



CENTUM

tangible wealth



Centum Investment Company Limited
Annual Report & Financial Statements
fy 09/10

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We are an investment channel providing investors with access to a portfolio of inaccessible, quality, diversified investments. Our key objective is to generate a return on capital that is above market returns.

Our Mission

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

Our Vision

To be Africa's foremost investment channel.

As at 31 March 2010 your Company's

Number of Shareholders	37,510
Years of existence	43
Assets under management (Kshs millions)	9,360

Notice of the 43rd Annual General Meeting

Ilani ya Mkutano wa Mwaka Makala 43

NOTICE IS HEREBY GIVEN THAT the 43rd Annual General Meeting of the Company will be held on Friday, 24th September 2010 at the Tsavo Ball Room, KICC Nairobi at 10.00 a.m. for the following purposes: -

AGENDA

1. Constitution of the Meeting

The Secretary to read the notice convening the meeting and determine if a quorum is present.

2. Confirmation of Minutes

To confirm the minutes of the 42nd Annual General Meeting held on Friday, 17th July 2009.

3. Ordinary Business

i) Report of the Auditors and Consolidated Financial Statements for the year ended 31 March 2010:

To receive, consider and approve the Consolidated Financial Statements for the financial year ended 31st March 2010 together with the Directors' and Auditors' report thereon.

ii) Remuneration of Directors:

To authorise the Board of Directors to fix their remuneration.

iii) Election of Directors:

- (a) To re-elect the PS Ministry of Trade, a director retiring by rotation, who being eligible, offers himself for re-election.
- (b) To re-elect Mr. C. J. Kirubi, director retiring by rotation, who being eligible, offers himself for re-election.
- (c) To elect Mr. M. Mwangi, who was appointed to fill a casual vacancy on the Board, who being eligible, offers himself for election.

iv) Retirement of Auditors:

To note that Deloitte and Touche, who retire from office as the Company's auditors, do not present themselves for re-appointment in accordance with section 160(1) of the Companies Act.

v) Appointment and Remuneration of Auditors:

To appoint PricewaterhouseCoopers (PWC) as auditors for the Company in accordance with section 160(1) of the Companies Act and to authorize the directors to fix the auditors remuneration.

ILANI INATOLEWA KUWA MKUTANO wa mwaka makala 43 utafanyika Ijumaa 24 Septemba 2010 katika ukumbi wa KICC, chumba cha Tsavo, Nairobi, saa nne asubuhi ili kutekeleza shughuli zifuatazo: -

AJENDA

1. Kuandaa mkutano

Katibu wa kampuni kusoma ilani ya kuandaa mkutano na kuhakikisha kuwa kuna idadi tosha ya wanachama.

2. Kuidhinisha majadiliano ya mkutano uliopita

Kuidhinisha mambo yaliyojadiliwa kwenye mkutano wa mwaka makala ya 42 uliofanyika 17 Julai 2009.

3. Shughuli za kawaida

(i) Ripoti ya kifedha ya mwaka uliokwisha tarehe 31 Machi 2010:

Kupokea na kuidhinisha ripoti ya kifedha pamoja na taarifa ya Wakurugenzi na ripoti ya Wahasibu ya mwaka uliokwisha 31 Machi 2010.

ii) Mishahara ya Wakurugenzi:

Kuidhinisha halmashauri ya Wakurugenzi kuamua mishahara yao.

iii) Uchaguzi ya wakurugenzi:

- (a) Kumchagua tena katibu mkuu katika Wizara ya Biashara anayestaafu kwa zamu, ambaye kwa kuwa na ruhusa anajitolea tena ili kuchaguliwa.
- (b) Kumchagua tena Bw. C. J. Kirubi, mkurugenzi anayestaafu kwa zamu na kwa kuwa ana ruhusa anajitolea tena ili kuchaguliwa.
- (c) Kumchagua upya Bw. M. Mwangi aliyechaguliwa kujaza nafasi iliyotokea kwa Halmashauri ya Wakurugenzi ambaye kwa vile anaweza anajitolea kuchaguliwa upya.

(iv) Kustaafu kwa Wahasibu:

Kufahamu kuwa wahasibu Deloitte & Touche wanastaafu na kwa kulingana na sehemu ya 160 aya ya (1) ya kanuni na Sheria za Kampuni hawako tayari kuteuliwa.

(v) Uteuzi na malipo kwa wahasibu:

Kuteua PricewaterhouseCoopers (PWC) kuwa wahasibu ya kampuni kulingana na sehemu ya 160 aya ya (1) ya kanuni na sheria za kampuni na kuidhinisha wakurugenzi kuamua malipo yao.

4. Special Business

(i) Approval of Bonus issue of Shares

To Consider and if approved to pass the following Ordinary Resolution:

"That subject to the approval of the Capital Markets Authority and the Nairobi Stock Exchange the sum of Shs 27,497,591.50 being part of the money now standing to the credit of the retained earnings reserves of the Company be capitalized and that the same be applied in making payment in full at par for 54,995,183 ordinary shares of Shs. 0.50 each in the capital of the Company. Such shares to be distributed as fully paid among the persons who were registered as holders of the ordinary shares in the capital of the company at the close of business on 16th July 2010 at the rate of one new fully paid ordinary share for every ten ordinary shares held by such holders respectively and that such shares shall rank parri passu in regard to voting, dividends, liquidation proceeds, future capital increase or any other special circumstances with the existing shares in the share capital of the Company."

(ii) Cross Listing on the Uganda Securities Exchange

To consider and if approved to pass the following Ordinary Resolution:

"That subject to the laws of the relevant jurisdiction as well as regulatory and other approvals required, the Directors be and are hereby authorised to list by introduction 100% of the issued share capital of Centum Investment Company Limited on the Uganda Securities Exchange, and to do and effect all actions required to give effect to this resolution."

5. Any Other Business

(i) Incorporation of Subsidiaries:

THAT, for the purposes of the business of the Company and in the interests of the Company:

- a) THAT the incorporation of Reli Holdings Limited, a British Virgin Islands company as a wholly-owned subsidiary of the Company be ratified.
- b) THAT the incorporation of Uhuru Heights Limited, a Kenyan company as a wholly-owned subsidiary of the Company be ratified.

4. Shughuli maalum

(i) Toleo la hisa za ziada

Kutafakari na ikiidhinishwa kupitisha azimio lifuatalo:

"Ya kwamba kwa idhini ya shirika la Capital Markets Authority na Soko la Hisa la Nairobi tutatumia fedha zilizowekwa kama akiba za kiasi cha shilingi 27,497,591.50 kugharamia toleo ya hisa za ziada 54,995,183 kwa shilingi 0.50 kila moja. Hisa hizo zitatolewa na kulipiwa wanachama wote waliokuwako katika orodha ya uzajili mwisho ya siku ya tarehe 16 Julai 2010, na ambapo hisa moja itatolewa kwa umiliki wa hisa kumi; na ya kwamba hisa hizo za ziada zinahitimu kwa kila hali katika upigaji kura, mgao wa faida, kufilisika kwa kampuni, ongezeko la hisa za kampuni kwa siku za usoni au kwa shughuli zingine maalum, kwa jinsi hisa za kawaida za kampuni zinahitimu."

(ii) Kuorodheshwa kwenye Soko la Hisa ya Uganda

Kutafakari na likiidhinishwa kupitisha azimio lifuatalo:

"Kwa ruhusa ya sheria na idhini kutolewa na mamlaka inayohusika, Wakurugenzi wanaruhusiwa kusajili kwa mara ya kwanza asilimia 100 ya hisa zote za Centum katika Soko la Hisa ya Uganda, na wasimamizi wanakubaliwa kufanya kila juhudi ili kufanikisha azimio hili."

5. Shughuli zingine

(i) Usajili wa kampuni tanzu:

KWAMBA kwa mathumuni ya kampuni:

- a) Usajili wa umiliki wa kampuni tanzu ya Reli ambayo ni kampuni kutoka British Virgin Islands.
- b) Usajili wa umiliki wa kampuni tanzu ya Uhuru Heights Limited ambayo ni kampuni kutoka humu nchini Kenya.
- c) Usajili wa umiliki wa kampuni tanzu ya Runda Closeburn Limited, ambayo ni kampuni kutoka humu nchini Kenya.
- d) Usajili wa umiliki wa kampuni shirika ya Pearl Marina Estates Limited ambayo ni kampuni kutoka nchini Uganda.

Notice of the 43rd Annual General Meeting

Ilani ya Mkutano wa Mwaka Makala 43

- c) THAT the incorporation of Runda Closeburn Limited, a Kenyan company as a wholly-owned subsidiary of the Company be ratified.
- d) THAT the acquisition of Pearl Marina Estates Limited as an associate of the Company be ratified.
- (ii) The Secretary is directed to file at the companies registry the requisite forms and returns dealing with the resolutions set out above.
- (iii) To transact any other business that may legally be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD



NAOMI E. NYAMONGO
COMPANY SECRETARY

12 August 2010

PLEASE NOTE:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy who need not be a member of the company.
2. A Proxy Form is provided with this report, Shareholders who do not propose to be at the Annual General Meeting are requested to complete and return the form to the Registered Office of the Company so as to arrive not later than 10.00 a.m. on Thursday, 23 September 2010.
3. Registration of members and proxies for the Annual General Meetings will commence at 9.00 a.m. on Friday, 24 September 2010. Members and proxies should carry their national ID cards and a copy of a relevant Central Depository and Settlement Corporation (CDSC) account statement for ease of registration.

- (ii) Katibu wa kampuni anaamrisha kusajili fomu ya maazimio hayo katika afisi zetu za usajili.
- (iii) Kutekeleza shughuli zinginezo ambazo sheria zinaruhusu kufanyika katika mkutano wa mwaka.

KWA AMRI YA HALMASHAURI YA WAKURUGENZI



NAOMI E. NYAMONGO
KATIBU

Tarehe 12 Agosti 2010

TAFADHALI ZINGATIA:

1. Mwanachama mwenye kibali cha kuhudhuria na kupiga kura katika mkutano anaweza kuteua mwakilishi ambaye si lazima awe mwanachama wa kampuni.
2. Umepewa fomu ya uwakilishi pamoja na ripoti hii Wale wenyehisa ambao hawatahudhuria mkutano wa mwaka wanaombwa kujaza fomu hizo na kuzirudisha kwa afisi ya usajili kabla ya saa nne asubuhi Alhamisi, 23 September 2010.
3. Usajili wa wanachama na wawakilishi wanaohudhuria mkutano mkuu utanza saa tatu asubuhi Ijumaa tarehe 24 Septemba 2010. Wanachama na wawakilishi watahitajika kubeba vitambulisho na nakala ya daftari ya akaunti ya CDSC ili kurahizisha usajili.



01

**Mr. James N. Muguiyi
(66yrs)**

Mr. Muguiyi was appointed Non-Executive Director and Chairman of the Board in December 2003. He is the Group Managing Director of UAP Holdings Ltd., a leading financial institution in East Africa.

He is also a Non-Executive Director UAP Insurance Ltd., UAP Insurance Uganda Ltd., UAP Properties Ltd., UAP Insurance Sudan Ltd., Mount Kenya Bottlers Ltd. and One Network Ltd. He is a fellow of the Institute of Certified Public Accountants of Kenya (ICPAK), an associate member of the Chartered Institute of Management Accountants (CIMA) and a member of the Chartered Institute of Public Finance and Accountancy (CIPFA).



02

**Mr. James M. Mworira
(32yrs)**

Mr. Mworira was appointed Managing Director and Chief Executive Officer in October 2008. He has more than 10 years experience in the investment industry. He represents Centum as a non executive director on the Boards of UAP Holdings Ltd., UAP Life Assurance Ltd., Nairobi Bottlers Ltd., Mount Kenya Bottlers Ltd., Rift Valley Bottlers Ltd., Kisii Bottlers Ltd., KWA Holdings Ltd, AON Minet Insurance Brokers Ltd. and Longhorn Kenya Ltd.

Mr. Mworira is an advocate of the High Court of Kenya. He is also a member of the CFA Institute, Institute of Certified Public Accountants of Kenya (ICPAK), The Chartered Institute of Management Accountants (CIMA) and The Institute of Directors.



03

Mr. Christopher J. Kirubi (68yrs)

Mr. Kirubi was appointed Non-Executive Director in December 1997 and served as Chairman of the Board from 1998 to 2003. Mr. Kirubi is a well-known Kenyan industrialist.

He is Chairman of the Boards of DHL World Wide Express Ltd., Haco Industries Ltd., Kiruma International Ltd., International House Ltd., Nairobi Bottlers Ltd., Sandvik East Africa Ltd. and Capital FM. He is a non executive director of Bayer East Africa Ltd., UAP Holdings Ltd. and Beverage Services of Kenya Ltd.



04

**Ms. Mbatha Mbithi
(44yrs)**

Ms Mbatha Mbithi was appointed alternate director representing The Industrial Commercial Development Corporation (ICDC) on the Board in March 2010. She is the Chief Manager Operations at ICDC, a position she has held since September 2009.

Ms. Mbithi has a solid background in banking and finance. Prior to joining ICDC, she served in various capacities at; Trans National Bank Ltd, Dubai Bank Ltd, K-Rep Bank Ltd, Southern Credit Bank Ltd and Family Bank Ltd.

She holds an MBA in Strategic Management from Moi University as well as a Bachelor of Science Degree in International Business Administration from USIU -A (United States International University). She represents ICDC on the Boards of Agro Chemical Food Company and Uchumi Supermarkets Ltd.





05

**Mr. Henry C. Njoroge
(44yrs)**

Mr. Njoroge was appointed Non Executive Director in October 2005. He is the Chief Executive of Xtranet Communication Ltd. He was previously the Managing Director of Open View Business Systems and UUNET Kenya respectively and before then at Telcorp and Fintech Kenya both as General Manager.

He is a non-executive director of X&R Technologies Ltd., the sole authorized XEROX distributor and Global Equity Ventures Ltd. He is also a trustee of the Kenya Youth Business Trust, a non-profit organisation which empowers youth entrepreneurs through mentorship and micro business loans.



06

**Mrs. Margaret M. Byama
(44yrs)**

Mrs. Byama was appointed to the Board in January 2009 as the alternate to the PS Ministry of Trade.

She is the Chief Finance Officer in the Ministry of Trade. She is the Chairperson of the Wildlife Clubs of Kenya and was the immediate former Chief Executive Officer of the National Humanitarian Fund for IDP's. Mrs. Byama has over 21years experience in public financial management.

07

Mr. Robert K. Bunyi (39yrs)

Mr. Bunyi was appointed Non-Executive Director in January 2009. He is the Managing Director of Mavuno Capital Ltd., a personal investment advisory business. Mr. Bunyi has a solid background in investment and financial analysis, with a strong emphasis in listed shares in sub Sahara Africa.



08

**Mr. Imtiaz Khan
(41yrs)**

Mr. Khan was appointed Non-Executive Director in November 2008. He is a founding and executive director of Cassia Capital Partners Ltd., an enterprise that focuses on corporate finance advisory and private equity investment opportunities in East Africa. He chairs the board of Oltepesi Properties Ltd. and is a non-executive director of ea-power Ltd.



09

**Mr. Maina Mwangi
(46yrs)**

Mr. Maina Mwangi was appointed to the Board in July 2010.

He is the founder of Maina Mwangi & Associates, a boutique advisory firm specializing in cross-border M&A and infrastructure finance.

Mr. Mwangi is a seasoned investment banker with over 22 years' experience in the industry, including 15 in senior positions in Africa. He has led teams and closed transactions in 14 African countries, and has developed an extensive network of contacts in business circles throughout Africa.

He was educated at Harvard University (Economics) and Trinity College Oxford (Law).



Chairman's Statement

"We had set out to improve the quality of our financial reporting and this is an objective we take very seriously because it is at the core of good corporate governance practices."

Dear Shareholder,

I am pleased to present to you the Annual Report and Financial Statements of Centum Investment Company Ltd (Centum) for the year to March 31, 2010.

Performance

The Kenyan economic environment began to make modest improvements in 2009 and it is my hope that this trend will be sustained:

- There was a modest improvement in economic growth to 2.4% in 2009 up from 1.7% in 2008;
- Overall inflation came down to 4%;
- Interest rates started coming down towards the end of our financial period.

In spite of the slow economic growth, your Company did fairly well. Company total comprehensive income increased to Kshs 3.2 Billion from a loss of Kshs 2.7 Billion the previous year. Company profit after tax went up 9.3x to Kshs 888 Million and net asset value per share increased by 56%. Group profit after tax increased by 228% to Kshs 1.028 Billion.

Your Company's good performance against the backdrop of a very modest economic recovery is testament to the resilience of your Company's investment portfolio, the soundness of its strategy and the Management team's ability to execute.

I expect that the global and regional economy will rebound in the coming years, therefore creating even more opportunities for your Company. In 2009/10 your Company achieved a number of milestones that I believe place it in an even better position to take advantage of emerging opportunities.

We closed the year with an exceptionally strong balance sheet, with zero debt and a very healthy liquidity position with a war chest in excess of Kshs 2.0 Billion.

In the course of the financial period we completed the reorganization of the business into the Private Equity (PE), Quoted Private Equity (QPE) and Real Estate & Infrastructure (REI) business lines, which will provide us with an even greater focus in our investment process while maintaining the benefits of our diversified portfolio.

We revamped our investment processes adopting global best practices. Your Board engaged KPMG to serve as the Company's internal auditor to provide an added degree of independent oversight on the effectiveness of our processes and the level of compliance.

In the financial period that ended your Company began actively

prospecting for opportunities across a number of African countries. I am pleased with the progress that we have made and particularly the quality of the deal flow in the pipeline. We are in the process of completing two significant real estate acquisitions in the East African region while our QPE business line is now actively investing across a number of African stock exchanges.

We had set out to improve the quality of our financial reporting and this is an objective we take very seriously because it is at the core of good corporate governance practices. The 2008/09 financial statements won the first place FiRe award in the Industrial, Commercial and Services category. The FiRe awards are highly respected with over 50 of Kenya's top companies participating. The Institute of Certified Public Accountants of Kenya, the Capital Markets Authority and the Nairobi Stock Exchange are the organizers of these awards. It is our intention to continue to enhance the quality of our reporting.

Strategy

Your Company made good progress towards achieving the objectives set in the 2009/2014 strategic plan

Our strategic objectives are:

- To scale up assets under management to Kshs 30 Billion by 2014.
- To achieve return on shareholder funds, that is consistently above market returns.
- To maintain management costs at below 2.5% of assets under management.
- To increase the geographical footprint of your company to the rest of Africa.

In the year we achieved the following:

- Increase in net assets under management by 56% to Kshs 9.2 Billion;
- Delivered a 56% return on shareholder funds against an NSE index performance of 43%, outperforming the market by 13%;
- Maintained the total cost to asset ratio at 2.1% which is below our target of 2.5%;
- Made significant progress in increasing the geographical footprint of your Company to the rest of Africa.

Board and Management Changes

In the year to March 31 2010, Mrs. Pauline Muriuki and Mr. Isaac Mogaka, two long serving directors of the Company retired. Mrs. Pauline Muriuki was instrumental in providing leadership to the successful name change to Centum and in formulating a robust brand strategy. Mr. Isaac Mogaka contributed greatly to putting in place robust corporate governance structures both at Centum and at a number of investee Companies where he served as a director.

"The focus of your Board and Management is to invest the capital of the Company to generate a rate of return that is greater than what the market is offering."

Please join me in thanking these two individuals for their enormous contribution to Centum.

Ms. Mbatha Mbithi joined the Board as ICDC's representative. She brings wide experience gained in the banking sector and I am sure that she will add considerable value to the Board. Your Board appointed Mr. Maina Mwangi to fill the casual vacancy created following the retirement of Mrs. Pauline Muriuki. Mr. Maina has over 22 years experience in the investment industry and has held senior positions in major financial companies in Kenya, Nigeria and South Africa. He has done significant investment transactions in at least 14 African countries and he brings to the board significant networks across most of Sub-Saharan Africa and a deep understanding of the business environment. His appointment is in line with our vision to position Centum as Africa's foremost investment channel.

It is my pleasure to welcome Ms Mbithi and Mr. Maina on board.

In the year we attracted very good talent to join our management team. Lawrence Riungu joined our Real Estate and Infrastructure team as a Senior Investment Officer. Lawrence is a graduate of the Harvard Business School and has wide experience gained in the USA and the United Kingdom in the investment field. Job Muriuki joined our Private Equity team as an Investment Officer. Job is a graduate of the University of Cambridge in the United Kingdom and was working for a global consulting company in the United Kingdom before joining us. Kenneth Kamau joined our Real Estate and Infrastructure team as an Investment Analyst. Kenneth has completed CFA level 3, is a CPA finalist and holds an MBA degree. He joined us from a leading private equity company in Kenya. Andrew Gachanja joined our Quoted Private Equity team as an Investment Analyst. Andrew joined the team from Banc of America/Merill Lynch where he had served in the Investment Banking division for a number of years.

Change of Auditors

This year we will be bidding farewell to Deloitte who have been our auditors for the last 11 years. In that period they have helped us raise the standards of reporting and your company has received several awards for excellence in financial reporting. Deloitte's retirement is in line with good corporate governance practices so as to allow rotation of auditors. Your Board is recommending that the shareholders appoint PriceWaterHouseCoopers (PWC) as the company's new external auditors. PWC are one of the big four auditors in the world and we are confident that they will help your company make even greater improvements to the quality of its financial reporting.

Dividend

In line with our corporate strategy, the Board does not recommend the payment of a dividend. The focus of your Board

and Management is to invest the capital of the Company to generate a rate of return that is greater than what the market is offering. We have consistently generated market-beating returns over the last 8 years. It is therefore in the best interest of you the shareholder to leave your capital in the Company where it will most likely continue to generate market beating returns that will translate in an appreciation in the value of your shares. The over 100% appreciation in the value of the Centum share over the last 12 months is evidence of this fact.

The Board of Directors has recommended a bonus share issue of 1 new share for every 10 shares held. These will give you flexibility to create your own dividend policy. You can achieve this by either selling a part of or your entire bonus shares should you desire some current income or retaining all the shares should you prefer a capital gain instead. My advise to you is that you retain as many shares as you can to enjoy the full upside of what your Company is doing.

Postponement of the Annual General Meeting and Amendment of Notice

The decision to postpone the AGM was informed by the fact that the promulgation of the new Constitution coincides with the date initially planned for the AGM and we want to ensure that when we hold the AGM our shareholders should be able to attend and participate.

The board proposal to cross list the company on the Uganda Securities Exchange was considered in light of the geographical diversification strategy which necessitated the amendment of the notice. The cross listing will offer more investors across East Africa an opportunity to access a diversified portfolio of quality investments. This move will commence the positioning of the company that is destined to be one of the most successful investment channels in Africa.

Appreciation

I would like record my sincere gratitude to you shareholders for the support you have continued to provide to your Company. I would also like to recognize the contribution of the Board and Management teams' of the companies we have invested in, without whom we would not have achieved the good performance. Finally I would like to appreciate the contribution and efforts of my fellow colleagues in the Centum Board and the Management team and urge them to redouble their efforts.

God bless you all.



JAMES N. MUGUIYI
CHAIRMAN

12th August 2010



Taarifa ya Mwenyekiti

“Tulikusudia kuimarisha jinsi tunavyo wasilisha ripoti ya kifedha, jambo tunalotilia maanani kwa kuwa ni nguzo ya usimamisi muafaka ya mashirika.”

Kwa Mwenyehisa,

Ninafurahi kuwasilisha kwako Ripoti ya Mwaka na Taarifa juu ya Matumizi ya Fedha ya kampuni ya Centum Investment Company Ltd (Centum) ya mwaka uliokwisha Machi 31, 2010.

Utendaji Kazi

Hali ya uchumi humu nchini ilianza kunawiri mwaka wa 2009 na ninatarajia kuwa mwelekeo huo utadamishwa:

- Ukuaji wa uchumi uliimarika kwa asilimia 2.4% mwaka wa 2009 ikiwa ni ongezeko la asilimia 1.7% dhidi ya mwaka wa 2008;
- Kwa jumla mfumko wa bei ulipungua kwa asilimia 4%;
- Viwango vya riba vilianza kushuka mwishoni mwa mwaka huo wa fedha.

Licha ya kukokota kwa ukuaji wa uchumi, Centum ilitenda vyema. Faida baada ya ushuru ya Centum pamoja na mashirika zake ziliongezeka kwa asilimia 228% hadi shilingi Bilioni 1.028, ilhali faida baada ya ushuru ya Kampuni pekee ilipanda kwa mara 9.3 zaidi hadi shilingi Milioni 888 na thamani ya rasilimali kuongezeka kwa asilimia 56%.

Utendaji bora wa Centum katika uchumi unaoinuka ni ishara ya ustadi wa rasilimali ya Kampuni yako, na vile vile uhodari wa mikakati ya utendaji iliyowekwa na wasimamizi wa Centum.

