable Ksh Bn
Completed, sold & recognized in P&L	825	8.0	-6.9	1.1	8.0	-		-
Completed, sold but not-recognized in P&L	255	1.9	-1.7	0.0	1.0	0.9	-0.3	0.6
Completed but not sold	22	0.3	-0.3	0.0	-	0.3	-0.1	0.2
Ongoing - sold	797	7.8	-6.5	1.3	3.5	4.3	-2.5	1.8
Ongoing - not sold	214	2.7	-2.3	0.3	-	2.7	-1.5	1.1
Sub-total (Completed and Ongoing)	2,113	20.7	-17.7	2.7	12.5	8.1	-4.4	3.7

ii.

Development Rights

Centum Real Estate holds land banks across East Africa (Vipingo (Kilifi, Kenya) and Pearl Marina (Uganda) which originally measured 10,600 acres. These have been value added through master-planning, securing development approvals and installation of world class infrastructure which includes internal roads, power, clean and wastewater management infrastructure, security, ICT.

Centum RE is currently selling portions of the land banks to other developers and so far, Ksh 8.2Bn worth of sales have been made. The attributable cost of land and infrastructure apportioned to these sales is Ksh 1.0Bn, thereby translating to 88% average profit margin realized.

Since the land bank is accounted for as investment property in accordance with IFRS, the asset is revalued annually, and value uplift recognized through profit and loss. At the point of sale, the capital gains that were previously booked are monetized. From the foregoing sales, Ksh 5.8Bn cash has been collected and this represents 71% of the value of sales achieved. Surplus cash from land sales continue to be up streamed to the parent company, Centum Investment Company Plc, as repayment of the shareholder loans previous advanced to acquire and develop the property.

Ksh5.8Bn

cash collected from
the foregoing sales



Land Sales	Acres	Total Value Ksh Bn	Cost (Land+infra) Ksh Bn	Cash Profit Ksh Bn	Cash collected Ksh Bn	Receivables Ksh Bn
Signed contracts - Completed (Bulk)	2,106	3.8	-0.6	3.2	3.8	-
Signed contracts - Completed (Retail)	54	0.4	-0.0	0.4	0.4	-
Signed contracts - Ongoing (Bulk)	1,915	3.5	-0.4	3.1	1.5	2.0
Signed contracts - Ongoing (Retail)	147	0.6	-0.0	0.6	0.2	0.4
Total	4,221	8.2	-1.0	7.2	5.8	2.4

BUSINESS REVIEW

iii.

Performance highlights for the year ended 31 March 2024

a) Residential Units Development

In line with the criteria set by IFRS, revenue from the sales of residential units is 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 2024, the company recognized revenue from 290 units (FY 2023: 222 units) and booked revenue of Ksh 3.7 Bn (FY 2023: Ksh 1.9 Bn). At close of FY2024, the units that had been sold and completed but pending revenue recognition were valued at Ksh 1.9 Bn (FY2023: Ksh 2.6 Bn) while the unsold but completed units were valued at Ksh 0.3 Bn (FY2023: Ksh 0.6 Bn). The revenue from this clusters is expected to be booked in FY2024.

291

Number of Units from which the Company recognized revenue.



b) Sale of Development Rights

In line with the criteria set by IFRS, revenue from the sales of development rights is only recognized in the profit and loss once the development rights sales have been fully paid for and handed over to the buyers. The cash received with respect to development rights 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 2024, the company recognized revenue of Ksh 291 Mn (FY 2023: Ksh 866Mn). During the year, Centum Real Estate executed agreements for the sale of an additional 36 acres of land within the property portfolio valued at Ksh 0.3 Bn increasing the value of active signed contracts to Ksh 4.2 Bn. Ksh 2.4Bn 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.

Ksh 291 Mn

Revenue reconized by Centum Real Estate during FY2024



C) Cashflows and Gearing

As at 31 March 2024, the Centum RE Group had cash holdings of Ksh 219 Mn 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 11.7x from 10.6x in the period following debt reductions.

	31-Mar-24	31-Mar-23
	Ksh'000	Ksh'000
Borrowings	4,066,389	5,234,874
Less: Cash	(218,614)	(863,886)
Net Borrowings	3,847,775	4,370,988
Equity	27,031,130	25,576,408
Total Assets	45,055,569	46,356,124
Net Debt-Equity Ratio	17.20%	17.09%
Asset Cover Ratio	11.7x	10.6x

OUTLOOK

Residential Units: High Growth Pillar

Currently 2,113 homes are under active development, of which 1,102 homes have been completed and a further 1,011 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 2025 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.

On 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 2024, Centum Real Estate Limited signed development rights sales contracts valued at Ksh 0.3 Bn 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 cashflows from this pillar of this business is intended to be reinvested in the residential unit's business and settle the maturity debt obligations.

ISUZU EAST AFRICA

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 at 53.90% of Kenya's new motor vehicle market as December 2023 improving by 5.52 percentage points from a market share of 51.08% as at December 2022.

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.



In FY24, we concluded a partial exit of our equity interest in Sidian bank where we sold 43% of our shareholding in the bank. As at March 2024, we held a c. 40% equity interest

in the Bank. We realized Ksh 3.2 Bn in cash proceeds. Considering the significant capital requirements of a bank, the exit allowed for onboarding of strategic investors to support growth without the pressure on Centum for capital calls. This transaction was priced at 59% premium to Centum's immediately preceding carrying value of the asset. Management has identified opportunities to grow profitability through leveraging on digital channels to grow the customer base and sustain the growth of the non-funded income segment. The bank's total asset base has grown from Ksh 25.3 Bn in 2018 to Ksh 44.7 Bn in the year ended December 2023, representing a Compounded Annual Growth Rate (CAGR) of 12%.

Sidian remains compliant with statutory minimum capital requirements, with a core capital to risk-weighted assets ratio of 11%, 0.5 percentage points above the minimum Central Bank of Kenya (CBK) requirement of 10.5%. This keeps the bank in a strong position to leverage on emerging opportunities.



The bank has continued to invest in its digital distribution channels such as mobile banking, internet banking, Sidian Credible on-line bid bonds platform, Sidian Express etc which have enabled its customers to access various banking services without having to visit their respective branches. Going forward, the bank is well poised to take advantage of the numerous growth opportunities presenting themselves in the digital economy.



This business operates in the airline and corporate catering business segment with its key sources of revenue being inflight meals uplift, handling services, airport services and corporate catering.

The company has greatly recovered from the effects of the pandemic and by December 2023 the revenue from the inflight segment had recovered to 92% as compared to 78% in the prior year. Management has also implemented robust measures to counter the increasing raw material costs and to reduce administrative and general overhead costs. NAS Servair registered growth in value on the back of improved profitability and an improvement in the net debt position.





BUSINESS REVIEW

Private Equity

Longhorn



The business was negatively affected by several macro-economic factors as well as currency depreciation, increase in

printing costs and economic downturn which has resulted in a drop in spending on books.

In the face of these headwinds, management's strategy remains creation of a versatile business model with a lean cost structure, fewer distributors in order to manage credit risk, outsourcing of non-core functions, discontinuation of non-performing businesses and strategic alliances with other publishers to manage product development costs. These initiatives will see considerable improvement in 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. While Sabis International School Runda continues to scale up with increasing student enrolments, the School is now profitable at the operating level.

Green Blade Growers Ltd



This business is involved in the production and export to Europe and the US of premium

herbs such as chives, basil, mint and thyme. Greenblade sustained its profitable trend, growing EBITDA 2.3x over the past four years from Ksh 13.3 million in FY2021 to Ksh 41 million in FY2024.

The global market for herbs continues to grow, presenting significant opportunities for expansion. Greenblade is

strategically positioning itself to tap into this expanding market by maximizing the utilization of its existing capacity and further expansion of the area under production. This approach not only supports the scaling of production for both new and existing products but also aligns with the growing markets and customer base.

Tribus Security Group



Tribus operates businesses along 4 main verticals: Facility Management, Cybersecurity and 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 with EBITDA growing at a CAGR of 1.9% from Ksh 19Mn in FY19 to Ksh 36.8Mn in FY24. It is expected to sustain this growth and profitability trend in the near term as it continues to explore new strategic partnerships.

Tier Data



Tier Data operates in the IT sector, with a focus on three primary business verticals: Outsourced IT, ICT Infrastructure, and Software Solutions. The company specializes

in providing comprehensive IT services, from managing and optimizing IT operations to delivering robust infrastructure and innovative software solutions.

To drive growth and enhance its market presence, Tier Data is actively seeking ways to expand its customer base. This involves identifying new market segments, enhancing service offerings, and leveraging strategic marketing and partnership opportunities. By continuously exploring these avenues, Tier Data aims to broaden its reach and strengthen its position in the competitive IT landscape.

Development Portfolio

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 24 Performance

Two Rivers International Finance and Innovation Centre (TRIFIC)



International
Finance &
Innovation
Centre

AFRICA'S GATEWAY TO THE WORLD

Centum and a consortium of other investors created TRIFIC SEZ in the financial year ended 31 March 2024. The investors provided debt and equity capital into Two Rivers Land Company SEZ

Limited, a licensed SEZ developer, to enable the acquisition of 1.2 million square meters of development rights set on 84 acres of land at Two Rivers mixed-use and master-planned development in Nairobi. TRIFIC SEZ then secured gazettelement of the location as a Special Economic Zone. TRIFIC aims to leverage on the incentives provided under Special Economic Zones regime in Kenya while offering a platform where export oriented service enterprises can set up operations. TRIFIC aims to boost export earnings, promote foreign direct investment, and contribute to the creation of export-oriented service jobs. TRIFIC

offers Grade A office space (grey box, serviced or fitted) to export-oriented service enterprises and investment companies looking to domicile their operations within an SEZ, and provides business support services to facilitate the ease of set up by the enterprises.

Akiira Geothermal Ltd



Akiira is our investment vehicle in the energy sector that is looking to set up an initial 140MW geothermal powerplant, within the

Greater Olkaria Geothermal Area. Akiira has access to a concession area covering up to 480 sqkm and has completed the exploration stage of project development. Akiira is presently actively raising equity and debt capital to complete the appraisal and construction stages of the project, so as to get to commercial operation. We have taken a lead role as a developer of the project, by acquiring a 37.5% equity stake from Frontier Energy, taking our shareholding to 75%.

Jafari Credit Limited



The business is a non-deposit taking microfinance company that offers long term credit to civil servants employed by both the National and County Governments. Currently, the company has 24 branches and

since inception in Q3'2021 to end of FY24, the company had disbursed Ksh 466Mn in loans and is not profitable at an operating level.





PRIVATE EQUITY

GROWTH PORTFOLIO OUTLOOK

As we begin our 5.0 Strategy period, 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, largely centred on growth and organizational effectiveness improvement. 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.

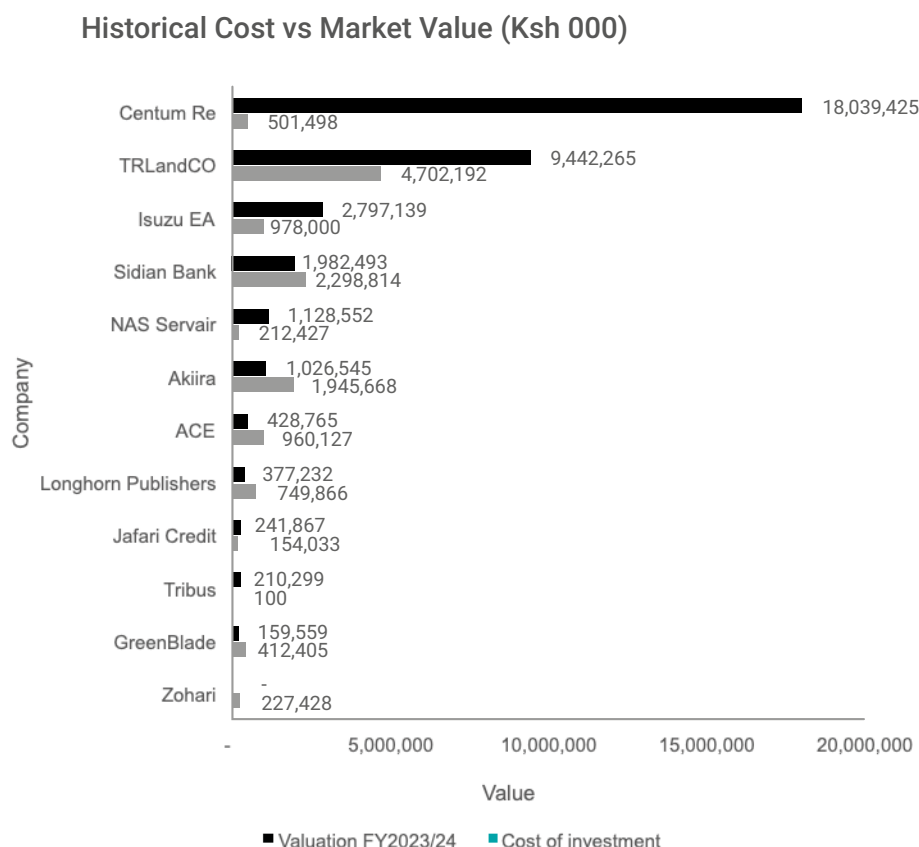
DEVELOPMENT PORTFOLIO OUTLOOK

As the population in the country grows, we anticipate a rising demand for power and food. This presents significant growth opportunities for industry players. Our development portfolio is well-positioned to address these needs, continuing to provide essential solutions for power access and food security.

In the short term, our focus is on enhancing the profitability of our existing assets and operationalizing those currently under development. We plan to either transition these assets into our private equity portfolio or exiting to a strategic acquirer at an opportune time in the future.

CENTUM INVESTMENT COMPANY PLC (CICP) PORTFOLIO COMPANIES SUMMARY

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 2024, the total market value of our investment portfolio was Ksh 35.8Bn, which was higher than the total investment cost of Ksh 13.1Bn, representing a multiple on cost of 2.72x.

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 and is uncorrelated with cashflows of the core businesses.

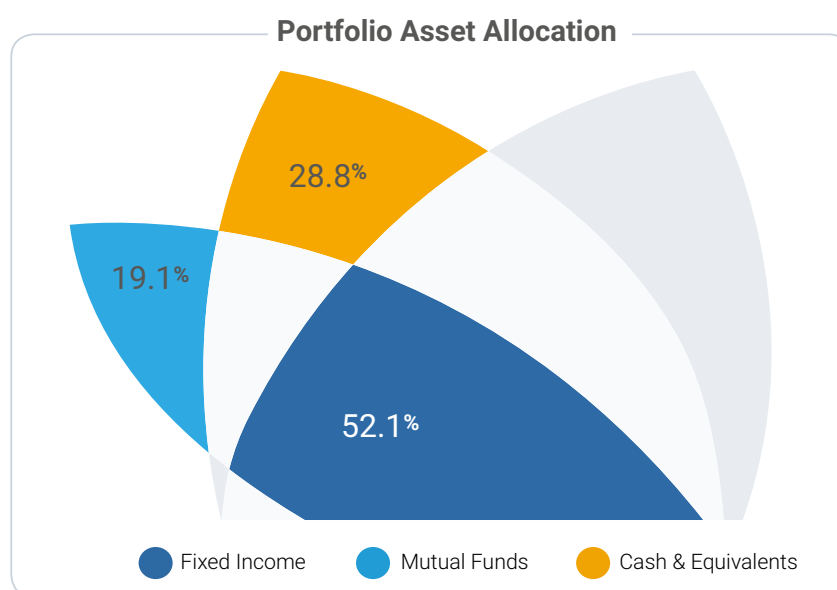
FY2024 Performance Review

The portfolio generated solid mean returns of 13.0% despite significant macroeconomic challenges. The portfolio outperformed the local Kenyan index (NSE), the Pan-African index (MSCI) and the Bloomberg Africa Bond Index by 5.0%, 19.9% and 23.5%, respectively.

Portfolio Performance Vs Benchmarks

	Performance (KES)	Performance (USD)
MSP Portfolio Return	13.0%	5.9%
NSE 20 Share Index	8.0%	8.7%
MSCI Africa ex-ZA Index	(6.9%)	(6.8%)
Bloomberg Africa Bond Index	(10.5%)	(9.9%)
Portfolios outperformance to NSE 20 Share benchmark (% points)	5.0%	(2.8%)
Portfolios outperformance to MSCI Africa ex-ZA benchmark (% points)	19.9%	15.5%
Portfolios outperformance to Bloomberg Africa Bond Index benchmark (% points)	23.5%	15.8%

MSP allocation is summarized in the exhibit below. Our strategic asset allocation is currently biased towards fixed income at the short end of the curve: fixed income securities constituted 52% of the total portfolio.



We may opt to tactically tilt to other asset classes given prevailing macro conditions and credit risk. We note that the macro drivers that drive our investment rationale were extremely fluid and far less robust than in other fiscal years, which dampened the absolute return profile of the portfolio.





MARKETABLE SECURITIES PERFORMANCE

OPERATING ENVIRONMENT

Inflationary Pressure

2024 could be best described as a best worst-case scenario. The year was characterized by high inflation pressure due to supply chain issues, abnormal weather events, loose monetary policy, and foreign currency shocks. In response, Central bankers hiked rates to peak levels. Which in contained inflationary pressure; global headline and core inflation have continued to decline from peak levels. Consequently, while threat of hyper-inflation was stamped out capital markets are pricing in a black-swan event. Kenya's economic regime and largely reflected developments on the global stage.

Kenya's inflation remained above the Central Bank of Kenya (CBK) target rate of $5\% \pm 2.5\%$ through FY24 ending the year at 5.7% down from a peak of 9.2% at beginning of the year. The CBK increased the policy rate by 200 basis points in December 2023 and a further 50 basis points in February 2024.

Local Currency Performance

CBK's battle on inflation was aided by strengthening of local currency versus the greenback. The Kenyan Shilling retreated to a peak of 162.7 in 2023, before rallying c.17.3% appreciation against the USD following in the last fiscal quarter. We attributed the rally primarily to the refinancing of the June 2024 Eurobond maturity. Despite the rally, downside risks remain, including the current account deficit, external debt repayments, the lower credit quality of the sovereign.

The volatile macroeconomic regime in FY24 propelled capital markets away from their expected returns in equilibrium, which we discuss with in-order portfolio exposure.

Fixed Income Market Performance

The deviation from steady state returns was most pronounced in fixed income markets as evidenced by the inverted yield curve. For example, in our country of domicile the average increase in yield curve was 2.40%, with the median rise at 1.72%. The most significant fluctuation occurred in the short-term range, particularly within the 2-year to 5-year bond tenor, which saw a rise of 4.1% and 3.6%, respectively.

Due to the unfavorable risk-reward asymmetry, we increased our tactical cash compared to historic levels. Bank deposits were an attractive tactical lever—they offer low price volatility and far lower opportunity costs compared to historical averages.

Equity Market Performance

Emerging and frontier equity markets have underperformed their developed market counterparts since the end of pandemic. This trend was exacerbated in FY24 as investors flocked to safe havens due to long and uncertain impacts caused by monetary tightening. Based on aggregate Price to Earnings ratios the US trades at nearly 2.8x multiple to MSCI Africa ex ZA.

Low Price to Earnings ratios do not constitute a free lunch from an allocation perspective. We defer to prudence when considering generalized arguments for an upswing in emerging markets, as they often overlook the distinct risks and complexities of each country.

Consequently, we remain biased to an in event-driven or special scenarios in emerging markets, a tactical lever that we believe will offer attractive returns with a manageable risk profile. We do however note that recent rallies in emerging and frontier equity markets may signal that emerging and frontier markets have bottomed out. However, it is unclear whether the rally is sustainable given our outlook.

OUTLOOK

Drivers of Yields

Our portfolio is tilted heavily towards fixed income securities. Consequently, the portfolio is more sensitive to fluctuations in the yield curve. Thus, we begin our outlook with our expectations of the inflation regimes.

i) Inflation

Global headline inflation is forecasted to recede to 4% over the forecast period. Implied that Central Banks actions to tame in inflation will continue to be largely successful. We do not expect an immediate return to the loose monetary policy since global CPI is expected to remain elevated at 4.2% well above most Central Bank targets.

Furthermore, we expect that Central banks in developed economies will be more successful in reigning inflation than their developing counterparts. Inflation in advanced economies is expected to fall to 2.2% versus 4.6% in emerging markets. Thus, expect risk-free rates to remain higher for longer in emerging markets. Moreover, we may witness monetary policy decoupling; interest rates in advanced economies peaked, whilst some emerging markets continue to grapple with inflation.

ii) Economic Growth

Global GDP growth is expected to register at 2.4% before ticking up to 2.7% in 2025 according to the IMF which is lower than historic average. The tepid short-term GDP is a fair price to pay for moderating inflation. However, if growth remains below potential output vulnerable sovereigns may be ensnared by debt traps.

Sub-Saharan African Sovereign Credit Risk

The risk of debt traps is further exacerbated by high debt burdens, especially in Sub-Saharan Africa. We expect debt to GDP ratios to remain above sustainable levels of (60%+) over the forecast period. Whilst GDP to revenue generation will remain below optimal levels—below 12%.

Consequently, over half (54%) of African nations are grappling with severe debt issues or are on the brink of it. In SSA, more than one-fifth of the countries are experiencing debt distress. It appears that nations are resisting strict fiscal austerity and higher tax collections on a bitter pill basis. Consequently, we expect elevated levels of credit risk to persist through FY25.

In conclusion, the expected 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 risk adjusted returns for Centum Investment Company PLC, has proven adept at navigating market headwinds.

As evidenced by the solid performance of the MSP. Which, despite macroeconomic headwinds, managed to generate strong risk adjusted returns. This portfolio significantly outpaced both the local Kenyan index (NSE) by 5% and the Pan-African index (MSCI-ex South Africa) 19.9%, a testament to our robust asset allocation strategy.

Our current bias towards fixed income is informed by both the prevailing macroeconomic conditions and our mandate to preserve capital and deliver risk-adjusted returns. However, elevated credit risk in sub-Saharan may necessitate a reduction in local sovereign exposure to mitigate downside impacts caused by a black swan event.

Equity markets appear attractive from a relative value perspective but lack both catalysts to drive and maintain value. Thus, while the persistent underperformance of African equity markets over last 2-3 years may have abated or bottomed out. We remain underweight on the asset class given our risk appetite.

Our ability to navigate fluid and highly volatile market dynamics, risks, and monetary policies, coupled with our flexible and responsive portfolio management strategy will likely be a persistent source of alpha over FY25.







SUSTAINABLE INVESTING





Our Sustainability and ESG Performance

We believe that sustainability is essential to long-term business success. Our Responsible Investing Policy forms the bedrock against which the sustainable development is anchored within Centum.

Our (ESG) Strategy on Investments



Companies that are taking steps to reduce negative environmental impact.



Companies that are intentional in improving their social performance.

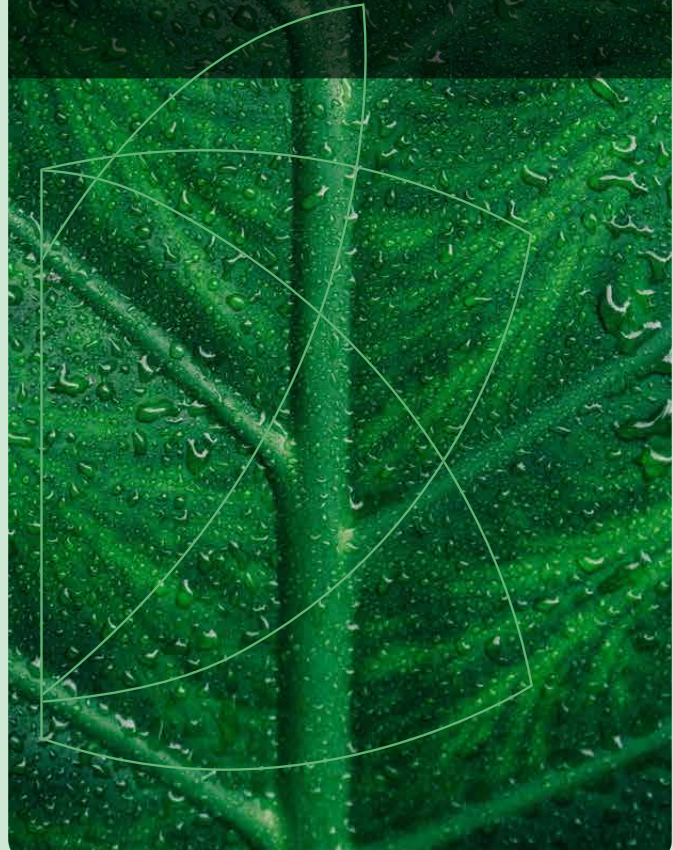


Companies that are striving to govern their businesses responsibly.

Our (ESG) Strategy on Investments

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 chains.
- 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 24 [A SNAPSHOT]

Environment



Up to **90%** of collected garbage recycled through service providers.



80% of water recycled from facilities within Two Rivers.



1.2 MW of solar power installed in two of our investee companies.



At least **5,000** trees in our nursery to sustain the demand for green landscapes in our projects.

Social



> 90% of suppliers are local, to promote local enterprises and MSMEs



52% of our staff complement are women



> Ksh100M in scholarships, school development and outreach programs



70% products on affordable housing to improve access to high quality homes

Economic / Governance



Board Diversity – **50:50**



Portfolio companies have adopted the parent company policies aimed at promoting ethics and integrity



Increased commitment to sustainability by joining the United Nations Global Compact Network





Our Approach to ESG Governance

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

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





OUR HUMAN CAPITAL



OUR HUMAN CAPITAL

Annual HR Report 2024

Preamble

People are the cornerstone of our organization. Our Teams outstanding passion, commitment, and skills are what drive our excellence. By fostering an inclusive, motivating, and encouraging work environment that enables our team members to meet their personal and professional goals, we aspire to remain an Employer of Choice.

Our People Agenda to support the Centum 5.0 Strategy is centred around the following pillars:

1. Reward and Recognition



We strive to ensure that staff members are recognised and rewarded for their contribution in achieving strategic objectives as well as for their alignment to Centum culture and values. Through our financial and non-financial rewards mix, we aspire to attract, retain and motivate both current and potential employees.

2. Learning and Development



We have implemented robust learning and development programs which are beneficial to upskill and motivate employees. This is vital for sustained business growth and improvement of employees' professional capacity.

3. Staff Welfare



We understand the value of creating an environment where employees feel valued, supported, and motivated to give their best every day. Our welfare initiatives are designed to foster all round employee wellbeing.

4. Talent Management



We are committed to offer our employees with diversified, challenging and meaningful work experiences that impact the communities we work in.

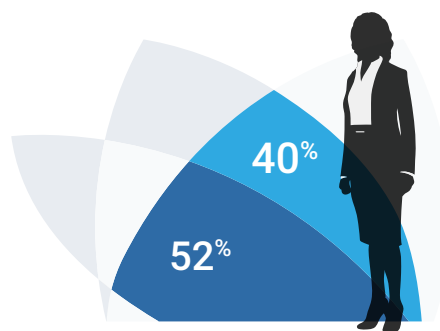
5. Diversity, Equity and Inclusion



We take pride in creating an environment that helps employees feel a sense of belonging and understanding.

Diversity and Inclusion

At Centum, we recognize the value of diversity and inclusion in enhancing employee belonging and understanding. During this reporting period, we continued our efforts to create a diverse and inclusive workplace with an aim to achieve 50% female representation in our workforce.



● **52%** of our total staff complement are **female**

● **40%** of our management team are **female**

Employee Health and Wellness

We strive to provide an environment that fosters employees' holistic wellbeing. Addressing the physical, mental, emotional and social aspects of their lives, we provide a work environment that leads to personal and professional growth.

We have implemented the following initiatives:

1. Physical Well-being

- **Health and Fitness Programs:** We provide employees access to gym memberships and have sports days to promote fitness across the group.
- **Healthy Eating Options:** We provide wholesome meals through a professional externally managed staff canteen.
- **Ergonomic Workspaces:** We have Invested in ergonomic office furniture and equipment to reduce physical strain and prevent injuries.
- **Health Screenings:** As part of our medical scheme, we have provided access to regular wellness checks.

2. Mental and Emotional Well-being

- **Employee Assistance Programs (EAPs):** We provide access to confidential counselling services, therapy, and mental health support through our robust medical and Employee Assistance Programs.
- **Mental Health Awareness:** We promote mental health awareness through workshops, seminars, and training that reduce stigma and encourage open discussions and inclusivity around mental health matters.
- **Flexible Work Arrangements:** We allow flexible hours, remote work options, or compressed workweeks to help employees manage and maintain a work-life balance.

3. Social Well-being

- **Team Building Activities:** we organize team-building events, retreats and social gatherings that help employees build stronger relationships and a sense of community.

- **Mentorship and Coaching Programs:** We have implemented mentorship and coaching programs to help employees grow professionally while building supportive relationships within the company.
- **Community Involvement:** We encourage and support volunteerism and community service by organizing company-wide community involvement efforts.

4. Work-Life Integration

- We have in place holistic leave policies that include vacation days, sick leave and personal days to allow employees time to recharge.
- We support work-life integration through initiatives like flexible schedules and time off for family responsibilities.

Learning & Development

Nurturing talent for the future is essential for our continued success.

We pride ourselves in maintaining robust on and off the job training programs, which enhance employees professional and personal goals while meeting business objectives.

During the reporting period, we offered various learning opportunities, including:

- On-the-job training to help employees enhance their skills and competencies.
- Participation in conferences and industry events for employees to stay updated on industry trends and allow for networking opportunities.
- Facilitating mentorship and coaching programs to help employees grow professionally while building supportive relationships within the company.



Father's Day Event



International Women's Day





OUR HUMAN CAPITAL

Annual HR Report 2024

Employee Engagement

Our focus is to sustain a motivated and productive workforce by consistently improving employee experiences through feedback garnered from various channels. We believe that this creates a culture of inclusion, respect, support where employees feel valued and heard.

During the year, we carried out the following engagement activities:

- Increased communication touch points between Employees and Leadership.

- We have implemented recognition programs that celebrate employee achievements, milestones, and contributions, boosting morale and motivation.
- We organized team-building events, retreats, or social gatherings that enabled employees build stronger relationships and a sense of community.
- We have fostered a workplace environment that promotes sustainability, such as reducing waste, recycling, and supporting green initiatives.

Sports Day



Tree Planting



*Centum has fostered a workplace environment that promotes sustainability, such as **reducing waste, recycling, and supporting green initiatives.***





Team Building





CORPORATE GOVERNANCE

BOARD OF DIRECTORS



Dr. Donald Kaberuka
*Chairman and Independent
 Non-Executive Director* | Age: 73
 Appointment Date: October 2019

Dr. Kaberuka is a renowned leader in global finance and economic development, with significant experience as the former President and Chairman of the African Development Bank and Rwanda's Minister of Finance and Economic Planning.

