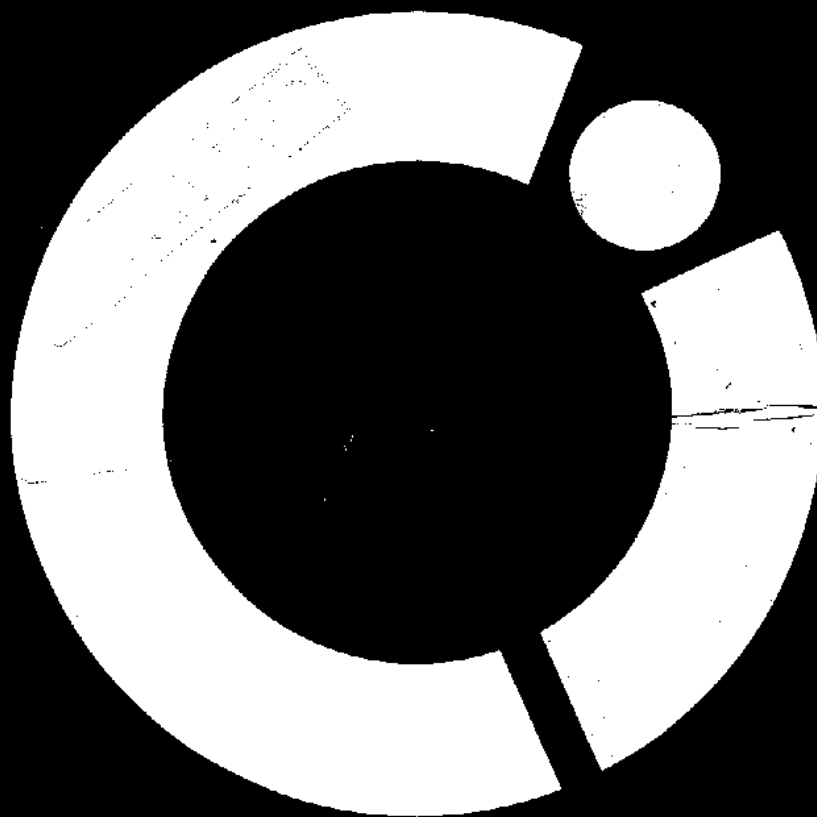
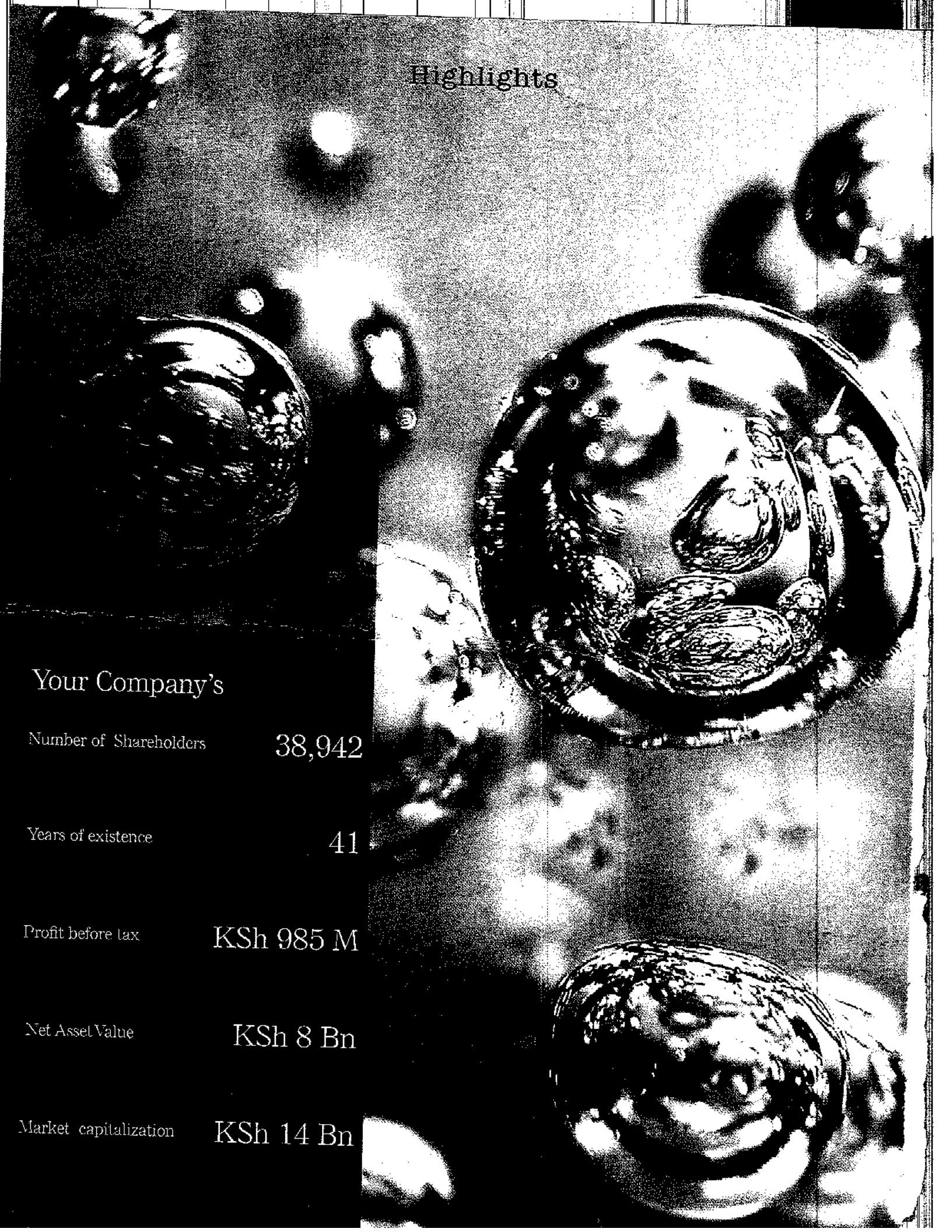




Centum Investment Company Limited  
(formerly ICDC Investment Company Limited)

Annual Report & Financial Statements fy'07/08

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## Highlights

### Your Company's

Number of Shareholders 38,942

Years of existence 41

Profit before tax KSh 985 M

Net Asset Value KSh 8 Bn

Market capitalization KSh 14 Bn

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## Chairman's Statement



contributed greatly by the improved associate company performance. You will note that the year was a shorter nine months, following the change of our annual reporting cycle from July-June to April-March.

### Investments

During the year your company made investments totalling KSh. 41.1 million in both quoted (Nairobi Stock Exchange) and unquoted (Private Equity). Of notable mention was the acquisition of a 35% stake in Longhorn Kenya Limited providing further diversification of Centum's portfolio. Longhorn is a leading educational publisher with a loyal readership and a passionate management team. We believe that Longhorn's future prospects are bright.

### Board and Management changes

During the year 2008, your company witnessed changes at both the Board and Management levels. In March 2008, Dr. Kate Gichuo resigned from the board, which was necessitated by her relocation to South Africa. Dr. Gichuo was a committed member of the Board showed by her membership in various committees as well as being the chairperson of the Nomination & Governance and the Knowledge Management committees.

Mr. Isaac Awuondo also resigned from the Board in September 2008. Mr. Awuondo had to tend to increased commitments at Commercial Bank of Africa. Mr. Awuondo served the board for over 10 years and at the time of his departure he was the Chairman of the Investment Committee of the Board.

Mr. Peter Mwangi resigned from his position as the Managing Director of the company in October 2008 after serving for 4 years in this executive capacity. Mr. Mwangi joined Centum in the year 2000 as the Investment Manager and rose through the ranks to become the Chief Executive Officer.

I wish to call upon you shareholders to join in thanking the lady and gentlemen for the exemplary service they gave to the company. We wish them well in their endeavours.

Dear Shareholder

I am pleased to report another year of steady and solid growth in your company, Centum. This report marks the first report of your company under its new identity. Coincidentally this also marks the end of our five-year strategy period.

### Achievements

During the strategy period, which ran from 2003 to 2008, we scored several important achievements:

- We more than doubled our number of shareholders and made our share more liquid through a share split;
- We more than doubled our earnings over the same period;
- We grew the size of Centum's portfolio by more than 100%.

### Economic Environment

The economy recorded an impressive GDP growth of 7% in 2007 buoyed by agriculture, telecommunication and tourism. Most of our investee businesses reported impressive growth particularly in the finance and the beverage sectors.

2007 being an election year was marked by intense campaign activity. We witnessed a sad chapter in our history where post-election violence severely affected most parts of the country.

Economic productivity was disrupted in the bread baskets of the country, negatively affecting most of our investee businesses.

The interruption of agricultural production as well as displacement of productive workforce resulted in increasing inflationary pressure in the first quarter of the year coupled with increasing energy costs and rising food prices. All these events had a depressive effect on the stock market that led most shares including Centum to lose value in the first quarter of the year.

### Financial results

Your company recorded a profit before tax of KSh. 883M for the period ended March 2008. This result shows a robust performance driven by the high quality of investments undertaken by your company. As evidenced from the financial statements the robust performance was



## Chairman's Statement

Through a competitive process your Board believes it has found worthy replacements in Mr. Kibuga Kariithi, Mr. Imtiaz Khan who join as non executive directors and in Mr. James Mwirigi Mworio who joins as the new Managing Director and Chief Executive Officer.

Mr. Kariithi brings a wealth of experience in the world of finance having previously worked as the Chief Executive Officer of Nairobi Stock Exchange and currently holds the position of Executive Director City Finance Bank Limited.

Mr. Imtiaz Khan is a co founding Director of Cassia Capital Partners Limited. Mr. Imtiaz worked for the International Finance Corporation (IFC) for 9 years covering investments in emerging markets across the world. Prior to joining IFC he worked at the PricewaterhouseCoopers (PWC) London Office as a corporate finance executive. Mr. Khan holds a Masters in Business Administration (MBA) with distinction from London Business School and a Bachelor of Commerce Degree from the University of Nairobi. He is also a Certified Public Accountant of Kenya finalist. We do expect the board to benefit greatly from his strong investments background.

Mr. Mworio is not a newcomer to Centum as this is the company where he began his career. Mr. Mworio is an investment management professional with 8 years experience in the industry. He began his career at Centum where he rose to be the Investment Manager before leaving to join TransCentury Limited as the Senior Investment Officer a position he has held for 2 years. He has over the years accumulated a wealth of experience and knowledge in all aspects of managing an investment company.

As you will have read from his profile, Mr. Mworio has earned the CFA Charter and holds a Bachelor of Law Degree from the University of Nairobi. He is also a qualified accountant. Your board believes that in him, it has found the right candidate to steer the company to achieve its long term objectives.

I would like to once more call upon you shareholders to join me in welcoming these individuals to the Centum family

"We are in a unique position to be the investment gateway into the East African region."

and to look forward to working with them in building the leading investment company in Africa.

### Outlook

The global economy has been hardest hit by the financial crisis that begun in the United States with some of the developed countries economies going in to recession. The Kenyan economy is likely to be affected to the extent that the level of remittances from abroad dipping and the level of tourists visiting the country reducing. This financial crisis is also likely to ease the interest that African economies have seen from private equity funds from the developed countries. Despite this your Board continues to have an optimistic view of the future. The financial year 2008-2009 marks the beginning of another strategy period. The new strategy aims to position your company as the leading investment company in Africa.

The Kenyan economy is attracting a lot of interest from professional fund managers from abroad. We are in a unique position to be the investment gateway into the East African region. There is also renewed attention by local investors to take advantage of the capital markets to advance their financial ambitions.

### Dividend

Your Board recommends a first and final dividend of Ksh 0.45 per share. It is our believe that this dividend is consistent with the company's performance. Your board intends to utilise the retained earnings to take advantage of available undervalued investment opportunities to grow your wealth as shareholders of the company.

### Appreciation

Finally, I would like to record my sincere gratitude to you shareholders for the continued support, to the directors for their commitment and service to the company and to the management team for their dedication and service to the company.

God bless you all.

JAMES N. MUGANYI  
Chairman  
November 2008

## Taarifa ya Mwenyeketi

### Mpendwa mwenyehisa,

**N**i furaha kwangu kutoa taarifa ya mwaka nyingine juu ya maendeleo ya kampuni yako, Centum. Ili ni taarifa ya kwanza kutolewa na kampuni ikiwa na jina mpya. Pia ni kuadimisha mwisho wa mkakati wetu wa miaka mitano iliyopita.

### Mafanikio

Kwenye kipindi hicho cha tangu mwaka wa 2003 hadi mwaka 2008, tuliwahi kutimiza malengo kadhaa muhimu yafuatayo:

- Wenyehisa waliongezeka mara dufu, na kuimarika kwa dhamani kupitia mgao wa hisa;
- Faida kuongezeka mara dufu katika kipindi hicho; na
- Tuliwahi kuongeza rasilimali ya Centum kwa zaidi ya asilimia 100.

### Mazingira ya uchumi

Uchumi ulikuwa kwa asilimia 7 mwaka wa 2007 kupitia kuimarika kwa sekta za kilimo, mawasiliano na utalii. Mashirika zetu kwa jumla yaliimarika, hasa yale ya kifedha na ya utengenazaji wa vinywaji.

Mwaka wa 2007 ukiwa mwaka wa uchaguzi ulikumbwa na shughuli mingi za kampeni. Tulishuhudia janga baya kuwahi kutokea nchini kwani vita vilitokea sehemu nyingi na kusababisha uharibifu baada ya uchaguzi. Uchumi uliharibiwa, na hasara kushuhudiwa kwenye maeneo ya kilimo jambo ambalo liliwavunja moyo wawokezaji wetu. Matatizo yaliyokumba shughuli za kilimo, hali kadhalika kutoroka kwa wafanyi kazi ilichangia kuongezeka kwa bei ya bidhaa hapo miezi ya kwanza huu mwaka wa 2008. Haya matukio yote yalihadhiri pakubwa soko la hisa la Nairobi, na kusababisha kushuka kwa bei ya hisa, pia ya Centum.

### Matokeo ya kifedha

Kampuni yako ilijipatia faida kabla ya ushuru ya shilingi ya Kenya milioni 985 kwa kipindi kilichokwisha Machi mwaka wa 2008. Matokeo hayo mema ni ishara ya uwekezaji wa hali ya juu yaliyowekwa na kampuni yako. Matokeo haya bora yalitokana na mchango wa mashirika tunayomiliki. Utafahamu kuwa huu mwaka ni wa miezi tisa kufuatia kuhadilishwa kwa mwaka wa hesabu kutoka Juni-Julai hadi Aprili-Machi.

### Uwekezaji

Kampuni yako mnamo mwaka huu tunaochungua iliwekeza karibu shilingi ya Kenya milioni 411, hii ikiwa ni katika

“Hi ni taarifa ya kwanza kutolewa na kampuni ikiwa na jina mpya.”

kampuni zilizoordesha (soko la hisa la Nairobi) na kampuni za kibinafsi. Mmojawapo ya kampuni tuliowekeza inayostahili kutajwa ni Longhorn Kenya Limited ambapo Centum inamiliki asilimia 35 za hisa. Longhorn ni kampuni inayoongoza katika uchapishaji wa vitabu vya shule, inayo wateja waaminifu na kusimamiwa kwa ustadi. Ni imani yetu kuwa matarajio ya siku zijazo ya kampuni hiyo ni mema.

### Mabadiliko kwenye Halmashauri ya Wakurugenzi

Mnamo mwaka wa 2008, kampuni ilishuhudia mabadiliko katika Halmashauri ya Wakurugenzi, na pia kwenye usimamizi. Hapo Machi mwaka wa 2008 Daktari Kate Getao alijiuzulu kama mkurugenzi kwa sababu ya kuhamia nchini Afrika Kusini. Daktari Kate Getao alikuwa mwanachama shupavu wa Halmashauri ya Wakurugenzi, jambo lililomwezesha kuhudumu kwenye kamati mbali mbali, licha ya kuwa mwenyekiti wa kamati ya kushughulikia uteuzi na uwajiri wa wasimamizi na usimamizi wa maarifa.

Bwana Isaac Awuondo pia alijiuzulu kama mkurugenzi mnamo Septemba mwaka wa 2008. Bwana Awuondo alikabiliwa na shughuli mingi katika benki ya Commercial Bank of Africa. Bwana Awuondo alihudumu kwenye Halmashauri ya Wakurugenzi kwa muda wa miaka 10, na alikuwa mwenyekiti wa kamati ya uwekezaji kabla ya kujiuzulu.

Bwana Peter Mwangi aliyekuwa Mkurugenzi Mkuu alijiuzulu mnamo Oktoba mwaka wa 2008, baada ya kuhudumu kwa muda wa miaka 4 kama Afisa Mkuu wa kampuni. Bwana Mwangi alijiunga na Centum mwaka wa 2000 kama Msimamizi wa Uwekezaji, na kuwahi kupanda cheo hadi akawa Afisa Msimamizi Mkuu wa kampuni.

Ningewasihi wenyehisa kujiunga nami katika kuwapongeza hao kwa kazi njema waliofanyia Kampuni. Tunawatakia mema katika shughuli zao za baadaye.

Kufuatia uteuzi uliokuwa na ushindani mkubwa, Halmashauri ya Wakurugenzi wanaamini kuwa wamepata wakurugenzi tosha kuchukua nafasi katika Halmashauri ya Wakurugenzi kufuatia uteuzi wa Bwana Kibuga Karithi na Bwana Intiaz Khan kama wakurugenzi, pamoja na uteuzi wa Bwana James Mworio kama Mkurugenzi na Afisa Msimamizi Mkuu.

## Taarifa ya Mwenyeketi

Kampuni itanufaika kutokana na ujuzi aliyo nayo Bwana Kariithi katika sekta ya kifedha kwa kuwa alihudumu hapo mbeleni katika soko la hisa kama Mkurugenzi Mkuu na sasa ni mkurugenzi katika benki ya City Finance.

Bwana Imtiaz Khan ni mmoja wa wakurugenzi walioanzisha shirika la Cassia Capital Partners. Bwana Imtiaz aliwahi kuhudumu kwa muda wa miaka tisa katika shirika la International Finance Corporation ambapo alishughulikia masoko chipukizi ya uwekezaji kote duniani. Kabla ya kujiunga na shirika la IFC, alifanya kazi kwenye afisi ya London ya PricewaterhouseCoopers (PWC), akiwa msimamizi mkuu wa shughuli za kifedha. Bwana Khan ana Shahada la pili (MBA) katika masomo ya usimamizi, ambapo

kwa kipindi cha miaka miwili. Kwa wakati huo wote amejipatia ujuzi mwingi kuhusiana na usimamizi wa shughuli za uwekezaji.