Ni matarajio yangu kuwa hali ya uchumi duniani kote na ya eneo hii itaimarika kwa miaka ijao, na hivyo kuongezea Centum nafasi ya uwekezaji rasilimali. Katika mwaka wa 2009/10 Centum ilitimiza majukumu kadhaa ninayoamini yatawezesha kuwa na nafasi bora ya kunyakua fursa zinazojitokeza.

Tulifunga mwaka tukiwa na rasilimali thabiti, bila deni, na hali nzuri ya fedha iliyokuwa zaidi ya shilingi bilioni 2. Mnamo mwaka huu wa fedha tulitimiza muundo wa biashara ya Kampuni katika vitengo vitatu; Hisa Binafsi, Hisa zilizoorodheshwa katika soko la Hisa, na Ardhi, Ujenzi na Muundo Msingi na tutaangazia zaidi shughuli zetu za uchumishaji kwenye vitengo hivi, huku tukidumisha usambazaji wa rasilimali zetu. Tuliimarisha ratiba zetu na kuzingatia kanuni zinazokubalika duniani. Centum ilitewa KPMG kuhudumu kama mkaguzi wa ndani ili kushiriki kutoa mawaidha juu ya shughuli zetu na kuhakikisha kuwa tunazingatia mikakati tulioweka.

Katika mwaka huo wa fedha uliokwisha Centum ilianza kutafuta fursa ya uchumishaji katika nchi kadhaa barani Afrika. Ninafurahi juu ya hatua tulizotimiza na hasa nafasi nzuri tunayofuatilia kwa sasa. Tuko katika harakati ya kufanikisha ununuzi wa shamba mbili katika eneo la Afrika Mashariki, ilhali tunaendelea kuwekeza kwenye kitengo cha Hisa Zilizoorodheshwa kupitia baadhi ya masoko ya hisa Barani Afrika.

Tulikusudia kuimarisha jinsi tunavyo wasilisha ripoti ya kifedha, jambo tunalotilia maanani kwa kuwa ni nguzo ya usimamisi muafaka ya mashirika. Taarifa ya fedha ya mwaka 2008/09 ilishinda tuzo la FiRe katika kitengo cha Viwanda, Biashara na Huduma. Tuzo la FiRe linaheshimiwa sana ambapo kampuni 50 hushiriki. Taasisi Ya Wahasibu Ya Kenya, Shirika la Capital Markets Authority na Soko La Hisa La Nairobi ndio waandalisi wa tuzo la FiRe. Ni nia yetu kuendelea jinsi tunavyowasilisha taarifa zetu.

Mikakati

Centum ilipiga hatua ili kutimiza shabaha zake kupitia mikakati iliowekwa mwaka 2009/2014 .

Mikakati yetu ni:

- Kuimarisha rasilimali tunazosimamia;
- Kupatia mwenyehisa faida ya juu dhidi ya ile ya Soko la hisa;
- Kudumisha gharama ya usimamisi iliyo chini ya asilimia 2.5% ya rasilimali zetu;
- Kuongeza maeneo ambapo Kampuni yako inashiriki Barani Afrika.

Tulifanikisha yafuatayo katika mwaka huu wa fedha:

- Tuliongeza rasilimali tunazomilki kwa asilimia 56% hadi shilingi Bilioni 9.2;
- Tulifanikisha faida kwa mwenyehisa ya asilimia 56% dhidi ya alama ya asilimia 43% ya Soko la Hisa la Nairobi, hii ikiwa asilimia 13% juu dhidi ya soko la hisa;
- Tulidumisha gharama zote kwa jumla ya asilimia 2.1% dhidi ya thamani ya rasilimali zote, hii ikiwa chini ya asilimia 2.5% tuliyo tarajia.
- Tulipiga hatua ili Kampuni iweze kushiriki katika nchi zingine Barani Afrika.

Mabadiliko kwenye Halmashauri ya Wakurugenzi na Usimamisi

Katika mwaka ulioisha Machi 31, 2010, Bi Pauline Muriuki na Bw. Isaac Mogaka (anayewakilisha Halmashauri ya Industrial Commercial and Development Corporation (ICDC)) walijiuzulu kama wakurugenzi. Bi Pauline Muriuki alikuwa mstari wa mbele kwa uongozi shubafu uliowezesha kubadilishwa kwa jina kuwa Centum, na pia kubuni mikakati kabambe juu ya sura ya Kampuni. Bw Isaac Mogaka alichangia pakubwa kwa kuhakikisha usimamizi bora wa kimashirika sio tu katika Centum, bali pia kwenye Mashirika mengine alimohudumu. Nawaomba tujiunge pamoja kwa kuwashukuru kwa mchango wao kwa Centum.

“Ni lengo la Halmashauri ya Wakurugenzi kuwekeza rasilimali za kampuni katika uzalishaji wa faida kubwa kuliko ile inayopatikana kwenye soko la hisa.”

Bi. Mbathia Mbithi alijiunga na Halmashauri ya Wakurugenzi kuwakilisha ICDC. Yeye anatuletea ujuzi mwingi aliojipatia katika sekta ya Benki na nina hakika mchango wake utakuwa wa manufaa kwa Halmashauri ya Wakurugenzi.

Halmashauri yako ya Wakurugenzi imemteua Bw. Maina Mwangi kujaza pengo kutokana na kustaafu kwa Bi. Pauline Muriuki. Bw. Maina ana ujuzi wa zaidi ya miaka 22 katika sekta ya uwekezaji wa rasilimali na amewahi kushikilia vyeo vya ukubwa nchini Kenya, Nigeria na Afrika ya Kusini. Pia amefanikisha shughuli za uwekazaji wa rasilimali ya thamani kubwa katika nchi 14 barani Afrika na atachangia katika kueneza uhusiano na mtandao huo wa Kiafrika kwenye Halmashauri ya Wakurugenzi. Kuteuliwa kwake kunalenga kuhitimisha kielelezo cha Centum cha kuwa kampuni nambari moja ya uwekazaji barani Afrika. Ni furaha kwangu kuwakaribisha.

Katika mwaka huu tuliwahi kuvutia na kuajiri maneja mwingine ili kujiunga na kundi la Wasimamizi. Lawrence Riungu alijiunga nasi kwenye kitengo chenye kuhusika na kitengo cha Ardhi, Ujenzi na Muundo Msingi kama afisa msimamizi wa uwekezaji. Lawrence alihitimu kutoka Shule ya Biashara ya Harvard, pamoja na ujuzi katika taaluma ya uchumishaji aliojipatia kule Amerikani na Uingereza. Job Muriuki alijiunga nasi kama afisa mwenye kuhusika na uchumisahaji. Job alihitimu kutoka Chuo Kikuu Cha Cambridge, kule Uingereza na aliwahi kufanya kazi katika shirika moja ya ushauri ya kimataifa kule Uingereza, kabla ya kujiunga nasi Kenneth alijiunga nasi kwenye kitengo chenye kuhusika na Mashirika ya Shamba, Ujenzi na Muundo Msingi kama afisa wa kuchungua uwekezaji. Kenneth amehitimu shahada ya CFA, CPA na MBA. Alijiunga nasi kutoka Kampuni ya Kibinafsi iliyoko humu nchini. Andrew Gachanja alijiunga nasi kwenye kitengo chenye kuhusika na Hisa zilizoordheshwa katika soko la Hisa kama afisa wa kuchungua uwekezaji. Andrew amejunguwa nasi kutoka Benki ya Amerika/Merill Lynch ambapo alihudumu katika kitengo cha uwezekaji benkini kwa miaka mingi.

Kubadilishwa kwa wahasibu

Mwaka huu tutaaga Deloitte ambao wamekuwa wahasibu wetu kwa miaka 11 iliyopita. Katika kipindi hicho wamesaidia kuinua sifa ya uwasilishaji wa taarifa zetu, jambo lililoweza Centum kutunukiwa zawadi nyingi. Kujiuzulu kwa Deloitte inaenda sambamba na usimamizi bora wa mashirika unaohitaji wahasibu kujiuzulu kwa zamu. Halmashauri ya wakurugenzi wanapendekeza kwa wenyehisa kuteua Price Waterhouse Coopers (PWC) kuwa wahasibu wanya wa Centum PWC ni mmojawapo ya mashirika tatu kubwa ya uhasibu duniani kote na tunatumaini wataboresha hata zaidi sifa ya taarifa na ripoti tutakazowasilisha.

Mgawo wa Faida

Katika kutimiza mikakati ya Kampuni yetu, Halmashauri ya Wakurugenzi wanapendekeza mgao wa faida usilipwe. Ni lengo

la Halmashauri ya Wakurugenzi kuwekeza rasilimali za kampuni katika uzalishaji wa faida kubwa kuliko ile inayopatikana kwenye soko la hisa. Tumeendelea kuzalisha faida bora kwa muda wa miaka 8 mfululiso. Kwa madhumuni ya mwenyehisa, ni vyema kubakisha rasilimali yako kwenye kampuni ili kuzalisha faida zaidi na kuimarisha thamani ya hisa zako. Kuimarika kwa thamani ya hisa za Centum kwa asilimia 100 ni ishara tosha ya wazo hilo.

Halmashauri ya Wakurugenzi badala yake wanapendekeza toleo la hisa za ziada la hisa 1 kwa hisa 10. Hii itakuwezesha kuamua jinsi unavyopendekeza migao ya faida. Unaweza kuamua kuuza baadhi ya hisa hizo au hata kuuza zote ikiwa utahitaji fedha haraka au waweza kuhifadhi hisa hizo zote kwa minajili ya kufaidi zaidi baadaye. Notoa mawaidha kwako kuhifadhi hisa nyingi uwezavyo ili uweze kufurahia kunufaika kwa kampuni.

Kuhairishwa kwa mkutano wa mwaka na kubadilishwa kwa notisi

Uamuzi wa kuhairisha mkutano wa mwaka ni kwa sababu tarehe tuliotenga hapo awali iliingiana na siku ya kuzinduliwa kwa katiba na tulitaka kila mwenyehisa awe na uwezo wa kuhudhuria na kushiriki kwenye mkutano.

Azimio la kusajili hisa za kampuni nchini Uganda linaenda sambamba na mikakati yetu ya kuwekeza nje ya Kenya. Hii itapatia wawekezaji katika Afrika ya Mashariki nafasi zaidi kushiriki katika ununuzi wa rasilimali aina mbalimbali na wenye thamani ya juu. Jambo hili ni mwanzo wa kufanikisha Kampuni na kufanya kuwa kampuni bora ya uwekezaji Barani Afrika.

Shukrani

Ningependa kutoa shukrani zangu za dhati kwako wewe mwenyehisa kwa kuendelea kutuunga mkono kwa kushiriki katika kampuni yako. Ningependa pia kutambua mchango wa Halmashauri ya Wakurugenzi na pia Wasimamizi wa Mashirika ambamo tumewekeza, kwa kuwa bila wao hatungeweza kupata matokeo bora. Mwisho ningependa kushukuru michango na juhudi kwa mwaka mzima, za wenzangu katika Halmashauri ya wakurugenzi ya Centum na hali kadhalika kwa kundi la Wasimamizi na kuwasihii waongeze juhudi maradufu.

Mungu awabariki nyote.



JAMES MUGUIYI
MWENYEKITI

Tarehe 12 Agosti 2010

Management Team



01 James M. Mworia Managing Director

- James is responsible for the overall stewardship of the company. Prior to his appointment as Managing Director of Centum, he was the head of Investments at TransCentury Ltd. Prior to that, he served as the Investment Manager at Centum.
- Mr. Mworia is a CFA Charter Holder and an advocate of the High Court of Kenya. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and Chartered Institute of Management Accountants (CIMA).
- He holds a Bachelors degree in Law from the University of Nairobi.



02 Risper A. Mukoto Finance and Human Resource Manager

- Risper is responsible for the overall management of Centum's business support function.
- Mrs. Mukoto is a member of Institute of Certified Public Accountants (ICPAK) and a Fellow of the Association of Certified Chartered Accountants (FCCA).
- She holds a Bachelor of Arts Degree in Business Management from Moi University as well as an MBA from the United States International University-Africa (USIU-A).



03 David O. Owino Investment Manager - Private Equity

- David is the Investment Manager in charge of Centum's Private Equity portfolio. Prior to his appointment to this position, he served as both Investment Manager and Company Secretary.
- Mr. Owino is a member of Institute of Certified Public Accountants of Kenya (ICPAK), the Institute of Certified Public Secretaries of Kenya (ICPSK) and the Institute of Directors (IOD).
- He holds a Bachelor of Science Degree in Business Administration (Finance & Accounting) from the United States International University-Africa (USIU-A), and is currently pursuing and MBA at the Strathmore Business School.



04 Naomi E. Nyamongo Company Secretary

- Naomi was appointed Company Secretary at Centum effective on 12th May 2010. She is the legal advisor to the board and management, and is responsible for the company's secretarial matters. Prior to this appointment, Naomi served in the capacity of Finance Officer.
- Ms. Nyamongo is a member of the Institute of Certified Public Secretaries (ICPSK) and an Advocate of the High Court of Kenya.
- She holds a Bachelors degree in Law from the University of Nairobi, and is currently pursuing an MBA at the Strathmore Business School.

05 Lawrence M. Riungu Senior Investment Officer - Real Estate & Infrastructure

- Lawrence was appointed Senior Investment Officer on 1st February 2010. He oversees Centum's Real Estate and Infrastructure portfolio.
- Prior to joining Centum, he worked as a portfolio manager at Constellation Energy Group, the largest power marketing and trading company in the United States.
- Lawrence holds an MBA from Harvard Business School and a dual degree in Economics and Computer Science from Vassar College.





"Your Company is well positioned to originate and make attractive investments because of its on the ground understanding of the local markets, the strong management team, speed of decision making and its ability to mobilize the required resources."

Dear Shareholder,

Performance Analysis

Your Company did well in the financial period ended March 31, 2010. The net asset value per share increased by 56% from Kshs 10.65 to Kshs 16.65. Total assets of the Company increased by 54% from Kshs 6.4 Billion to Kshs 9.8 Billion. Total comprehensive income increased to Kshs 3.3 Billion from a loss of Kshs 2.7 Billion in the previous period. The group after tax profit increased by 228% from Kshs 313 Million to Kshs 1.03 Billion. Your Company closed the year with no debt and more than Kshs 2 Billion in available facilities.

The table below illustrates Centum's book value performance compared to the NSE index between 2005 and 2010:

Table i) - Centum's book value performance compared to the NSE index between 2005 and 2010.

Annual Percentage Change			
Year	Book Value Per Share of Centum with dividend included	NSE Index with Dividends included	Relative Performance
2010	56%	43%	13%
2009	-30%	-40%	10%
2008	0%	-5%	5%
2007	39%	21%	18%
2006	37%	8%	29%
2005	62%	49%	13%

In the financial period ended March 31, 2010 we completed the reorganization of our business into three distinct business lines. The business lines are:

- i. Private Equity business line, whose focus is on acquiring controlling and minority positions in unlisted companies.
- ii. Quoted Private Equity business line, which is in the business of taking influential positions in listed companies and employing private equity techniques to create value in addition to taking diverse positions in marketable securities (fixed income and equities) across a number of African stock exchanges.
- iii. Real Estate and Infrastructure business line, which is seeking to build a diversified portfolio of real estate and infrastructure assets across East Africa.

The Private Equity Business line had as at the close of the financial period Kshs 5.5 Billion in assets under management, which accounts for 59% Centum's total assets under manage-

ment. This business line delivered a return on the opening shareholder funds allocated to the business line of 61%. This return was driven by the following factors:

- i. Improved profitability of the portfolio companies, which resulted in improved investment income and valuation uplifts;
- ii. Realization of gains on exits at prices that were higher than the carrying value of the assets on your Company's balance sheet.

The Quoted Private Equity business line had Kshs 3.8 Billion of assets under management, which is 41% of total assets under management. This business line delivered a return on the opening shareholder funds allocated to this business line of 50%. This return was driven by a very selective security selection process, which saw the business line out perform the NSE 20 share index by more than 10%. It is our belief that many African markets are still inefficient and it is possible to consistently outperform the market through superior research.

The Real Estate and Infrastructure business line did not have any assets under management of significance by the end of the year. However, this business line had a very healthy deal pipeline of very attractive opportunities.

For the detailed analysis of the business line performance, refer to note 5 of the financial statements.

Business Line Review

i. Private Equity

The Private Equity (PE) business line has invested in companies that serve the needs of the East African market. The Companies in the portfolio are mostly in the consumer space and financial services sector. Most of these companies are market leaders in their sectors, have a regional presence and have significant potential to continue to grow as the purchasing power of the region increases and as more people join the middle class.

It is our intention to make more investments in Companies that will benefit from the headwinds of economic growth, expansion of the middle class, integration of the five East African countries and a rebound of the global economy. Your Company is well positioned to originate and make attractive investments because of its on the ground understanding of

Chief Executive's Statement

"In Kenya we continue to benefit from the improving economic environment and decline in interest rates."

the local markets, the strong management team, speed of decision making and its ability to mobilize the required resources.

The focus of the private equity business line in the coming year will be to:

- Scale up assets under management by increasing investment activity;
- Diversify across the region by either investing in Companies outside Kenya and/or proactively encouraging Kenyan Companies to expand into the region;
- More active management of existing assets to unlock value;
- Continued strengthening of internal processes and capacity.

ii. Quoted Private Equity

The Quoted Private Equity (QPE) business line aspires to be the No. 1 actively managed fund of marketable securities in Africa. The global economic downturn resulted in significant decline in asset prices in many African markets. Our value orientation strategy of investing in securities that are under-priced paid off in the year that has just ended and we will continue to employ the same strategy in the coming year. This year we have scaled up our activity in other African markets and through comprehensive and deep research have uncovered what we believe are extremely attractive opportunities.

In Kenya we continue to benefit from the improving economic environment and decline in interest rates. The decline in interest rates we believe will have a positive impact on the prices of shares as investors move funds away from new fixed income issues and back to the stock market. We have also taken a significant position in the fixed income market and we expect significant value uplift as interest rates come down.

We also continue to seek opportunities to acquire significant stakes in listed entities with a sustainable competitive advantage and that are attractively priced, where we can pro-actively work with management to unlock value. We have identified a number of such opportunities primarily outside Kenya and we expect to conclude at least one significant acquisition within the current financial period.

The focus of our QPE business in the coming year will be to expand the geographical footprint of our activities so as to move closer to achieving our objective of being the No 1 actively managed fund of marketable securities in Africa. In the medium term we plan to leverage our own fund by managing

third party funds along side our funds.

iii. Real Estate and Infrastructure

The financial year that just ended was a busy one for our real estate and infrastructure business as we developed a pipeline of opportunities. We are now in the process of completing the acquisition of two significant pieces of prime land in Kenya and Uganda in addition to which we have begun developing a commercial building in a prime plot in the Nairobi Central Business District. The total value of these projects is approximately Kshs 2.5 Billion.

We are working with world-class planners to come up with innovative and cutting edge master plans and our intention is to then partner with developers to implement the plan.

Our real estate investment strategy is underpinned by a number of factors;

- Real economic growth is increasing demand for real estate;
- Low supply in most segments of real estate;
- New infrastructure developments are opening up new areas for development;
- More than 70% of the population in East Africa is less than 34 years old implying significant new household formation;
- Demand for quality real estate remains unsatisfied;
- Low correlation of the real estate asset class with the rest of our investment portfolio.

Financing

In line with your Company's strategy the Board did not recommend the payment of a dividend. Your Company has instead re-invested the profits with the objective of earning market-beating returns. This strategy will carry on until 2014 and may be extended depending on the performance within the current strategy period and the investment climate at the time. At the moment however, the environment is ideal for making new investments and it is our view the Company and its shareholders will be best served by the current strategy of not paying out any dividends.

In addition to employing internally generated funds to finance new investments your Company has employed a combination of medium term debt and revolving debt facilities. As at the close of the 2009/2010 financial year, we had Kshs 2 Billion in available debt facilities with none of it drawn down. We have subsequently utilized a significant portion of that debt to finance a number of new investments. Debt financing is profitable because the return generated by our investments

"We are working with world-class planners to come up with innovative and cutting edge master plans and our intention is to then partner with developers to implement the plan."

far exceeds the cost of the debt. We are prudent about the use of debt and our objective in the coming year is to keep debt /asset ratio at a maximum of 23%.

Progress against Strategy

We have made good progress against our strategic objectives and I am pleased to report that we are generally ahead of what were very ambitious targets.

The table below is a summary of the progress made against our strategic objectives:

Table ij) - Summary of the progress made against our strategic objectives.

	Strategic Objective	Progress
1.	Scaling up assets under management	Assets under management increased by 56% in the year to March 31, 2010. This was largely funded by organic growth and reinvestment of internally generated funds. Drivers of growth going forward will be: <ul style="list-style-type: none"> • Organic growth of the portfolio spurred by a more active portfolio management; • Reinvestment of internally generated funds and debt in our three business lines; • Mobilization of third party funds.
2.	Deliver market beating returns	In the year to March 31, 2010 we delivered a return of 56% which was 13% above the NSE index.
3.	Focused management of assets	We have completed the reorganization of the company into three segments - Private Equity, Quoted Private Equity and Real Estate and Infrastructure.
4.	Geographical diversification	We are in the process of investing within the East African region and have begun active investing in the West African stock markets.
5.	Active portfolio management	We have completed a rigorous appraisal of our investment portfolio and developed different value optimizing strategies that we are in the process of implementing. We completed our first major exit in the financial year that ended March 31, 2010. We expect to have a number of exits and consolidations in the current year.
6.	Strengthen internal process and capacity	We have put together a very strong management team, with a diverse set of skills and that is very experienced in their areas of specialization. We have also gone through a comprehensive process of reviewing and updating all our processes and have engaged KPMG Kenya as internal auditors to review compliance.
7.	Proactive brand development	To position Centum as Africa's foremost investment channel we continue to align our internal processes, people, communication and identity to the brand.

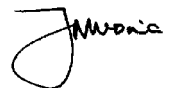
Postponement of the Annual General Meeting and Amendment of Notice

The AGM was postponed to avoid a potential clash with an important national event and to ensure that we have a successful AGM. The proposal to cross list will increase visibility of the Company and present more investment opportunities for your company.

The Coming Year

The financial year 2010/2011 will be a challenging and busy year for your Company. The global and domestic economy remains fragile with different risks and challenges to growth

emerging. This notwithstanding, our goal is to not only deliver market beating returns but put in place a solid foundation for the Company as it continues on its path to become Africa's foremost investment channel. I am confident that my team supported by the able Board of Directors and you shareholders will achieve this ambitious goal.



JAMES MWORIRA
CHIEF EXECUTIVE OFFICER

12th August, 2010



Taarifa ya Mkurugenzi Mkuu

“Centum iko katika nafasi bora zaidi ya kuwekeza kwa sababu ya kuelewa soko zetu, usimamizi mwema, maamuzi ya haraka na kwa kuwa na fedha zinazohitajika.”

Kwa Mwenyehisa,

Uchanganuzi wa utendaji kazi

Centum ilitenda vyema katika kipindi kilichokwisha Machi 31 2010. Thamani ya hisa iliongezeka kwa asilimia 56% kutoka Shilingi 10.65 hadi Shilingi 16.65. Rasilimali zote za kampuni ziliongezeka kwa asilimia 54% kutoka Shilingi Bilioni 6.4 hadi Shilingi Bilioni 9.7. Faida ya Centum baada ya ushuru iliongezeka kwa asilimia 228% kutoka Shingi Milioni 313 hadi Shilingi Bilioni 1.03. Centum ilirudisha faida ya Shilingi Bilioni 3.2 ukiongezea ukuaji wa rasilimali kutoka kwa hasara ya Shilingi Bilioni 2.7. Centum ilifunga mwaka bila deni licha ya kuwa fedha na uwezo wa kukopa hadi Shilingi Bilioni 2.

Maelezo yafuatayo yanalinganisha thamani ya hisa za Centum dhidi ya alama ya Soko La Hisa La Nairobi baina ya mwaka 2005 na 2010:

Jedwali i) - Thamani ya hisa za Centum dhidi ya alama ya Soko La Hisa La Nairobi baina ya mwaka 2005 na 2010.

Ishara kwa asilimia ya mabadiliko kila mwaka			
Mwaka	Thamani ya hisa ya Centum iliyoongezwa mgao wa faida (Asilimia)	Kiwango katika Soko la Hisa baada ya kuongeza mgao wa faida (Asilimia)	Kulinganishwa kwa utendaji kazi (Asilimia)
2010	56%	43%	13%
2009	-30%	-40%	10%
2008	0%	-5%	5%
2007	39%	21%	18%
2006	37%	8%	29%
2005	62%	49%	13%

Katika kipindi kilichokwisha tarehe 31 Machi 2010 tulibadilisha muundo wa shughuli zetu kwa vitengo vitatu. Vitengo hivi ni:

- Hisa Binafsi inayotarajia kuthibiti umiliki mkuu na mdogo katika kampuni ambazo hazijaorodheshwa.
- Hisa zilizoorodheshwa katika Soko la Hisa yenye nia ya kuwa na ushawishi mkubwa katika kampuni zinginezo kwa kutumia mbinu muafaka kutokana na ijuzi katika uwekezaji Hisa binafsi ili kujiimarisha na kushiriki zaidi kwa uchumishaji wa fedha kwenye masoko mengi ya hisa Barani Afrika.
- Mashirika ya ardhi na ujenzi na Muundo Msingi yanayoashiria kuwekeza katika eneo la Afrika Mashariki.