He has held prestigious roles, including serving as the African Union's High Representative for Financing and the Peace Fund, and as a Hauser Fellow at Harvard Kennedy School. Currently, he is the Board Chair of The Global Fund and serves on multiple influential boards, including the Rockefeller Foundation and the London School of Economics. He also advises global firms like TPGSatya and Boston Consulting Group and leads SouthBridge Group as Chairman and Managing Partner.

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



Dr. Laila Macharia
*Vice - Chair and Independent
 Non-Executive Director* | Age: 54
 Appointment Date: October 2013

Dr. Macharia is a Serial Entrepreneur and Angel Investor, supporting ventures in media, education, data analytics, and financial technology. She is the Chair of the Board at Absa Life Assurance Kenya and previously served as a Non-Executive Director at Barclays Bank of Kenya (now ABSA Bank Kenya).

Her career includes roles as CEO of Scion Real, a consultancy firm specializing in project finance, and practicing law at Kaplan & Stratton, where she managed transactions across Kenya, South Africa, and Uganda. She also worked as a Corporate Finance Associate at Clifford Chance US LLP and served as a Senior Regional Advisor at USAID-East Africa. Additionally, Dr. Macharia led the Africa Initiative at the Global Fund for Women in San Francisco.

She holds a B.A. in Planning & Public Policy from the University of Oregon, a Juris Doctor and LL.M from Cornell University, and a doctorate from Stanford University.



Dr. James Mworio
Executive Director | Age: 47
 Appointment Date: October 2008

Dr. Mworio is the Group Chief Executive Officer and Managing Director of Centum Investment Company Plc., a position he has held since October 2008. Dr. Mworio serves on several boards, including Sidian Bank Limited, where he serves as Chairman, Lewa Wildlife Conservancy as well as in the Laikipia Development Authority Board. He also previously served on the boards of Almasi Beverages Limited, Nairobi Bottlers Limited and Nairobi Securities Exchange.

Dr. Mworio was appointed as Chancellor of Machakos University in October 2016. Dr. Mworio holds a Bachelor of Laws Degree from the University of Nairobi, and an Honorary Doctoral Degree in Business from Machakos University.

He is an Advocate of the High Court of Kenya, a CFA Charter Holder, a Chartered Global Management Accountant, a Fellow of the Kenyan Institute of Management, and a member of the Institute of Certified Public Accountants of Kenya.



BOARD OF DIRECTORS



Mr. Andrew Musangi
Non-Executive Director | Age: 54
Appointment Date: May 2021

Mr. Andrew Musangi currently serves as the Chairman of the Board of Directors of the Central Bank of Kenya. He is a seasoned legal practitioner with expertise in corporate and commercial law, covering areas like Mergers and Acquisitions, Debt Recovery, Securities, Employment law, and Intellectual Property. He has extensive experience in property and land matters and has advised both local and multinational corporate clients.

Mr. Musangi has served as Chairman of the Public Procurement Regulatory Board and of the Rift Valley Law Society and as Council Member of the Nakuru Business Association. He also Chairs the Boards of GenAfrica Asset Managers and Smart Applications International and serves on the Boards of Centum Real Estate Limited and Haco Industries.



Mrs. Susan Wakhungu-Githuku
Non-Executive Director | Age: 64
Appointment Date: September 2017

Mrs. Githuku is the Founder and Managing Director of Human Performance Dynamics Africa and the Founder and Creative Director of publishing house Footprints Press. Mrs. Githuku was formerly the Head of Talent Management and Director of Coca-Cola University across Eurasia and Africa.

Mrs. Githuku holds a Bachelor of Science Degree in Economics and Psychology from St. Lawrence University and a Master of Science Degree in Development Economics from the University of Strathclyde-Glasgow.



Mrs. Catherine Mturi - Wairi
Independent Non-Executive Director | Age: 57
Appointment Date: March 2022

Ms. Mturi-Wairi is a seasoned business leader with three decades of experience in finance and accounting. She has a proven track record in developing and executing business strategies, strengthening investment portfolios, and driving organizational success. Currently, she serves as a Non-Executive Director on the boards of Vipingo Development Plc and Sidian Bank Limited. She previously held the position of Managing Director at Kenya Ports Authority (KPA), where she played a key role in strategic development and held various leadership roles over her 23-year tenure.

Ms. Mturi-Wairi holds an MBA in Strategic Management and a BSc. in Finance and Accounting from USIU. She is a Certified Public Accountant, Certified Public Secretary, and Certified SAP Consultant. She is also actively involved in several professional organizations, including the Institute of Directors of Kenya, ICPAK, and the Institute of Certified Secretaries.



Mrs. Catherine Igathe

Independent Non-Executive Director | Age: 51

Appointment Date: September 2016

Catherine Igathe is the Managing Director and Founder of Ortus Solutions Group Ltd, a consultancy firm specializing in leadership development, executive mentorship, personal growth, and business strategy.

Mrs. Igathe currently serves as Non-Executive Director on the board of GenAfrica Asset Managers Limited. She formerly served as the Managing Director of AIG Kenya Insurance Company Limited, bringing over 18 years of managerial experience to the role. She subsequently served as the Chief Executive Officer of Jubilee General Insurance Company Ltd.

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



Dr. Moses Ikiara

Independent Non-Executive Director | Age: 59

Appointment Date: November 2017

Dr. Ikiara is a highly accomplished professional with extensive experience in project finance, governance, and public policy, currently serving as the Director of Project Finance for Permanence (PFP) at the Nature Conservancy, Kenya, among other several directorships.

He has served various roles such as Acting Managing Director of the Kenya Bureau of Standards (KEBS), Managing Director of the Kenya Investment Authority (KenInvest), and Executive Director of the Kenya Institute for Public Policy Research and Analysis (KIPPRA), where he began as a Policy Analyst. Dr. Ikiara also has a background in academia as a lecturer and research fellow at Moi University's School of Environmental Studies.

He holds a PhD in Environmental and Natural Resource Economics from the University of Amsterdam, as well as a Master's degree in Economics and a Bachelor's degree in Agriculture (First Class Honors) from the University of Nairobi.



Ms. Norah Buyaki Ratemo

Representative of Kenya Development Corporation Limited | Age: 42

Appointment Date: January 2023

Ms. Norah Buyaki Ratemo is the Director General and Board Member of Kenya Development Corporation (KDC) following her appointment on 4th July 2023.

Ms. Ratemo's previous role at KDC was Director, Investments. She has over 15 years' experience in Credit Risk Management having worked at Ecobank Kenya as a Credit Analyst, and before then, was engaged as Assistant Manager, Securities and Documentation with Sidian Bank Limited. She currently serves on the board of Kenya Wines Agencies.

Ms. Ratemo holds a Master's degree in Business Administration Finance option from Jomo Kenyatta University of Agriculture and Technology and a Bachelor of Commerce (Bcom) Accounting option. She is a Certified Public Accountant, CPA (K) and a member of the Institute of Certified Public Accountants (ICPAK) and Association of Women Accountants in Kenya.



Mr. William Byaruhanga

Non-Executive Director | Age: 64

Appointment Date: October 2016

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

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





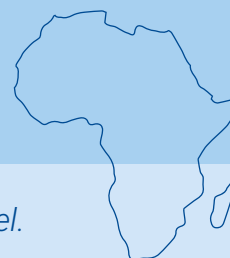
OUR GOVERNANCE FRAMEWORK



Our Mission at Centum is to Create tangible wealth by providing the channel through which investors access and build extraordinary enterprises in Africa.



Our Vision is to be Africa's foremost investment channel.



Following the successful closure of the Centum 4.0 Strategy period, the company is redirecting its focus into Centum 5.0. The theme for the Centum 5.0 strategy is **Value Optimization**.



We believe that there exist opportunities within our portfolio to further enhance growth and return through innovative business model transformation focusing on emerging market opportunities.

Centum's vision, mission, values, and strategic objectives collectively shape the behavior and decisions of both the Board and management towards maximizing shareholder value. Through strategic direction setting, long-term orientation, rigorous risk management, innovation, and transparent communication, Centum aligns its organizational efforts to deliver sustainable growth and profitability, thereby enhancing shareholder returns and securing long-term value creation.

The Board prioritizes making decisions that demonstrate sustainable growth and profitability over short-term gains. This includes endorsing investments that not only promise significant returns but also align with rigorous Environmental, Social, and Governance (ESG) standards.

Board members rigorously assess risks associated with each strategic decision, ensuring that risk-return profiles

are carefully weighed. This approach minimizes value erosion risks and safeguards shareholder interests. The Board remains initiative-taking in giving management the tools necessary to effectively respond to evolving market dynamics and prioritizes strategic exits to unlock latent value while ensuring responsible stewardship of resources and enhancing the company's reputation as a responsible corporate citizen.

Management on the other hand is responsible for executing the Board's strategic directives by aligning its operational strategies with Centum's mission and vision. They focus on measurable outcomes to maximize shareholder value and foster a performance-driven culture that meets financial targets while upholding high standards of ethical practice.

Management drives innovation to keep Centum agile and responsive to market opportunities, enhancing long-term shareholder value. Additionally, they conduct thorough risk assessments and scenario analyses to manage risks effectively and optimize shareholder returns.

Ultimately, these actions are undertaken to maximize shareholder value and ensure long-term prosperity for our investors.



OUR GOVERNANCE FRAMEWORK

Corporate Governance Statement

Centum upholds a governance culture deeply anchored in our core values of ***Delivering on promises, Responsible investing, Valuing our people, and Encouraging innovation***. These values serve as the bedrock of our governance framework, ensuring that our strategic direction, overseen by the visionary leadership from our Board, permeates all facets of our operations and facilitates effective execution by our resolute management and staff.

Our governance practices are structured to uphold these guiding principles rigorously. They are supported by robust policies, internal controls, and standards of practice carefully crafted to align with our high-level goals while maintaining unwavering commitment to responsible stewardship.

We maintain diligent watch over compliance with the Capital Markets Authority (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, as well as regulations set forth by the Nairobi Securities Exchange and our own Company Code of Ethics. This commitment ensures that our governance practices meet regulatory requirements, safeguarding the interests of our stakeholders and fostering an environment conducive to transformative and sustainable growth.

The integration of Environmental, Social, and Corporate Governance (ESG) principles and sustainability reporting in our investment screening and portfolio management processes enhances transparency to our shareholders. This transparency demonstrates alignment between our values and shareholder expectations, offering clarity on the diverse investment opportunities within our portfolio.

The adoption of the supervisory parenting model further strengthens our oversight capabilities, enabling us to mitigate risks while focusing on value creation across our subsidiary companies. This model furthers our mission to create tangible wealth by enabling investors to access and develop exceptional enterprises across Africa.

Centum is dedicated to upholding exemplary standards of corporate governance. Through adherence to our core values, stringent governance practices, and initiative-taking measures, we continue to deliver sustainable value and uphold the trust placed in us by our stakeholders.



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 the Board's discretion. Nine (9) directors are non-executive members, and the independent, non-executive directors make up 60% 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 Board has four principal committees presented below; a majority of whose members 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

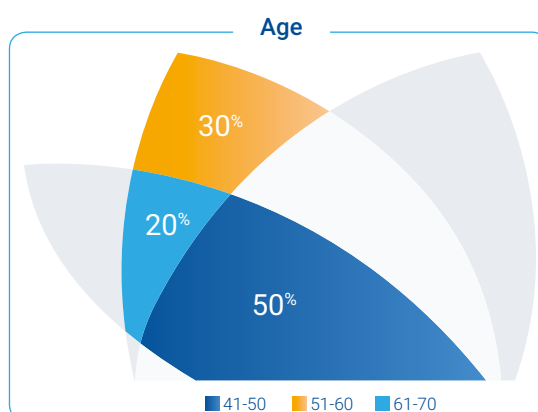
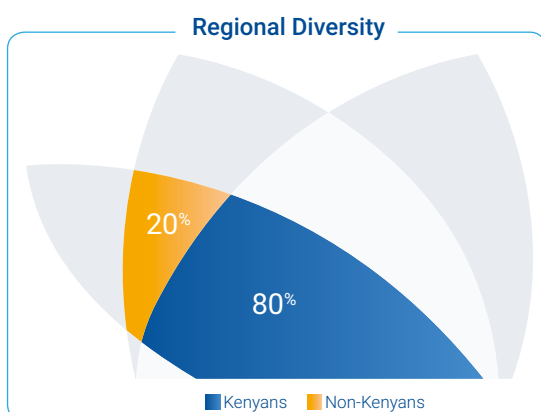
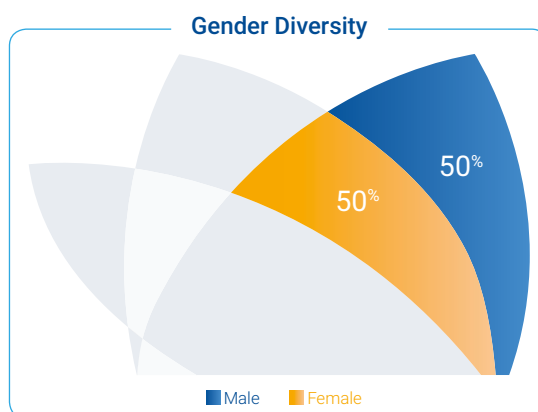
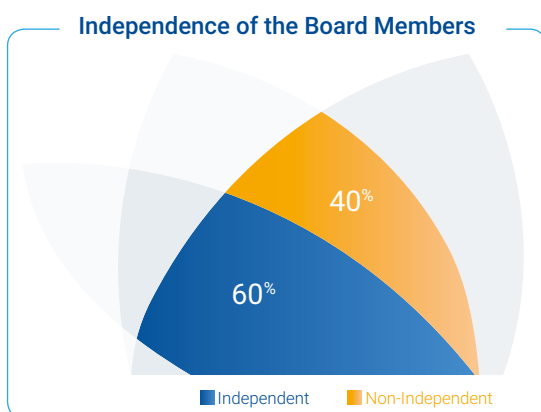
Board Effectiveness

The effectiveness of the Board in its oversight role is enriched through:

Board Diversity

Centum has a diverse Board comprising individuals with complementary skills, knowledge, and experience to foster robust discussions and informed decision-making. The Company values diversity, including in terms of age, geographic background, and gender, in addition to professional qualifications. This inclusive approach enriches the Board's perspective, enabling balanced risk assessment.

The Nomination and Governance Committee is responsible for identifying and recommending qualified candidates for Board positions. The Board approves these recommendations before submitting them for shareholder election. All Board appointments adhere to the Company's Articles of Association and the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015.





THE BOARD

Experience and Qualifications of Board Members

Summary of Directors' Qualifications and Experience	Dr. D. Kaberuka	Dr. J. Mworira (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 as it ensures 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 and 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 in 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 experienced gained by Board members in other listed companies.										

Summary of Directors' Qualifications and Experience	Dr. D. Kaberuka	Dr. J. Mworira (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 in the Board as the Board is overall responsible for compliance with the laws and regulations applicable to the Company.										





THE BOARD

Board Development and Professional Standards

The Board is committed to maintaining the highest standards of governance and ensuring that all members are well-equipped to fulfil their responsibilities effectively. To this end, a comprehensive induction program is provided to all new Board members upon their appointment. This induction is designed to familiarize them with the Company's operations, governance structures, and key strategic priorities, ensuring they are fully prepared to contribute from the outset.

In addition to the initial induction, the Board recognizes the importance of continuous professional development. All members are provided with opportunities for ongoing training through a structured Continuous Skills Development Programme. This program is tailored to address the evolving needs of the entity and the Board, with training topics selected based on relevance to current and emerging governance issues, as well as individual and collective skill gaps. Each Board member is expected to complete at least 12 hours of training on governance and board matters annually to ensure they remain updated on best practices and regulatory changes.

Furthermore, Board members who belong to professional bodies are required to maintain their good standing with these organizations, thereby upholding the professional integrity and competence necessary for effective governance.

The Board also acknowledges that there may be instances where specialized expertise is required beyond what is available among the current members or staff. To cater for such cases, all Board members have access to independent professional advice to support them in discharging their duties, ensuring that decisions are well-informed and in the best interest of the entity.

Board Evaluation

In accordance with the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, the Board conducted an annual performance evaluation in December 2023. This assessment covered the Board, its committees, the Chairperson, individual directors, the Chief Executive Officer and the Company Secretary. The evaluation aimed to identify strengths, weaknesses, and areas for improvement.

An independent consultant assisted in this process and the evaluation findings together with recommendations for improvement were presented to the Nominations & Governance Committee and later to the full Board at the Board Strategy retreat on 23 April 2024.

Governance Audit

The CMA Code provides that issuers of securities to the public are required to undertake periodic governance audits at least once every two years with the option of CMA increasing or decreasing this frequency on a risk-based approach. The Company undertook a governance audit which was conducted by Dorion Associates LLP who

issued an unqualified report which is presented on **Page 83**. The Governance Audit Report was adopted by the Board of Directors on 29 July 2024. The Board and various Committees continue to implement the recommendations from the governance audit. The next governance audit will be undertaken for the fiscal year ending 31 March 2026.

Legal and Compliance Audit

An external legal and compliance audit was conducted for the financial year ending 31 March 2024 to assess our adherence to the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, and other applicable laws and regulations. The audit findings confirmed overall compliance, and an unqualified report was issued by the External Auditor as presented on **Page 83**. The report of findings was subsequently adopted by the Board of Directors on 29 July 2024. The Board and its committees are actively implementing the audit's recommendations.

Corporate Governance Assessment Report

During the period under review, the Capital Markets Authority (CMA) evaluated the Company's compliance with the CMA Code for the fiscal year ending March 31, 2023. The evaluation focused on key governance aspects including board operations and control, shareholder rights, stakeholder relations, ethics and social responsibility, accountability, risk management and internal control, and transparency and disclosure.

The Company received an overall weighted leadership score of 82%, reflecting a strong commitment to exacting standards of corporate governance. The Board remains dedicated to continuously improving its practices and is actively implementing the CMA's recommendations to enhance compliance with the CMA Code.

Board Policies & Codes of Conduct

Centum Investment Company Plc. is committed to operating with integrity and transparency. To this end, we have established comprehensive policies and codes of conduct covering anti-corruption, ethical business practices, anti-money laundering, whistleblower protection, and conflict of interest management. By strictly adhering to these guidelines, we ensure legal compliance, protect our reputation, and meet the expectations of all stakeholders.



Code of Ethics

Centum has implemented a comprehensive Code of Ethics governing the conduct of its board, management, and staff. Widely adopted across Centum's subsidiaries, the Code emphasizes integrity, diligence, and responsibility. It outlines strict business standards, including legal compliance, independence, objectivity, and prohibitions against misconduct. To safeguard capital market integrity, the Code addresses issues like insider trading, market manipulation, and the proper handling of confidential information. It clearly defines employee duties, such as loyalty and confidentiality, and mandates transparent, well-documented investment practices. Additionally, the Code requires

the disclosure of conflicts of interest and prioritizes company interests over personal gain.

➤ Conflict of Interest Policy

Directors must fully inform the Board of any actual or potential conflicts of interest they become aware of, whether these conflicts are direct or indirect. All business dealings involving Directors, or their associated parties must be conducted at arm's length to ensure fairness and transparency. A Director shall not take part in the decision-taking process of the Board in respect of any situation in which he or she has a conflict of interest.

➤ Whistleblowing Policy

This policy establishes mechanisms for stakeholders to report unethical behaviour anonymously through the whistle blowing portal. The management ethics committee monitors any reports raised through the platform and any risks identified are managed and reported to the Risk Committee.

➤ Insider Trading Policy

The policy implements measures to prevent insider trading among Directors and Management, safeguarding the confidentiality of unpublished, sensitive information

and preventing its misuse. This policy prohibits staff and directors from trading in company shares while in possession of any material insider information that is not available to the public outside the open period.

The Company Secretary informs Directors and staff on the open and closed periods for trading, ensuring compliance with the Companies Act, 2015. To the best of the Company's knowledge, there was no insider dealing in the fiscal year under review.

➤ Anti-Bribery and Anti-Fraud Policy

This policy prohibits employees and agents from offering or accepting bribes, whether directly or indirectly, and from attempting to secure favors through bribery. The Risk Committee tracks adherence to regulatory requirements, with a focus on preventing fraud, corruption, and money laundering.

➤ Board Remuneration Policy

This policy outlines the principles and criteria for compensating Independent Non-Executive Directors.

External Auditor Assessment and Rotation Report

The Audit Committee is responsible for overseeing the external audit process. Annually, the Committee assesses the auditor's independence, objectivity, and performance. This includes evaluating potential conflicts of interest such as financial ties, business relationships, and the scope of non-audit services. The Committee ensures auditor fees and engagement terms are fair and do not compromise independence. By gathering feedback from internal stakeholders and conducting a comprehensive review, the Committee identifies areas for improvement and communicates these to the auditor to maintain audit quality and adherence to best practices.

In adherence to good governance practices and the Companies Act, 2015, the Company follows the policy of rotating external auditors every six to nine years. Following a 13-year tenure with PricewaterhouseCoopers (PwC) ending in fiscal year 2022/2023, the Board conducted a rigorous evaluation of potential auditors based on independence, expertise, industry knowledge, and audit methodologies.

KPMG Kenya was selected and subsequently approved by shareholders at the 2023 Annual General Meeting. KPMG Kenya conducted the external audit for the year ended 31 March 2024.

Shareholder's Engagement

Centum maintains a steadfast commitment to open dialogue with its shareholders. The company provides both scheduled and impromptu disclosures regarding operational and financial outcomes,

while diligently addressing any shareholder concerns. This is facilitated through:

- A** Interim and annual results and publication of extracts of its financial performance in the daily newspapers, preparation of annual audited accounts and holding of the Annual General Meeting. Copies of the annual reports are made available to shareholders at least 21 days before the date of the AGM, and they are free to raise questions to the Board during the meeting.
- B** The Company has engaged an external Shares Registrar who provides feedback from existing shareholders and potential investors.
- C** Investor briefing sessions are held to demystify the Company's performance and strategic objectives.
- D** The Executive team make regular presentations to investors (both existing and potential shareholders), meet with shareholders to discuss long-term issues and obtain their views, present at externally run investor events and communicate regularly throughout the year.
- E** The Company's website has a specific web page dedicated to shareholder information.

*Each shareholder enjoys equal voting, subscription, and transfer rights based on their shareholding. To promote transparency and inclusivity, shareholder meeting notices and resolutions are provided in both **English and Kiswahili**. All shareholders receive notifications and dividends simultaneously. To enhance communication, the Company now distributes **Annual General Meeting notices via SMS**.*





The Governance people

THE GOVERNANCE AUDITOR'S REPORT

The Code of Corporate Governance for Issuers of Securities to the Public, 2015 ("the Code"), requires the Board of a listed Company to subject the Company to an annual Governance Audit to check the level of compliance with sound governance practices.

The Code specifically requires the Annual Governance Audit to be conducted by a competent and recognized professional accredited for that purpose by the Institute of Certified Secretaries (ICS). In compliance with the Code, Centum Investment Company Plc. retained Ms. Catherine Musakali of Dorion Associates ("**the Auditor**") to conduct a Governance Audit of the governance structures, procedures and processes of the Company in order to assure the Board that its goals, structure and operations are consistent with the law, the Code, as well as the latest developments in Corporate Governance; and that the Company has adopted best practices in Corporate Governance as a means of ensuring sustainability. The Code further requires that after undergoing the Governance Audit, the Board should provide an explicit statement on the level of compliance.

The scope of the Audit is derived from the Code, the Companies Act, 2015 and the Governance Audit Tool developed by the ICS. More specifically, the Audit covers the following broad areas;

1. Leadership and strategic management;
2. Transparency and disclosure;
3. Compliance with laws and regulations;
4. Communication with stakeholders;
5. Board independence and governance;
6. Board systems and procedures;
7. Consistent shareholder and stakeholders' value enhancement; and
8. Corporate social responsibility and investment.
9. Sustainability

Governance Auditor's Responsibility

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

OPINION

In our opinion, the Board has put in place a governance framework that is largely compliant with the legal and regulatory corporate governance requirements and in this regard, we issue an unqualified opinion.

FCS. Catherine Musakali, ICPSK GA. No 006

Dorion Associates

Green Shade Apartments, Arwings Kodhek Rd., House 1C Nairobi.

Tel No.: +254202353383/+254 722616119

29th July 2024



The Governance people

THE LEGAL COMPLIANCE AUDITOR'S REPORT

The Code of Corporate Governance for Issuers of Securities to the Public 2015 (The Code) requires the Boards of listed companies to ensure that a comprehensive independent legal compliance audit is conducted at least once every two years by a legal professional in good standing with the Law Society of Kenya.

In compliance with the Code, Centum Investment Company Plc. commissioned an independent comprehensive legal compliance audit for the 2023/2024 financial years. The audit was conducted by Charles B.G. Ouma, a qualified legal compliance auditor presently practicing as such with the firm of Dorion Associates LLP.

The temporal scope of the audit was limited to activities that took place in the 2023/2024 financial years, with occasional references to previous financial years where the context demanded. The subject matter scope of the audit covered the following operational areas .

1. Corporate Structure
2. Compliance Strategy
3. Policy Framework
4. Companies Act 2015
5. Capital Markets Act
6. Employment and Labour Relations
7. ICT Compliant/Business Continuity Management
8. Data Protection/GDPR
9. Legal Services
10. Tax
11. AML
12. Anti- Bribery & Corruption

Legal Compliance Auditor's Responsibility

Our responsibility was to assess the Company's compliance against obligations imposed by applicable statutes or statutory instruments of as supplemented by any internal policies, processes or procedures as well as to assess legal risk in terms of consequences of breach.

OPINION

In our opinion, Centum Investment Company PLC is, in material respects, substantially compliant with the requirements of the internal and external legal framework. Instances of non compliance, none wof which were seen as posing a serious risk to the legal health of the Company have been identified and specifically repted on.

Charles B.G. Ouma

Dorion Associates
Green Shade Apartments, Arwings Kodhek Rd., House 1C Nairobi.
Tel No.: +254202353383/+254 722616119

29th July 2024





OUR GOVERNANCE STRUCTURE

Shareholder Mapping - Top 10 shareholders

Below is a list of the top ten (10) shareholders as of 31 March 2024.

RANK	2024				2023			
	NAME	DOMI-CILE	TOTAL SHARES	PERCENT-AGE (%)	NAME	DOMI-CILE	TOTAL SHARES	PERCENT-AGE (%)
1	ESTATE OF THE LATE DR. CHRISTOPHER KIRUBI	LI	205,908,205	30.94%	ESTATE OF THE LATE DR. CHRISTOPHER KIRUBI	LI	205,908,205	30.94%
2	KENYA DEVELOPMENT CORPORATION LIMITED	LC	152,847,897	22.97%	KENYA DEVELOPMENT CORPORATION LIMITED	LC	152,847,897	22.97%
3	KIMANI, JOHN KIBUNGA	LI	45,693,485	6.87%	KIMANI, JOHN KIBUNGA	LI	34,694,985	5.21%
SUB-TOTAL (TOP 3)			404,449,587	60.78%	SUB-TOTAL (TOP 3)			393,451,087 59.12%
4	STANDARD CHARTERED KENYA NOMINEES LTD A/C KE004326	FC	8,265,856	1.24%	STANDARD CHARTERED NOMINEES NON-RED. A/C 9827	FC	9,799,537	1.47%
5	CENTUM INVESTMENT COMPANY LIMITED	LC	7,967,500	1.20%	STANDARD CHARTERED KENYA NOMINEES LTD A/C KE004326	FC	9,984,356	1.50%
6	STANDARD CHARTERED NOMINEES NON-RED. A/C 9827	FC	7,799,537	1.17%	STANDARD CHARTERED KENYA NOMINEES LTD A/C KE003534	FC	8,017,169	1.20%
7	STANDARD CHARTERED KENYA NOMINEES LTD A/C KE000954	LC	6,000,000	0.90%	STANDARD CHARTERED KENYA NOMINEES LTD A/C KE000954	LC	6,000,000	0.90%
8	UGANDA SECURITIES EXCHANGE	LI	5,724,737	0.86%	UGANDA SECURITIES EXCHANGE	FC	5,724,737	0.86%
9	MWIRIGI, JAMES MWORIA	LI	5,701,994	0.86%	MWIRIGI, JAMES MWORIA	LI	5,701,994	0.86%
10	STANBICE NOMINEES LIMITED A/C NR 1031313	FC	5,574,800	0.84%	STANDARD NOMINEES LTD A/C NR1031313	FC	5,574,800	0.84%
TOTAL (TOP 10)			451,484,011	67.85%	TOTAL (TOP 10)			444,253,680 66.75%
TOTAL ISSUED SHARES			498,799,6333		TOTAL ISSUED SHARES			665,441,714

KEY: LI - Local Individual, LC - Local Corporate, FC - Foreign Corporate

Shareholding by Directors:

Director	2024	2023
	Total Shares	Total Shares
Kenya Development Corporation Limited (Alternate – Norah Buyaki Ratemo)	152,847,897	152,847,897
James M. Mworia	5,701,994	5,701,994
Andrew Musangi	800,000	800,000
Dr. Moses Ikiara	59,050	59,050
Dr. Laila Macharia	122,500	-
Dr. Donald Kaberuka	-	-
Catherine Igathe	-	-
William Byaruhanga	-	-
Catherine Mturi- Wairi	-	-
Mrs. Susan Wakhungu-Githuku	-	-

Shareholding by Senior Management:

Director	2024	2023
	Total Shares	Total Shares
James M. Mworia	5,701,994	5,701,994
Fred Murimi Ngari	690,700	690,700
Risper Alaro	735,300	735,300
Thomas Omondi	117,500	117,500

Shareholder Analysis by Volume:

VOLUME RANGE	NO OF SHARES	% OF SHARES	NO. OF HOLDERS	% OF HOLDERS
1 - 500	2,431,540	0.37	14,576	40.00
501 - 5000	32,528,914	4.89	15,838	43.46
5001 - 10000	20,329,404	3.06	2,809	7.71
10001 - 100000	74,470,128	11.19	3,002	8.24
100001 – 1000000	46,583,911	7.00	190	0.52
> 1000000	489,097,817	73.49	29	0.07
TOTALS	665,441,714	100.00	36,444	100.00

Shareholder Analysis by Domicile

DOMICILE	SHARES	% OF SHARES	NO. OF SHARES	% OF HOLDERS
Foreign Companies	29,378,249	4.42	13	0.04
Foreign Individuals	4,372,161	0.66	189	0.52
Local Companies	208,085,825	31.27	1,592	4.37
Local Individuals	423,605,479	63.65	34,650	95.07
TOTALS	665,441,714	100.00	36,444	100.00



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 2024 may be presented as follows:

- a) Received and considered updated reports on the business and investment activities; Received and considered updated reports on activities of all the committees.
- b) Approved the Company and Group interim financial statements for the six-month period ended 30 September 2023.
- c) Approved the Company and Group Financial statements for the year ended 31 March 2024.
- d) Approved the appointment of Dorion Associates LLP for the provision of both the Legal & Compliance Review and Governance Audit.
- e) Reviewed and tabled for shareholder approval, the appointment of KPMG Kenya as the Company's external Auditor.
- f) Received updates on the Company's Share buy-back scheme.
- g) Reviewed Centum Strategy 4.0 progress and approved the Centum 5.0 Strategy.
- h) Received updates on the activities of subsidiary Boards.

