CAR and GENERAL

Power for better living

2024
INTERGRATED REPORT

#MakingCustomersSmile

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PUBLIC NOTICE:
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the eighty fifth (85th) Annual General Meeting of Car & General (Kenya) plc (the Company) will be held virtually at the Company's Registered Office, New Cargen House, Lusaka/Dunga Road, Industrial Area, Nairobi via electronic means on 19th June 2025 at 10.00 a.m., to conduct business detailed below.

Shareholders will be able to attend, register for, access the information pertaining to the Audited Financial Statements for the year ended 31st December 2024 , vote electronically in person or by proxy and follow the meeting in the manner detailed in the Notes below. Shareholders may ask questions in advance of the meeting as detailed in the Notes below.

A copy of this notice and the documents stated herein can be accessed on the Company's website at https://www.cargen.com/

All resolutions will be conducted by way of a Poll.

ORDINARY BUSINESS

1. To receive the Directors' Report and audited financial statements for the year ended 31st December 2024.

2. To declare a final dividend of KES 0.80 per ordinary share, as recommended by the Directors and to approve the closure of the Register of Members at 4.30 pm on 29th May 2025 for one day only.

3. To elect Directors:

    a. Mr S P Gidoomal who retires by rotation and being eligible, offers himself for re-election.

    b. Mr M Soundararajan who retires by rotation does not offer himself for re-election.

    c. Mr Nikhil Hira who was nominated for appointment as an Independent Non-Executive Director by the Board of Directors, in accordance with Article 85 (e) of the Articles of Association.

4. To appoint the Audit Committee:

    Mr P Shah (Chairman), Mr S P Gidoomal and Mr C M Ngini being members of the Audit Committee be re-appointed to continue to serve as members of the said Committee in a ccordance with the Companies Act, CAP 486.

5. To receive and approve the Directors' Remuneration Report and Policy for the financial year ended 31st December 2024.

6. To appoint Messrs Deloitte & Touche as auditors of the Company until the conclusion of the next Annual General Meeting in accordance with Section 721 of the Companies Act and to authorize the Directors to fix the remuneration of the auditors in terms of Section 724 of the Companies Act, CAP 486.

SPECIAL BUSINESS

7. Delegated Authority to the Board

    The following resolution be passed as an Ordinary Resolution:

    "That pursuant to paragraph 8.21 of the Thirteenth Schedule of the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023, that the Board be and is hereby authorized to formulate, approve, implement and regularly review, policies and procedures for:-

    i. Remuneration;

    ii. Effective communication with stakeholders;

    iii. Corporate disclosure policies and procedures;

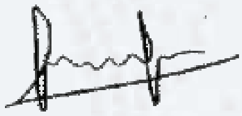
    iv. Dispute resolution for internal and external disputes; and

    v. Ensuring attraction and retention of board members.

6. Any Other Business

To transact any other business of the Company for which due notice has been received.

By Order of the Board



Conrad Nyukuri

Secretary

27th May 2025

Notes:

a. The Companies Act, CAP 486 was amended to permit companies to convene and conduct virtual general meetings. In this respect, the Company has already amended its Articles of Association, to this effect.

b. Car & General (Kenya) plc has convened and will conduct its eighty fifth (85th) AnnualGeneral Meeting via virtual/electronic means.

c. Shareholders wishing to participate in the meeting should register for the AGM by dialling *483*494# for all networks and following the various prompts regarding the registration process. In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance shareholders (whether in Kenya or outside) should dial the following help line number: (+254) 709 170 000/026 from 9:00 a.m. to 5:00 p.m. from Monday to Friday.

A Shareholder domiciled outside of Kenya can send an email to Image Registrars via cargen@image.co.ke providing their details i.e Name, Passport/ID no., CDS no. and Mobile telephone number requesting to be registered. Image registrars shall register the shareholder and send a confirmation to that effect.

d. Registration for the AGM opens on Friday 6 June, 2025 at 9:00 am and will close on Wednesday 18 June, 2025 at 10.00 am Shareholders will not be able to register after 18 June, 2025 at 10.00 am

e. In accordance with Section 283 (2) (c) of the Companies Act, the following documents may be viewed on the Company's website www.cargen.com (i) a copy of this Notice and the proxy form; (ii) the Company's audited financial statements for the year 2024.

The reports may also be accessed by registered shareholders by dialling the USSD code above and selecting the reports option.

f. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:
   i. sending their written questions by email to cargen@image.co.ke
   ii. shareholders who will have registered to participate in the meeting shall be able to ask questions via SMS by dialling the USSD code above and selecting the option (ask Question) on the prompts
   iii. to the extent possible, physically delivering their written questions with a return physical address or email address to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, Nairobi, or
   iv. sending their written questions with a return physical address or email address by registered post to the Company's address at P. O. Box 58485-00200 Nairobi.

Shareholders must provide their full details (full names, ID/Passport Number/CDSC Account Number when submitting their questions and clarifications.

All questions and clarifications must reach the Company on or before Tuesday 17 June 2025 at 10.00 am.

Following receipt of the questions and clarifications, the directors of the Company shall provide written responses to the questions received to the return physical address or email address provided by the Shareholder no later than 12 hours before the start of the general meeting. A full list of all questions received, and the answers thereto will be published on the Company's website not later than 12 hours before the start of the general meeting.

g. In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company but if not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone. A proxy form is attached to this Notice and is available on the Company's website via this link: http://www.cargen.co.ke. Physical copies of the proxy form are also available at the following address: Image Registrars Limited offices, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street. A proxy must be signed by the appointer or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall under the hand of an officer or duly authorized attorney of such body corporate. A completed form of proxy should be emailed to cargen@image.co.ke/info@image.co.ke or delivered to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287 – 00100 GPO, Nairobi, so as to be received not later than Wednesday 18 June 2025 at 10.00 am. Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than Wednesday 18 June 2025 at 10.00 am. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than Wednesday 18 June 2025 at 4.00 pm. to allow time to address any issues.

h. The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hours' time and providing a link to the live stream.

i. Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform and may access the agenda. Duly registered shareholders and proxies may vote (when prompted by the chairman) via the USSD prompts.

j. A poll shall be conducted for all the resolutions put forward in the notice.

k. Results of the AGM shall be published on the Company's website within 24 hours following conclusion of the Annual General Meeting.

C&G CAR and GENERAL

Power for better living

FINDINGS AND RECOMMENDATIONS ON CAR & GENERAL (KENYA) PLC

Car & General (Kenya) Plc submitted its corporate governance self-assessment report for the year ending December 31 2023 to the Capital Markets Authority. CMA assessed C&G's status of implementation of the Code of Corporate Governance Practices for the Issuers of Securities to the Public and shared a report that identified both the strengths and areas of improvement for the Company. C&G acknowledged the fundamental importance of good governance to sustainable business performance and committed to implementing the outlined recommendations.

The Company has a Board charter and should ensure balance between executive and non-executive directors as well as ensuring that independent non-executive directors are at least a third of the Board. The Board charter includes a provision detailing the training of the Board members. The Board is committed to continuous professional development organizational and that management structures support long-term organizational goals.

The C&G Board treats all shareholders equally and the investor community provides adequate and continuous information. The Company regularly engages with stakeholders and their evolving needs and expectations that guide the deployment of strategies that drive the creation and preservation of value and guard against value erosion.

C&G adheres to the high standards of governance as stipulated to the Company's Code of Ethics and values. The Company is committed to strategizing on how to continuously adopt standards that go beyond the minimum provisions of the Code. The overall weighted score for the year stood at 70%. C&G is committed to continuous strengthening of its governance structures and practices.

CORPORATE INFORMATION

Cargen Overview

Since inception in 1936, Car & General (Kenya) Plc endeavors to make customers smile in every street, in every town through the diversified range of products and service we offer. Our ability to provide reputable products to the market manifests the absolute expectation of our stakeholders – customers, employees, shareholders and communities. We accord decent livelihoods to millions of customers who use our products every day.

As pioneers of two and three-wheeler transport in Kenya, we revolutionized mobility for individuals, businesses, corporates and organizations. Our product range covers world-class names in power generation, automotive and engineering products in East Africa grouped into Consumer and Equipment business categories.

Consumer products include motorcycles, three-wheelers, water pumps, lawnmowers, petrol generators, brush cutters, satellite navigation equipment, outboard engines, laundry equipment, tyres and lubricants. The Equipment business consists of diesel generators, air compressors, tractors, forklifts and lifting equipment, excavators, wheel loaders, back hoe loaders and graders. We offer aftersales service, on-shelf genuine parts and service by qualified personnel for all products we sell. We are also in poultry, real estate, micro finance and manufacturing. We deliver innovative excellence at every touch point– Number 1 in markets, Day 1 mentality, 1 team!

We are Purpose – driven

Our Vision

To make customers smile in every street, in every town.

Our Mission

To achieve Leadership position in all our primary markets - power generation, automotive and engine - related products in East Africa.

Core Values at Cargen

- **Making customers smile** – In every street, every town through the lens of the customer. No 1 in markets
- **Agility** – Adopting quickly to emerging opportunities
- **Integrity** – Doing the right thing every minute, every day
- **Innovation** – Improving every day. Day 1 mentality
- **Empowerment** – Taking responsibility. 1 team

Our Disciplines

People: Our people are the greatest asset that is why we are people-centric. They are A-grade, live the CarGen way. We promote from within and encourage diversity.

Thought: Yes we can! We think long-term, make information-based decisions and are consultative.

Communication: Open and transparent. Clear and respectful, Never enough. Timely. Two way.

Action: We value actual implementation and taking action. 100% implementation, taking responsibility

Performance: Delivering numbers, achieving plans, reward and recognition

Our Strategic Objectives

- To be the No. 1 choice of customer
- To achieve our financial objectives
- To be a great place to work
- To be a regional organization
- To be a good corporate citizen

Our Core Businesses

- Automotive and equipment distribution
- Financial services
- Real estate
- Agriculture
- Manufacturing

OUR HISTORY OF
MAKING CUSTOMERS SMILE

1936
Established as Car & General Equipment Limited in Nakuru.

1937
Relocated to Nairobi.

1950
Quoted on the Nairobi Securities Exchange.

1960's
Branch offices in Dar-es-Salaam (Tanzania) and Kampala (Uganda) were formed into separate subsidiaries

1941
Introduced tyre re-treading becoming one of pioneers of local industry.

1964
Founded Kibo Poultry Products.

1966
Changed name to Car & General (Kenya) Limited.

1997
Moved from Uhuru Highway to new premises along Lusaka Road.

2003
Took over Cummins distributorship in Kenya.

2005
Re - opended in Kisumu.

2005
Became Cummins distributor in Uganda and Tanzania.

2002
Introduced three wheelers as taxis in east Africa.

1996
Changed in company's revenue base to gradually introduce new products.

2006
Became Cummins distributor in the entire East Africa region.

2007
Became Cummins distributor in East Africa - PowerGen, Filters and Engines.

2009
Opened in Rwanda.

2011
Unveiled new showroom in Dar-es-Salaam, Tanzania.

2008
Re - established presence in Nakuru.

2009
Moved to new premises in Kampala Uganda.

2011
Opened the Cummins High Horsepower Engine Rebuild Centre.

2011
Moved to new premises in Mombasa.

2012
Introduced Doosan, now Develon brand excavators, wheel loaders and articulated dump trucks.

2013
Intoduced Kubota tractors in Kenya.

2016
Introduced Toyota forklifts.

2020
Incorporated Bodaplus Limited.

2020
Completed the Nairobi mega Mall in Nairobi.

2023
Introduced Godrej warehousing solutions and Boreni agricultural equipment.

2013
Introduced Garmin.

2013
Launched the TVS assembly plant Nakuru.

2017
Formed Cummins C&G as a joint venture with Cummins Inc.

2023
Fully acquired Cummins C&G from the joint venture.

2023
Started own brand - Cargen.

2024
Introduced Piaggio electric three wheelers in Kenya.

2024
C&G lunched the CarGen Academy

Cargen Strengths

- Good diversity - consumer and equipment lines, and different industries
- Governance - regulated by the Capital Markets Authority and the Nairobi Securities Exchange
- Good optionality across product lines
- Quality world class brands
- Great brands with high markets share growth potential
- Robust infrastructure and network
- Advanced IT capabilities and digitization
- Solid investment base, solid finance base
- Good relationships with principles and strategic partners
- Great teams in place - 1 team
- Good culture - embedded values, competent management, driven by innovation, Day 1 mentality
- Access to finance

The Future

- To lead E-Mobility (two and three wheeler) products and infrastructure in East Africa
- Invested in EV companies - Bodawerk amd ARC Ride - to support them across Africa
- Local assembly for two and three wheelers.
- Localization – Several two-wheeler and three-wheeler parts are local.
- Expand Bodaplus Limited across Africa
- Expand Watu across Africa and Latin America - Watu Simu, EVs and two and three-wheelers