Kama vile mlisoma kuhusu historia yake, Bwana Mworia amehitimu na kujiunga na taasisi ya uhasibu ya CFA na anayo shahada ya Kisheria kutoka Chuo Kikuu cha Nairobi. Yeye pia amehitimu katika taaluma ya Uhasibu. Halmashauri yenu ya wakurugenzi wanaimani kuwa yeye ndiye anayefaa kuedeleza kampuni ili kufikia malengo yake ya siku za usoni.

Ningewasili wenyeketi kujiunga nami kukaribisha hao katika jamii ya Centum na tunatarajia kufanya kazi pamoja ili kujenga Kampuni bora ya uwekezaji Barani Afrika.

miongoni mwa kampuni za kibinafsi ya uwekezaji humu nchini. Uchumi wa Kenya inavutia wataalamu wa usimamizi wa fedha kutoka ngambo. Tunayo nafasi ya kuwa kampuni bora ya uwekezaji katika eneo hili la Afrika mashariki. Pia wananchi wameonyesha ari mpya ya kushiriki katika soko la hisa kwa minajili ya kujitajirisha.

### Mgao wa faida

Halmashauri yenu ya wakurugenzi wanapendekeza mgao wa kwanza na wa mwisho wa shilingi ya Kenya 0.45 kwa kila hisa. Ni imani yetu kuwa mgao huu unawiana na matokeo ya kampuni. Halmashauri yenu ya wakurugenzi wanamua kutumia fedha zilizowekwa kama akiba kwa kuchukua fursa na kuwekeza katika zile rasilimali ambazo



alihitimu kwa kiwango cha juu kule London Business School, na alijipatia shahada la kwanza kwa masomo ya Biashara kutoka Chuo Kikuu Cha Nairobi. Yeye pia amehitimu katika taaluma ya Uhasibu.

Tunatarajia ya kwamba ujuzi na maarifa aliyonayo katika taaluma ya uwekezaji yatakuwa ya manufaa kwa Halmashauri ya Wakurugenzi.

Bwana Mworia si mgeni katika kampuni kwani ndiko alianza kufanya kazi. Bwana Mworia ni mtaalamu baada ya kujipatia ujuzi wa miaka nane katika shughuli za uwekezaji. Alianza kufanya kazi katika Centum Investment ambapo alipenda cheo na kuwa Msimamizi wa uwekezaji kabla ya kujiunga na kampuni ya TransCentury ambapo alihudumu kama Afisa Msimamizi wa uwekezaji

### Matarajio ya siku za usoni

Hali ya uchumi ulimwenguni kote imekumbwa na matatizo kufuatia kuzoroteka kwa shughuli za kifedha nchini Marekani na kusababisha kuanguka kwa uchumi za nchi kadhaa. Uchumi wa Kenya unaweza kuadhirika kiasi ya kusababisha kupungua kwa fedha kutoka nje hali kadhalika shughuli za utalii. Changamoto hii ya kifedha yaweza kuvunja moyo wawekezaji wa kibinafsi kutoka nchi zilizozendeleva na kuwatia hofu juu ya uchumi za Afrika. Hata hivyo, Halmashauri yako ya Wakurugenzi wanaendelea kuangazia siku za usoni zenye mafanikio.

Mwaka wa fedha wa 2008-2009 ni mwanzo wa kipindi kingine cha kuendeleza mbinu nyingine ya usimamizi. Hii mbinu itatimiza jukumu la kampuni yako kuwa kiongozi

bei zao zimeshuka, ili kunufaika na kukuza mali yenu katika kampuni.

### Shukrani

Hatimaye ningependa kutoa shukrani zangu kwenu nyinyi wenyeketi kwa kuendelea kuniunga mkono, kwa Halmashauri ya Wakurugenzi kwa kujitolea kuhudumia kampuni, na mwisho kwa wasimamizi kwa uaminifu wao na huduma kwa kampuni.

Mwenyeketi Mungu awabariki nyote.

**JAMES N. MUGUTYI**  
Mwenyeketi  
Novemba 2008

## Board of Directors



# Board Profiles

## 01 James N Muguiyi Chairman

- Non-Executive Director and Chairman of the Board in December 2003.

### Other directorships

- Managing Director of UAP Provincial Insurance Company an associate company of Centum, UAP Provincial Insurance Uganda Limited and UAP Provincial Insurance Sudan Limited.
- Non-executive director of AMARCO Kenya Limited, Union Insurance Company of Kenya Limited, United Assurance Uganda, and Aimsoft Kenya Limited.

### Professional memberships

- Fellow - Institute of Certified Public Accountants of Kenya (ICPAK).
- Associate member - Institute of Chartered Management Accountants (CIMA), and
- Associate member - Chartered Institute of Public Finance and Accountancy (CIPFA).

**Committee membership** – see page 18

## 02 James M Mworia Managing Director

- Managing Director from December 2008.

### Professional memberships

- Member – CFA Institute.
- Member – Law Society of Kenya.
- Member – Institute of Certified Public Accountants of Kenya (ICPAK).

## 03 Pauline M Muriuki Non-Executive Director

- Non-Executive Director from October 2005.

### Other directorships

- Managing Director of Smart Applications International (Kenya) Limited.

**Committee membership** – see page 18

## 04 Isaac B Mogaka Non-Executive Director

- Alternate Director representing the Industrial and Commercial Development Corporation (ICDC) from June 2006.

### Other directorships

- Executive Director of ICDC.
- Alternate Director representing ICDC on the Boards of:
  - Eveready Batteries Kenya Limited,
  - Rift Valley Bottlers Limited,
  - Funguo Corporate Services Limited,
  - Kisii Bottlers Limited,
  - Industrial Development Bank Limited,
  - Development Bank of Kenya
  - KWA Holdings Limited.

### Professional membership

- Member – Law Society of Kenya
- Member – Chartered Institute of Arbitrators (ICA), and
- Member – Institute of Certified Public Secretaries (ICPSK).

**Committee membership** – see page 18

## 05 Christopher J Kirubi Non-Executive Director

- Non-Executive Director from December 1997 and served as Chairman of the Board from 1998 to 2003.

### Other directorships

- Chairman of DHL World Wide Express Limited, Haco Industries Limited, Kiruma International Limited, International House Limited, Nairobi Bottlers Limited, Sandvik East Africa Limited and Capital FM.
- Non-executive director of Bayer East Africa Limited, UAP Provincial Insurance Company Limited, UAP Provincial Insurance Uganda Limited, UAP Provincial Insurance Sudan Limited, and Beverage Services of Kenya Limited.
- Board member of the Kenya Industrial Research and Development Institute (KIRDI) and the National Social and Economic Council.

**Committee membership** – see page 18

## 06 Amb. Leonard N Ngaithe Non-Executive Director

- Alternate Director representing the Permanent Secretary, Ministry of Trade from May 2007.

- Deputy Secretary Ministry of Trade with a wide and extensive career in Multinational Diplomacy, Trade and International Affairs.

### Other directorships

- Alternate Director representing the Permanent Secretary, Ministry of Trade on the Board of Industrial and Commercial Development Corporation (ICDC).

**Committee membership** – see page 18

## 07 Henry C Njoroge Non-Executive Director

- Non-Executive Director from October 2005.

### Other directorships

- Chief Executive Officer of Open View Systems Limited part of Access Kenya Group.
- Non executive director of Global Equity Ventures and X & R Technologies.
- Trustee of the Trinity Music Academy.

**Committee membership** – see page 18

## 08 Kibuga K Kariithi Non-Executive Director

- Non-Executive Director from September 2008.

### Other directorships

- Executive Director - City Finance Bank Ltd (to merge with Jamii Bora Trust Ltd),
- Director of Afrika Investment Bank.
- Founder of Baraka Africa Fund.

### Professional membership

- Member - Chartered Institute of Bankers (UK).

**Committee membership** – see page 18

## 09 Imtiaz Khan Non-Executive Director

- Non-Executive Director from November 2008.

### Other directorships

- Executive Director – Cassia Capital Partners.

### Professional membership

- Member – Eastern Africa Association.

# Management Report

Dear Shareholders,

**W**e are pleased to report to you that your company recorded satisfactory performance for the nine-month period ended March 31, 2008. Overall, the company sustained the strong performance achieved in 2007.

## Financial Performance

The Group's profit before tax stood at KSh. 985 million compared to KSh. 1,186 million reported for the 12-month period to June 30, 2007. Profit after tax stood at KSh. 868 million compared to KSh. 1,115 million reported for the 12-month period to June 30, 2007.

Investment income and share of associate profits stood at KSh. 582 million and KSh. 525 million respectively while total expenses were contained at KSh. 121 million.

The Group's asset base declined marginally by 3.3% from KSh. 8.4 billion in June 2007 to KSh. 8.2 billion in March 2008. This was mainly due to decline in the values of investments as a result of subdued capital markets on 31 March 2008.

## Investments

During the year under review, your company invested a total of KSh. 411 million, of which 65% was channeled into private equity opportunities. Among recent private equity investments, we acquired a 35% stake in Longhorn Kenya Limited, the domestic market leader in publishing primary and secondary school core curriculum texts. Centum was impressed by Longhorn's strong balance sheet, good profit margins and attractive cash flow. Centum expects to benefit from the publisher's good growth prospects due to increased demand for textbooks and educational support material as a result of a sharp rise in primary and secondary school enrolment. This acquisition increased your number of holdings in associate companies to nine. Your company is now a member of the board of Longhorn from where it will add value towards the strategic direction of the company.

Other investments during the year included UAP Provincial Insurance Company, Barclays Bank of Kenya, Kenya Reinsurance Company Limited, Mbi River Mining, and Kenya Oil Company Limited.

Centum recently divested from Mather and Platt Kenya Limited, in line with the move towards realignment of the portfolio.

“Management is looking to the future with optimism and expects business performance to remain strong in the current financial year.”

## New corporate Identity

Following your approval at the last annual general meeting, your company rebranded to Centum Investment Company Limited. The new identity was motivated by the need to have a refreshed and more versatile outlook, while maintaining its strong foundation and rich heritage. The name 'Centum' was chosen to signify the timelessness of our vision. The name appeals to potential global partners, which is in line with the new strategy to become the investment partner of choice in Africa.

## Financial reporting standards

The company for the first time adopted the detailed reporting guidelines as required by IFRS 7 on Financial Instruments Disclosures; this standard introduces new qualitative and quantitative disclosure requirements about exposure to risks arising from financial instruments. Your company also adopted LAS 1 Amendment – Capital Disclosures – that defines minimum disclosure requirements about the level of capital and management thereof. The details are on pages 28-37 of the financial statements.

## Outlook for the current year

Management is looking to the future with optimism and expects business performance to remain strong in the current financial year. We will be embarking on a new strategic plan that will steer the company from year 2008 to 2013. Going forward, your company will seek to position itself as the leading investment company in Africa, providing unquoted companies with access to public capital while at the same time providing the investors, local and foreign, with access to carefully selected private companies. Key themes expected to characterise the strategy include: operational excellence; effective corporate governance and communication; excellent deal origination and active portfolio management.

## Appreciation

Lastly, we would like to take this opportunity to thank you for your continued support that has inspired the management team to continue seeking the best opportunities that would improve the value of your company.

MANAGEMENT  
November 2008

# Ripoti ya Wasimamizi

## Kwenu wenye hisa

**N**i furaha kwetu kuwaarifu juu ya matokeo ya kuridhisha ya kampuni yenu kwa kipindi cha miezi tisa kilichomalizika tarehe 31 Machi mwaka wa 2008. Kwa jumla kampuni ilicendelea kudumisha matokeo bora wa tangu mwaka wa 2007.

## Matokeo ya kifedha

Faida ya kampuni kabla ya kutozwa ushuru ilitimia shilingi ya Kenya milioni 985 ikilinganishwa na shilingi ya Kenya milioni 1,186 ya kipindi cha miezi 12 iliyokamilika tarehe 30 Juni mwaka wa 2007. Faida baada ya ushuru ilitimia shilingi ya Kenya milioni 868 ikilinganishwa na shilingi ya Kenya milioni 1,115 ya kipindi cha miezi 12

Kenya, ambayo inaoongoza humu nchini kwa uchapishaji wa vitabu vya shule za msingi na shule za upili. Centum ilivutiwa na uthabiti wa kifedha hali kadhalika faida nzuri ya mauzo ya hiyo kampuni. Centum inatarajia mafanikio kutokana na kuongezeka kwa wanafunzi wanaoijiunga na shule za msingi na zile za upili, jambo litakalopekea kuongezeka kwa haja ya kununua vitabu na vifaa vingine vya masomo.

Uwekezaji huo imefanya mashirika zetu kuongezeka hadi tisa. Kampuni yenu sasa inahudumu kwenye halmashauri ya wakurugenzi ya Longhorn ambapo inatarajiwa kutoa mashauri juu ya mbinu bora katika mwelekeo wake wa baadaye. Pia tuliwahi kuwekeza kwenye kampuni

## Maelezo juu ya uhasibu

Kwa mara ya kwanza, kampuni imejumuisha viwango vya juu na uwazi, kwa mujibu ya kanuni za IFRS 7, katika kutayarisha taarifa za kifedha zinazohitaji maelezo kamili juu ya madhara yanayokabili biashara ya hisa. Pia kampuni imetekeleza matakwa ya IAS 1, yanayoeleza masharti maalum juu ya viwango vya fedha na kuwajibika kwa wasimamizi dhidi ya fedha hizo. Maelezo kamili yamo kwenye kurasa za 28 hadi 37.

## Matarajio mwaka huu

Wasimamizi wanaangazia siku sijazo kwa matumaini, na kwamba biashara itakuwa nzuri mwaka huu. Tutazindua mkakati mpya wa kuendeleza kampuni tutakayotumia kuanzia mwaka 2008 hadi



iliyokamilika tarehe 30 Juni mwaka wa 2007.

Faida kutokana na uwekezaji ulikuwa shilingi ya Kenya milioni 582 na sehemu ya faida kutoka kwa makampuni shirika ni shilingi ya Kenya milioni 525, ilihali gharama ya matumizi yalifikia shilingi ya Kenya milioni 121

Rasilimali ya kampuni ilipungua kidogo kwa asilimia 3.3 kutoka shilingi ya Kenya bilioni 8.4 hapo tarehe 30 Juni mwaka wa 2007 hadi shilingi ya Kenya bilioni 8.2 mnamo tarehe 31 Machi mwaka wa 2008.

## Uwekezaji

Katika mwaka huu tunaochuanguza, kampuni iliwekeza shilingi ya Kenya milioni 411 kwa jumla, ambapo asilimia 65 ni katika kampuni za kibinafsi. Miongoni mwa hizi kampuni, tunamiliki asilimia 35 ya kampuni ya Longhorn

ya bima ya UAP Benki ya Barclays, Kampuni ya bima ya Kenya Reinsurance, Athi River Mining na Kenya Oil.

Hivi majuzi, Centum iliiza hisa ya kampuni ya Mather & Platt Kenya tukifuatia mikakati ya kulainisha muundo wa rasilimali wetu.

## Sura mpya ya kampuni

Kufuatia kaidhinisha kwenu kwenye mkutano wa mwaka uliopita, kampuni ilibadilisha jina na kuitwa Centum Investment Company Limited. Kubadilishwa kwa jina kulihamasishwa na nia ya kuwa na sura mpya huku tukihifadhi desturi yetu ya tangu zamani. Jina Centum inadhihirisha matarajio yetu yatakayo dumu milele. Jina hili linavutia washirika wetu wa kigeni, na kuonyesha nia yetu ya kuwa muwekezaji mkuu wa kushirikiana nayo barani Afrika.

2013. Tukiangazia mbele, kampuni itatia bidii ili iwe kampuni bora iliyoorodheshwa ya uwekezaji katika bara la Afrika na itakayowezesha kampuni za binafsi kutumia fedha ya umma katika uwekezaji, na hali kadhalika kutoa fursa kwa raia na wageni kuwekeza kwenye baadhi ya kampuni za kibinafsi. Mambo yafuatayo yatajitokeza tunapoendeleza mbinu hii: ulendaji kazi kwa ubora, maadili muafaka ya usimamizi, mawasiliano, ubunifu na usimamizi bora wa rasilimali zilizowekezwa.

## Shukrani

Mwisho tunachukua fursa hii kutoa shukrani zetu kwenu kwa kuendelea kutuunga mkono, jambo ambalo limetupa moyo wa kuendelea kuimarisha kampuni yetu.

**WASIMAMIZI**  
Novemba 2008

## Management Team

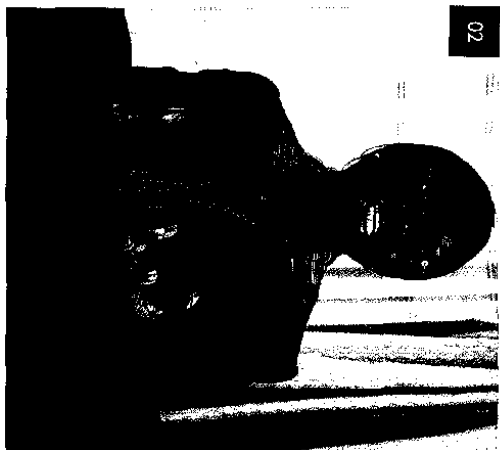


**James M. Mworia**  
Managing Director

James is the Managing Director from December 2008 prior to his appointment. He was a Senior Investment Officer at Triad Century Limited. He also served as Investment Manager at Centum. As the Managing Director, he is responsible for the overall stewardship of the company.

### Professional memberships:

- Member - CIA Institute
- Member - Law Society of Kenya
- Member - Institute of Certified Public Accountants (ICPAK)



**02**

**Raspre A. Mukoto**  
Finance Manager

Raspre is the Finance Manager and oversees the finance and human resource functions of the company. She served as the Company's Financial Accountant prior to her appointment as Finance Manager.

### Professional memberships:

- CPA (K) - Institute of Certified Public Accountants (ICPAK)
- Member - Association of Certified Chartered Accountants (KICCAA)



**04**  
**David O. Owino**  
Investment Manager & Company Secretary

David is the Company Secretary and Investment Manager. He is responsible for the management of the investment portfolio and boards, secretarial and corporate governance matters. He previously served as the company's Finance Manager and before that a Research Analyst.