Dr. Donald Kaberuka
Chairperson, 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 2024, the Committee:

- a) Recommended for approval by the Board the appointment of Dorion Associates for the provision of both the Legal & Compliance Review and Governance Audit.
- b) Received the Board Assessment report conducted by Nasdaq.
- c) Reviewed the 2023 CMA Corporate governance self-assessment report and recommended it for approval by the Board.
- d) Received an update from Management on HR & Governance matters.
- e) Reviewed and approved the Board succession Grid and the revised Director remuneration.
- f) Reviewed and recommended for Board approval, potential candidates for appointment as directors of the subsidiary companies.

On behalf of the Nominations and Governance Committee,

Susan Githuku
Chairperson, Nominations & Governance Committee

Finance and Investments 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 conducted over the year ended 31 March 2024 included:

- a) Review of the investment criteria to allow for deal screening of investment opportunities within 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) Reviewed the 5-year strategy plans for the portfolio companies.
- f) Approving issuance of required Corporate Guarantees by Centum in fundraising transactions; and
- g) 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 crises of varying magnitudes including changing legislation.

The activities of the Risk Committee carried out over the year ended 31 March 2024 included:

- a) Discussed and approved the Committee workplan for the year.
- b) Received an update on the Company's Environmental, Social and Governance report.
- c) Revised the Company's Environmental, Social and Governance roadmap.
- d) Reviewed and approved the risk management plan for FY25.
- e) Received a Risk & Compliance update on the various business units in the Group.

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 2024.

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 Group Financial Statements.
- The independence and performance of the Company's Internal and External Auditors; and
- The Company's system of internal financial controls 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 before 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 Internal and External Auditors allows the Committee to prioritize the entries on the workplan and work strategically.

The Chief Finance Officer, Internal Auditor and the 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 2024, 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 2023 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 including and were satisfied with how these were addressed.
- Reviewed the Financial Statements and Integrated Report for the year ended 31 March 2024 and recommended the report to the Board for approval and publication.
- Reviewed and recommended to the Board for approval, the Company budget for the year ending 31 March 2024.
- Reviewed and recommended to the Board for approval, the revised dividend policy.

External Audit 	➤ Reviewed the independence, performance and effectiveness of the external auditor, KPMG Kenya. ➤ Reviewed and approved the FY 2024 audit plan including significant audit risks. ➤ Reviewed the report on the audit of the financial statements including key audit matters and was satisfied with how these were addressed. ➤ Reviewed the management letter and management's response to the external auditor's findings and recommendations.
Internal Control 	➤ Reviewed and approved the internal audit workplan 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	Chairperson	Membership	Y	N	N	N	N
			Attendance	3/3	-	-	-	-
James Mworira	Executive	Group CEO	Membership	Y	N	N	N	N
			Attendance	3/3	-	-	-	-
Andrew Musangi	Non-Executive	Chair-FIC	Membership	Y	N	N	Y	Y
			Attendance	3/3	-	-	3/3	3/3
Dr. Laila Macharia	Non-Executive	Vice - Chairlady	Membership	Y	Y	Y	Y	Y
			Attendance	3/3	5/5	3/3	3/3	3/3
William Byaruhanga	Non-Executive	Board member	Membership	Y	N	N	N	N
			Attendance	3/3	-	-	-	-
Susan Wakhungu Githuku	Non-Executive	Chair- NGC	Membership	Y	N	N	Y	Y
			Attendance	3/3	-	-	3/3	3/3
Catherine Igathe	Non-Executive	Chair-Risk	Membership	Y	Y	Y	Y	Y
			Attendance	3/3	5/5	3/3	3/3	3/3
Catherine Mturi- Wairi	Non-Executive	Chair- Audit	Membership	Y	Y	Y	N	N
			Attendance	3/3	5/5	3/3	-	-
Dr. Moses Ikiara	Non-Executive	Board member	Membership	Y	Y	Y	Y	Y
			Attendance	3/3	5/5	3/3	3/3	3/3
Norah Ratemo (alternate to Kenya Development Corporation)	Non-Executive	Board member	Membership	Y	Y	N	N	N
			Attendance	3/3	5/5	3/3	-	-

Y – Member of the Committee
 N – Not a member of the Committee
 NGC – Nominations and Governance Committee Meeting
 FIC – Finance and Investment Committee Meeting

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 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 directors is determined based on benchmarks in the industry, prevailing market conditions as well as the Company's performance and profitability.

	31 March 2024	31 March 2023
Item	Ksh'000	Ksh'000
Executive Director's Fees	-	-
Executive Director's Emoluments	64,520	48,852
*Non-Executive Directors' Fees	23,472	24,456
Non-Executive Director's Emoluments	-	-

*The decline in the Non-Executive Directors' fees is attributable to an overprovision in FY2023 which was adjusted in FY2024.





CENTUM

tangible wealth





FINANCIAL STATEMENTS

About Us

Our Strategy

Our Performance

Corporate Governance

Financial Statements





Corporate Information

BOARD OF DIRECTORS

Dr. D Kaberuka - Chairman
Dr. J M Mworia - Group Managing Director
Mr. A Musangi
Dr. L Macharia
Hon. W Byaruhanga - Alternate: Mr. A Kasirye
Mrs. C Igathe
Mrs. C Mturi- Wairi
Kenya Development Corporation - Alternate Ms. Norah Ratemo
Mrs. S Githuku
Dr. M Ikiara

REGISTERED OFFICE

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

AUDITOR

KPMG Kenya
Certified Public Accountants
8th Floor, ABC Towers
Waiyaki Way
P O Box 40612 – 00100
Nairobi, Kenya

COMPANY SECRETARY

Mical Agina
Certified Public Secretary (Kenya)
Two Rivers Office Towers
South Tower – 9th Floor, Limuru Road
P O Box 10518 – 00100
Nairobi

LEGAL ADVISORS

KN Law LLP
5th Floor, The Pavilion
Lower Kabete Road, Westlands
Nairobi, Kenya

PRINCIPAL BANKERS

Sidian Bank Limited
Two Rivers Branch
P O Box 25363 - 00603
Nairobi, Kenya

Stanbic Bank Kenya Limited
Stanbic Bank Centre
Westlands Road, Chiromo
P O Box 30550 – 00100
Nairobi

Directors' Report

The directors submit their report together with the audited Consolidated and separate financial statements for Centum Investment Company Plc (the "Company" and its subsidiaries, joint ventures and associates (the "Group")) for the year ended 31 March 2024.

BUSINESS REVIEW

In evaluating performance, the Group's and Company's business is segmented into two principal portfolios:

a) Growth Portfolio

This portfolio includes:

- (i) Real Estate, where we are master developers of mixed-use developments in East Africa; and
- (ii) Private Equity, representing our 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 our development portfolio.

b) Marketable securities and cash

This portfolio represents our investment in listed, fixed income securities and cash that contribute to the Group's and Company's liquidity.

Performance Company

The company recorded a significant improvement in performance for the financial year 2023/24 despite a very challenging macroeconomic environment. Profit after tax stood at Ksh 556 Million compared to a loss of Ksh 61 Million in the prior year.

This performance was driven by a dual focus during the year on:

- (i) Reallocation of a portion of the marketable securities portfolio to higher yielding opportunities and to repayment of debt; and
- (ii) Execution of value creation plans which led to improved performance and valuations of the portfolio companies.

Investment income stood at Ksh 1.15 Billion, compared to Ksh 2.13 Billion in the prior year. This drop was on account of asset reallocation whereby interest earning securities in our marketable securities were liquidated to fund Centum's equity investment in Two Rivers Land Company (SEZ) Limited as well as to make debt repayments. While the asset reallocation led to a reduction in annuity income, it led to an enhancement in the total return to shareholder through reduction of finance costs and value uplift of the portfolio. Thus, the Total Return for the year was Ksh 5.5 Billion (a 15% return on equity) compared to negative Ksh 4.9 Billion (-14% return on equity) in the prior year.

Operating and administrative expenses grew by 13%, on account of additional investment resources and reflecting the impact of rising inflation and implementation of Finance Act 2023 provisions in the period. Finance costs reduced by 36%, reflecting the debt repayments that the company continued to make during the financial year. Borrowings reduced from Ksh 2.25 Billion as at 31 March 2023 to Ksh 1.95 Billion in the period under review.

The growth in total return was attributed to improved performance and valuations of the portfolio companies. This was reflective of the various value creation initiatives executed over the Centum 4.0 strategy period coming to fruition.

Total assets grew by 15% with the growth in portfolio value. Total liabilities increased by 22% on account of deferred tax liability recognized in the period and deferred revenues. Net asset value per share increased by 14% from Ksh 54.71 as of 31st March 2023 to Ksh 62.42 as of 31 March 2024.



Directors' Report (Continued)

Group

The Group performance aggregates the financial performance of our subsidiaries line by line and our proportion of the performance of associates and joint venture entities within the group.

The Group performance after tax stood at a profit of Ksh 2.6 Billion compared to a loss of Ksh 7.3 Billion in the prior year. This was attributable to the improved profitability recorded from most of the investment segments in the year. The performance of Two Rivers reflected the interest costs incurred in the two months of the year prior to sale of assets in May 2023 and foreign exchange losses which accounted for 52% of the finance costs.

Other comprehensive loss net of tax of Ksh 62 Million was recorded from a loss of Ksh 1.7 Billion in the prior period. This was on account of unrealized currency translation movements in respect to UGX denominated assets. The Group total comprehensive income increased to Ksh 2.5 Billion from a loss of Ksh 9 Billion in the prior period.

Outlook

Financial year 2023/24 marked the close of the Centum 4.0 strategy period. The focus during this period was preservation of shareholder value against the backdrop of a difficult economic environment characterized by the Covid-19 pandemic, global geopolitical conflicts that disrupted supply chains and had a spiral effect in local and regional key economic indicators. The period saw rising and sustained interest rates, a depreciating Kenya shillings and extended period of US Dollar illiquidity.

The average shareholder return generated in Centum 4.0 was -3.6% p.a which was 6.8% higher than the NSE 20 index performance over the same period, which was -10.4%. We believe that the core objective of preservation of shareholder value in the face of economic headwinds was largely achieved.

As we transition into the new strategy period named Centum 5.0, our focus is on optimization of the value of the current portfolio of investments. We are working towards scaling up the various businesses and monetizing them to realize a minimum of their carrying values.

	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
Profit/(loss) before income tax	2,908,144	(6,251,325)	277,624	207,344
Income tax (expense)/credit	(304,404)	(1,063,265)	278,345	(268,183)
Profit/(loss) for the year	2,603,740	(7,314,590)	555,969	(60,839)

The results for the year are set out fully on pages 107 to 247 in the financial statements.

Directors' Report (Continued)

DIVIDEND

The Directors recommend a dividend of Ksh 0.32 (2023: Ksh 0.60) per share for the financial year ended 31 March 2024.

DIRECTORS

The directors who served during the year and to the date of this report are as shown on page 92.

DISCLOSURES TO THE 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

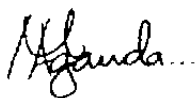
The auditor, KPMG Kenya, was appointed during the year and continues in office in accordance with the Company's Articles of Association and Section 721 (2) of the Companies Act, 2015.

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

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue on 29 July 2024.

By order of the Board



Mical Agina
Secretary
Nairobi

29 July 2024





Directors' Remuneration Report

Information not subject to audit

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

Executive Directors

The remuneration of Executive Directors is determined based on remuneration benchmarks in the industry, prevailing market conditions as well as the company's performance and profitability. The Chief Executive is currently the only Executive director. The Executive Director does not earn directors' fees or sitting allowances. The Executive director is entitled to the following remuneration:-

Basic salary

This is fixed in the employment contract and reviewed periodically by the Nominations and Governance Committee of the Board. The last review of the basic salary was done effective 1 April 2023.

Performance based bonus

Executive Directors are entitled to a performance-based bonus pay. Part of the bonus is deferred for payment in the future. In respect to the year ended 31 March 2024, the eligibility for bonus was not attained. The basis for determination of staff bonus is set out under Note 2.6.2.3 to the financial statements;

Club membership

Executive Directors are entitled to paid membership to a social or fitness club.

Allowances

Allowances paid include a telephone allowance.

Medical insurance cover

As provided to all employees, Executive Directors are entitled to medical insurance cover for their individual and family medical requirements covering both outpatient and in-patient requirements.

Professional indemnity cover

This is provided in line with best market practice to provide protection for the Executive Directors in undertaking their duties in such capacity.

Non-Executive Directors

The Group and Company has a policy in place that guides the remuneration of 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 Non- Executive directors are entitled the following remuneration:-

Quarterly allowance

These are paid to the Non-Executive Directors, taking into account their responsibility as a Director of the Company. These are paid quarterly.

Sitting allowances

A sitting allowance is paid to each Non-Executive Directors for attending a duly convened and constituted meeting of the Board or of any of the Committees.

Travel allowance

An allowance paid to a Non-Executive Director for any day away from their regular station in order to attend to duties of the Company.

Medical insurance cover

Provided to all Non-Executive Directors for their individual medical requirements covering both outpatient and in-patient requirements.

Professional indemnity cover

This is provided in line with best market practice to protect the Non-Executive Directors in undertaking their duties in such capacity.

Directors' Remuneration Report (Continued)

Information not subject to audit (Continued)

Non-Executive Directors (Continued)

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.

There is no direct link between Non-Executive Directors' remuneration and the annual results of the Company. The Non-Executive Directors are not entitled to performance bonus. There were no changes to the Non- Executive Directors remuneration in the year ended 31 March 2024.

Statement of voting on the Directors' remuneration report at the previous AGM

During the AGM held on 27 September 2023, voting was done by the ballot to approve the Directors' Remuneration Report. The results of the vote were as below:

Agenda	Vote	Total Votes	As a percentage of total votes cast
Directors' remuneration report	For	389,666,576	96%
	Against	10,419,206	3%
	Withheld	6,120,897	1%
Total votes casted		406,206,679	100%





Directors' Remuneration Report (Continued)

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 2024 together with the comparative figures for 2023. The aggregate Directors' emoluments are shown on note 12.1 (iv) to the financial statements and these had been paid as at the end of the financial year.

Year ended 31 March 2024	Salary Kshs'000	Pension Kshs'000	Fees Kshs'000	Total Kshs'000
Dr. Donald Kaberuka (Chairman)	-	-	2,245	2,245
Mrs. Catherine Mturi-Wairi	-	-	2,733	2,733
Kenya Development Corporation Limited	-	-	191	191
Mr. Andrew Musangi	-	-	2,541	2,541
Hon. William Byaruhanga	-	-	2,220	2,220
Dr. Laila Macharia	-	-	3,290	3,290
Ms. Norah Ratemo	-	-	1,921	1,921
Mrs. Catherine Igathe	-	-	2,922	2,922
Dr. Moses Ikiara	-	-	2,868	2,868
Mrs. Susan Wakhungu-Githuku	-	-	2,541	2,541
Dr. James Mworira	60,019	4,501	-	64,520
	60,019	4,501	23,472	87,992
Year ended 31 March 2023	Salary Kshs'000	Pension Kshs'000	Fees Kshs'000	Total Kshs'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 Mworira	45,509	3,343	-	48,852
	45,509	3,343	24,456	73,308

On behalf of the Board

Dr. Laila Macharia

Chairperson, Nomination and Governance Committee

27 July 2024

Statement of Directors' Responsibilities

The directors are responsible for the preparation and presentation of the financial statements of the company and its subsidiaries (together the Group) set out on pages 107 to 247 which comprise the consolidated and company statements of financial position at 31 March 2024, and the Consolidated and Company statements of profit or loss and other comprehensive income, the Consolidated and Company statements of changes in equity and the Consolidated and Company statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

The directors' responsibilities include: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the Consolidated and Company financial statements in the circumstances, preparation and financial statements in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Kenyan Companies Act, 2015 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Under the Kenyan Companies Act, 2015, the directors are required to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and Company as at the end of the financial year and of the profit or loss of the Group and Company for that year. It also requires the directors to ensure the Group and Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and Company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with IFRS Accounting Standards and in the manner required by the Kenyan Companies Act, 2015. The directors are of the opinion that the Group's and Company's financial statements give a true and fair view of the financial position of the Group and Company and of its profit or loss.

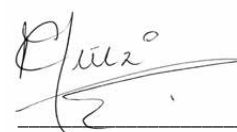
The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of Group and Company financial statements, as well as adequate systems of internal financial control. Having assessed the Group's and Company's ability to continue as a going 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.

APPROVAL OF THE GROUP AND COMPANY FINANCIAL STATEMENTS

The Group and Company financial statements of Centum Investment Company Plc, as indicated above, were approved and authorised for issue by the Board of Directors at a meeting held on 27 July 2024.



Dr. James M. Mworia
Director



Catherine Mturi- Wairi
Director





KPMG Kenya
Certified Public Accountants
8th Floor, ABC Towers
Waiyaki Way
PO Box 40612 00100 GPO
Nairobi, Kenya

Telephone +254-20-2806000
Email info@kpmg.co.ke
Website www.kpmg.com/estafrica

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

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Centum Investment Company Plc (the "Group" and "Company") set out on pages 107 to 247 which comprise the consolidated and company statements of financial position as at 31 March 2024, and the consolidated and company statements of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Centum Investment Company Plc as at 31 March 2024, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Fair value measurement of unquoted investments in the consolidated and separate financial statements

The disclosure associated with the fair value measurement of unquoted investments is set out in the consolidated and separate financial statements in the following notes:

- Note 1.4.4 (iii) Financial instruments: Measurements of equity instruments
- Note 1.5.1 – Critical accounting judgements, estimates, and assumptions on valuation of unquoted investments.
- Note 5.2 – Investments: Unquoted equity investments.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTUM INVESTMENT COMPANY PLC (CONTINUED)

Report on the audit of the consolidated and separate financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
The Group holds material unquoted investments amounting KShs 4.3 billion comprising investments in unlisted entities, measured at fair value. The Group and Company use the comparable multiples and adjusted net assets methods in determining the fair value of the unquoted investments. This involves significant estimates and assumptions of unobservable inputs such as comparable market multiples, marketability discounts and control premiums. These inputs depend on various sources of external and internal data and the use of sophisticated modelling techniques. As a result of the above, the disclosures relating to the valuation of these complex financial instruments are also significant. Changes in these assumptions could also result in material adjustments to the carrying amounts of the investments and the recorded gains/losses at the end of year. We have therefore identified the valuation of investment property as a key audit matter due to the materiality of the carrying amount and the significant judgement and assumptions underlying the valuation.	We assessed the management's processes and controls for determination of fair values of investments, including the oversight from those charged with governance. This included assessing the design and implementation of controls related to the valuation process. For a sample of investments, we engaged our internal valuation experts to: — perform independent calculations and assessed them against key management assumptions and judgements used. — assessed the appropriateness and consistency of the valuation methods used and the underlying assumptions such as the selected comparable market multiples, marketability discounts and control premiums amongst others by comparing them to independent data sources. We assessed the appropriateness of the fair value disclosures with reference to the requirements of IFRS 13 <i>Fair Value Measurement</i> by considering the judgement in the key valuation inputs and assumptions.
Valuation of investment properties in the consolidated financial statements The disclosure associated with the valuation of investment properties is set out in the consolidated financial statements in the following notes: — Note 1.5.4 – Critical accounting judgements, estimates, and assumptions on investment properties. — Note 5.1.2 – Investments: Investment properties.	
Key audit matter	How our audit addressed the Key audit matter
The Group holds investment properties amounting to Ksh 50 billion measured at fair value. The Group used the market approach to measure investment properties of Ksh 38 billion and the income approach to measure investment properties of Ksh 12 billion. The Group uses external independent property valuers to determine the fair values of investment properties at the year-end.	We assessed the management's processes and controls over the valuation of investment properties, including oversight from those charged with governance. This included assessing the design and implementation of controls related to the valuation process. Using our own valuation specialists, we evaluated the reasonableness of the inputs used in the discounted cash flow model. This included:



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTUM INVESTMENT COMPANY PLC (CONTINUED)

Report on the audit of the consolidated and separate financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
The fair value of investment properties is determined based on the most appropriate methodology applicable to the specific property. Methodologies include the market comparable approach that reflects recent transaction prices for similar properties, discounted cash flows and income capitalisation methodologies.	— assessing the accuracy of the projected rental income and projected expenses (related costs) used in the valuation model to supporting lease contracts and historical expenditure patterns based on prior year actual costs and the projected inflationary adjustments to costs.
The valuation process, under the income approach, involves significant estimates and assumptions of unobservable inputs in the valuation models such as 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 have therefore identified the valuation of investment property using the income approach as a key audit matter due to the materiality of the carrying amount and the significant judgement underlying the valuation.	— Challenged the appropriateness of the discount rate and terminal yield rates used in the valuation by comparing the discount rate to market rates and terminal yield to available industry data, taking into consideration comparability to houses indices and market factors. Evaluating the adequacy of financial statements disclosures, including disclosures of key judgements and assumptions used in determining fair values in accordance with the requirements of IFRS 13 <i>Fair Value Measurements</i>.

Other matter

The consolidated and separate financial statements of Centum Investment Company Plc as at and for the year ended 31 March 2023 were audited by another auditor who expressed an unmodified opinion on those consolidated and separate financial statements on 27 July 2023.

Other information

The directors are responsible for the other information. The other information comprises the information included in the *2024 Integrated Report & Financial Statements*, but does not include the consolidated and separate financial statements, and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, other than that prescribed by the Kenya Companies Act, 2015, as set out below.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTUM INVESTMENT COMPANY PLC (CONTINUED)

Report on the audit of the consolidated and separate financial statements (continued)

Directors' responsibilities for the consolidated and separate financial statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Kenyan Companies Act, 2015 and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, Directors are responsible for assessing the Group's 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 and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and 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 consolidated and separate 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 and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CENTUM INVESTMENT COMPANY PLC (CONTINUED)

Report on the audit of the consolidated and separate financial statements (continued)

Auditor's responsibilities for the audit of the consolidated and separate financial statements – continued

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated 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 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Kenyan Companies Act, 2015 we report to you, solely based on our audit of the consolidated and separate financial statements, that in our opinion:

- (i) The information given in the Report of the Directors on pages 95 to 97 is consistent with the consolidated and separate financial statements; and
- (ii) The auditable part of the directors' remuneration report on page 99 has been prepared in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Maurice Gachuhi, Practicing Certificate No P/2699.

For and on behalf of:

KPMG Kenya
Certified Public Accountants
PO Box 40612 - 00100
Nairobi

Date: 9 September 2024

Consolidated statement of profit or loss and other comprehensive income

	Notes	2024 Ksh'000	2023 Ksh'000
Revenues from contracts with customers	2.2	7,948,299	5,505,418
Interest income recognised using the effective interest method	2.4	3,351,867	5,246,920
Interest expense	2.7	(2,023,633)	(2,920,756)
Net interest income		1,328,234	2,326,164
Total revenues		9,276,533	7,831,582
Cost of sales	2.6.3	(5,611,836)	(3,097,896)
Gross profit		3,664,697	4,733,686
Change in fair value of investment property	5.1.2	7,097,584	2,129,175
Gain associated with loss of control of subsidiary	13	145,703	-
Other income	2.3	102,123	166,199
Operating and administrative expenses	2.6.1(a)	(4,043,753)	(4,506,137)
Provision for impairment of assets	2.6.1(b)	(1,009,743)	(5,227,588)
Operating profit/(loss)		5,956,611	(2,704,665)
Finance costs	2.7	(2,966,954)	(2,430,079)
Share of loss of associates	6.2.1	(81,513)	-
Share of loss of joint ventures	6.2.2	-	(1,116,581)
Profit/(loss) before tax		2,908,144	(6,251,325)
Income tax expense	3.1	(304,404)	(1,063,265)
Profit/(loss) after tax		2,603,740	(7,314,590)
Other comprehensive income for the year			
<i>Items that will not be reclassified to profit or loss</i>			
Change in fair value of unquoted investments	5.2	(402,091)	(596,044)
Change in fair value of quoted investments	5.3	-	(1,110)
Deferred income tax thereon	3.2	2,579	966
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Currency translation differences		337,132	(1,166,225)
Total other comprehensive income		(62,380)	(1,762,413)
Total comprehensive income for the year		2,541,360	(9,077,003)
Total comprehensive income for the year is attributable to:			
Owners of the parent		2,745,050	(5,942,023)
Non-controlling interests		(203,690)	(3,134,980)
		2,541,360	(9,077,003)

The notes to the consolidated and company financial statements shown in pages 118 to 247 are integral to these financial statements.





Consolidated statement of profit or loss and other comprehensive income (continued)

	Notes	2024 Ksh'000	2023 Ksh'000
Trading business:			
Sales	2.2	2,595,028	1,961,862
Cost of sales	2.6.3	(2,087,287)	(1,237,839)
Gross profit		507,741	724,023
Operating and administrative expenses	2.6.1	(864,378)	(642,336)
Impairment loss	2.6.1 (b)	(114,428)	(58,371)
Finance costs	2.7	(234,838)	(142,343)
Trading Loss		(705,903)	(119,027)
Real estate:			
Residential unit sales	2.2	3,737,397	1,931,525
Cost of sales	2.6.3	(3,267,338)	(1,645,872)
Gross profit		470,059	285,653
Other income	2.3	43,466	88,952
Operating and administrative expenses	2.6.1(a)	(663,517)	(685,324)
Operating loss		(149,992)	(310,719)
Change in fair value of investment properties	5.1.2	3,698,481	2,129,175
Gain on disposal of investment properties	5.1.2	55,695	75,608
Finance income/(costs)	2.7	(1,091,094)	124,394
Profit from real estate operations		2,513,090	2,018,458
Two Rivers investment operations:			
Sale of goods and services (utilities)	2.2	314,174	234,866
Cost of sales	2.6.3	(257,211)	(214,185)
Other income	2.3	13,805	16,255
Operating and administrative expenses	2.6.1(a)	(184,822)	(182,113)
Share of loss from joint venture	6.2.2	-	(1,116,581)
Provision for impairment of assets - shareholder loans	2.6.1(b)	36,961	(3,875,015)
Finance costs	2.7	(888,365)	(1,953,589)
Loss from Two Rivers investment operations		(965,458)	(7,090,362)
Financial services:			
Income from provision of financial services	2.5	4,035,227	6,373,761
Interest expenses	2.7	(2,023,633)	(2,920,756)
Net impairment of loans and advances	7.1	(707,933)	(567,116)
Operating and administrative expenses	2.6.1(a)	(1,643,879)	(2,519,614)
Provision for impairment of assets	2.6.1(b)	(224,343)	(31,914)
Gain associated with loss of control of subsidiary	13	145,703	-
Share of loss of associate	6.2.1	(81,513)	-
Operating profit from financial services		(500,371)	334,361
Investment operations:			
Investment and other income	2.5	607,436	235,708
Operating and administrative expenses	2.6.1(a)	(556,947)	(476,750)
Provision for impairment of other assets	2.6.1(b)	-	(695,172)
Finance costs	2.7	(403,386)	(458,541)
Operating loss from investment operations		(352,897)	(1,394,755)
Two Rivers Special Economic Zone			
Other income	2.3	60	-
Operating and administrative expenses	2.6.1(a)	(130,210)	-
Finance costs	2.7	(349,270)	-
Change in fair value of investment properties	5.1.2	3,399,103	-
Operating profit from investment operations		2,919,683	-
Profit/(loss) before income tax		2,908,144	(6,251,325)
Income tax expense	3.1	(304,404)	(1,063,265)
Profit/(loss) for the year		2,603,740	(7,314,590)
Attributable to:			
Owners of the parent		2,807,430	(4,179,610)
Non-controlling interests		(203,690)	(3,134,980)
		2,603,740	(7,314,590)
Earnings per share (Basic and diluted)	2.9	4.27	(6.32)

The notes to the consolidated and company financial statements shown in pages 118 to 247 are integral to these financial statements.

Company statement of profit or loss and other comprehensive income

	Notes	2024 Ksh'000	2023 Ksh'000
Investment income	2.2	721,191	265,718
Interest income recognised using the effective interest method	2.4	441,736	1,074,912
Other (expense)/income	2.3	(10,904)	791,170
Total income		1,152,023	2,131,800
Expenses			
Operating and administrative expenses	2.6.1(a)	(579,711)	(511,503)
Finance costs	2.7	(294,688)	(458,541)
Operating profit		277,624	1,161,756
Provision for impairment of assets	2.6.1(b)	-	(954,412)
Profit before income tax		277,624	207,344
Income tax credit/(expense)	3.1	278,345	(268,183)
Profit/(Loss) for the year		555,969	(60,839)
Other comprehensive income for the year			
<i>Items that will not be subsequently reclassified to profit or loss</i>			
Change in fair value of investments in subsidiaries	6.1	6,164,025	(3,028,369)
Change in fair value of unquoted investments	5.2	(342,389)	(212,969)
Deferred income tax charge	3.2	(873,240)	(1,627,785)
Total other comprehensive income/(loss)		4,948,396	(4,869,123)
Total comprehensive income/(loss) for the year		5,504,365	(4,929,962)

The notes to the consolidated and company financial statements shown in pages 118 to 247 are integral to these financial statements.