Katika kipindi kilichokwisha Kitengo cha Hisa Binafsi ilikuwa na rasilimali kufikia shilingi Bilioni 5.5 ya masharika ya kibinafsi tulizosimamia, hii ikiwa asilimia 59% ya rasilimali

zetu zote. Shughuli katika kitengo hiki kilikuwa na faida ya asilimia 61%. Faida hiyo ilipatikana kupitia:

- Kuimarika kwa faida katika mashirika zetu; jambo lililoinua mapato na thamani ya rasilimali yetu;
- Faida kutokana na mauzo ya hisa kwa bei ya juu kuliko thamani ya rasilimali hizo.

Thamani ya rasilimali ya Centum za kibinafsi zilizoorodheshwa na ambazo tulimiliki ilikuwa Shilingi Bilioni 3.8, hii ikiwa ni asilimia 41% ya rasilimali zote tunazosimamia. Shughuli katika kitengo hiki kilikuwa na faida ya asilimia 50%. Faida hiyo ilipatikana kupitia uwekezaji kwa umakini uliopelekea shughuli kwenye kitengo hiki kushinda ile ya soko la hisa la Nairobi ya kampuni bora 20 kwa asilimia 10%. Wazo letu ni kwamba masoko ya hisa Barani Afrika bado kunawiri na kwa hivyo tutaweza kutenda vyema tukifanya utafiti zaidi na kuchagua hisa bora.

Kufikia mwisho wa mwaka thamani ya rasilimali katika kitengo cha nyumba na ujenzi hakikuwa kikubwa mno. Hata hivyo tuko katika harakati ya kufanikisha ununuzi wa shamba nzuri katika Bara la Afrika Mashariki. Maelezo zaidi yako katika kurasa za 61-65.

Uchambuzi wa shughuli kwa vitengo

i. Hisa Binafsi

Tumewekeza kwenye kampuni muhimu ambazo zinshugulikia mahitaji ya soko la Afrika ya Mashariki. Uwezo wa wanunuzi imeogezeka ikichangiwa na ukuaji wa Uchumi, kuongezeka kwa wafanyi kazi na watu wanaojidumu kiasi. Tuna imani kuwa tutanawiri zaidi na kuanzishwa kwa soko la kipamajoa la eneo la Afrika ya Mashariki.

Ni nia yetu kuwekeza katika kampuni zinazotarajia kunufaika kwa kuimarika kwa uchumi, kuboreka kwa maisha namuungano wa nchi tano za Afrika ya Mashariki. Centum iko katika nafasi bora zaidi ya kuwekeza kwa sababu ya kuelewa soko zetu, usimamizi mwema, maamuzi ya haraka na kwa kuwa na fedha zinazohitajika.

Kwa mwaka unaokuja matarajio ya kitengo hii ni:

- Kuongeza rasilimali tunazosimamia kwa kuinua shughuli za uchumishaji;
- kusambaza rasilimali katika Afrika ya mashariki kwa uwezekaji nje ya Kenya au kwa kuhimiza kampuni tulizowekeza kujipenyeshwa katika eneo hili;
- Kushiriki zaidi katika usimamizi kwa manufaa yetu;
- Kujiimarisha ili kuboresha shughuli zetu.

“Humu nchini Kenya tunaendelea kunufaika kutokana na kuimarika kwa mazingira ya biashara na kupungua kwa viwango vya riba.”

ii. Hisazilizo rodheshwa katika Soko la Hisa

Tunatarajia shughuli ya uwekezaji katika kampuni zilizo rodheshwa katika soko la Hisa kuongoza baina ya rasilimali tunazomiliki katika bara la Afrika.

Hali mbaya ya uchumi duniani ilichangia kushuka kwa bei ya rasilimali katika masoko barani Afrika hasa Afrika ya Magharibi. Sera yetu ya ununuzi wa hisa za thamani imetufaidi na tutaendelea mtindo huo kwa mwaka ujao. Mwaka huu tulishiriki zaidi kwenye masoko mengine barani Afrika na baada ya utafiti tumegundua fursa za kupendeza.

Humu nchini Kenya tunaendelea kunufaika kutokana na kuimarika kwa mazingira ya biashara na kupungua kwa viwango vya riba. Kupunguka kwa viwango vya riba kutasababisha kushuka kwa bei ya hisa na kufanya wawekezaji kurudi kwenye soko la hisa. Pia tumeshiriki katika soko la bondi lenye mapato hakika na tunatarajia kunufaika zaidi kwa kuwa viwango vya riba vinashuka.

Tuko katika harakati ya kuwekeza kwenye kampuni thabiti zilizo rodheshwa kwa kununua hisa kwa bei bora na pia kushiriki kwenye usimamizi. Tumekwisha tambua nafasi hizi za kuwekeza hasa katika kampuni zilizo kote nje ya Kenya na tunatarajia kufanikisha ununuzi angalau ya rasilimali moja muhimu katika kipindi cha sasa.

Lengo la uwekezaji katika mashirika hisa zilizo rodheshwa katika soko la hisa ni kuwezesha uwekezaji huo kuwa kiongozi Barani Afrika. Pia katika kipindi kifupi kijacho tuna mpango wa kusimamia fedha za kampuni zingine pamoja na usimamizi wa rasilimali zetu.

iii. Mashirika ya ardhi, ujenzi na muundo msingi.

Tulikuwa na shughuli nyingi za uwekezaji katika kitengo hiki na katika unyakuzi wa nafasi zilizo tokezea. Kwa wakati huu tunakaribia kukamilisha ununuzi wa vipande vya ardhi nchini Kenya hali kadhalika Uganda pamoja na kuanzisha ujenzi wa nyumba katikati mwa jiji la Nairobi. Miradi hii yote ina thamani ya shilingi Bilioni 2.5.

Tunashirikiana na wataalamu kwa kuunda mipango na utekezaji wa miradi hiyo kupitia ushirikiano baina yetu na wajenzi.

Mikakati yetu ya uwekezaji katika sekta ya nyumba na ujenzi yana shinikishwa na:

- Kuimarika kwa uchumi na kupelekea kuongezeka kwa ari ya ununuzi wa nyumba;
- Idadi ndogo ya nyumba hizo;

- Ujenzi wa muundo msingi kwenye maeneo mapya;
- Kwa kuwa zaidi ya asilimia 70 ya wakazi wa Afrika ya mashariki ni wa umri wa chini ya miaka 34 na kwa hivyo wana ari ya kununua nyumba.
- Ukosefu wa nyumba za maana;
- Kwa kuwa rasilimali kwenye sekta hiyo ni kidogo ikifananihwa na rasilimali zetu zote.

Fedha

Halmashauri ya Wakurugenzi walipendekeza mgao wa faida usilipwe. Badala yake kampuni imetumia faida hiyo kwa uwekezaji ili kuongeza mapato zaidi. Tutaendelea na mtindo huo hadi mwaka wa 2014 au hata zaidi ya hapo kutegemea utendaji kazi na hali ya uchumishaji wakati huo. Mazingira ya kibiashara kwa wakati huu ni mzuri kwa uwekezaji na kwa hivyo maono yetu ni kwamba kampuni na pia wenye hisa watanufaika baadaye kutokana na faida iliyowekezwa.

Pamoja na kutumia fedha zetu kugharamia shughuli za uwekezaji kampuni yako pia imeshirikisha mikopo. Katika mwisho wa kipindi cha 2009/2010 tulikuwa na uwezo wa kukopa hadi shilingi Bilioni 2 walakini hatukutumia fedha hizo wakati huo. Tumetumia baadhi ya fedha hizo kwa wakati huu katika ununuzi wa rasilimali mpya. Uwekezaji kupitia mikopo una faida kwa kuwa mapato kutokana na uwekezaji ni ya juu kuliko gharama ya mikopo. Tunatumia mkopo kwa uadilifu na ni nia yetu kudumisha kipimo cha asilimia 23% ya mkopo dhidi ya rasilimali.

Kuhairishwa kwa mkutano wa mwaka na kubadilishwa kwa notisi

Mkutano wa mwaka ulihairishwa ili kuepusha uwezekano wa kuhitilafiana na siku muhimu ya kitaifa, na kuhakikisha kufaulu kwa Mkutano wa Mwaka. Azimio la kusajili huku kote ni ili kufanya kampuni kuwa maarufu na pia kuwa na nafasi nyingi ya uwekezaji.

Mwelekeo Kulingana na Mikakati

Ni furaha yangu kuwaarifu ya kwamba tumepiga hatua kubwa katika utekezaji wa shughuli zetu na kwa jumla tuko mbele kuliko tulivyotarajia.

Kwenye maelezo yafuatayo tunaeleza kwa mukhtasari hatua tulizotimiza ili kufanikisha mikakati tuliyoweka.

Taarifa ya Mkurugenzi Mkuu

“Tunashirikiana na wataalamu kwa kuunda mipango na utekelezaji wa miradi hiyo kupitia ushirikiano baina yetu na wajenzi.”

Jedwali ii) - Hatua zilizotimizwa kufanikisha mikakati iliyowekwa..

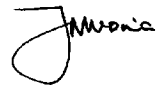
Mikakati inayokusudiwa	Hatua zilizochukuliwa
1. Kuongeza rasilimali tunazosimamia	Tuliongeza rasilimali tunazosimamia kwa asilimia 56% kufikia Shilingi Bilioni 9.8 tarehe 31 Machi 2010. Tuligharamia uwekezaji huo kupitia fedha tulizozalisha. Ukuaji kwa siku sijazo utategemea: <ul style="list-style-type: none"> • Kuimarika kwa thamani ya rasilimali kutokana na usimamizi thabiti. • Uwekezaji wa fedha tulizozalisha na kwa matumizi ya fedha za mkopo kugharamia shughuli zetu zote. • Kukusanya na kusimamia fedha za wawekezaji wengine
2. Kurudisha faida zaidi ya soko la hisa	Katika mwaka uliokwisha 31 Machi 2010, Centum ilirudisha faida ya asilimia 56% ambayo ilikuwa zaidi ya soko la Hisa kwa asilimia 13%.
3. Usimamizi thabiti wa rasilimali	Tumekamilisha muundo wa shughuli za kampuni kwa vitengo vitatu; Hisa Binafsi, hisa zilizoorodhwa katika soko la hisa na mashirika katika sekta ya ardhi na ujenzi.
4. Kushiriki katika maeneo mengi	Tuko katika haraakati ya kuwekeza katika eneo la Afrika ya Mashariki na tumeanza kushiriki katika masoko ya nchi za Afrika ya Magharibi.
5. Usimamizi thabiti	Tumekamilisha kuchambua na kukadiri rasilimali tulizowekeza na kubuni mikakati muafaka ambayo tumeanza kutekeleza. Tulijiondoa katika kampuni ya kwanza katika mwaka uliokwisha 31 Machi 2010. Tunatarajia kukujiondoa katika kampuni zingine mwakani amabazo hazilingani na mipango yetu.
6. Kuimarisha utendaji kazi	Tulijiri wasimamizi hodari waliohitimu na wana ujuzi katika taaluma yao. Pia tumewahi kuchungua na kudadisi juu ya shughuli zetu na kuteua shirika la KPMG kuwa wahasibu wetu wa ndani na pia wanatarjiwa kushauri na kuhakisha kwamba tunazingatia mikakati iliyowekwa.
7. Kutanguliza uimarishaji wa sura na sifa ya Centum	Ili kufanikisha Centum kuwa kampuni kiongozi Barani Afrika katika uwekezaji wa fedha, tunaendelea kushirikisha watu tofauti kutekeleza shughuli zetu na kwa kujenga jina lenye sifa nzuri kupitia njia ya mawasiliano.

Mwaka Ujao

Katika mwaka wa fedha wa 2010/2011 Centum itakuwa na shughuli nyingi na pia kukabiliana na changamoto nyingi. Hali ya uchumi duniani hali kadhalika humu nchini bado ni wasi wasi na madhara yenye kukera ukuaji yanaendelea kujitokeza.

Licha ya hayo lengo letu sio tu kupata faida kubwa, bali pia kuweka nguzo thabiti katika Centum ili iendelee kuwa kampuni bora ya uwekezaji Barani Afrika. Ninayo matarajio kuwa kupitia ushirikiano wa wasimamizi, halmashauri ya wakurugenzi na nyinyi wenye hisa tutaweza kufanikisha malengo hayo.

Tunawashukuru kwa ushiriki wenu na tunawahimisa mwendele na msaada wenu kwa Centum, Halmashauri an Wasimamizi kama ilivyo kawaid wenyu.



JAMES MWORIA
MKURUGENZI MKUU
TAREHE 12 Agosti 2010

“The Board understands the significance of Corporate Governance in enhancing investor confidence that results in the efficient functioning of the capital markets.”

Group Governance Structure

The Group has maintained a unitary board structure, which forms the focal point of the system of corporate governance of the organization. The Board recognises that at the core of the corporate governance system, it is ultimately accountable to the shareholders for the performance of the Company and endeavours to fulfil its fiduciary duties. The Company observes the Corporate Governance guidelines issued by the Capital Markets Authority.

The Board understands the significance of corporate governance in enhancing investor confidence that results in the efficient functioning of the capital markets and continuously strives to find the correct balance for its businesses between providing competitive strategic leadership and maintaining good governance.

Group Structure

The holding company of the Group is Centum Investment Company Limited. The establishment of subsidiaries within the Group is carefully managed to ensure compliance with regulations. The details of the subsidiaries are disclosed on note 17, page 73 of the financial statements.

The Directors do not hold any shares in the subsidiaries. The Directors shareholding in related companies is disclosed in table iii below.

Going Concern

The Directors confirm that they are satisfied that the Group has adequate resources to continue in business for the foreseeable future. For this reason they continue to adopt the

Going Concern basis when preparing the financial statements.

Composition of the Board

In determining the size of the Board, the directors consid-

ered the nature, size and complexity of the group as well as its stage of development. The Board believes that having directors with relevant business and industry experience is beneficial to the board as a whole, as directors with such background can provide useful perspectives on significant risks, competitive advantages and an understanding of the challenges facing the business.

The Board is of the opinion that there is an appropriate balance between independent executive and non-executive directors. The current Board of Directors includes one Executive Director, four Non-Executive Directors and four Independent Directors who comprise one third of the Board as required by clause 2.1.4 of the Guidelines on Corporate Governance Practices by Public Listed Companies in Kenya.

There is a clear division between the roles of Chairman and Managing Director. The Chairman of the Board is a Non-Executive Director.

Tenure

A third of directors retire by rotation annually, and if eligible their names are submitted for re-election at the Annual General Meetings. All director appointments to fill casual vacancies are subject to election by shareholders at the subsequent Annual General Meeting.

Development of Directors

The Board, through the Nominations and Governance Committee, monitors the mix of skills and experience of directors to ensure the Board has individuals with sufficient breadth of experience necessary to discharge its responsibilities effectively. All directors are entitled to seek independent professional legal advice with respect to Company affairs at the company's expense.

In addition to the induction program, directors participate in training workshops accredited by the Center for Corporate Governance.

Table iii) - Directors shareholding in related companies.

Directors		Related companies						
		Aon Minet Insurance Brokers Ltd.	KWA Holdings Ltd.	Mount Kenya Bottlers Ltd.	Rift Valley Bottlers Ltd.	UAP Holdings Ltd.	Kiisii Bottlers Ltd.	General Motors EA Ltd.
1	ICDC	20.0%	72.7%	19.0%	29.3%	-	45.1%	20.0%
2	Christopher John Kirubi	-	-	-	-	16.8%	-	-
3	James N. Mugiuyi	-	-	-	-	10.5%	-	-

Table iv - Board Meeting Attendance for fy 2009/10

Name	Status	11 May 2009	15 Jul 2009	3 Aug 2009	9 Sep 2009	3 Nov 2009	18 Nov 2009	15 Jan 2009	24 Mar 2009
James Ngatia Muguiyi	Chairman	A	P	A	P	P	P	P	P
James Mwirigi Mworira	CEO	P	P	P	P	P	P	P	P
Isaac Buddy Mogaka*	Non-Executive Director (Alt to ICDC)	P	P	A	A	P	A	A	NM
Mbatha Mbithi**	Non-Executive Director (Alt to ICDC)	NM	NM	NM	NM	NM	NM	NM	P
Margaret Martha Byama	Non-Executive Director (Alt to PS Min. of Trade)	P	P	P	P	P	A	P	P
Christopher John Kirubi	Non-Executive Director	P	P	P	P	P	P	P	P
Pauline Muthoni Muriuki*	Independent Non-Executive Director	P	P	P	P	P	P	P	P
Henry Chege Njoroge	Independent Non-Executive Director	P	P	P	P	P	A	P	P
Imtiaz Khan	Independent Non-Executive Director	P	P	A	P	P	P	P	P
Robert Kenneth Bunyi	Independent Non-Executive Director	P	A	A	P	P	P	A	P

P - Present
A - Absent
NM - Not a Member
* - Resigned on 24th March 2010
** - Appointed on 24th March 2010

Source: Company Minutes Books

Board Meetings

At a minimum, board meetings are held every quarter and the Board is of the opinion that this is sufficient. The Board constantly reviews the amount of time spent on corporate performance, strategic issues and the content and quality of non-financial information. In the last financial year a total of 8 board meetings were held and the record of attendance is set out in Table iv.

Delegation of Authority

The Board has approved and disseminated the delegation of certain authorities to the Board sub-committees where applicable and to Management. The Board committees have specific mandates to ensure that pertinent issues are addressed with the appropriate attention.

Committees of the Board

The Board currently has four standing committees all of which are guided by clear terms of reference. This committee structure permits the Board to address key areas in more depth than may be possible in a full board meeting. Decisions about committee membership are made by the full Board, based on recommendations from the Nominations and Governance committee. The Board designates the chairman of the various committees. All committees appraise the full Board of their activities on a regular basis through oral and/or written reports. The current members of the Board Committees are shown on page 37 of the financial statements.

Audit and Risk Committee

Composition

The members of this committee are all non-executive directors, the majority of whom qualify as independent non-executive directors as per Corporate Governance Guidelines. The Chairman is an independent Non-executive Director.

The CEO, Finance Manager and the lead audit partner in charge of the internal audit are in attendance at all meetings. In addition, the internal and external auditors have unrestricted access to the CEO and Chairman of the Audit and Risk Committee, which ensures that their independence is in no way impaired.

Role of Committee

As part of its duty to assist the Board in fulfilling its responsibilities, the Audit and Risk Committee's primary role is to be vigilant and effective overseers of the financial reporting process to ensure the integrity of the company's accounting and financial reporting system. It also plays a key role in protecting the interests of investors and monitoring the component parts of the audit and compliance processes.

The Audit and Risk Committee is tasked with ensuring the internal control processes instituted by the Board can be relied upon to ensure business continuity. In the period just ended, the Committee approved the implementation of a Business Continuity Plan in its risk mitigation oversight role.

Meetings

The Committee held 4 meetings in the financial year ended 31 March 2010.

Nomination and Governance Committee

Composition

The members of this committee are all non-executive directors.

Role of the Committee

The Board through its Nominations and Governance Committee effectively monitors its corporate governance framework with the objective of maintaining and strengthening its contribution to market integrity and economic performance.

Meetings

The Committee held 2 meetings in the financial year ended 31 March 2010.

Investment Committee

Composition

The committee comprises of a mix of the executive, independent and non-executive directors.

Role of Committee

The committee exercises oversight on the implementation of the investment strategy.

Meetings

The Committee held 2 meetings in the financial year ended March 2010.

Branding Committee

Composition

The committee comprises of a mix of the executive, independent and non-executive directors.

Role of the Committee

This steering committee that has been tasked to develop a brand strategy and assess the need of the company to adopt a new corporate identity. They have the mandate to appoint an external consultant to advise on these objectives and implementation of the recommendations highlighted. In addition the Committee shall examine any other matters that may be referred to by the Board with regard to branding.

Meetings

The Committee held 2 meetings in the financial year ended March 2010.

Management

Management regularly interact with the Board through meetings and informally thereby enabling the directors to infuse

their considerable experience and professional knowledge of the target market to the strategic direction. There is a policy of open communication between the Board and Management and this ensures that the Board is fully informed of major matters concerning Centum and its subsidiaries. Directors play a part in setting of the agenda for meetings and may call for additional information or a briefing on any topic prior to meetings.

Directors and Senior Management Remuneration

Non-executive Directors

The remuneration for non-executive directors consists of fees for their services in connection with board and committee meetings. They are not eligible for pension scheme membership and do not participate in the company's bonus scheme. There were no loans advanced to directors at any time during the year. The disclosures relating to the directors' emoluments for the financial year to 31 March 2010 are contained in note 9, page 67 in the financial statements.

Non-executive Directors and Senior Management

The Executive Director is not entitled to a fee for services as a director. The details of compensation for the Executive Director and Senior Management are shown in note 35 (b), page 82 in the financial statements.

Company Secretary

All directors have access to the services of the company secretary who is responsible for ensuring that meeting procedures are followed and plays an active role in the facilitation of the induction of new directors and the improvement and monitoring of corporate governance processes. The Company Secretary is also the custodian of the Company records.

Business Conduct

The company's business is conducted within a developed control framework, underpinned by policy statements, written procedures and control manuals. The board has established a management structure, which clearly defines roles, responsibilities and reporting lines. Delegated authorities are documented and communicated.

Centum believes in integrity and strong ethical values as a way of doing business. Matters relating to the conduct and core values are currently incorporated in the company's Human Resource policies and procedures manual. Employees are required to refrain from taking part in or exerting influence in any transaction in which their own interest may conflict with the best interest of the Group.

Related Party Transactions

Details of transactions with related parties are disclosed on note 35, page 81-82 in the financial statements. During the year lease rentals were paid to International House Limited whose shareholding in Centum is disclosed in table 2 below. Insurance premiums were paid to UAP Insurance Company Ltd., a subsidiary of UAP Holdings.

Performance Reporting

The business performance of the Company is reported regularly by Management to the Board. Performance trends, forecasts as well as actual performance against budgets and prior periods are closely monitored. Financial information is prepared using appropriate accounting policies, which are applied consistently.

Communication

The Board is satisfied that its decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times to ensure adequate disclosure and transparency. The Company places a great deal of importance on communication with its shareholders and the financial markets in general and issues notices in the press

of its half yearly and yearly financial results. There are also investor and press briefing sessions after the release of the financial results. The Group publishes a full Annual Report and Accounts and provides detailed explanation through notes in the financial statements.

The annual reports are distributed to all shareholders in compliance with the provisions of the Companies Act and on request to other parties who have an interest in the group's performance. Shareholders also have direct access to the company and management responds on an on-going basis to numerous letters from shareholders and interested parties on a wide range of issues. Regular communication with shareholders also takes place via the company's website.

Shareholding

The authorized and issued share capital of Centum is disclosed on note 28, page 79 in the financial statements. The share capital is made up of only ordinary shares. The holders of the ordinary shares are entitled to attend in person or through their proxy at the Annual General Meeting. The major interests in the issued share capital are disclosed in table v and vi. Table vii shows the Distribution of Shareholding.

Table v) - Top 10 shareholders by number of shares held and the percentage stake

No.	Name	FY 0910		Number of Shares	
		Number of Shares	% Holding		
1.	Industrial and Commercial Corporation Development (ICDC)	129,304,130	23.51%	129,304,130	23.51%
2.	Christopher John Kirubi	96,344,670	17.52%	91,287,790	16.60%
3.	Stanbic Nominees Ltd A/C R48701*	29,385,490	5.34%	29,385,490	5.34%
4.	Kiruma International Ltd**	28,348,995	5.15%	28,348,995	5.15%
5.	International House Ltd**	23,051,050	4.19%	23,051,050	4.19%
6.	Jubilee Insurance Company of Kenya Ltd	4,603,050	0.84%	4,315,650	0.78%
7.	Barclays (K) Nominees Ltd A/C 1256	4,289,880	0.78%	4,289,880	0.78%
8.	Barclays (K) Nominees Ltd A/C 1853	2,604,940	0.47%	2,604,940	0.47%
9.	John Kibunga Kimani	2,533,130	0.46%	2,365,130	0.43%
10.	Stanbic Nominees (K) Ltd A/C R48703*	2,235,130	0.41%	2,058,000	0.37%
	Total Top Ten Shareholders	322,700,465	58.68%	314,953,055	57.27%
	Other 37,500 shareholders	227,251,365	41.32%	234,998,775	42.73%
	Total Issued Shares	549,951,830	100.00%	549,951,830	100.00%

* A nominee account for UAP Holdings in which Centum holds a 24.2% stake.
 ** Companies in which a Centum director has an interest.