The CarGen Numbers

89
Years of Experience

10+
Countries

19+
Branches

3700+
Employees

65+ Million
Satisfied Customers

20+ Billion
Annual Turnover

33%
Number of Women in the Group

20+
Product Lines

58%
Uganda and Tanzania Sale Representation

1.5 Billion
EBITDA

526 Million
Profit after Tax

64.16 Million
Representing Kes 0.80 per share

HIGHLIGHTS 2024

CarGen Eye Clinic in Mlolongo
9 February 2024

Launch of EV 3W in Kenya
17 February 2024

MOU with Technical University of Kenya
10 April 2024

TVS HLX 125 Launch in Tanzania
24 May 2024

TVS HLX 125 Launch in Kenya
17 October 2024

Erick Sangoro appointed MD of Cummins C&G
30 October 2024

Cummins C&G Team Building Event at Sun & Sand
17 November 2024

Soft Launch of CarGen Academy
10 December 2024

CarGen Board Strategy at Muthaiga Club
16 December 2024

WHAT WE OFFER

Consumer Business

PIAGGIO
Three-wheelers

TVS
Motorcycles and Three-wheelers

Kubota
Tractors and Implements

DEVELON
Excavators, Wheel loaders, Articulated dump trucks and Attachments

ACE
Backhoe loaders, Graders, Cranes and Rollers

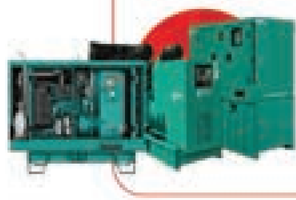
TOYOTA
MATERIAL HANDLING
Forklifts, Reach trucks, Lifter trucks, Hand pallets and Stackers

MOTOROL
Motorcycle and Three-wheeler Lubricants

GARMIN
Fitness watches and GPS devices

Equipment Business

BRIGGS & STRATTON
Generators, Lawnmowers, Water pumps and Engines



Diesel generators, engines and Parts

BERONI
Farm implements

Electrolux
Commercial laundry equipment

MERCURY
Outboard engines

Ingersoll Rand
Air compressors, Pneumatic tools and pumps, Line filters, Light sources, Light comptors and Portable compressors

MRF
Motorcycle, Three-wheeler, Four-wheeler, Truck and Farm tyres

LEDL

C&G CAR and GENERAL

Power for better living

SUBSIDIARIES AND ASSOCIATED COMPANIES

SUBSIDIARIES	ACTIVITIES
Car & General (Trading) Limited - Kenya P O Box 20001 - 00200 Nairobi	Sales and service of power equipment, household goods, agricultural tractors and implements, marine engines, motor cycles and three-wheeler vehicles, commercial laundry equipment, commercial engines, forklifts, excavators and general goods.
Car & General (Tanzania) Limited P O Box 1552 Dar es Salaam	Sales and service relating to the provision of power equipment, motor cycles, three-wheeler vehicles, commercial engines and related services.
Car & General (Trading) Limited - Tanzania P O Box 1552 Dar es Salaam	Sales and service relating to the provision of power equipment, motor cycles, three-wheeler vehicles, commercial engines and general goods.
BodaPlus Limited P.O Box 1331 - 00232 Kiambu	Manufacture of helmets, plastic components, and motorcycle safety accessories.
Dew Tanzania Limited P O Box 1552 Dar es Salaam	Property holding company
Car & General (Uganda) Limited P O Box 207 Kampala	Sales and service of power equipment, marine engines, motor cycles, agricultural tractors and implements, commercial engines and general goods.
Kibo Poultry Products Limited P O Box 742 Moshi	Day old chick farming.
Sovereign Holdings International Limited P O Box 146, Road Town, Tortola British Virgin Islands	Property holding company.
Dewdrops Limited P O Box 20001 – 00200 Nairobi Property holding company	Property holding company
Progen Company Limited P O Box 20001 – 00200 Nairobi Property holding company	Property holding company
Navigate Intel IT Cargen Limited P O Box 20001 – 00200 Nairobi Technology service provider.	Technology service provider

Car & General (Rwanda) Limited Plot 1403, Muhima Road P O Box 7238 Kigali, Rwanda	Sales and service of power equipment, marine engines, motor cycles, three-wheeler vehicles, commercial engines and general goods
Cummins C&G Holdings Limited Suite 2004, Level 2 Alexander House 35 Cybercity Ebene, Republic of Mauritius	Sales and service of commercial engines and power equipment

DORMANT SUBSIDIARIES

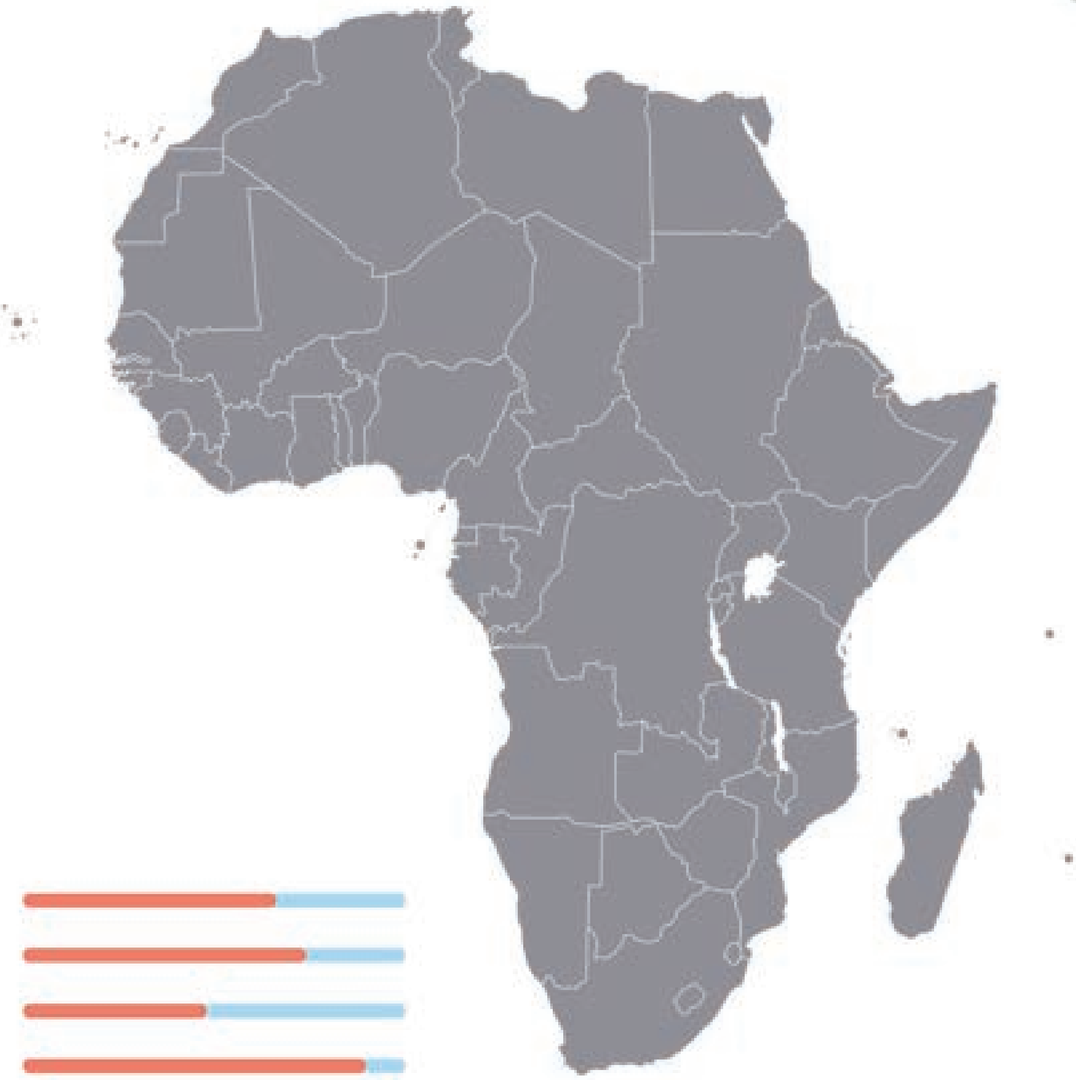
The company also has the following dormant subsidiaries in Kenya: Car & General (Automotive) Limited, Car & General (Engineering) Limited, Car & General (Marine) Limited, Car & General (Industries) Limited and Cargen Insurance Agencies Limited.

ASSOCIATE

Nyali Mwenge Limited Dar Es Salaam Tanzania	Asset financing
Watu Holdings Limited Suite 2004, Level 2 Alexander House 35 Cybercity Ebene, Republic of Mauritius	Asset financing
Watu Tuu Limited Dar Es Salaam. Tanzania	Asset financing

OTHER INVESTMENT

ARC Ride Kenya Limited Central Business Park P O Box 20001 - 00200 Nairobi	Assembly and sales of Electric Motor cycles



Our Footprint

Kenya	Tanzania	Uganda	Rwanda
Nairobi, Mombasa, Nakuru, Kitengela, Malindi, Kisumu, Eldoret, Bungoma, Kisii, Voi, Thika, Kitale,	Dar-es-Salaam, Dodoma, Arusha, Zanzibar, Moshi Iringa	Kampala	Kigali

CARGEN IN SOCIETY

Car & General (Kenya) believes in working to improve communities in which we operate. Our Corporate Social Responsibility promotes employee engagement by ensuring that employees have opportunities to serve communities in our key priority areas. We also partner with other organizations that align with our priority areas and are present where C&G operates. Our priority areas are compatible with the context and strategic direction of our organization which are Education, Health, Environment and Road Safety. We formed our CSR arm, the **Lions Club of Nairobi CarGen** to champion our social investment initiatives at Car & General.

Techniqual Education: Donation of training equipments to techniqual institutions

PGM: Training of private garage mechanics

Health: Offering free eye camp with Lions

Road Safety: Fighting road accidents by training two and three - wheeler drivers

Enviroment: Planting trees to curb climate change

Health is wealth: Offering staff health programs to ensure optimum performance

Management Team

Vijay Vashdev Gidoomal
David Chesoni
George Rubiri
Carol Omanjo
Sam Njenga
Gilbert Mutai
Venkatesh Jayaraman
Naveen Kumar
Eric Sangoro
Pavit Kenth
Srinivas Devarakonda
Raphael Atanda
Costa Cherutich
Faith Mumo
Jecinter Awuor
Eunice Malelu
Jeremiah Mureu

Board of Directors

Nicholas Nganga (Chairman)
Vijay Vashdev Gidoomal (Group CEO)
Gladys Mboya
Carey Muriithi Ngini
Soundararajan Madabhushi
Pratul Hemraj Shah
Sanjay Prem Gidoomal
Conrad Nyukuri (Secretary)

Secretary

Conrad Nyukuri - CPS (Kenya)
Adili Corporate Services
ALN House, Eldama Ravine Close,
Off Eldama Ravine Road,Westlands
P.O. Box 764 - 00606,
Nairobi, Kenya

Registered Office

New Cargen House
Dunga/Lusaka Road P.O. Box 20001 - 00200
Nairobi, Kenya

Principal Bankers

Standard Chartered Bank Kenya Limited
Standard Chartered Headquarters
48 Westlands Road
P.O. Box 30003 - 00100
Nairobi, Kenya

I&M Bank Limited
I&M Bank House
2nd Ngong Avenue
P.O. Box 30238 – 00100
Nairobi, Kenya

Auditors

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

Legal Advisor

Coulson Harney LLP
5rd Floor, West Wing, ICEA Lion Centre
Riverside Park, Chiromo Road
P.O. Box 10643 - 00100
Nairobi, Kenya

ABOUT OUR REPORT

Scope and Boundary

This Integrated Report, which is in line with our sustainability focus, is our primary communication to all ur stakeholders. This integrated report covers the performance of Car & General (Kenya) Plc for the year ended 30 September 2024. It provide users with information about how we create and sustain value, how we engage with our stakeholders, our material matters, strategy and corporate governance, outlook, environmental and social responsibility, and financial performance. It evaluates growth and successes at Car & General over the last twelve months and how we have employed our resources to achieve our mission.

Frameworks

The report is prepared in accordance with the International Integrated Reporting Framework 2021 - as adopted by the Board. It conforms to the regulatory requirements of Capital Markets Authority (CMA), Code of Good Corporate Governance (2015), Nairobi Securities Exchange (NSE) listing requirement and Companies Act. The financial statements have been prepared and reported according to the International Financial Reporting Standards (IFRS).