Consolidated statement of financial position

	Notes	2024 Ksh'000	2023 Ksh'000
Assets			
Property, plant and equipment	8.1	2,947,645	2,916,041
Investment properties	5.1.2	50,472,767	43,855,237
Inventories - Residential houses	5.1.1	8,114,183	8,871,837
Intangible assets - software	8.2	782,875	993,835
Deferred income tax	3.2	1,009,312	739,402
Right of use assets	8.3	141,425	60,644
Investments:			
- Associates	6.2.1	3,009,038	1,006,497
- Unquoted equity investments	5.2	4,332,226	4,825,113
- Quoted investments	5.3	15	3,792
- Government securities and corporate bonds	7.2	584,118	1,889,358
Finance lease receivable	8.3.2	8,500	227,835
Loans and advances	7.1	271,180	100,927
Inventories	4.1	612,530	877,882
Biological assets	8.5	30,335	19,103
Current income tax	3.1	383,938	419,152
Other receivables and prepayments	4.2	1,545,628	1,523,639
Trade receivables	4.2	493,301	564,008
Restricted cash	4.3.1	1,732	636,887
Cash and bank balances	4.3	1,431,113	542,873
		76,171,861	70,074,062
Assets classified as held for sale	8.4	-	42,665,245
Total assets		76,171,861	112,739,307
Capital and reserves			
Share capital	11.1	332,721	332,721
Treasury shares	11.1	(67,209)	(36,709)
Share premium	11.1	589,753	589,753
Other reserves	11.2	(505,196)	(442,816)
Retained earnings		38,491,054	35,451,996
Proposed dividends	11.3	210,000	400,000
Total equity attributable to equity holders of the company		39,051,123	36,294,945
Non-controlling interests	6.1	713,260	811,178
Total equity		39,764,383	37,106,123
Liabilities			
Borrowings (excluding banking subsidiary)	9.1	16,590,542	19,677,780
Deferred income tax	3.2	6,380,079	5,720,803
Lease liabilities	8.3	162,735	73,966
Presales customer deposits	4.5	6,735,765	8,161,179
Payables and accrued expenses	4.4	6,070,312	4,427,839
Current income tax	3.1	24,482	8,007
Dividends payable	11.3	443,563	249,158
Total liabilities		36,407,478	38,318,732
Liabilities directly associated with assets classified as held for sale	8.4	-	37,314,452
Total equity and liabilities		76,171,861	112,739,307

The financial statements on pages 107 to 247 were approved by the Board of Directors on 27 July 2024 and signed on its behalf by:

Dr. James M. Mworia
Director

Catherine Mturi- Wairi
Director

The notes to the consolidated and company financial statements shown in pages 118 to 247 are integral to these financial statements.

Company statement of financial position

	Notes	2024 Ksh'000	2023 Ksh'000
Assets			
Property and equipment	8.1	69,195	78,931
Intangible assets	8.2	348	405
Right of use assets	8.3	64,344	-
		133,887	79,336
Investments:			
- Investment in subsidiaries	6.1	30,786,107	17,752,529
- Debt investment in subsidiaries	12.1	11,229,808	10,344,329
- Unquoted equity investments	5.2	4,401,846	4,687,380
- Government securities and commercial papers	7.2	1,013,887	4,104,368
		47,431,648	36,888,606
Receivables and prepayments	4.2	36,798	77,341
Current income tax	3.1	160,362	105,808
Cash and bank balances	4.3	319,939	348,250
		517,099	531,399
Assets classified as held for sale	8.4	-	4,238,141
Total assets		48,082,634	41,737,482
Capital and reserves			
Share capital	11.1	332,721	332,721
Treasury shares	11.1	(67,209)	(36,709)
Share premium	11.1	589,753	589,753
Other reserves	11.2	19,158,925	14,210,529
Retained earnings		20,817,805	20,471,836
Proposed dividends	11.3	210,000	400,000
Total equity		41,041,995	35,968,130
Liabilities			
Borrowings	9.1	1,950,589	2,248,171
Deferred income tax	3.2	3,326,587	2,732,082
Lease liabilities	8.3	64,818	-
Payables and accrued expenses	4.4	1,255,082	539,941
Dividends payable	11.3	443,563	249,158
Total liabilities		7,040,639	5,769,352
Total equity and liabilities		48,082,634	41,737,482

The financial statements on pages 107 to 247 were approved by the Board of Directors on 27 July 2024 and signed on its behalf by:



Dr. James M. Mworira
Director



Catherine Mturi- Wairi
Director

The notes to the consolidated and company financial statements shown in pages 118 to 247 are integral to these financial statements.





Consolidated statement of changes in equity

Year ended 31 March 2024		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 Kshs'000
At start of year			332,721	589,753	(36,709)	(442,816)	35,451,996	400,000	36,294,945	811,178	37,106,123
Comprehensive income											
Profit/(Loss) for the year			-	-	-	-	2,807,430	-	2,807,430	(203,690)	2,603,740
Other comprehensive income:											
Changes in fair value of unquoted investments		5.2	-	-	-	(402,091)	-	-	(402,091)	-	(402,091)
Currency translation differences			-	-	-	337,132	-	-	337,132	-	337,132
Deferred income tax thereon		3.2	-	-	-	2,579	-	-	2,579	-	2,579
Total other comprehensive loss			-	-	-	(62,380)	-	-	(62,380)	-	(62,380)
Total comprehensive income/(loss)			-	-	-	(62,380)	2,807,430	-	2,745,050	(203,690)	2,541,360
Transactions with owners in their capacity as owners:											
First and final 2023 dividends paid		11.3	-	-	-	-	-	(400,000)	(400,000)	-	(400,000)
Proposed 2024 dividends		11.3	-	-	-	-	(210,000)	210,000	-	-	-
Gain on acquisition of non-controlling interest			-	-	-	-	441,628	-	441,628	-	441,628
Acquisition of additional non-controlling interest			-	-	-	-	-	-	-	976,996	976,996
Transactions with non-controlling interest			-	-	-	-	-	-	-	(871,224)	(871,224)
Share buyback			-	-	(30,500)	-	-	-	(30,500)	-	(30,500)
At end of year			332,721	589,753	(67,209)	(505,196)	38,491,054	210,000	39,051,123	713,260	39,764,383

The notes to the consolidated and company financial statements shown in pages 118 to 247 are integral to these financial statements.

Consolidated statement of changes in equity

Year ended 31 March 2023	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
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 income										
Profit/Loss for the year		-	-	-	-	(4,179,610)	-	(4,179,610)	(3,134,980)	(7,314,590)
Other comprehensive income:										
Changes in fair value of unquoted investments	5.2	-	-	-	(596,044)	-	-	(596,044)	-	(596,044)
Change in fair value of quoted investments	5.3	-	-	-	(1,110)	-	-	(1,110)	-	(1,110)
Currency translation differences		-	-	-	(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)	-	(5,942,023)	(3,134,980)	(9,077,003)
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)	35,451,996	400,000	36,294,945	811,178	37,106,123

The notes to the consolidated and company financial statements shown in pages 118 to 247 are integral to these financial statements.



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	41,325,784
	Comprehensive income							
	Loss for the year	-	-	-	-	(60,839)	-	(60,839)
	Other comprehensive income:							
	Changes in fair value of investments in subsidiaries	-	-	-	(3,028,369)	-	-	(3,028,369)
	Change in fair value of unquoted investments	-	-	-	(212,969)	-	-	(212,969)
	Deferred income tax thereon	-	-	-	(1,627,785)	-	-	(1,627,785)
	Total other comprehensive loss	-	-	-	(4,869,123)	-	-	(4,869,123)
	Total comprehensive loss	-	-	-	(4,869,123)	(60,839)	-	(4,929,962)
	Transactions with owners							
	Proposed 2023 dividends	-	-	-	-	(400,000)	400,000	-
	First and final 2022 dividends paid	-	-	-	-	-	(390,983)	(390,983)
	Share buy back	-	-	(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

The notes to the consolidated and company financial statements shown in pages 118 to 247 are integral to these financial statements.

Company statement of changes in equity

Year ended 31 March 2024		Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Proposed dividends	Total equity
		Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year		332,721	589,753	(36,709)	14,210,529	20,471,836	400,000	35,968,130
Comprehensive income								
Profit for the year		-	-	-	-	555,969	-	555,969
Other comprehensive income:								
Changes in fair value of investments in subsidiaries		-	-	-	6,164,025	-	-	6,164,025
Change in fair value of unquoted investments		-	-	-	(342,389)	-	-	(342,389)
Deferred income tax thereon		-	-	-	(873,240)	-	-	(873,240)
Total other comprehensive income		-	-	-	4,948,396	-	-	4,948,396
Total comprehensive loss		-	-	-	4,948,396	555,969	-	5,504,365
Transactions with owners								
First and final 2023 dividends paid		-	-	-	-	-	(400,000)	(400,000)
Proposed 2024 dividends		-	-	-	-	(210,000)	210,000	-
Share buy back		-	-	(30,500)	-	-	-	(30,500)
At end of year		332,721	589,753	(67,209)	19,158,925	20,817,805	210,000	41,041,995

The notes to the consolidated and company financial statements shown in pages 118 to 247 are integral to these financial statements.





Consolidated statement of cash flows

	Notes	2024 Ksh'000	2023 Ksh'000
Cash flows from operating activities			
Cash generated from operations	2.8	531,739	(509,357)
Interest income	2.4	3,351,867	5,246,920
Income tax paid	3.1	(65,004)	(155,061)
Interest paid on lease liability	8.3	(13,724)	(271,324)
Net cash flows from operating activities		3,804,878	4,311,178
Cash flows from investing activities			
Purchase of investment properties	5.1.2	(15,740)	(31,931)
Purchases of property, plant and equipment	8.1	(321,529)	(558,101)
Purchases of intangible assets	8.2	(64,279)	(253,112)
Purchase of shares in associates	6.2.1	(20,048)	(27,592)
Purchase of unquoted equity investments	5.2	(57,715)	(79,347)
Purchase of quoted equity investments	5.3	(1)	(156,144)
Purchase of commercial papers at amortised cost	7.2.3	(1,073,198)	(352,464)
Purchase of corporate bonds at amortised cost	7.2.4	(407,307)	(781,516)
Purchase of government securities at fair value through profit or loss	7.2.1	(342,514)	(259,382)
Purchase of government securities at amortised cost	7.2.2	(299,799)	(4,521,370)
Consideration received on sale of subsidiary	13	(874,210)	-
Proceeds from disposal of investment property (land)	5.1.2	290,800	172,390
Proceeds from disposal of property, plant and equipment		1,981	51,559
Proceeds from disposal of unquoted investments	5.2	150,203	128,703
Proceeds from disposal of commercial papers	7.2.4	757,264	503,789
Proceeds from disposal of quoted investments	5.3	3,378	159,537
Net Proceeds on disposal of government securities at fair value through profit or loss	7.2.1	870,371	604,019
Net Proceeds on disposal of government securities at amortised cost	7.2.2	490,301	5,457,001
Net Proceeds from disposal of corporate bonds at amortised cost	7.2.3	1,498,582	1,331,120
Net cash flows from investing activities		586,540	1,387,159
Cash flows from financing activities			
Proceeds from borrowings	9.1	2,066,047	7,554,640
Purchase of treasury shares	11.1	(30,500)	(36,709)
Repayments of borrowings	9.1	(7,155,433)	(10,875,852)
Interest paid on borrowings	9.1	(1,230,884)	(1,916,674)
Dividends paid	11.3	(205,595)	(415,164)
Payment of principal portion of lease liabilities	8.3	(25,783)	(458,351)
Net cash flows used in financing activities		(6,582,148)	(6,148,110)
(Decrease) in cash and cash equivalents		(2,190,730)	(449,773)
Movement in cash and cash equivalents			
At start of year		2,908,746	3,264,197
Decrease		(2,190,730)	(449,773)
Effect of movements in exchange rates on cash held		(172,330)	94,322
At end of year	4.3	545,686	2,908,746

The notes to the consolidated and company financial statements shown in pages 118 to 247 are integral to these financial statements.

Company statement of cash flows

	Notes	2024 Ksh'000	2023 Ksh'000
Cash flows from operating activities			
Cash generated from operations	2.8	2,793,168	1,520,291
Interest income	2.4	441,736	1,074,912
Income tax paid	3.1	(54,944)	(5,734)
Interest paid on lease liability	8.3	(2,829)	-
Net cash flows from operating activities		3,177,131	2,589,469
Cash flows from investing activities			
Purchase of property and equipment	8.1	(3,916)	(8,237)
Purchases of intangible assets	8.2	-	(418)
Investment in subsidiaries	6.1	(4,869,062)	-
Net debt investment in subsidiaries	12.1	(885,479)	(862,554)
Proceeds from sale of unquoted investments	5.2	-	128,703
Proceeds from sale of quoted securities	5.3	-	136,345
Proceeds from sale of government securities and corporate bonds	7.2.2 & 7.2.3	5,691,373	5,238,112
Purchase of quoted investments	5.3	-	(128,784)
Purchase of shares in unquoted investments	5.2	(56,855)	(79,347)
Purchase of government securities and corporate bonds	7.2	(2,139,832)	(4,720,333)
Net cash flows used in investing activities		(2,263,771)	(296,513)
Cash flows from financing activities			
Repayment of borrowings	9.1	(500,000)	(1,741,872)
Interest paid on borrowings	9.1	(314,945)	(360,304)
Payment of principal portion of lease liabilities	8.3	(5,376)	-
Dividends paid	11.3	(205,595)	(415,164)
Share buyback	11.1	(30,500)	(36,709)
Net cash flows used in financing activities		(1,056,416)	(2,554,049)
Decrease in cash and cash equivalents		(143,056)	(261,093)
Movement in cash and cash equivalents			
At start of year		(399,998)	9,567
Decrease		(143,056)	(261,093)
Effect of movements in exchange rates on cash held		(33,389)	(148,472)
At end of year	4.3	(576,443)	(399,998)

The notes to the consolidated and company financial statements shown in pages 118 to 247 are integral to these financial statements.





Notes to the Financial Statements

1 Accounting framework and critical judgements

1.1 General information

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

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 IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

The 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 Accounting Standards as issued by the International Accounting Standards Board (IASB), 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

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

The following standards and interpretations have been applied by the Group and Company for the first time for the financial reporting period commencing on or after 1 April 2023. These amendments did not have a material impact on the Company's financial statements.

IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Group does not have any material contracts that meet the definition of an insurance contract under IFRS 17.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors –Definition of Accounting Estimates

The Group has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted.

Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.2 Basis for preparation (continued)

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

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies

The Group has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'material accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Amendments to IAS 12 Income Taxes —Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12."

Amendments to IAS 12 - Deferred tax relief

The amendments introduce a temporary mandatory relief from accounting for deferred tax that arises from legislation implementing the GloBE (global anti-base erosion) model rules. Under the relief, companies are effectively exempt from providing for and disclosing deferred tax related to top-up tax. However, they need to disclose that they have applied the relief.

The relief is effective immediately and applies retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. It will apply until the IASB decides either to remove it or to make it permanent.

International Tax Reform – Pillar Two Model Rules

Other disclosures – Top-up tax exposure

The amendments introduced under IAS 12 also facilitate new disclosures, that companies will be required to provide in their financial statements from 31 December 2023. No disclosures are required in interim periods ending on or before 31 December 2023.





Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.2 Basis for preparation (continued)

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

International Tax Reform – Pillar Two Model Rules (continued)

Disclosures before and after top-up tax applies

Once tax law is enacted but before top-up tax

Companies are required to disclose information that is known or can be reasonably estimated and helps users of the financial statements to understand its exposure to Pillar Two income taxes at the reporting date.

Disclosures may include quantitative information such as the portions of profit that may be subject to Pillar Two income taxes and qualitative information such as how the company is affected and in which jurisdictions the exposures arise.

If information is not known or cannot be reasonably estimated at reporting date, then a company discloses a statement to that effect and provides details on its progress in assessing the expected impact.

After top-up tax is effective

After top-up tax is effective disclosure is required of the current tax expense related to top up tax.

The table below summarises the new and amended standards adopted by the Group and Company, the effective dates and the expected impact:-

Standard	Effective for annual periods beginning on or after	Expected Impact
IFRS 17 Insurance Contracts	01-Jan-23	No Impact
Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.	01-Jan-23	Low
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2.	01-Jan-23	Low
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction - Amendments to IAS 12 Income Taxes.	01-Jan-23	Low
International Tax Reform—Pillar Two Model Rules - Amendments to IAS 12.	23-May-23	Low
Amendments to the IFRS for SMEs Accounting Standard -International Tax Reform – Pillar Two Model Rules.	29-Sep-23	No Impact

Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.2 Basis for preparation (continued)

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

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2023 and earlier application is permitted; however, the Group and Company has not early adopted them in preparing these consolidated financial statements. These are summarised below:

Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

The Directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's financial statements.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

The Directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures —Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information. To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:





Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.2 Basis for preparation (continued)

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

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures –Supplier Finance Arrangements (Continued)

- The terms and conditions of the arrangements;
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements;
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement; and
- Liquidity risk information.

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. The Directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's financial statements.

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures

The objective of IFRS S1 is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S1 requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects').

IFRS S1 prescribes how an entity prepares and reports its sustainability-related financial disclosures. It sets out general requirements for the content and presentation of those disclosures so that the information disclosed is useful to users in making decisions relating to providing resources to the entity.

The objective of IFRS S2 on the other hand is to require an entity to disclose information about its climate-related risks and opportunities that is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 requires an entity to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects').

IFRS S2 applies to:

- a. climate-related risks to which the entity is exposed, which are:
 - i. climate-related physical risks; and
 - ii. climate-related transition risks; and
- b. climate-related opportunities available to the entity.

The Group is in the process of assessing the impact of these amendments. The implementation and the effective dates of IFRS Sustainability Disclosure Standards are also subject to local regulation.

Lack of exchangeability (Amendments to IAS 21)

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. A lack of exchangeability might arise when a government imposes currency controls in response to macro-economic instability and balance-of-payments problems. In addition, the currencies of hyperinflationary economies often experience a lack of exchangeability.

Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.2 Basis for preparation (continued)

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

Lack of exchangeability (Amendments to IAS 21) (Continued)

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. In making that assessment, an entity must consider its ability to obtain the other currency, rather than its intention or decision to do so. A currency is not exchangeable into the other currency if the entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purposes.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted, in which case, an entity is required to disclose that fact.

The Directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's financial statements.

Classification and measurement requirements for financial instruments (Amendments to IFRS 7 and IFRS 9)

Classification of financial assets with contingent feature

The amendments introduce an additional SPPI (solely payment of principal and interest) test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG (environmental, social, and governance) target specified in the loan contract.

Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

Other amendments

Contractually linked instruments (CLIs) and non-recourse features

The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test).

Disclosures on investments in equity instruments

The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI).

The amendments apply for reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

The amendments to IFRS 7 and IFRS 9 are effective from 1 January 2026. The amendments include guidance on the classification of financial assets, including those with contingent features. Further, the amendments clarify the key characteristics of contractually linked instruments and how they differ from financial assets with non-recourse features. The amendments also require additional disclosures for investments in equity instruments that are measured at fair value through other comprehensive income. Lastly, the amendments clarify when a financial asset or a financial liability is recognised and derecognised and to provide an exception for derecognition of certain financial liabilities when settled using an electronic payment system.

The Group is in the process of assessing the impact of these amendments, particularly with respect to the collation of additional information needed to assess the recognition and derecognition of financial instruments, as well as to meet the new disclosure requirements.





Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.2 Basis for preparation (continued)

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

Presentation and Disclosures in Financial Statements (IFRS 18)

IFRS 18 promotes a more structured income statement, in particular, it introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories being, operating, investing and financing activities, based on a company's main business activities. However, the Group's and Company's net profit will not change.

IFRS 18 also requires companies to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. If any items are presented by function on the face of the income statement (e.g. cost of sales), then a company provides more detailed disclosures about their nature.

IFRS 18 also requires the disclosure of Management Performance Indicators ("MPMs") which are subject to audit. They are designed to capture some but not all 'non-GAAP' measures. The standard requires MPMs to be:

- a subtotal of income and expenses;
- used in public communications outside the financial statements; and
- reflective of management's view of financial performance.

For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconciled to an amount determined under IFRS Accounting Standards. Furthermore, a company must state that it provides management's view of financial performance and is not necessarily comparable to those of other companies. Any changes or new MPMs must also be explained.

Under IFRS 18, which is effective from 1 January 2027, companies net profit will not change. What will change is how the results are presented on the face of the income statement as well as the notes to the financial statements. This includes disclosure of certain "non-GAAP" measures – management performance measures (MPMs) which will form part of the audited financial statements. The Group is in the process of assessing the impact of the amendments, particularly with respect to the collation of additional information needed to meet the new disclosure requirements.

Subsidiaries without Public Accountability: Disclosures (IFRS 19)

Subsidiaries of companies using IFRS Accounting Standards can substantially reduce their disclosures and focus more on users' needs following the release of IFRS 19.

A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date:

- it does not have public accountability;
- its parent produces consolidated financial statements under IFRS Accounting Standards.

A subsidiary applying IFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with IFRS Accounting Standards that IFRS 19 has been adopted.

Under IFRS 19, which is effective from 1 January 2027, eligible subsidiaries can choose to apply the reduced disclosure requirements as set out in the standard. The company is not eligible to apply the reduced disclosure requirements of the standard as it has a public accountability as it is listed.

Sale or Contribution of Assets between an Investor and its Associate or Company (Amendments to IFRS 10 and IAS 28)

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.2 Basis for preparation (continued)

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

Sale or Contribution of Assets between an Investor and its Associate or Company (Amendments to IFRS 10 and IAS 28) (continued)

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 Presentation of Financial Statements –Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date). The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

The Directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's financial statements.

The table below summarises the new and amended standards adopted by the Group and Company, the effective dates and the expected impact:-

Standards/Interpretation	Effective Date
Lease liability in a sale and leaseback - Amendments to IFRS 16	01-Jan-24
Amendments to IAS 1 -Classification of Liabilities as Current or Non-current	01-Jan-24
Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements	01-Jan-24
IFRS S General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures	01-Jan-24
Lack of exchangeability (Amendments to IAS 21)	01-Jan-25
IFRS 7 and IFRS 9 amendments.	01-May-24
Classification and measurement requirements for financial instruments Settlement by electronic payments Other amendments	01-Jan-26
IFRS 18 Presentation and Disclosure in Financial Statements	01-Jan-27
IFRS 19 Subsidiaries without Public Accountability: Disclosures	01-Jan-27
Amendments to IFRS 10 and IAS 28-Sale or Contribution of Assets between an Investor and its Associate or Company	Available for optional adoption/effective date deferred indefinitely
Amendments to IAS 1 -Non-current Liabilities with Covenants	01-Jan-24





Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

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 are of the opinion that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. The consolidated and company financial statements therefore have been prepared on a going concern basis.

1.4 Material accounting policies

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

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

1.4.1 Principles of consolidation and equity accounting

i Subsidiaries

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

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

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

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

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

ii Changes in ownership interests in subsidiaries without change of control

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

Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.4 Material accounting policies (continued)

1.4.1 Principles of consolidation and equity accounting (continued)

iii Disposal of Subsidiaries

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

iv Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 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.

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.





Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.4 Material accounting policies (continued)

1.4.1 Principles of consolidation and equity accounting (continued)

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.

Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.4 Material 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 Accounting Standards as issued by the International Accounting Standards Board (IASB) applicable to the specific asset or liability.

ix. Investments in subsidiaries in company financial statements

Investments in the subsidiaries (details of which are disclosed in Note 6.1) are stated in the Company's statement of financial position at fair value. Fair value is based on recent transactions or price multiples, or net asset value.

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.





Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.4 Material accounting policies (continued)

1.4.2 Foreign currency (continued)

Transactions and balances (continued)

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.

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.	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 accumulated amortisation and 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 amortized cost.

Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.4 Material accounting policies (continued)

1.4.3 Measurement principles (continued)

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			
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
Liabilities			
Customer deposits	Amortised cost	Contract liabilities	Nominal 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.





Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.4 Material accounting policies (continued)

1.4.4 Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provision of the measurement.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

A trade receivable without a significant financing component is initially measured at the transaction price.

ii. 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.

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.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.4 Material accounting policies (continued)

1.4.4 Financial instruments (Continued)

iii. Measurement (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. There are government securities, corporate bonds and commercial papers are treated under amortized costs.
- **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. There are Government securities that are treated under FVPL.

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 loss allowances for ECLs on:-

- financial assets measured at amortised cost ('cash and cash equivalents' and 'trade and other receivables');
- debt securities measured at FVOCI; and
- contract assets.

The Group also recognises loss allowances for ECLs on lease receivables which are disclosed as part of trade and other receivables.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following which are measured at 12 months ECL.

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade and other receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.





Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.4 Material accounting policies (continued)

1.4.4 Financial instruments (Continued)

iv. Impairment (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have a low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cashflows due to the entity in accordance with the contract and the cashflows that the Group expects to receive).

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact of the estimated future cashflows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for a security because of financial difficulties.

Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.4 Material accounting policies (continued)

1.4.4 Financial instruments (Continued)

iv. Impairment (continued)

Presentation of allowance for expected credit losses in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

v. Interest income

Effective interest rate and amortised cost

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group and Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Presentation

Interest income and expense presented in profit or loss include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis; interest on debt instruments measured at FVOCI calculated on an effective interest basis;
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense; and
- the effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's and Company's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.





Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.4 Material accounting policies (continued)

1.4.4 Financial instruments (Continued)

v. Interest income (Continued)

Presentation (Continued)

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 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is determined for an individual asset, unless the asset are largely independent of those from other assets or groups of assets. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.4 Material accounting policies (continued)

1.4.6 Contract costs

Costs to obtain a contract i.e. sales commissions are capitalised and expensed when the corresponding revenue from the contract is recognised in the income statement.

1.4.7 Contract liabilities

The Group collects partial payments from the buyers of the residential units that are currently under construction. The Group also collects partial payments from land sales. The advance deposits are accumulated in the statement of financial position as contract liabilities until the requirements of revenue recognition are met.

1.4.8 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 "Material accounting policies."

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:

- 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;
- Market approach for the banking subsidiary - based on a recent transaction between minority shareholders;
- Discounted cash flow methodology which reflects the specifics of the entity and its operating environment;
- 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
- Marketability discounts, based on guidance under International Private Equity and Venture Capital Valuation (IPEV) and IFRS accounting standards. In principle, the Group applies an illiquidity discount between 1% and 30% set out under IPEV guidelines





Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.1 Valuation of Unquoted Investments (continued)

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.

Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.1 Valuation of unquoted investments (continued)

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

Year ended 31 March 2024

Description Unquoted investments: Company	Ownership	Fair value at 31 March 2024	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift+/- (absolute value)	Change in valuation +/- Ksh'000
Isuzu East Africa Limited	17.8%	2,797,139	Comparable trading multiples	EBITDA multiple Marketability discount Discounted EBITDA multiple EBITDA (Ksh 'm) Net debt (Ksh 'm)	8.53x 17.5% 7.04x ND* ND*	1% 5% 10% NA NA	29,104 (29,667) 291,039 NA
NAS Airport Services Limited	15%	1,128,552	Comparable trading multiples	EBITDA multiple Marketability discount Discounted Revenue multiple Revenue (Ksh 'm) Net debt (Ksh 'm)	9.13x 18% 7.53x ND* ND*	1% 5% 10% NA NA	11,160 (11,969) 111,597 NA
Africa Crest Education (ACE) Holdings	17%	428,765	Share of net assets				
Nabo Unit Trust Funds		47,390	Amortised cost				
Total - Company		4,401,846					

* 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

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.1 Valuation of unquoted investments (continued)

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

Year ended 31 March 2023

Description Unquoted investments: Company	Ownership	Fair value at 31 March 2023	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift+/- (absolute value)	Change in valuation +/-
		Ksh'000					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	10%	306,125
				EBITDA (Ksh 'm)	ND*	NA	NA
NAS Airport Services Limited	15%	778,027	Comparable trading multiples	Net debt (Ksh 'm)	ND*	NA	NA
				Revenue multiple	10.25x	1%	7,847
				Marketability discount	18%	5%	(8,252)
				Discounted Revenue multiple	8.46x	10%	78,471
Africa Crest Education (ACE) Holdings	17%	376,859	Share of net assets	Revenue (Ksh 'm)	ND*	NA	NA
				Net debt (Ksh 'm)	ND*	NA	NA
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.

Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.2 Valuation of subsidiaries

Year ended 31 March 2024

Subsidiaries: Company	Ownership	31-Mar-24 Ksh'000	Valuation basis for the year ended 31 March 2024
Centum Real Estate Limited	100%	18,039,425	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%	1,856,066	This is a holding company for the investment in Sidian Bank Limited. It is measured at net asset value however the underlying assets are measured based on the price of a recent transaction.
Longhorn Publishers Plc	60.2%	377,232	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%	-	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%	459,394	This is an investment company involved in fund management and transaction advisory services. It is measured at net asset value.
Greenblade Growers Limited	100%	159,559	This is an agricultural production company. It is measured at net asset value.
Zohari Credit Limited	100%	-	This is a leasing company. It is measured at net asset value.
Tribus TSG Limited	80%	210,299	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%	241,867	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 (TRLCL)	100%	9,442,265	This is an infrastructure development company associated with a functional Economic Zone. It is measured at net asset value.
Two Rivers International Finance and Innovation Center (SEZ) Limited (TRIFIC)	100%	-	This is a company that undertakes the management, operation and maintenance of Special Economic Zone infrastructure and is a 100% held subsidiary of TRILCL. It is measured at net asset value.
Total		30,786,107	

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



Centum Investment Company Plc
Financial Statements for the year ended 31 March 2024

Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.2 Valuation of subsidiaries (Continued)

Year ended 31 March 2024

Description Subsidiaries: Company	Ownership	Fair value at 31 March 2024	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift+/- (absolute value)	Change in valuation +/- Ksh'000
Centum Real Estate Limited	100%	18,039,425	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Two Rivers Development Limited	53.6%	-	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Centum Development Limited	100%	-	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Bakki Holdco Limited	100%	1,856,066	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Vipingo Estates Limited	100%	-	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Longhorn Publishers Plc	60.2%	377,232	Market Price	Not applicable	Not applicable	Not applicable	Not applicable
Rasimu Limited	100%	-	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Nabo Capital Limited	100%	459,394	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Uhuru Heights Limited	100%	-	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Greenblade Growers Limited	100%	159,559	Comparable trading multiples	EBITDA multiple	5.98x	Not applicable	Not applicable
				Marketability discount	30%	1%	3,165,485
				Control premium	20%	5%	(8,864,362)
Zohari Credit Limited	100%	-	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Tribus TSG Limited	80%	210,299	Comparable trading multiples	EBITDA multiple	6.53x	Not applicable	Not applicable
				Marketability discount	30%	1%	2,168,177
				Control premium	20%	5%	(11,683,248)
Tier Data Limited	100%	-	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Jafari Credit Limited	100%	241,867	Discounted cash flows	Weighted average cost of capital	22.72%	Not applicable	Not applicable
				Free cash flows	244,237	0.5%	(73,393)
						10%	(6,340)
Two Rivers Land Company (SEZ) Limited (TRLCL)	80.5%	9,442,265	Recent transaction	Not applicable	Not applicable	Not applicable	Not applicable
Two Rivers International Finance and Innovation Center (SEZ) Limited (TRIFIC)	100%	-	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Total - Company		30,786,107					

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

Valuation:
Sidian Bank Limited

Valuation technique:
Share of subsequent profits or losses and other comprehensive income less any impairment.