Source: C&R - The Top 10 shareholders as at 31 March

Table vi) - Directors' Shareholding in Centum Investment Company Limited.

No.	Name	Status	FY 0910		FY 0809	
			Number of Shares	% Holding	Number of Shares	% Holding
1.	James Ngatia Muguayi	Chairman	288,030	0.05%	177,630	0.03%
2.	James Mwirigi Mworira	CEO	283,880	0.05%	190,080	0.03%
3.	Industrial and Commercial Development Corporation (ICDC)	Director	129,304,130	23.51%	129,304,130	23.51%
4.	Isaac Buddy Mogaka*	Alternate to ICDC	-	-	-	-
5.	Mbatha Mbithi**	Alternate to ICDC	-	-	-	-
6.	Permanent Secretary Ministry of Trade (PS)	Director	-	-	-	-
7.	Margaret Martha Byama	Alternate to PS	-	-	-	-
8.	Christopher John Kirubi	Director	96,344,670	17.52%	91,287,790	16.60%
9.	Pauline Muthoni Muriuki*	Director	-	-	-	-
10.	Henry Chege Njoroge	Director	100,024	0.02%	199,124	0.04%
11.	Imtiaz Khan	Director	-	-	-	-
12.	Robert Kenneth Bunyi	Director	200	0.00%	200	0.00%
Total Directors' Shareholding			226,320,935	41.15%	221,158,954	40.21%
Other 37,488 shareholders			323,630,895	58.85%	328,792,876	59.79%
Total Issued Shares			549,951,830	100.00%	549,951,830	100.00%

* - Resigned on 24th March 2010
 ** - Appointed on 24th March 2010

Source: C&R Directors Shareholding as at 31st March

Table vii) - Shareholder Volume Analysis

Volume	FY 0910				FY 0809			
	Shares	% Holding	Number of Holders	% Holders	Shares	% Holding	Number of Holders	% Holders
1 - 500	2,821,593	0.51%	11,107	29.61%	2,930,896	0.53%	11,435	29.76%
501 - 5,000	39,876,444	7.25%	19,838	52.89%	41,006,852	7.46%	20,432	53.18%
5,001 - 10,000	24,349,982	4.43%	3,261	8.69%	24,552,344	4.46%	3,282	8.54%
10,001 - 100,000	77,976,607	14.18%	3,042	8.11%	75,823,975	13.79%	2,993	7.79%
100,001 - 1,000,000	62,024,109	11.28%	237	0.63%	62,164,068	11.30%	252	0.66%
>1,000,000	342,903,095	62.35%	25	0.07%	343,473,695	62.46%	30	0.08%
TOTALS	549,951,830	100%	37,510	100%	549,951,830	100%	38,424	100%

Source: C & R - Shareholder volume Analysis as at 31 March

Investor Relations

The Board realizes the unique needs of shareholders and has outsourced the management of the register of shareholders to Custody and Registrars Services Ltd. (C&R). C&R respond to all the information needs of shareholders like dividend payment, update of records, confirmation of

shareholding and all share administration issues. They have implemented innovative solutions to serve the dynamic needs of Shareholders. One notable solution is Sharepower; a web-based solution that allows shareholders to track their investment through the mobile phone.

Introduction

During the year, Centum adopted revisions to the International Financial Reporting Standards (IFRS) which resulted in a change in presentation of the financial statements (refer to note 1 of the financial statements). The main changes in the presentation of the financial statements include;

i. Inclusion of a Statement of a Comprehensive Income (IAS 1)

The Statement of Comprehensive Income discloses non-owner changes in equity in addition to the profit for the period. These non owner changes in equity are those items previously shown under the Statement of Changes in Equity i.e. asset revaluation surplus/deficit, fair value movements in available for sale assets as well as unrealized translation gains/losses.

This amendment is particularly important to Centum, as analysis of our performance is better done through review of our total return, which includes both realised and unrealised value movements in the portfolio for the period. In other words, total return is equal to total comprehensive income for the period.

ii. Adoption of IFRS 8 - Operating Segments

Financial and descriptive information about the Company's reportable segments are included in the financial statement. Reportable segments are those components of an entity about which separate information is available that is evaluated regularly by the Chief Decision Maker in assessing performance.

Centum organizes its activity and assesses performance by business lines and this forms the basis of the operating segments included on note 5, page 61-65 of the financial statements. The three business lines are; Private Equity, Quoted Private Equity and Real Estate & Infrastructure.

iii. Inclusion of the Company financials in addition to those of the Group

This additional disclosure is aimed at creating focus on the financials that best represent the value of Centum. The Group financials highlight Centum's performance as a Holding Company while the Company financials highlight Centum's performance as an Investment Company.

The Company performance will therefore be Centum's focus when tracking performance and will form the basis of our Business review.

The difference in the Company and Group financials is in the treatment of investment in Subsidiaries and Associates which are highlighted below:

Table viii) - Treatment of Subsidiaries and Associates.

	Company	Group
Income Statement		
Dividends declared by Subsidiaries included as income	√	X
Line by line consolidation of income & expenses of Subsidiaries	X	√
Dividend income from Associates	√	X
Share of Associate profits	X	√
Other Comprehensive Income		
Share of Subsidiaries equity movement	√	X
Fair value movement in Associates	√	X
Share of Associate equity movement	X	√
Statement of Financial Position		
Subsidiaries held at fair value	√	X
Line by line consolidation of assets & liabilities of Subsidiaries	X	√
Associates held at fair value	√	X
Associates held at book value (NAV)	X	√

Key:

√ - Included in the financial statements
X - Not included in the financial statements

a) Total Return Statement

The total return statement highlights the value created during the period; both realized and unrealized. Except for the format it essentially represents the total comprehensive income for the period. Refer to page 42 of the financial statements.

Table ix) - Statement of Total Return.

Kshs m	2010	2009
Portfolio Income		
Dividends	456	365
Interest Income	6	3
Other portfolio income	33	6
Gains on disposal of investments	88	(24)
Unrealised portfolio value movements	2,948	(2,620)
Gross portfolio return	3,531	(2,269)
Portfolio costs	(199)	(123)
Provision for impairment	-	(271)
Finance costs	(47)	(13)
Net portfolio return	3,285	(2,676)
Taxes	13	(11)
Total return (total comprehensive income)	3,298	(2,687)
Total return (%)	56.3%	(30.6%)

Total Return

Total return is calculated as the gross portfolio return less portfolio and funding costs. It can be expressed as an absolute amount or as a percentage of opening portfolio value.

Centum recorded a return of 56.3% in the financial year ended 31 March 2010 up from a negative return of 30.6% in the previous year.

Gross Portfolio return

Gross portfolio return includes the following components.

i. Portfolio income

This includes dividend, interest and rental income as well as gains realized on disposal of investments.

ii. Unrealised value movements in the portfolio

These are unrealized gains or losses on revaluation of the portfolio calculated as the difference between the carrying value of investments at the start and end of the period.

Table x) - Unrealized value movements in the portfolio.

Kshs m	2010	2009
Cost efficiency		
Portfolio costs	199	123
Closing portfolio value	9,157	5,859
Cost to portfolio value	2.1%	2.1%

Centum's cost efficiency metric is defined as portfolio costs as a percentage of the closing portfolio value. Centum's target is to maintain this ratio at below 2.5%.

b) Statement of Financial Position

Table xi) - Statement of Financial Position.

Kshs m	2010	2009
Portfolio value	9,360	5,930
Net liabilities	(203)	99
Net debt	-	(170)
Shareholder s' funds (NAV)	9,157	5,859
Gearing	-	2.7%
NAV per Share (Kshs)	16.65	10.65

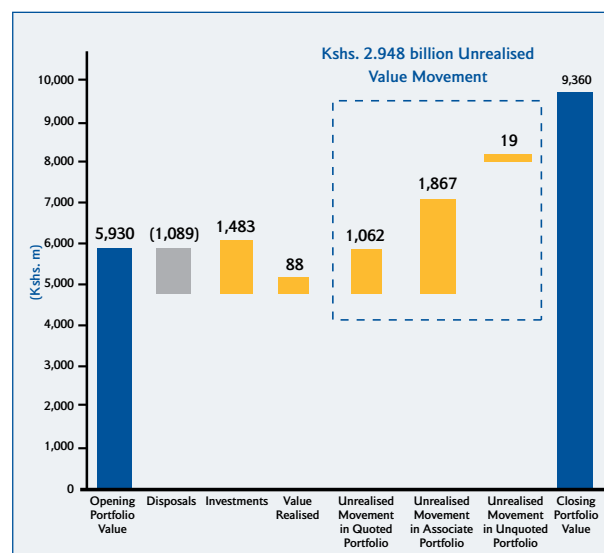
Portfolio value

Centum's portfolio value includes the carrying value of investments as well as marketable securities at the reporting date. Movements in portfolio value are as a result of; new investments, value realization through disposals as well as unrealized value movements on revaluation of the portfolio.

Centum's portfolio grew by 56% from Kshs 5.93 Billion in 2009 to Kshs 9.36 Billion as at 31 March 2010 being the total return in the period.

The movement in Centum's Portfolio from 1st April 2009 to 31st March 2010 is highlighted below:

Chart i) - Movement in Centum's Portfolio from 1st April 2009 to 31st March 2010.



Gearing & liquidity

The company's performance on realizations and increase in portfolio income resulted in a positive cash/deposits position of Kshs 394 Million as at 31 March 2010. Undrawn committed facilities stood at Kshs 1.7 Billion at balance sheet date.

Introduction

The Private Equity (PE) business line is Centum's largest business line accounting for approximately 59% of the total portfolio. Increased activity in the private equity space is expected as the country embarks on accelerating its economic growth by encouraging new investments and developing the necessary infrastructure to fuel the growth. Many owners of companies, who wish to embark on major capital investment and regional expansion projects, will now be able to find several competing sources of finance to enable achievement of their objectives. Centum's established track record in Kenya and long established approach to significant minority investing provides differentiation both against the small number of other, typically US, global funds and smaller regional players who cannot offer the same level of local knowledge, expertise and networks.

Opportunities for Centum in PE

Centum's PE opportunity is guided by the following major themes:

- **Fundamental nature of the business** - Centum's focus is to invest in high growth companies that require capital to grow either locally or internationally through organic or inorganic growth,
- **Depth of regional markets** - lack of depth in regional markets provides room for developments of a rich deal pipeline as dominant companies within the economy are largely private,
- **Partnerships** - success in PE investments is underpinned with strategic partnerships with industry leaders as well as fellow PE players.

Business Model and Focus for PE

The focus will be acquisition of control and significant minority equity position in unlisted companies. The instruments to be used are either ordinary or preference shares or convertible debt.

Investment will be in sectors we understand and where this lacks Centum will build expertise through engagement with specialists. Focus will be on businesses that are industry leaders with a compelling advantage supported by a track record and in exceptional circumstances where there is a compelling case in green fields or brown fields. A key focus will be to pursue diversification of the portfolio by geography including sector exposure.

Performance

The table below summarizes the PE business line performance for the years ended 31 March 2010.

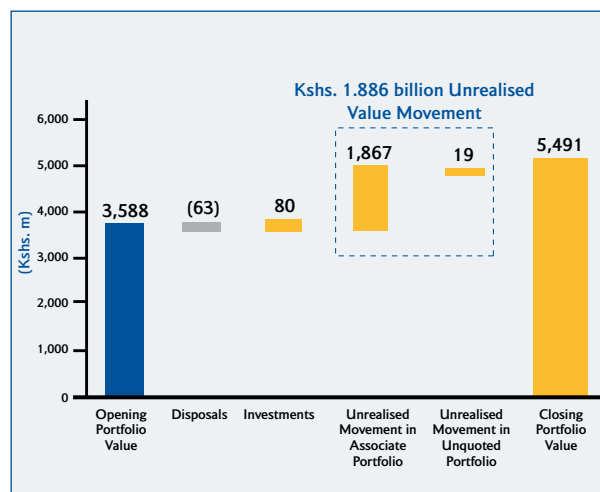
During the year ended March 2010, PE generated a total return Kshs 2.1 Billion, equivalent to 61.1% over opening equity portfolio base of Kshs 3.5 Billion.

Table xii) - PE business line performance for the years ended 31 March 2010.

Kshs m	2010	2009
PE performance for the year ended 31 March 2010		
Portfolio income	429	228
Unrealised value movements	1,886	(1,687)
Gross return	2,315	(1,459)
Total return	2,168	(1,823)
Gross return (%)	65.3%	(24.8%)
Total return (%)	61.1%	(30.9%)
Closing portfolio value	5,491	3,588

The portfolio was valued at about Kshs 5.5 Billion as at March 31, 2010 and the movement in Centum's PE Portfolio from 1st April 2009 to 31st March 2010 is highlighted below:

Chart ii) - Movement in Centum's PE Portfolio from 1st April 2009 to 31st March 2010.



Investment Activity

The combination of a highly selective approach to new investment and the realignments made to the PE portfolio in 2009/10 delivered a net divestment of Kshs 185 Million. Total investment during the year was Kshs 80 Million (US\$1 Million) comprising of calls made from our commitment to invest up to Kshs 385 Million (US\$ 5 Million) in Helios Fund II. In the year, we divested our entire 10% equity stake in Rift Valley Railways Investment for Kshs 265 Million (US\$ 3.5M).

Valuation

Valuation of Centum's PE portfolio is in accordance with the requirements of the International Financial Reporting Standards (IFRS), and is based on fair value. Fair value is the estimate of value at which an equity investment can change hands. In other words; it is that value that is reasonable to parties involved in a transaction.

Fair value is determined using any one of the following methodology.

- i. Earnings multiples - this draws on market based measures of risk and return and involves application of an earnings multiple to the earnings of the company being valued to result in a value for the business. The multiple is derived from comparable companies or transactions with similar prospects from a return and growth perspective.
- ii. Net Asset Value -used in cases where a business is not making a positive return on assets and for which a greater value can be realized by liquidating the business and selling its assets
- iii. The price of the new investment - where the investment is made within the financial year.
- iv. Cost - used in cases where fair value cannot be reliably measured.

As at 31 March 2010, Centum's PE portfolio was valued based mainly on earnings multiples. The values of the companies were affected by two factors;

- i. Multiple expansion resulting from improved stock market conditions, and
- ii. Earnings growth of the underlying investee companies.

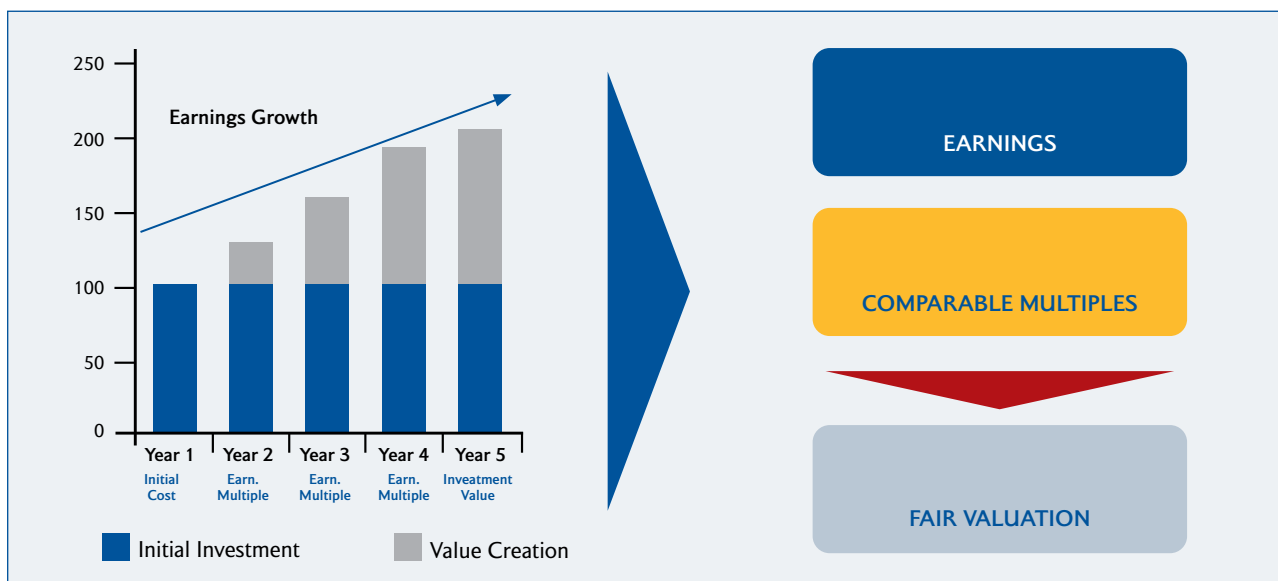
The chart below illustrate the process of fair valuation.

Outlook

In the coming financial period the focus of the PE business line will be to continue to maximize the value of our existing portfolio through various value creation initiatives such as increasing investments in our minority positions, consolidating various assets, actively participating at the board level of investee companies to ensure superior growth in the assets and exiting mature investments. Our emphasis will be to improve operational efficiency of our underlying investee to position them as market leaders in their various market segments.

We will also actively pursue investment opportunities within Kenya and in Sub-Saharan Africa primarily in companies operating in sectors that will benefit from the headwinds of economic growth, expansion of the middle class, integration of the five East African countries and a rebound of the global economy. Centum's 40 year track record of making private equity investments in Kenya has provided it with the experience, approach and techniques critical to success in both controlling and minority investing. We will invest where we can align our interests with entrepreneurs and management teams. An important aspect of our business model is the way in which we drive the growth in the value of our portfolio companies through emphasis on the underlying earnings growth of the portfolio companies.

Chart iii) - Fair valuation process.



Business Review

Highlight of the Private Equity Portfolio

“Most of these companies are market leaders in their sectors, have a regional presence and have significant potential to continue to grow as purchasing power of the region increases and as more people join the middle class.”

Financial Sector - Insurance Services



UAP Holdings

Stake: 24.2%

UAP Insurance Ltd. is one of the leading insurance companies in Kenya. The company transacts all classes of general insurance in addition to Marine, Life, Pensions and Healthcare products.

UAP Insurance Uganda is the second largest insurer in Uganda and UAP Insurance Sudan Ltd. is the largest insurer in Southern Sudan.

Its quest for leadership has not come without notice: it was the first insurance company to be ISO 9001:2000 certified; has achieved the highest credit rating, Global Credit Rating (AA); and has won Fire Awards for seven consecutive years.



Aon Minet

Stake: 21.5%

Aon Minet Insurance Brokers Ltd (AON) is a market leader offering insurance broking, risk management, actuarial consulting, medical scheme administration and medical fund management, life and pension's administration, and employee benefits consulting services to medium and large organizations in Kenya.

AON has a large portfolio of corporate clients to whom it provides brokerage services for coverage of some of the most complex risks. AON is a service driven organization which aspires to meet the highest standards of its clients.

Beverages - Carbonated Soft Drinks



Rift Valley Bottlers

Stake: 44.0%

Rift Valley Bottlers Limited is a Coca Cola bottling company whose franchise territory spans over Rift Valley and Western provinces in Kenya. It is the third largest Coca Cola franchise in the country in volume terms.

Nairobi Bottlers

Stake: 27.6%

Nairobi Bottlers Limited is the largest of the Coca Cola franchises in Kenya. Its territory spans over the whole of Nairobi, parts of Central Eastern and Rift Valley provinces.

Mount Kenya Bottlers

Stake: 28.6%

Mount Kenya Bottlers Limited is a coca cola bottling company whose franchise territory spans over Central & North Eastern provinces in Kenya.

Kisii Bottlers

Stake: 23.8%

Kisii Bottlers Limited is a coca cola bottling company whose franchise territory spans over parts of south Rift Valley and Nyanza province.

Beverages - Alcoholic and Non-alcoholic	
	 <div data-bbox="858 357 1045 414"> <p>KWA Holdings Stake: 26.4%</p> </div> <div data-bbox="858 446 1428 500"> <p>Kenya Wine Agencies Ltd. is a leading manufacturer and distributor of wines and spirits in East Africa with operations in Kenya, Uganda and Rwanda.</p> </div>
Others	
	 <div data-bbox="858 606 1125 680"> <p>Longhorn Publishers Stake: 35.0% Sector: Publishing</p> </div> <div data-bbox="858 702 1428 755"> <p>Longhorn Kenya Ltd. is a leading regional publisher of educational books and books for general readership.</p> </div> <div data-bbox="858 766 1428 819"> <p>Longhorn ranks second in market share for both primary and secondary level textbooks.</p> </div> <div data-bbox="858 829 1428 883"> <p>It has subsidiaries in Uganda and Tanzania and is also exploring opportunities in other African countries such as South Sudan, Rwanda and Zambia.</p> </div>
	 <div data-bbox="858 925 1204 1000"> <p>General Motors East Africa Stake: 17.8% Sector: Automotive</p> </div> <div data-bbox="858 1021 1428 1074"> <p>GM East Africa Ltd. (GM) markets and sells Chevrolet, Opel and Isuzu vehicles and parts. It locally assembles the Isuzu and Chevrolet vehicles.</p> </div> <div data-bbox="858 1085 1428 1159"> <p>Majority of GM's sales are domestic. GM also exports to neighboring countries in the COMESA region: Uganda, Tanzania, Rwanda, Burundi, Zambia, Zimbabwe, Mozambique and Ethiopia.</p> </div> <div data-bbox="858 1170 1316 1223"> <p>GM East Africa has over 30 years experience in local assembly and service.</p> </div>
	 <div data-bbox="858 1255 1125 1330"> <p>NAS Airport Services Stake: 9.1% Sector: Food</p> </div> <div data-bbox="858 1372 1396 1436"> <p>NAS Airport Services Limited (NAS) provides meals and handling services to airlines at the Jomo Kenyatta International Airport and the Mombasa International Airport.</p> </div> <div data-bbox="858 1457 1380 1500"> <p>NAS is the only operator offering these services and therefore has a clear leadership of its market.</p> </div>
	 <div data-bbox="858 1585 1061 1681"> <p>Helios Fund 2 Sector: Pan Africa Fund Commitment: US\$ 5M Fund Size: US\$ 200M</p> </div> <div data-bbox="858 1734 1412 1798"> <p>Helios Investment partners is a leading investment firm founded in 2004 and focused on making private equity and special situation investments in African companies.</p> </div> <div data-bbox="858 1808 1412 1872"> <p>The Helios Fund 2 targets growth equity investments in hitherto-neglected sectors exhibiting high growth potential, and acquisition of large, established businesses, such as non-core subsidiaries of multinational companies.</p> </div>

Introduction

Quoted Private Equity (QPE) is Centum's second largest business line accounting for approximately 40% of the total portfolio. QPE will focus in sectors with sustainable competitive advantage and relative industry certainty where there are no adverse industry changes.

Opportunities for Centum in QPE

Centum's QPE opportunity is guided by the following major themes:

- **Improving macroeconomic environment:** we are witnessing new low interest rates regime. Although banks' lending rates are declining at a slower rate, we expect businesses to enjoy better borrowing rates going forward that will buoy the level of economic activity in the country which will in turn shore-up earnings and valuations. We also expect that as the prices of fixed income investments increase more capital to be reallocated away from the fixed income market and to the equity markets, which is good both for the equity positions and fixed income that we have been taking during the financial year under review.
- **Geographical expansion to other attractive Sub-Saharan Africa markets:** the objective of the QPE business line is to be the number one actively managed fund in marketable securities in Africa. A lot of work has already been on these front and we have identified a number of attractive opportunities outside Kenya. Besides the obvious benefits of geographical diversification, this will be another major milestone for Centum as we will be competitively channeling capital to markets that promise the best possible return for our shareholders.
- **Scaling up the size of our transactions:** To generate a meaningful return to our shareholders, we see scale as key to our investment strategy going forward. We have consistently beaten the NSE 20-Share Index for the last five years. We want to leverage on this strong track record to build and manage third party funds alongside our own funds.

The business model and focus for QPE

QPE's business model focuses on acquiring influential or controlling stakes in what in our view we deem to be undervalued public listed companies. We then leverage on our private equity skills to enhance value in those companies.

In the process of searching for QPE opportunities we also come across, and invest in, attractive minority stakes, which we classify as marketable securities. Under this asset class, we also have our investments in fixed income securities. We earn our return through dividend and interest incomes, realized and unrealized gains.

Performance

The table below summarizes the QPE business line performance for the years ended 31 March 2010.

Table xii) - QPE performance for the year ended 31 March 2010.