Materiality

To us, material matters are those positive and negative issues that have the ability to affect how the Group creates and sustains value to stakeholders in the short, medium and long-term. Material matters at Car & General are generally described as risks and opportunities. Our reporting focuses on those material matters that have or may have the most significant impact on the Group's social, environmental and financial performance.

Assurance

The Financial Statements and all other information that require assurance have been audited by Deloitte & Touche.

Approval

The Board of Directors acknowledges their responsibility to ensure the integrity of this Integrated Report. The Board's opinion is that his report provides a fair account of the Group's activities, material issues, relationships and performance and that it provides a balanced view of our strategy and how it relates to the organization's ability to create and sustain value. This report, together with the annual financial statements of the Group for the year ended 31 December 2024.

N. Ng'ang'a, EBS	V. V. Gidoomal
Chairman	CEO

BEYOND 2024

C&G of the Future

CHAIRMAN'S REPORT

The twelve-month period from 1 January 2024 to 31 December 2024 was challenging. The Kenyan market remained constrained and, specifically, the boda boda business continued to decline to a monthly average of 4600 units from a peak of 20,000 units per month. This inevitably had a significant impact on our Kenya consumer business and our Watu Kenya boda financing business. Fortunately, we had commenced the transition to other business lines and entities which allowed operational sustainability.

The Group reported a 23% decrease in turnover compared to the prior year 15-month financial year. Sales in Uganda and Tanzania now represent over 58 % of Group sales. Given the drop in boda boda sales, our Kenyan consumer business remained under strain. We compensated with the growth in Cummins and Tanzania.

As a result of the above, turnover for the twelve-month period ended 31 December 2024 was Shs 21 billion against Shs 27 billion achieved in the fifteen-month period ending 31 December 2023. EBITDA (Earnings before interest, tax, depreciation and amortization) was Ksh 1.5 billion compared Ksh 2.1 billion in prior year. The Group made a profit after tax of Ksh 526 million against a loss after tax of Ksh 273 million made during previous financial year. In spite of many challenges, there are notable achievements.

- Our consumer business growth in Tanzania particularly in the two and three-wheeler segments.
- The performance of our Cummins business.
- The return to profitability of our Kibo business.
- The progress of Watu Simu which is a significant new product line for Watu.
- The working capital rationalization in Kenya,
- Our commitment to the transition to greener energy is taking shape and through our associates, we have successfully launched electric 2 wheelers in Uganda and Kenya and have built over 200 battery swap facilities.

Going forward, we believe uncertainty will persist in 2025 given the challenging global geopolitics. We do, however, expect less turbulence in East Africa. Key to success will be maintaining strict fundamentals in terms of higher efficiency levels in all areas of our business, maintaining market share in core products and achieving satisfactory profitability across all businesses. We have made all necessary manpower and infrastructure investments, and we now need to drive volume, improve efficiencies and increase margin to ensure profitability given the uncertain operating environment.

I now comment more specifically below:

The Consumer Business

Volumes in our two-wheeler business in Kenya dropped significantly whilst three wheeler and consumable sales remained stable. In Tanzania, volumes of two-wheeler and three-wheeler sales grew. We see positive potential in all areas going forward. Kenya boda boda sales are recovering slowly.

Our product and value proposition are strong especially when coupled with our aftermarket offerings. We expect market share to increase further in 2025 given brand strength, growing distribution and digital progress.

Assuming stability, we expect consumer markets to grow this year and Kenya two-wheeler sales to recover slowly in 2025. We must get closer to markets and our customers throughout the region in order to increase market share and unit sales in order to ensure profitable growth. Detailed planning and disciplined implementation will be key to success.

Our aftermarket strategy is robust, and we see continued growth in our sales of parts, tyres and oils.

The Equipment Business

The Cummins business in Kenya and regionally saw positive growth in 2024.The challenge remains growth of market share and our ability to differentiate ourselves. Investments in our aftermarket business are now yielding results and will separate us from competition. We have significant scope for growth, assuming economic prosperity throughout the region translates into development opportunities in terms of new projects.

The fundamentals of the Ingersoll Rand business have been established. We expect this business to grow profitably.

The Develon (previously Doosan) business was challenged in terms of growth given government curbs on infrastructure spending. We see this market remaining constrained.

The Toyota forklift business is gaining traction. The market size remains restrictive to building a scalable business in the short term but we are confident we are well positioned for the long term.

The Kubota tractor business remains a challenge given model constraints. However, we feel confident this business will grow over time given future developments at Kubota and our distribution network.

Financial Services

Watu has continued to make progress operationally and we expect this trend to continue. Performance in 2024 was impacted by forex losses and provisions related to the Boda Boda portfolio. Not withstanding, in 2025 we expect revenues to grow in Kenya, Uganda, Tanzania, DRC and Sierra Leone where they have now established operations. We are very positive about the business prospects.

Our forklift leasing fleet is growing and has crossed 100 units during the year under review.

Manufacturing

We are confident BodaPlus will do well over time. We are gaining good traction and expect to be profitable this year. The market for helmets is growing throughout the region and our value proposition is solid. We are growing other opportunities related to the localization of manufacturing including the manufacture of riding suits.

The Property Business

Nairobi Mega is now doing much better in terms of footfall. We are 90% rented across all devel oped properties. We are exploring development opportunities for our Shanzu property including the possible disposal of some plots.

Kibo Poultry Products Limited

Sales of poultry improved during the year. We have now stabilized and expect reasonable per formance this financial year. We have expanded production marginally in order to build scale and sustainability.

The Future

We now have a more balanced business with five distinct business lines being automotive and equipment distribution, real estate investment, financial services, poultry and helmet manufacturing. This diversity coupled with geographical reach builds sustainability and we are confident that each line offers scope for growth.

Going forward, we are well positioned to deliver on our Triple P bottom line – People, Planet and Profit. We are already having a significant impact on millions of lives in terms of delivering daily livelihoods and entrepreneurship opportunities. We will now continue to focus energy on electric and Compressed Natural Gas (CNG) vehicles in Tanzania. With our symbiotic relationship with Watu, we can play a significant role in transforming the 2-wheeler and 3-wheeler market towards electric and compressed natural gas. This will play a positive role in reducing our carbon footprint over the coming years. We will also continue to drive smartphone connectivity across the continent. This significantly improves livelihoods.

The current financial year will be critical to future success and will require a growth in market share in all sectors. Our primary concern is to ensure that we stay ahead of competition in our key markets in all respects. The quality of competition is increasing.

Given the performance during the financial period and the need for investment throughout the business, the Directors do recommend a first and final dividend of Shs. 64,165,293 which is equal to Shs. 0.80 per share (2023: Shs. Nil).

I must express my gratitude to my co-directors and all members of staff of the company for their dedication and support. I look forward to continued support and to further progress of the Group.

Nicholas Ng'ang'a - Chairman
April 2025

CAR and GENERAL

Power for better living

STAKEHOLDER ENGAGEMENT

SPEAK UP!

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STAKEHOLDER ENGAGEMENT

Car & General has a broad array of stakeholders who have an interest in our business and may directly or indirectly be affected by it. Our stakeholders influence our ability to, and how we create and sustain value.

To that end, we openly and frequently maintain dialogue with our stakeholders to create sustainable value for our business and key stakeholders. This constant engagement with our stakeholders has informed our business strategy, enabled us to identify new opportunities and better manage risks. At the beginning of every financial year, Car & General develops a stakeholder engagement plan, which enables us to identify and respond to the needs and expectations of our internal and external stakeholders. The plan has specific targets and, a monitoring and evaluation mechanism to enable assessment at the end of the period.

These stakeholders include employees, customers, suppliers, shareholders, regulatory bodies, government agencies, financial institutions, trade unions, local communities, environmental organizations among others. Employees and shareholders are internal stakeholders while the rest are external stakeholders. The plan had specific targets together with monitoring and evaluation mechanisms.

Cargen Journey to Excellence

Principles of Stakeholder Engegement:

i. Transparency and Openness:

C&G fosters a culture of providing clear and accessible information regarding the organization's activities, strategies, performance and impacts through different channels – website, social media, newspapers and radio among others.

ii. Inclusivity and Diversity:

Car & General recognizes the diverse perspectives, interests, and needs of its stakeholders and is dedicated to ensuring that all voices are heard and considered in decision-making processes.

iii.Responsiveness and Accountability:

C&G acknowledges its responsibility to address stakeholder inquiries, grievances, and suggestions in timely and con _structive manner while demonstrating accountability for its actions and decisions.

iv. Collaboration and Partnership:

C&G values collaborative partnerships with its stakeholders as essential drivers to mutual success. It seeks to actively engage stakeholders in collaborative initiatives, joint ventures, and strategic partnerships aimed at achieving shared goals and objectives.

v. Continuous Improvement:

Car & General is committed to continuous improvement in engagement practices. The Company regularly reviews and enhances its stakeholder processes, mechanisms and outcomes to ensure effectiveness and relevance.

Adherence to these principles delivers robust and mutually beneficial relationships with stakeholders that eventually contributes to sustainable value creation and long-term success for all parties.

There is a commitee comprising the Chief Executive Officer, the General manager,Chief Operating and the Head of Communications for Stakeholder Engagement and is tasked with the ongoing development and oversight of stakeholder engagement and management. C&G aims to further enhance communication, collaboration and value creation across its stakeholder ecosystem.

Key Areas in Stakeholders Engagement

1. Segmentation and Prioritization:

Segmentation of stakeholders, identification of their sub-group and their prioritization based on the Group' s impact on them and their ability to influence the Group. This approach ensures that efforts are directed towards engaging with stakeholders who have the greatest significance in terms of mutual impact and influence

2. Communication Capacity:

There is need for adequate channels to communicate with the Company. We regularly evaluate these channels to assess effectiveness taking into account factors that the number, type and frequency of usage. The evolving nature of these channels allows for adjustments to meet the changing needs and maximize effectiveness in fostering strong, enduring relationships

3. Issue Prioritization and Risk Management:

This outlines procedures for identifying and prioritising relevant issues, including needs and expectations, for each stakeholder group. Additionally, risk and opportunity management is addressed in relation to the Company' s contribution to the achievement of the Sustainable Development Goals (SDGs). Risk management involves evaluating risks based on factors such as probability, impact and the presence of associated reputational risks.

4. Action Plan Design and Monitoring:

There are established guidelines for designing and monitoring action plans that address significant issues identified for stakeholders. They are developed based on assessments of associated risks and opportunities with a focus on improving communication and relations with stakeholders.

5. Impact Assessment:

The guidelines facilitate the assessment pf the impacts of Company actions on stakeholders with the aim of maximizing positive impacts and mitigating negative ones. Tis ensures that the Company' s activities are aligned with stakeholder needs and expectations, contributing to mutually beneficial outcomes.

6. Future Trends and Best Practices:

The guidelines include mechanisms for identifying future trends related to stakeholder expectations. They also facilitate the identification and sharing of good practices throughout the Group, enabling continuous improvement engagement strategies.

OUR STAKEHOLDERS

During the financial year ending December 31, 2024, our stakeholder engagement plan focused on ten (10) key stakeholders:

1. Employees:

Our employees offer the needed skills and know-how to enable us deliver our promises to stakeholders

2. Customers:

Customers buy our products and services.

3. Communities:

The community that we operate in provide us with our various capitals.

4. Regulators:

Regulators oversee financial stability and market conduct for our industry and others.

5. Shareholders/Investors:

Our investors/shareholders provide us with financial capital to enable us run our business smoothly and efficiently

6. Suppliers:

Car & General relies on its network of suppliers, comprising over 16 globally renowned suppliers and numerous local ones, to provide the products sold to customers.

7. Strategic Partners:

Strategic partners play a pivotal role in Car & General's value chain, facilitating the acquisition of inputs and offering valuable ideas to enhance business operations.

8. Financial Institutions:

Financial institutions, including banks and insurers, support Car & General's business strategy by providing liquidity through short-term borrowing and offering insurance coverage to instil confidence in business operations.

9. Trade Unions:

Trade unions play a significant role in fostering positive relationships between Car & General and its workers, as well as providing mechanisms for resolving disputes effectively.

10. Governments:

Governments set policies and regulations to protect consumers and implement economic development programs that create a conducive business environment in the countries where Car & General operates.