### Professional memberships:

- Member - Institute of Directors (K)
- CPA (K) - Institute of Certified Public Accountants (ICPAK)
- CFS (K) - Institute of Certified Financial Secretaries (ICFSK)



**03**  
**Andrew W. Muriithi**  
Finance Manager

Andrew is the Risk Manager and oversees the company's risk framework. Prior to his appointment as Risk Manager, he was the company's Business Development Manager.

### Professional memberships:

- Member - Institute of Directors (K)
- Member - CIA Institute



# Business Review

## Industry Overview

### The Economy

The Kenya economy recorded a significant growth of 7% in 2007 compared to 6.1% in 2006. This growth was boosted by increased government spending that preceded the general election. Agriculture, tourism, manufacturing, building & construction and telecommunications sectors all recorded improved performance.

Growth momentum is expected to dampen in 2008 due to the political unrest that resulted in business interruption and destruction of property during the first quarter. Economic recovery is largely dependent on success of the coalition government and adoption of proper strategies in the implementation of the policies spearheading the National Vision 2030. Despite high input prices, we are optimistic that our associate companies will continue to perform well.

### Capital markets

Trading at the stock market registered declining trends associated with uncertainty among investors during the election year. The NSE 20 share Index declined by 18% from 6085 in January 2007 to 5015 in January 2008. The downward trend accelerated further in the first quarter of 2008 as investors continued to lose faith in the economy. We expect the market to recover steadily within the year as the country continues to stabilize. The Nairobi Stock Exchange extended its trading hours to 3.00 pm for all working days. This extension has increased trading activity in the market. The new NSE All Share Index introduced in January 2008 provides investors with an additional benchmark to evaluate market performance.

The Safaricom initial public offer that had long been anticipated came into the market in April 2008. The offer attracted many local and foreign investors who wished to gain exposure in the telecommunications sector. Housing Finance and KCB issued additional shares through rights issues. Co-operative Bank issued an initial public offer in November 2008.

### Our portfolio

#### Our Associate Investments

These companies form the bulk of our private equity investments. Centum holds between 20% and 49% and has at least one

board seat in each of the companies. The companies have flourished over time and grown significantly in value. Some of our associate investment companies are:

**Coca-Cola**

"The leading beverage brand in the carbonated soft drink market in the world."

"The house-hold name in spirits."



Better. Simple. Life.



"Your partner of choice."

#### Our non associate private equity investments

Centum holds less than 20% stake in each of these companies. Our non-associate holdings are mainly in services, financials, automotive and infrastructure sectors. Some of them are:



"Your leading automobile company."

"Faithfully serving the world's airlines."



A different kind of bank. The bank for you.

"The bank with a positive development impact."

#### New associate investment

During the year under review, we acquired a 35% equity stake in Longhorn Kenya Limited; a leading publisher in primary and secondary education text books.



Managing Director of Longhorn Janet Njoroge and former Managing Director of Centum Peter Mwangi look at one of Longhorn's publications

#### Quoted Investments

We also identify and acquire strategic holdings in undervalued counters that have upward potential.

#### Target investments

We look to make investments through the following avenues:

- Privatizations; we invest alongside experts to acquire significant blocks in privatizing companies previously partially or entirely state owned.
- Restructurings/Recapitalizations; we partner with strategic investors to provide capital and management expertise to restructure over-leveraged balance sheets or to execute a restructuring plan.
- Industry Consolidations; we invest alongside either a foreign or domestic strategic sponsors, to acquire and consolidate companies in the same or complementary product or market segments.
- Corporate Divestitures/Management Buyouts; we participate with a management team in acquiring subsidiaries or divisions sold or spun-off from larger companies.
- Start-ups of Proven Business Concepts; we invest alongside experienced and credible strategic partners in new companies with proven business concepts.

# Risk Management and Internal Controls

Our investing activities expose us to a variety of risks. Financial and operational risks are an inevitable consequence of being in business. Investing activities involve the analysis, evaluation, acceptance and management of a combination of risks. 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, operating and monitoring the 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.

We have a variety of processes for obtaining assurance on the adequacy of risk management and internal controls. These include:

- A structured process to identify and review risks to the achievement of corporate objectives
- A risk based audit of the company's operations and systems
- A business control incident reporting and provisioning process
- An ethics and compliance program

These established mechanisms allow the Board, through its Audit Committee, to regularly consider the overall effectiveness of the internal control systems.

We have also adopted IFRS 7 on financial instruments disclosures. This standard provides a new qualitative and quantitative way of disclosing our Financial Risk exposure. (See note 2 & 3 on page 32 to 37).

## Risk Factors

The company's operations and earnings are exposed to various risks relating to the changing competitive, economic, political, legal, social, industry, business

“The management team is responsible for implementing, operating and monitoring the risk management policies and internal controls. This is designed to provide reasonable but not absolute assurance of achieving our business objectives.”

and financial conditions. These risks to the company's objectives are highlighted below:

## Financial Risks:

Financial risks are outlined in detail under Notes 2 and 3 of the Notes to the Accounts (page 32 to 37).

## Operational risks:

- A perceived failure to meet ethical and governance principles regulating Centum's conduct and activities may lead to a loss of business reputation, erosion of market confidence and inability to close business deals.
- Resourcing inefficiencies, especially lack of qualified investment professionals could lead to loss of competitive advantage and intellectual edge.
- Information technology failures could lead to transaction failures, loss of business records and potential financial and legal exposures.

## External risks:

- Changes in legislation, taxation, regulation and the expropriation of property including matters relating to land tenure, titles, securities, pricing, environmental protection, trade sanctions, cancellation of licenses and agreements, social impact and repatriation of profits can cause investment losses to the company.
- Competitive rivalry within the investment industry can significantly reduce the number of investment prospects.
- Security breaches resulting from crime, social unrest, civil war and terrorism could harm both our staff and assets.
- Natural disasters could also harm both our staff and assets.

# Corporate Governance

“The Board is satisfied that it is of sufficient size, with an appropriate balance of skills and competencies and sufficient breadth of experience necessary to discharge responsibilities effectively.”

## Introduction

The directors of Centum remain committed to upholding high standards of corporate governance and business ethics in fulfillment of their responsibilities to shareholders. This commitment is demonstrated in continuous and consistent focus on actions that are geared towards ensuring full compliance with all relevant laws as well as with the “Guidelines on Corporate Governance Practices by Public Listed Companies in Kenya” issued by the Capital Markets Authority.

## Role of the Board

The Board, headed by the Chairman, is ultimately accountable and responsible for the performance and affairs of the company. It is responsible for establishing and maintaining the company's overall system of internal controls over financial, operational and compliance issues and monitoring the performance of management. The Board therefore meets regularly to direct and manage the company's business according to essential standards of good corporate governance.

There is a clear division between the roles of the Chairman and Managing Director. The Chairman, a non-executive director, is responsible for leading the board ensuring its effectiveness while the Managing Director attends to the daily business activities.

## Board composition and independence

The Board currently consists of one executive and eight non-executive

Directors, including the Chairman. All non-executive directors have specific fixed terms of appointment not exceeding three years and are subject to periodic reappointment in accordance with the Company's Articles of Association. The Board is satisfied that it is of sufficient size, with an appropriate balance of skills and competencies and sufficient breadth of experience necessary to discharge responsibilities effectively.

## The Company Secretary

The Company Secretary is responsible for ensuring that the board procedures and corporate governance processes are complied with and also helps facilitate the induction and training of new directors. All directors have access to the services of the Company Secretary and are also entitled to seek independent professional legal advice with respect to company affairs at its expense. The appointment, removal and appraisal of the Company Secretary's performance is the responsibility of the board of directors.

## Board meetings

Board meetings are held at least four times a year where the directors review the company's corporate performance. In the financial year under review, a total of six board meetings were held and the record of attendance is shown in Table 1 below.

The Board has delegated authority to board sub-committees that assist the board in fulfilling its responsibilities.

**Summary of Board Meeting Attendance FY 2007/08**  
**Table 1.**

| Name                    | July 2007 | September 2007 | November 2007 | December 2007 | February 2008 | March 2008 |
|-------------------------|-----------|----------------|---------------|---------------|---------------|------------|
| J.N. Muganyi (Chairman) | P         | P              | A             | P             | P             | P          |
| P.K. Mwangi (Managing)* | P         | P              | P             | P             | P             | P          |
| I.B. Mogaka             | P         | P              | P             | P             | P             | P          |
| C.J. Kirubi             | P         | A              | A             | P             | A             | P          |
| I.O. Awuondo**          | A         | A              | P             | P             | P             | P          |
| K. Getao***             | P         | P              | A             | P             | A             | A          |
| H.C. Njoroge            | P         | P              | P             | P             | P             | P          |
| P.M. Muriuki            | P         | P              | P             | P             | P             | P          |
| L. Ngathia              | A         | P              | P             | A             | P             | P          |

P: Present

A: Absent

\* Resigned as director with effect from 15 October 2008.

\*\* Resigned as director with effect from 12 September 2008.

\*\*\* Resigned as director with effect from 31 March 2008.

## Corporate Governance

### Committees of the Board

The Board has three permanent committees namely; Investment, Audit and Nomination and Governance Committees, and two ad-hoc committees namely; Branding and Knowledge Management Committees, all of which are guided by clear Terms of Reference.

### Investment Committee

The committee provides leadership in the achievement of competitive returns on the company's equity and fixed income capital by investing in attractive local and regional investment opportunities. The committee held two meetings in the financial year 2007/08.

### Nomination and Governance Committee

This committee plays a key role in ensuring that the company adheres to the highest standards of corporate governance. It recommends to the board strategic directions and set priorities in human resources and advises the board on staffing issues and remuneration for both the directors and company employees.

The committee held one meeting in the financial year 2007/08.

### Communication

The company places a great deal of importance on communication with its shareholders and the financial markets in general. It issues notices in the press of its interim and final financial results and also holds investor and press briefing sessions after the release of the results. The company publishes a full Annual Report and Accounts. These are distributed to all shareholders before the Annual General Meeting. The Board believes that the Annual General Meeting provides an appropriate forum for investors to communicate with the Board, and encourages participation. Regular communication with the shareholders and interested parties also takes place via letter correspondences and the company's website.

**“The Board believes that the Annual General Meeting provides an appropriate forum for investors to communicate with the Board, and encourages participation.”**

### Business conduct

Centum believes in integrity and strong ethical values as a way of doing business. 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.

### Performance reporting

The business performance of the company is reported regularly to its management and the board. Management reports to the Board on at least a quarterly basis and as appropriate on specific matters. The Chairman ensures that Directors are provided, on a regular basis, with key information on the company's policies, regulatory requirements and internal controls. 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.

### Going concern

The directors confirm that they are satisfied that the company 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.

# Corporate Social Responsibility

Your Company's CSR aims to build a long term relationship with institutions and individuals that seek to benefit those in need in our community.

This Financial year we have continued with our commitment to supporting Little Rock Educational Centre. Our dedication is driven by the organized structure, underlying values and most importantly the successful results of the work carried out at the educational centre.

Little Rock Educational Centre (LREC) is a community based organization that looks after the needs of children between ages 2 ½ to 15 years old. Volunteers formed the center with objectives of providing early childhood education, health and nutrition. It has since grown and expanded to provide the same benefits for deaf children and students with special needs.

Within the year Centum donated food and purchased new books for all the children at the centre.

Little Rock also provides parents of the students at the centre an opportunity to generate income by enabling them with skills and material to weave mats, quilts and making in-door slippers. The funds raised from sales of the items are shared between the parents and the educational centre.

Centum is aware of current issues facing our country and takes into account that our response to the needs of the society may be sudden due to unexpected events. The company reached out to support a well established and experienced organization that would assist the growing numbers of affected victims of the post election violence in Kenya. This was a time at which the country needed all the support and commitment to ensure that although the worst has happened the nation can come together to rebuild itself and help those in need of that extra assistance.

With the help of the Red Cross organization, Centum was able to make a contribution to the displaced victims that went towards the purchase of medicine, food and temporary shelter.

Little Rock; Deaf Centre

Centum delivers food and new books to children of Little Rock Educational Centre.

Mats made by women involved in the weaving project at LREC.

Peter Mwangi (former Managing Director) hands over a cheque of One million Kenya Shillings to Red Cross Kenya.

## Part 2 - Financial Information

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# Corporate Information

## Board Of Directors

J. N. Muguiyi Chairman  
P. K. Mwangi Managing (Resigned on 15 October 2008)  
J. M. Mworia Managing (Appointed on 22 October 2008)  
C. J. Kirubi  
Industrial & Commercial Development Corporation (ICDC)  
I. B. Mogaka (Alternate to ICDC)  
I. O. Awuondo (Resigned on 12 September 2008)  
P. M. Muriuki  
H. C. Njoroge  
The Permanent Secretary, Ministry of Trade  
L. N. Ngaithe (Alternate to Permanent Secretary, Ministry of Trade)  
K.K. Kariithi (Appointed on 05 September 2008)  
I. Khan (Appointed on 05 November 2008)

## Company Secretary

D. O. Owino  
International House  
Mama Ngina Street  
P. O. Box 10518 – 00100  
Nairobi

## Registered Office

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

## Auditors

Deloitte & Touche  
Certified Public Accountants (Kenya)  
“Kirungii” Ring Road, Westlands  
P. O. Box 40092 - 00100  
Nairobi

## Bankers

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

Stanbic Bank Kenya Ltd  
Stanbic Bank Building, Kenyatta Avenue  
P. O. Box 30550 - 00100  
Nairobi

## Lawyers

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

Mboya & Wangong’u Advocates  
7th Floor Lonrho House  
Standard Street  
P. O. Box 10818 – 00400  
Nairobi

## Board Committee Members

### Audit Committee Members

H. C. Njoroge - Chairman  
L. N. Ngaithe  
P. M. Muriuki

### Investment Committee Members

C. J. Kirubi  
I. B. Mogaka  
J. N. Muguiyi  
H. C. Njoroge  
K.K. Kariithi

### Nomination & Governance Committee Members

I. B. Mogaka - Chairman  
C. J. Kirubi  
J. N. Muguiyi  
P. M. Muriuki  
K.K. Kariithi

### Branding Committee Members

P. M. Muriuki - Chairman  
H. C. Njoroge  
C. J. Kirubi

### Knowledge Management Committee Members

L. N. Ngaithe - Chairman  
H. C. Njoroge



# Report of the Directors/Ripoti ya Wakurugenzi

The directors present their report together with the audited financial statements for the period ended 31 March 2008.

## Activities

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

## Results

|                        |           |
|------------------------|-----------|
|                        | Shs'000   |
| Profit before taxation | 985,280   |
| Taxation               | (116,960) |

|                                                      |         |
|------------------------------------------------------|---------|
| Profit for the period transferred to revenue reserve | 868,320 |
|------------------------------------------------------|---------|

## Change of name and financial year end

During the year, the company changed its name from ICDC Investment Company Limited to Centum Investment Company Limited. The change in name was approved by the shareholders at the Annual General Meeting held on 21 February 2008.

The company changed its financial year end from 30 June to 31 March with effect from the current reporting period hence the current financial statements are for the 9 month period from 1 July 2007 to 31 March 2008.

## Dividend

The directors recommend the payment of a first and final dividend of Shs 0.45 per share (2007 – Shs 0.45 per share).

## Directors

The current members of the board are shown on page 17.

Dr K. W. Getao, resigned from the Board of Directors on 31 March 2008

In accordance with article 86 of the Articles of Association, Mrs. P. M. Muriuki and Mr. H. C. Njoroge retire by rotation and, being eligible, offer themselves for re-election.

## Auditors

Deloitte & Touche, having expressed their willingness, continue in office in accordance with the provisions of section 159 (2) of the Companies Act (Cap 486).

## By Order of the Board

Wakurugenzi wanawasilisha ripoti yao pamoja na taarifa ya kifedha iliyokaguliwa kwa mwaka uliomalizika 31 Machi 2008.

## Shughuli

Shughuli maalum ya kampuni inabaki kuwa ile ya uwekezaji wa rasilimali

## Matokeo

|                               |           |
|-------------------------------|-----------|
|                               | Shs'000   |
| Faida kabla ya kutozwa ushuru | 985,280   |
| Ushuru                        | (116,960) |

|                             |         |
|-----------------------------|---------|
| Faida iliyowekwa kama akiha | 868,320 |
|-----------------------------|---------|

## Mabadiliko ya jina na mwaka wa hesabu

Mwaka huu kampuni ilibadilisha jina la ICDCI Investment Company Limited na kuitwa Centum Investment Company Limited. Kubadilishwa kwa jina kuliidhinishwa na wenyehisa kwenye mkutano wa mwaka uliofanyika tarehe 21 Februari mwaka wa 2008.

Kampuni ilibadilisha mwisho wa mwaka wa fedha kuwa 31 Machi, badala ya 30 Juni kuanzia mwaka huu, na kwa hivyo taarifa za fedha mwaka huu ni ya miezi tisa kuanzia tarehe 1 Julai mwaka wa 2007 mpaka tarehe 31 Machi mwaka wa 2008.

## Mgao Wa Faida

Wakurugenzi wanapendekeza malipo ya kwanza na wa mwisho wa shilingi ya Kenya 0.45 kwa kila hisa (2007-ulilipwa shilingi ya Kenya 0.45 kwa kila hisa)

## Wakurugenzi

Wanachama wa Halmashauri ya Wakurugenzi waliohudumu wameorodheshwa ukurasa wa 17.

Daktari Katherine W. Getao, alijiuzulu tarehe 31 Machi mwaka wa 2008.

Kwa mujibu ya kifungu cha 86 ya kanuni za kampuni, Bii P. M. Muriuki pamoja na Bwana H. C. Njoroge wanastaafu kwa zamu, na kwa kuwa wanahitimu, wanajitolea ili wachaguliwe tena.

## Wakaguzi Wa Hesabu

Delloite & Touche, kwa kuonyesha nia yao ya kuendelea, wanaendelea kuwa ofisini kulingana na kanuni ya kifungu cha 159(2) ya sheria za kampuni (Fungu la 486).

Kwa amri ya halmashauri ya wakurugenzi



David O. Owino  
Company Secretary / Katibu wa Kampuni  
Nairobi  
25 June 2008

## Statement of Directors' Responsibilities

The 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 group's operating results for that year. It also requires the directors to ensure that the group and the company keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and the company. 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. 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 Companies Act. The directors are of the opinion that the financial statements 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 the company and its subsidiary will not remain a going concern for at least the next twelve months from the date of this statement.