Kshs m	2010	2009
QPE performance for the year ended 31 March 2010		
Portfolio income	150	122
Unrealised value movements	1,062	(932)
Gross return	1,212	(810)
Total return	1,141	(860)
Gross return (%)	53.2%	(28.3%)
Total return (%)	50.1%	(30.1%)
Closing portfolio value	3,832	2,305

Returns on individual investments vary from this target depending on the risk characteristics of individual investments. During the year ended March 2010, QPE generated a total return Kshs 1.1 Billion, equivalent to of 50.1% over opening equity portfolio base of Kshs 2.3 Billion. This sterling performance not only exceeded our strategic targets for 2010 but was also in line our history of generating market-beating returns - NSE 20 Share index appreciated by 43% (adjusted for dividend yield) during the same period. The portfolio was valued Kshs 3.8 Billion as at March 31, 2010 and the movement in Centum's QPE Portfolio from 1st April 2009 to 31st March 2010 is highlighted below:

Investment activity

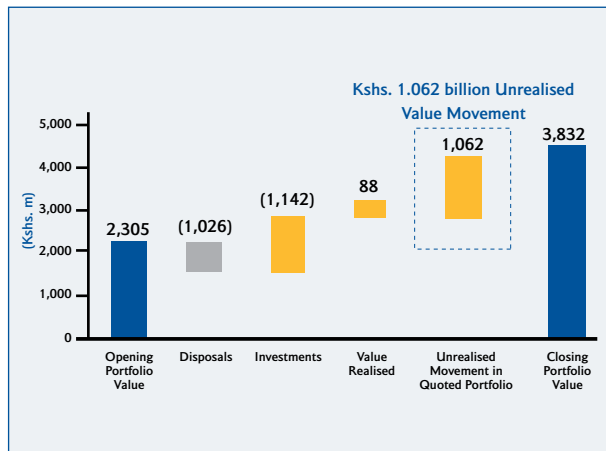
During the period, new investments by QPE amounted to Kshs 1.14 Billion (2008: Kshs 625 Million) including: Carbacid Investments Limited (Kshs 419 Million); Equity Bank (Kshs 164 Million); Standard Chartered Bank (Kshs 42 Million); and Kenya Power and Lighting Company (Kshs 12 Million). We acquired a 22% equity stake in Carbacid, which appreciated to a closing value of Kshs 887 Million and paid off dividend during the year amounting Kshs 42 Million.

A combination of portfolio rebalancing and a buoyant market, which was recovering from the effects of global economic depression and the 2008 post-election crisis, resulted in a significant increase in realizations compared to last year. Realizations amounted to Kshs 1,026 Million (2008: Kshs 192 Million) mainly driven by our reduced exposure to the banking (Kshs 914 Million) and beverage (Kshs 99 Million) sectors. The largest realization was Kenya Commercial Bank which generated net proceeds of Kshs 851 Million.

Portfolio Valuation

The QPE business line values its portfolio holdings using the respective market prices as at the reporting date, consistent with International Financial Reporting Standards (IFRS). Movement in the portfolio is disclosed in note 20, page 75 of the financial statements.

Chart iv) - Movement in Centum's QPE Portfolio from 1st April 2009 to 31st March 2010.



Outlook

QPE is looking into the new financial year with optimism. Markets are expected to remain relatively stable compared to last year, when we saw share prices rallying upwards recovering from their lowest points. We intend to create value for our shareholders by making significant new investments in highly selected companies across the Sub-Saharan region. We have purposed to establish an Africa-wide portfolio with a focus on East and West African markets.

Introduction

The Real Estate & Infrastructure (REI) division is a new business line established during the financial year to focus on real estate and infrastructure investments. The REI business line was formed in line with Centum's mission of offering investors access to inaccessible, quality, and diversified investments. The diversification is both geographically and by asset class. Management's expectation is that, given the nature of returns in the real estate and infrastructure asset class, the REI division will help to further de-link Centum's returns from market returns to which Centum's current investment portfolio are highly correlated.

The rationale for combining real estate and infrastructure into one business line is twofold: firstly, given the size and number of investments made by Centum to date, there is currently no commercial rationale for having two separate teams focused on these investments. Secondly, and most importantly, there are inherent synergies in combining these investments under one division given the extensive similarities in the manner in which real estate and infrastructure investments are structured and financed and the relatively large capital commitments required. Further specialization will be considered as the business line scales up its portfolio over time.

Real Estate:

Opportunities for Centum

Centum seeks opportunities that leverage our ability to quickly mobilize funds for investment, thereby unlocking attractive development opportunities that will lead to the creation of new residential communities and address imbalances in the commercial and residential real estate markets.

Business model and focus

We look to purchase medium to large sized parcels of land (around 100 to 500 acres) in attractive locations which are suitable for master-planning and subsequently play the role of a primary/master developer. In this role, Centum would undertake to invest in part or all of the project or sell on to secondary/infill developers who would undertake further development within the parameters defined by the master-plan.

A secondary/infill developer is one involved in building/developing vacant areas within city centers or urban settings, where utilities and services are already present. A primary/master developer on the other hand is involved in development of vacant un-serviced land. The development of a master plan takes into account the attendant socio-economic, political and economic factors as well as the availability of infrastructure and utilities in a particular area.

Our focus on being a master developer is informed by the following key factors:

- a) New infrastructure developments opening up new areas for development.
- b) Shortage of serviced land which in turn has impeded the development of new neighborhoods.
- c) Rapid growth in new household formation driven by a burgeoning middle class and demographic trends have given rise to estimates, that over the next 5 years, more than 70% of the region's population will be under the age of 34.
- d) Emerging trends towards the development of integrated developments that cater to lifestyle needs.
- e) Economies of scale that obtain in the development of infrastructure over large portions of un-serviced land.
- f) Empirical evidence that the sustainability of home values is greatly affected by whether or not they are located in areas where development is controlled to avoid sprawl, over-crowding, congestion, noise pollution, crime, etc. This in turn leads to higher demand for controlled developments.
- g) Resource constraints within national governments and local authorities creating a need for partnerships with private sector players to fill in the resulting gaps in the provision of housing and related infrastructure.

In certain select situations, we would look to invest in projects as a secondary developer if the market environment constrains us from taking on the role of a primary developer or where returns to secondary developers meet our target returns.

Activity

In relation to this we can report that since the end of the 2009/2010 financial year Centum has identified and made significant investments in land both in Kenya and Uganda.

Finally, development of an office building on a prime plot of land owned by Centum has commenced. This land is located in the Nairobi Central Business District (CBD), facing Uhuru Park. The development of this building has been informed by the need for flexible office space served by dedicated parking space as well as the location's ease of accessibility.

As at 31 March 2010 the aforementioned property was held as a pre-paid operating lease rental at an amortized cost of Kshs 36 Million. This is disclosed on note 15, page 72 of the financial statements.

Outlook

Centum maintains a strongly positive outlook for the real estate sector. This is due to the high economic growth prospects and relative political stability of countries in our target markets as well as demographic trends such as increased urbanization and a youthful, rapidly growing, and highly educated labor force. Together, these factors have created a growing number of middle-class consumers keen to attain the lifestyles that exist in more developed countries. We therefore seek to create value by investing in real estate projects that transform urban living and meet the need for planned developments that conform to international standards.

Infrastructure: Opportunities for Centum

Centum defines infrastructure investments as those made in capital-intensive businesses providing essential services over the long-term, often on a regulated basis or with a significant component of revenue and costs that are subject to long-term contracts.

Business Model and focus

In the infrastructure sector, Centum's initial focus is primarily on investments in independent power projects (IPPs) in countries with relatively stable economies in the region and where comprehensive regulatory frameworks for IPPs exist.

To mitigate technical and construction risks for these early stage investments and given Centum's role as a financial sponsor, Centum seeks experienced technical partners who have a solid track-record in the construction of similar projects. Centum may also invest in newly operational or mature infrastructure assets if they fit within our investment criteria.

Investment Activity

It is in line with this objective that Centum recently participated as a bidder in two tenders for the construction of medium speed diesel (MSD) plants to be located in Athi River and Thika. These projects are examples of early stage invest-

ments where the prospects for capital gains and attractive yields exist but realization of these returns is limited until the projects are fully operational.

Outlook

Centum expects to participate actively in Public Private Partnerships (PPPs) as a means of financing public infrastructure projects once the regulatory framework for Private Finance Initiatives (PFIs) is properly established within various countries in the region. Examples of these PPP infrastructure investments would include transportation infrastructure (e.g. toll roads, bridges, airports, ports, etc.), utilities (e.g. oil distribution and storage facilities, waste processing, communications infrastructure, etc.), or social infrastructure (e.g. educational facilities, healthcare facilities, etc.). Currently we have made no investments in infrastructure projects.

Performance

During the year ended March 31st 2010 the gross return generated by the REI division was 11.9% with a total return of -31.9%. This is primarily due to the allocation of the REI division's pro-rata share of the portfolio's operating costs. As the REI division was formed in the course of the financial year ending 31 March 2010, its activities mainly revolved around prospecting for attractive investment opportunities that fit within its business model. As indicated earlier in the report, these activities have led to significant investments being made in Kenya and Uganda.

As with all our other business divisions, Centum's focus in the real estate and infrastructure sectors will be on investing prudently by ensuring downside risk protection but with an eye on generating market-beating returns.

Risk Management and Internal Controls

“Our aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects to our financial performance.”

Introduction

Our investing activities expose us to a variety of risks. Investment and operational risks. Investing activities involve the analysis, evaluation, acceptance and management of a combination of risks. Although Investment and operational risks are inevitable consequence of being in business, our aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects to our financial performance.









The Management team is responsible for implementing risk management policies and internal controls. This is designed to provide reasonable but not absolute assurance of achieving our business objectives. Our risk management policies are set out in the Corporate Risk Management Manual which describes the methodology to be followed to manage all enterprise risks.

Risk Governance

Organ	Responsibility
Board of Directors:	<ul style="list-style-type: none"> • Approves company policies and procedures; • Sets the tone and influences the risk management culture within the Company; • Approves major decisions affecting the company’s investment portfolio and its risk profile or exposure.
The Audit and Risk Committee:	<ul style="list-style-type: none"> • Advises the Board on the effectiveness of policies and procedures for risk assessment and risk management; • Reviews the Company’s approach to risk management and recommends changes or improvements to key elements of its processes and procedures; • Provides a statement to the Board annually indicating how the company has complied with good practice with regard to corporate governance and in relation to effective risk management.
Internal Audit (Out sourced):	<ul style="list-style-type: none"> • Assists the Audit and Risk Committee in ensuring that internal processes and procedures are adequate and complied with.
Management:	<ul style="list-style-type: none"> • Implements the Board’s risk management policy; • Ensures that the major risks associated with significant proposals/prospects have been properly considered and can be appropriately managed within the policy framework set by the Board; • Identifies and evaluates key risks that threaten achievement of the company’s objectives; • Identifies strategies to manage such risks, including identification of appropriate risk owners, and monitors the satisfactory operation of the risk management strategy; • Communicates the company risk management policy and risk related information to all staff, subsidiary organizations and external partners.

Risk Management and Internal Controls

Risk Management Framework

Categories	Brief Description	Further Information	Risk Mitigation
Investment Risks	<p>Risks that relate to:</p> <ul style="list-style-type: none"> • specific asset investment decisions; • subsequent performance of the investments; • investment concentration; • valuations and exits. 	<p>Chief Executive's Statement</p> <p> Page 11-13</p> <p>Note 2 on Financial Risk Disclosures</p> <p> Page 54-58</p> <p>Business Review</p> <p> Page 22-31</p>	<p>Investment activities are:</p> <ul style="list-style-type: none"> • Guided by an approved strategy; • Implemented under a tested investment approach; • Executed through a rigorous process and approved by the Investment Committee of the Board; and • Audited for compliance to set policies by the Audit and Risk Committee of the Board and an outsourced Internal Auditor. <p>Company is able to attract and develop investment professionals.</p>
Liquidity/ Funding Risks	<ul style="list-style-type: none"> • Risk that the company will miss out on attractive investment opportunities due to lack of funding; • Risk that the company will experience difficulties in meeting its financial commitments. 	<p>Note 2 on Financial Risk Disclosures</p> <p> Page 54-58</p>	<ul style="list-style-type: none"> • Available credit facilities; • Available for sale investments that can be quickly converted to cash; • Asset matching for known/expected liabilities.
Operational Risks	<p>Risks that arise from failed internal controls, people and systems. These include:</p> <ul style="list-style-type: none"> • Failure to meet ethical and governance principles; • Information technology failures; • Fraud and security breaches. 	<p>Corporate Governance Statement</p> <p> Page 17-21</p> <p>Note 3 on Capital Risk Disclosures</p> <p> Page 59</p>	<ul style="list-style-type: none"> • Independent internal audit function; • Approved operational procedures; • Framework of Core values; • A code of conduct.
External Risks	<p>Centum acknowledges existence and accepts the following external risks:</p> <ul style="list-style-type: none"> • Changes in economic and political environment; • Changes in legislation, taxation, regulation; • Changes in policies and trends on expropriation of property, trade sanctions, social impacts, repatriation of funds etc.; • Competitive rivalry; • Natural disasters. 	<p>Business Review</p> <p> Page 22-31</p> <p>Corporate Governance Statement</p> <p> Page 17-21</p>	<ul style="list-style-type: none"> • Diversified investment portfolio; • Tested investment approach; • Insurance; • Business continuity planning; • Best practice business operations.

Corporate Social Investment

Centum's corporate social investment is geared towards strategic sustainable socio-economic and educational engagements with the community through careful thought out long term initiative that are aligned to the company's strategy, mission and strengths.

Our corporate social mission is to ensure the communities we interact with adopt a positive culture and improve its economic wellbeing. We are open and honest in communicating our strategies, targets, and performance and governance pillars to our stakeholders in our continual commitment to sustainable support and development of various initiatives we get involved in.



1. Centum staff spend time with the children at Little Rock Education Centre.
2. Centum donates office equipment and furniture to Little Rock Education Centre.
3. The children at Little Rock Education Centre try out their new furniture.

Our Principles

We recognize that we must integrate our business values and operations to meet the expectations of our stakeholders. They include investors, employees, the community including the regulators, citizenry and the environment.

Our Partnership Focus

Our approach is to work with institutions that will allow us to focus on strategic engagement within the community that makes use of our competencies. Our initiatives to date have had a significant bias towards development and empowerment of the youth. Our team actively participated in these initiatives.

Our Initiatives:

1. Little Rock Educational Centre (LREC)

LREC is a community based organisation with various programmes that are tailored to meet the needs of the children aged between 2 and 15 together with their parents. Your Company has continued with its support of LREC. We supported the expansion of the library together with our associate company Longhorn Publishers through

a book contribution to the library. This initiative has been beneficial to the current LREC students and graduates who come back to enjoy the range of schools and books and facilities offered in the afterschool program.

2. Eastland's College of Technology (ECT)

The College is focused on empowering youthful entrepreneurs manage their business through training in technological skills relevant to management of business like record keeping that supports preparation of accounts and business planning to enable them put their ideas across. In the period we made a contribution to the college that sponsored 22 students at ECT who acquired 150 hours of training in business management and computer skills to enable them grow sustainable enterprises.

3. Smart Youth Challenge Limited

The Smart Youth Challenge is an investment game based on a direct simulation of the activities at the Nairobi Stock Exchange. The participants maintain virtual portfolios and would require advice on purchase and sale decisions. We mentored the youth as they sought advice on investment decisions. The participants noted that they benefited from the experience and would be able to make informed investment and career decisions.

4. Annual Sponsorship Events

Centum CSI annual calendar also includes support to educational and social events. The educational support is to student organizations and Professional bodies. The student organizations include the Accounting Students Association and Finance Students Association of University of Nairobi (UoN). The professional bodies include the Institute Certified Public Accountants of Kenya (ICPAK), East Africa Society of Investment Professionals for the Chartered Financial Analysts (CFA) and Association of Chartered Certified Accountants (ACCA). The social events are the Mater Heart Run and Freedom from Hunger Walk.

Part 2: Financial Statements

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REGISTERED OFFICE

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

COMPANY SECRETARY

N E Nyamongo
Certified Public Secretary (Kenya)
International House
Mama Ngina Street
P O Box 10518 - 00100
Nairobi

AUDITORS

Deloitte & Touche
Certified Public Accountants (Kenya)
Deloitte Place, Waiyaki Way, Muthangari
P O Box 40092 - 00100
Nairobi

BANKERS

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

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

Standard Chartered Bank Kenya Limited
Stanbank House
Moi Avenue
P O Box 40310 - 00100
Nairobi

LAWYERS

Coulson Harney Advocates
Unit A, Nairobi Business Park, Ngong Road
P O Box 10643 - 00100
Nairobi

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

Simba & Simba Advocates
Finance House
P O Box 10312 - 00100
Nairobi

Kaplan & Stratton Advocates
Williamson House
4th Ngong Avenue
P.O.Box 40111- 00100
Nairobi

Board of Directors & Committee Members

BOARD OF DIRECTORS

J N Muguayi - Chairman
J M Mworia - Managing Director
C J Kirubi
Industrial & Commercial Development Corporation (ICDC)
M Mbithi (Alternate to ICDC)
H C Njoroge
The Permanent Secretary, Ministry of Trade
M M Byama (Alternate to Permanent Secretary, Ministry of Trade)
I Khan
R K Bunyi
M Mwangi

INVESTMENT COMMITTEE

C J Kirubi - Chairman
M Mbithi
J N Muguayi
H C Njoroge
J M Mworia
R K Bunyi
I Khan

AUDIT AND RISK COMMITTEE

H C Njoroge - Chairman
R K Bunyi
I Khan
M Byama

NOMINATION & GOVERNANCE COMMITTEE

M Mbithi - Chairlady
C J Kirubi
J N Muguayi
M Byama

BRANDING COMMITTEE

H C Njoroge
C J Kirubi
J M Mworia

The directors present their report together with the audited financial statements for the year ended 31 March 2010.

ACTIVITIES

The group's principal activity remains that of engagement in investment activities.

RESULTS

	Shs'000
Profit before taxation	1,183,885
Taxation	(90,128)
Profit for the year transferred to revenue reserve	1,093,757

DIVIDEND

The directors do not recommend the payment of a dividend (2009 - nil).

DIRECTORS

The current members of the board are shown on page 4 & 5.

I B Mogaka retired from the board on 24 March 2010 as the alternate director to ICDC and was replaced by M Mbithi on the same date. P. M. Muriuki resigned from the board on 24 March 2010.

SECRETARY

D. O. Owino resigned as company secretary on 12 May 2010 and was replaced by N. E. Nyamongo on the same date.

AUDITORS

Deloitte & Touche retire from office at the conclusion of the next Annual General Meeting. The directors recommend the appointment of PricewaterhouseCoopers as the company auditors for the next financial year.

BY ORDER OF THE BOARD



NAOMI E. NYAMONGO

Secretary
7th June 2010
Nairobi

Wakurugenzi wanawasilisha ripoti yao pamoja na taarifa ya kifedha iliyokaguliwa kwa kipindi kilichomalizika 31 Machi 2010.

SHUGHULI

Shughuli maalum ya kampuni inabaki kuwa ile ya uwekazaji wa resilimali

MATOKEO

	Shilingi '000
Faida kabla ya kutozwa ushuru	1,183,885
Ushuru	(90,128)
Faida iliyowekwa kama akiba	1,093,757

MGAWO WA FAIDA

Wakurugenzi wanapendekeza mgao wa faida usilipwe (2009 - sufuri).

WAKURUGENZI

Wanachama wa halmashauri ya wakurugenzi waliohudumu wameorodheshwa ukurasa wa 4 na 5.

Bwana Isaac Mogaka alistaafu kama mkurugenzi mwakilishi wa ICDC mnamo tarehe 24 Machi 2010 na mahali pake kuchukuliwa na Bwana M. Mbithi siku hiyo. Bi P. M. Muriuki alijiuzulu kutoka halmashauri ya wakurugenzi mnamo tarehe 2 Machi 2010.

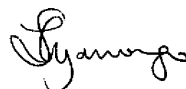
KATIBU

Bwana D. O. Owino alijiuzulu kama katibu mnamo tarehe 12 machi 2010 na mahali pake kuchukuliwa na N. E. Nyamongo siku hiyo.

WAHASIBU

Deloitte & Touche wanastaafu kwa zamu katika mkutano ujao wa mwaka. Wakurugenzi wanapendekeza uteuzi wa PricewaterhouseCoopers katika mkutano ujao wa mwaka ili kuchukua nafasi hiyo.

KWA AMRI YA HALMASHAURI YA WAKURUGENZI



NAOMI E. NYAMONGO

Katibu
Tarehe 7 Juni 2010
Nairobi

Statement of Directors' Responsibilities

The Kenyan Companies Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the company as at the end of the financial year and of the operating results of the group for that year. It also requires the directors to ensure that the companies in the group keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the group. They are also responsible for safeguarding the assets of the group.

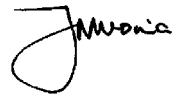
The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement; whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. The directors are of the opinion that the financial statements of the group and of the company give a true and fair view of the state of the financial affairs of the group and of the company and of the group's operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that any of the companies in the group will not remain a going concern for at least the next twelve months from the date of this statement.



James N. Muguiyi
Chairman



James M Mworia
Chief Executive Officer

7th June 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CENTUM INVESTMENT COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Centum Investment Company Limited, and its subsidiaries, set out on pages 36 to 82 which comprise the consolidated and company statements of financial position as at 31 March 2010, and the consolidated and company statements of comprehensive income, consolidated and company statements of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of financial affairs of the of the group and of the company as at 31 March 2010 and of the group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

Report on Other Legal Requirements

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

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

Deloitte & Touche

Certified Public Accountants (Kenya)

7 June 2010
Nairobi

Partners: S.O. Onyango F.O. Aloo H. Gadhoke* N.R. Hira* B.W. Irungu J.M. Kiarie D.M. Mbogho A.N. Muraya J. Nyang'aya J.W. Wangai
* British

Member of Deloitte Touche Tohmatsu

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Notes	2010 Shs'000	2009 Shs'000
INCOME	6(a)	1,038,257	391,586
EXPENSES			
Administrative expenses		(122,326)	(66,137)
Other operating expenses		(77,988)	(57,122)
Provision for impairment	7	-	(271,239)
Finance costs	8	(46,940)	(12,983)
		(247,254)	(407,481)
SHARE OF PROFITS IN ASSOCIATES COMPANIES	18	392,882	491,548
PROFIT BEFORE TAXATION	9	1,183,885	475,653
TAXATION CHARGE	11	(90,128)	(162,473)
PROFIT FOR THE YEAR		1,093,757	313,180
OTHER COMPREHENSIVE INCOME:			
Reserves released on disposal of investments	12	(538,965)	(155,201)
Share of other comprehensive income of associates	18	(29,980)	(169,550)
Fair value gain/(loss) in unquoted investments	19	18,961	(570,400)
Fair value gain/(loss) in quoted investments	20	996,361	(932,647)
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		446,377	(1,827,798)
TOTAL COMPREHENSIVE INCOME/(LOSS)		1,540,134	(1,514,618)
EARNINGS PER SHARE - Basic & diluted	13	Shs 1.99	Shs 0.57

Company Statement of Comprehensive Income

For the year ended 31 March 2010


	Notes	2010 Shs'000	2009 (Restated) Shs'000
INCOME	6(a)	1,121,464	505,946
EXPENSES			
Administrative expenses		(122,154)	(66,060)
Other operating expenses		(76,897)	(56,956)
Provision for impairment	7	-	(271,239)
Finance costs	8	(46,940)	(12,983)
		(245,991)	(407,238)
PROFIT BEFORE TAXATION		875,473	98,708
TAXATION CREDIT/(CHARGE)	11	12,967	(10,824)
PROFIT FOR THE YEAR		888,440	87,884
OTHER COMPREHENSIVE INCOME			
Reserves released on disposal of investments	12	(538,965)	(155,201)
Fair value gain/(loss) on investments in subsidiaries	17	565,992	(57)
Fair value gain/(loss) on investments in associates	18	1,867,270	(1,116,697)
Fair value gain/(loss) in unquoted investments	19	18,961	(570,400)
Fair value gain/(loss) in quoted investments	20	495,976	(932,647)
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		2,409,234	(2,775,002)
TOTAL COMPREHENSIVE INCOME/(LOSS)		3,297,674	(2,687,118)

Consolidated Statement of Financial Position

As at 31 March 2010

	Notes	2010 Shs'000	2009 Shs'000
ASSETS			
Non current assets			
Motor vehicle and equipment	14	11,347	3,428
Prepaid operating lease rentals	15	35,940	36,560
Intangible assets	16	601	446
Investment in associates	18	2,948,585	2,885,947
Unquoted investments	19	1,251,209	1,212,828
Quoted investments	20	2,967,876	2,305,043
Corporate bonds	21	505,371	-
Due from related parties	22(a)	-	2,825
Deferred tax asset	23	29,477	13,350
		7,750,406	6,460,427
Current assets			
Receivables and prepayments	25	108,849	93,749
Taxation recoverable	11(c)	3,075	5,632
Call deposits	26	345,000	-
Bank balances		48,641	10,131
Total current assets		505,565	109,512
Total assets		8,255,971	6,569,939
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	28	274,976	274,976
Share premium		589,753	589,753
Investment revaluation reserve		3,032,911	1,871,941
Retained earnings		3,958,527	3,579,363
Shareholders' equity		7,856,167	6,316,033
Current liabilities			
Payables and accruals	29	357,154	10,062
Unclaimed dividends	31	42,650	73,863
Borrowings	32	-	169,981
		399,804	253,906
Total equity and liabilities		8,255,971	6,569,939