Employees

Sub – groups	How we engage	Their expections	How we respond
HR Business partners; Email communication; Telephone Communication; Regular Departmental Meetings; Trainings and Workshops; Staff engagement surveys; Periodic Communication; Town Hall Forums; Podcasts and videos; CEO mentorship programs.	Directors; Managers; Accountants; Technicians; Marketers; Analysts; Administrators; Sales Associates; Engineers; Caterers; Trainers; Mechanics; Legal advisors; IT professionals; Demand Planners; Public relations professionals; Communications specialists; Supply Chain Professionals; Office drivers.	• A conducive, safe environment for work life integration. • Skills development and career progression. • A conducive culture for productivity. • Professionalism and integrity. • Equal opportunities for all staff. • Uphold labour standards. • An effective performance management and reward system.	• Consistent implementation of HR manuals (including sexual harassment policy) • Health insurance • Favourable and flexible working hours • Equal employment opportunity statement • Group personal accident insurance • Warehouses Policy • Code of conduct • HR Manual implementation • Paid compassionate leave • Emergency evacuation procedure • Paid sick leave • Pension plans • Staff complaints handling procedure • Corporate sponsored trainings • Employee run CSR initiatives • Employee team building activities • Staff family day

Customers

Sub – groups	How we engage	Their expections	How we respond
Corporates, SMEs, Individuals, Government, Academic Institutions, Manufacturers.	Customer surveys and feedback, Consultations, Trainings & Workshops, Launches, Alerts, Publications, Exhibitions, Telephone Calls, Interviews & Surveys, Aftersales Services, Emails & Letters, Social media.	• Quality Products • Timely Delivery • Availability of Products • Convenient access to products • Easy-to-use products • Aftersales services • One-Stop shopping • Quick resolution-time for complaints • Good customer care.	• 18 globally renowned brands • Providing a variety of Products and services • 23 branches in 7 countries • Trainings on products • In-house service center • Toll free phone number • Interactive social media site • Customer service policy implementation

Community

Sub – groups	How we engage	Their expections	How we respond
Social groups, Neighbors, Industry players, General members of the public.	Consultations, TV and Radio, Newspaper, Corporate Social Responsibility, Launches, Alerts, Public Relations, Interviews & Surveys, Social Media.	• Accessibility • Affordability • Social Responsibility • Environmental Stewardship • Contributions to SDGs • Non-destructive operations	• Tree planting • Eye clinic • Free trainings • Public education • Environmental stewardship • Waste management • Creating employment • Accessible services • Open communication and dialogue • Road safety initiatives • Free goodies

Investors & Shareholders

Sub – groups	How we engage	Their expections	How we respond
Institutions, Individuals, long-term, short-term, Debt providers, Equity providers.	Website, Social media, Newspapers, TV, General Meetings, Visits, Letters, Consultations.	• Profits • Dividends • Sustainability • Interest	• Providing a variety of Products and services • 25 branches in 7 countries • Steady increase in earnings • Dividends payment on time • Corporate sustainability • Diversity and inclusion • AGMs

Regulators

Sub – groups	How we engage	Their expections	How we respond
Registrar of Companies, Capital Markets Authority, Nairobi Securities Exchange, Kenya Revenue Authority.	Letters, Emails, Consultations, Lobbying, Regulation, Meetings.	• Compliance with Regulations • Social responsibility • Environmental stewardship	• Timely reporting to stakeholders • Published Board Charter • Payment of all dues • Board and strategy meetings • Corporate policies • Annual audits

MATERIAL MATTERS

OUR MATERIAL MATTERS

Material matters are the issues, factors and concerns that have a significant impact on our ability to create and sustain value in the short, medium and long term. Car & General has a deep-rooted process to identify, evaluate and manage material matters. At Car & General there is a team responsible for ma-terial matter determination process. The team meets at least every quarter and is comprised of the following members:

Key Risk Area	Core Responsibility	Secondary Respzonsibility
Head of Communications	Identification of Material Matters	Assessment and Prioritisation
Chief Operating Officer	Identification of Material Matters	Prioritisation and Management
Chief Financial Officer	Identification of Material Matters	Assessment and Management
Chief Executive Officer	Management and Action Planning	Reporting and Strategy Review
Board Risk Committee	Strategy Review and Reporting	Action Planning

Materiality Identification Process

Step 1: Identification

C&G thoroughly examines issues deemed materially significant by stakeholders, management and the Board. This process encompasses evaluating top risks and opportunities, understanding the business environment, and considering stakeholder concerns. By aligning these perspectives, Car & General -en sures strategic coherence and informed decision-making, contributing to the organization's sustained success.

Step 2: Prioritization

Identified issues are prioritized in meetings involving departmental heads across business units. The assessment considers the issues' magnitude and impact on business operations, economic performance, and stakeholder interests. Following this evaluation, approval is sought from key leadership, including the Chief Finance Officer, Chief Executive Officer, the Executive Committee, and Car & General's Board.

Step 3: Response

In response to these critical issues, Car & General implements strategic management actions. This- ap proach involves capitalizing on opportunities that present significant value creation and implementing interventions to mitigate potential disruptions.

Step 4: Reporting

We communicate information about these material matters to both internal and external stakeholders through comprehensive reporting.

BEYOND 2024

C&G of the Future

Factors considered when selecting and prioritizing Material Matters

OUR STRATEGY

OUR STRATEGY

As part of our strategy, we focus on markets where we have scale: The East African region and West Africa. We also want to improve the customer experience further and make Car & General the first choice for sustainability. This section presents our strategy and sustainability-related risks, how they impact our business, and our counter measures for 2024. We also examine our strategy, ambitions, and targets that will take us through 2025 and beyond.

In the financial year 2024, our strategic focus was anchored in our overarching purpose and values, aiming to generate value for all stakeholders. By effectively managing our business operations, we initiated significant organizational changes by prioritizing and balancing critical tasks within the Group. This approach fostered simplicity, allowing staff to execute well-defined roles and responsibilities supported by a robust framework promoting accountability. Our key objectives for the period included enhancing efficiency, optimizing costs, pursuing diversification through mergers and acquisitions, and investing in talent development. Additionally, we prioritized improving corporate governance, sustainable business growth, resource mobilization, and digital transformation. Forming strategic partnerships and fostering customer-centric initiatives were integral to our approach. Through these concerted efforts, we aimed to ensure alignment with our values, streamline operations, and consistently deliver sustained value to our stakeholders.

Cargen Beyond 2024

The Car & General Group convened its Strategic Meeting on December 16, 2024, at the Muthaiga Club, featuring participation from the Board, Executive Committee, and Business leaders from Kenya, Uganda, Tanzania, Cummins C&G, Watu Credit, and Bodaplus Limited. Business leaders presented comprehensive strategies encompassing market size, market share, performance against budgets, working capital, cash flows, key strategies, key result areas, key risks, and a three-year directional outlook.

The period's overarching theme is building a sustainable business and charting the trajectory for C&G beyond 2024.

Our strategy remains enhancing diversity and providing customers with expanded options.

Digitization as part of our strategy

Embracing digitization as a pivotal component of the overall strategy, Car & General has embarked on a transformative journey. The successful implementation of SAP ERP in Kenya has now extended to Uganda and Tanzania, gaining real-time access to business information. The digitization journey also includes a revamped website with a functional online shop, facilitating online transactions. Active engagement on social media platforms further enhances customer interaction.

Car & General has continued to expand its digital footprint, encompassing staff leave management, appraisal portals, online learning modules, customer loyalty programs, SAP Express, logbook management, and digital signing and filing. This comprehensive digitization strategy underscores Car & General's commitment to innovation, efficiency, and responsiveness in an evolving business landscape, positioning the company for sustained growth beyond 2024.

Our strategy and three-year plan

Our key strategies are multidimensional: First, we aim to improve working capital efficiencies, focusing on the African market segment. Second, we prioritize margin protection at 20%, ensuring profitability through strategic pricing. Third, we strive for a balanced business portfolio across our Equipment and Consumer Product lines. Fostering diversified revenue streams. Additionally, our focus includes strategically developing and expanding the Kubota and IR business segments to seize market opportunities, alongside the introduction of ACE in the equipment business to address market demands.

The commitment to sustainability and maintaining market leadership is based on our three-year strategy and plan. We plan to establish dominance in the electric vehicle (EV) two-wheeler and three-wheeler space in East Africa, expanding our footprint into the agricultural sector with a focus on irrigation and pumps. Venturing into the switchgear business by introducing electrical panels is another strategic move. We aim to attain a 25% market share in all core distribution markets.

Additionally, financial optimization and expansion initiatives are integral to our plan. Our plans involve extending the reach of Watu to Watu Simu, electric vehicles, and two and three-wheeler financing across the continent. In addition, we remain committed to supporting Bodawerk and ArcRide as they expand their operations across Africa. Our concurrent goal is to strengthen our presence and influence in the industry by expanding Bodaplus operations throughout the continent.

Our short to medium-term strategies are designed to strengthen our market position and improve operational efficiency. We are intensifying awareness of product and business value proposition and running a mega mileage test campaign to showcase our products.

Mapping and engagement are pivotal strategies and will involve active involvement with our retailers, parts suppliers, PGM, and fleet owners across significant towns in every region.

We fully commit to achieving our sales targets through rigorous and collaborative efforts with our dealers,which will involve working closely with them to generate demand for our products and services. To ensure we continuously improve and innovate, we have established a framework called Triple M (measure, manage, and maximize), which we use to guide our decision-making and actions. We measure our performance against established metrics, manage our resources effectively, and maximize our potential to drive growth and success. This framework underscores our dedication to refining our processes, improving efficiency, and delivering the best possible outcomes for our customers and stakeholders.

It is essential to recognize that our key success factors underpin the continued execution of these strategies. These factors, including market share growth, cost control, cash preservation, margin protection, working capital efficiencies, and balanced business growth across aftermarket, MRF, and equipment segments, constitute the bedrock of our strategic approach and collectively drive the sustained implementation and success of our strategic initiatives.

Sustainability as part of our strategy

Car & General is deeply committed to aligning its business practices with sustainability principles, recognizing the imperative of harmonizing social, environmental, and economic objectives. Our dedication extends beyond compliance with laws and guidelines, aiming to optimize resource utilization effectively to meet the needs of both current and future stakeholders. The code of our sustainability commitment is rooted in a holistic approach, ensuring a seamless integration of sustainability principles into our work environment and business processes. In line with this commitment, we prioritize continuous improvement and uphold a standard of responsiveness, accountability, and transparency in our sustainability performance.

To formalize our commitment, Car & General has instituted a comprehensive sustainability policy, which guides the integration of sustainability development throughout our operations. Additionally, we have adopted a distinct ESG policy, underlining our pledge to conduct business responsibly and uphold the highest standards across various facets, including reporting, disclosures, business practices, policies, procedures, investments, Board activities, stakeholder engagement, and investor relations.

We have established an ESG charter commitment and roadmap to further our sustainability objectives. This strategic framework outlines clear descriptions of each commitment, accompanied by ambitious metrics, targets and KPIs set for 2024 through 2025. This structured approach ensures accountability and provides a roadmap for achieving tangible outcomes in our sustainability journey.

Recognizing the potential impact of sustainability and climate-related risks on our business and bottom line, Car & General proactively analyzes these risks. This analysis enhances the resilience of our strategies and reinforces our commitment to disclose relevant information transparently. By addressing sustainability risks head-on, we aim to fortify our business against potential challenges and contribute positively to the broader climate agenda. Car & General's concerted efforts toward sustainable business practices reflect our unwavering dedication to responsible corporate citizenship and a resilient, future-ready business model.

Recognized climate-related risks and opportunities.

a. Short, medium and long-term climate-related risks and opportunities identified by Car & General.

Recognizing the potential impact of climate-related risks on our business and bottom line, Car & General proactively analyzes these risks. This analysis enhances the resilience of our strategies and reinforces our commitment to disclose relevant information transparently. By addressing sustainability risks head-on, we aim to fortify our business against potential challenges and contribute positively to the broader climate agenda. Car & General's concerted efforts toward sustainable business practices reflect our unwavering dedication to responsible corporate citizenship and a resilient, future-ready business model.