James N. Muguiyi  
Chairman



Peter K. Mwangi  
Managing Director

25 June 2008



# Independent Auditors' Report to the Members of Centum Investment Company Limited (Formerly ICDC Investment Co. Ltd)

## Deloitte.

**Deloitte & Touche**  
**Certified Public Accountants (Kenya)**

"Kirungui"  
Ring Road, Westlands  
P.O. Box 40092 - GPO 00100  
Nairobi  
Kenya

Tel: +(254 - 20) 423 0000  
+(254 - 20) 444 1344/05 - 12  
+(254 - 20) 444 8966  
Fax: Dropping Zone No. 92  
E-mail: admin@deloitte.co.ke

**W**e have audited the financial statements of Centum Investment Company Limited and its subsidiary set out on pages 22 to 54 which comprise the consolidated and company balance sheets as at 31 March 2008, and the consolidated income statement, consolidated and company statements of changes in equity and consolidated cash flow statement for the period then ended, together with the summary of significant accounting policies and other explanatory notes, and have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

### Respective responsibilities of directors and auditors

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the provisions 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. Our responsibility is to express an opinion on these financial statements based on our audit.

### Basis of opinion

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 as to 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 judgment and include an assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered internal controls relevant to the group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that our audit provides a reasonable basis for our opinion.

### Opinion

In our opinion:

- (a) proper books of account have been kept by the company and the company's balance sheet is in agreement therewith;
- (b) the financial statements give a true and fair view of the state of affairs of the company and of the group at 31 March 2008 and of the profit and cash flows of the group for the period then ended in accordance with International Financial Reporting Standards and comply with the Kenyan Companies Act.

*Deloitte & Touche*

*30 July* 2008

Audit. Tax. Consulting. Financial Advisory.

Partners: D.M. Ndonye E.O. Aloo H. Gadhoke\* D.C. Hodges\* J.M. Kiarie M.M. Kisuu  
J. Nyang'aya S.O. Onyango J.W. Wangai \*British

Member of

**Deloitte & Touche Tohmatsu**



# Consolidated Income Statement

for the nine month period ended 31 March 2008

|                                          | Note | 9 months to<br>31 March<br>2008<br>Shs'000 | 12 months to<br>30 June<br>2007<br>Shs'000 |
|------------------------------------------|------|--------------------------------------------|--------------------------------------------|
| Income                                   | 6    | 581,514                                    | 804,888                                    |
| Expenses                                 |      |                                            |                                            |
| Administrative expenses                  |      | (52,798)                                   | (60,167)                                   |
| Other operating expenses                 |      | (50,143)                                   | (29,438)                                   |
| Finance costs                            | 7    | (18,381)                                   | (41,641)                                   |
|                                          |      | (121,322)                                  | (131,246)                                  |
| Share of profits in associated companies | 19   | 525,088                                    | 512,136                                    |
| Profit before taxation                   | 8    | 985,280                                    | 1,185,778                                  |
| Taxation charge                          | 10   | (116,960)                                  | (70,718)                                   |
| Profit for the period                    | 12   | 868,320                                    | 1,115,060                                  |
| Earnings per share – basic & diluted     | 13   | Sh 1.58                                    | Sh 2.03                                    |
| Dividends per share                      | 14   | Sh 0.45                                    | Sh 0.45                                    |



# Consolidated Balance Sheet

as at 31 March 2008

|                                     | Note  | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 |
|-------------------------------------|-------|-----------------------------|----------------------------|
| <b>Assets</b>                       |       |                             |                            |
| <b>Non current assets</b>           |       |                             |                            |
| Motor vehicle and equipment         | 15    | 4,150                       | 5,603                      |
| Prepaid operating lease rentals     | 16    | 37,180                      | 37,645                     |
| Intangible assets                   | 17    | 699                         | 563                        |
| Investment in associates            | 19    | 2,945,295                   | 2,425,019                  |
| Unquoted investments                | 20    | 1,835,881                   | 2,389,453                  |
| Quoted investments                  | 21    | 2,832,079                   | 2,958,825                  |
| Due from a related party            | 22    | 72,380                      | 80,387                     |
| Deferred tax asset                  | 23    | 22,462                      | 16,760                     |
| Term deposit                        | 24    | 86,532                      | 148,213                    |
|                                     |       | <b>7,836,658</b>            | <b>8,062,468</b>           |
| <b>Current assets</b>               |       |                             |                            |
| Term deposit                        | 24    | 59,687                      | 73,069                     |
| Receivables and prepayments         | 25    | 111,758                     | 144,695                    |
| Taxation recoverable                | 10(c) | 2,928                       | 4,228                      |
| Fixed deposits                      | 26    | 79,452                      | 90,000                     |
| Bank balances                       |       | 48,303                      | 47,196                     |
|                                     |       | <b>302,128</b>              | <b>359,188</b>             |
| Non current asset held for sale     | 27    | 7,064                       | -                          |
|                                     |       | <b>309,192</b>              | <b>359,188</b>             |
| <b>Total assets</b>                 |       | <b>8,145,850</b>            | <b>8,421,656</b>           |
| <b>Equity and liabilities</b>       |       |                             |                            |
| <b>Capital and reserves</b>         |       |                             |                            |
| Share capital                       | 28    | 274,976                     | 274,976                    |
| Share premium                       |       | 589,753                     | 589,753                    |
| Investment revaluation reserve      |       | 3,699,739                   | 4,590,882                  |
| Revenue reserve                     |       | 3,513,661                   | 2,892,819                  |
|                                     |       | <b>8,078,129</b>            | <b>8,348,430</b>           |
| <b>Shareholders' equity</b>         |       | <b>8,078,129</b>            | <b>8,348,430</b>           |
| <b>Current liabilities</b>          |       |                             |                            |
| Payables and accruals               | 29    | 25,857                      | 27,640                     |
| Unclaimed dividends                 | 31    | 41,864                      | 44,929                     |
| Taxation payable                    | 10(c) | -                           | 657                        |
|                                     |       | <b>67,721</b>               | <b>73,226</b>              |
| <b>Total equity and liabilities</b> |       | <b>8,145,850</b>            | <b>8,421,656</b>           |

The financial statements on pages 22 to 54 were approved by the board of directors on 25 June 2008 and were signed on its behalf by:

James N. Muguiyi  
Chairman

Peter K. Mwangi  
Managing Director



# Company Balance Sheet

as at 31 March 2008

|                                     | Note  | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 |
|-------------------------------------|-------|-----------------------------|----------------------------|
| <b>Assets</b>                       |       |                             |                            |
| <b>Non current assets</b>           |       |                             |                            |
| Motor vehicle and equipment         | 15    | 4,150                       | 5,603                      |
| Prepaid operating lease rentals     | 16    | 37,180                      | 37,645                     |
| Intangible assets                   | 17    | 699                         | 563                        |
| Investment in subsidiary            | 18    | 114,735                     | 114,735                    |
| Investment in associates            | 19    | 756,383                     | 404,961                    |
| Unquoted investments                | 20    | 1,835,881                   | 2,389,453                  |
| Quoted investments                  | 21    | 2,832,079                   | 2,958,825                  |
| Due from a related party            | 22    | 72,380                      | 80,387                     |
| Deferred tax asset                  | 23    | 22,462                      | 16,760                     |
| Term deposit                        | 24    | 86,532                      | 148,213                    |
|                                     |       | <b>5,762,481</b>            | <b>6,157,145</b>           |
| <b>Current assets</b>               |       |                             |                            |
| Term deposit                        | 24    | 59,687                      | 73,069                     |
| Receivables and prepayments         | 25    | 283,428                     | 174,362                    |
| Taxation recoverable                | 10(c) | 2,897                       | 4,228                      |
| Fixed deposits                      | 26    | 79,452                      | 90,000                     |
| Bank balances                       |       | 48,267                      | 46,922                     |
|                                     |       | <b>473,731</b>              | <b>388,581</b>             |
| Non current asset held for sale     | 27    | 7,064                       | -                          |
|                                     |       | <b>480,795</b>              | <b>388,581</b>             |
| <b>Total current assets</b>         |       | <b>480,795</b>              | <b>388,581</b>             |
| <b>Total assets</b>                 |       | <b>6,243,276</b>            | <b>6,545,726</b>           |
| <b>Equity and liabilities</b>       |       |                             |                            |
| <b>Capital and reserves</b>         |       |                             |                            |
| Share capital                       | 28    | 274,976                     | 274,976                    |
| Share premium                       |       | 589,753                     | 589,753                    |
| Investment revaluation reserve      |       | 2,696,605                   | 3,395,390                  |
| Revenue reserve                     |       | 2,330,168                   | 1,935,494                  |
|                                     |       | <b>5,891,502</b>            | <b>6,195,613</b>           |
| Shareholders' equity                |       | <b>5,891,502</b>            | <b>6,195,613</b>           |
| <b>Current liabilities</b>          |       |                             |                            |
| Payables and accruals               | 29    | 25,307                      | 17,077                     |
| Due to a related party              | 30    | 284,603                     | 288,107                    |
| Unclaimed dividends                 | 31    | 41,864                      | 44,929                     |
|                                     |       | <b>351,774</b>              | <b>350,113</b>             |
| <b>Total equity and liabilities</b> |       | <b>6,243,276</b>            | <b>6,545,726</b>           |

The financial statements on pages 22 to 54 were approved by the board of directors on 25 June 2008 and were signed on its behalf by:

James N. Muguiyi  
Chairman

Peter K. Mwangi  
Managing Director

# Consolidated Statement of Changes In Equity

for the nine month period ended 31 March 2008

|                                    | Share<br>capital<br>Sh'000 | Share<br>premium<br>Sh'000 | Investment<br>revaluation<br>reserve<br>Sh'000 | Revenue<br>reserve<br>Sh'000 | Total<br>Sh'000  |
|------------------------------------|----------------------------|----------------------------|------------------------------------------------|------------------------------|------------------|
| At 1 July 2006                     | 274,976                    | 589,753                    | 3,326,029                                      | 1,997,740                    | 6,188,498        |
| Fair value gain                    |                            |                            |                                                |                              |                  |
| – Investment in quoted companies   | -                          | -                          | 520,190                                        | -                            | 520,190          |
| – Investment in unquoted companies | -                          | -                          | 845,603                                        | -                            | 845,603          |
| Share of movement in equity        |                            |                            |                                                |                              |                  |
| reserves of associates             | -                          | -                          | 272,877                                        | -                            | 272,877          |
| Realised on disposal (note 11)     | -                          | -                          | (373,817)                                      | -                            | (373,817)        |
| Dividends – 2006 declared          | -                          | -                          | -                                              | (219,981)                    | (219,981)        |
| Profit for the year                | -                          | -                          | -                                              | 1,115,060                    | 1,115,060        |
| <b>At 30 June 2007</b>             | <b>274,976</b>             | <b>589,753</b>             | <b>4,590,882</b>                               | <b>2,892,819</b>             | <b>8,348,430</b> |
| At 1 July 2007                     | 274,976                    | 589,753                    | 4,590,882                                      | 2,892,819                    | 8,348,430        |
| Fair value gain/(loss)             |                            |                            |                                                |                              |                  |
| – Investment in quoted companies   | -                          | -                          | 194,163                                        | -                            | 194,163          |
| – Investment in unquoted companies | -                          | -                          | (501,097)                                      | -                            | (501,097)        |
| Share of movement in equity        |                            |                            |                                                |                              |                  |
| reserves of associates (note 19)   | -                          | -                          | (192,358)                                      | -                            | (192,358)        |
| Realised on disposal (note 11)     | -                          | -                          | (391,851)                                      | -                            | (391,851)        |
| Dividends – 2007 declared          | -                          | -                          | -                                              | (247,478)                    | (247,478)        |
| Profit for the period              | -                          | -                          | -                                              | 868,320                      | 868,320          |
| <b>At 31 March 2008</b>            | <b>274,976</b>             | <b>589,753</b>             | <b>3,699,739</b>                               | <b>3,513,661</b>             | <b>8,078,129</b> |

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 recognised in profit or loss. Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in profit or loss.





## Company Statement of Changes In Equity

for the nine month period ended 31 March 2008

|                                    | Share<br>capital<br>Sh'000 | Share<br>premium<br>Sh'000 | Investment<br>revaluation<br>reserve<br>Sh'000 | Revenue<br>reserve<br>Sh'000 | Total<br>Sh'000  |
|------------------------------------|----------------------------|----------------------------|------------------------------------------------|------------------------------|------------------|
| At 1 July 2006                     | 274,976                    | 589,753                    | 2,403,347                                      | 1,350,984                    | 4,619,060        |
| Fair value gain                    |                            |                            |                                                |                              |                  |
| – Investment in quoted companies   | -                          | -                          | 520,257                                        | -                            | 520,257          |
| – Investment in unquoted companies | -                          | -                          | 845,603                                        | -                            | 845,603          |
| Realised on disposal (note 11)     | -                          | -                          | (373,817)                                      | -                            | (373,817)        |
| Dividends – 2006 declared          | -                          | -                          | -                                              | (219,981)                    | (219,981)        |
| Profit for the year                | -                          | -                          | -                                              | 804,491                      | 804,491          |
| <b>At 30 June 2007</b>             | <b>274,976</b>             | <b>589,753</b>             | <b>3,395,390</b>                               | <b>1,935,494</b>             | <b>6,195,613</b> |
| At 1 July 2007                     | 274,976                    | 589,753                    | 3,395,390                                      | 1,935,494                    | 6,195,613        |
| Fair value gain/(loss)             |                            |                            |                                                |                              |                  |
| – Investment in quoted companies   | -                          | -                          | 194,163                                        | -                            | 194,163          |
| – Investment in unquoted companies | -                          | -                          | (501,097)                                      | -                            | (501,097)        |
| Realised on disposal (note 11)     | -                          | -                          | (391,851)                                      | -                            | (391,851)        |
| Dividends – 2007 declared          | -                          | -                          | -                                              | (247,478)                    | (247,478)        |
| Profit for the period              | -                          | -                          | -                                              | 642,152                      | 642,152          |
| <b>At 31 March 2008</b>            | <b>274,976</b>             | <b>589,753</b>             | <b>2,696,605</b>                               | <b>2,330,168</b>             | <b>5,891,502</b> |

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 recognised in profit or loss. Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in profit or loss.



# Consolidated Cash Flow Statement

for the nine month period ended 31 March 2008

|                                                           |       | 9 months to<br>31 March<br>2008<br>Shs'000 | 12 months to<br>30 June<br>2007<br>Shs'000 |
|-----------------------------------------------------------|-------|--------------------------------------------|--------------------------------------------|
|                                                           | Note  |                                            |                                            |
| <b>Operating activities</b>                               |       |                                            |                                            |
| Cash generated from operations                            | 33(a) | 72,464                                     | 59,177                                     |
| Taxation paid                                             | 10(c) | (5,191)                                    | (5,330)                                    |
| Dividends received from associated companies              |       | 47,101                                     | 141,328                                    |
| <b>Net cash generated from operating activities</b>       |       | <b>114,374</b>                             | <b>195,175</b>                             |
| <b>Investing activities</b>                               |       |                                            |                                            |
| Purchase of shares in associates                          |       | (244,662)                                  | (2,954)                                    |
| Purchase of quoted equity investments                     |       | (166,183)                                  | (329,531)                                  |
| Purchase of other equity investments                      |       | -                                          | (143,045)                                  |
| Proceeds on disposal of quoted investments                |       | 538,210                                    | 780,088                                    |
| Shareholder loan to Rift Valley Railways (Pty) Limited    |       | -                                          | (83,760)                                   |
| Term deposit                                              |       | -                                          | (232,285)                                  |
| Purchase of equipment                                     |       | (270)                                      | (422)                                      |
| Purchase of intangible assets                             |       | (367)                                      | (779)                                      |
| Proceeds on disposal of equipment                         |       | -                                          | 10                                         |
| Proceeds on disposal of non current assets held for sale  |       | -                                          | 277,210                                    |
| <b>Net cash generated from investing activities</b>       |       | <b>126,728</b>                             | <b>264,532</b>                             |
| <b>Financing activities</b>                               |       |                                            |                                            |
| Dividends paid                                            | 31    | (250,543)                                  | (210,686)                                  |
| <b>(Decrease)/increase in cash and cash equivalents</b>   |       | <b>(9,441)</b>                             | <b>249,021</b>                             |
| <b>Cash and cash equivalents at beginning of the year</b> |       | <b>137,196</b>                             | <b>(111,825)</b>                           |
| <b>Cash and cash equivalents at end of the year</b>       | 33(b) | <b>127,755</b>                             | <b>137,196</b>                             |



# Notes to the Financial Statements

## 1. Accounting policies

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted and are set out below:

### Adoption of new and revised international financial reporting standards

At the date of authorisation of these financial statements, the following Standards and Interpretations become effective for the first time and have been adopted by the group where relevant to its operations. The comparative figures have been restated as required in accordance with the relevant requirements.

- *IFRS 7 on Financial Instruments Disclosures*; this standard introduces new qualitative and quantitative disclosure requirements about exposure to risks arising from financial instruments. Minimum disclosure on credit, market and liquidity risk has been defined.
- *IAS 1 Amendment – Capital Disclosures* – defines minimum disclosure requirements about the level of capital and management thereof.

On the other hand, the following new standard and interpretations are in issue but not yet effective:

- *IFRS 8 on Operating Segments*
- *IFRIC 11 - IFRS 2 Group and Treasury Share Transactions*
- *IFRIC 12 - Service Concession Arrangements*
- *IFRIC 13 - IAS 18 Revenue: Customer Loyalty Programs*
- *IFRIC 14 - IAS 19 Employee Benefits: Effect of Minimum Funding Requirements on Asset Ceiling.*

The adoption of these standards and interpretations, when effective, will have no material impact on the financial statements of the group.

### (a) Basis of preparation

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

### (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 subsidiary, details which are disclosed in note 18, and include the group's share of the results of the associated companies as disclosed in note 19.

### (d) 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.

The annual rates in use are:

|                                          |       |
|------------------------------------------|-------|
| Motor vehicle and motor cycle            | 20%   |
| Furniture, fittings and office equipment | 10%   |
| Computers                                | 33.3% |



# Notes to the Financial Statements Continued

## 1. Accounting policies (Continued)

### (e) 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.

### (f) Investment in subsidiary

Investment in the subsidiary is accounted for at cost in the books of the company.