The financial statements on pages 36 to 82 were approved by the board of directors on 7th June 2010 and were signed on its behalf by:



James N. Muguiyi
Chairman



James M Mworira
Chief Executive Officer

Company Statement of Financial Position

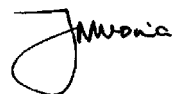
As at 31 March 2010

	Notes	2010 Shs'000	2009 (Restated) Shs'000	01.04.08 (Restated) Shs'000
ASSETS				
Non current assets				
Motor vehicle and equipment	14	11,347	3,428	4,150
Prepaid operating lease rentals	15	35,940	36,560	37,180
Intangible assets	16	601	446	699
Investments in subsidiaries	17	850,163	284,063	284,120
Investment in associates	18	4,240,102	2,372,787	3,489,484
Unquoted investments	19	1,251,209	1,212,828	1,835,881
Quoted investments	20	2,080,599	2,305,043	2,832,079
Corporate bonds	21	505,371	-	-
Due from related parties	22(a)	-	2,825	72,380
Deferred tax asset	23	29,477	13,350	22,462
Term deposit	24	-	-	86,532
		9,004,809	6,231,330	8,664,967
Current assets				
Term deposit	24	-	-	59,687
Due from subsidiary	22	412,623	-	-
Receivables and prepayments	25	26,658	150,266	283,428
Taxation recoverable	11(c)	3,044	5,601	2,897
Call deposits	26	345,000	-	79,452
Bank balances		48,168	10,101	48,267
		835,493	165,968	473,731
Non current asset held for sale	27	-	-	7,064
		835,493	165,968	480,795
Total current assets		835,493	165,968	480,795
Total assets		9,840,302	6,397,298	9,145,762
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	28	274,976	274,976	274,976
Share premium		589,753	589,753	589,753
Investment revaluation reserve		5,947,916	2,824,089	5,599,091
Retained earnings		2,344,421	2,170,574	2,330,168
Shareholders' equity		9,157,066	5,859,392	8,793,988
Current liabilities				
Payables and accruals	29	356,906	10,001	25,307
Due to related parties	22(b)	283,680	284,061	284,603
Unclaimed dividends	31	42,650	73,863	41,864
Borrowings	32	-	169,981	-
		683,236	537,906	351,774
Total equity and liabilities		9,840,302	6,397,298	9,145,762

The financial statements on pages 36 to 82 were approved by the board of directors on 7th June 2010 and were signed on its behalf by:



James N. Muguiyi
Chairman



James M Mworira
Chief Executive Officer

Consolidated Statement Of Changes In Equity

For the year ended 31 March 2010

	Share capital Sh'000	Share premium Sh'000	Investment revaluation reserve Sh'000	Retained earnings Sh'000	Total Sh'000
At 1 April 2008	274,976	589,753	3,699,739	3,513,661	8,078,129
Dividends - 2008 declared	-	-	-	(247,478)	(247,478)
Profit for the year	-	-	-	313,180	313,180
Other comprehensive loss for the year	-	-	(1,827,798)	-	(1,827,798)
Total comprehensive income for the year	-	-	(1,827,798)	313,180	(1,514,618)
At 31 March 2009	274,976	589,753	1,871,941	3,579,363	6,316,033
At 1 April 2009	274,976	589,753	1,871,941	3,579,363	6,316,033
Transfer of revaluation reserve	-	-	714,593	(714,593)	-
Profit for the year	-	-	-	1,093,757	1,093,757
Other comprehensive income for the year	-	-	446,377	-	446,377
Total comprehensive income for the year	-	-	446,377	1,093,757	1,540,134
At 31 March 2010	274,976	589,753	3,032,911	3,958,527	7,856,167

The retained earnings are utilised to finance business activity.

The investment revaluation reserve arises on the revaluation of available-for-sale financial assets.

Where a revalued financial asset is sold, the portion of the reserve that relates to that financial asset, and is effectively realised, is reduced from the investment revaluation reserve and is recognised in profit or loss (note 12). Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in profit or loss. The investment revaluation reserve is non-distributable.

The transfer of revaluation reserve in the current year relates to the misallocation of revaluation of investments in retained earnings in prior years which has now been corrected.

Company Statement Of Changes In Equity

For the year ended 31 March 2010

	Share capital Sh'000	Share premium Sh'000	Investment revaluation reserve Sh'000	Retained earnings Sh'000	Total Sh'000
At 1 April 2008					
- As previously reported	274,976	589,753	2,696,605	2,330,168	5,891,502
Prior year adjustment*	-	-	2,902,486	-	2,902,486
At 1 April 2008					
- Restated	274,976	589,753	5,599,091	2,330,168	8,793,988
Dividends - 2007 declared	-	-	-	(247,478)	(247,478)
Profit for the year	-	-	-	87,884	87,884
Other comprehensive loss for the year	-	-	(2,775,002)	-	(2,775,002)
Total comprehensive income for the year	-	-	(2,775,002)	87,884	(2,687,118)
At 31 March 2009					
	274,976	589,753	2,824,089	2,170,574	5,859,392
At 1 April 2009					
	274,976	589,753	2,824,089	2,170,574	5,859,392
Transfer of revaluation reserve	-	-	714,593	(714,593)	-
Profit for the year	-	-	-	888,440	888,440
Other comprehensive income for the year	-	-	2,409,234	-	2,409,234
Total comprehensive income for the year	-	-	2,409,234	888,440	3,297,674
At 31 March 2010					
	274,976	589,753	5,947,916	2,344,421	9,157,066

The retained earnings are utilised to finance business activity.

The investment revaluation reserve arises on the revaluation of available-for-sale financial assets.

Where a revalued financial asset is sold, the portion of the reserve that relates to that financial asset, and is effectively realised, is reduced from the investment revaluation reserve and is recognised in profit or loss (note 12). Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in profit or loss. The investment revaluation reserve is non-distributable.

The transfer of revaluation reserve in the current year relates to the misallocation of revaluation of investments in retained earnings in prior years which has now been corrected.

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	Notes	2010 Shs'000	2009 Shs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	33(a)	245,430	124,671
Taxation paid	11(c)	(603)	(4,416)
Dividends received from associated companies	18	197,214	229,697
Net cash generated from operating activities		442,041	349,952
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment	14	(9,403)	(1,559)
Purchase of intangible assets	16	(597)	(165)
Purchase of shares in associates	18	(45)	-
Purchase of other equity investments	19	(79,743)	-
Purchase of quoted equity investments	20	(636,416)	(625,373)
Purchase of corporate bonds	21	(505,371)	-
Proceeds on disposal of quoted investments	12	1,083,606	191,527
Proceeds on disposal of unquoted investments	12	265,147	-
Proceeds on disposal of non current assets held for sale	12	-	11,664
Proceeds on disposal of motor vehicle and equipment		-	1,828
Net cash generated from/(used in) investing activities		117,178	(422,078)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	31	(5,728)	(215,479)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		553,491	(287,605)
CASH AND CASH EQUIVALENTS AT 1 APRIL		(159,850)	127,755
CASH AND CASH EQUIVALENTS AT 31 MARCH	33(b)	393,641	(159,850)

1 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

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

Adoption of new and revised International Financial Reporting Standards (IFRS)

(i) *Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)*

The following new and revised standards and interpretations have been adopted in the current period and have affected the amounts and disclosures reported in these financial statements. Details of other standards and interpretations adopted in these financial statements that have had no effect on the amounts reported are set out in (ii) below;

IAS 1 (Revised), presentation of financial statements

A revised version of IAS 1 was issued in September 2007. It prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income.

According to the amendment of IAS 1 to January 2008, each component of equity, including each item of other comprehensive income, should be reconciled between carrying amount at the beginning and at end of the period. Since the change only impacts presentation aspects, there is no impact on retained earnings.

The group also elected to use the titles per revised IAS 1 of 'statement of financial position' and 'statement of cash flows' to describe the 'balance sheet and 'cash flow statement' respectively.

The company has presented three statements of financial position in the company's separate financial statements because it has applied an accounting policy retrospectively and made a retrospective restatement of items in its financial statements that affected the statement of financial position at the beginning of the earliest comparative period. In particular, the company has adopted the fair value model in accounting for its

investments in associated companies and subsidiaries.

IFRS 7 Improving disclosures about financial instruments

The IASB published amendments to IFRS 7 in March 2009. The amendments require enhanced disclosures about fair value measurements and liquidity risk. In particular, the amendments require disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendments results in additional disclosures but does not have an impact on the financial position or the comprehensive income of the group and the company.

IFRS 8, 'Operating segments'

The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments will be reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The new standard will enable investors to assess the group, business performance from the same perspective as that used by management in making decisions about operating matters.

Adoption of these interpretations and standards has not led to any changes in the group's accounting policies.

(ii) *Standards and interpretations effective in the period, with no effect on these financial statements:*

The following new and revised standards and interpretations are effective in the current financial year and have been adopted in these financial statements. Their adoption has not had any impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

- IFRS 1: First-Time Adoption of International Financial Reporting Standards - Amendment relating to cost of an investment on first-time adoption (effective for accounting periods beginning on or after 1 January 2009);
- IFRS 2 Share-based payments - Amendments relating to vesting conditions and cancellations (effective for annual periods beginning on or after 1 January 2009);

1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(iii) *New and revised standards and interpretations in issue not yet effective*

At the date of authorisation of these financial statements, the following revised standards and interpretations were in issue but not yet effective.

- IFRS 3: Business combinations - Comprehensive revision on applying the acquisition method (effective for accounting periods beginning on or after 1 July 2009)
- IFRS 9, Financial instruments part 1: Classification and measurement (effective for accounting periods beginning 1 January 2013)
- IAS 27: Consolidated and Separate Financial Statements - Consequential amendments arising from amendments to IFRS 3 (effective for accounting periods beginning on or after 1 July 2009)
- IAS 28, Investments in Associates: Consequential amendments arising from amendments to IFRS 3 (effective for accounting periods beginning on or after 1 July 2009)
- IAS 39, Financial Instruments: Recognition and Measurement: Amendments relating to treatment of loan prepayment penalties as closely related derivatives (effective for accounting periods beginning on or after 1 January 2010)
- IAS 39, Financial Instruments: Recognition and Measurement: Amendments for eligible hedged items (effective for accounting periods beginning on or after 1 July 2009); amendments for embedded derivatives when reclassifying financial instruments (effective for accounting periods ending on or after 30 June 2009)
- IFRS 8, Operating Segments: Amendments on disclosure of information about segment assets (effective for accounting periods beginning on or after 1 January 2010)
- IAS 1, Presentation of Financial Statements: amendment for the classification of convertible instruments (effective for accounting periods beginning on or after 1 January 2010)
- IAS 7, Statement of Cash Flows, Amendment relating to current and non-current classification of convertible instruments (effective for accounting periods beginning on or after 1 January 2010)
- IAS 17, Leases: Amendment for classification of leases of land and buildings (effective for accounting periods beginning on or after 1 January 2010)
- IAS 36: Impairment of Assets: Amendment relating to the unit of accounting for goodwill impairment test (effective for accounting periods beginning on or after 1 January 2010)
- IAS 38, Intangible Assets: Amendment for measuring the

fair value of an intangible asset acquired in a business combination (effective for accounting periods beginning on or after 1 January 2010)

- IFRIC 17: Distribution of non-cash assets to owners (effective for accounting periods beginning on or after 1 July 2009)
- IFRIC 18: Transfers of assets from customers (effective for accounting periods beginning on or after 1 July 2009)
- IFRIC 19: Extinguishing financial liabilities with equity instruments (effective for accounting periods beginning on or after 1 July 2010).

The directors are assessing the impact of the above standards and interpretations on the financial statements of the group in the period of initial application.

Improvements to IFRS

'Improvements to IFRS' were issued in May 2008 and April 2009. They contain numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2009 and 1 January 2010 respectively, with earlier application permitted.

The directors anticipate that the adoption of amendments to various IFRS resulting from the International Accounting Standards Board (IASB)'s annual improvements projects, when effective, will have no material impact on the financial statements of the group.

(iv) *Early adoption of standards*

The group did not early-adopt any new or amended standards in the period.

(a) *Basis of preparation*

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of equity investments.

1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Revenue recognition

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

(c) Consolidation

Subsidiary undertakings, being those companies in which the group either directly or indirectly has an interest of more than 50% of the voting rights or otherwise has power to exercise control over the operations, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the group and are no longer consolidated as from the date of disposal. All inter company transactions, balances and unrealised surpluses and deficits on transactions with the subsidiary company have been eliminated.

The group financial statements reflect the result of the consolidation of the financial statements of the company and its wholly owned subsidiaries all of which are made up to 31 March each year, details which are disclosed in note 17, and include the group's share of the results of the associated companies as disclosed in note 18.

(d) Investment in subsidiaries

Investments in subsidiaries are accounted for at fair value in the separate financial statements of the company. The fair values of investments in subsidiaries are determined using the net assets values.

(e) Investments in associates

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

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus share of subsequent profits less any impairment in the value of individual investments. Losses of an associate in excess of the group's interest in that associate are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities

and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Investments in associates are accounted for as available for sale financial assets in the separate financial statements of the company and are stated at fair value. They are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve.

Where a significant amount of new investment into a company has been made within the financial year, the price at which the investment was made is considered the fair value. For all other investments, the earnings multiple method is employed. This method, which draws on market based measures of risk and return, involves the application of an earnings multiple to the earnings of the business being valued in order to derive a value for the business. The earnings multiple that is applied is derived from comparable companies or transactions with similar prospects from a return and growth perspective. Where fair value cannot be reliably measured, the unquoted investment is carried at cost.

The difference between valuation and cost is recognised in other comprehensive income and accumulated in the investment revaluation reserve. Where valuation is below cost, the difference between valuation and cost is charged to profit or loss if, in the opinion of the directors, the reduction in value is not considered temporary. Where the investment is disposed of, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

(f) Motor vehicle and equipment

Motor vehicle and equipment are stated at cost less depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the motor vehicle and equipment in equal annual instalments over their estimated useful lives.

1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The annual rates in use are:

Motor vehicle and motor cycles	20%
Furniture, fittings and office equipment	10%
Computers	33.3%

(g) Leasehold land

Payments to acquire leasehold interest in land are treated as prepaid operating lease rentals and are amortised over the period of the lease.

(h) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be principally recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

(i) Computer software development costs

Costs incurred on computer software are initially accounted for at cost as intangible assets and subsequently at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is calculated on the straight line basis over the estimated useful lives not exceeding a period of 3 years.

(j) Financial assets

The group classifies its financial assets into the following categories: financial assets at fair value through profit or loss; loans and receivables; held- to- maturity investments; and available-for-sale assets. Management determines the appropriate classification of its investments at initial recognition.

Financial assets at fair value through profit or loss

This category has two sub-categories: Financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable.

Held- to- maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale of other than an insignificant amount of held-to-maturity assets occurs, the entire category is classified as available for sale.

Available-for-sale financial assets

Available-for-sale assets are financial assets that are not (a) financial assets at fair value through profit or loss, (b) loans and receivables, or (c) financial assets held to maturity.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are included in profit or loss in the year in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously accumulated in the investment revaluation reserve is recognised in profit or loss.

Investments

Quoted investments are those companies listed on the stock exchange. They are classified as available for sale and are stated at the middle market value as at the end of each reporting period.

Unquoted investments are the unlisted non-associate companies in which the company has invested. They are classified as available for sale and are stated at fair value.

1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Where a significant amount of new investment into a company has been made within the financial year, the price at which the investment was made is considered the fair value. For all other investments, the earnings multiple method is employed. This method, which draws on market based measures of risk and return, involves the application of an earnings multiple to the earnings of the business being valued in order to derive a value for the business. The earnings multiple that is applied is derived from comparable companies or transactions with similar prospects from a return and growth perspective. Where fair value cannot be reliably measured, the unquoted investment is carried at cost.

The difference between valuation and cost is recognised in other comprehensive income and accumulated in the investment revaluation reserve. Where valuation is below cost, the difference between valuation and cost is charged to profit or loss if, in the opinion of the directors, the reduction in value is not considered temporary. On the disposal of an investment, the difference between the net disposal proceeds and the cost is charged or credited to profit or loss.

Corporate bonds are classified as available for sale financial assets and are stated at fair value.

Impairment and uncollectability of financial assets

At the end of each reporting period, the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised in profit or loss whenever the carrying amount of the asset exceeds its recoverable amount.

If it is probable that the group will not be able to collect all amounts due (principal and interest) according to the contractual terms of loans, receivables or held-to-maturity investments carried at amortised cost, an impairment or bad debt loss has occurred. The carrying amount of the asset is reduced to its estimated recoverable amount through use of an allowance account. The amount of the loss incurred is dealt with in profit or loss for the year.

For unlisted shares classified as available for sale, a significant or prolonged decline in the value of the security below its cost is considered to be objective evidence of impairment.

Other factors considered by the group in determining impairment for other financial assets include:

- Significant financial difficulty of the issuer or counter party
- Default or delinquency in interest or principal repayments
- It becoming probable that the borrower will enter bankruptcy of financial re-organisation.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(k) Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

(l) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the terms of the relevant leases.

Rentals payable under operating leases are charged to the profit or loss on a straight-line basis over the term of the relevant lease.

1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Employee entitlements to leave

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the liability for annual leave accrued but not taken at the end of each reporting period.

(n) Performance Bonus

The company has put in place a performance bonus scheme that seeks to align the incentives of management team with those of shareholders and fund investors, by focusing on cash returns. Entitlement to an annual performance based bonus pool is subject to the company attaining a total return as a percentage of opening shareholder funds of 15% or more in the financial year in question.

(o) Retirement benefit obligations

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

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

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

(p) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise of bank balances and deposits at call with the banks net of bank overdrafts.

(q) Foreign currencies

Assets and liabilities denominated in foreign currency are translated into Kenya shillings at the rates of exchange ruling at the end of each reporting period. Transactions during the year are translated at the rates ruling on the transaction dates. Exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity

(r) Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are not accrued for until they have been ratified at the Annual General Meeting.

(s) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. In particular the comparative figures in the company statement of financial position have been modified to incorporate the fair value of investments in associated companies and subsidiaries.

2 FINANCIAL RISK MANAGEMENT

Introduction and overview

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 minimize potential adverse effects on its financial performance. The key types of risk include:

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

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

Risk management framework

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

The group's general risk management approach is to increase the likelihood of success in its strategic activities, that is, to raise the potential reward of its activities relative to the risks undertaken. Accordingly, the group's approach to risk management is intended to increase risk awareness and understanding, and thus support taking risks where appropriate, in a structured and controlled manner. The group however recognizes 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, analyzed and produced a risk management strategy for those risks which might inhibit it from achieving its strategic objectives and which would threaten its ongoing survival as a leading investment company;
- Raised awareness of and integrated risk management into its management policies.
- Promoted an understanding of the importance and

value of risk management, particularly associated with investment opportunities;

- Established risk management roles and responsibilities for its board of directors, audit and risk committee and the risk department.

The risk management function is supervised by the Audit and Risk Committee. Management identifies, evaluates and hedges financial risks under policies approved by the board of directors. The board provides written principles for overall risk management, as well as written policies covering specific areas such as price risk, foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity.

The Board put in place an internal audit function to assist it in assessing the risk faced by the company on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

(i) Market risks

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.

a) Interest rate risk

The group is exposed to interest rate risk as it borrows funds at floating interest rates in the form of short term loans (overdrafts) and also holds cash deposits with financial institutions. The interest rates on the cash deposits are fixed and agreed upon in advance while interest rates on overdrafts are pegged to the bank's base lending rate or prevailing Treasury Bills rates.

Management closely monitors the interest rate trends to minimize the potential adverse impact of interest rate changes. Deposits are placed at fixed interest rates and management is therefore able to plan for the resulting income. For the facilities with variable rates, the company is in regular contact with the lenders in a bid to obtain the best available rates.

2 FINANCIAL RISK MANAGEMENT (cont'd)

As at 31 March 2010, the group had call deposits of Shs 345,000,000 (2009: nil) and did not have any borrowings (2009: Shs 169,981,000).

As at 31 March 2010, a 5% increase/decrease of the annual interest rate would have resulted in an increase/decrease in pre-tax profit and total capital of Shs 20,895,829 (2009 - Shs 7,774,503) resulting from interest paid on draw downs of overdraft facilities.

The group has invested in corporate bonds with fixed interest rates and this mitigates risk exposure of the group.

b) Price risk

The group's private equity holdings are valued according to the Private Equity and Venture Capital guidelines, which set out the valuation methodology for fair valuation. Valuation is relatively subjective and may change from time to time. In addition the valuation is also affected by the volatility of the stock prices since the group uses the earnings multiple method which entails the use of the share prices of similar/comparable quoted companies among other components. Valuation risks are mitigated by comprehensive quarterly reviews of the underlying investments by management every quarter. The appropriateness of the investment valuations are then considered by the Audit and Risk committee.

Quoted assets are valued at their market prices. These values are subject to frequent variations and adverse market movements. This risk is mitigated by choice of defensive stocks with low price volatility, and weekly monitoring of the value changes.

At 31 March 2010, if the prices at the Nairobi Stock Exchange had appreciated/depreciated by 5% with all other variables held constant, the impact on the revaluation reserves would have been Shs164,458,275 (2009 - Shs 215,100,800) higher/lower. Price fluctuation has no effect on the profit since changes in fair value for quoted investments are dealt with other comprehensive income and accumulated in the investment revaluation reserve.

Investment holding period risk

Over 60% of the group's investments are private equity investments, which 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 mitigates this risk by seeking influence the investee company's operations through large shareholding or board representation. The group also seeks compensation for this risk through high return hurdles during the investment appraisal and laying emphasis on dividend generating potential.

However, the group has got 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.

Concentration Risk

Over 95% of the group's assets are located in Kenya with over 28% of the portfolio exposed to the fortunes of the financial sector, 27% to the Beverages sector and 21% to the Industrial and Allied sector.

Equity Portfolio sector allocation

Financial services (Banking & Insurance)	26%
Alcoholic beverages and carbonated soft drinks	35%
Automotives	11%
Services	5%
Publishing	2%
Real estate & infrastructure	2%
Agriculture	1%

Each investment asset is considered independently by the Investment Committee and the board according to a structured process that includes extensive due diligence, industry analysis, consideration of existing assets and future capital commitments. Whereas sector limits are in place, concentration in the financial, beverages and industrial and allied sectors have mainly been brought about by organic growth and appreciation of market value. To reduce concentration risks, the group is actively seeking opportunities in the real estate and infrastructure sectors. To reduce exposure to country risk the group is actively looking for regional investment opportunities.

Notes to the Financial Statements (cont'd)

For the year ended 31 March 2010

2 FINANCIAL RISK MANAGEMENT (cont'd)

c) Foreign exchange risk

The group's exposure to fluctuations in the foreign currency rates relate to conversion rates for valuation of overseas holdings. The group does not have any foreign denominated financial liabilities.

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

	2010 Shs'000	2009 Shs'000
Loan to a related party (US\$)	-	2,825
Quoted investments (UGX)	2,350	3,823
Helios fund II (US\$)	58,967	-
	61,317	6,648

The mean exchange rates ruling at 31 March 2010 and 31 March 2009 were:

	2010	2009
1 US Dollar (US\$)	77.3314	80.4694
1 Ugandan Shilling (UGX)	0.02696	0.03772

The group currently holds 0.08% (2009 - 0.17%) of its quoted investments in foreign currency. The currency exposure associated with this holding is therefore insignificant.

At 31 March 2010, if the Kenya Shilling had weakened/strengthened by 5% against the US dollar and Ushs with all other variables held constant, the impact total capital would have been Kshs 3,065,863 (2009: Shs 3,348,494) higher/lower, due change in value of a US dollar investment, and change in value of the investments in the Uganda Securities Exchange.

(ii) Liquidity risks

This is the risk that the group will encounter difficulties in meeting its financial commitments from its financial liabilities. Prudent liquidity risk management includes maintaining sufficient cash to meet company obligations. Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the group's short, medium and long term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk also relates to the risk that the group would miss out attractive investment opportunities due to lack of funding. This risk is mitigated by the fact that the available for sale quoted investments can be converted to cash when funds are required. The risk is also minimized by use of annually renewable credit facilities.

As at 31 March 2010, over 30% (2009: over 30%) of the groups assets were held in assets that are quickly convertible to cash. The group also had Shs 1,700,000,000 (2009: Shs 330,019,000) unutilised credit facility (See note 32).

	GROUP		COMPANY	
	2010 Sh'000	2009 Sh'000	2010 Sh'000	2009 Sh'000
Bank overdraft	-	169,981	-	169,981

The borrowings which are mainly utilized for investment purposes together with accruing interest are matched by expected future cash inflows within 12 months.