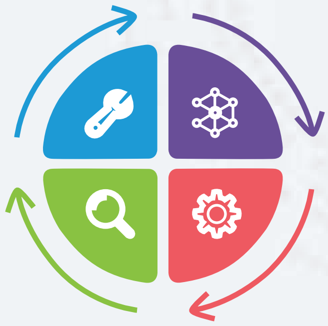
	Category	Item	Assumed impact on Car & General Business Activities	Timing of impact	Degree of impact
TRANSITION RISKS	Policies and regulations	Enhancement of regulations about fuel efficiency and zero emissions vehicles.	Rising expenses linked to development, procurement, and production processes to comply with stricter regulations.	Medium/long term	High
TRANSITION RISKS	Markets	Shifts in the composition of the energy blend	Increased energy expenses resulting from the escalation and variability in electricity rates and pricing, coupled with the cost consideration of renewable energy alternatives such as Solar energy.	Short/Medium/long term	Medium
TRANSITION RISKS	Markets	Tight supply and demand for raw materials (mention any rare materials especially in EV batteries eg Lithium)	Increased expenses for raw materials, including rare metals and components, attributed to the rising demand in the EV industry, particularly for storage batteries.	Medium/long term	Medium
TRANSITION RISKS	Reputation	A growing rigor in ESG.	Decline in our social image and share price	Short/medium-term	Low
PHYSICAL RISKS	Acute	Escalating occurrence and severity of weather-related disasters.	Typhoons and heavy rainfall have led to both structural and facility damage. Additionally, interruptions in the supply chain have caused operational halts at production facilities. These supply chain disruptions are primarily attributed to delays in parts delivery, which result from damage to suppliers and disruptions in transportation routes.	Short/medium/long term	Large
PHYSICAL RISKS	Chronic	Rise in average temperatures.	Rising (energy) cost of air conditioning to maintain the work environment and employee health.	Medium/long term	Low
PHYSICAL RISKS	Chronic	Rise in sea levels.	Heightened flooding and storm occurrences attributed to rising sea levels, leading to operational closures at manufacturing facilities and an augmented focus on investing in disaster mitigation measures	Short/medium/long term	Medium
OPPORTUNITIES	Products and services	Growing demand for electric vehicles	Expand sales of electrified vehicles by improving product capabilities and taking advantage of government measures to promote electrified vehicles.	Medium/long term	High
OPPORTUNITIES	Energy usage and mix sources	Advancements in energy technologies	Reduce energy costs by promoting energy conservation activities and introducing renewable energy.	Medium/long term	Medium

* Impact duration varies: short-term (within three years), medium-term (from three to 10 years), and long-term (beyond ten years).

b. Impact of climate-related risks and opportunities

Business, strategic, and financial plans

Car & General recognizes that climate-related issues may affect its business, strategies, and financial plans and reviews them occasionally in light of climate change risks and opportunities.



Impact on Strategies and Plans

BEYOND 2024 C&G of the Future

Business area	Recognized impact	Incorporation into strategies and plans
Products and services	We are currently working on enhancing our fuel efficiency and electric vehicles. These changes will impact our product development, production, procurement, and sales strategies.	To align ourselves with these goals, we are actively working on initiatives to adopt electric 2-wheeler and 3-wheeler vehicles at an early stage, with a vision extending to 2030.
Supply chain, value chain	In the transport sector, more so in automotive manufacturing and sales business, the release of greenhouse gases occurs not only during the production of goods but also across the entire value chain. As climate change progresses, there is a global risk of more frequent and severe incidents, such as typhoons and floods. These events could disrupt our operations if they impact our supply or value chain. The acceleration of emission reduction plans as well will have an impact on our distribution strategies and financial plans	We have developed a comprehensive Business Continuity Plan (BCP) to ensure uninterrupted operations during and after any disruption. This plan encompasses alternative suppliers, backup transportation routes, and emergency response procedures. Additionally, it includes scenario planning for potential disruptions and strategies to effectively manage each situation.
Adaptation and mitigation measures	Our business may face impacts arising from the increasing energy costs.	Our ESG charter articulates specific commitments, targets, and key performance indicators (KPIs) for 2023-2024, mainly focusing on reducing carbon emissions. To achieve this goal by 2030, we will drive energy conservation initiatives and the adoption of renewable energy sources.

Car & General's Response Measures Based on Risks and Opportunities

In 2022, we committed to becoming a sustainable business by incorporating sustainability principles in response to climate-related risks and opportunities. The same year saw the establishment of a comprehensive sustainability policy, guiding the integration of sustainable development across our operations. We also adopted an ESG policy, reinforcing our commitment to responsible business conduct and marking a milestone net zero by 2040. In the product front, we aim to be at the forefront of the early adoption of electric 2-wheeler and 3-wheeler vehicles. We will introduce optimal electrified vehicles at strategic times to address diverse market needs in the regions in which we operate.

Impact of Risks and Opportunities on the Car & General's Business Activities

Item	Risks and opportunities		Impact on Car & General business	Key countermeasures
Enhancement of regulations about fuel efficiency and electric vehicles	Risks	• Need for both developed countries and emerging markets to comply with stricter regulations • Increasing likelihood of noncompliance.	• Higher development/procurement/production costs. • Fines and credit purchase costs increase if regulations are not met.	• Promote electrification, including PHEVs and EVs. • Promote new mobility businesses such as energy management using electrified vehicles.
	Opportunities	• Growing demand for electrified vehicles	• Increased sales of electrified vehicles and expansion of the value chain related to electrified vehicles	
Introduction and expansion of carbon pricing	Risks	• The risk of introduction and expansion of carbon taxes, that could have a potential risk on pricing.	• Increased direct and indirect tax burdens and higher costs at the procurement, production, and logistics stages	• Promote energy conservation activities and introduce renewable energy • Promote reduction efforts in cooperation with suppliers. • Align with suppliers and distributors keen on climate change mitigation and adaptation strategies.
	Opportunities	• Promotion of energy-saving technologies • Increasing use of renewable energy	• Lower energy costs	
Increasing frequency and intensity of meteorological disasters, e.g., flooding.	Risks	• Increased possibility of factory damage and supply chain disruptions due to frequent and severe weather patterns.	• Damage to our suppliers' production and development facilities halting the supply chain. • Lower earnings due to operational shutdowns due to damage to our supplier's premises.	• Review the business continuity plan (BCP), assuming such factors as heavy rain and flooding resulting from extreme weather patterns. • Promote risk mitigation initiatives in collaboration with suppliers and dealers • Promote electrification of PHEVs/ EVs • Promote new mobility businesses such as energy management using electrified vehicles and used batteries
	Opportunities	• Greater demand for electrified vehicles.	• Increased use of electrified vehicles that can help supply emergency power	

MAPPING CAR & GENERAL BUSINESS

Key drivers contributing to value creation include diverse offerings in equipment and consumer lines, robust opportunities in 2-wheelers and 3-wheelers, high-quality, world-class brands, prominent brands with substantial market share growth potential, a well-established infrastructure and network, a solid foundation in investment properties and finances, strong partnerships and relationships with principals, a skilled and cohesive team, a positive organizational culture with embedded values, an open-door policy, focused management, and succession planning. Additionally, access to finance and effective digitalization, demonstrated by a mature IT infrastructure and an online shop, further enhance the company's value creation capabilities.

The primary revenue drivers for Car and General include maintaining premium pricing for quality products and achieving higher sales volumes in TVS and Piaggio. To further differentiate and enhance revenue potential, the company aims to capitalize on the growth in the 2-wheeler and 3-wheeler segment, expand aftermarket offerings such as oils, tyres, and spares, boost growth in equipment and aftermarkets, grow the leasing business, explore opportunities in online sales expansion, and capitalize on the growing market for Electric Vehicles. These strategic initiatives align with our objective of diversifying revenue streams and maximizing sustainable growth opportunities across various business segments.

Our Value Creation Model

The success of Car and General can attributed to various key factors that contribute to its value creation. These include a broad range of equipment and consumer line offerings, catering to diverse customer needs. The company's opportunities in the 2-wheeler and 3-wheeler segments are also noteworthy, as they provide robust prospects for growth and development. Additionally, Car and General boasts of high-quality, world-class brands with substantial market share growth potential, enabling the company to maintain a competitive edge.

Our primary objective is to create and maintain value by developing and distributing innovative products and services. To achieve this, we rely on six different resources and relationships, referred to as the six capitals. These six capitals are financial, manufactured, intellectual, human, social, and natural. Each of these six capitals is crucial to our success. We recognize the importance of balancing their use and considering the trade-offs between them. We strive to maximize positive outcomes and minimize any negative impact on these six capitals

We understand that our actions have consequences beyond our immediate business operations. We are committed to growing inclusively, responsibly, and sustainably. We aim to impact the communities we serve and the natural environment positively. Our success is intertwined with the well-being of our stakeholders, and we work hard to ensure that we create value for everyone involved.

Key capital inputs

Financial

- Debt
  Equity

Manufactured

- Technical capability management
  Market and product development
  IT advancements

Intellectual

- Technical capability management
  Trusted brands and product quality
  Skilled and experienced Board
  Partnerships and joint ventures
  Brand and reputation

Natural capital

Water
Energy consumption
Business activities
1) Automotive and equipment distribution
2) Financial services
3) Real estate
4) Agriculture
5) Manufacturing

Human Capital

- Human Capital (SDG 8)
  3,743 talented and skilled employees
  Investment in employees

SDGs Contribution

- Financial, (SDG 8, 17)
- Human (SDG 8)
- Intellectual (SDG 9)
- Manufactured (SDG 9
- Social (SDG 4,5,10,17)

Business Activity

Automotive and equipment distribution

Financial services

Real estate

Agriculture

Manufacturing

Outputs

Financial

- EBITDA - 1,513,068,000
- Profit for the year - 526,047,000
- Cash used in operating activities
- Return on Equity – 9%
- Manufactured
- Branch footprint
- Strengthened IT capability

Manufactured

- Branch footprint
- Strengthened IT capability

Intellectual

Our well-established brands in our portfolio demonstrate the business's strong market presence.

Social

- Corporate Social investment;
- 3500+ employees with access to the Employee Wellness Programmes;
- Kes 2,544,900 in employee training
- Zero fatalities

Natural : Water and energy

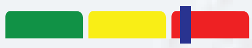
- Bottled water 9.324 m3
- Water delivered through main-supply network 17466 m3
- Energy 3022228 kWH Impact

Sustaining value using the six capitals

Capital	Inputs	Value	Outcomes	Value	How we achieved this	The trade-offs
Human	Number of employees	3,743	Staff costs	1,770,068,000	Car & General recognizes the importance of ongoing learning and development to stay ahead in a competitive landscape. Consequently, we've arranged numerous tailored online training programs to address the unique requirements of our staff.	Implementing cost-cutting measures to support financial capital adversely impacted training and staff morale, thereby negatively affecting the social capital. Despite these challenges, the company encouraged diversity to ensure that the workforce understood customer needs efficiently and was equipped to cater to them.
	Investment in employees	Kes 2,544,900	Voluntary staff turnover (%)	0.62%		
	Gender diversity (women %)	34%	Time spent on employee development (total hours)			
	Those who are contractors and temporary employees	217				
Manufactured					Accelerated digital transformation has reshaped how we do business at Car & General. Our capital investment has played a pivotal role in driving the changes. We have strategically allocated funds to digital technologies that enhance operational efficiency, customer experience, and competitive edge. Car & General recognizes that sustained investment in this area is crucial for long-term success and resilience.	
	Value of property and equipment	61,796,000	Depreciation	618,880,000		
	Capital expenditure (IFRS 16)	803,295,000				
Financial	Market capitalization	2,005,165,400	EBITDA	2,175,150,000	We've devised strategies to diversify our business across multiple sectors to ensure we meet the necessary cash flow requirements.	The Finance Act negatively impacted capex deployment, affecting financial capital.
	Net debt	8,041,461,000	Cash generated from operations	1,885,755,000		
Intellectual	Our robust and established brand		Goodwill		On the 9th of March, 2023, a special awards ceremony was held to honor and recognize 11 staff members, from Car & General and Cummins C & G, for outstanding performance. This event celebrated the dedication, hard work, and achievements of the employees who have significantly contributed to the success of their respective companies.	Continued investment in our digital and fintech offerings reduces financial capital.
	Our skilled and experienced employees		C&G staff members awards for outstanding performance.	11 staff members		
	Our partnerships and joint ventures					We are constantly striving to improve our driving efficiencies to achieve this goal. We recognize that investments in greener economy initiatives might be expensive in the short term. However, we firmly believe these investments create a lasting and positive environmental effect. Moreover, these initiatives improve our social capital by promoting sustainable practices and reducing our carbon footprint.
Natural	Energy used	3,022,228.2 kwh	Committed to net zero or carbon neutral.		Our foremost concern is to ensure that our technical infrastructure optimally supports service delivery while minimizing energy consumption.	
	Water used	17,466 m3	Implementation of our sustainability roadmap			
			Encouraging early adoption of Evs			

Inputs	How we achieved this	The trade-offs
Car and General values constructive relationships with various stakeholders, including regulators, customers, trade unions, employees, communities, and civil society. We maintain ongoing interactions with government and KRA to ensure compliance and regulatory adherence. The company also prioritizes regular engagement with shareholders and investors to provide updates on its plans and performance. Car and General strives to maintain transparency and accountability while achieving its business goals by fostering strong relationships with these key groups.	The company has implemented enhanced management structures to improve efficiency and productivity. Additionally, they have revised their critical ethics structures and policies to ensure regulatory compliance. The company conducts annual surveys to gauge employee satisfaction and monitor staff morale.	Implementing CSI initiatives may reduce financial capital in the short term but will positively impact all capitals in the long run. Furthermore, the company has developed programs to support staff, which is expected to improve employee engagement and productivity, positively affecting all capitals.