### (g) Investments in associated companies

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 balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, 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. A listing of the group's associated undertakings is shown in note 19.

Investments in associates are accounted for at cost less any accumulated impairment losses in the books of the company.

### (h) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be 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) Taxation

Current taxation is provided for on the basis of the results for the year as shown in the financial statements, adjusted in accordance with tax legislation and gazetted tax concessions given to the group.

Deferred income tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

A deferred tax asset is recognised to the extent that it is probable that future taxable benefits will be available against which the unused tax credits can be utilised.

### (j) Employee entitlements

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 balance sheet date.

### (k) 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 the income statement in the year to which they relate.



## Notes to the Financial Statements Continued

### 1. Accounting policies (Continued)

#### (l) 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.

#### (m) 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 income statement on a straight-line basis over the term of the relevant lease.

#### (n) Financial instruments

A financial asset or liability is recognised when the group becomes party to the contractual provisions of the instrument.

##### *Financial assets*

The group classifies its financial assets into the following categories: Financial assets at fair value through profit or loss; loans, advances 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, advances and receivables*

Loans, advances 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, advances 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. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the company has transferred substantially all risks and rewards of ownership.



## 1. Accounting policies (Continued)

### (n) Financial instruments (Continued)

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans, advances 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 the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the group's right to receive payment is established.

Fair values of quoted investments in active markets are based on quoted bid prices. Equity securities for which fair values cannot be measured reliably are valued at cost less impairment.

#### *Investments*

Quoted investments are classified as available for sale and are stated at the middle market value as at balance sheet date.

Unquoted investments are classified as available for sale and are stated at fair value. 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 transferred to the investment revaluation reserve. Where valuation is below cost, the difference between valuation and cost is charged to the income statement 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 the income statement.

#### *Impairment and uncollectability of financial assets*

At each balance sheet date, 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 recognized in the income statement 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 the income statement 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 or financial re-organisation.

#### *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.





## Notes to the Financial Statements Continued

### 1. Accounting policies (Continued)

#### (o) Foreign currencies

Assets and liabilities denominated in foreign currency are translated into Kenya shillings at the rates of exchange ruling at the balance sheet date. Transactions during the year are translated at the rates ruling on the transaction dates. Differences on exchange are dealt with in the income statement.

#### (p) Cash and cash equivalents

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

#### (q) 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.

#### (r) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

### 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 various board committees, audit committee, management and risk department. The board committees comprise of non executive members and report regularly to the board of directors.

Risk management is carried out by the risk management department under policies approved by the board of directors. This department identifies, evaluates and hedges financial risks. 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.

## 2. Financial risk management (Continued)

### i) Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates 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 on risk.

#### a) Price risk

The group's private equity holdings are valued according to the Private Equity and Venture Capital guidelines, which set out the methodology for fair valuation. The 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 reviews of the underlying investments by management every quarter. The appropriateness of the valuation is then considered by the Audit 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 2008, 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 Shs 215,100,880 (30 June 2007: Shs 265,075,500) higher/lower. Price fluctuation has no effect on the profit since changes in fair value of quoted investments are dealt with 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 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 through large shareholding or board representation while 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 this makes it easier to acquire attractive investments.

#### Concentration risk

Over 95% of the group's assets are located in Kenya with over 30% of the portfolio exposed to the fortunes of the financial sector and 20% in beverages.

#### Portfolio sector allocation

|                                  |     |
|----------------------------------|-----|
| Banking                          | 25% |
| Automotives                      | 17% |
| Industrial and Allied            | 16% |
| Insurance                        | 13% |
| Carbonated soft drinks beverages | 13% |
| Alcoholic beverages              | 7%  |
| Services                         | 6%  |
| Property                         | 3%  |

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 and beverage sectors has mainly been brought about by organic growth and appreciation of market value. To reduce exposure to country risk, the group is actively looking for regional investment opportunities.

### b) 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-bill rates.



# Notes to the Financial Statements Continued

## 2. Financial risk management (Continued)

### b) Interest rate risk (Continued)

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.

Though the company had no overdraft balances at the period end, the credit facilities were available and utilized during the year.

As at 31 March 2008, the group had fixed and term deposits with a carrying amount of Shs 79,452,000 (30 June 2007 - Shs 90,000,000) and Shs 146,219,000 (30 June 2007 - Shs 221,282,000) respectively.

As at 31 March 2008, 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 798,400 (30 June 2007- 667,700).

### c) Foreign exchange risk

The group's exposure to fluctuations in the foreign currency rates relate to the irrevocable stand by letters of credit of the group's equity in Rift Valley Railways Investments (Pty) Limited and 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.

|                                                                        | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 |
|------------------------------------------------------------------------|-----------------------------|----------------------------|
| Term deposit (US\$)                                                    | 146,219                     | 221,282                    |
| Loan to a related party ( US\$)                                        | 72,380                      | 80,387                     |
| Quoted investment (UGX)                                                | 8,609                       | 3,266                      |
|                                                                        | <b>227,208</b>              | <b>304,935</b>             |
| The mean exchange rates ruling at 31 March 2008 and 30 June 2007 were: |                             |                            |
| 1 US Dollar (US\$)                                                     | 62.8478                     | 66.5644                    |
| 1 Ugandan Shilling (UGX)                                               | 0.03729                     | 0.04025                    |

The Rift Valley Railways Investments (Pty) Limited equity drawdown letters of credit are fully hedged by a cash cover in the form of a US Dollar term deposit of equivalent value.

The group currently holds only 0.3% of its quoted investments in foreign currency. The currency exposure associated with this holding is therefore insignificant.

At 31 March 2008, if the Shilling had weakened/strengthened by 5% against the US dollar with all other variables held constant, the impact on pre tax profit for the year and total capital would have been Shs 1,005,000 (30 June 2007: Shs 780,900) higher/lower, mainly as a result of US dollar term deposit and loan to a related party (Rift Valley Railways).

### ii) Credit risk

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, loans advanced as well as trade and other receivables.







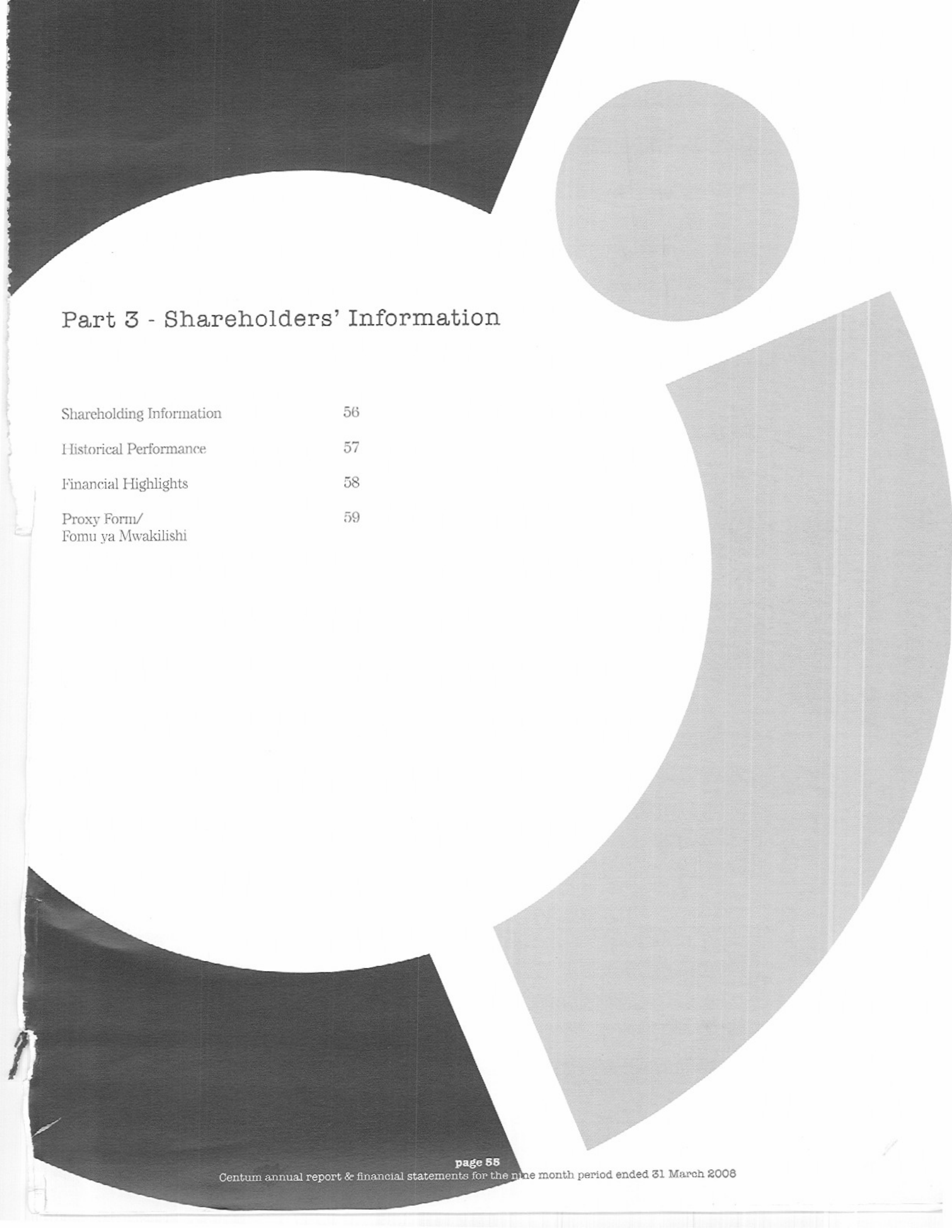
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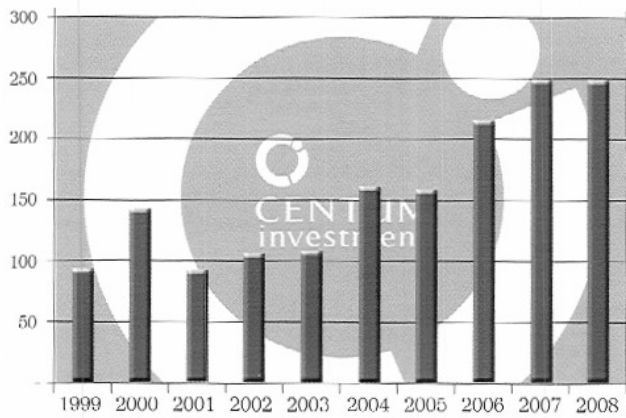
The page features a large, abstract graphic design. It consists of several overlapping shapes: a large black semi-circle in the top left, a grey circle in the top right, a large grey semi-circle in the bottom right, and a black semi-circle in the bottom left. The text is placed within the white space of these shapes.

## Part 3 - Shareholders' Information

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| Proxy Form/<br>Fomu ya Mwakilishi | 59 |

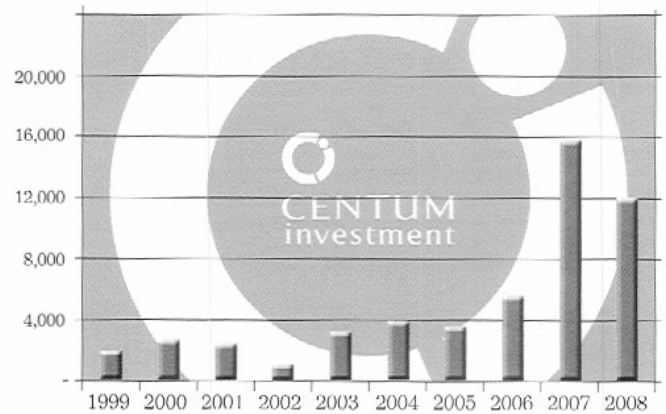
# Financial Highlights

**CMA-LIBRARY**  
Dividend Payout



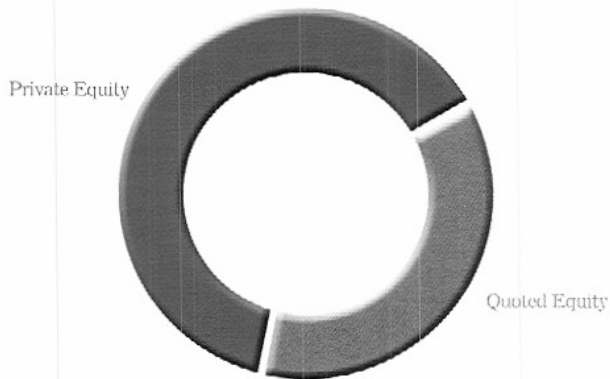
“Continuously paid a dividend since inception ”

Market Capitalization



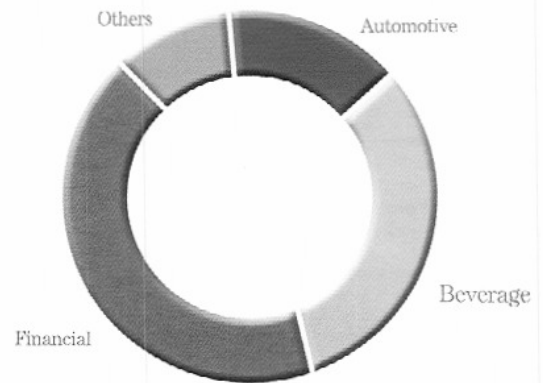
“Sustained wealth creation ”

Portfolio Structure



“Our Strength lies in Private Equity ”

Sectoral Distribution



“A Diversified Portfolio ”



## Proxy Form/ Fomu ya Mwakilishi

I/We \_\_\_\_\_

of \_\_\_\_\_

being member(s) of Centum Investment Company Limited, hereby appoint \_\_\_\_\_

of \_\_\_\_\_

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 41st Annual General Meeting of the Company, to be held on Wednesday, January 14, 2009 at 11:00 a.m., Safari Park Hotel, Nairobi or at any adjournment thereof.

As witness I/We lay my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2008/9

Signature \_\_\_\_\_

### Notes:

1. This proxy form is to be delivered to the Secretary's office not later than 11.00 am on **Tuesday January 13, 2009.**
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.

Mimi/Sisi \_\_\_\_\_

Wa \_\_\_\_\_

Kwa kuwa mwanachama/wanachama wa Centum Investment Company Limited, nimemteua/tumemteua \_\_\_\_\_

Wa \_\_\_\_\_

na kama hayuko, mwenyekiti wa mkutano huu aliyeteuliwa kama ipasavyo awe mwakilishi wangu/wetu, anipigie kura kwa niaba yangu/ yetu katika mkutano mkuu wa Arubaini na moja wa kaupuni hii utakaofanywa mnamo Jumatano, tarehe 14, Januari 2009, katika Hoteli ya Safari Park, Nairobi saa tano asubuhi au tarehe yoyote nyingine itakayohairishiwa.

Kama ilivyoshuhudiwa kwa sahihi yangu/yetu siku hii ya \_\_\_\_\_ mwezi \_\_\_\_\_ 2008/9

Sahihi \_\_\_\_\_

### Kumbusho:

1. Uwakilishi huu upelekwe kwenye afisi ya katibu kabla ya saa tano asubuhi, **Jumanne, 13, Januari 2009.**
2. Kwa mashirika ni lazima uwakilishi uwe na muhuri rasmi wa kawaida la shirika hilo, au uwe na sahihi ya Afisa au Wakili aliyeidhinishwa.



THE COMPANY SECRETARY  
CENTUM INVESTMENT COMPANY LIMITED  
INTERNATIONAL HOUSE, 5TH FLOOR  
MAMA NGINA STREET  
PO Box 10518 00100  
NAIROBI  
KENYA

FOLD 3  
HALAFU KUNJA HAPA

FOLD 2  
PII KUNJA HAPA

AFIX  
STAMP  
HERE  
WEKA  
STEMPU  
HAPA

FOLD 1  
KWANZA KUNJA HAPA

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SASA INGIZA KARATAZI HII NDANI YA MIKUNJO KAMA BAHASHIA



# Notes to the Financial Statements Continued

## 33. Notes to the cash flow statement (Continued)

|                                                       | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 |
|-------------------------------------------------------|-----------------------------|----------------------------|
| (b) Analysis of balances of cash and cash equivalents |                             |                            |
| Bank balances                                         | 48,303                      | 47,196                     |
| Fixed deposits                                        | 79,452                      | 90,000                     |
|                                                       | <b>127,755</b>              | <b>137,196</b>             |

For the purposes of the cash flow statement, 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 balance sheet date and borrowings.

|                                                 | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 |
|-------------------------------------------------|-----------------------------|----------------------------|
| (c) Analysis of non cash transactions           |                             |                            |
| Purchase of other equity investments (unquoted) | (61,402)                    | -                          |
|                                                 | <b>(61,402)</b>             | <b>-</b>                   |

The additional investment in Rift Valley Railways (Pty) Limited was paid for as a draw down of the term deposit.  
(See note 24).

|                                      | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 |
|--------------------------------------|-----------------------------|----------------------------|
| <b>34. Capital Commitments</b>       |                             |                            |
| <b>Group &amp; Company</b>           |                             |                            |
| Authorised but not contracted for    | 25,956                      | 4,150                      |
| <b>Authorised and contracted for</b> | <b>-</b>                    | <b>300</b>                 |

# Notes to the Financial Statements Continued

## 35. Related parties

The group transacts with companies related to it by virtue of common shareholding and also by virtue of common directors. Amounts not settled as at balance sheet date are disclosed in note 30.

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

|                              | 9 months to<br>31 March<br>2008<br>Shs'000 | 9 months to<br>30 June<br>2007<br>Shs'000 |
|------------------------------|--------------------------------------------|-------------------------------------------|
| Purchase of goods/services   |                                            |                                           |
| Rent and service charge paid | 1,657                                      | 1,115                                     |
| Share registration services  | 1,879                                      | 2,505                                     |
| Insurance paid               | 2,283                                      | 2,107                                     |

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

|                             | 9 months to<br>31 March<br>2008<br>Shs'000 | 9 months to<br>30 June<br>2007<br>Shs'000 |
|-----------------------------|--------------------------------------------|-------------------------------------------|
| Salaries and other benefits | 28,405                                     | 26,098                                    |

## 36. Operating lease arrangements

The group as a lessee

At the balance sheet date, the company had outstanding commitments under operating leases, which fall due as follows:

|                                       | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 |
|---------------------------------------|-----------------------------|----------------------------|
| Within one year                       | 2,809                       | 2,611                      |
| In the second to fifth year inclusive | 11,237                      | 8,678                      |
|                                       | 14,046                      | 11,289                     |

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).