Ksh '000
1,982,493

1 Accounting framework and critical judgements

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.2 Valuation of subsidiaries (continued) Year ended 31 March 2023

Description	Owner-ship	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 an investment company that holds the investment in Pearl Marina Estates Limited and Vipingo Development Plc. It is measured at net asset value of which the underlying assets and liabilities are measured at fair value. The investment in residential units and investment property is disclosed in note 5.1
Longhorn Publishers Plc	60.2%	428,077	This is a holding company for the investment in Sidian Bank Limited. It is measured at net asset value however the underlying assets are measured based on the price of a recent transaction. The investment in Sidian Bank Limited is disclosed below.
Rasimu Limited	100%	75,368	This is a real estate development that holds land for sale. It is measured at net asset value of which the underlying assets and liabilities are measured at fair value. The investment in investment property is disclosed in note 5.1
Nabo Capital Limited	100%	379,130	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.
Greenblade Growers Limited	100%	132,843	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.
Zohari Leasing Limited	100%	164,370	This is an investment company involved in fund management and transaction advisory services. It is measured at net asset value.
Tribus TSG Limited	80%	53,362	This is an investment company that holds 1.05% of Two Rivers Development Limited and owns the Cascadia apartments. It is measured at net asset value of which the underlying assets and liabilities are measured at fair value. The investment in Two Rivers Development Limited is disclosed above.
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 (TRL-CL)	80.5%	-	This is an infrastructure development company associated with a functional Special Economic Zone. It is measured at net asset value.
Two Rivers International Finance and Innovation Center (SEZ) Limited (TRIFIC)	100%	-	This is a company that undertakes the management, operation and maintenance of Special Economic Zone infrastructure and is a 100% held subsidiary of TRICL. It is measured at net asset value.
Reclassification to asset held for sale		21,990,670	
Reclassification to asset held for sale		(4,238,141)	
Total		17,752,529	
Valuation: Sidian Bank Limited			Ksh '000 4,271,230
Valuation technique: Recent transaction price.			



1 Accounting framework and critical judgements

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.2 Valuation of subsidiaries (Continued) Year ended 31 March 2023

Description Subsidiaries: Company	Ownership	Fair value at 31 March 2023	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift+/- (absolute value)	Change in valuation +/- Ksh'000
Centum Real Estate Limited	100%	16,519,379	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Two Rivers Development Limited	53.6%	-	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Bakki Holdco Limited	100%	4,238,141	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Longhorn Publishers Plc	60.2%	428,077	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Rasimu Limited	100%	75,368	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Nabo Capital Limited	100%	379,130	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Greenblade Growers Limited	100%	132,843	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Zohari Credit Limited	100%	164,370	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Tribus TSG Limited	80%	53,362	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Tier Data Limited	100%	-	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Jafari Credit Limited	100%	-	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Two Rivers Land Company (SEZ) Limited (TRLCL)	100%	-	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
Two Rivers International Finance and Innovation Center (SEZ) Limited	100%	-	Net asset value	Not applicable	Not applicable	Not applicable	Not applicable
		21,990,670					

Reclassification to asset held for sale

Sidian Bank Limited		(4,238,141)
Total		17,752,529

Valuation:	Valuation Technique	Ksh'000
Sidian Bank Limited	Recent transaction price	4,271,230

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

Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

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 2024

Associates: Group	31-Mar-24		Valuation basis for the year ended 31 March 2024
	Ownership	Ksh'000	
Akiira Geothermal Limited	37.50%	1,006,497	The Company holds a 37.5% interest through it's subsidiary, Investpool Holdings Limited. It is measured at cost less impairments.
Sidian Bank Limited	40.00%	1,982,493	The Company holds a 40% interest through it's subsidiary, Bakki Holdings Company Limited. It is measured at cost less impairments.
		2,988,990	

Year ended 31 March 2023

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

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 2024 and 31 March 2023 on the basis of open market value. The current use of the investment properties equates to the highest and best use.

Investment property comprises of land and commercial property that is leased to third parties. The market value of the land was determined using recent market prices of comparable properties and there are therefore no significant unobservable inputs. Considerations for factors such as changing market conditions overtime, location, size, quality and amenities, as well as the terms of the transactions were considered in the comparable sales approach and adjustments made to reflect the actions of typical buyers are sellers. The market value of the building was determined using the discounted cashflow approach. The fair value gains have been credited to 'income' in the income statement (Note 5.1.2).

The Group's investment properties are valued by reference to a level 2 and level 3 fair value measurement. In 2024 and 2023, 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.





Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.4 Valuation of investment properties (continued)

	Level 1 Ksh'000	Level 2 Ksh'000	Level 3 Ksh'000
31 March 2024			
Investment properties - Buildings	-	-	3,446,847
Investment properties - Land	-	47,025,920	-
	-	47,025,920	3,446,847
31 March 2023			
Investment properties - Land	-	43,855,237	-

See note 5.1.2 for the reconciliation of investment properties.

1.5.4.1 Valuation technique and significant unobservable inputs for investment properties - land

Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market approach: The valuation model uses prices and other relevant information generated by market transactions involving identical or similar assets. The fair value is determined as the price that would be paid to sell the land in an orderly transaction to market participants.	- Property prices in the locality. - Infrastructure developments	The estimated fair values would increase/ (decrease); - If property prices near the location of the property were higher/(lower). - With improvements/ (deterioration) in infrastructure development.

1.5.4.2 Valuation technique and significant unobservable inputs for investment properties - buildings

Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cashflows to be generated from the property, considering the expected rental growth rate, void periods, occupancy rate, lease incentive costs and other costs not paid by tenants. The expected net cashflows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.	Discount rate: 12.5% Exit capitalisation rate: 10.5% Occupancy rate (2025: 30%, 2026: 70%, 2027: 95%, 2028: 100% and 2029: 100%)	The estimated fair value would increase(decrease) if: - The discount rate were lower/ (higher); - The exit capitalisation rate were lower/(higher); or - The occupancy rate were higher/ (lower).

Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.4 Valuation of investment properties (continued)

1.5.4.2 Valuation technique and significant unobservable inputs for investment properties - buildings (continued)

Sensitivity analysis

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the valuation of the investment property to changes in the principal assumptions is:

Assumption	Assumption value as per valuation	Reasonable possible shift	Change in the fair value of the investment property
			Ksh' 000
Net cashflow	Year 1: USD (826,048) Year 2: USD 1,049,974 Year 3: USD 2,858,471 Year 4: USD 3,621,882 Year 5: USD 3,561,215	1%	8,435
Discount rate	12.50%	0.5%	75,126
Exit capitalization rate	10.50%	0.5%	130,482

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.





Notes to the Financial Statements (Continued)

1 Accounting framework and critical judgements

1.5 Critical accounting judgements, estimates and assumptions (continued)

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.

1.5.7 Impairment losses

Critical estimates are made by directors in determining the expected credit losses on financial assets. Such estimates include the determination of probabilities of default including the use of forward-looking information, and of loss given default.

1.5.8 Income taxes

Significant judgement is required in determining the Group's and Company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of the business. The Group and Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

1.5.9 Other judgements in applying the Group's and Company's accounting policies

Other judgements made by the directors in the process of applying the Group's and Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- Going concern: whether there are material uncertainties that may cast significant doubt on the entity's ability to continue as a going concern;
- Whether it is probable that future taxable profits will be available against which temporary differences can be utilized;
- Classification of financial assets: whether the business model in which financial assets are held has as its objective the holding of such assets to collect contractual cash flows or to both collect contractual cash flows and sell the assets; and whether the contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest;
- whether credit risk on financial assets has increased significantly since initial recognition; and
- how to determine the incremental borrowing rate used in the discounting of lease liabilities.

Notes to the Financial Statements (Continued)

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, 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.

iii. **Development portfolio**:- This represents Centum's investment in Jafari Credit Limited, Akiira Geothermal Limited and Two Rivers Land Company (SEZ) Limited).

b) Marketable Securities

This portfolio comprises of investments 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 Gross portfolio return

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





Notes to the Financial Statements (Continued)

2 Results of operations (continued)

2.1 Operating Segments (continued)

a Portfolio income

ii Gross portfolio return (continued)

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 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 2024 and 31 March 2023 is as presented overleaf.

Notes to the Financial Statements (Continued)

2 Results of operations (continued)

2.1 Operating Segments (continued) Company

Year ended 31 March 2024	Private Equity Ksh'000	Real Estate Ksh'000	Marketable Securities Ksh'000	Total Ksh'000
Dividend income	250,644	-	-	250,644
Interest income	94,571	52,671	294,494	441,736
Other income	(19,814)	(11,551)	22,917	(8,448)
Realised losses	-	-	468,091	468,091
Unrealised value movements	(384,069)	5,332,465	-	4,948,396
Gross return	(58,668)	5,373,585	785,502	6,100,419
Finance costs	(63,498)	(221,879)	(9,311)	(294,688)
Portfolio costs	(124,914)	(436,481)	(18,316)	(579,711)
Net return	(247,080)	4,715,225	757,875	5,226,020
Tax	278,345	-	-	278,345
Total return	31,265	4,715,225	757,875	5,504,365
Gross Return on opening shareholder funds (%)	0%	26%	33%	17%
Return on opening shareholder funds (%)	0%	23%	32%	15%
Opening 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
Closing shareholder funds				
Total assets	10,354,266	35,712,649	2,015,719	48,082,634
Borrowings	(1,500,229)	(450,360)	-	(1,950,589)
Other liabilities	(1,930,825)	(3,159,225)	-	(5,090,050)
Net asset value attributable to equity holders	6,923,212	32,103,064	2,015,719	41,041,995





Notes to the Financial Statements (Continued)

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 gains	-	-	(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)	-	(416,466)
Net return	(627,873)	(4,722,001)	783,132	(4,566,742)
Tax	(268,183)	-	-	(268,183)
Total return	(896,056)	(4,722,001)	783,132	(4,834,925)
Gross Return on opening shareholder funds (%)	5%	-16%	24%	-7%
Return on opening shareholder funds (%)	-8%	-18%	21%	-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

Notes to the Financial Statements (Continued)

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.

a) Revenue streams

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. Revenue is recognised at a point in time.
	Agricultural products	The Group exports exotic herbs through Greenblade Growers Limited.	
Financial services	- Interest income - Fund management income - Fees, commissions and trading income - Leasing income	- Interest income relates to income earned by Jafari Credit Limited and fixed income investments by the asset management subsidiaries. - Fund management income relates to management fees earned by the asset management companies. - Fees, commissions and trading income is the non funded income earned by Jafari Credit Limited - 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. Interest income is recognised over time. - 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. - Operating lease income is accrued by reference to time on a straight-line basis over the lease term. Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable. Processing fee is recognized on inception of the lease at a point in time.





Notes to the Financial Statements (Continued)

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. Project management fees are recognised over time. - 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. The revenues are recognised at a point in time. - Security and cleaning services are recognised on a monthly basis when services are offered. The revenues are recognised at a point in time. - IT services are recognised on a monthly basis when monthly services are offered. In case of projects, the revenues are recognised over time based on percentage of the work completed.

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. Recognised based on point in time. - Gains on disposal of investments are recognised when the Company has no unfulfilled obligation that could affect the completion of the transaction. Recognition based on point in time. - Interest income is accrued using the effective interest rate method, by reference to the principal outstanding and the interest rate applicable. Interest income is recognised over time.
Real Estate	1. Sale of houses 2. Sale of land 3. Rental income	- Revenue from sale of housing units is recognised upon completion and release of ownership to the respective buyers of the completed units. Revenue is recognised at a point in time. - 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. Revenue is recognised at a point in time. - Rental income is recognised on a straight line basis over the period of the lease. Revenue is recognised at a point in time.
Other income	1. Change in fair value of biological assets 2. Realised and unrealised foreign exchange gains	- The change in fair value (less costs to sell) of a biological asset between reporting dates is reported as a gain or loss. Recognition is at a point in time. - Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Recognition is at a point in time.

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

Notes to the Financial Statements (Continued)

2 Results of operations (continued)

2.2 Revenue (continued)

b) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers. The contract assets primarily relate to advance payments done to contractors while contract liabilities relate to contract retentions.

	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
Contract assets	264,112	283,079	-	-
Contract liabilities	(456,575)	(1,070,814)	-	-
	(192,463)	(787,735)	-	-

	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
c) Revenue breakdown				
Trading Business:				
- Publishing business	1,545,370	1,258,239	-	-
- Utilities	485,439	325,887	-	-
- Agribusiness	564,219	353,612	-	-
	2,595,028	1,937,738	-	-
Real Estate:				
- Revenue from sale of residential house units	3,737,397	1,931,525	-	-
Two Rivers Investment Operations:				
- Electricity income	230,192	161,274	-	-
- Water income	34,625	25,424	-	-
- Levies	49,357	48,168	-	-
	314,174	234,866	-	-
Financial services:				
- Fees, commission and forex trading income	761,107	1,324,636	-	-
- Fund management income	186,080	91,529	-	-
- Lease rentals	50,563	49,359	-	-
	997,750	1,465,524	-	-
Investment income				
Dividend income (Note 2.2.1)	231,145	235,740	250,644	255,740
(Losses)/gains on disposal of investments (Note 2.7)	(16,298)	(63,286)	468,091	(29,444)
Unrealised (losses)/gains on investments	89,103	(236,689)	2,456	39,422
	303,950	(64,235)	721,191	265,718
	7,948,299	5,505,418	721,191	265,718





Notes to the Financial Statements (Continued)

2 Results of operations (continued)

2.2 Revenue (continued)

	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
2.2.1 Dividend Income				
Subsidiaries	-	-	20,000	20,000
Unquoted investments	231,145	235,738	230,644	235,738
Quoted investments	-	2	-	2
	231,145	235,740	250,644	255,740
2.3 Other income				
Gain on disposal of investment properties (Note 5.1.2)	55,695	75,608	-	-
Miscellaneous income	46,428	90,591	(10,904)	791,170
	102,123	166,199	(10,904)	791,170

Miscellaneous income relates to operating lease rental income, parking revenue, data center revenue and project/development management fees.

Other income per segment				
Trading businesses	-	24,124	-	-
Real Estate	43,466	88,952	-	-
Two Rivers investment operations	13,805	16,255	-	-
Financial services	-	137,361	-	-
Investment operations	(10,904)	(176,101)	(10,904)	791,170
Two Rivers Special Economic Zone	60	-	-	-
	46,427	90,591	(10,904)	791,170
2.4 Interest income recognised using the effective interest method				
Financial services	3,037,477	4,770,876	-	-
Investment operations	314,390	476,044	441,736	1,074,912
	3,351,867	5,246,920	441,736	1,074,912

Notes to the Financial Statements (Continued)

2 Results of operations (continued)

2.5 Segmental analysis of income

	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
Trading business				
- Revenue from contracts with customers	2,595,028	1,937,738	-	-
- Other income	-	24,124	-	-
	2,595,028	1,961,862	-	-
Financial services				
- Interest income	3,037,477	4,770,876	-	-
- Fees, commission and forex trading income	761,107	1,324,636	-	-
- Fund management income	186,080	91,529	-	-
- Lease rentals	50,563	49,359	-	-
- Other income	-	137,361	-	-
	4,035,227	6,373,761	-	-
Investment operations				
- Interest income	314,390	476,044	441,736	1,074,912
- Dividend income (Note 2.2.1)	231,145	235,740	250,644	255,740
- (Losses)/gains on disposal of investments (Note 2.7)	(16,298)	(63,286)	468,091	(29,444)
- Unrealised (losses)/gains on investments	89,103	(236,689)	2,456	39,422
- Other income	(10,904)	(176,101)	(10,904)	791,170
	607,436	235,708	1,152,023	2,131,800
2.6 Expenses				
2.6.1 (a) Operating and administrative expenses				
Employee benefits expense (Note 2.6.2)	1,715,350	1,972,778	321,215	246,234
Directors' fees and expenses	120,121	144,446	42,243	35,906
Auditor's remuneration	50,105	25,885	15,426	5,802
Expense relating to short term leases	-	-	-	23,004
Depreciation and amortisation	546,367	463,518	19,343	11,510
AGM and annual report printing	7,195	14,898	7,195	14,110
Business development costs	135,576	47,528	33,876	8,664
Advertising costs	217,202	149,675	7,657	7,784
Share registration costs	6,004	11,229	6,004	11,229
Listing expenses	6,608	15,131	3,071	3,469
Consultancy	173,155	240,163	49,503	38,034
Management fees	107,003	55,841	19,096	31,873
Donations	24,554	22,292	5,779	5,152
Other costs*	934,513	1,342,753	49,303	68,732
	4,043,753	4,506,137	579,711	511,503





Notes to the Financial Statements (Continued)

2 Results of operations (continued)

2.6 Expenses (continued)

	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
2.6.1 (a) Operating and administrative expenses (continued)				
Analysed as below:				
Trading business	864,378	642,336	-	-
Real estate	663,517	685,324	-	-
Two Rivers investment operations	184,822	182,113	-	-
Financial services	1,643,879	2,519,614	-	-
Two Rivers Land Special Economic Zone	130,210	-	-	-
Other costs	556,947	476,750	579,711	511,503
	4,043,753	4,506,137	579,711	511,503

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

	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
2.6.1 (b) Provision for impairment of assets				
- Shareholder loans (Note 4.2)	-	3,875,015	-	620,575
- Goodwill (Note 8.2)	-	361,335	-	-
- Other assets	-	333,837	-	333,837
- Expected credit losses (Note 4.2)	301,810	90,285	-	-
- Impairment of loans and advances (Note 7.1)	707,933	567,116	-	-
	1,009,743	5,227,588	-	954,412

Provision for impairment on other assets relates to final settlement on account closure in respect to the sale of Centum's stake in the bottling companies to Coca-Cola Beverages Africa (CCBA) as described on note 9.3(a) of these financial statements.

The expected credit losses per segment is analysed as below:-

	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
Trading business	114,428	58,371	-	-
Financial services	224,343	31,914	-	-
Two Rivers investment operations	(36,961)	-	-	-
	301,810	90,285	-	-

The provision for impairment for investment operations is analysed below:-

- Shareholder loans (Note 4.2)	-	-	-	620,575
- Goodwill (Note 8.2)	-	361,335	-	-
- Other assets	-	333,837	-	333,837
	-	695,172	-	954,412

Notes to the Financial Statements (Continued)

2 Results of operations (continued)

2.6 Expenses (continued)

2.6.2 Employee benefits expense

2.6.2.1 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 statement of financial position.

2.6.2.2 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 2,160 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.

2.6.2.3 Performance bonus

The bonus scheme is designed to optimize the cash return on the assets managed by the Company for the shareholders. 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.

2.6.2.3.1 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.

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).





Notes to the Financial Statements (Continued)

2 Results of operations (continued)

2.6 Expenses (continued)

2.6.2 Employee benefits expense (continued)

2.6.2.3. Performance bonus (continued)

2.6.2.3.2 Vesting Conditions

The bonus entitlement for a particular year is paid out to staff in three tranches over a period of three years, subject to the following vesting conditions:

- 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);
- The high-water mark will be adjusted for owner related adjustments such as payment of dividends or new capital raisings; and
- 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 2024 and hence no bonus pool was recognized for the year.

2.6.2.4 Other entitlements

	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
Salaries	1,362,908	1,540,471	252,648	201,197
Retirement benefit scheme contributions	54,374	76,577	17,639	14,436
National Social Security Fund contributions	10,176	9,423	377	102
Accrued leave	14,472	16,698	13,718	650
	1,441,930	1,643,169	284,382	216,385
Staff medical expenses	107,522	129,102	14,040	10,690
Other staff costs*	165,898	200,507	22,793	19,159
	1,715,350	1,972,778	321,215	246,234

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

*Other staff costs includes staff meals, staff welfare costs, staff insurance charges

2.6.3 Cost of sales by segment

	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
Trading business	2,087,287	1,237,839	-	-
Real estate	3,267,338	1,645,872	-	-
Two Rivers investment operations	257,211	214,185	-	-
	5,611,836	3,097,896	-	-
Cost of sales by nature				
Cost of goods sold	5,332,393	2,952,980	-	-
Employee benefits	279,443	144,916	-	-
	5,611,836	3,097,896	-	-

Notes to the Financial Statements (Continued)

2 Results of operations (continued)

2.7 Finance costs

Finance costs comprise interest expenses on borrowings 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	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
Trading businesses:				
- Interest on bank and other borrowings	226,736	135,087	-	-
- Interest on lease liabilities	8,102	7,256	-	-
	234,838	142,343	-	-
Financial services:				
- Interest on customer deposits	1,003,234	1,500,137	-	-
- Interest on bank and other borrowings	1,017,606	1,157,423	-	-
- Interest on lease liabilities	2,793	263,196	-	-
	2,023,633	2,920,756	-	-
Centum Real Estate Limited:				
- Interest on bank and other borrowings	575,269	464,973	-	-
- Foreign exchange losses/(gains) on borrowings	494,851	(626,366)	-	-
- Amortised borrowing costs	20,974	36,999	-	-
	1,091,094	(124,394)	-	-
Two Rivers Investment Operations:				
- Interest on bank and other borrowings	590,898	884,471	-	-
- Commitment and other fees	26,724	162,107	-	-
- Foreign exchange losses on borrowings	270,743	907,011	-	-
	888,365	1,953,589	-	-
Other finance costs:				
- Interest on bank and other borrowings	278,963	412,407	278,963	411,687
- Commitment and other fees	12,896	45,262	12,896	46,854
- Foreign exchange losses	108,699	-	-	-
- Interest on lease liabilities	2,829	872	2,829	-
	403,387	458,541	294,688	458,541
Two Rivers Land (SEZ)				
Interest on bank and other borrowings	699,590	-	-	-
Foreign exchange gains	(350,320)	-	-	-
	349,270	-	-	-
Total finance costs	4,990,587	5,350,835	294,688	458,541
Interest on lease liabilities recognised in finance costs	13,724	271,324	2,829	-





Notes to the Financial Statements (Continued)

2 Results of operations (continued)

2.7 Finance costs (continued)

	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
Analysed as below:				
Trading subsidiaries	234,838	142,343	-	-
Real Estate subsidiaries	1,091,094	(124,394)	-	-
Two Rivers investment operations	888,365	1,953,589	-	-
Financial services subsidiaries	2,023,633	2,920,756	-	-
Two Rivers Special Economic Zone	349,271	-	-	-
Investment Operations	403,386	458,541	294,688	458,541
	4,990,587	5,350,835	294,688	458,541

Notes to the Financial Statements (Continued)

2 Results of operations (continued)

2.8 Cash generated from operations

	Notes	Group		Company	
		2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
- Reconciliation of profit before income tax to cash generated from operations:					
Profit/(loss) before income tax		2,908,144	(6,251,325)	277,624	207,344
Adjustments for:					
Share of loss from associate	6.2.1	81,513	-	-	-
Interest income	2.4	(3,351,867)	(5,246,920)	(441,736)	(1,074,912)
Finance costs	2.7	4,976,863	5,079,511	291,859	458,541
Interest on lease liability	2.7	13,724	271,324	2,829	-
Depreciation on property, plant and equipment	8.1	287,944	391,428	13,652	11,497
Amortisation of intangible assets	8.2	275,239	125,972	57	13
Depreciation on right of use asset	8.3.1	34,489	192,000	5,850	-
Gain/(loss) on disposal of investments	2.10	16,298	63,286	(468,091)	29,444
Change in fair value of investment property	5.1.2	(7,097,584)	(2,129,175)	-	-
Unrealised exchange losses/(gains)	2.2	10,904	-	44,295	(614,834)
Fair value losses/(gains) on government securities through profit and loss	7.2.1	31,397	(137,195)	(2,456)	(39,422)
Gain on disposal of investment property	5.1.2	(55,695)	(75,608)	-	-
Gain associated with loss of control of subsidiary	13	(145,703)	-	-	-
Gain on lease termination		(719)	(4,178)	-	-
Share of loss from joint ventures	6.2.2	-	1,116,581	-	-
Net impairment of loans and advances	7.1	707,933	567,116	-	-
Provision for impairment on assets	2.6.1 (b)	301,810	4,660,472	75,951	639,546
Change in fair value of biological assets	8.5	(11,232)	(19,103)	-	-
Impairment of goodwill	8.2	-	361,335	-	-
Changes in working capital:					
- Debt investment in subsidiaries	6.1	-	-	2,237,650	1,717,100
- inventories	4.1	265,352	(139,861)	-	-
- trade receivables	4.2	(70,707)	202,970	-	-
- receivables and prepayments	4.2	21,989	(868,817)	40,543	(13,828)
- construction of residential units	5.1.1	1,824,699	(1,069,690)	-	-
- payables and accrued expenses	4.4	471,185	777,446	715,141	199,802
- finance lease receivable	8.3.2	(3,725)	(89,196)	-	-
- presales customer deposits	4.5	(1,425,414)	3,422,368	-	-
- loans and advances	7.1	(170,253)	(225,688)	-	-
- customer deposits	7.3	-	(2,047,544)	-	-
- restricted cash	4.3.1	635,155	563,134	-	-
		531,739	(509,357)	2,793,168	1,520,291





Notes to the Financial Statements (Continued)

2 Results of operations (continued)

2.9 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.

	2024 Ksh'000	2023 Ksh'000
Basic and diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	4.27	(6.32)
Total basic and diluted earnings per share attributable to the ordinary equity holders of the company	4.27	(6.32)
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	2,807,430	(4,179,609)
- From discontinued operations	-	-
	2,807,430	(4,179,609)
Weighted average number of ordinary shares in issue (thousands)	657,474	661,373

Notes to the Financial Statements (Continued)

2 Results of operations (continued)

2.10 Gain on disposal of investments

Notes	Group			Company		
	Carrying value Kshs'000	Proceeds Kshs'000	Loss on disposal Kshs'000	Cost Kshs'000	Proceeds Kshs'000	Gain on disposal Kshs'000
Year ended 31 March 2024						
Quoted investments	4,141	3,241	(900)	-	-	-
Other investments	3,009,457	2,994,059	(15,398)	5,458,483	5,484,947	26,464
Subsidiaries	-	-	-	438,087	879,714	441,627
	3,013,598	2,997,300	(16,298)	5,896,570	6,364,661	468,091
Reserves released on disposal:						
Quoted investments	-	-	-	-	-	-
(Loss)/gain during the year	-	-	(16,298)	-	-	468,091
Year ended 31 March 2023						
Quoted investments	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	12,347
	6,581,455	6,518,169	(63,286)	5,473,216	5,503,160	29,944
Reserves released on disposal:						
Quoted investments	-	-	-	-	-	-
(Loss)/gain during the year	-	-	(63,286)	-	-	29,944





Notes to the Financial Statements (Continued)

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.

Notes to the Financial Statements (Continued)

3 Income tax (continued)

3.1 Income tax expense (continued)

	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
a) Income tax expense				
Current income tax	136,489	192,073	390	-
Deferred income tax	167,915	871,192	(278,735)	268,183
	304,404	1,063,265	(278,345)	268,183

b) Tax rate reconciliation

The table below explains the differences between the expected tax expense at the Kenyan statutory tax rate of 10% for Special Economic Zone entities (2023:10%) and 30% (2023:30%) for other entities and the Group's total tax expense.

Accounting (loss)/profit before tax	2,908,144	(6,251,325)	277,624	207,344
Tax at the applicable rate of 30% (2023: 30%)	872,443	(1,875,398)	83,287	62,203
Tax effect of:				
Income not subject to tax	(9,232)	(57,453)	-	-
Income subject to capital gains tax rate	(401,743)	334,120	(132,488)	(57,565)
Expenses not deductible for tax	673,637	2,520,597	15,016	263,545
Unrecognised deferred tax assets	(189,420)	11,833	(244,160)	-
Adjustment in respect of prior periods	(19,796)	(10,699)	-	-
Previously unrecognised deferred tax losses	-	140,265	-	-
Effect of different tax rates	(621,485)	-	-	-
	304,404	1,063,265	(278,345)	268,183

c) Tax losses

Unused tax losses for which no deferred tax asset has been recognised*.	631,400	39,443	813,867	-
Potential tax benefit at 30%	189,420	11,833	244,160	-

*The unused tax losses do not have an expiry period.





Notes to the Financial Statements (Continued)

3 Income tax (continued)

3.1 Income tax expense (continued)

	Group 2024 Ksh'000	2023 Ksh'000	Company 2024 Ksh'000	2023 Ksh'000
d) Unrecognised temporary differences				
Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:				
Foreign currency translation	(84,839)	(421,971)	-	-
Undistributed earnings	2,655,955	2,655,955	-	-
	2,571,116	2,233,984	-	-
Unrecognised deferred tax liabilities relating to the above temporary differences	257,112	223,398	-	-

Temporary differences of Ksh 85 Million (2023 – Ksh 422 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

	Group 2024 Ksh'000	2023 Ksh'000	Company 2024 Ksh'000	2023 Ksh'000
At start of year	(411,145)	(268,259)	(105,808)	(100,074)
Charge for the year	136,489	192,073	390	-
Payments during the year	(65,004)	(155,061)	(54,944)	(5,734)
Reclassification to assets held for sale	-	(169,199)	-	-
Adjustment in respect of prior periods	(19,796)	(10,699)	-	-
At end of year	(359,456)	(411,145)	(160,362)	(105,808)
Analysed as:				
Current income tax recoverable	(383,938)	(419,152)	(160,362)	(105,808)
Current income tax payable	24,482	8,007	-	-
	(359,456)	(411,145)	(160,362)	(105,808)

Notes to the Financial Statements (Continued)

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 10% special Economic Zone entities (2023: 10%) and 30% (2023: 30%) for other entities and the capital gains tax rate of 15% (2023: 5%). The movement on the deferred income tax account is as follows:

	Group		Company	
	2024	2023	2024	2023
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year	4,981,401	4,414,433	2,732,082	836,114
Charge/(credit) to income statement	167,915	871,192	(278,735)	268,183
Credit to other comprehensive income	(2,579)	(966)	873,240	1,627,785
Adjustment in respect of prior periods	14,969	(168,169)	-	-
Derecognition on disposal of subsidiary	209,061	-	-	-
Reclassified to assets held for sale	-	(135,089)	-	-
At end of year	5,370,767	4,981,401	3,326,587	2,732,082

Deferred income tax assets and liabilities are analysed as follows:

Deferred income tax assets	(1,009,312)	(739,402)	-	-
Deferred income tax liabilities	6,380,079	5,720,803	3,326,587	2,732,082
	5,370,767	4,981,401	3,326,587	2,732,082





Centum Investment Company Plc
Financial Statements for the year ended 31 March 2024

Notes to the Financial Statements (Continued)

3 Income tax (continued)

3.2 Deferred income tax (continued)

Group	At start of year Ksh'000	Charged/ (credited) to Profit/loss Ksh'000	Adjustment in respect of prior periods Ksh'000	Charged/ (credited) to OCI Ksh'000	Derecognition on disposal of subsidiary Ksh'000	At end of year Ksh'000
Year ended 31 March 2024						
Property, plant and equipment:						
- on historical cost basis	302,018	(89,646)	-	-	-	212,372
Tax losses	(2,695,475)	463,324	-	-	-	(2,232,151)
Other deductible differences	(956,967)	(32,222)	-	-	209,061	(780,128)
Exchange differences	(351,462)	351,850	-	-	-	388
Fair value changes on investment properties	8,098,040	(461,642)	-	-	-	7,636,398
Fair value changes on investments	585,247	(48,780)	-	(2,579)	-	533,888
	4,981,401	182,884	-	(2,579)	209,061	5,370,767
Year ended 31 March 2023						
Property, plant and equipment:						
- on historical cost basis	300,644	9,250	-	-	(7,876)	302,018
Tax losses carried forward	(2,056,910)	(42,586)	-	-	(13,341)	(2,112,837)
Other deductible differences	(741,744)	66,818	(168,169)	-	(113,872)	(956,967)
Exchange differences	(8)	(351,454)	-	-	-	(351,462)
Fair value changes on investment properties	7,358,998	739,042	-	-	-	8,098,040
Fair value changes on investments	(446,547)	450,122	-	(966)	-	2,609
	4,414,433	871,192	(168,169)	(966)	(135,089)	4,981,401

Company						
Year ended 31 March 2024						
Property and equipment	(2,457)	(902)		-		(3,359)
Other deductible differences	96,816	(277,833)		-		(181,017)
Fair value gains on investments	2,637,723	-		873,230		3,510,953
	2,732,082	(278,735)		873,230		3,326,577
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

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.