Risk to Car & General's Strategic Value Chain

Risk Category	Risk	Key Risk Events/response/, mitigations	Current risk profile
Financial	Working Capital (Kenya)	• Unfavourable working capital (341M in Feb 2025) due to huge short-term borrowing. Reduction of the borrowing by 500m between Sept'24 and Feb 2025 • Huge paid stock, Distribution, Doosan, Kubota, IR, Toyota, Mombasa, Nairobi Trd, Tvs parts in TZ. • Improve inventory conversion cycle to below 90 days. Currently at average of 140 days in Kenya (162 days in Dec). Liquidation plan is ongoing for bikes, Doosan parts & C&G TZ. • More efficient ordering. • Overall risk profile has improved in the last 3 months, more improvement expected on stock and borrowings.	
	Forex rates	• Forex – Dollar has remained steady in Kenya. • Foreign exchange loss of Ksh 116M due to depreciation of Tsh against the dollar. • Overall risk portfolio stable in Kenya, there has been notable improved forex reserves and ease of inflation in Kenya. • Depreciation of Tsh to $ in TZ in 2025. Expected to depreciate further • Risk profile- May slightly go up due to CG Tsh depreciation.	
	Forex availability	• Dollar supply constraints in TZ. • Overall risk portfolio expected to remain.	
	Gearing ratios	• High borrowing to finance inventory purchases. • Inability to meet gearing ratio thresholds with the banks. Greater than one in C&G Trading TZ, CG Trading Kenya and BodaPlus. Overall ratio in Feb is 1.2	
	Finance costs	• Credit risk - high interest rates due to short-term borrowings. Finance cost- Ksh 157M as at Feb 2025. • Bank interest rates going down, liquidation of stocks program in place.	

Risk Category	Risk	Key Risk Events/response/, mitigations	Current risk profile
	Profitability and margin contribution	• Exposure on margin loss especially at all outlets. • Retention of margins at 22% in Kenya. Increase TZ margins. • Target over 100% absorption rate & 10% EBIT, at 5% for the group • Control costs.	
Human Resource	Succession planning	• Succession plans for Board members, CEO and General Managers Equipment & Trading (Consumer Business). • Most of the Key roles have clearly established succession plans. • Successor for Kibo Poultry identified.	
Operational	Cybersecurity risks	• Cyber-attacks (External /Internal). • Cyber maturity assessment conducted in Feb 2025, No huge exposure noted.	
	Other IT risks	• Unavailability of SAP super user activity logs, deletion logs- Currently exploring acquisition of Security Information and Event Management tool (SIEM) • Independent monitor of all journals executed by super users in SAP (by CEO & audit). • System downtime exposures due to IT systems malfunctioning leading to denial of services & ultimate low productivity i.e. SAP downtime.	
	Logistics & Demurrage costs.	• Demurrage costs.TZ- Ksh 2.1M and Kenya Ksh 612K. • This has stabilized. • Increased container terminals, additional warehouses and bank facilities were obtained in TZ. • Aim to reduce demurrage to zero.	

Risk Category	Risk	Key Risk Events/response/, mitigations	Current risk profile
	Stock variances	• Unexplained stock variances across the group as of Dec 2024. Kibo-Ksh 1M Uganda-Ksh 156k TZ - Ksh 1.8M Boda+- 800k • Adoption of rotational counts and weekly spot counts. • Overall risk profile expected to go down after establishment of new and more spacious warehouse in Tanzania & tightened controls at Boda+. Minimum variances in Kenya. • Adoption of rotational counts in TZ and more accurate counts in Uganda and Boda+.	
	Fraud and Theft by staff.	• Last year frauds – Ksh 7.2M (Trd - 71k, BodaPlus -800k, CC&G -2.4M, Tz- 4M) • Current year frauds include; Trd Kenya-.3M(Theft-1.7M, staff fraud 1.3M) • Majorly in cash, safari accounts and stocks. Enhanced the van sale process. • Daily monitoring of cash accounts by both Internal audit and finance. IOU and petty cash controls have been tightened. • Digitalisation of dispatches, cash receipts & going cashless.	
	Parallel imports	• Reduced sales due to lost market share. • Agreed in principle with TVs. Matter resolved in TZ • Parallel imports of Piaggio parts, oils in Kenya.	
Regulatory	Tax related	• Ksh 1.2B KRA case has been withdrawn and replaced with a claim of Ksh 224M. • KRA assessments CC&G of Ksh 109M. • Interest /EBITDA - Ksh 53M • Involvement of legal experts - Bowmans'	

Risk Category	Risk	Key Risk Events/response/, mitigations	Current risk profile
	Non-Tax related	• Emergence of new laws in Kenya, Data protection Act, NSSF, and housing levy, uncertain Finance bill rulings, SHA • Pressure to transition to Electric mobility. Launched EV 3wheeller in Feb 2024. • County government risks.` • Legal and Compliance officer on-boarded to assist on legal matters.	
Strategic	Product mix	• Reduction on TVS contribution to the business in Kenya. • Grow the other existing products (equipment, aftermarket and MRF) (Kenya) & introduce equipment business in Tanzania. • Expand on leasing business.	
	Watu credit	• Reliance on Watu credit financing on two-wheeler & 3-wheeler business in Tanzania. • Tightening of the market conditions by the financier has compressed demand in Kenya, slight improvement in 2025- uptake of units through Watu and Mogo • Diversification of financing through saccos, other microfinance and banks.	
	Market competition	• High competition on 2wheeler & 3-Wheeler business. • Grow sales and aftermarket business. 100% absorption on all businesses. Currently at 63%. In Kenya & 15% in Tz. • Engagement on marketing activities & initiatives, PGM and financing programs.	
	Sales demand (Kenya)	• Inflationary pressure in Kenya-Low sales demand (from 900m to 600m). Slow recovery in Q1, expected to slightly increase, performance of Kenya economy expected to improve in the near term. • More diversified business.	
	Key supplier distribution agreements	• Possibility of loss of distribution dealership for the current products, majorly Tvs in Kenya and Tanzania. • Adherence to the supplier ordering and payment terms.	

SUSTAINABILITY

SUSTAINABILITY

At Car & General, our commitment revolves around actively contributing to the enhancement of the communities in which we operate. Through our Environmental and Sustainability Policy, we aim to embed the principles of sustainable development into all aspects of Car & General's activities, fostering responsible practices throughout our operations.

This policy serves as a practical framework for implementing Car & General PLC's commitment to creating a sustainable society. This involves safeguarding and enhancing the social, environmental, and economic impacts of the company. We strive to achieve this by practices such as reducing our carbon footprint, addressing social inequality, and promoting sustainable development goals.

Our Corporate Responsibility remains focused on key areas, including Education, Health, Environment, and Road Safety. Actively pursuing collaborations with organizations that share our priorities and have a presence in the regions where Car & General operates, we aim to build positive relationships and make meaningful contributions to the overall well-being of our communities.

1) Health And Safety Performance

Ensuring occupational safety is a fundamental prerequisite for any job, and at Car & General, we are dedicated to instigating a cultural shift in the safety landscape. We invest in and implement management systems that prioritize the health and safety of our employees and third parties in the workplace. This commitment is realized through comprehensive employee training, awareness campaigns, and active involvement.

Outlined in our Health, Safety, and Environmental policy, our pledge involves a continual enhancement of our Health, Safety, and Environmental Management systems in accordance with legal requirements.

We strive to provide healthy working conditions, encouraging consultation and active participation of workers and their representatives. Our aim is to continually improve HSE performance, reducing HSE risk levels to as low as reasonably practicable.

To make our work environment safer for everyone, we emphasize the assessment and management of risks. We encourage our staff to cultivate a safety mindset, contributing to an overall safer workplace.

2) Environmental Performance

Environmental and biodiversity protection is critical to our business strategy and we are committed to making the principles of environmental sustainability integral to our business processes. We are exploring worthwhile investments that aim to improve our energy and water efficiency. This ensures that we reduce our emissions of greenhouse gases and other pollutants. By doing so, we safeguard natural capital and reduce our operating costs.

In review is also a waste management program that aims at reducing print paper usage in all our sites and waste paper recycling. We are exploring sources of renewable energy as part of our agenda to reduce our carbon footprint with our manufacturing plant being a pioneer project.

Industry, Innovation, and Infrastructure

We are firmly dedicated to Research and Development (R&D) as a crucial component that sets apart our market offerings. Our robust industry focus empowers us to acquire profound insights into the sectors where we are active. Several of our commitments to innovation and industry specialization align with climate action, including:

- We invest a % of C&G 's capacity in R&D
- Deepening our digital transformation
- Electric Vehicles Space: Right now, we are testing the three-wheelers and with our distribution network, our fairly strong brands, and our ability to finance it, we see ourselves as being able to play a significant role in EV transformation. We believe we can have a major role in moving the market from the internal combustion engine in the two and three-wheeler space to electric vehicles. It is going to take time because it is a long play, but it is one thing that Car & General can be very committed to.

Climate action

Car & General acknowledges its potential impact on climate change stemming from its operations and is committed to addressing this concern. We actively support Sustainable Development Goal 13 (SDG 13), which focuses on climate action, through various climate-related initiatives.

- Partnership with Kenya Forest Service in tree planting: To help rehabilitate degraded forest land in Kenya,
- In 2023, C&G partnered with various organisations across the country to plant over 2000 trees

Goal 11. Sustainable cities and communities, Goal 12. Responsible consumption and production and Goal 15. Life on land

As trailblazers in the realm of two and three-wheeler transportation in Kenya, Car & General has transformed mobility for individuals, businesses, corporates, and organizations. Our commitment to social investment in the communities we serve has opened doors for many. We foster entrepreneurship, contributing to sustainable and inclusive economic growth and the development of our nations. Nurturing creativity and innovation, we strive to enhance our daily operations, delivering innovative excellence at every touchpoint.

In the realm of manufacturing, particularly in our helmet business, we collaborate with the government of Kenya to industrialize the two and three-wheeler space. This partnership aims to explore opportunities for backward integration, enabling us to industrialize more components involved in two and three-wheelers, thereby promoting the manufacturing process.

While our activities have a limited environmental impact, with typical concerns arising from our office space and 20% from manufacturing processes, we remain highly sensitive to environmental issues. To address this, ongoing initiatives include

- Reduction of Environmental Impact: Implementing policies for energy efficiency, reduced water and electricity consumption, carbon footprint reduction, recycling, and minimizing paper usage across all countries where Car & General operates.
- Environmental Protection Activities: Engaging in tree planting projects to contribute to the restoration of local forests and enhance environmental sustainability.
- Investment in Electric Vehicle (EV) Mobility: Striving to lead the transition towards Electric Vehicle (EV) mobility by incorporating EVs into our product portfolio, aligning with our commitment to environmental responsibility and sustainable transportation solutions.

3) Employees and Culture

Building a thriving, diverse, inclusive, and healthy workplace

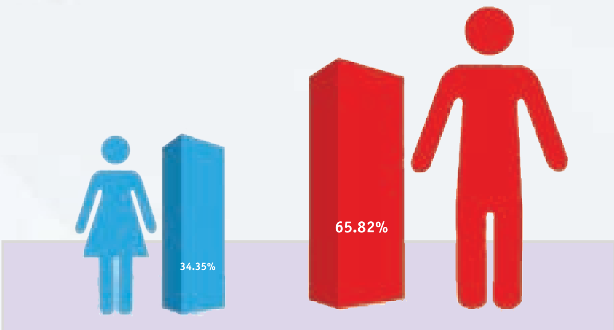
Emphasizing employee involvement, our Corporate Social Responsibility (CSR) policy ensures that every C&G employee has the chance to contribute to and enhance their local communities, focusing on our specified priority areas. This policy is wholeheartedly endorsed by our top management, who ensures its alignment with the organization's overall context and strategic direction. Furthermore, top management takes responsibility for effectively communicating, ensuring comprehension, implementing, and sustaining the policy throughout all levels within Car & General.

Car & General upholds the principle of providing equal opportunities without regard to race, religion, sex, national origin, ancestry, marital status, or the presence of a disability. We are committed to accommodating the physical or mental limitations of our qualified employees, facilitating the performance of essential job functions. Our approach to fostering equal opportunities and empowering employees spans various avenues:

- Building Diverse Teams: Our commitment to building diverse teams involves enhancing the representation of underrepresented groups in our talent pool. We actively work to mitigate bias throughout the hiring process, ensuring a fair and inclusive recruitment approach.