# Notes to the Financial Statements Continued

## 2. Financial risk management (Continued)

### ii) Credit risk (Continued)

#### 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 2008 and 30 June 2007, without taking into account any collateral held or other credit enhancements attached (i.e gross amounts)

|                             | Group          |                | Company        |                |
|-----------------------------|----------------|----------------|----------------|----------------|
|                             | 2008<br>Sh'000 | 2007<br>Sh'000 | 2008<br>Sh'000 | 2007<br>Sh'000 |
| Due from a related party    | 72,380         | 80,387         | 72,380         | 80,387         |
| Receivables and prepayments | 152,930        | 185,867        | 164,509        | 215,534        |
| Bank balances               | 48,303         | 47,196         | 48,267         | 46,922         |
| Term deposits               | 146,219        | 221,282        | 146,219        | 221,282        |
| Fixed deposits              | 79,452         | 90,000         | 79,452         | 90,000         |
|                             | <b>499,284</b> | <b>624,732</b> | <b>510,827</b> | <b>654,125</b> |

The credit risk on liquid funds is however limited because the counterparties are banks with high credit-ratings assigned by the banking regulatory authority.

The due from related parties relates to the USD 1,151,667 non-interest bearing shareholder loan advanced to Rift Valley Railways. This loan is not convertible to equity. The directors believe that the risk associated with this loan is low, and consequently rates the credit exposure as normal.

#### Classification of receivables and prepayments

|                                  | Fully<br>performing<br>Shs'000 | Past due<br>Shs'000 | Impaired<br>Shs'000 | Total (gross)<br>Shs'000 |
|----------------------------------|--------------------------------|---------------------|---------------------|--------------------------|
| <b>31 March 2008</b>             |                                |                     |                     |                          |
| Dividend receivables             | 66,699                         | -                   | -                   | 66,699                   |
| Due from Uchumi Supermarkets Ltd | -                              | -                   | 40,000              | 40,000                   |
| Sundry receivables               | 45,059                         | -                   | 85                  | 45,144                   |
| Rental debtors                   | -                              | -                   | 1,087               | 1,087                    |
| <b>Total</b>                     | <b>111,758</b>                 | <b>-</b>            | <b>41,172</b>       | <b>152,930</b>           |
| <b>30 June 2007</b>              |                                |                     |                     |                          |
| Dividend receivables             | 129,422                        | -                   | -                   | 129,422                  |
| Due from Uchumi Supermarket Ltd  | -                              | -                   | 40,000              | 40,000                   |
| Sundry receivables               | 15,273                         | -                   | 85                  | 15,358                   |
| Rental debtors                   | -                              | -                   | 1,087               | 1,087                    |
|                                  | <b>144,695</b>                 | <b>-</b>            | <b>41,172</b>       | <b>185,867</b>           |

The impaired amounts are fully provided for.

## 2. Financial risk management (Continued)

### iii) Liquidity risk

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 reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. See note 32 for details on additional undrawn facilities that the group has at its disposal to further reduce liquidity risk.

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 revolving credit facilities.

The amounts disclosed in the table below are the contractual undiscounted cash flows of the group's financial liabilities. All balances are due within 12 months and therefore equal their carrying balances, as the impact of discounting is not significant.

|                        | Group                      |                           | Company                    |                           |
|------------------------|----------------------------|---------------------------|----------------------------|---------------------------|
|                        | 31 March<br>2008<br>Sh'000 | 30 June<br>2007<br>Sh'000 | 31 March<br>2008<br>Sh'000 | 30 June<br>2007<br>Sh'000 |
| Due to a related party | -                          | -                         | 284,603                    | 288,107                   |
| Payables and accruals  | 25,305                     | 27,640                    | 24,755                     | 17,077                    |
| Unclaimed dividends    | 41,864                     | 44,929                    | 41,864                     | 44,929                    |
|                        | <b>67,169</b>              | <b>72,569</b>             | <b>351,222</b>             | <b>350,113</b>            |

The group also has a financial commitment to the following equity contributions to Rift Valley Railways Investments (Pty) Limited:

| Year                | 2008    | 2009    | 2010    |
|---------------------|---------|---------|---------|
| Share Premium (USD) | 620,567 | 943,262 | 211,089 |

Liquidity risk relating to this commitment is fully matched by a cash cover of USD 1.4 million.

## 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. Total capital is calculated as equity plus net debt.

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

# Notes to the Financial Statements Continued

## 3. Capital risk management (Continued)

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

|                     | Group                      |                           | Company                    |                           |
|---------------------|----------------------------|---------------------------|----------------------------|---------------------------|
|                     | 31 March<br>2008<br>Sh'000 | 30 June<br>2007<br>Sh'000 | 31 March<br>2008<br>Sh'000 | 30 June<br>2007<br>Sh'000 |
| Share capital       | 274,976                    | 274,976                   | 274,976                    | 274,976                   |
| Share premium       | 589,753                    | 589,753                   | 589,753                    | 589,753                   |
| Retained earnings   | 3,513,661                  | 2,892,819                 | 2,172,446                  | 1,935,494                 |
| Revaluation reserve | 3,699,739                  | 4,590,882                 | 2,696,605                  | 3,395,390                 |
| Equity              | 8,078,129                  | 8,348,430                 | 5,733,780                  | 6,195,613                 |
| Total borrowings    | -                          | -                         | -                          | -                         |
| Total Capital       | 8,078,129                  | 8,348,430                 | 5,733,780                  | 6,195,613                 |
| Gearing (%)         | -                          | -                         | -                          | -                         |

The overdraft balance as at year end was nil (2007- nil).

## 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 each balance sheet date, 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.



# Notes to the Financial Statements Continued

## 5. Sectoral information

|                                                 |                        |                      |                       |                          |                                    |                      |                        |                            |                      | 9 months to<br>31 March<br>2008<br>Total<br>Shs' 000 | 12 months<br>to 30 June<br>2007<br>Total<br>Shs' 000 |
|-------------------------------------------------|------------------------|----------------------|-----------------------|--------------------------|------------------------------------|----------------------|------------------------|----------------------------|----------------------|------------------------------------------------------|------------------------------------------------------|
|                                                 | Automotive<br>Shs' 000 | Beverage<br>Shs' 000 | Financial<br>Shs' 000 | Agricultural<br>Shs' 000 | Industrial<br>& Allied<br>Shs' 000 | Services<br>Shs' 000 | Publishing<br>Shs' 000 | Infrastructure<br>Shs' 000 | Property<br>Shs' 000 |                                                      |                                                      |
| <b>Income</b>                                   |                        |                      |                       |                          |                                    |                      |                        |                            |                      |                                                      |                                                      |
| Dividend income                                 | -                      | -                    | -                     | -                        | -                                  | 24,200               | -                      | -                          | -                    | 24,200                                               | 105,287                                              |
| - unquoted investments                          | 6                      | 24,582               | 52,380                | 261                      | 10,429                             | 48                   | 690                    | -                          | -                    | 88,396                                               | 96,929                                               |
| - quoted investments                            | 6                      | 24,582               | 52,380                | 261                      | 10,429                             | 24,248               | 690                    | -                          | -                    | 112,596                                              | 202,216                                              |
| Rent income                                     | -                      | -                    | -                     | -                        | -                                  | -                    | -                      | -                          | -                    | -                                                    | 17,517                                               |
| Interest income                                 | -                      | -                    | 15,968                | -                        | -                                  | -                    | -                      | -                          | -                    | 15,968                                               | 13,354                                               |
| Gain on disposal of investment                  | -                      | 35,419               | 382,647               | -                        | 24,903                             | -                    | -                      | -                          | -                    | 442,969                                              | 562,900                                              |
| Other investment income                         | -                      | 195                  | 952                   | -                        | 480                                | -                    | -                      | -                          | 8,354                | 9,981                                                | 8,901                                                |
|                                                 | <b>6</b>               | <b>60,196</b>        | <b>451,947</b>        | <b>261</b>               | <b>35,812</b>                      | <b>24,248</b>        | <b>690</b>             | <b>-</b>                   | <b>8,354</b>         | <b>581,514</b>                                       | <b>804,888</b>                                       |
| <b>Share of results of associated companies</b> |                        |                      |                       |                          |                                    |                      |                        |                            |                      |                                                      |                                                      |
| Share of profit                                 | -                      | 214,706              | 310,074               | -                        | -                                  | 308                  | -                      | -                          | -                    | 525,088                                              | 512,136                                              |
| Share of tax                                    | -                      | (56,953)             | (59,782)              | -                        | -                                  | (93)                 | -                      | -                          | -                    | (116,828)                                            | (128,486)                                            |
|                                                 | <b>-</b>               | <b>157,753</b>       | <b>250,292</b>        | <b>-</b>                 | <b>-</b>                           | <b>215</b>           | <b>-</b>               | <b>-</b>                   | <b>-</b>             | <b>408,260</b>                                       | <b>383,650</b>                                       |
| <b>Investments</b>                              |                        |                      |                       |                          |                                    |                      |                        |                            |                      |                                                      |                                                      |
| <b>Associates</b>                               |                        |                      |                       |                          |                                    |                      |                        |                            |                      |                                                      |                                                      |
| Share of net assets                             | -                      | 1,476,615            | 1,225,693             | -                        | -                                  | -                    | 242,987                | -                          | -                    | 2,945,295                                            | 2,425,019                                            |
| Non current asset held for sale                 | -                      | -                    | -                     | -                        | -                                  | 7,064                | -                      | -                          | -                    | 7,064                                                | -                                                    |
| <b>Unquoted investments</b>                     |                        |                      |                       |                          |                                    |                      |                        |                            |                      |                                                      |                                                      |
| Fair value                                      | 1,277,103              | -                    | 96,389                | -                        | -                                  | 366,749              | -                      | 95,640                     | -                    | 1,835,881                                            | 2,386,080                                            |
| <b>Quoted investments</b>                       |                        |                      |                       |                          |                                    |                      |                        |                            |                      |                                                      |                                                      |
| Market value                                    | 339                    | 458,464              | 1,987,120             | 7,570                    | 281,290                            | 76,070               | 21,226                 | -                          | -                    | 2,832,079                                            | 2,958,825                                            |

ended 31 March 2008



# Notes to the Financial Statements Continued

|                                           | 9 months to<br>31 March<br>2008<br>Shs'000 | 12 Months to<br>30 June<br>2007<br>Shs'000 |
|-------------------------------------------|--------------------------------------------|--------------------------------------------|
| <b>6. Income</b>                          |                                            |                                            |
| Dividends receivable                      | 112,596                                    | 202,216                                    |
| Interest receivable                       | 15,968                                     | 13,354                                     |
| Rent receivable                           | -                                          | 17,517                                     |
| Gain on disposal of investments (note 11) | 442,969                                    | 562,900                                    |
| Other income                              | 9,981                                      | 8,901                                      |
|                                           | <b>581,514</b>                             | <b>804,888</b>                             |

Income earned on financial assets, analysed by category of asset, is as follows:

|                                                  | 9 months to<br>31 March<br>2008<br>Shs'000 | 12 Months to<br>30 June<br>2007<br>Shs'000 |
|--------------------------------------------------|--------------------------------------------|--------------------------------------------|
| Available for sale financial assets              | 557,192                                    | 767,818                                    |
| Held to maturity investments (fixed deposits)    | 15,968                                     | 13,354                                     |
|                                                  | <b>573,160</b>                             | <b>781,172</b>                             |
| Investment income earned on non-financial assets | 8,354                                      | 23,716                                     |
|                                                  | <b>581,514</b>                             | <b>804,888</b>                             |

|                            |               |               |
|----------------------------|---------------|---------------|
| <b>7. Finance costs</b>    |               |               |
| Interest on borrowings     | 5             | 25,023        |
| Commitment fees            | 1,649         | 1,000         |
| Exchange loss - realised   | 6             | 4,615         |
| Exchange loss - unrealised | 16,721        | 11,003        |
|                            | <b>18,381</b> | <b>41,641</b> |



# Notes to the Financial Statements Continued

|                                                                   | 9 months to<br>31 March<br>2008<br>Shs'000 | 12 Months to<br>30 June<br>2007<br>Shs'000 |
|-------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| <b>8. Profit before taxation</b>                                  |                                            |                                            |
| The profit before taxation is arrived at after charging:          |                                            |                                            |
| Directors' emoluments:                                            |                                            |                                            |
| Non-executive - fees                                              | 1,379                                      | 1,838                                      |
| - other                                                           | 1,944                                      | 2,592                                      |
| Executive remuneration                                            | 11,718                                     | 11,858                                     |
| Auditors' remuneration (including VAT)                            | 1,746                                      | 1,535                                      |
| Depreciation                                                      | 1,719                                      | 2,474                                      |
| Amortisation of leasehold land                                    | 465                                        | 619                                        |
| Amortisation of intangible assets                                 | 231                                        | 216                                        |
| Loss on disposal of equipment                                     | 4                                          | 6                                          |
| Provision for bad and doubtful debts                              | -                                          | 1,992                                      |
| Staff costs (Note 9)                                              | 42,886                                     | 38,832                                     |
| and after crediting:                                              |                                            |                                            |
| Dividend income (gross) - quoted investments                      | (88,396)                                   | (96,947)                                   |
| - unquoted investments                                            | (24,200)                                   | (105,268)                                  |
| Rent receivable                                                   | -                                          | (17,517)                                   |
| <b>9. Staff costs</b>                                             |                                            |                                            |
| Salaries                                                          | 36,444                                     | 34,079                                     |
| National Social Security Fund contributions (NSSF)                | 23                                         | 27                                         |
| Retirement benefit scheme contributions                           | 1,995                                      | 1,954                                      |
| Staff medical expenses                                            | 1,065                                      | 1,467                                      |
| Staff welfare and training expenses                               | 1,915                                      | 885                                        |
| Leave pay provision                                               | 1,444                                      | 420                                        |
|                                                                   | <b>42,886</b>                              | <b>38,832</b>                              |
| <b>10. Taxation charge</b>                                        |                                            |                                            |
| (a) Current taxation based on adjusted profit for the year at 30% | 5,834                                      | 7,596                                      |
| Deferred tax credit (note 23)                                     | (5,702)                                    | (65,364)                                   |
|                                                                   | 132                                        | (57,768)                                   |
| Share of associated companies' taxation:                          |                                            |                                            |
| Current taxation based on adjusted profit for the year            | 49,564                                     | 113,626                                    |
| Deferred tax credit                                               | 67,619                                     | (268)                                      |
| Prior year (under)/ over provision                                | (355)                                      | 15,128                                     |
|                                                                   | 67,264                                     | 14,860                                     |
| Share of tax of associates (note 19)                              | 116,828                                    | 128,486                                    |
|                                                                   | <b>116,960</b>                             | <b>70,718</b>                              |



# Notes to the Financial Statements Continued

## 10. Taxation charge (Continued)

|                                                                                   | Group                                      |                                            | Company                                    |                                            |
|-----------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|
|                                                                                   | 9 months to<br>31 March<br>2008<br>Shs'000 | 12 months to<br>30 June<br>2007<br>Shs'000 | 9 months to<br>31 March<br>2008<br>Shs'000 | 12 months to<br>30 June<br>2007<br>Shs'000 |
| (b) Reconciliation of taxation charge to expected tax based on accounting profit: |                                            |                                            |                                            |                                            |
| Accounting profit before taxation                                                 | 985,280                                    | 1,185,778                                  | 640,566                                    | 798,267                                    |
| Tax at the applicable rate of 30%                                                 | 295,584                                    | 355,733                                    | 192,170                                    | 239,480                                    |
| Tax effect of dividend income not taxable                                         | (128,402)                                  | (107,834)                                  | (87,500)                                   | (107,834)                                  |
| Tax effect of income not taxable                                                  | (87,660)                                   | (224,532)                                  | (133,122)                                  | (168,566)                                  |
| Tax effect of expenses not deductible for tax purposes                            | 37,793                                     | 32,223                                     | 26,866                                     | 30,696                                     |
| Adjustments in respect of prior year (net)                                        | (355)                                      | 15,128                                     | -                                          | -                                          |
|                                                                                   | <b>116,960</b>                             | <b>70,718</b>                              | <b>(1,586)</b>                             | <b>(6,224)</b>                             |
| (c) Taxation recoverable                                                          |                                            |                                            |                                            |                                            |
| At beginning of the year:                                                         |                                            |                                            |                                            |                                            |
| Payable                                                                           | 657                                        | 422                                        | -                                          | -                                          |
| Recoverable                                                                       | (4,228)                                    | (6,259)                                    | (4,228)                                    | (6,260)                                    |
|                                                                                   | (3,571)                                    | (5,837)                                    | (4,228)                                    | (6,260)                                    |
| Charge for the year                                                               | 5,834                                      | 7,596                                      | 4,116                                      | 3,592                                      |
| Payments during the year                                                          | (5,191)                                    | (5,330)                                    | (2,785)                                    | (1,560)                                    |
|                                                                                   | <b>(2,928)</b>                             | <b>(3,571)</b>                             | <b>(2,897)</b>                             | <b>(4,228)</b>                             |
| Comprising:                                                                       |                                            |                                            |                                            |                                            |
| Payable                                                                           | -                                          | 657                                        | -                                          | -                                          |
| Recoverable                                                                       | (2,928)                                    | (4,228)                                    | (2,897)                                    | (4,228)                                    |
|                                                                                   | <b>(2,928)</b>                             | <b>(3,571)</b>                             | <b>(2,897)</b>                             | <b>(4,228)</b>                             |

## 11. Gain on disposal of investments

|                                              | 2008            |                     |                                | 2007            |                     |                                |
|----------------------------------------------|-----------------|---------------------|--------------------------------|-----------------|---------------------|--------------------------------|
| Investment                                   | Cost<br>Shs'000 | Proceeds<br>Shs'000 | Gain on<br>disposal<br>Shs'000 | Cost<br>Shs'000 | Proceeds<br>Shs'000 | Gain on<br>disposal<br>Shs'000 |
| Quoted investments                           | 95,241          | 538,210             | 442,969                        | 239,680         | 780,088             | 540,408                        |
| Non current assets held for sale             | -               | -                   | -                              | 254,718         | 277,210             | 22,492                         |
|                                              | <b>95,241</b>   | <b>538,210</b>      | <b>442,969</b>                 | <b>494,398</b>  | <b>1,057,298</b>    | <b>562,900</b>                 |
| Comprising:                                  |                 |                     |                                |                 |                     |                                |
| Transfer from investment revaluation reserve |                 |                     | 391,851                        |                 |                     | 373,817                        |
| Gain during the year                         |                 |                     | 51,118                         |                 |                     | 189,083                        |
|                                              |                 |                     | <b>442,969</b>                 |                 |                     | <b>562,900</b>                 |

# Notes to the Financial Statements Continued

## 12. Profit for the year

A profit after taxation of Shs 642,152,000 (2007- Shs 804,491,000) has been dealt with in the books of Centum Investment Company Limited.