Notes to the Financial Statements (Continued)

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	
	2024 Ksh'000	2023 Ksh'000
Publishing business:		
- Educational materials	647,884	918,527
- Provision for obsolescence	(69,074)	(53,108)
Agribusiness:		
- Consumables	33,720	12,463
	612,530	877,882

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 1,445,378,000 (2023:Ksh 944,987,000).

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

4.2 Receivables and prepayments

	Group		Company	
Notes	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
4.2.1 Trade Receivables				
Trade receivables	801,743	697,951	-	-
Less: provision for expected credit losses	(308,442)	(133,943)	-	-
Net trade receivables	493,301	564,008	-	-
4.2.2 Other receivables and prepayments				
VAT recoverable	249,571	273,625	-	-
Other receivables	694,792	431,795	28,355	40,942
Commissions (deferred acquisition costs)	22,304	43,090	-	-
Prepayments	382,194	406,069	8,443	5,553
Dividend and interest receivable	110,657	30,846	-	30,846
	1,459,518	1,185,4425	36,798	77,341
Amounts due from joint ventures	3,961,125	4,213,229	-	-
Less: Provision for impairment	(3,875,015)	(3,875,015)	-	-
12.1	86,110	338,214	-	-
	1,545,628	1,523,639	36,798	77,341





Centum Investment Company Plc
Financial Statements for the year ended 31 March 2024

Notes to the Financial Statements (Continued)

4 Working capital (continued)

4.2 Receivables and prepayments (continued)

	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
Movement in provision for expected credit losses				
At start of year	133,943	224,629	-	-
Charge for the year	301,810	90,285	-	-
Reversals in the year	(127,311)	(180,971)	-	-
At end of year	308,442	133,943	-	-

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		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
Others:				
- Call deposits (maturing within 90 days)	988,600	86,531	253,384	271,032
- Bank balances	442,513	456,342	66,555	77,218
	1,431,113	542,873	319,939	348,250
- Cash reclassified as held for sale	-	3,111,860	-	-
	1,431,113	3,654,733	319,939	348,250

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

	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
Cash and cash equivalents	1,431,113	3,654,733	319,939	348,250
Bank overdrafts	(885,427)	(745,987)	(896,382)	(748,248)
	545,686	2,908,746	(576,443)	(399,998)
4.3.1 Restricted Cash				
- Restricted cash	1,732	636,887	-	-

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.

Notes to the Financial Statements (Continued)

4 Working capital (continued)

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		Company	
		2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
Trade payables		817,018	769,774	7,069	1,487
Payable to property contractors		688,344	1,573,248	-	-
Other payables and accrued expenses		3,604,663	2,045,417	1,242,020	538,454
Client deposits		12,081	39,400	-	-
Due to related parties	12.1	-	-	5,993	-
Due to joint ventures		915,392	-	-	-
		6,070,312	4,427,839	1,255,082	539,941
(ii) Amounts recognised in the statement of cashflow					
Changes in working capital		471,185	777,446	715,141	199,802

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





Notes to the Financial Statements (Continued)

4 Working capital (continued)

4.5 Pre-sales customers' deposits

The balance relates to advance deposits from customers for purchase of land and housing units in the ongoing development projects. The amounts are recognised as revenue when the Company meets its performance obligations under the sales contracts.

	Group	
	2024	2023
	Ksh'000	Ksh'000
Deposits on land sales	1,563,367	2,750,789
Deposits on residential units	5,172,398	5,410,390
	6,735,765	8,161,179

Residential units advances and progress billings

The movement in this balance is as broken down below:

	2024	2023
	Ksh'000	Ksh'000
Residential Units		
At start of year	5,410,390	4,429,755
Collections during the year	3,362,714	2,624,569
Recognised as revenue during the year	(3,728,822)	(1,931,528)
Currency translations	128,116	287,594
At end of year	5,172,398	5,410,390
Land sales		
At start of year	2,750,789	309,056
Collections during the year	1,870,379	2,519,193
Recognised as revenue during the year	(265,800)	(96,782)
Reclassification of deferred income	(2,781,846)	-
Currency translations	(10,155)	19,322
At end of year	1,563,367	2,750,789
Total at end of the year	6,735,765	8,161,179

The deposits are non-interest bearing and are only refundable in accordance with the provisions of the respective sale agreements.

Notes to the Financial Statements (Continued)

5 Investments

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	
	2024 Ksh'000	2023 Ksh'000
At start of year	8,871,837	7,551,257
Additions	1,379,301	2,775,181
Capitalized borrowing costs	9,907	125,509
Commissions	8,621	46,287
Transfer to investment properties	1,136,032	(242,205)
Transfers to cost of sales	(3,222,528)	(1,628,904)
Currency translation differences	(68,987)	244,712
At end of year	8,114,183	8,871,837

The Group has a subsidiary that develops residential property, which it sells in the ordinary course of business and has entered into contracts to sell certain of these properties.

	2024 Ksh'000	2023 Ksh'000
For the purposes of the statement of cash flows, changes in working capital for construction of residential units is:-		
Cashflow impact	1,824,699	1,069,690





Notes to the Financial Statements (Continued)

5 Investments (continued)

5.1 Investment properties and residential houses under construction (inventories) (continued)

5.1.1 Inventories - Residential houses (continued)

The expected realisation date for the inventories - residential houses is detailed below:

Project name	Type of project	Location/ Node	Developer	Category	Status	Expected completion date	Cost Ksh'000
Cascadia	Apartments	Two Rivers	Uhuru Heights Limited	Mid-market	Under construction	31-Dec-25	2,607,658
Riverbank	Apartments	Two Rivers	Centum Real Estate Limited	High end	Completed	Feb-22	134,386
Loft	Duplexes	Two Rivers		High end	Under construction	Phase 1 -December 2022	1,174,192
						Phase 2 – August 2024	6,676
						30-Apr-25	338,154
Elmer One	Apartments	Kasarani	Centum Development Kenya Limited	Affordable	Under construction	30-Apr-25	1,290,847
26 Mzizi Court Residences	Apartments	Two Rivers	Centum Development Kenya Limited	Affordable	Under construction	October 2020	20,024
Awali Estate	Maisonettes/ Bungalows	Vipingo, Kilifi	Vipingo Development Plc	Mid-market	Completed	Phase 1 A -July 2021	86,568
1255 Palmridge	Apartments	Vipingo, Kilifi		Affordable	1 A - Completed	1 B - July 2022	-
					1 B – Under construction	Feb-22	980,178
Bella Vista	Apartments	Entebbe	Pearl Marina Estates Limited	Affordable	Completed	February 2021	93,469
Mirabella	Villas	Entebbe		High end	Completed	31-Jan-25	243,262
Riviera	Villas	Entebbe		Mid-market	Under construction	31-Jan-26	214,555
La Perla	Bungalows	Entebbe		Mid-market	Under construction	31-Mar-25	924,214
Kingswood	Villas	Entebbe		Mid-market	Under construction		
							8,114,183

Notes to the Financial Statements (Continued)

5 Investments (continued)

5.1 Investment properties and residential houses under construction (inventories) (continued)

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.

	Group	
	2024 Ksh'000	2023 Ksh'000
At start of year	43,855,237	41,193,072
Additions	1,187,028	31,931
Transfer to/(from) inventory	(1,136,032)	242,205
Change in fair value	7,097,584	2,129,175
Disposals	(235,105)	(790,782)
Currency translation differences	(295,945)	1,049,636
	50,472,767	43,855,237
The changes in fair value are broken down below:-		
Two Rivers Development (SEZ)	3,399,103	-
Pearl Marina Estates	418,549	296,142
Vipingo Development	3,264,166	1,833,033
Vipingo Estates	15,766	-
	7,097,584	2,129,175
The segmental analysis of the changes in fair value is:-		
Real Estate	3,698,481	2,129,175
Two Rivers Special Economic Zone	3,399,103	-
The Group's investment properties consist of assets held in:		
Two Rivers Land Company (SEZ) Limited	16,905,391	-
Two Rivers Development Limited	-	12,335,000
Pearl Marina Estates Uganda Limited	11,365,619	12,374,619
Vipingo Estates Limited	542,611	533,695
Vipingo Development Plc	21,659,146	18,611,923
	50,472,767	43,855,237
i) Amounts recognised in profit or loss for investment properties		
Fair value gain recognised in investment income	7,097,584	2,129,175
Currency translation differences	(295,945)	1,049,636

ii) 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.





Notes to the Financial Statements (Continued)

5 Investments (continued)

5.1 Investment properties and residential houses under construction (inventories) (continued)

5.1.2 Investment properties (continued)

iii) Valuation methodology

The information is set out under Note 1.5.4

iv) Cashflow

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

	2024	2023
	Ksh'000	Ksh'000
Additions as above	1,187,028	31,931
Non- cash transactions	(1,171,288)	-
Actual cash payments	15,740	31,931

v) Valuers

The fair value model has been applied for the investment properties. The Group commissioned an independent qualified valuer, Regent Valuers International (K) Limited and Axis Real Estate Limited, to determine the fair value of the investment properties as at 31 March 2024 based on open market value. The open market value of the properties was determined using recent market prices of comparable properties. The valuer is registered and has recent experience in the location and the category of the investment properties being valued.

vi) Disposals

During the year, the group sold land for a total consideration of Ksh 290,800,000 (2023: Ksh 866,390,000) resulting in a gain in the profit or loss account as follows:

	2024	2023
	Ksh'000	Ksh'000
Sales proceeds	290,800	866,390
Original cost of the land and related infrastructure costs	(37,434)	(427,642)
	253,366	438,748
Less: previously recognised fair value gains	(197,671)	(363,140)
Gain recognised in profit or loss	55,695	75,608

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

	2024	2023
	Ksh'000	Ksh'000
Sales proceeds as above	290,800	866,390
Non- cash transactions	-	(694,000)
Actual cash receipts	290,800	172,390

Notes to the Financial Statements (Continued)

5 Investments (continued)

5.1 Investment properties and residential houses under construction (inventories) (continued)

5.1.2 Investment properties (continued)

vii) Pledges as security for borrowings

Investment properties valued at Ksh 39 billion (2023: Ksh 31 billion) has been pledged as security for bank borrowings in the Group. Refer to note 9.1c.

viii) Restrictions on realisability of the investment property and/or remittance of proceeds of disposal

Investment property	Amount Ksh'000	Restrictions
Pearl Marina Estates Uganda Limited	11,365,619	None
Vipingo Development Plc	21,659,146	Yes. The Standard Bank of South Africa Limited loan facility is secured by a charge over the investment property.
Vipingo Estates Limited	542,611	Yes. The Standard Bank of South Africa Limited loan facility is secured by a charge over the investment property.
Two Rivers Land Company (SEZ) Limited	16,905,391	Yes. The Nedbank Limited loan facility is secured by a charge over the vacant land and buildings owned by the company.
	50,472,767	

5.2 Unquoted equity investments

	Notes	Group		Company	
		2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
At start of year		4,825,113	5,468,619	4,687,380	4,946,898
Additions		57,715	79,347	56,855	79,347
Disposals		(150,203)	(128,703)	-	(128,703)
Interest income		1,692	1,894	-	2,807
Changes in fair value		(402,091)	(596,044)	(342,389)	(212,969)
		(492,887)	(643,506)	(285,534)	(259,518)
At end of year		4,332,226	4,825,113	4,401,846	4,687,380

The Group's unquoted investments relate to investments in Isuzu East Africa Limited, Nas Airport Services Limited, 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 investment in Nabo Unit Trust Funds is measured using the cost approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

The fair value of Isuzu East Africa and NAS Airport Services is determined using the market approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (ie similar) assets, liabilities or a group of assets and liabilities, such as a business. The market approach often use market multiples derived from a set of comparables. Unquoted investments are non-current assets. Detailed disclosures in the valuation of each investee company are set out under note 1.5.1.





Notes to the Financial Statements (Continued)

5 Investments (continued)

5.3 Quoted equity investments

	Notes	Group		Company	
		2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
At start of year		3,792	8,295	-	7,561
Additions		1	156,144	-	128,784
Disposals		(3,378)	(159,537)	-	(136,345)
Currency translation differences		(400)	-	-	-
Change in fair value		-	(1,110)	-	-
		(3,777)	(4,503)	-	(7,561)
At end of year		15	3,792	-	-

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. Fair value is determined by reference to published price quotations in an active market (classified as level 1 in the fair value hierarchy).

Notes to the Financial Statements (Continued)

6 Group composition

6.1 Interest in subsidiaries

The Company's interest in subsidiaries is as set out below:

Ownership %	Cost			gains/ (losses)			Released on disposal		Fair value	
	1-Apr-23 Ksh'000	Additions Ksh'000	Disposals Ksh'000	31-Mar-24 Ksh'000	1-Apr-23 Ksh'000	In the year Ksh'000	31-Mar-24 Ksh'000	31-Mar-24 Ksh'000	31-Mar-24 Ksh'000	31-Mar-23 Ksh'000
Centum Real Estate Limited	100%	501,498	-	501,498	16,017,881	1,520,046	-	17,537,927	18,039,425	16,519,379
Rasimu Limited	100%	100	-	100	75,268	(75,368)	-	(100)	-	75,368
Centum BVI Limited	100%	8	-	8	(8)	-	-	(8)	-	-
Two Rivers Development Limited	53.60%	1,216,458	-	1,216,458	(1,216,458)	-	-	(1,216,458)	-	-
eTransact Limited	100%	100	-	100	(100)	-	-	(100)	-	-
Centum Exotics Limited	100%	100	-	100	(100)	-	-	(100)	-	-
Nabo Capital Limited	100%	438,000	-	438,000	(58,870)	80,264	-	21,394	459,394	379,130
Investpool Holdings Limited	100%	68	-	68	(68)	-	-	(68)	-	-
Mvuke Power Limited	100%	100	-	100	(100)	-	-	(100)	-	-
Jafari Credit Limited	100%	100	153,933	154,033	(100)	87,934	-	87,834	241,867	-
Bakki Holdco Limited	100%	4,768,266	-	2,530,616	(530,125)	(144,425)	-	(674,550)	1,856,066	4,238,141
Greenblade Growers Limited	100%	412,405	(2,237,650)	412,405	(279,562)	26,716	-	(252,846)	159,559	132,843
Elimu Holdings Limited	100%	1,000	-	1,000	(1,000)	-	-	(1,000)	-	-
Longhorn Publishers Plc	60.20%	749,866	-	749,866	(321,789)	(50,845)	-	(372,634)	377,232	428,077
Zohari Credit Limited	100%	214,428	13,000	227,428	(50,058)	(177,370)	-	(227,428)	-	164,370
Tribus TSG Limited	100%	100	-	100	53,262	156,937	-	210,199	210,299	53,362
Barium Capital Limited	100%	5,000	-	5,000	(5,000)	-	-	(5,000)	-	-
Two Rivers Land Company (SEZ) Limited	80.5%	-	4,702,129	4,702,129	-	4,740,136	-	4,740,136	9,442,265	-
		8,307,597	4,869,062	(2,237,650)	10,939,009	13,683,073	6,164,025	19,847,098	30,786,107	21,990,670
Sidian Bank Limited		-	-	-	-	-	-	-	-	(4,238,141)
Total		8,307,597	4,869,062	(2,237,650)	10,939,009	13,683,073	6,164,025	19,847,098	30,786,107	17,752,529



Centum Investment Company Plc
Financial Statements for the year ended 31 March 2024
Notes to the Financial Statements (Continued)

6 Group composition
6.1 Interest in subsidiaries (continued)

The Company's interest in subsidiaries is as set out below:

	Ownership	Cost			Cumulative fair value gains/ (losses)				Fair value		
		1-Apr-22	Additions	Disposals	31-Mar-23	1-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 (formerly Centum Business Solutions Limited)	100%	100	-	-	100	(100)	-	-	(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 Leasing Limited	100%	214,428	-	-	214,428	(23,470)	(26,588)	-	(50,058)	164,370	190,958
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)
		3,539,331	-	-	3,539,331	18,703,545	(4,490,347)	-	14,213,198	17,752,529	22,242,876

Notes to the Financial Statements (Continued)

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 2024, 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 Office Suites Limited and Two Rivers Development Phase 2 Limited. Two Rivers Theme Park Limited is a Joint Venture between Two Rivers Development Limited and Funsclapes Limited.
Uhuru Heights Limited	Kenya	Investment operations	Real estate	100%	The company is an investment holding company . At 31 March 2024, 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 2024, the company held 100% stake in Oleibon Investments Limited.
Centum Development Company Limited	Mauritius	Investment operations	Real estate	100%	The company is an investment holding company for real estate development. At 31 March 2024, the company's sole holding was in Pearl Marina Estates Limited.
Vipingo Development Plc	Kenya	Investment operations	Real estate	100%	Real estate development holding in 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 2024, the company held 100% of Mvuke Limited that is a special purpose vehicle to explore Geothermal opportunities in Africa and owns 37.5% of Akira 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	Investment operations	Private equity	100%	Private equity investments.
Zohari Credit Limited	Kenya	Financial services	Private equity	100%	Leasing services.
Elimu Holdings Limited	Mauritius	Investment operations	Private equity	100%	Investment holding company. At 31 March 2024, the company's sole holding was a 3.65% stake in Two Rivers Development Limited.
Longhorn Publishers Plc	Kenya	Trading	Private equity	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	100%	Training, security, governance consultancy services and facilities management.
Two rivers Land Company (SEZ Ltd.)	Kenya	Investment operations	Private equity	80.5%	This is an infrastructure development company associated with a functional special economic zone. The Company holds 100% stake in Two Rivers Property Owners Company Limited and Two Rivers International Finance and Innovation Center.

Notes to the Financial Statements (Continued)

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 Land Company		Two Rivers Development Limited		Longhorn Publishers Plc		Total	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
Summarised balance sheet												
Current assets	-	41,800,676		205,962	159,571	-	366,966	913,399	1,083,245	1,322,525	1,609,782	44,242,562
Current liabilities	-	(30,136,429)		(149,185)	(2,046,642)	-	636,040	(1,451,427)	(1,055,751)	(964,022)	(3,738,433)	(32,701,063)
Net current assets/(liabilities)	-	11,664,247	-	56,777	(1,887,071)	-	(269,074)	(538,028)	27,494	358,503	(2,128,651)	11,541,499
Non-current assets	-	1,078,306		9,925	16,905,563	-	2,077,105	14,275,594	1,075,702	1,356,141	20,058,370	16,719,966
Non-current liabilities	-	(7,460,132)	-	-	(7,570,431)	-	(3,613,205)	(14,518,069)	(1,068,913)	(1,091,325)	(12,252,549)	(23,069,526)
Net Non-current assets/(liabilities)	-	(6,381,826)	-	9,925	9,335,132	-	(1,536,100)	(242,475)	6,789	264,816	7,805,821	(6,349,560)
Net assets	-	5,282,421	-	66,702	7,448,061	-	(1,805,174)	(780,503)	34,283	623,319	5,677,170	5,191,939
Accumulated NCI	-	875,227	-	13,340	1,452,372	-	(752,758)	(325,470)	13,645	13,646	713,260	811,178
Summarised income statement												
Income	-	6,181,949	-	324,672	3,399,163	-	375,278	290,340	1,545,370	1,258,239	5,319,811	8,055,200
Profit/(loss) for the year	-	267,996	24,909	18,899	2,437,621	-	(985,194)	(7,521,048)	(589,034)	(130,221)	888,302	(7,364,374)
Other comprehensive income/Total comprehensive income/(loss)	-	267,996	24,909	18,899	2,437,621	-	(985,194)	(7,521,048)	(589,034)	(130,221)	888,302	(7,364,374)
Profit/(loss) allocated to NCI	-	44,403	-	3,780	475,336	-	(410,826)	(3,136,277)	(234,436)	(51,828)	(169,926)	(3,139,922)
Dividends paid to NCI	-	-	-	-	-	-	-	-	-	-	-	-
Summarised Cashflow												
Cash flows from/(used in) operating activities	-	896,155	-	34,652	1,105,299	-	(430,605)	(1,367,048)	319,645	213,369	994,339	(222,872)
Cash flows (used in)/from investing activities	-	666,684	-	(120)	(13,630,968)	-	12,179,153	683,527	(58,008)	(190,459)	(1,509,823)	1,159,632
Cash flows used in financing activities	-	(1,628,015)	-	-	12,529,090	-	(11,702,824)	568,502	(200,940)	(5,290)	625,326	(1,064,803)
Cash equivalent at start of the year	-	2,951,496	-	(4,537)	-	-	11,055	126,074	37,275	19,655	48,330	3,092,688
Net increase(decrease) in cash and cash equivalents	-	2,886,320	-	29,995	3,421	-	56,779	11,055	97,972	37,275	158,172	2,964,645

Notes to the Financial Statements (Continued)

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 2024. 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	
		2024	2023
Akiira Geothermal Limited	Kenya	37.50%	37.50%
Sidian Bank Limited	Kenya	40%	0%





Notes to the Financial Statements (Continued)

6 Group composition (continued)

6.2 Investment in associates and joint ventures (continued)

6.2.1 Investment in associates (continued)

Movements in investments in associates is as follows:

	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
At start of year	1,006,497	978,905	-	-
Additions during the year	2,084,054	27,592	-	-
Share of profits after income tax	(81,513)	-	-	-
	3,009,038	1,006,497	-	-

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 fair value in the Company's financial statements. See note 1.5.3.

The tables below provide summarised financial information for those associates that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates.

	Group	
	2024 Shs'000	2023 Shs'000
Summary statement of comprehensive income		
Interest income	7,311,283	6,181,949
Interest expense	(3,535,677)	(2,860,286)
Net impairment of loans and advances	(1,391,195)	(567,116)
Operating and administrative expenses	(2,565,879)	(2,190,550)
Loss from derecognition of financial liabilities	(444,442)	-
(Loss)/profit for the year	(625,910)	563,997
Income tax credit/(expense)	218,342	(167,223)
Total comprehensive income	(407,568)	396,774
Summary statement of financial position		
Total assets	45,941,559	42,878,982
Total liabilities	40,566,703	37,596,561
Total equity	5,374,856	5,282,421
Summarised statement of cash flows		
Cash flows from operating activities	1,584,108	967,193
Cash flows from investing activities	(2,004,838)	666,684
Cash flows from financing activities	(257,175)	(1,628,015)
Net (decrease /increase in cash and cash equivalents	(677,905)	5,862

There are no restrictions on the Group's ability to access or use assets and settle liabilities in the countries the Group operates in.

Notes to the Financial Statements (Continued)

6 Group composition (continued)

6.2 Investment in associates and joint ventures (continued)

6.2.2 Investment in joint ventures

Set out below are the joint ventures of the Group at 31 March 2024 and 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	
		2024	2023
Two Rivers Lifestyle Centre Limited	Mauritius	50%	50%
Two Rivers Theme Park Limited	Kenya	50%	50%
Amu Power Company Limited	Kenya	51%	51%

Movements in joint ventures during the year are as follows:

	Group		Company	
	2024 Kshs'000	2023 Kshs'000	2024 Kshs'000	2023 Kshs'000
At start of year	-	1,116,581	-	-
Share of losses	-	(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 management considers the carrying value to estimate the fair values.

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.



Notes to the Financial Statements (Continued)

6 Group composition (continued)

6.2 Investment in associates and joint ventures (continued)

6.2.2 Investment in joint ventures (continued)

i) Summarised financial information of joint ventures (continued)

	Two Rivers Lifestyle Centre Limited		Two Rivers Theme Park Limited	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
Summarised balance sheet				
Current assets:				
- Cash and cash equivalents	25,026	15,475	2,391	790
- Other current assets	3,905,108	2,325,520	46,876	24,146
Total current assets	3,930,134	2,340,995	49,267	24,936
Non-current assets	12,234,152	13,377,453	572,904	629,657
Current liabilities:				
- Financial liabilities (excluding trade payables)	(12,837,547)	(13,007,947)	(1,163,504)	(1,155,911)
- Other current liabilities	(5,924,230)	(4,635,029)	(39,553)	(38,763)
Total current liabilities	(18,761,777)	(17,642,976)	(1,203,057)	(1,194,674)
Non-current liabilities				
- Financial liabilities (excluding trade payables)	-	-	-	-
- Other non-current liabilities	(191,834)	(192,713)	(24,076)	(24,679)
Total Non-current liabilities	(191,834)	(192,713)	(24,076)	(24,679)
Net assets	(2,789,325)	(2,117,241)	(604,962)	(564,760)
Summary statement of comprehensive income				
Income	658,283	668,725	108,525	88,249
Cost of sales	-	-	(115,961)	(122,251)
Operating and administration expenses	(565,380)	(412,942)	(10,127)	(8,762)
Impairment loss	-	-	-	(206,299)
Operating profit/(loss)	92,903	255,783	(17,563)	(249,063)
Finance Costs	(764,986)	(2,277,750)	(23,242)	(37,702)
Fair value losses on revaluation	-	(2,328,439)	-	-
Income tax expense	-	-	603	30,471
Loss for the year	(672,083)	(4,350,406)	(40,202)	(256,294)
Total comprehensive income	(672,083)	(4,350,406)	(40,202)	(256,294)
Summary statement of cashflow				
Cash flows from/(used in) operating activities	(747,309)	554,590	17,569	3,610
Cash flows (used in)/from investing activities	1,060,432	(91,362)	-	(120)
Cash flows used in financing activities	(290,349)	(465,190)	(15,968)	(4,081)
Cash and cash equivalents at start of year	15,475	17,437	790	1,381
Total Cashflow	38,249	15,475	2,391	790

(ii) Other joint ventures

In addition to the interest in joint ventures disclosed above, the Group also has interests in Amu Power Company Limited. The carrying amount of the investment is at the historical cost and represents the Group's investments in the company's power project. The management considers the cost to be the estimate of fair values. An impairment provision of Ksh 2,097,549,000 was recognised against the carrying value of the investment in Amu Power Company Limited 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.

Notes to the Financial Statements (Continued)

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	
		2024 Ksh'000	2023 Ksh'000
Term loans		290,247	107,659
Gross loans and advances		290,247	107,659
Expected credit loss allowance		(19,067)	(6,732)
		271,180	100,927
Analysis of gross loans and advances by maturity			
Maturing within one year		137,156	2,958
Between two and three years		45,432	6,451
Over 3 years		107,659	91,518
		290,247	100,927
The movement in the expected credit loss allowance:			
Statement of financial position			
At start of year		6,732	-
Charged through profit or loss in the year (loans and advances)		12,335	6,732
At end of year		19,067	6,732
Profit and loss			
Provision in the year		720,053	601,337
Recoveries of amounts previously provided for		(12,120)	(34,221)
		707,933	567,116

As at 31 March 2024, loans and advances are held by Jafari Credit Limited.





Notes to the Financial Statements (Continued)

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:

Notes to the Financial Statements (Continued)

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

Impairment of loans and advances (continued)

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:

(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 instrument 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:



Notes to the Financial Statements (Continued)

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

Impairment of loans and advances (continued)

(a) Significant increase in credit risk (SICR) (continued)

Quantitative Criteria (continued)

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 – 365 days overdue
	Loss	Over 365 overdue

Qualitative Criteria

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; and
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

Notes to the Financial Statements (Continued)

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

(b) Definition of default and credit-impaired assets (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.





Notes to the Financial Statements (Continued)

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.

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.

Notes to the Financial Statements (Continued)

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

(d) Forward-looking information incorporated in the ECL models (continued)

Maximum exposure to credit risk before collateral held

The breakdown of loans and advances is summarised below:

Group	2024				2023
	Stage 1 12 month ECL Ksh' 000	Stage 2 Ksh' 000	Stage 3 Lifetime ECL Ksh' 000	Total Ksh' 000	Ksh' 000
Individually impaired / non performing facilities					
Grade 3: Substandard			6,052	6,052	3,421
Grade 4: Doubtful	-	-	7,529	7,529	-
Grade 5: Loss	-	-	10,231	10,231	-
Gross amount	-	-	23,812	23,812	3,421
Credit impairment losses	-	-	(18,961)	(18,961)	(3,421)
Carrying amount	-	-	4,851	4,851	-
Collectively impaired					
Grade 1: Normal	250,859	-	-	250,859	104,238
Grade 2: Watch	-	15,576	-	15,576	-
Gross amount	250,859	15,576	-	266,435	104,238
Credit impairment losses	(91)	(15)	-	(106)	(3,311)
Carrying amount	250,768	15,561	-	266,329	100,927
Total carrying amount	250,768	15,561	4,851	271,180	100,927

(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 Group 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.





Notes to the Financial Statements (Continued)

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

(e) Collateral and other credit enhancements (continued)

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 Group'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. 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 de-recognised 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.