- Fostering an Inclusive Workplace: We are actively constructing an inclusive Human Resource function that provides equal access to opportunities irrespective of race, gender, or other differences. Aiming for a 50:50 gender representation by 2030, we are committed to creating an environment where everyone feels included. To bring more underrepresented talent into our recruiting process, we have strengthened partnerships with recruiting agencies and expanded the reach of our opportunities. Conducting staff surveys in April and September each year allows us to address needs and issues and serves as a tool for continuous improvement in fostering inclusivity.

Employees Gender Demographics



Female **Male**

34.35% **65.82%**

Career development and learning

At Car & General, we foster a culture of continuous growth by providing resources that empower employees to take charge of their career paths. This commitment is realized through various programs and training initiatives:

- CEO Mentorship Program: Our CEO mentorship program involves a series of workshops designed to help managers enhance their leadership skills, lead high-performing teams, and address everyday business challenges. This program includes monthly CEO video communications to provide valuable insights.
- Management Trainee/Internship Program: We have established a robust trainee program in collaboration with select institutions. This initiative ensures that we attract and retain top-notch talent, aligning with our strategic objective to be a workplace of choice. This year, we have welcomed a significant number of trainees.
- Loyalty Program: In addition to the core programs, we have implemented a loyalty program to recognize and reward the dedication and commitment of our employees.
- Developmental Training: Complementing these immersive programs, we offer a range of developmental training to our staff. This includes: First Aid training, Fire Prevention training, Onboarding programs, Sales & Technical training, TVS & Service training, and regular Soft Skills refresher courses. These initiatives contribute to the holistic development of our workforce.

Employee Benefits

Car & General recognizes the pivotal role of benefits in fostering an inclusive company culture and retaining a diverse workforce. While the specific benefits may vary based on scale, we consistently audit our offerings and take pride in providing comprehensive coverage across various areas. Key highlights include:

- **Medical Scheme with First Assurance:** We offer a robust medical scheme in partnership with First Assurance, ensuring that our employees have access to quality healthcare.
- **Pension Scheme:** To support the long-term financial well-being of our employees, we provide a pension scheme as part of our benefits package.
- **Union Membership:** Recognizing the importance of collective representation, we facilitate union membership for our employees.
- **Quarterly Recognition Program:** We believe in acknowledging and celebrating the accomplishments of our staff through a quarterly recognition program.
- **Staff Awards:** To further recognize outstanding contributions and achievements, we have instituted a staff awards program.
- **Sacco Membership (Voluntary):** Employees have the option to voluntarily participate in the Sacco membership program.
- **Staff Fitness and Wellness:**

Acknowledging the significance of employee well-being, we invest in staff wellness programs aimed at promoting a healthy lifestyle. This includes internal medical camps and the provision of an on-site gym supervised by a qualified trainer. We believe that healthy employees contribute to a thriving and successful business.

Decent Work and Economic Growth

Car & General, as a trailblazer in the automobile industry and one of the largest employers in Kenya, is committed to fostering a positive work environment that upholds human rights for all stakeholders within the value chain. This commitment aligns with Goal 8 of promoting sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

Key performance indicators in this regard include:

- Workforce Diversity (Target 8.5): We aim to promote inclusivity and diversity in our workforce, tracking and setting targets for the representation of women, men, young people, and persons with disabilities (PWD). Our commitment extends to achieving equal pay for all employees.
- Employee Retention/Turnover Rate: To gauge our commitment to providing stable employment, we monitor and compare our employee retention and turnover rates, assessing progress over time. This includes a percentage comparison from 2020 with a forecast for 2022.

Regarding labor rights, Car & General has implemented policies to safeguard employee rights throughout various stages, including recruitment. Our policies emphasize non-discrimination and actively work towards reducing forced labor within our operations. These measures underscore our commitment to creating a workplace that respects and upholds fundamental labor rights for all.

4) Integrity

Peace, Justice, and Strong Institutions

Car & General is deeply committed to elevating business ethics and integrity in Kenya, actively demonstrating efforts against bribery and corruption within our operations. Ethical conduct and integrity form the bedrock of our core values at Car & General, and we are dedicated to ensuring that all employees are well-informed about and adhere to our comprehensive Code of Conduct.

As part of our commitment to upholding ethical standards, one of our key performance indicators (KPIs) is centered around ensuring that every employee conducts themselves with the utmost integrity and consistently upholds the values of the company. This reflects our steadfast dedication to fostering a workplace culture where ethical behavior is not just encouraged but actively practiced by all members of our team.

Fraud is a pervasive issue that affects countries and industries across the globe. While greed is a significant factor, it's not the sole driver of fraudulent activities. Economic pressures, peer influence, and the presence of opportunities also contribute. Employees facing financial difficulties may resort to fraud for survival, and peer pressure can lead them to engage in dishonest behavior to match certain lifestyles. Additionally, lax enforcement of policies and procedures creates opportunities for fraud.

Car & General has developed a robust strategy to prevent and detect fraud, consisting of three key components:

1. Commitment:

- Zero tolerance for fraud and other wrongdoing.
- Every reported incident undergoes an initial vetting process to determine the need for further investigation.
- Firm commitment to follow up on every reported incident.

2. Culture:

- Foster an organizational culture that discourages fraud.
- Adopt a proactive approach, including the implementation of Tip-offs Anonymous and relevant policies and procedures to mitigate fraud and corruption.

3. Honest Communication:

- Conduct awareness campaigns to help employees understand what constitutes wrongdoing.
- Implement induction programs for new employees to educate them on the consequences of fraud.
- Ongoing awareness initiatives highlighting the impact of unethical behavior and successes in preventing fraud and corruption.

Car & General encourages everyone to take a bold stand against unethical behavior within the organization. They have established Tip-offs contact details for reporting incidents, ensuring anonymity and providing a secure channel for reporting. The organization is committed to creating an environment where fraud is not tolerated, and honest communication is actively promoted.

Anonymous Toll Free Contacts:

Kenya - 0800 722 626

Tanzania - 0800780026

Uganda - 800100255

Email: cargen@tip-offs.com

Website: www.tip-offs.com

5) Community Relations

Goal 3: Good Health and Well-being:

At Car & General, our commitment to Goal 3 involves providing a safe working environment for our employees. Lessons from the Covid-19 pandemic prompted us to implement measures such as remote work and telepresence to protect employee health. We actively promote a healthy lifestyle through internal medical camps, a gym, and regular medical talks. Additionally, we contribute to the well-being of society through initiatives like blood donation campaigns in partnership with the Kenya National Transfusion Service, eye care programs with Lions Club International, and a focus on mental health in 2022.

Goal 4: Quality Education: As a member of the Motorcycle Assemblers Association of Kenya, we work towards a collision-free society by spreading safety awareness and providing education on road safety. Our road safety campaign program targets motorcycle and three-wheeler drivers, mechanics, and users. The Cargen Tech-Up program aims to train 3,000 Juakali mechanics annually, ensuring technical proficiency. We collaborate with TVETA through an MOU to support technical institutions with donations, attachments, internships, and industry-based learning. Our partnerships with universities and technical training institutions include MOUs for training sessions and donations of training equipment. We also adopt the Treeside School for the Deaf, contributing to community development.

Goal 6: Clean Water and Sanitation: Water security and efficiency are crucial for economic empowerment, improved livelihoods, and better health. In collaboration with CSR partners, including Cummins Inc and the Lions Club of Mombasa, we have constructed two dams, investing over Kshs 3 million. These dams, each with a capacity of 5 million liters, help residents harvest rainwater for farming, addressing the issue of starvation. Looking ahead, we plan to explore water drilling as part of our CSR program for 2023, further contributing to Goal 6.

Our Carbon Footprint - 2023 - 2024

Category		Emission source category		t CO2e
GHG Protocol Standards: Corporate Scope - 1 and 2, Value Chain - Scope 3	Scope 1	Direct emissions arising from owned or controlled stationary sources that use fossil fuels and/or emit fugitive emissions	Fuels	60.47
			Bioenergy	
			Refrigerants	
		Direct emissions from owned or controlled mobile sources	Passenger vehicles	
			Delivery vehicles	
		Total Scope 1		60.47
	Scope 2	Location-based emissions from the generation of purchased electricity, heat, steam or cooling	Electricity	828.87
			Heat and steam	
			Electricity for Evs	
			District cooling	
		Total Scope 2		828.87
	Scope 3	Fuel- and energy-related activities	All other fuel- and energy related activities	
			Transmission and distribution losses	
		Waste generated in operations	Waste water	
			Waste	14.08
		Purchased goods	Water supplied	2.60
			Material use	
		Business travel	All transportation by air	
			Emissions arising from hotel accommodation associated with business travel	
			All transportation by sea	
			All transportation by land, public transport, rented/ leased vehicle and taxi	
		Upstream transportation and distribution	Freighting goods	
		Employees commuting		
		Food		
		Home office		
		Total Scope 3		73.47
		Total Emissions		**962.82**

Our carbon footprint consists of various scopes of greenhouse gas (GHG) emissions, each associated with different sources:

Scope 1 GHG Emissions:

These emissions originate from direct sources that are owned or controlled by Car & General. These include emissions generated by stationary sources like fuel usage. For example, our operated fleet of vehicles and machinery that burn fossil fuels, the emissions from these activities would fall under Scope 1.

Scope 2 GHG Emissions:

These emissions arise from the generation of purchased electricity that we consume from the national grid. Essentially, it's the indirect emissions associated with the electricity consumed. For instance, when we buy electricity from a utility provider, the emissions from the generation of that electricity would be considered Scope 2 emissions.

Scope 3 GHG Emissions:

These emissions are more complex and encompass a broader range of indirect sources. They relate to emissions resulting from activities outside our direct control but are associated with the Car & General's operations. This includes emissions from purchased goods and services, such as supplied water and material utilization. For example, when we buy raw materials or products from suppliers, the emissions associated with the production, transportation, and disposal of those materials or products would be Scope 3 emissions to us.

In summary, while Scope 1 emissions are direct emissions from owned or controlled sources like fuel usage, Scope 2 emissions are indirect emissions from purchased electricity, and Scope 3 emissions are a broader category covering indirect emissions associated with purchased goods and services. Each scope represents a different aspect of our carbon footprint and we have put it place strategies for mitigation and reduction.

CORPORATE GOVERNANCE

Governance Structure at C&G

The Group's Board of Directors is responsible for the governance of the Group and is accountable to the shareholders for ensuring that the Group complies with the law, the highest standards of corporate governance and business ethics. The Directors attach great importance to the need to conduct the business and operations of the Group and the Company with integrity and in accordance with generally accepted corporate practice and endorse the internationally developed principles of good corporate governance. The Group is compliant with the Code of Corporate Governance Practices for Issuers of Securities to The Public 2015 ("The Code") issued by the Capital Market Authority (CMA).

Board of Directors

The full Board meets at least four times a year. The Directors are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues.

Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-to-day business to the Group Chief Executive Officer. The Board nonetheless retains responsibility for establishing and maintaining the Group's overall internal control over financial, operational and compliance issues.

Six out of the seven members of the Board are Non-executive including the Chairman of the Board and other than the Group Chief Executive Officer, all other Directors are subject to periodic reappointment in accordance with the Company's Articles of Association.

Legal and compliance audits are done every two years so are Governance audits. Board evaluations are supposed to be done annually. Car & General has scheduled audits for November and December 2025. Board evaluation will be done in October 2025. The last audit was in December 2023 while Board evaluation was done in 2021

The Board of Directors

Nicholas Ng'ang'a EBS, Chairman and Non-Executive Director

Nicholas Ng'ang'a is the Chairman of the Board of Directors of Car & General (Kenya) Plc. Nganga, an astute businessman, is a holder of a BA degree from Makerere University and served as Permanent Secretary in the Ministries of Finance, Foreign Affairs and Health.

Mr. Nganga has been extensively involved in the tea industry and was Chairman of the Tea Board of Kenya. He is a past Chairman to the boards of the National Bank of Kenya and Safaricom Plc – where he served from since 2007 to 2020. Currently he is also member of the Board of Kakuzi PLC and G4S Security.

Vijay Vashdev Gidoomal, Group CEO

Vijay Gidoomal qualified as a lawyer from Clifford Chance in the UK in 1992. He returned to Kenya in 1993 and was responsible for establishing Car & General operations in Uganda and Tanzania as Executive Director.

He became the Managing Director of Car & General in 1996 and oversaw a complete restructuring of the company's revenue base, gradually introducing new product lines that included the pioneering of the introduction of three wheelers and two wheelers as taxis in East Africa.

Vijay has seen the company grow regionally with representation in Kenya, Uganda, Tanzania, Rwanda, Burundi, Seychelles, Eritrea, Ethiopia, Djibouti and Somalia. He is an active member of the Young Presidents Association, its past Chairman (Kenya Chapter) and regional board member.