2 FINANCIAL RISK MANAGEMENT (cont'd)

(iii) Credit risks

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with credit worthy counterparties and obtaining collateral where appropriate.

The credit risk exposures are classified in three categories:

- Fully performing
- Past due
- Impaired

Credit risk arises from cash and cash equivalents, deposits with banks, corporate bonds, loans advanced as well as trade and other receivables.

Maximum exposure to credit risk before collateral held or other credit enhancements

The table below represents the maximum credit risk exposure to the group at 31 March 2010 and 31 March 2009, without taking into account any collateral held or other credit enhancements attached (i.e gross amounts).

	GROUP		COMPANY	
	2010 Sh'000	2009 Sh'000	2010 Sh'000	2009 Sh'000
Corporate bonds	505,371	-	505,371	-
Loan to a related party	-	2,825	-	2,825
Rental debtors	-	1,087	-	-
Call deposits	345,000	-	345,000	-
Bank balances	48,641	10,131	46,168	10,101
	899,012	12,956	896,539	12,926

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by the banking regulatory authority. The group has adopted a policy of only dealing with creditworthy counterparties and only invests in reputable corporates.

Classification

	Fully performing Shs'000	Past due Shs'000	Impaired Shs'000	Total (gross) Shs'000
31 March 2010				
Corporate bonds	505,371	-	-	505,371
Call deposits	345,000	-	-	345,000
Bank balances	48,641	-	-	48,641
	899,012	-	-	899,012
31 March 2009				
Loan to a related party	-	-	2,825	2,825
Rental debtors	-	-	1,087	1,087
Bank balance	10,131	-	-	10,131
	10,131	-	3,912	14,043

The impaired amounts are fully provided for.

Notes to the Financial Statements (cont'd)

For the year ended 31 March 2010

2 FINANCIAL RISK MANAGEMENT (cont'd)

(iv) Fair value hierarchy

The company 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 company'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 stock 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 company considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

GROUP

31 March 2010	Note	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
Financial assets:					
Available for sale					
- Unquoted equity instruments	19	-	-	1,251,209	1,251,209
- Quoted equity instruments	20	2,967,876	-	-	2,967,876
- Corporate bonds	21	505,371	-	-	505,371

31 March 2009

Financial assets:					
Available for sale					
- Unquoted equity instruments	19	-	-	1,212,828	1,212,828
- Quoted equity instruments	20	2,305,043	-	-	2,305,043

COMPANY

31 March 2010	Note	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
Financial assets:					
Available for sale					
- Investment in associates	18	-	-	4,240,102	4,240,102
- Unquoted equity instruments	19	-	-	1,251,209	1,251,209
- Quoted equity instruments	20	2,967,876	-	-	2,967,876
- Corporate bonds	21	505,371	-	-	505,371

31 March 2009

Financial assets:					
Available for sale					
- Investment in associates	18	-	-	2,372,787	2,372,787
- Unquoted equity instruments	19	-	-	1,212,828	1,212,828
- Quoted equity instruments	20	2,305,043	-	-	2,305,043

3 CAPITAL RISK MANAGEMENT

The group's objectives when managing capital are:

- To safeguard the group's ability to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for the other stakeholders.
- To maintain a strong capital base to support the current and future development needs of the business.

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

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

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

There have been no material changes in the group's management of capital during the period.

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

	GROUP		COMPANY	
	2010 Sh'000	2009 Sh'000	2010 Sh'000	2009 Sh'000
Share capital	274,976	274,976	274,976	274,976
Share premium	589,753	589,753	589,753	589,753
Investment revaluation reserve	3,032,911	1,871,941	5,947,916	2,824,089
Retained earnings	3,958,527	3,579,363	2,344,421	2,170,574
Equity	7,856,167	6,316,033	9,157,066	5,859,292
Total borrowings	-	169,981	-	169,981
Less: Bank balances	(48,641)	(10,131)	(48,168)	(10,101)
Net borrowings	(48,641)	159,850	(48,168)	159,880
Gearing (%)	Nil	2.5%	Nil	2.7%

The overdraft balance as at year end was nil (2009 - Shs 169,981,000).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

In the process of applying the group's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key areas of judgement in applying the entities accounting policies are dealt with below:

Impairment losses

At the end of each reporting period, the group reviews the carrying amounts of its financial assets to determine whether there is any indication that those assets have suffered an impairment loss. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Valuation of unquoted investments

For equity instruments for which no active market exists, the group uses the price of a recent investment or the earnings multiple to estimate the fair value of these investments. Management uses estimates based historical data relating to earnings of the investee company and other market based multiples in arriving at the fair value. The primary assumption in employing the earnings multiple method is that the market has assigned an appropriate value to the benchmark company. The methodology and assumptions used for arriving at the market based multiples are reviewed and compared with other methodologies to ensure there are no material variances.

Held to maturity investments

The group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the group evaluates its intention and ability to hold such investments to maturity. If the group fails to keep these investments to maturity other than for the specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

5 SECTORAL INFORMATION

The group has adopted IFRS 8 Operating Segments with effect from 1 April 2009. 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. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of IFRS 8, the identification of the group's reportable segments has changed.

The group organizes its activity by business lines and these are defined as the group's reportable segments under IFRS 8, Operating Segments. The three business lines are; Private equity, Quoted equity and Real Estate & Infrastructure. Performance is reviewed from a total return perspective.

Total Return

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

Gross portfolio return

Gross return is equivalent to "revenue" for the purposes of IAS 1. Gross return is analyzed into the following components:

Portfolio income

Portfolio Income is that portion of income that is directly related to the return from individual investments. It is recognized 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, rental income as well as fee income.

- **Dividend income** from investment in associates is included as portfolio income.
- **Realized profits on the disposal of investments** are the difference between the fair value of the consideration received less any directly attributable costs, on the sale of equity, and its carrying value at the start of the accounting period.
- **Unrealized profits on the revaluation of investments** are the movement in the carrying value of investments between the start and end of the accounting period.

Portfolio costs

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

Portfolio Value

Portfolio value includes the carrying value of equity investments as well as marketable securities.

Notes to the Financial Statements (cont'd)

For the year ended 31 March 2010

5 SECTORAL INFORMATION

(a) GROUP

At 31 March 2010	Private equity Shs'000	Quoted equity Shs'000	Real estate & infrastructure Shs'000	Total Shs'000
Dividend income	247,527	45,839	-	293,366
Interest income	-	6,022	-	6,022
Other income	21,711	9,699	2,910	34,320
Realised gains	201,998	113,663	-	315,661
Unrealized value movements	128,691	996,361	-	1,125,052
Gross return	599,927	1,171,584	2,910	1,774,421
Finance costs	(28,761)	(17,036)	(1,143)	(46,940)
Portfolio costs	(119,289)	(64,757)	(16,268)	(200,314)
Net return	451,877	1,089,791	(14,501)	1,527,167
Tax	496	11,010	1,461	12,967
Total return	452,373	1,100,801	(13,040)	1,540,134
Gross return (%)	14.9%	51.9%	8.1%	28.1%
Total return (%)	11.3%	48.7%	(36.4%)	24.4%
Opening net asset value:				
Portfolio value	4,101,600	2,305,043	36,560	6,443,203
Net assets	27,253	15,315	243	42,811
Borrowings	(108,206)	(60,810)	(965)	(169,981)
	4,020,647	2,259,548	35,838	6,316,033
Closing net asset value:				
Portfolio Value	4,199,794	3,818,248	35,940	8,053,982
Net liabilities	(103,152)	(93,780)	(883)	(197,815)
	4,096,642	3,724,468	35,057	7,856,167
Value movement in the period/(Total return)				1,540,134

5 SECTORAL INFORMATION (cont'd)

(b) GROUP

At 31 March 2009	Private equity Shs'000	Quoted equity Shs'000	Real estate & infrastructure Shs'000	Total Shs'000
Dividend income	248,072	117,277	-	365,349
Interest income	-	3,224	-	3,224
Other income	3,745	2,117	121	5,984
Realised gains	(23,636)	-	-	(23,636)
Unrealised value movements	(514,596)	(932,647)	-	(1,447,243)
Gross return	(286,415)	(810,019)	121	(1,096,313)
Finance costs	(8,288)	(4,695)	-	(12,983)
Portfolio costs	(78,422)	(41,759)	(3,078)	(123,259)
Provision for investment	(271,239)	-	-	(271,239)
Net return	(644,364)	(856,473)	(2,957)	(1,503,794)
Tax	(6,375)	(4,245)	(204)	(10,824)
Total return	(650,739)	(860,718)	(3,161)	(1,514,618)
Gross return (%)	(5.6%)	(27.9%)	0.3%	(13.6%)
Total return (%)	(12.7%)	(29.6%)	(8.3%)	(18.7%)
Opening net asset value:				
Portfolio value	4,999,775	2,832,079	37,180	7,869,034
Net assets	159,453	90,321	1,186	250,960
Borrowings	(26,600)	(15,067)	(198)	(41,865)
	5,132,628	2,907,333	38,168	8,078,129
Closing net asset value:				
Portfolio value	4,101,600	2,305,043	36,560	6,443,203
Net assets	27,253	15,315	243	42,811
Borrowings	(108,206)	(60,810)	(965)	(169,981)
	4,020,647	2,259,548	35,838	6,316,033
Distribution				(247,478)
Value movement in the period/(total return)				(1,514,618)

Notes to the Financial Statements (cont'd)

For the year ended 31 March 2010

5 SECTORAL INFORMATION (cont'd)

(c) COMPANY

At 31 March 2010	Private equity Shs'000	Quoted equity Shs'000	Real estate & infrastructure Shs'000	Total Shs'000
Dividend income	409,708	45,840	-	455,548
Interest income	-	6,022	-	6,022
Other income	18,924	9,975	4,296	33,195
Realised gains	-	87,735	-	87,735
Unrealised value movements	1,886,230	1,061,968	-	2,948,198
Gross return	2,314,862	1,211,540	4,296	3,530,698
Finance costs	(28,761)	(17,036)	(1,143)	(46,940)
Portfolio costs	(118,543)	(64,364)	(16,144)	(199,051)
Net return	2,167,558	1,130,140	(12,991)	3,284,707
Tax	496	11,010	1,461	12,967
Total return	2,168,054	1,141,150	(11,530)	3,297,674
Gross return (%)	65.3%	53.2%	11.9%	60.3%
Total return (%)	61.1%	50.1%	(31.9%)	56.3%
Opening net asset value:				
Portfolio value	3,588,440	2,305,043	36,560	5,930,043
Net liabilities	60,105	38,609	616	99,330
Borrowings	(102,860)	(66,073)	(1,048)	(169,981)
	3,545,685	2,277,579	36,128	5,859,392
Closing net asset value:				
Portfolio value	5,491,311	3,832,369	35,940	9,359,620
Net liabilities	(118,840)	(82,938)	(776)	(202,554)
	5,372,471	3,749,431	35,164	9,157,066
Value movement in the period/(total return)				3,297,674

5 SECTORAL INFORMATION (cont'd)

(d) COMPANY

At 31 March 2009	Private equity Shs'000	Quoted equity Shs'000	Real estate & infrastructure Shs'000	Total Shs'000
Dividend income	248,072	117,277	-	365,349
Interest income	-	3,224	-	3,224
Other income	3,618	1,928	262	5,808
Realised gains	(23,636)	-	-	(23,636)
Unrealised value movements	(1,687,154)	(932,647)	-	(2,619,801)
Gross return	(1,459,100)	(810,218)	262	(2,269,056)
Finance costs	(8,288)	(4,695)	-	(12,983)
Portfolio costs	(78,272)	(41,673)	(3,071)	(123,016)
Provision for investment	(271,239)	-	-	(271,239)
Net return	(1,816,899)	(856,586)	(2,809)	(2,676,294)
Tax	(6,375)	(4,245)	(204)	(10,824)
Total return	(1,823,274)	(860,831)	(3,013)	(2,687,118)
Gross return (%)	(24.8%)	(28.3%)	(0.7%)	(25.8%)
Total return (%)	(30.9%)	(30.1%)	(8.0%)	(30.6%)
Opening net asset value:				
Portfolio value	5,835,147	2,832,079	37,180	8,704,406
Net assets	60,054	29,145	383	89,582
	5,895,201	2,861,224	37,563	8,793,988
Closing net asset value:				
Portfolio value	3,588,440	2,305,043	36,560	5,930,043
Net liabilities	60,105	38,609	616	99,330
Borrowings	(102,860)	(66,073)	(1,048)	(169,981)
	3,545,685	2,277,579	36,128	5,859,392
Distribution				247,478
Value movement in the period/(total return)				(2,687,118)

Notes to the Financial Statements (cont'd)

For the year ended 31 March 2010

	GROUP		COMPANY	
	2010 Sh'000	2009 Sh'000	2010 Sh'000	2009 Sh'000
6(a) INCOME				
Dividends receivable	143,289	250,803	455,547	365,349
Rent income	2,259	120	1,134	120
Interest receivable	6,022	3,224	6,022	3,224
Gain on disposal of investments (note 12)	854,626	131,566	626,700	131,566
Write back of long outstanding dividends	25,485	-	25,485	-
Other income	6,576	5,873	6,576	5,687
	1,038,257	391,586	1,121,464	505,946
Income earned on financial assets, analysed by category of asset, is as follows:				
Available for sale financial assets	1,003,937	382,369	1,088,269	496,916
Held to maturity investments (fixed deposits)	-	3,224	-	3,224
	1,003,937	385,593	1,088,269	500,140
Investment income earned on non-financial assets	34,320	5,993	33,195	5,806
	1,038,257	391,586	1,121,464	505,946
6(b) DIVIDEND INCOME				
Associates	-	-	150,077	114,546
Subsidiary	39,819	-	201,999	-
Unquoted investments	57,631	133,526	57,632	133,526
Quoted investments	45,839	117,277	45,839	117,277
	143,289	250,803	455,547	365,349
7 PROVISION FOR IMPAIRMENT				
Provision for impairment on unquoted investment	-	271,171	-	271,171
Provision for impairment of shareholder loan to Rift Valley Railways (Pty) Ltd (note 23a)	-	68	-	68
	-	271,239	-	271,239

	GROUP		COMPANY	
	2010 Sh'000	2009 Sh'000	2010 Sh'000	2009 Sh'000
8 FINANCE COSTS				
Interest on borrowings	44,758	13,705	44,758	13,705
Commitment fees	1,500	2,090	1,500	2,090
Exchange loss/(gain)	682	(2,812)	682	(2,812)
	46,940	12,983	46,940	12,983
9 PROFIT BEFORE TAXATION				
The profit before taxation is arrived at after charging:				
Staff costs (note 10)	106,778	49,935	106,778	49,935
Directors' emoluments:				
Non-executive - fees	1,838	1,709	1,838	1,709
- other	2,592	2,395	2,592	2,395
Executive remuneration	18,576	16,958	18,576	16,958
Auditors' remuneration (including VAT)	2,194	1,793	2,194	1,793
Depreciation (note 14)	1,426	1,818	1,426	1,818
Amortisation of prepaid operating lease rentals (note 15)	620	620	620	620
Amortisation of intangible assets (note 16)	442	418	442	418
Loss on disposal of equipment	58	-	58	-
and after crediting:				
Dividend income (gross) - quoted investments	(45,839)	(117,278)	(45,839)	(117,278)
- unquoted investments	(57,631)	(133,525)	(57,631)	(133,525)
- Subsidiary	(39,819)	-	(201,999)	-
Rent receivable	(2,184)	(120)	(2,184)	(120)
Gain on disposal of motor vehicle and equipment	-	(1,365)	-	(1,365)
10 STAFF COSTS				
Salaries	48,641	45,320	48,641	45,320
Performance bonus provision	46,942	-	46,942	-
Retirement benefit scheme contributions	3,049	2,714	3,049	2,714
National Social Security Fund contributions (NSSF)	71	31	71	31
Leave pay provision	1,615	(1,938)	1,615	(1,938)
	100,318	46,127	100,318	46,127
Staff medical expenses	1,980	1,250	1,980	1,250
Staff welfare and training expenses	4,480	2,558	4,480	2,558
	106,778	49,935	106,778	49,935

The number of staff as at 31 March 2010 were 16 (2009: 13).

Notes to the Financial Statements (cont'd)

For the year ended 31 March 2010

	GROUP		COMPANY	
	2010 Sh'000	2009 Sh'000	2010 Sh'000	2009 Sh'000
11 TAXATION				
(a) Current taxation based on adjusted profit for the year at 30%				
Prior year under provision	45	-	45	-
	3,160	1,712	3,160	1,712
Deferred tax charge/(credit) (note 23)	(16,173)	9,112	(16,173)	9,112
Prior year deferred tax	46	-	46	-
	(16,127)	9,112	(16,127)	9,112
	(12,967)	10,824	(12,967)	10,824
Share of associated companies' taxation:				
Current taxation based on adjusted profit for the year	106,217	72,243	-	-
Prior year over provision	(138)	-	-	-
	106,079	72,243	-	-
Deferred tax credit	(2,984)	79,406	-	-
Share of tax of associates (note 18)	103,095	151,649	-	-
Taxation charge/(credit)	90,128	162,473	(12,967)	10,824
(b) Reconciliation of taxation charge to expected tax based on accounting profit:				
Accounting profit before taxation	1,183,885	475,653	875,473	98,708
Tax at the applicable rate of 30%	355,165	142,696	262,642	29,612
Tax effect of dividend income not taxable	(42,986)	(75,794)	(136,664)	(109,605)
Tax effect of income not taxable	(272,094)	(76,456)	(188,988)	(39,999)
Tax effect of expenses not deductible for tax	49,952	172,027	49,952	130,816
Prior year current tax under provision	45	-	45	-
Prior year deferred tax under provision	46	-	46	-
	90,128	162,473	(12,967)	10,824

11 TAXATION (cont'd)

	GROUP		COMPANY		01.04.08 Shs'000
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000	
(c) Taxation recoverable					
At beginning of the year/period	(5,632)	(2,928)	(5,601)	(2,897)	(4,228)
Charge for the year	3,160	1,712	3,160	1,712	4,115
Payments during the year	(603)	(4,416)	(603)	(4,416)	(2,784)
At end of year/period	(3,075)	(5,632)	(3,044)	(5,601)	(2,897)

12 GAIN ON DISPOSAL OF INVESTMENTS

At 31 March 2010	GROUP			COMPANY		
	Cost Shs'000	Proceeds Shs'000	Gain on disposal Shs'000	Cost Shs'000	Proceeds Shs'000	Gain on disposal Shs'000
Quoted investments	430,979	1,083,606	652,627	399,076	1,025,776	626,700
Unquoted investment	63,148	265,147	201,999	-	-	-
	494,127	1,348,753	854,626	399,076	1,025,776	626,700
Comprising:						
Reserves released on disposal of investment			538,965			538,965
Gain during the year			315,661			87,735
			854,626			626,700

At 31 March 2009	GROUP AND COMPANY		
	Cost Shs'000	Proceeds Shs'000	Gain on disposal Shs'000
Quoted investments	64,561	191,527	126,966
Non current assets held for sale (note 28)	7,064	11,664	4,600
	71,625	203,191	131,566
Comprising:			
Reserves released on disposal of investment			155,201
Loss during the year			(23,635)
			131,566

Notes to the Financial Statements (cont'd)

For the year ended 31 March 2010

13 EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit attributable to shareholders by the number of ordinary shares in issue during the year. There were no potentially dilutive shares at 31 March 2010 (2009 - nil).

	GROUP	
	2010	2009
Earnings (Shs)	1,093,757,000	313,178,907
Number of shares in issue	549,951,830	549,951,830
Earnings per share (Shs)		
- Basic	1.99	0.57
- Diluted	1.99	0.57

14 MOTOR VEHICLES & EQUIPMENT

GROUP AND COMPANY

	Motor vehicle and motor cycles	Furniture and fittings	Computers	Office equipment	Total
COST					
At 1 April 2008	5,881	5,976	3,125	1,715	16,697
Additions	147	-	705	707	1,559
Disposals	(5,881)	-	(1,080)	(60)	(7,021)
At 31 March 2009	147	5,976	2,750	2,362	11,235
At 1 April 2009	147	5,976	2,750	2,362	11,235
Additions	-	6,033	1,574	1,796	9,403
Disposals	-	(840)	(168)	-	(1,008)
At 31 March 2010	147	11,169	4,156	4,158	19,630
DEPRECIATION					
At 1 April 2008	4,900	3,876	2,663	1,108	12,547
Charge for the year	701	598	326	193	1,818
Eliminated on disposal	(5,577)	-	(929)	(52)	(6,558)
At 31 March 2009	24	4,474	2,060	1,249	7,807
At 1 April 2009	24	4,474	2,060	1,249	7,807
Charge for the year	29	646	507	244	1,426
Eliminated on disposal	-	(782)	(168)	-	(950)
At 31 March 2010	53	4,338	2,399	1,493	8,283
NET BOOK VALUE					
At 31 March 2010	94	6,831	1,757	2,665	11,347
At 31 March 2009	123	1,502	690	1,113	3,428
At 1 April 2008	981	2,100	462	607	4,150

Notes to the Financial Statements (cont'd)

For the year ended 31 March 2010

	GROUP AND COMPANY		
	2010 Shs'000	2009 Shs'000	01.04.08 Shs'000
15 PREPAID OPERATING LEASE RENTALS			
COST			
At 1 April and 31 March	59,487	59,487	59,487
AMORTISATION		-	
At 1 April	22,927	22,307	21,842
Charge for the year	620	620	465
At 31 March	23,547	22,927	22,307
NET BOOK VALUE			
At 31 March	35,940	36,560	37,180
16 INTANGIBLE ASSETS			
Computer software			
COST			
At 1 April	1,311	1,146	3,410
Additions	597	165	367
Disposals	-	-	(2,631)
At 31 March	1,908	1,311	1,146
AMORTISATION			
At 1 April	865	447	2,847
Charge for the year	442	418	231
Eliminated on disposals	-	-	(2,631)
At 31 March	1,307	865	447
NET BOOK VALUE			
At 31 March	601	446	699

Notes to the Financial Statements (cont'd)

For the year ended 31 March 2010

17 INVESTMENTS IN SUBSIDIARIES (AT FAIR VALUE)

Subsidiaries - 100% owned	Share capital Shs'000	1.04.09 Shs'000	COST		FAIR VALUE	
			Additions Shs'000	31.03.10 Shs'000	31.03.09 Shs'000	01.04.08 Shs'000
Kenya National Properties Limited	31,300	114,735	-	114,735	284,063	284,120
Rasimu Limited	100	-	100	100	566,092	-
Reli Holdings Limited	7	-	8	8	-	-
		114,735	108	114,843	850,163	284,063
Subsidiary	Country of Incorporation		Principal activity			
Kenya National Properties Limited	Kenya		Management, ownership and development of property for rental purposes. At the moment, the Company has no developed property but is actively prospecting for opportunities.			
Rasimu Limited	Kenya		Incorporated in July 2008 and principal activity is engagement in investment activities. During the period the Company acquired shares in Carbacid Investment Ltd. As at 31 March 2010 an amount in respect of funding was due to Centum (note 22b).			
Reli Holdings Limited	British Virgin Islands		Incorporated in October 2009 and principal activity is engagement in infrastructure investments. As at 31 March 2010 an amount in respect of divestment was due to Centum (note 22b).			
FAIR VALUE MOVEMENT- COMPANY		2010 Shs'000	2009 Shs'000	01.04.08 Shs'000		
Closing valuation of subsidiaries		850,163	284,063	284,120		
Opening valuation of subsidiaries		284,063	284,120	266,654		
Additions in the year		108	-	-		
		284,171	284,120	266,654		
Fair value gain/(loss) in subsidiaries		565,992	(57)	17,466		

Notes to the Financial Statements (cont'd)

For the year ended 31 March 2010

18 INVESTMENT IN ASSOCIATES

	GROUP		COMPANY		
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000	01.04.08 Shs'000
At 1 April	2,885,947	2,945,295	2,372,787	3,489,484	4,901,438
Share of profits before taxation	392,882	491,548	-	-	-
Share of taxation (note 11)	(103,095)	(151,649)	-	-	-
	289,787	339,899	-	-	-
Share of other comprehensive income	(29,980)	(169,550)	-	-	-
Fair value gain/(loss)	-	-	1,867,270	(1,116,697)	(1,656,616)
Dividends received	(197,214)	(229,697)	-	-	-
Acquisitions during the year	45	-	45	-	244,662
	(227,149)	(399,247)	1,867,315	(1,116,697)	(1,411,954)
At 31 March	2,948,585	2,885,947	4,240,102	2,372,787	3,489,484

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 less any impairment in the value of individual investments.

Associates are held at fair value in the company's separate financial statements.

Summarised financial information in respect of the associates is set out below:

	2010 Shs'000	2009 K Shs'000
Total assets	22,750,223	21,828,481
Total liabilities	12,371,340	11,436,663
Net assets	10,378,883	10,391,818
Total revenue	17,483,461	14,425,114
Total profit for the year	1,110,356	1,089,222
Group's share of associate's contingent liabilities	226,422	7,501

The extent to which an outflow of funds will be required on the group's share of associate's contingent liabilities is dependent on the future operations of the associates being more or less favourable than currently expected.