Notes to the Financial Statements (Continued)

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

(f) Impairment and provisioning policies (continued)

The following tables explain the changes in the loss allowance in the year due to these factors:

Group and Bank	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	Ksh' 000	Ksh' 000	Ksh' 000	Ksh' 000
Year ended 31 March 2024				
Loss allowance at 1 April 2023	760,101	341,175	(664,805)	436,471
Charge for the year	708,401	317,995	(318,464)	707,932
Net charge to profit or loss in the year	708,401	317,995	(318,464)	707,932
Other movements with no profit and loss impact:				
Net staging transfers	-	-	-	-
Financial assets derecognised	(1,468,411)	(659,157)	1,002,231	(1,125,337)
Write-offs	-	-	-	-
Loss allowance at 31 March 2024	91	13	18,962	19,066

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	(12,534)	(4,733)
Write-offs	-	-	(504,129)	(504,129)
Loss allowance at 31 March 2023	760,101	341,175	(664,805)	436,471

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	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	Ksh' 000	Ksh' 000	Ksh' 000	Ksh' 000
Year ended 31 March 2024				
Gross carrying amount at 1 April 2023	17,831,369	2,394,275	3,088,953	23,314,597
Net staging transfers	-	-	-	-
Financial assets derecognised	(17,831,369)	(2,394,275)	(3,088,953)	(23,314,597)
New financial assets originated	250,768	15,561	4,851	271,180
At year end	250,768	15,561	4,851	271,180
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
Write-offs	-	-	(504,129)	(504,129)
At year end	17,831,369	2,394,275	3,088,953	23,314,597





Notes to the Financial Statements (Continued)

7 Other financial assets and liabilities (continued)

7.2 Government securities and corporate bonds:

		Group		Company	
		2024	2023	2024	2023
	Notes	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Government securities at fair value through profit or loss	7.2.1	130,805	692,935	-	-
Government securities at amortised cost	7.2.2	74,081	268,890	54,065	199,693
Commercial papers at amortised cost	7.2.3	93,007	290,438	959,822	3,904,675
Corporate bonds at amortised cost	7.2.4	286,225	637,095	-	-
		584,118	1,889,358	1,013,887	4,104,368
7.2.1 Government securities at fair value through profit or loss					
At start of year		692,935	903,004	-	-
Additions		342,514	259,382	-	-
Net proceeds and Disposals		(870,371)	(604,019)	-	-
Accrued interest		(2,876)	(2,627)	-	-
Changes in fair value		(31,397)	137,195	-	-
		(562,130)	(210,069)	-	-
At end of year		130,805	692,935	-	-

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

Notes to the Financial Statements (Continued)

7 Other financial assets and liabilities (continued)

7.2.2 Government securities at amortised cost

	Group		Company	
	2024	2023	2024	2023
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year	268,890	1,810,041	199,693	1,664,655
Reclassification to assets held for sale	-	(1,089,015)	-	-
Additions	299,799	4,521,370	199,820	1,177,933
Effect of changes in foreign exchange rates	(9,243)	15,143	(4,720)	18,602
Net proceeds on disposal	(490,301)	(5,457,001)	(345,664)	(2,754,897)
Accrued interest	4,936	468,352	4,936	93,400
	(194,809)	(452,136)	(145,628)	(1,464,962)
At end of year	74,081	268,890	54,065	199,693

7.2.3 Commercial papers at amortised cost

At start of year	290,438	851,013	3,904,675	2,285,207
Reclassification to assets held for sale	-	(92,787)	-	-
Additions	1,073,198	352,464	1,940,012	3,542,400
Net proceeds on disposal	(1,498,582)	(1,331,120)	(5,112,819)	(2,483,215)
Accrued interest	227,953	510,868	227,954	560,283
	(197,431)	(467,788)	(2,944,853)	1,619,468
At end of year	93,007	290,438	959,822	3,904,675





Notes to the Financial Statements (Continued)

7 Other financial assets and liabilities (continued)

7.2.4 Corporate bonds at amortised cost

	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
At start of year	637,095	518,506	-	-
Additions	407,307	781,516	-	-
Accrued interest	17,963	(11,921)	-	-
Effect of changes in foreign exchange rates	(18,876)	(147,217)	-	-
Net proceeds on disposal	(757,264)	(503,789)	-	-
	(350,870)	118,589	-	-
At end of year	286,225	637,095	-	-

No expected credit losses (ECL) have been recognised in the company's financial statements in relation to government securities and corporate bonds as the resultant ECL was immaterial to these financial statements.

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

Group

Year ended 31 March 2024

	0 - 180 days Ksh'000	181 days - 1 year Ksh'000	1 - 5 years Ksh'000	Over 5 years Ksh'000	Total Ksh'000
Government securities at fair value through profit and loss	-	-	103,351	27,454	130,805
Government securities at amortised cost	-	-	61,398	12,683	74,081
Corporate bonds at amortised cost	-	93,007	-	-	93,007
Commercial papers at amortised cost	-	286,225	-	-	286,225
	-	379,232	164,749	40,137	584,118

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

Notes to the Financial Statements (Continued)

7 Other financial assets and liabilities (continued)

7.2.4 Corporate bonds at amortised cost (continued)

Company

Year ended 31 March 2024

	0 - 180 days Ksh'000	181 days - 1 year Ksh'000	1 - 5 years Ksh'000	Over 5 years Ksh'000	Total Ksh'000
Government securities at amortised cost	-	-	51,930	2,135	54,065
Corporate bonds at amortised cost	-	959,822	-	-	959,822
	-	959,822	51,930	2,135	1,013,887
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

7.3 Customer deposits

	Group	
	2024 Ksh'000	2023 Ksh'000
Call and fixed deposits	-	13,939,665
Current and demand accounts	-	7,080,196
Savings accounts - Microsavers	-	770,829
- Others	-	2,125,321
Reclassification to liabilities held for sale	8.4	(23,916,011)
	-	-
Analysis of customer deposits by maturity:		
Payable within one year	-	23,753,725
Between one year and three years	-	162,286
Reclassification to liabilities held for sale	-	(23,916,011)
	-	-

Customer deposits are held by Sidian Bank Limited.





Notes to the Financial Statements (Continued)

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.

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
Plant and equipment	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.

Notes to the Financial Statements (Continued)

8 Non-financial assets (continued)

8.1 Property, plant and equipment (continued)

Group	Land and buildings	Plant and equipment	Office furniture and fittings	Motor vehicles	Computers	Work in progress	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 1 April 2023							
Cost	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
Year ended 31 March 2024							
Opening net book amount	352,360	1,530,342	340,864	124,801	107,502	460,172	2,916,041
Additions	4,858	607,624	1,972	23,544	6,854	(323,323)	321,529
Disposals	-	(2,300)	-	(70,606)	-	-	(72,906)
Depreciation released on disposal	-	1,991	-	68,934	-	-	70,925
Depreciation charge for the year	(50,231)	(157,964)	(57,839)	(9,235)	(12,675)	-	(287,944)
Closing net book amount	306,987	1,979,693	284,997	137,438	101,681	136,849	2,947,645
At 31 March 2024							
Cost	501,763	5,367,129	1,101,990	558,061	548,952	136,849	8,214,744
Accumulated depreciation	(194,776)	(3,387,436)	(816,993)	(420,623)	(447,271)	-	(5,267,099)
Net book amount	306,987	1,979,693	284,997	137,438	101,681	136,849	2,947,645





Centum Investment Company Plc
Financial Statements for the year ended 31 March 2024

Notes to the Financial Statements (Continued)

8 Non-financial assets (continued)

8.1 Property, plant and equipment (continued)

Group	Land and buildings Ksh'000	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	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	116,110	323,192	21,926	14,973	6,246	75,654	558,101
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	-	4,283	-	-	11,534
Depreciation charge for the year	(14,688)	(276,782)	(50,368)	(23,239)	(26,351)	-	(391,428)
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	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

Notes to the Financial Statements (Continued)

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 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
Year ended 31 March 2024				
Opening net book amount	-	6,808	72,123	78,931
Additions	-	1,875	2,041	3,916
Depreciation charge	-	(1,528)	(12,124)	(13,652)
Closing net book amount	-	7,155	62,040	69,195
At 31 March 2024				
Cost	27,536	23,869	126,223	177,628
Accumulated amortisation	(27,536)	(16,714)	(64,183)	(108,433)
Net book amount	-	7,155	62,040	69,195
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





Notes to the Financial Statements (Continued)

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.

	Goodwill	Group Computer software	Total	Company Computer software
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 1 April 2023:				
Cost	1,209,983	2,151,337	3,361,320	2,745
Accumulated amortisation	(1,209,983)	(1,157,502)	(2,367,485)	(2,340)
Net book amount	-	993,835	993,835	405
Year ended 31 March 2024				
Opening net book amount	-	993,835	993,835	405
Additions	-	64,279	64,279	-
Amortisation charge	-	(275,239)	(275,239)	(57)
Reclassification to assets classified as held for sale	-	-	-	-
Closing net book amount	-	782,875	782,875	348
At 31 March 2024				
Cost	1,209,983	2,215,616	3,425,599	2,745
Accumulated amortisation	(1,209,983)	(1,432,741)	(2,642,724)	(2,397)
Net book amount	-	782,875	782,875	348

Notes to the Financial Statements (Continued)

8 Non-financial assets (continued)

8.2 Intangible assets (continued)

	Goodwill	Computer software	Group Total	Company Computer software
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 1 April 2022:				
Cost	1,209,983	1,891,106	3,101,089	2,327
Accumulated amortisation and impairment	(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
Amortisation charge	(361,335)	(125,972)	(487,307)	(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	3,361,320	2,745
Accumulated amortisation	(1,209,983)	(1,157,502)	(2,367,485)	(2,340)
Net book amount	-	993,835	993,835	405

At 31 March 2023

During the year ended 31 March 2023, goodwill assessment in relation to Longhorn Publishers Plc revealed an impairment loss of Shs 361.335 million being the difference between the recoverable amount and the carrying amount of goodwill at 31 March 2023. The impairment of goodwill was charged to the profit and loss for the year within the provision of for impairment of other assets line.





Notes to the Financial Statements (Continued)

8 Non-financial assets (continued)

8.3 Leases

8.3.1 Leases as lessee

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	
	2024	2023	2024	2023
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Right-of-use assets				
Buildings	141,425	60,644	64,344	-
Lease liabilities				
Current	5,176	26,255	-	-
Non - current	157,559	47,711	64,818	-
	162,735	73,966	64,818	-

The movement in right-of-use assets is broken down below:

	Group		Company	
	2024	2023	2024	2023
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year	60,644	126,643	-	21,803
Additions	119,449	91,062	70,194	-
Lease termination	(4,179)	(21,803)	-	(21,803)
Amortisation	(34,489)	(192,000)	(5,850)	-
Reclassified from assets held for sale	-	121,797	-	-
Lease modification	-	(65,055)	-	-
At end of year	141,425	60,644	64,344	-

The movement in lease liabilities is broken down below:

	Group		Company	
	2024	2023	2024	2023
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year	73,967	143,886	-	25,981
Additions	119,449	-	67,647	-
Lease termination	(4,898)	(25,981)	-	(25,981)
Accretion of interest	13,724	86,611	-	-
Interest repayment	(13,724)	(271,324)	(2,829)	-
Lease modification	(25,783)	(18,503)	-	-
Reclassification from held for sale	-	159,278	-	-
At end of year	162,735	73,967	64,818	-

(ii) Amounts recognised in the statement of profit or loss

	Group		Company	
	2024	2023	2024	2023
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Depreciation charge of right of use assets	34,489	192,000	5,850	-
Interest expense (included in finance cost)	16,553	86,610	2,829	-

Notes to the Financial Statements (Continued)

8 Non-financial assets (continued)

8.3 Leases (continued)

8.3.1 Leases as lessee (continued)

	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
(iii) Amounts recognised in the statement of cashflow				
Payment of principal portion of the lease liability	25,783	458,351	5,376	-
Interest paid on lease liability	13,724	271,324	2,829	-
	39,507	729,675	8,205	-

Cash payments for the principal portion of the lease liabilities are shown as cash flows from financing activities and cash payments for the interest portion are shown as cashflows from operating activities in the statement of cashflow.

(iv) Maturity analysis for lease liabilities

The table below sets out the maturity analysis of the lease liabilities:-

	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
Current	84,447	58,344	6,083	-
Non-current	78,288	15,623	58,735	-
	162,735	73,967	64,818	-

(v) 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.





Notes to the Financial Statements (Continued)

8 Non-financial assets (continued)

8.3 Leases (continued)

8.3.1 Leases as lessee (continued)

(v) The Group and Company's leasing activities and how these are accounted for (continued)

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.

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.

(vi) 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.

Notes to the Financial Statements (Continued)

8 Non-financial assets (continued)

8.3 Leases (continued)

8.3.2 Leases as 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.

	Group	
	2024	2023
	Ksh'000	Ksh'000
Gross finance lease receivable	170,814	227,835
Provision for expected credit losses	(162,314)	-
Net finance lease receivable	8,500	227,835
The finance lease receivables relate to Zohari Credit Limited which is the lessor.		
Non current:		
Gross finance lease receivable	7,186	236,551
Unearned finance income	(1,611)	(65,675)
	5,575	170,876
Current:		
Gross finance lease receivable	4,688	94,524
Unearned finance income	(1,763)	(37,565)
	2,925	56,959
	8,500	227,835
Gross receivable from finance leases:		
- No later than 1 year	4,688	94,524
- Later than 1 year no later than 5 years	7,186	236,551
	11,874	331,075
Unearned future finance income on finance lease	(3,374)	(103,240)
	8,500	227,835
Amounts recognised in the statement of cashflow		
Changes in working capital	3,725	89,196





Notes to the Financial Statements (Continued)

8 Non-financial assets (continued)

8.4 Assets classified as held for sale

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.

During the year ended 31 March 2022, the directors approved a strategic decision to dispose of Centum's holding in Sidian Bank Limited, giving management the go ahead to identify and dispose of the investment to potential investors. The transaction was concluded during the financial year and Sidian Bank Limited ceased being a subsidiary effective 1 October 2023. Sidian Bank Limited has been accounted for as an associate.

	2023 Ksh'000
Group	
- Investment in subsidiary:	
- Sidian Bank Limited	
- Total assets	42,665,245
- Total liabilities	(37,314,452)
Net assets	5,350,793
Company	
Investment in subsidiary:	
- Sidian Bank Limited Net assets	4,238,141
	4,238,141

Notes to the Financial Statements (Continued)

8 Non-financial assets (continued)

8.4 Assets classified as held for sale (continued)

As at 31 March 2023, the disposal group was stated at fair value and comprised the following assets and liabilities:

	Group 2023 Ksh'000
Intangible assets	181,107
Equipment	533,643
Deferred income tax	363,556
Current income tax	62,377
Receivables, prepayments and other assets	1,850,150
Loans and advances	23,314,597
Government securities & corporate bonds	13,247,955
Cash and bank balances	3,111,860
Total assets	42,665,245
Payables and accrued expenses	515,759
Customer deposits	23,916,011
Lease liabilities	729,675
Due to related parties	-
Borrowings	12,153,007
Total liabilities	37,314,452
Net assets	5,350,793

Measurement of fair values

The valuation/cost techniques used for measuring the fair value of material assets and liabilities were as follows:-

Assets and liabilities classified as held for sale	Valuation technique
Plant and equipment	The fair value of the plant and equipment is based on the depreciated replacement cost. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	The fair value of the intangible assets is based on the depreciated replacement cost. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Receivables, prepayments and other assets	The fair value of receivables, prepayments and other assets is estimated using the carrying amount since the amounts are receivable on demand as at the reporting date.
Loans and advances	The loans and advances comprise gross contractual amounts due of Ksh 23,314,597,000 of which Ksh 3,189,274,000 was carried as non-performing loans.
Government securities and corporate bonds	Government securities with observable market prices are fair valued using that information. Corporate bonds that do not have observable market data are fair valued either using discounted cash flow method or quoted market prices for securities with similar yield characteristics.
Cash and bank balances	The fair value of cash and bank balances is estimated using the carrying amount since the amounts are receivable on demand as at the reporting date.
Payables and accrued expenses	The fair value of payables and accrued expenses is estimated using the carrying amount since the amounts are payable on demand as at the reporting date.
Customer deposits	The fair value of customer deposits are the amounts payable on demand at the reporting date.
Lease liabilities	The fair value of lease liabilities are the carrying amounts at the reporting date.
Borrowings	The fair value of borrowings are the carrying amounts at the reporting date.





Notes to the Financial Statements (Continued)

8 Non-financial assets (continued)

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.

	Group	
	2024 Ksh'000	2023 Ksh'000
At start of year	19,103	-
Fair value gain due to transformation	11,232	19,103
Disposals	-	-
At end of year	30,335	19,103

Significant assumptions made in determining the fair value of biological assets and agricultural produce are:

- (i) There will be no significant change in exchange rates between the Kenya Shillings vis a vis the Euro as fluctuations are expected to even out in the long run; and
- (ii) The maturity period of chives is expected to be between 5 to 7 weeks depending on the farm practice in place to boost growth to match the forecasted demand.

Notes to the Financial Statements (Continued)

9 Financing structure and commitments

9.1 Borrowings

Borrowings are accounted for as financial liabilities in accordance with the accounting policy disclosed under note 1.4.

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	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
Unsecured:				
Term loans	1,546,967	1,337,696	-	-
Commercial Papers and Loan Notes	2,124,175	4,032,667	-	-
Corporate bonds	-	1,295,993	-	-
	3,671,142	6,666,356	-	-
Secured:				
Bank borrowings	12,908,444	13,009,163	1,950,589	2,248,171
Short term borrowings	10,956	2,261	-	-
	12,919,400	13,011,424	1,950,589	2,248,171
Total borrowings	16,590,542	19,677,780	1,950,589	2,248,171
Analysed as follows:				
Banking subsidiary	-	12,153,007	-	-
Reclassified to liabilities held for sale	8.4	(12,153,007)	-	-
Other	16,590,542	19,677,780	1,950,589	2,248,171
	16,590,542	19,677,780	1,950,589	2,248,171

The classification of the Group's and Company's borrowings is as follows:

Current	7,106,468	12,225,896	950,000	500,000
Non current	9,484,074	7,451,884	1,000,589	1,748,171
	16,590,542	19,677,780	1,950,589	2,248,171
Kenya Shillings	8,333,229	12,318,740	1,950,589	1,716,201
United States dollar	8,031,598	7,302,239	-	531,970
Euro	225,715	56,801	-	-
	16,590,542	19,677,780	1,950,589	2,248,171

The Group and Company had the following undrawn committed facilities at year end:-

	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
Standard Chartered Bank		89,247	-	-
Stanbic Kenya Limited	1,579	101,470	1,579	101,470
	1,579	190,717	1,579	101,470





Notes to the Financial Statements (Continued)

9 Financing structure and commitments (continued)

9.1 Borrowings (continued)

	Group	
	2024 Ksh'000	2023 Ksh'000
a) Term loans		
Oiko Credit	-	1,030,914
Triodos Investment Management	-	1,345,700
EMF Microfinance Fund	-	1,367,079
Water Equity	-	560,576
East Africa Development Bank	-	442,395
Investment Fund for Developing Countries (IFU)	-	1,809,060
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO)	-	1,218,183
Aqua For All	-	4,217
Reclassified to liabilities held for sale	-	(7,778,124)
GridX Africa	1,157,433	856,901
Stanchart Bank	389,534	480,795
Total term loans	1,546,967	1,337,696

The Term Loans above are held by Two Rivers Power Company Limited and Longhorn Publishers Plc. The movement in the term loans is as follows:-

	Group	
	2024 Ksh'000	2023 Ksh'000
At start of year	1,337,696	856,901
Received during the year	-	6,037,388
Foreign exchange (gain)/loss	(23,539)	1,137,522
Accrued interest	481,557	2,474,229
Repayments during the year	(158,016)	(1,390,220)
Interest repayments	(90,731)	-
Reclassified to liabilities held for sale	-	(7,778,124)
At end of year	1,546,967	1,337,696

Grid X Duara Holdings

Two Rivers Power Company Limited (TRPC) 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 TRPC voluntarily or on occurrence of an event of default. No such conversion had occurred by the year end. The facility accrues interest at a rate of 14.13% per annum. The loan tenor is 180 months from the first drawn down in October 2021. Financial covenants include borrower loan to value ratio (75%) and borrower Debt Service Coverage Ratio (DSCR) equal to or greater than (1.11x). At 31 March 2024, TRPC was in breach of both financial covenants.

Because of the breach of the financial covenants, the borrowing facilities have been classified as current liabilities in the TRPC statement of financial position as required by the IFRS Accounting Standards .

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.

Notes to the Financial Statements (Continued)

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	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
Two Rivers Development Limited	1,594,534	3,799,521	-	-
Two Rivers Land Company (SEZ) Limited	400,000	-	-	-
Longhorn Publishers Plc	129,641	233,146	-	-
Total	2,124,175	4,032,667	-	-
The movement in commercial papers was as follows:				
At start of year	4,032,667	3,145,678	-	-
Received during the year	1,777,136	3,936,063	-	-
Accrued interest	348,073	1,582,699	-	-
Repayments during the year	(4,033,701)	(4,522,438)	-	-
Interest repayments	-	(109,335)	-	-
At end of year	2,124,175	4,032,667	-	-

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 rates of 25%. The Longhorn Publishers Plc Commercial Papers have been issued to NCBA Bank Kenya Limited and earn interest at a rate of 15%.

c) Bank Borrowings

	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
The following banks have provided loan facilities to the Group and Company				
Stanbic Bank Kenya Limited	1,950,551	2,248,171	1,950,589	2,248,171
Standard Bank of South Africa Limited	3,097,618	3,171,252	-	-
Nedbank Group	6,874,165	6,770,269	-	-
NCBA Bank Kenya Limited	225,715	56,801	-	-
Standard Chartered Bank Kenya Limited	549,775	762,670	-	-
Sidian Bank Limited	203,702	-	-	-
Absa Bank Kenya Plc	6,918	-	-	-
	12,908,444	13,009,163	1,950,589	2,248,171





Notes to the Financial Statements (Continued)

9 Financing structure and commitments (continued)

9.1 Borrowings (continued)

c) Bank Borrowings (continued)

	Group		Company	
	2024	2023	2024	2023
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Movement in bank borrowings is as follows:				
At start of year	13,009,163	15,387,037	2,248,171	4,159,036
Received during the year	1,665,908	1,517,252	-	-
Revaluation loss	(204,593)	1,215,791	-	191,311
Accrued interest	1,597,452	838,835	517,325	-
Repayments during the year (Principal)	(2,019,333)	(5,102,135)	(500,000)	(1,741,872)
Repayments during the year (Interest)	(1,140,153)	(847,617)	(314,945)	(360,304)
At end of year	12,908,444	13,009,163	1,950,551	2,248,171

Stanbic Bank Kenya Limited Centum Investment Company Plc

As at 31 March 2024, the Company maintained an overdraft and term loan facilities with Stanbic Bank of Ksh 1.9 billion (31 March 2023: Ksh 2.2 billion). The USD component of the exposure as at 31 March 2024 was nil (2023: \$4Mn). The Ksh facilities are priced at 182-Days T-Bill Rate plus 2.7%. The facilities are secured by a charge over the Company's marketable securities portfolio. The facility has a tenor of 36 months from November 2022.

Under the terms of the borrowing facility, the Company is required to comply with the following financial covenants:

1. Leverage ratio;
2. Asset cover ratio; and
3. Current ratio.

The Company was compliant with all the covenants as at 31 March 2024.

Standard Bank of South Africa Limited Vipingo Development Plc

During the year, Vipingo Development Plc refinanced its existing facility split into two components: USD component and KES component into an all in KES facility. The facility is priced at a base rate of the 182-day T-Bill and a margin of 350 bps.

The facility is secured by a charge over Vipingo's land and is guaranteed by Centum Investment Company Plc. The facility has a tenor of 42 months from September 2023.

Under the terms of the borrowing facility, the Company is required to comply with the following financial covenants:

1. Loan to value of land ratio;
2. Asset cover ratio (measured at Centum Investment Company Plc level);
3. Guarantor leverage ratio (measured at Centum Investment Company Plc level); and
4. Current ratio (measured at Centum Investment Company Plc level)

The Company was compliant with all the covenants as at 31 March 2024.

Notes to the Financial Statements (Continued)

9 Financing structure and commitments (continued)

9.1 Borrowings (continued)

Nedbank Limited

Two Rivers Land Company (SEZ) Limited

This relates to term loan facility with Nedbank Limited through its London Branch of USD 50,000,000. The facility is priced at SOFR plus 5.75% per annum with a tenor of 36 months. The facility is secured by a charge over the vacant land and building owned by the Company. Financial covenants include borrower loan to value ratio (58%), debt to total assets ratio (41.5%), guarantor net asset value (USD 335,000,000), guarantor interest cover ratio (1.85x) and guarantor debt to total assets ratio (60%). The company was compliant with the debt covenants as at 31 March 2024.

NCBA Bank Kenya

Two Rivers Power Company Limited

Two Rivers Power Company Limited (TRPC) has two Euro facilities with NCBA Bank Plc (the bank). The first facility's principal amount is EUR 2,181,990. The facility is subject to a minimum of the Bank's six months EURIBOR plus 3% subject to a floor rate of 3% per annum. The loan tenor is 120 months from the first drawn down in 2017 with a one-year principal only moratorium.

The second facility's principal amount is EUR 1,440,000. The facility accrues interest at a rate that is the Bank's six months EURIBOR plus 3%. The loan tenor is 108 months since the first draw down in 2023 with six months moratorium on principal. Financial covenants include Bank Gearing Ratio equal to or less than (2:1) and Debt Service Coverage Ratio (DSCR) equal to or greater than (1.25X). At 31 March 2024, Two Rivers Power Company Limited was in breach of both covenants. However, a waiver letter was obtained.

The second facility principal amount is EUR 1,440,000 was advanced towards expansion of the solar plant. The facility accrues interest at a rate that is the Bank's six months EURIBOR plus 3%. The loan tenor is 108 months since the first draw down in 2023 with six months moratorium on principal.

Standard Chartered Bank Kenya Limited

Longhorn Publishers Plc

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. A portion of the loan (Kshs 500 million) was termed out from January 2023 with a maturity of 5 years.

Under the terms of the borrowing facility, the Company is required to comply with the following financial covenants:

- i) Current ratio should not fall below 0.8x;
- ii) Debt coverage ratio should be greater than 1x; and
- iii) Total debt/EBITDA ratio should be below 4x.

As at 31 March 2024, Longhorn Publishers Plc was compliant with the debt coverage ratio and the total debt/EBITDA ratio. The company was not compliant with the current ratio. Because of the breach of the financial covenant, the borrowing facilities have been classified as current liabilities in the statement of financial position.

Sidian Bank Limited

Zohari Credit Limited

The bank borrowings are denominated in Kenya shillings and bear interest at the banks current lending rate of 21% (2023: 13%)

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 21% (2023:13%). The purpose of the loan is to finance the growth of the lease book especially the long-term assets being purchased through finance lease. The bank loan is secured by land title belonging to related party entity, Green blade Growers Limited, by virtue of common ownership and directors' guarantee. There is also a Corporate Guarantee and Indemnity by Centum Investment Company Plc with evidence of commercial benefit for the guarantee. The loans have different tenures with the longest repayable by September 2028.

Absa Bank Kenya Plc

Greenblade Growers Limited

Absa Bank Kenya Plc provided a Ksh 7,767,000 asset finance facility to Greenblade Growers Limited. The facility is priced at 5.5% above the ABSA Bank rate. The facility has a tenor of 60 months. The facility is secured by the assets being acquired.





Notes to the Financial Statements (Continued)

9 Financing structure and commitments (continued)

9.1 Borrowings (continued)

d) Corporate bonds	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
At start of year	1,295,993	1,206,185	-	-
Accrued interest	197,887	89,808	-	-
Repayments during the year - principal	(1,493,880)	-	-	-
	-	1,295,993	-	-

On 19 November 2023, Centum Real Estate Limited settled its 3-year Zero Coupon Bond of Shs 2,957,900,000. The bond comprised of fixed rate notes of Shs 2,603,300,000 at an interest rate of 12.5% and equity linked notes of Shs 354,600,000 at an interest rate of 12%.

The investors of the equity linked notes were paid an additional 2% for a total return of 14% since the developer achieved a 20% internal rate of return on at least two of its projects funded using the bond proceeds.

e) Amounts included in cashflow statement	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
i) Proceeds from borrowings				
Term loans	-	6,037,388	-	-
Commercial papers	1,777,136	3,936,063	-	-
Bank borrowings	1,665,908	1,517,252	-	-
	3,443,044	11,490,703	-	-
Non- cash transactions	(1,376,997)	(3,936,063)	-	-
Proceeds per cashflow statement	2,066,047	7,554,640	-	-
ii) Repayment of borrowings				
Term loans	158,016	1,390,220	-	-
Commercial papers	4,033,701	4,522,438	-	-
Bank borrowings	2,019,333	5,102,135	500,000	1,741,872
Corporate bonds	1,493,880	-	-	-
	7,704,930	11,014,793	500,000	1,741,872
Non cash transactions	(549,497)	(138,941)	-	-
	7,155,433	10,875,852	500,000	1,741,872

Notes to the Financial Statements (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:

	Group	
	2024 Ksh'000	2023 Ksh'000
Residential housing projects	4,837,281	5,631,510
	4,837,281	5,631,510

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. The third party guarantee from Stanbic Kenya Limited has been further reduced following subsequent reviews by the respective parties and currently stands at Ksh 662 Million (2023: Ksh 662 Million). 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 2024 and 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.

	Group	
	2024 Ksh'000	2023 Ksh'000
Letters of credit and performance bonds	-	12,090,128





Notes to the Financial Statements (Continued)

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 Risk 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 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.

Notes to the Financial Statements (Continued)

10 Financial risk

10.1 Financial risk management and financial instruments (continued)

Financial instruments by category - Group

a) Financial assets

	At fair value through profit or loss	Group At fair value through other comprehensive income	At amortised cost	Company At fair value through other comprehensive income	At amortised cost
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 31 March 2024					
Government securities	130,805	-	74,081	-	54,065
Corporate bonds and commercial papers	-	-	379,232	-	959,822
Loans and advances	-	-	290,247	-	-
Finance lease receivables	-	-	8,500	-	-
Call deposits	-	-	988,600	-	253,384
Bank balances	-	-	444,245	-	66,555
Trade and other receivables	-	-	1,656,735	-	36,799
Debt investment in subsidiaries	-	-	-	-	11,229,808
Quoted investments	-	15	-	-	-
Unquoted investments	-	4,332,226	-	-	-
	130,805	4,332,241	3,841,640	-	12,600,433

At 31 March 2023					
Government securities	137,195	-	268,890	-	199,693
Corporate bonds and commercial papers	-	-	927,533	-	3,904,675
Finance lease receivables	-	-	227,835	-	-
Call deposits	-	-	86,531	-	271,032
Bank balances	-	-	1,093,229	-	77,218
Trade and other receivables	-	-	1,681,578	-	77,340
Debt investment in subsidiaries	-	-	-	-	10,344,329
Quoted investments	-	3,792	-	-	-
Unquoted investments	-	4,825,113	-	-	-
	137,195	4,828,905	4,285,596	-	14,874,287

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 2024 and 2023 are shown under respective notes.