## 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 2008 (2007 - nil).

|                           | 9 months to<br>31 March<br>2008 | 12 months to<br>30 June<br>2008 |
|---------------------------|---------------------------------|---------------------------------|
| Earnings (Shs)            | 868,320,000                     | 1,115,060,000                   |
| Number of shares in issue | 549,951,830                     | 549,951,830                     |
| Earnings per share (Shs)  |                                 |                                 |
| - Basic                   | 1.58                            | 2.03                            |
| - Diluted                 | 1.58                            | 2.03                            |

## 14. Proposed dividend

At the annual general meeting, a dividend in respect of 2008 of Shs 0.45 per share (2007 – Shs 0.45 per share) amounting to a total of Shs 247,478,000 (2007 – Shs 247,478,000) will be proposed. This is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these financial statements.

Payment of dividends is subject to withholding tax at a rate of 10% for non-resident shareholders and 5% for resident shareholders.

# Notes to the Financial Statements Continued

## 15. Motor vehicle and equipment

### Group & Company

| Cost                    | Motor<br>vehicles<br>and motor<br>cycles<br>Shs'000 | Furniture<br>and<br>fittings<br>Shs'000 | Computers<br>Shs'000 | Office<br>equipment<br>Shs'000 | Total<br>Shs'000 |
|-------------------------|-----------------------------------------------------|-----------------------------------------|----------------------|--------------------------------|------------------|
| At 1 July 2006          | 5,881                                               | 6,031                                   | 2,701                | 1,715                          | 16,328           |
| Additions               | -                                                   | -                                       | 422                  | -                              | 422              |
| Disposals               | -                                                   | (32)                                    | (88)                 | -                              | (120)            |
| <b>At 30 June 2007</b>  | <b>5,881</b>                                        | <b>5,999</b>                            | <b>3,035</b>         | <b>1,715</b>                   | <b>16,630</b>    |
| At 1 July 2007          | 5,881                                               | 5,999                                   | 3,035                | 1,715                          | 16,630           |
| Additions               | -                                                   | -                                       | 270                  | -                              | 270              |
| Disposals               | -                                                   | (23)                                    | (180)                | -                              | (203)            |
| <b>At 31 March 2008</b> | <b>5,881</b>                                        | <b>5,976</b>                            | <b>3,125</b>         | <b>1,715</b>                   | <b>16,697</b>    |
| <b>Depreciation</b>     |                                                     |                                         |                      |                                |                  |
| At 1 July 2006          | 2,842                                               | 2,857                                   | 2,148                | 809                            | 8,656            |
| Charge for the year     | 1,176                                               | 603                                     | 524                  | 171                            | 2,474            |
| Eliminated on disposals | -                                                   | (15)                                    | (88)                 | -                              | (103)            |
| <b>At 30 June 2007</b>  | <b>4,018</b>                                        | <b>3,445</b>                            | <b>2,584</b>         | <b>980</b>                     | <b>11,027</b>    |
| At 1 July 2007          | 4,018                                               | 3,445                                   | 2,584                | 980                            | 11,027           |
| Charge for the period   | 882                                                 | 450                                     | 259                  | 128                            | 1,719            |
| Eliminated on disposals | -                                                   | (19)                                    | (180)                | -                              | (199)            |
| <b>At 31 March 2008</b> | <b>4,900</b>                                        | <b>3,876</b>                            | <b>2,663</b>         | <b>1,108</b>                   | <b>12,547</b>    |
| <b>Net book value</b>   |                                                     |                                         |                      |                                |                  |
| At 31 March 2008        | 981                                                 | 2,100                                   | 462                  | 607                            | 4,150            |
| <b>At 30 June 2007</b>  | <b>1,863</b>                                        | <b>2,554</b>                            | <b>451</b>           | <b>735</b>                     | <b>5,603</b>     |



# Notes to the Financial Statements Continued

## 16. Prepaid operating lease rentals

### Group and company

|  | 31 March<br>2008<br>Sh'000 | 30 June<br>2007<br>Sh'000 |
|--|----------------------------|---------------------------|
|--|----------------------------|---------------------------|

#### Cost

At 1 July and 30 June

|        |        |
|--------|--------|
| 59,487 | 59,487 |
|--------|--------|

#### Amortisation

At 1 July

|        |        |
|--------|--------|
| 21,842 | 21,223 |
|--------|--------|

Charge for the period/ year

|     |     |
|-----|-----|
| 465 | 619 |
|-----|-----|

At 31 March and 30 June

|        |        |
|--------|--------|
| 22,307 | 21,842 |
|--------|--------|

#### Net book value

At 31 March and 30 June

|        |        |
|--------|--------|
| 37,180 | 37,645 |
|--------|--------|

## 17. Intangible assets

### Computer software

### Group and Company

#### Cost

At 1 July and 30 June

|       |       |
|-------|-------|
| 3,410 | 2,631 |
|-------|-------|

Additions

|     |     |
|-----|-----|
| 367 | 779 |
|-----|-----|

Disposals

|         |   |
|---------|---|
| (2,631) | - |
|---------|---|

At 31 March and 30 June

|       |       |
|-------|-------|
| 1,146 | 3,410 |
|-------|-------|

#### Amortisation

At 1 July

|       |       |
|-------|-------|
| 2,847 | 2,631 |
|-------|-------|

Charge for the period/year

|     |     |
|-----|-----|
| 231 | 216 |
|-----|-----|

Eliminated on disposals

|         |   |
|---------|---|
| (2,631) | - |
|---------|---|

At 31 March and 30 June

|     |       |
|-----|-------|
| 447 | 2,847 |
|-----|-------|

#### Net book value

At 31 March and 30 June

|     |     |
|-----|-----|
| 699 | 563 |
|-----|-----|





# Notes to the Financial Statements Continued

## 18. Investment in subsidiary (unquoted at cost)

|                                                 | Company                     |                            |
|-------------------------------------------------|-----------------------------|----------------------------|
|                                                 | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 |
| Kenya National Properties Limited<br>100% owned | 114,735                     | 114,735                    |

The principal activities of the subsidiary company are the ownership and development of property for rental purposes. The subsidiary did not trade during the period.

## 19. Investment in associates

|                                                             | Group                       |                            |
|-------------------------------------------------------------|-----------------------------|----------------------------|
|                                                             | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 |
| At 1 July                                                   | 2,425,019                   | 1,906,866                  |
| Share of profits before taxation                            | 525,088                     | 512,136                    |
| Share of taxation (note 10)                                 | (116,828)                   | (128,486)                  |
|                                                             | 408,260                     | 383,650                    |
| Share of movements in equity reserves                       | (192,358)                   | 272,877                    |
| Dividends received                                          | (47,101)                    | (141,328)                  |
| Acquisitions during the year                                | 244,662                     | 2,954                      |
| Transfer from unquoted investments                          | 113,877                     | -                          |
|                                                             | 2,952,359                   | 2,425,019                  |
| Transferred to non current asset held for sale<br>(note 27) | (7,064)                     | -                          |
| At 31 March and 30 June                                     | 2,945,295                   | 2,425,019                  |



## Notes to the Financial Statements Continued

### 19. Investment in associates (Continued)

|                                                                 | Number of shares held |            | % owned |         | Group<br>Share of net assets |                    | Company<br>At cost |                    |
|-----------------------------------------------------------------|-----------------------|------------|---------|---------|------------------------------|--------------------|--------------------|--------------------|
|                                                                 | 31.3.08               | 30.6.07    | 31.3.08 | 30.6.07 | 31.3.08<br>Shs'000           | 30.6.07<br>Shs'000 | 31.3.08<br>Shs'000 | 30.6.07<br>Shs'000 |
| <b>Unquoted associates</b>                                      |                       |            |         |         |                              |                    |                    |                    |
| Aon Minet Insurance Brokers Ltd*                                | 332,330               | 332,330    | 21.50   | 21.50   | 136,971                      | 115,099            | 12,298             | 12,298             |
| KWA Holdings Ltd**                                              | 25,373,936            | 25,373,936 | 26.43   | 26.43   | 209,874                      | 193,533            | 17,235             | 17,235             |
| Mather & Platt (Kenya) Ltd**                                    | 220,278               | 220,278    | 29.77   | 29.77   | 7,064                        | 6,750              | 7,118              | 7,118              |
| Mt Kenya Bottlers Ltd*                                          | 1,250,695             | 1,250,695  | 27.80   | 28.51   | 192,080                      | 188,001            | 10,006             | 10,006             |
| Nairobi Bottlers Ltd*                                           | 981,971               | 981,971    | 27.62   | 27.62   | 644,044                      | 580,677            | 133,020            | 133,020            |
| Rift Valley Bottlers Ltd*                                       | 2,695,820             | 2,695,820  | 44.03   | 45.48   | 270,742                      | 276,024            | 63,815             | 63,815             |
| UAP Provincial Insurance Co Ltd *                               | 29,070,636            | 29,025,804 | 24.23   | 24.19   | 1,088,722                    | 1,064,935          | 163,144            | 161,469            |
| Kisii Bottlers Ltd *                                            | 4,266,292             | -          | 23.89   | -       | 159,875                      | -                  | 113,878            | -                  |
| Longhorn Kenya Ltd                                              | 4,095,000             | -          | 35.00   | -       | 242,987                      | -                  | 242,987            | -                  |
|                                                                 |                       |            |         |         | 2,952,359                    | 2,425,019          | 763,501            | 404,961            |
| Less transferred to non current assets held for sale ( Note 27) |                       |            |         |         | (7,064)                      | -                  | (7,118)            | -                  |
|                                                                 |                       |            |         |         | <b>2,945,295</b>             | <b>2,425,019</b>   | <b>756,383</b>     | <b>404,961</b>     |

The share of the results and net assets of the associates at 31 March 2008 were based on audited accounts to 31 December 2007 (\*) and management accounts at 31 March 2008 (\*\*).

Longhorn Kenya Limited is valued at cost having been acquired after 31 December 2007 hence no share of profits for the period.

The company took up its rights in Kisii Bottlers Limited as at 30 June 2007 which resulted in the company being an associate. No share of profits was recognised in the 30 June 2007 financial statements as the rights issue was effective 30 June 2007. The investment was therefore held as an unquoted investment and transferred to investment in associates on 1 July 2007.

Mt Kenya Bottlers Limited and Rift Valley Bottlers Limited increased their issued capital during the period resulting in a decrease in the percentage owned by the group.

# Notes to the Financial Statements Continued

## 20. Unquoted investments – available for sale

| Group and Company                                 | Number<br>of shares at<br>01.7.07 | Additions/<br>(disposals)/<br>(transfers)<br>in the year | Number of<br>shares at<br>31.3.08 | %<br>owned | Cost at<br>1.7.07<br>Shs'000 | Additions<br>in the year<br>Shs'000 | Disposals/<br>transfers in<br>the year<br>Shs'000 | Translation<br>difference<br>Shs'000 | Cost at<br>31.3.08<br>Shs'000 | Valuation<br>31.3.08<br>Shs'000 | Valuation<br>30.6.07<br>Shs'000 |
|---------------------------------------------------|-----------------------------------|----------------------------------------------------------|-----------------------------------|------------|------------------------------|-------------------------------------|---------------------------------------------------|--------------------------------------|-------------------------------|---------------------------------|---------------------------------|
| Capital Markets Challenge Fund Ltd*               | 50,000                            | -                                                        | 50,000                            | 10.0       | 5,000                        | -                                   | -                                                 | -                                    | 5,000                         | 5,000                           | 5,000                           |
| General Motors Kenya Ltd***                       | 279,300                           | -                                                        | 279,300                           | 17.8       | 184,536                      | -                                   | -                                                 | -                                    | 184,536                       | 1,277,103                       | 1,590,243                       |
| Kisii Bottlers Ltd                                | 4,266,292                         | (4,266,292)                                              | -                                 | -          | 113,877                      | -                                   | (113,877)                                         | -                                    | -                             | -                               | 161,765                         |
| NAS Airport Services Ltd***                       | 73,056                            | -                                                        | 73,056                            | 9.1        | 7,397                        | -                                   | -                                                 | -                                    | 7,397                         | 366,749                         | 458,284                         |
| K-Rep Bank Limited***                             | 37,801                            | -                                                        | 37,801                            | 3.8        | 39,324                       | -                                   | -                                                 | -                                    | 39,324                        | 91,389                          | 132,398                         |
| Rift Valley Railways (Pty) Ltd**                  | 15,000                            | 5,000                                                    | 20,000                            | 10.0       | 41,763                       | 61,402                              | -                                                 | (7,526)                              | 95,639                        | 95,640                          | 41,763                          |
| <b>Total</b>                                      |                                   |                                                          |                                   |            | <b>391,897</b>               | <b>61,402</b>                       | <b>(113,877)</b>                                  | <b>(7,526)</b>                       | <b>331,896</b>                | <b>1,835,881</b>                | <b>2,389,453</b>                |
| <b>Offshore investments</b>                       |                                   |                                                          |                                   |            |                              |                                     |                                                   |                                      |                               |                                 |                                 |
| Wildlife Works Inc (USA) preferred<br>stock – net | 52,632                            | -                                                        | 55,632                            |            | 19,713                       | -                                   | -                                                 | -                                    | 19,713                        | -                               | -                               |
| <b>Total</b>                                      |                                   |                                                          |                                   |            | <b>411,610</b>               | <b>61,402</b>                       | <b>(113,877)</b>                                  | <b>(7,526)</b>                       | <b>351,609</b>                | <b>1,835,881</b>                | <b>2,389,453</b>                |

The fair value of unquoted investments has been determined using the price of a recent investment (\*\*) or the earnings multiple method (\*\*\*). Where fair value could not be reliably measured, the investment is carried at cost (\*).

A provision of 100% for impairment was recognised with respect to the investment in Wildlife Works Inc (USA). The amount of provision was charged to the income statement in 2006.

Kisii Bottlers Limited was transferred to investment in associates during the year. The company took up its rights in Kisii Bottlers Limited at 30 June 2007 which resulted in the company being an associate. No share of profits was recognised in 30 June 2007 financial statements as the rights issue was effective on 30 June 2007.



# Notes to the Financial Statements Continued

## 21. Quoted investments - available for sale

### 21. Quoted investments - available for sale

| 21. Quoted investments - available for sale |                          |                    |                    |                         | Cost                        |                        |                        | Valuation                   |                             |                             |
|---------------------------------------------|--------------------------|--------------------|--------------------|-------------------------|-----------------------------|------------------------|------------------------|-----------------------------|-----------------------------|-----------------------------|
| Group And Company                           | At<br>01.07. 07<br>Units | Additions<br>Units | Disposals<br>Units | At<br>31.03.08<br>Units | At<br>01.07.07<br>Shs '000' | Additions<br>Shs '000' | Disposals<br>Shs '000' | At<br>31.03.08<br>Shs '000' | At<br>31.03.08<br>Shs '000' | At<br>30.06.07<br>Shs '000' |
| Quoted investments                          |                          |                    |                    |                         |                             |                        |                        |                             |                             |                             |
| Athi River Mining Ltd                       | 24,000                   | 100,000            | -                  | 124,000                 | 2,045                       | 9,588                  | -                      | 11,633                      | 11,222                      | 1,776                       |
| Barclays Bank of Kenya Ltd.                 | 105,365                  | 1,006,200          | -                  | 1,111,565               | 4,778                       | 82,484                 | -                      | 87,262                      | 75,031                      | 7,639                       |
| Bamburi Cement Ltd                          | 35,000                   | -                  | -                  | 35,000                  | 1,593                       | -                      | -                      | 1,593                       | 6,510                       | 6,650                       |
| British American Tobacco Kenya Ltd          | 68,600                   | -                  | -                  | 68,600                  | 13,306                      | -                      | -                      | 13,306                      | 10,702                      | 12,622                      |
| Carbacid Investment Company Ltd             | 92,059                   | -                  | -                  | 92,059                  | 3,291                       | -                      | -                      | 3,291                       | 12,612                      | 12,612                      |
| CMC Holdings Ltd                            | 20,050                   | *4,010             | -                  | 24,060                  | 558                         | -                      | -                      | 558                         | 339                         | 281                         |
| East African Breweries Ltd                  | 2,740,383                | *515,340           | (278,680)          | 2,977,043               | 70,464                      | -                      | (7,166)                | 63,298                      | 458,465                     | 422,019                     |
| Eveready Batteries (Kenya) Ltd              | 11,769,323               | -                  | (3,350,300)        | 8,419,023               | 2,231                       | -                      | (635)                  | 1,596                       | 55,145                      | 92,978                      |
| Equity Bank Ltd                             | 120,000                  | -                  | (120,000)          | -                       | 11,969                      | -                      | (11,969)               | -                           | -                           | 17,400                      |
| Housing Finance Company of Kenya Ltd        | 72,291                   | -                  | (72,291)           | -                       | 961                         | -                      | (961)                  | -                           | -                           | 2,783                       |
| Jubilee Insurance Company Ltd               | 40                       | -                  | (40)               | -                       | 3                           | -                      | (3)                    | -                           | -                           | 8                           |
| The Kenya Power & Lighting Company Ltd      | 471,169                  | -                  | -                  | 471,169                 | 91,355                      | -                      | -                      | 91,355                      | 94,234                      | 98,474                      |
| Kenya Commercial Bank Ltd                   | 89,129,321               | -                  | (16,802,600)       | 72,326,721              | 381,117                     | -                      | (71,847)               | 309,270                     | 1,880,495                   | 2,094,539                   |
| Kenya Airways Ltd                           | 1,462,876                | -                  | -                  | 1,462,876               | 180,945                     | -                      | -                      | 180,945                     | 76,069                      | 112,642                     |
| Kenya Electricity Generating Company Ltd    | 141,992                  | -                  | -                  | 141,992                 | 5,182                       | -                      | -                      | 5,182                       | 3,372                       | 3,692                       |
| Kenya Oil Company Ltd                       | 73,000                   | 318,600            | -                  | 391,600                 | 7,582                       | 33,264                 | -                      | 40,846                      | 35,832                      | 7,227                       |
| Mumias Sugar Company Ltd                    | 1,286,896                | *2,573,792         | -                  | 3,860,688               | 64,617                      | -                      | -                      | 64,617                      | 44,012                      | 37,320                      |
| Nation Media Group Ltd                      | 65,714                   | -                  | -                  | 65,714                  | 2,173                       | -                      | -                      | 2,173                       | 21,226                      | 16,297                      |
| Rea Vipingo Plantations Ltd.                | 296,500                  | -                  | -                  | 296,500                 | 7,519                       | -                      | -                      | 7,519                       | 5,574                       | 5,856                       |
| Sasini Tea & Coffee Ltd                     | 440                      | -                  | (40)               | 400                     | -                           | -                      | -                      | -                           | 5                           | 8                           |
| Unilever Tea Kenya Ltd                      | 28,827                   | -                  | -                  | 28,827                  | 5,428                       | -                      | -                      | 5,428                       | 1,614                       | 2,133                       |
| Williamson Tea Kenya Ltd                    | 4,675                    | -                  | -                  | 4,675                   | 1,308                       | -                      | -                      | 1,308                       | 376                         | 603                         |
| Kenya Re-insurance Corporation Ltd          | -                        | 2,468,215          | (280,000)          | 2,188,215               | -                           | 40,847                 | (2,660)                | 38,187                      | 30,635                      | -                           |
|                                             |                          |                    |                    |                         | 838,425                     | 166,183                | (95,241)               | 909,367                     | 2,823,470                   | 2,955,559                   |
| Regional investments                        |                          |                    |                    |                         |                             |                        |                        |                             |                             |                             |
| British American Tobacco Uganda Ltd         | 140,000                  | -                  | -                  | 140,000                 | 7,000                       | -                      | -                      | 7,000                       | 7,649                       | 2,649                       |
| Stanbic Uganda Ltd                          | 109,500                  | -                  | -                  | 109,500                 | 312                         | -                      | -                      | 312                         | 980                         | 617                         |
| Total investments                           |                          |                    |                    |                         | 845,737                     | 166,183                | (95,241)               | 916,679                     | 2,832,079                   | 2,958,825                   |

Quoted investments with a market value of Shs 692,784,082 (2007-Shs 496,077,147) have been pledged as security to secure banking facilities granted to the group (see note 32).