19 UNQUOTED INVESTMENTS

	GROUP AND COMPANY		
	2010 Shs'000	2009 Shs'000	01.04.08 Shs'000
Opening valuation of unquoted investments	1,212,828	1,835,881	2,224,315
Movements in the period:			
Additions during the year	79,743	218,518	57,250
Disposals/write offs during the year	(60,323)	(271,171)	-
Fair value gain/(loss)	18,961	(570,400)	(445,684)
	38,381	(623,053)	(388,434)
Closing valuation of unquoted investments	1,251,209	1,212,828	1,835,881

20 FAIR VALUE GAIN/(LOSS) IN QUOTED INVESTMENTS

	GROUP		COMPANY		01.04.08 Shs'000
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000	
Opening valuation of quoted investments	2,305,043	2,832,079	2,305,043	2,832,079	2,958,825
Movements in the period:					
Additions during the year	636,416	625,373	217,620	625,373	166,183
Disposals at cost during the year	(430,979)	(64,561)	(399,075)	(64,561)	(95,241)
Reserves released on disposal of investments	(538,965)	(155,201)	(538,965)	(155,201)	(391,851)
Fair value gain/ (loss) on quoted investments	996,361	(932,647)	495,976	(932,647)	194,163
	662,833	(527,036)	(224,444)	(527,036)	(126,746)
Closing valuation of quoted investments	2,967,876	2,305,043	2,080,599	2,305,043	2,832,079

Notes to the Financial Statements (cont'd)

For the year ended 31 March 2010

	GROUP		COMPANY		01.04.08 Shs'000
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000	
21 CORPORATE BONDS - Available for sale					
Kenya Electricity Generating Company Limited	505,371	-	505,371	-	-
Maturity analysis:					
- maturing after 5 years	505,371	-	505,371	-	-

The weighted average effective interest rate on corporate bonds at 31 March 2009 was 12.50%.

	GROUP		COMPANY		01.04.08 Shs'000
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000	
22(a) DUE FROM RELATED PARTIES					
Shareholder loan to Rift Valley Railways investments (Pty) Ltd	-	2,825	-	2,825	72,380
	-	2,825	-	2,825	72,380

During the year, Centum Investment Company Limited novated the shareholder loan to a subsidiary company, Reli Holdings Limited. Reli Holdings Limited subsequently during the year, novated the loan on disposal of its stake in Rift Valley Railways investments (Pty) Ltd (RVRI). In 2008, an 84% provision for the balance of this loan was recognised through profit for the year.

	GROUP		COMPANY		01.04.08 Shs'000
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000	
The movement in the shareholder's loan is as follows:					
At the beginning of the year	2,825	72,380	2,825	72,380	80,387
Capitalisation of loan	-	(67,947)	-	(67,947)	-
Exchange difference	-	(1,540)	-	(1,540)	(8,007)
Impairment loss provision	-	(68)	-	(68)	-
Disposal of investment in RVRI	(2,825)	-	(2,825)	-	-
At end of year	-	2,825	-	2,825	72,380

	2010 Shs'000	COMPANY 2009 Shs'000	01.04.08 Shs'000
22(b) DUE FROM SUBSIDIARY - COMPANY			
Rasimu Holdings Limited	335,299	-	-
Reli Holdings Limited	77,324	-	-
	412,623	-	-

23 DEFERRED TAXATION ASSET

Deferred income taxes are calculated on all temporary differences under the liability method using the currently enacted tax rate of 30%.

The deferred tax asset is attributable to the following items:

	GROUP		COMPANY		
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000	01.04.08 Shs'000
Deferred tax liabilities:					
Exchange gain	-	(844)	-	(844)	-
Deferred tax assets:					
Performance bonus provision	14,083	-	14,083	-	-
General provision for doubtful debts	12,121	12,121	12,121	12,121	12,121
Exchange losses	181	-	181	-	8,317
Tax losses	2,127	1,359	2,127	1,359	1,080
Leave pay provision	831	346	831	346	927
Accelerated capital allowances	134	368	134	368	17
	29,477	14,194	29,477	14,194	22,462
	29,477	13,350	29,477	13,350	22,462
The movement on the deferred tax account is as follows:					
At 1 April	13,350	22,462	13,350	22,462	16,760
Statement of comprehensive income credit/ (charge) - Note 11(a)	44,292	(9,112)	44,292	(9,112)	5,702
At 31 March	57,642	13,350	57,642	13,350	22,462

Notes to the Financial Statements (cont'd)

For the year ended 31 March 2010

	GROUP		COMPANY		
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000	01.04.08 Shs'000
24 TERM DEPOSIT- Held to maturity					
Balance brought forward	-	146,219	-	146,219	227,338
Draw down	-	(146,219)	-	(146,219)	(61,402)
Exchange loss	-	-	-	-	(19,717)
	-	-	-	-	146,219
Maturity analysis:					
Maturing within one year	-	-	-	-	59,687
Maturing between two and five years	-	-	-	-	86,532
	-	-	-	-	146,219

25 RECEIVABLES AND PREPAYMENTS

Dividends receivable	9,295	90,953	18,676	147,470	238,369
Sundry receivables and prepayments	99,554	2,796	7,982	2,796	45,059
	108,849	93,749	26,658	150,266	283,428

26 CALL DEPOSITS - Held to maturity

Maturing within 90 days:					
Call deposits	345,000	-	345,000	-	79,452

The effective interest rate on call deposit at 31 March 2010 was 5.38% (2009: nil, 2008: 8.25%)

	GROUP		COMPANY		
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000	01.04.08 Shs'000
27 NON CURRENT ASSETS HELD FOR SALE					
At 1 April	-	7,064	-	7,064	-
Transfer from investment in associates (note 19)	-	-	-	-	7,064
Disposals	-	(7,064)	-	(7,064)	-
At 31 March	-	-	-	-	7,064

During the year ended 31 March 2008, the directors resolved to divest from the group's investment in Mather & Platt (Kenya) Limited. The sale was concluded on 31 May 2008 and the group realised Shs 11.6 million in disposal proceeds.

Notes to the Financial Statements (cont'd)

For the year ended 31 March 2010

	GROUP AND COMPANY		
	2010 Shs'000	2009 Shs'000	01.04.08 Shs'000
28 SHARE CAPITAL			
Authorised:			
800,000,000 ordinary shares of Shs 0.50 each	400,000	400,000	400,000
Issued and fully paid:			
549,951,830 ordinary shares of Shs 0.50 each	274,976	274,976	274,976

	GROUP		COMPANY		01.04.08 Shs'000
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000	
29 PAYABLES AND ACCRUALS					
Sundry payables and accruals	7,654	8,909	7,406	8,850	22,216
Settlement in respect of corporate bond purchase	300,943	-	300,943	-	-
Leave pay provision	1,615	1,153	1,615	1,151	3,091
Performance bonus provision	46,942	-	46,942	-	-
	357,154	10,062	356,906	10,001	25,307

30 DUE TO RELATED PARTIES

Kenya National Properties Ltd	-	-	283,680	284,061	284,603
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31 UNCLAIMED DIVIDENDS

At the beginning of the year/period	73,863	41,864	73,863	41,864	44,929
Declared during the year/period	-	247,478	-	247,478	247,478
Paid during the year/period	(5,728)	(215,479)	(5,728)	(215,479)	(250,543)
Write back of long outstanding dividends (note 6)	(25,485)	-	(25,485)	-	-
At end of the year/period	42,650	73,863	42,650	73,863	41,864

Notes to the Financial Statements (cont'd)

For the year ended 31 March 2010

	GROUP		COMPANY		01.04.08 Shs'000
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000	
32 BORROWINGS					
Bank overdraft	-	169,981	-	169,981	-

At 31 March 2010 the group had undrawn committed borrowing facilities amounting to Shs 1,700,000,000 (2009: Shs 330,021,000).

The effective interest rate for bank overdraft was 10.54% (2009: 8.23%) and 13.00% (2009: nil) for long term loan.

The long term loan facility is secured by a floating charge over all the listed securities other than Shs 1,357,649,623 (2009: nil) which are security over the overdraft facilities. Overdraft facilities are secured by certain quoted investments. The market value of the shares held as security at 31 March 2010 was Shs 1,357,649,623 (2009 - Shs 582,671,745).

	2010 Shs'000	2009 Shs'000
33 NOTES TO THE STATEMENT OF CASH FLOWS		
(a) Reconciliation of profit before taxation to cash generated from operations		
Profit before taxation	1,183,885	475,653
Adjustments for:		
Depreciation (note 14)	1,426	1,818
Amortisation of intangible assets (note 16)	442	418
Amortisation of leasehold land (note 15)	620	620
Exchange (gains)/loss capitalised	-	(2,812)
(Gain)/loss on disposal of equipment	58	(1,365)
Gain on disposal of quoted investments (note 12)	(652,627)	(126,966)
Gain on disposal of unquoted investments (note 12)	(201,999)	-
Gain on disposal of non current assets held for sale (note 12)	-	(4,600)
Provision for impairment of unquoted investment (note 7) related party (note 22)	-	271,171
Write back of long outstanding dividends (note 31)	(25,485)	68
Share of profits from associated companies (note 18)	(392,882)	-
Adjusted profit before working capital changes:	(86,562)	(491,548)
Decrease in receivables and prepayments	(15,100)	122,457
Decrease in payables and accruals	347,092	18,009
Cash generated from operations	245,430	(15,795)

33 NOTES TO THE STATEMENT OF CASH FLOWS (cont'd)

	2010 Shs'000	2009 Shs'000
(b) Analysis of balances of cash and cash equivalents		
Bank balances	48,641	10,131
Call deposits	345,000	-
Bank overdraft	-	(169,981)
	393,641	(159,850)

For the purposes of the statement of cash flows, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity at the end of each reporting period and borrowings.

	2010 Shs'000	2009 Shs'000
34 CAPITAL COMMITMENTS		
GROUP AND COMPANY		
Authorised but not contracted for	24,500	18,150
Authorised and contracted for	15,000	-

35 RELATED PARTIES

The group transacts with companies related to it by virtue of common shareholding and also by virtue of common directors.

During the period the following transactions were entered into with the related parties:

	2010 Shs'000	2009 Shs'000
Purchase of goods/services		
Rent and service charge paid	3,153	3,612
Share registration services	-	2,506
Insurance paid	3,970	2,899
Training	-	847
Purchase of goods	-	124

Notes to the Financial Statements (cont'd)

For the year ended 31 March 2010

35 RELATED PARTIES (cont'd)

The remuneration of executive directors and other key management during the year is as follows:

	2010 Shs'000	2009 Shs'000
Salaries and other benefits	35,609	33,759
Directors' emoluments (Included in key management compensation above)	18,576	16,958

36 OPERATING LEASE ARRANGEMENTS

The group as a lessee

At the end of the reporting period, the company had outstanding commitments under operating leases, which fall due as follows:

	2010 Shs'000	2009 Shs'000
Within one year	3,648	1,819
In the second to fourth year inclusive	9,423	9,605
	13,071	11,424

Operating lease payments represent rentals payable by the group for its office premises. Leases are negotiated for an average term of 5 years. The group's leases were negotiated during the year.

37 COUNTRY OF INCORPORATION

The company is incorporated and domiciled in Kenya under the Companies Act.

38 CURRENCY

The financial statements are presented in Kenya Shillings thousands (Shs'000).

Part 3: Information for Shareholders

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Centum Portfolio as at 31 March 2010	86
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Historical Performance

Company Statement of Comprehensive Income for the period ended 31 March

Ksh 000	2010	2009	2008
Investment Income	1,121,464	505,946	761,004
Administration and operating costs	(199,051)	(123,016)	(102,003)
Finance costs	(46,940)	(12,983)	(18,381)
Provision for impairment	-	(271,239)	(54)
Profit before taxation	875,473	98,708	640,566
Taxation	12,967	(10,824)	1,586
Profit after taxation	888,440	87,884	642,152
Other comprehensive income/(loss)	2,409,233	(2,775,002)	(2,037,860)
Total comprehensive income	3,297,674	(2,687,118)	(1,395,708)

Company Statement of Financial Position as at 31 March

Ksh 000	2010	2009	2008
Assets			
Non current assets			
Investment in subsidiaries	850,163	284,063	284,120
Investment in associates	4,240,102	2,372,787	3,489,484
Unquoted investments	1,251,209	1,212,828	1,835,881
Quoted investments	2,080,599	2,305,043	2,832,079
Fixed income securities	505,371	-	-
Term deposits	-	-	86,532
Other non current assets	77,365	56,609	136,871
	9,004,809	6,231,330	8,664,967
Current assets			
Receivables and prepayments	442,325	155,867	346,012
Cash and cash equivalents	393,168	10,101	127,719
	835,493	165,968	473,731
Non current assets held for sale	-	-	7,064
Total assets	9,840,302	6,397,298	9,145,762
Equity and Liabilities			
Capital and reserves			
Share capital	274,976	274,976	274,976
Share premium and reserves	8,882,090	5,584,416	8,519,012
	9,157,066	5,859,392	8,793,988
Liabilities			
Borrowings	-	169,981	-
Other current assets	683,240	367,925	351,774
	683,240	537,906	351,774
Total equity and liabilities	9,840,302	6,397,298	9,145,762

Company Statement of Cashflows for the period ended 31 March

Ksh 000	2010	2009	2008
Operating activities			
Cash generated from operations	245,430	124,671	72,464
Taxation paid	(603)	(4,416)	(5,191)
Dividends received from associated companies	197,214	229,697	47,101
Net cash generated from/(used in) the period	442,041	349,952	114,374
Investing activities			
Purchase of equipment	(9,403)	(1,559)	(270)
Purchase of intangible assets	(597)	(165)	(367)
Purchase of shares in associates	(45)	-	(244,662)
Purchase of other equity investments	(79,743)	-	-
Purchase of quoted equity investments	(636,416)	(625,373)	(166,183)
Purchase of corporate bonds	(505,371)	-	-
Proceeds on disposal of quoted equity	1,083,606	191,527	538,210
Proceeds on disposal of unquoted equity	265,147	-	-
Proceeds on disposal of non current assets held for sale	-	11,664	-
Proceeds on disposal of motor vehicles and equipment	-	1,828	-
Net cash generated from/(used in) investing activities	117,178	(422,078)	126,728
Financing activities			
Dividends paid	(5,728)	(215,479)	(250,543)
(Decrease)/increase in cash and cash equivalents	553,491	(287,605)	(9,441)
Cash and cash equivalents at beginning of the year	(159,850)	127,755	137,196
Cash and cash equivalents at end of the year	393,641	(159,850)	127,755

Key Performance Ratios

Gearing (%)	-	3%	-
Cost to Portfolio Ratio	2.1%	2.1%	1.21%
Net Asset Value (NAV) per Share(Ksh)	16.65	10.65	15.99
Return on Equity (%)	56%	-31%	0%
Price to NAV Ratio	0.94	0.96	1.56

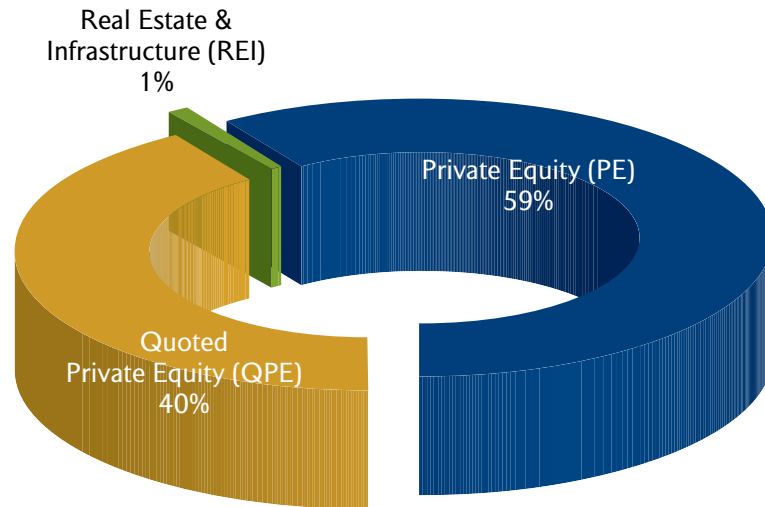
Nairobi Stock Exchange (NSE) Market Indicators

Market Price as at 31st March (Kshs)	15.60	10.25	25.00
Market Capitalization(Kshs 000)	9,831,170	5,636,988	13,748,750
NSE Index	4,073	2,805	4,855
Issued Shares	549,952	549,952	549,952

Definition of Key Performance Ratios

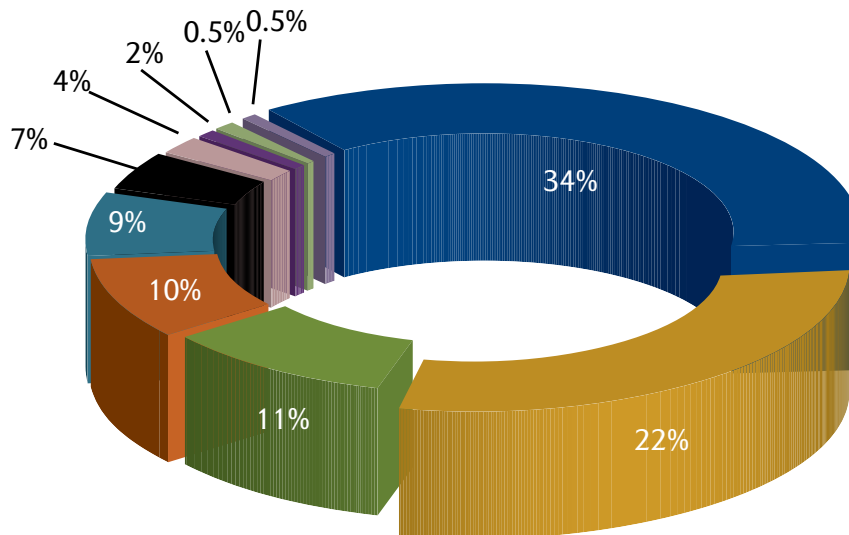
Gearing (%)	The level of the company's debt (net of cash or cash equivalents) compared to total assets. Its calculated as a percentage of borrowing to total assets as at the year end.
Cost to Portfolio Ratio	The ratio of the total costs to the portfolio value. Its expressed as a percentage of total operating and administrative costs to closing portfolio value.
Net Asset Value (NAV) per Share(Ksh)	A term used to express the value of an entity's assets less the value of its liabilities on a per share basis. NAV may also be used as a synonym for the book value of a business. NAV per share is calculated by dividing the NAV by the number of shares outstanding
Return On Equity (ROE)	The measure of return on the shareholders funds. Its calculated by dividing total comprehensive income with the opening NAV per share.
Price to NAV ratio	Is used to compare the stock market value of an entity with its NAV. It is calculated by dividing the current closing price of the stock by the NAV per share.

Portfolio by Business Line



Access to quality diversified portfolio

Portfolio by Sector



Avenue to tangible wealth



I/We _____

Share A/c No _____

of (address) _____

Being a member(s) of Centum Investment Company Limited, hereby appoint _____

or failing him/her the duly appointed Chairman of the meeting to be my/our proxy, to vote for me/us and on my/our behalf at the **43rd Annual General Meeting of the Company will be held on Friday 24th September 2010 at the Tsavo Ball Room, KICC, Nairobi at 10.00a.m.** and at any adjournment thereof.

I/We direct the Proxy to vote for /against the resolution(s) as indicated on the back of this Proxy Form.

As witness I/We lay my/our hand(s) this _____ day of _____ 2010.

Signature(s) _____

Notes:

1. This proxy form is to be delivered to the Secretary's office not later than 11.00a.m. on **Thursday, September 23, 2010.**
2. In the case of a Corporation, the proxy must be under the Common Seal or under the hand of an Officer or Attorney duly authorized.
3. The back of this form is to be used for or against or to withhold your vote on the resolutions. If neither for nor against is struck out or your vote is not withheld you will be deemed to have authorised the Proxy to vote as they think fit.
4. Please note that voting will only take place if a poll is demanded at the meeting in accordance with sections 137 and 138 of the Companies Act.

Mimi/Sisi _____

Nambari ya akaunti ya hisa _____

anwani _____

Kama mwanahisa/wanahisa wa Centum Investment Company Limited, namteua/tunamteua _____

na akikosa yeye, nateua/tunamteua Mwenyekiti was mkutano kama mwakilishi wangu/wetu, kupiga jura kwa niaba yangu/ yetu kwenye Mkutano Mkuu was **mwaka makala 43 utafanyika Ijumaa 24 Septemba 2010 katika ukumbi la KICC, chumba cha Tsavo, Nairobi, saa nne asubuhi** ama siku yoyote ile endapo mkutano hua utahirishwa.

Mimi/Sisi tunamuagiza Muwakilishi kupiga kura kuunga mkono/dhidi ya/kukuzuia kura kwa maamuzi kama ilivyoelekezwa katika sehemu ya nyuma ya fomu hii ya uwakilishi.

Sahihi hii/hizi imewekwa/zimewekwa Tarehe _____ ya _____ 2010.

Sahihi _____

Maelezo muhimu:

1. Uwapo hutaweza kuhudhuria mkutano huu wewe mwenyewe binafsi, ni lazima fomu hii ya uwakilishi ijazwe kikamilifu na kufikishwa kwa Katibu wa Kampuni kabla ya saa tano asubuhi **Alhamisi, Septemba 23, 2010.**
2. Iwapo mteuaji ni shirika, fomu hii ya uwakilishi ni lazima ipigwe muhuri wa kampuni hiyo.
3. Sehemu ya nyuma ya fomu hii inafaa kutumika kuunga mkono/dhidi ya/kuizuia kura yako. Ikiwa maamuzi ya kuunga mkono ama dhidi ya ama kuzuia kura yako haijielekezwa katika fomu ya uwakilishi basi itaeleweka kwamba umemuidhinisha muwakilishi wako kupiga kura kama wanavyofikiria.
4. Upigaji kura utafanyika iwapo kura itaitishwa katika mkutano ikiambatana na kifungu 137 na 138 ya Sheria za Kampuni (Cap 486).

The Company Secretary
Centum Investment Company Limited
International House, 5th Floor, Mama Ngina Street
P O Box 10518, 00100
Nairobi, Kenya.

Voting Form*

ORDINARY RESOLUTION
To adopt and approve the accounts for the year ended 31 March 2010.

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ORDINARY RESOLUTION
To approve the directors remuneration for the year ended 31 March 2010.

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ORDINARY RESOLUTION
To re-elect the following directors retiring by rotation:

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
P.S. Ministry of Trade		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Christopher J. Kirubi		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ORDINARY RESOLUTION
To elect a director to fill the casual vacancy on the Board.

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Maina Mwangi		

ORDINARY RESOLUTION
To approve the retirement of Deloitte and Touche as the Company's auditors.

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ORDINARY RESOLUTION
To approve the appointment of PriceWaterhouseCoopers as the Company auditors.

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please insert a mark in whichever box is desired.*

HOW TO USE THIS FORM

Correctly filled poll form/
kura iliojazwa vyema

For	Against	Vote Withheld
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ORDINARY RESOLUTION
To approve the appointment of PriceWaterhouseCoopers as the Company auditors.

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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ORDINARY RESOLUTION
To approve the issue of bonus shares at the rate of 1 share for every 10 shares held.

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ORDINARY RESOLUTION
To approve establishment of Reli Holdings Limited.

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ORDINARY RESOLUTION
To approve the establishment of Uhuru Heights Limited.

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ORDINARY RESOLUTION
To approve the establishment of Runda Closeburn Limited.

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ORDINARY RESOLUTION
To approve the acquisition of Pearl Marina Estates Limited.

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ORDINARY RESOLUTION
To approve the cross-listing of the Company's Shares on the Uganda Securities Exchange.

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Incorrectly filled poll form/
kura iliojazwa vibaya

For	Against	Vote Withheld
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

ORDINARY RESOLUTION
To approve the appointment of PriceWaterhouseCoopers as the Company auditors.

<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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CENTUM

tangible wealth

We are a **preferred** partner because of our **unique** approach...

At Centum, our business is investing. We selectively deploy our capital and private equity skills to opportunities that we believe will generate attractive returns to our shareholders.

We look for opportunities in private equity, quoted private equity and real estate. We seek companies whose products and services are targeted to the growing domestic and regional consumer demand, and have a distinct and sustainable competitive advantage. We seek to build a partnership with our portfolio companies: we believe that a constructive and collaborative relationship with management of our portfolio companies as experts in their business, and we as providers of capital and private equity skills is the best way to engage our portfolio companies and create maximum value.

While we are flexible with respect to economic interest, we are keen to have either an outright controlling or a minority stake with significant governance rights with a view to influencing key issues that ultimately impact ability to create value.

...are you interested?

www.centum.co.ke

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