Notes to the Financial Statements (Continued)

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.

The interest rate profile of the Group's and Company's interest bearing financial instruments as reported is as follows:-

	Group		Company	
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Fixed-rate instruments				
Financial assets				
Government securities at amortised cost	74,081	268,890	54,065	199,693
Government securities at fair value through profit and loss	130,805	692,935	-	-
Corporate bonds	93,007	290,438	-	-
Commercial papers	286,225	637,095	959,822	3,904,675
Loans and advances	271,180	100,927	-	-
Call deposits	988,600	86,531	253,384	271,032
Variable-rate instruments				
Financial liabilities				
Borrowings	16,590,542	19,677,780	1,950,589	2,248,171

Notes to the Financial Statements (Continued)

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

As at 31 March 2024, a 5% increase/decrease of the annual interest rate would have resulted in an increase/decrease in pre-tax profit and equity net of tax as follows:

	2024 Profit or loss Ksh'000	Group 2024 Equity, net of tax Ksh'000	2024 Profit or loss Ksh'000	Company 2024 Equity, net of tax Ksh'000
As at 31 March 2024				
Financial liabilities	664,897	465,428	97,529	68,271
	2023 Profit or loss Ksh'000	Group 2023 Equity, net of tax Ksh'000	2023 Profit or loss Ksh'000	Company 2023 Equity, net of tax Ksh'000
As at 31 March 2023				
Financial liabilities	650,458	455,321	112,409	78,686

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.





Notes to the Financial Statements (Continued)

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 2024, 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 nil (2023: Ksh 189,600) and Nil (2023: Nil) higher/lower respectively.

iii) Investment holding period risk

98% and 99% (2023: 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

76% (2023: 79%) of the Group's assets are located in Kenya while 24% (2023: 21%) is located outside of Kenya.

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.

Notes to the Financial Statements (Continued)

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 2024 and 31 March 2023 were:

	2024	2023
1 US dollar (USD)	131.80	132.33
1 Euro (Eur)	142.67	144.37
1 British pound (GBP)	166.55	163.67
1 Ugandan shilling (UGX)	29.47	28.56
1 Tanzania shilling (Tshs)	19.36	17.68
1 Ghana cedi (Ghc)	10.08	11.22





Notes to the Financial Statements (Continued)

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 (continued)

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

	Group		Company	
	2024	2023	2024	2023
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Financial assets				
Cash and equivalents (USD)	530,890	138,922	3,277	24,869
Cash and equivalents (EUR)	1,124	27,210	-	-
Cash and equivalents (GBP)	15	9,114	-	-
Loans and advances (USD)	-	-	5,399,567	3,640,104
Loans and advances (EUR)	-	-	-	-
	532,029	175,246	5,402,844	3,664,973
Financial liabilities				
Borrowings (Euro)	225,715	56,801	-	-
Borrowings (USD)	8,031,598	7,302,239	-	527,381
	8,257,313	7,359,040	-	527,381

Notes to the Financial Statements (Continued)

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

v) Foreign exchange risk (continued)

If all other variables were held constant, at 31 March 2024 and 31 March 2023, 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	
	2024	2023	2024	2023
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Profit or loss				
1 US dollar (USD)	375,035	358,166	(270,142)	(156,880)
1 Euro (EUR)	11,230	1,480	-	-
1 British pound (GBP)	1	456	-	-
	386,266	360,102	(270,142)	(156,880)
Equity, net of tax				
1 US dollar (USD)	262,525	250,716	(189,100)	(109,816)
1 Euro (EUR)	7,861	1,036	-	-
1 British pound (GBP)	1	319	-	-
	270,387	252,071	(189,100)	(109,816)

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 2024, 2.6 % (2023: 2.2%) 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 1,579,000 (2023: Ksh 190,717,000) (Note 9.1).



Notes to the Financial Statements (Continued)

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

b) Liquidity risk (continued)

The following are the remaining contractual maturities of financial assets and liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting arrangements.

Group	At 31 March 2024	Up to 1 month	1-3 months	3-12 months	1-3 years	3-5 years	Over 5 years	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Financial assets								
Unquoted equity investments	-	-	-	-	-	4,332,226	-	4,332,226
Quoted investments	-	-	-	15	-	-	-	15
Loans and advances	-	-	-	137,156	-	45,432	88,592	271,180
Finance lease receivable	-	-	-	4,688	3,812	-	-	8,500
Government securities at fair value through profit and loss	-	-	-	-	103,351	-	27,454	130,805
Government securities at amortised cost	-	-	-	-	61,398	-	12,683	74,081
Commercial papers at amortised cost	-	-	-	286,225	-	-	-	286,225
Corporate bonds at amortised cost	-	-	-	93,007	-	-	-	93,007
Trade and other receivables	56,152	1,447,162	-	-	67,310	-	3,961,125	5,531,749
Cash and cash equivalent	1,431,113	-	-	-	-	-	-	1,431,113
Committed funds	-	1,664,000	-	5,135,000	1,950,000	-	-	8,749,000
	1,487,265	3,111,162	5,656,091	2,185,871	4,377,658	4,089,854	20,907,899	
Financial liabilities								
Borrowings	-	-	-	7,106,468	9,484,074	-	-	16,590,542
Lease liabilities	-	-	-	84,447	78,288	-	-	162,735
Other liabilities and accrued expenses	817,018	915,392	4,337,902	-	-	-	-	6,070,312
Unclaimed dividends	-	443,563	-	-	-	-	-	443,563
	817,018	1,358,955	11,528,817	9,562,362	-	-	-	23,267,152
Net liquidity	670,247	1,752,207	(5,872,726)	(7,376,491)	4,377,658	4,089,8542	(2,359,253)	

Notes to the Financial Statements (Continued)

- 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							
Unquoted equity investments	-	-	-	-	4,825,113	-	4,825,113
Quoted investments	-	-	3,792	-	-	-	3,792
Loans and advances	-	-	878	-	7,483	92,566	100,927
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	-	-	69,197	-	-	199,693	268,890
Corporate bonds at amortised cost	-	-	290,438	-	-	92,787	383,225
Commercial papers at amortised cost	-	-	637,095	-	-	-	637,095
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	546,755	1,864,879	214,645	4,832,596	1,416,195	13,064,665
Financial liabilities							
Borrowings	-	3,808,618	7,422,872	12,177,681	-	1,229,774	24,638,945
Lease liabilities	-	-	58,344	15,623	-	-	73,967
Other liabilities and accrued expenses	769,774	-	4,131,561	39,400	-	-	4,940,735
Unclaimed dividends	-	249,158	-	-	-	-	249,158
	769,774	4,057,776	11,612,777	12,232,704	-	1,229,774	29,902,805
Net liquidity	3,419,821	(3,511,021)	(9,747,898)	(12,018,059)	4,832,596	186,421	(16,838,140)





Notes to the Financial Statements (Continued)

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

b) Liquidity risk (continued)

Company At 31 March 2024	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							
Debt investment in subsidiaries	-	-	-	11,229,808	-	-	11,229,808
Unquoted equity investments	-	-	-	-	4,401,846	-	4,401,846
Receivables and prepayments	8,443	-	28,355	-	-	-	36,798
Cash and cash equivalent	66,555	253,384	-	-	-	-	319,939
	74,998	253,384	28,355	11,229,808	4,401,846	-	15,988,391
Financial liabilities							
Payables and accruals	1,209,206	32,814	-	-	-	-	1,242,020
Due to subsidiary companies	-	5,993	-	-	-	-	5,993
Lease liabilities	-	-	6,083	58,735	-	-	64,818
Borrowings	-	950,000	-	1,000,589	-	-	1,950,589
Unclaimed dividends	-	443,563	-	-	-	-	443,563
	1,209,206	1,432,370	6,083	1,059,324	-	-	3,706,983
Net liquidity	(1,134,208)	(1,178,986)	22,272	10,170,484	4,401,846	-	12,281,408
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							
Debt investment in subsidiaries	-	-	-	10,344,329	-	-	10,344,329
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	40,942	10,344,329	4,687,379	-	15,457,298
Financial liabilities							
Payables and accruals	273,349	4,884	-	260,221	-	-	538,454
Borrowings	-	-	500,000	1,748,171	-	-	2,248,171
Unclaimed dividends	-	249,158	-	-	-	-	249,158
	273,349	254,042	500,000	2,008,392	-	-	3,035,783
Net liquidity	(159,733)	16,990	(459,058)	8,335,937	4,687,379	-	12,421,515

Notes to the Financial Statements (Continued)

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

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.

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.





Notes to the Financial Statements (Continued)

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; and
- 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 Ksh'000	Lifetime expected credit losses (see note below)			Total Ksh'000
		(a) Ksh'000	(b) Ksh'000	(c) Ksh'000	
At 31 March 2024					
Government securities	204,886	-	-	-	204,886
Corporate bonds and commercial papers	379,232	-	-	-	379,232
Loans and advances	250,859	15,576	23,812	-	290,247
Finance lease receivables	8,500	-	-	-	8,500
Call deposits	988,600	-	-	-	988,600
Bank balances	442,513	-	-	-	442,513
Trade and other receivables	-	-	-	5,568,317	5,568,317
Gross carrying amount	2,274,590	15,576	23,812	5,568,317	7,882,295
Loss allowance	(19,067)	-	-	(4,183,457)	(4,202,524)
Exposure to credit risk	2,255,523	15,576	23,812	1,384,860	3,679,771
At 31 March 2023					
Government securities	961,825	-	-	-	961,825
Corporate bonds and commercial papers	927,534	-	-	-	927,534
Loans and advances	104,238	-	-	3,421	107,659
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	-	-	-	5,647,446	5,647,446
Gross carrying amount	5,876,165	-	-	5,650,867	11,527,032
Loss allowance	(6,732)	-	-	(4,008,958)	(4,015,690)
Exposure to credit risk	5,869,433	-	-	1,641,909	7,511,342

Notes to the Financial Statements (Continued)

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)

Company

Basis for measurement of loss allowance	12-month expected credit losses	Lifetime expected credit losses			Total
		(a)	(b)	(c)	
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 31 March 2024					
Call deposits	253,384	-	-	-	253,384
Bank balances	66,555	-	-	-	66,555
Government securities and corporate bonds	1,013,887				1,013,887
Trade and other receivables	-	-	-	28,355	28,355
Shareholder loans advanced to subsidiaries	14,437,908	-	-	-	14,437,908
Gross carrying amount	15,771,734	-	-	28,355	15,800,089
Loss allowance	(3,208,101)	-	-	-	(3,208,101)
Exposure to credit risk	12,563,633	-	-	28,355	12,591,988
At 31 March 2023					
Call deposits	271,032	-	-	-	271,032
Bank balances	77,218	-	-	-	77,218
Government securities and bonds	4,104,369				4,104,369
Trade and other receivables	-	-	-	71,788	71,788
Shareholder loans advanced to subsidiaries	13,534,929	-	-	-	13,534,929
Gross carrying amount	17,987,548	-	-	71,788	18,059,336
Loss allowance	(3,190,600)	-	-	-	(3,190,600)
Exposure to credit risk	14,796,948	-	-	71,788	14,868,736



Notes to the Financial Statements (Continued)

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)

The loss allowances at the end of each year relate to the following:-

Group					
Basis for measurement of loss allowance	12-Month expected Ksh'000	Lifetime expected credit losses			Total Ksh'000
		(a) Ksh'000	(b) Ksh'000	(c) Ksh'000	
At 31 March 2024					
Loans and advances	250,859	15,576	23,812	-	290,247
Trade and other receivables	-	-	-	5,568,317	5,568,317
Total	250,859	15,576	23,812	5,568,317	5,858,564
At 31 March 2023					
Loans and advances	104,238	-	-	3,421	107,659
Trade and other receivables		-	-	5,303,560	5,303,560
Total	104,238	-	-	5,306,981	5,411,219

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.

d) Movements in the allowance for impairment in respect of trade receivables and shareholder loans

	Group		Company	
	2024	2023	2024	2023
Balance at 1 April	4,008,958	224,629	3,190,600	2,569,026
Net remeasurement of loss allowance			118,577	621,574
- on trade and other receivables	301,810	90,285	-	-
- on amounts due from joint ventures	-	3,875,015	-	-
- on debt investment in subsidiaries	-	-	-	-
Reversals				
- on receivables	(127,311)	(180,971)	-	-
- on debt investment in subsidiaries	-	-	(101,076)	-
Balance at 31 March	4,183,457	4,008,958	3,208,101	3,190,600

The movement in the allowance for impairment of loans and advances is detailed in note 7.1

Notes to the Financial Statements (Continued)

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

e) 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	Carrying amount Ksh'000	Level 1 Ksh'000	Level 2 Ksh'000	Level 3 Ksh'000	Total Ksh'000
31 March 2024					
Financial assets:					
Unquoted equity instruments	4,332,226	-	-	4,332,226	4,332,226
Quoted equity instruments	15	15	-	-	15
Government securities at fair value through profit and loss	130,805	130,805	-	-	130,805
	4,463,046	130,820	-	4,332,226	4,463,046
Non-financial assets:					
Investment property	50,472,767	-	-	50,472,767	50,472,767
	50,472,767	-	-	50,472,767	50,472,767

31 March 2023					
Financial assets:					
Unquoted equity instruments	4,825,113	-	-	4,825,113	4,825,113
Quoted equity instruments	3,792	3,792	-	-	3,792
Government securities at fair value through profit and loss	692,935	692,935	-	-	692,935
	5,521,840	696,727	-	4,825,113	5,521,840
Non-financial assets:					
Investment property	43,855,237	-	-	43,855,237	43,855,237
	43,855,237	-	-	43,855,237	43,855,237



Notes to the Financial Statements (Continued)

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

e) Fair value hierarchy (continued)

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.

- (i) The fair value of cash and cash equivalents, dividends payable and due from group companies is estimated using the carrying amount since the amounts are receivable on demand as at the reporting date. A substantial position of borrowings are on floating rates and re-price within 12 months, hence their fair value approximates their carrying amounts.
- (ii) The fair value of borrowings, corporate bonds and receivables that are payable/receivable on demand are the carrying amounts at the reporting date.
- (iii) Loans and advances and finance leases to customers are net of allowance for impairment. The estimated fair value of loans and advances represents the discounted amount of future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. A substantial proportion of loans and advances are on floating rates and re-price within 12 months, hence their fair value approximates their carrying amounts.
- (iv) Government securities with observable market prices are fair valued using that information.
- (v) Investment securities that do not have observable market data are fair valued either using discounted cash flow method or quoted market prices for securities with similar yield characteristics.

Group	Carrying amount	Fair value	Level 1	Level 2	Level 3
31 March 2024	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Financial assets					
Government securities at amortised cost	74,081	74,081	-	-	74,081
Loans and advances	271,180	271,180	-	-	271,180
Finance lease receivable	8,500	8,500	-	-	8,500
Cash and cash equivalent	1,431,113	1,431,113	-	-	1,431,113
Restricted cash	1,732	1,732	-	-	1,732
Other assets	2,038,929	2,038,929	-	-	2,038,929
	3,825,535	3,825,535	-	-	3,825,535
Financial liabilities					
Borrowings	16,590,542	16,590,542	-	-	16,590,542
Dividend payable	443,563	443,563	-	-	443,563
Other liabilities	12,806,077	12,806,077	-	-	12,806,077
	29,840,182	29,840,182	-	-	29,840,182
31 March 2023					
Financial assets					
Government securities at amortised cost	692,935	692,935	-	-	692,935
Loans and advances	100,927	100,927	-	-	100,927
Finance lease receivable	227,835	227,835	-	-	227,835
Cash and cash equivalent	542,873	4,291,620	-	-	4,291,620
Restricted cash	636,887	636,887	-	-	636,887
Other assets	2,087,647	4,363,730	-	-	4,363,730
	4,289,104	10,313,934	-	-	10,313,934
Financial liabilities					
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
	45,184,724	45,184,724	-	-	45,184,724
Reconciliation of level 3	Note				
Government securities at amortised cost	7.2				
Loans and advances	7.1				
Finance lease receivable	8.3				
Cash and cash equivalents	4.3				

Notes to the Financial Statements (Continued)

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

e) Fair value hierarchy (continued)

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 2024				
Financial assets:				
Investment in subsidiaries	377,232	-	30,408,875	30,786,107
Government securities and corporate bonds	-	-	1,013,886	1,013,886
Unquoted equity instruments	-	-	4,401,846	4,401,846
	377,232	-	35,824,607	36,201,839
31 March 2023				
Financial assets:				
Investment in subsidiaries	428,077	-	17,324,452	17,752,529
Government securities and corporate bonds	-	-	4,104,368	4,104,368
Unquoted equity instruments	-	-	4,687,380	4,687,380
Quoted equity instruments	-	-	-	-
	428,077	-	26,116,200	26,544,277

There were no transfers into or out of level 3 in 2024 and 2023. The following is a movement of financial assets classified under level 3.

	Group		Company	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
At start of year	4,825,113	5,468,619	26,116,200	30,711,559
Additions	57,715	79,347	7,065,749	4,799,680
Disposals	(150,203)	(128,703)	(3,407,149)	(5,366,815)
Effect of changes in foreign exchange rate	-	-	(4,721)	18,603
Interest income	1,692	1,894	232,890	656,490
Fair value (losses)/gains	(402,091)	(596,044)	5,821,638	(4,703,317)
At end of year	4,332,226	4,825,113	35,824,607	26,116,200
Total (losses)/gains on level 3 financial assets held at the end of the year as recognised in other comprehensive income	(402,091)	(596,044)	5,821,638	(4,703,317)

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	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
5% change in market value	11,160	7,847	11,160	7,847





Notes to the Financial Statements (Continued)

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

f) 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 2024, the Group's strategy, which was unchanged from 2023, was to maintain a gearing ratio within 20% to 50%. The gearing ratios at 31 March 2024 and 31 March 2023 were as follows:

	Group		Company	
	2024	2023	2024	2023
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Share capital	332,721	332,721	332,721	332,721
Share premium	589,753	589,753	589,753	589,753
Investment revaluation reserve	(505,196)	(442,816)	19,158,925	14,210,529
Retained earnings	38,491,054	35,451,997	20,817,805	20,471,836
Dividends proposed	210,000	400,000	210,000	400,000
Treasury shares	(67,209)	(36,709)	(67,209)	(36,709)
Non-controlling interest	713,260	811,178	-	-
Equity	39,764,383	37,106,124	41,041,995	35,968,130
Total borrowings	16,590,542	19,677,780	1,950,589	2,248,171
Less: cash and bank balances	(1,431,113)	(3,654,733)	(319,939)	(348,250)
Net borrowings	15,159,429	16,023,047	1,630,650	1,899,921
Gearing (%)	38.12%	43.18%	3.97%	5.28%

Loan covenants

Group and Company

Under the terms of the major borrowing facilities, the Group and Company is required to comply with various financial covenants. The details have been disclosed in note 9.1c.

Notes to the Financial Statements (Continued)

11 Equity structure

11.1 Ordinary share capital, share premium and share buyback

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)	Ordinary shares Ksh'000	Share premium Ksh'000
At 1 April 2023, 31 March 2023 and 31 March 2024	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 2024 and 31 March 2023.

Share buyback

The movement in Treasury shares is shown below:

	Group and Company	
	2024	2023
	Ksh'000	Ksh'000
At start of year	36,709	-
Shares bought back	30,500	36,709
At end of year	67,209	36,709

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 minimum price of Ksh 9.03 and minimum price of Ksh 0.5 per share over a period of 18 months from the resolution.

Holders of ordinary shares are entitled to dividends as declared from time to time, and are entitled to one vote per share at general meetings of the company.

The shares repurchased through the Buyback are held as Treasury shares. As at 31 March 2024, 29,517,200 (2023: 5,784,900 shares had been bought back by the company at a cost of Ksh 67,209,000(2023: 36,709,000).





Notes to the Financial Statements (Continued)

11 Equity structure (continued)

11.1 Ordinary share capital, share premium and share buyback (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 2022	575,343	744,254	1,319,597	19,079,651
Fair value gains in subsidiaries	-	-	-	(3,028,369)
Fair value losses in unquoted investments	(596,044)	-	(596,044)	(212,969)
Fair value gains in quoted investments	(1,110)	-	(1,110)	-
Currency translation differences	-	(1,166,225)	(1,166,225)	-
Deferred tax on revaluation gains	966	-	966	(1,627,784)
At 31 March 2023	(20,845)	(421,971)	(442,816)	14,210,529
Fair value gains in subsidiaries	-	-	-	6,164,025
Fair value losses in unquoted investments	(402,091)	-	(402,091)	(342,389)
Currency translation differences	-	337,132	337,132	-
Deferred tax on revaluation gains	2,579	-	2,579	(873,240)
At 31 March 2024	(420,357)	(84,839)	(505,196)	19,158,925

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.

Notes to the Financial Statements (Continued)

11 Equity structure (continued)

11.3 Dividends

Dividends payable to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Proposed dividends are shown as a separate component of equity until declared.

i) Dividends paid

Final dividend in respect of the prior year

2024	2023
Ksh'000	Ksh'000
400,000	390,983

ii) Dividends proposed

The Board of Directors has recommended the payment of a dividend equivalent to Ksh 0.32 per share for the financial year ended 31 March 2024 (2023: Ksh 0.60 per share). The aggregate amount of the proposed dividend expected to be paid out of retained earnings at 31 March 2024, but not recognised as a liability at year end, is Ksh 210,000,000 (2023: Ksh 400,000,000)

iii) Unclaimed dividend

	Group		Company	
	2024	2023	2024	2023
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year	249,158	274,111	249,158	273,339
Dividend	400,000	390,983	400,000	390,983
Dividend paid	(205,595)	(415,936)	(205,595)	(415,164)
	443,563	249,158	443,563	249,158



Notes to the Financial Statements (Continued)

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 arms' length.

Centum Investment Company Plc is the ultimate controlling party 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	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
i) Purchase of goods and services				
Two Rivers Lifestyle Centre Limited	39,507	41,159	-	23,004
Nabo Capital Limited	-	-	13,047	26,130
	39,507	41,159	13,047	49,134

Rental expenses relate to rent paid to Two Rivers Lifestyle Centre, a joint venture, for space occupied by the Company. Rental expenses are based on agreed rates and area occupied. Management fees paid to Nabo Capital Limited, a subsidiary, for asset management services based on assets under management.

	Company	
	2024 Ksh'000	2023 Ksh'000
ii) Interest income		
Centum Real Estate Limited	70,490	34,730
Zohari Credit Limited	1,424	1,410
Jafari Credit Limited	12,287	10,360
Two Rivers Development Limited	149,876	812,247
Greenblade Growers Limited	14,742	9,633
Tier Data Limited	6,341	4,832
Two Rivers Land Company (SEZ) Limited	56,657	-
Tribus TSG Limited	-	4,815
	311,817	878,027
iii) Dividend income		
Nabo Capital Limited	20,000	20,000

All outstanding balances with related parties are priced on an arm's length basis. None of the balances are secured. No expense has been recognised in the current year or prior year for bad and doubtful debts in respect of amounts owed by related parties.

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	
	2024 Ksh'000	2023 Ksh'000	2024 Ksh'000	2023 Ksh'000
Salaries	60,019	45,509	60,019	45,509
Retirement benefit scheme contribution	4,501	3,343	4,501	3,343
	64,520	48,852	64,520	48,852

Notes to the Financial Statements (Continued)

12 Related parties (continued)

12.1 Related party transactions (continued)

iv) Directors remuneration	2024 Ksh'000	Group 2023 Ksh'000	2024 Ksh'000	Company 2023 Ksh'000
Fees and expenses for services as a non-executive director	23,472	24,456	23,472	24,456
Other included in key management compensation above	64,520	48,852	64,520	48,852
	87,992	73,308	87,992	73,308

v) Other related party transactions

Legal fees	16,401	29,272	-	3,980
------------	--------	--------	---	-------

The Group used the legal services of one of its Non-executive directors for litigation matters. The amounts were billed based on market rates for such services and were due and payable under normal payment terms.

vi) Amounts due to related parties

Two Rivers Lifestyle Centre Limited	915,392	-	5,993	-
	915,392	-	5,993	-

vii) Amounts due from related parties

Sales of goods and services

Two Rivers Lifestyle Centre Limited	73,107	338,214	-	4,231
Two Rivers Theme Park Limited	13,003	-	-	-

Loans and commercial papers

Two Rivers Development Limited	-	-	570,896	1,925,583
Uhuru Heights Limited	-	-	580,377	580,377
Centum Exotics Limited	-	-	1,498,620	1,839,019
Centum Development Limited (Mauritius)	-	-	5,399,567	3,640,104
Nabo Capital Limited	-	-	37,053	92,996
Jafari Credit Limited	-	-	190,034	-
Tier Data Limited	-	-	22,896	9,711
Rasimu Limited	-	-	-	32,522
Investpool Holdings Limited	-	-	1,002,842	865,595
Shefa Holdings Limited	-	-	5,589	3,776
Elimu Holdings Limited	-	-	11,627	9,075
Greenblade Growers Limited	-	-	167,281	174,122
Bakki Holdco Limited	-	-	44,313	31,628
Centum Real Estate Limited	-	-	1,050,257	1,096,516
Zohari Leasing Limited	-	-	-	27,667
Tribus (TSG) Limited	-	-	-	11,407
Centum Capital Partners Limited	-	-	18,594	-
Two Rivers Land Company(SEZ) Limited	-	-	618,075	-
Two Rivers Power Company Limited	-	-	11,787	-
	86,110	338,214	11,229,808	10,344,329

The relationships of the different related parties is disclosed on note 1.5.2

vi) Terms and conditions

At Group level, the amounts due from related parties are in relation to the joint venture investments specifically for services provided to Two Rivers Lifestyle Centre Limited and Two Rivers Theme Park Limited. These transactions were made on normal commercial terms and conditions. The loans repayable to related parties are repayable between one to five years from the reporting date. The average interest rate on the loans was 20% (2023: 19%)



Notes to the Financial Statements (Continued)

13 Disposal of subsidiary

Prior to 20th October 2023, Bakki Holdco Limited held 81.18% shares in Sidian Bank Limited. During the year ended 31 March 2024, the company disposed 1,908,281 shares to other shareholders in Sidian Bank Limited. Following the disposal, the Company as at 31 March 2024 held 40% shares in Sidian Bank Limited. Consequently the investment was reclassified to an investment in associate.

Group	2024 Ksh'000
Consideration received	2,237,650
Fair value of remaining shares	2,064,006
Carrying value of investment in subsidiary as at date of disposal	(4,155,953)
Gain associated with loss of control of subsidiary	145,703

Effect of disposal on the financial position of the Group

Consideration received,satisfied in cash	2,237,650
Cash and cash equivalents disposed off	(3,111,860)
Net cash outflows	(874,210)

14 Maturity analysis of the balance sheet

The analysis of the balance sheet between current and non-current items is shown below:

	Group				Company			
	2024		2023		2024		2023	
	Non Current	Current	Non Current	Current	Non Current	Current	Non Current	Current
Assets								
Property, plant and equipment	2,947,645	-	2,916,041	-	69,195	-	78,931	-
Investment properties	50,472,767	-	43,855,237	-	-	-	-	-
Inventories- Residential houses	-	8,114,183	-	8,871,837	-	-	-	-
Intangible assets - software	782,875	-	993,835	-	348	-	405	-
Deferred income tax	1,009,312	-	739,402	-	-	-	-	-
Right of use asset	141,425	-	60,644	-	64,344	-	-	-
Investments								
Subsidiaries	-	-	-	-	30,786,107	-	17,752,529	-
Debt investment in subsidiaries	-	-	-	-	11,229,808	-	10,344,329	-
Associates	3,009,038	-	1,006,497	-	-	-	-	-
Unquoted equity investments	4,332,226	-	4,825,113	-	4,401,846	-	4,687,380	-
Quoted investments	-	15	-	3,792	-	-	-	-
Government securities & corporate bonds	-	584,118	-	1,889,358	-	1,013,887	-	4,104,368
Loans and advances	134,024	137,156	100,927	-	-	-	-	-
Finance lease receivable	5,575	2,925	170,876	56,959	-	-	-	-
Inventories	-	612,530	-	877,882	-	-	-	-
Biological assets	-	30,335	-	19,103	-	-	-	-
Current income tax	-	383,938	-	419,152	-	160,362	-	105,808
Other receivables and prepayments	-	1,545,628	-	1,523,639	-	36,798	-	77,341
Trade receivables	-	493,301	-	564,008	-	-	-	-
Restricted cash	-	1,732	-	636,887	-	-	-	-
Cash and bank balances	-	1,431,113	-	542,873	-	319,939	-	348,250
Assets classified as held for sale	-	-	-	42,665,245	-	-	4,238,141	-
Total assets	62,834,887	13,336,974	54,668,572	58,070,735	46,551,648	1,530,986	37,101,715	4,635,767
Liabilities								
Borrowings excluding banking subsidiary	9,484,074	7,106,468	7,451,884	12,225,896	1,000,589	950,000	1,748,171	500,000
Deferred income tax	6,380,079	-	5,720,803	-	3,326,587	-	2,732,082	-
Lease liabilities	78,288	84,447	15,623	58,343	58,735	6,083	-	-
Presales customer deposits	6,735,765	-	8,161,179	-	-	-	-	-
Payables and accrued expenses	-	6,070,312	-	4,427,839	-	1,255,082	-	539,941
Current income tax	-	24,482	-	8,007	-	-	-	-
Dividends payable	-	443,563	-	249,158	-	443,563	-	249,158
Total liabilities	22,678,206	13,729,272	21,349,489	16,969,243	4,385,911	2,654,728	4,480,253	1,289,099

Notes to the Financial Statements (Continued)

15 Subsequent events

In July 2024, Centum Investment Company Plc acquired the entire 37.5% stake in the DI Frontier Market & Carbon Fund doubling its stake to 75%. In May 2024, Centum Investment Company Plc received regulatory approval for the acquisition of 50% of the issued share capital of Bakki Holdco Limited by Kenbe Investments Limited at a consideration of Ksh 1.032 billion. The transactions will be accounted for in the year ending 31 March 2025.





P.O. Box 10518-00100
Nairobi, Kenya
(+254) 20 228 6000
info@centum.co.ke