\* Additions as a result of bonus issues during the year.

period ended 31 March 2008

# Notes to the Financial Statements Continued

## 22. Due from a related party

|                                                    | Group                       |                            | Company                     |                            |
|----------------------------------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|
|                                                    | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 |
| Shareholder loan to Rift Valley Railways (Pty) Ltd | 72,380                      | 80,387                     | 72,380                      | 80,387                     |

This loan of USD 1,151,667 is payable subject to the provisions of the shareholder agreement.

## 23. Deferred tax asset

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

The net deferred tax asset is attributable to the following items:

|                                      | Group                       |                            | Company                     |                            |
|--------------------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|
|                                      | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 |
| Deferred tax liabilities:            |                             |                            |                             |                            |
| Accelerated capital allowances       | -                           | (4)                        | -                           | (4)                        |
| Deferred tax assets:                 |                             |                            |                             |                            |
| Exchange losses                      | 8,317                       | 3,301                      | 8,317                       | 3,301                      |
| Leave pay provision                  | 927                         | 494                        | 927                         | 494                        |
| Tax losses                           | 1,080                       | 848                        | 1,080                       | 848                        |
| General provision for doubtful debts | 12,121                      | 12,121                     | 12,121                      | 12,121                     |
| Accelerated capital allowances       | 17                          | -                          | 17                          | -                          |
|                                      | 22,462                      | 16,764                     | 22,462                      | 16,761                     |
| <b>Net deferred tax asset</b>        | <b>22,462</b>               | <b>16,760</b>              | <b>22,462</b>               | <b>16,760</b>              |

The movement on the deferred tax account is as follows:

|                                      |               |               |               |               |
|--------------------------------------|---------------|---------------|---------------|---------------|
| At 1 July                            | 16,760        | (48,604)      | 16,760        | 6,944         |
| Income statement credit – note 10(a) | 5,702         | 65,364        | 5,702         | 9,816         |
| <b>At 31 March and 30 June</b>       | <b>22,462</b> | <b>16,760</b> | <b>22,462</b> | <b>16,760</b> |



# Notes to the Financial Statements Continued

|                    |                                       | Group & Company             |                            |
|--------------------|---------------------------------------|-----------------------------|----------------------------|
|                    |                                       | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 |
| 24.                | Term deposit- held to maturity        |                             |                            |
|                    | USD 3,250,000                         | 227,338                     | 227,338                    |
|                    | Draw down                             | (61,402)                    | -                          |
|                    | Interest receivable                   | -                           | 4,947                      |
|                    | Exchange loss                         | (19,717)                    | (11,003)                   |
|                    |                                       | 146,219                     | 221,282                    |
| Maturity analysis: |                                       |                             |                            |
|                    | Interest receivable                   | -                           | 4,947                      |
|                    | - maturing within one year            | 59,687                      | 68,122                     |
|                    |                                       | 59,687                      | 73,069                     |
|                    | - maturing between two and five years | 86,532                      | 148,213                    |
|                    |                                       | 146,219                     | 221,282                    |

The company paid USD 923,440 for 5,000 shares (2007- USD 1,750,000 for 15,000 shares (10% stake) in Rift Valley Railways (Pty) Limited. The total amount of USD 2,673,440 paid to date is broken down as USD 1,521,773 as equity and USD 1,151,667 as a shareholder loan advance (See note 20 and 22 respectively). Under the share subscription agreement and International Finance Corporation loan agreement, the company was required to pay a total of USD 3,250,000 for an additional 15,000 shares. The payment will be made in four annual draw downs ending in 2010. These draw downs are guaranteed by an irrevocable letter of credit for USD 3,250,000 supported by this term deposit.

|     |                                    | Group                       |                            | Company                     |                            |
|-----|------------------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|
|     |                                    | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 |
| 25. | Receivables and prepayments        |                             |                            |                             |                            |
|     | Dividends receivable               | 66,699                      | 129,422                    | 238,369                     | 162,514                    |
|     | Sundry receivables and prepayments | 45,059                      | 15,273                     | 45,059                      | 11,848                     |
|     |                                    | 111,758                     | 144,695                    | 283,428                     | 174,362                    |
| 26. | Fixed deposits- held to maturity   |                             |                            |                             |                            |
|     | Held to maturity                   |                             |                            |                             |                            |
|     | Call deposits                      | 79,452                      | 90,000                     | 79,452                      | 90,000                     |

The effective interest rate on call deposits was 8.25% (2007-5.35%) per annum. The call deposits mature within 90 days of balance sheet date.



# Notes to the Financial Statements Continued

|                                             | Group                       |                            | Company                     |                            |
|---------------------------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|
|                                             | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 |
| <b>27. Non current assets held for sale</b> |                             |                            |                             |                            |
| At 1 July                                   | -                           | -                          | -                           | -                          |
| Transfer from investment in associates      | 7,064                       | -                          | 7,064                       | -                          |
| <b>At 31 March and 30 June</b>              | <b>7,064</b>                | <b>-</b>                   | <b>7,064</b>                | <b>-</b>                   |

During the year, 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. The proceeds on disposal exceed the net carrying amount of the assets and, accordingly, no impairment loss has been recognised on the re classification of these assets as held for sale.

|                                              | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 |
|----------------------------------------------|-----------------------------|----------------------------|
| <b>28. Share capital</b>                     |                             |                            |
| <b>Group and Company</b>                     |                             |                            |
| Authorised:                                  |                             |                            |
| 800,000,000 Ordinary shares of Shs 0.50 each | 400,000                     | 400,000                    |
| Issued and fully paid:                       |                             |                            |
| 549,951,830 ordinary shares of Shs 0.50 each | 274,976                     | 274,976                    |

|                                  | Group                       |                            | Company                     |                            |
|----------------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|
|                                  | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 |
| <b>29. Payables and accruals</b> |                             |                            |                             |                            |
| Rent deposits                    | -                           | 8,885                      | -                           | -                          |
| Sundry payables and accruals     | 22,766                      | 17,108                     | 22,216                      | 15,430                     |
| Leave pay provision              | 3,091                       | 1,647                      | 3,091                       | 1,647                      |
|                                  | <b>25,857</b>               | <b>27,640</b>              | <b>25,307</b>               | <b>17,077</b>              |

|                                     |   |   |         |         |
|-------------------------------------|---|---|---------|---------|
| <b>30. Due to a related party</b>   |   |   |         |         |
| Kenya National Properties Ltd (KNP) | - | - | 284,603 | 288,107 |



# Notes to the Financial Statements Continued

|     |                                     | Group & Company             |                            |
|-----|-------------------------------------|-----------------------------|----------------------------|
|     |                                     | 31 March<br>2008<br>Shs'000 | 30 June<br>2007<br>Shs'000 |
| 31. | <b>Unclaimed dividends</b>          |                             |                            |
|     | At the beginning of the period/year | 44,929                      | 35,634                     |
|     | Declared during the period/year     | 247,478                     | 219,981                    |
|     | Paid during the period/year         | (250,543)                   | (210,686)                  |
|     | <b>At end of the period/year</b>    | <b>41,864</b>               | <b>44,929</b>              |

## 32. Borrowings

The group has undrawn committed borrowing facilities amounting to Shs 500,000,000 (2007 – Shs 500,000,000).

The overdraft, term loan and other facilities are secured by certain quoted investments. The market value of the shares held as security at 31 March 2008 was Shs 692,784,082.

|     |                                                                       | 9 months<br>31 March<br>2008<br>Shs'000 | 12 months<br>30 June<br>2007<br>Shs'000 |
|-----|-----------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| 33. | <b>Notes to the cash flow statement</b>                               |                                         |                                         |
| (a) | Reconciliation of profit before tax to cash generated from operations |                                         |                                         |
|     | Profit before tax                                                     | 985,280                                 | 1,185,778                               |
|     | Adjustments for:                                                      |                                         |                                         |
|     | Depreciation                                                          | 1,719                                   | 2,474                                   |
|     | Amortisation of intangible assets                                     | 231                                     | 216                                     |
|     | Amortisation of leasehold land                                        | 465                                     | 619                                     |
|     | Exchange loss capitalised                                             | 21,668                                  | 11,003                                  |
|     | Loss/ (gain) on disposal of equipment                                 | 4                                       | (7)                                     |
|     | Gain on disposal of quoted investments (note 11)                      | (442,969)                               | (540,458)                               |
|     | Gain on disposal of non current assets held for sale (note 11)        | -                                       | (22,492)                                |
|     | Share of profits from associated companies                            | (525,088)                               | (512,136)                               |
|     | <b>Operating profit before working capital changes:</b>               | <b>41,310</b>                           | <b>124,997</b>                          |
|     | Decrease in treasury bonds                                            | -                                       | 51,539                                  |
|     | Movement in related party balances                                    | -                                       | (1,727)                                 |
|     | Decrease/ (increase) in receivables and prepayments                   | 32,937                                  | (123,333)                               |
|     | (Decrease)/increase in payables and accruals                          | (1,783)                                 | 7,701                                   |
|     | <b>Cash generated from operations</b>                                 | <b>72,464</b>                           | <b>59,177</b>                           |



**CENTUM**  
investment

## Ilani Juu ya Mkutano Mkuu wa Mwaka

Ilani Inatolewa, kwamba makala ya 41 ya Mkutano wa mwaka wa Centum Investment Company Limited itafanyika mnamo Jumatano tarehe 14 Januari mwaka wa 2009, katika Hoteli ya Safari Park, saa tano asubuhi, ili kutekeleza shughuli zifuatazo:

### Shughuli za kawaida

1. Katibu kusoma ilani ya kuitisha mkutano.
2. Kuthibitisha kumbu kumbu za Mkutano Mkuu wa kila mwaka wa 40 uliofanyika Alhamisi tarehe 21 Februari mwaka wa 2008.
3. Kupokea na kujadili taarifa za fedha zilizokaguliwa ya kampuni ya kipindi kilichokwisha tarehe 31 Machi mwaka wa 2008 pamoja na ripoti ya Wakurugenzi na Wakaguzi wa Hesabu.
4. Kuamua malipo ya mgao wa kwanza na wa mwisho wa shilingi ya Kenya 0.45 kwa kila hisa kwa mwaka uliyokamilika tarehe 31 Machi mwaka wa 2008.
5. Kuidhinisha malipo ya Wakurugenzi kwa mwaka uliokwisha tarehe 31 Machi mwaka wa 2008.
6. Kwa mujibu wa fungu la 92 ya kanuni za kampuni, Halmashauri ya Wakurugenzi walimteua Bwana James M. Mworio kama Mkurugenzi Mkuu kujaza nafasi iliyotokezea na kwa kuwa anahitimu anajitolea kuchaguliwa kwa mara nyingine. Baada ya kutimiza uajibu wake wa kuteua Mkurugenzi Mkuu kulingana na fungu la 113 na 114 za kanuni za kampuni, Halmashauri ya Wakurugenzi inatoa uteuzi huo kupitishwa kwa mujibu wa fungu la 115 ya kanuni za kampuni.
7.
  - (a) Kwa mujibu wa fungu la 86 ya kanuni za kampuni, Bwana Henry C. Njoroge, anastaafu kwa zamu, na kwa kuwa anahitimu, anajitolea kuchaguliwa kwa mara nyingine.
  - (b) Kwa mujibu wa fungu la 86 ya kanuni za kampuni, Bii Pauline M. Muriuki anastaafu kwa zamu, na kwa kuwa anahitimu, anajitolea kuchaguliwa kwa mara nyingine.
  - (c) Kwa mujibu wa fungu la 92 ya kanuni za kampuni, Halmashauri ya Wakurugenzi walimteua Bwana Kibuga Kariithi kujaza nafasi iliyotokezea na kwa kuwa amehitimu anajitolea kuchaguliwa kwa mara nyingine.
  - (d) Kwa mujibu wa fungu la 92 ya kanuni za kampuni, Halmashauri ya Wakurugenzi walimteua Bwana Imtiaz Khan kujaza nafasi iliyotokezea na kwa kuwa amehitimu anajitolea kuchaguliwa kwa mara nyingine.
8. Kwa mujibu na idhini ya sehemu 142 na 185 ya Sheria za Makampuni (Fungu la 486), ilani maalum inatolewa kuchunguza na kuamua kama kupitisha maazimio yafuatayo:
  - (a) Kwamba Bwana James N. Muguyi atolewe kama mkurugenzi wa kampuni.
  - (b) Kwamba Bwana Christopher J. Kirubi atolewe kama mkurugenzi wa kampuni.
9. Kukariri kwamba Deloitte & Touche, ambao ni wahasibu wa kampuni, na kwa kuwa wamejitolea, wataendelea kuwa ofisini kuambatana na matakwa ya sehemu 159 (2) ya Sheria za Makampuni (Fungu la 486) na pia kuidhinisha wakurugenzi kuamua ada ya wakaguzi wa hesabu hao.

### Shughuli Zingine

10. Kutekeleza shughuli zingine zozote ambazo zaweza kutekelezwa kwenye Mkutano Mkuu wa kila mwaka.

### Kwa Amri ya Halmashauri

David O. Owino  
Katibu wa Kampuni  
Nairobi,  
05 Novemba 2008

### Kumbusho:

Mwanachama anayestahili kuhidhuria na kupiga kura kwenye mkutano mkuu ana haki ya kumteua mwakilishi kuhudhuria na kupiga kura kwa niaba yake. Mwakilishi huyo si lazima awe mwanachama wa hii kampuni.

## Notice of the Annual General Meeting

Notice is hereby given that the 41st Annual General Meeting of Centum Investment Company Limited will be held at Safari Park Hotel, Nairobi on Wednesday 14th January 2009 at 11.00 a.m. for the transaction of the following business: -

### Ordinary Business

1. The Secretary to read the notice convening the meeting.
2. To confirm the minutes of the 40th Annual General Meeting held on Thursday, 21st February 2008.
3. To receive and consider the Audited Financial Statements for the financial year ended 31st March 2008 together with the Directors' and Auditors' report thereon.
4. To declare a First and Final Dividend of KSh. 0.45 per share in respect of the year ended 31st March 2008.
5. To approve the Directors' remuneration for the year ended 31st March 2008.
6. In accordance with Article 92 of the Articles of Association, the Board appointed Mr. James M. Mworira as Managing Director to fill a casual vacancy on the Board. Being eligible, he offers himself for re-election. Having exercised its powers of appointment of the Managing Director under Articles 113 and 114 of the Articles of Association the Board hereby seeks to ratify such actions as required by Article 115 of the Articles of Association.
7.
  - (a) In accordance with Article 86 of the Articles of Association, Mr. Henry C. Njoroge, retires by rotation, and being eligible, offers himself for re-election.
  - (b) In accordance with Article 86 of the Articles of Association, Mrs. Pauline M. Muriuki, retires by rotation, and being eligible, offers herself for re-election.
  - (c) In accordance with Article 92 of the Articles of Association, the Board appointed Mr. Kibuga Kariithi, to fill a casual vacancy on the Board, and being eligible, he offers himself for re-election.
  - (d) In accordance with Article 92 of the Articles of Association, the Board appointed Mr. Imtiaz Khan, to fill a casual vacancy on the Board, and being eligible, he offers himself for re-election.
8. Special Notice pursuant to Sections 142 and 185 of the Companies Act (Cap486) having been having been received by the Company, to consider and if deemed fit pass the following resolutions as ordinary resolutions.
  - (a) That Mr. James Muguiyi be removed as a Director of the Company.
  - (b) That Mr. Christopher Kirubi be removed as a Director of the Company.
9. To note that M/S Deloitte & Touché, Auditors of the Company, having expressed their willingness; continue in office in accordance with the provisions of section 159(2) of the Companies Act (Cap 486) and to authorize the Directors to fix their remuneration.

### Any Other Business

10. To transact any other business, which may be transacted at an Annual General Meeting.

### By Order of the Board



David O. Owino  
Company Secretary  
Nairobi,  
05 November 2008

### Please Note:

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