Carey Muriithi Ngini, Independent Director

Carey has a wealth of experience across a variety of sectors ranging from property, finance and insurance to oil and gas. Carey has established a number of operations in these areas and is currently a Director of several companies including G4S Secure Data Solutions (Kenya) Limited (archiving),

St Christopher's Schools Ltd (education), Syndicate Holdings Ltd (property) and Bentworth Investments Ltd (oil and gas). His experience is very relevant to the current direction of Car & General. Carey graduated with a Bachelor of Science Degree in Business and Finance from the US International University in the UK.

Sanjay. P. Gidoomal, Non-Executive:

Sanjay Gidoomal is the Board Chairman of Watu Credit. He was previously Managing Director at GIRO Commercial Bank Ltd until February 2017.

He is currently a Director of Bodaplus, Car & General (Kenya) Limited, Car & General (Tanzania) Limited and Car & General (Uganda) Limited.

Gladys Mumbua Mboya, Independent Director

Gladys is an advocate of the High Court of Kenya with over twenty years' experience in commercial and corporate law having advised both private and public companies in diverse industries including government and non-governmental organizations, financial institutions, pr vate equity funds, microfinance organizations, manufacturing, health and aviation companies.

Gladys is Managing Partner of Mboya Wang'ondu & Waiyaki Advocates. She is a strategic thinker and an adept negotiator. With her proven leadership skills, she leads a good legal practice. Gladys holds degrees in Law and Masters in Business Administration, from the University of Wales and University of Warwick respectively.

Madabhushi Soundararajan, Non-Executive Director

Madabhushi Soundararajan, CEO of Delta Corp East Africa Ltd, a real estate development company substantially owned by the reputed Reliance Industries Limited from India, joined the Car & General Board in 2008. He made a name for himself in the banking industry having served in different positions in banks both in Kenya and India. Mr. Soundararajan has been a career banker for 36 years with the State Bank of Standard Chartered Bank, Commercial Bank of Africa (NCBA Plc) and the CFC Group (CFC Stanbic).Before joining Delta Corp East Africa.

Pratul Shah, Non-Executive Director

Pratul Shah FCCA, CPA (Kenya), CPS(Kenya) has over 35 years of professional experience in general practice and specialist advisory areas in audit, tax planning, strategic planning, corporate finance, and corporate recovery work with Price-Waterhouse-Coopers (PwC), where he was a Partner. He currently assists companies in the banking, insurance, retail, manufacturing, and services sectors develop their strategic plans and restructuring advice to compete and build shareholder wealth. He is an advisor to various Boards and has been a lead advisor in many mergers and acquisitions transactions. He has served on ICPAK's Technical and Ethics Committee, Banking & Insurance Committees and has been a past member of the Insurance Tribunals Board appointed by the Minister of Finance.

Conrad Nyukuri, Secretary to the Board

Conrad Nyukuri is the Secretary to the Board of Car & General. He is a Partner at Adili Corporate Services Kenya. Conrad has vast experience in compliance matters and is also well versed in corporate governance. Conrad has been the secretary to boards of several listed public companies, multinationals and private companies in various sectors.

He holds a BSc Business Administration degree and is a practicing member of the Institute of Certified Public Secretaries Kenya with over sixteen years post-qualification experience. Conrad is also an affiliate of the Institute of Certified Secretaries and Administrators. He is a founder member of the Council of Institute of Certified Public Secretaries of Kenya.

Summary BOD Information

Name	Age	Gender	Expertise	Citizenship	Year of Appoint-ment (Tenure)	Status	Meet-ing atten-
Nicholas Nganga	86	Male	Business Operations Finance Management	Kenyan	1988 (36)	Non-Executive	5/5
Vijay Vashdev Gidoomal	57	Male	Legal Finance Management	Kenyan	1994 (30)	Executive	5/5
Gladys Mumbua Mboya	57	Female	Legal Investments	Kenyan	2018 (6)	Independent	5/5
Carey Muriithi Ngini	57	Male	Finance Insurance	Kenyan	2017 (7)	Independent	5/5
Soundararajan Madabhushi	74	Male	Banking Management	Indian	2008 (16)	Non-Executive	5/5
Pratul Hemraj Shah	71	Male	Audit tax Planning	Kenyan	2001 (23)	Non-Executive	5/5
Sanjay Prem J Gidoomal	58	Male	Banking Credit Management	Kenyan	2008 (16)	Non-Executive	5/5

Committee Meetings

Name	Audit Risk and Compliance Committee Attendance	Governance, Nomination and Compensation Committee Attendance
Nicholas Ng'ang'a	N/A	1/1
Pratul Shah	3/3	N/A
Madabhushi Soundararajan	3/3	1/1
Sanjay Prem Gidoomal	3/3	1/1
Carey Muriithi Ngini	3/3	1/1
Gladys Mumbua Mboya	N/A	1/1

The Management Team

Vijay Gidoomal - (CEO, Car & General Kenya PLC)

A UK-trained lawyer, Vijay joined C&G in 1993 as Executive Director, and became CEO in 1996, overseeing the restructuring of the company and introducing new product lines and regional expansion.

Venkatesh Jarayaman - (MD, Car & General Trading Limited, Tanzania)

He joined C&G in 1998. Venkatesh is responsible for profitability of the C&G trading business in Tanzania. He graduated from the Regional Engineering College -Trichy India, in 1992. He was appointed MD of C&G Tanzania in 2011.

David Chesoni - (MD, Car & General Trading Limited, Kenya)

A graduate of Economics from Egerton University, David was appointed MD in 2018 responsible for profitability of Kenya's distribution business in Kenya. David joined the C&G in April 1996.

Naveen Kumar - (MD, Car & General Trading Limited, Uganda)

Naveen joined C&G in 2005. He has a Diploma in Mechanical Engineering from Andra Pradesh Technical Board. He also holds Bachelor of Arts Degree from Osmania University, Hyderabad. He became the Head of Uganda business in 2021.

Carol Omanjo - (COO, Car & General PLC)

Carol joined Car & General in 1996, as Accounts Assistant. She was appointed COO in 2020. Carol is responsible for human resources, administration, treasury, credit control, logistics, real estate and communications. A graduate of KCA University with a Bachelor of Commerce degree with CPA from Strathmore Business School. Carol is a Certified Human Resource Professional (CHRP-K) from the insititute of Pension Management.

Sam Njenga - (CFO, Car & General PLC)

Sam joined C&G in 2008 as an Internal Auditor. He was appointed CFO in 2020. As CFO, Sam ensures prudent financial management that includes producing timely and accurate accounts. Sam holds a Bachelor of Commerce degree from Kenyatta University and has a Masters of Commerce degree from Strathmore University. He is a CPA (K).

Eric Sangoro , Managing Director Cummins C&G Limited

He was appointed the General Manager of Cummins C&G in 2021. Erick holds a Bachelor's Degree in Commerce (Finance and Cost Accounting) and a Master's in Business Administration from Strathmore Business School. Erick has an EMBA Certificate from IESE Business school, Spain and Social Innovation Certificate from EGADE Business School Mexico City.

Faye Crane, Resident Director, Kibo Poultry Products Limited

Faye Crane, famously known as "Mama Kuku", has been in the poultry business for many years,seeing the company grow in leaps and bounds

Srinivas Devarakonda, General Manager, Equipment Business, Car & General Trading Limited, Kenya.

Srinivas joined C&G in 2014. He has a Diploma in Mechanical Engineering from the Institute of Mechanical Engineers, India. He has also undergone an Executive Development Program – Strategic Management from XLRI University, India.

George Rubiri - (GM, Consumer Products, Car & General Trading Limited, Kenya)

George joined C&G in 2005 and was appointed GM in 2016. George is a graduate of Moi University with a Bachelor of Arts – Government and Public Administration.

Andris Kaneps, CEO – Watu Credit Limited

Andres founded Watu Credit, a non-banking, finance company head-quartered in Mombasa. A lawyer by profession, Andris holds a Master's Degree in Law from the University of Latvia

Pavit Kenth , CEO – Bodaplus Limited

Pavit was appointed the CEO in 2021. He has a Bachelor's Degree in Mechanical Engineering from Kingston University, United Kingdom.

Jeremiah Mureu - (Head of Credit Control, Car & General PLC)

Jeremiah joined C&G in 2008 as a Credit Controller. He became the Head of Credit Control in 2016. He holds a Bachelor of Commerce degree from the University of Nairobi and he is a Certified Credit professional by the School of Credit Management

Raphael Atanda - (Head of Communications, Car & General PLC)

Raphael joined C&G in 1996 as a Librarian. He holds a Diploma in information Science from Technical University of Kenya, an Executive Diploma in Marketing Communications from the Marketing Society of Kenya and is a member of the Public Relations Society of Kenya.

Eunice Malelu - (Head of Treasury, Car & General PLC)

Eunice joined C&G in 2012. She holds a Bachelor degree in Business and Management and CPA (K) from Egerton University. Eunice was appointed to head the Treasury in 2021

Saumil Vyas - Head of Digital Marketing and Strategy, Car & General Trading Limited, Kenya

Saumil joined C&G in 2018 and was appointed to head the Digital Marketing and Strategy in 2021. He is a graduate of Narmada College of Management with an MBA in Marketing.

Faith Mumo - (Head of Marketing, Car & General Trading Limited, Kenya)

Faith joined C&G in 2007 and was appointed as Head of Marketing in 2020. Faith has a degree in Public Relations from Daystar University and a Practitioners Diploma in Marketing from the Marketing Society of Kenya.

Gilbert Mutai - (Head of Information Technology, Car & General PLC)

Gilbert joined C&G in 2017. He graduated with a Bachelor in Computer Science – Egerton University and Masters in Information technology Management – University of Nairobi. He hold Project management certification from Computer Pride Training Centre, Nairobi. He is also the SAP Manager at C&G.

Costa Cherotich - (Head of Audit, Car & General PLC)

Costa joined C&G in 2011 after completing her Bachelor of Commerce degree, Accounting Option, from Kenyatta University. In recognition of her dedication and expertise, she was appointed to the role of Head of Audit in 2020. Her certification as a Certified Public Accountant (CPA-K) underscores her qualifications for this role in ensuring the integrity and accuracy of C&G's financial operations.

Commitment To Good Corporate Governance

At C&G, we recognize the paramount importance of corporate governance in fostering a conducive and sustainable business environment, a sentiment echoed worldwide as corporate governance continues to gain prominence globally. It serves as the bedrock of our operational framework, guiding our business practices and ensuring adherence to the highest standards of ethics and governance principles.

The Group's Board of Directors bears the responsibility of overseeing the governance of the Group, with a clear mandate to uphold compliance with applicable laws, uphold the highest standards of corporate governance, and promote ethical business conduct. The Directors are steadfast in their commitment to conducting business operations with integrity and in alignment with internationally recognized corporate governance principles. The Board (including the CEO) are fully trained on the Code of Corporate Governance Practices for Issuers of Securities to The Public 2015 issued by the Capital Market Authority (CMA). Our adherence to the well elaborate Code underscores our dedication to upholding best practices in corporate governance.

The Board understands the significance of integrated thinking in decision-making processes, recognizing the intrinsic relationship between financial and non-financial values in driving sustainable value creation for all stakeholders. By embracing this holistic approach, the Board aims to enhance the company's performance and ensure its long-term success.

Furthermore, the Board acknowledges that ethical and effective leadership is the cornerstone of good corporate governance, essential for achieving sustainable results. It adopts a stakeholder-inclusive approach, considering and balancing the legitimate interests and expectations of all stakeholders in its deliberations and actions.

To ensure effective oversight, the full Board convenes at least four times a year, providing Directors with timely and comprehensive information to enable informed decision-making across strategic, financial, operational, and compliance domains. While day-to-day business operations are entrusted to the Group Chief Executive Officer, the Board retains ultimate responsibility for establishing and maintaining the Group's overall internal control framework concerning financial, operational, and compliance matters.

Moreover, our corporate governance guidelines include a robust code of conduct aimed at promoting transparency and disclosure, ensuring adherence to regulatory requirements and laws. Throughout the reporting period, the company remained fully compliant with all applicable regulations and laws in Kenya, reaffirming our unwavering commitment to ethical conduct and corporate governance excellence.

BOARD OPERATIONS AND CONTROL

Board appointment and composition

The group has meticulously crafted and implemented clear procedures and guidelines for the appointment of Board members, underpinned by a robust Board charter. Each director's appointment is conducted through a formal and transparent process, ensuring utmost integrity and alignment with corporate governance standards.

The composition and size of the Board are determined by the full Board itself, adhering to all pertinent laws, regulations, and provisions outlined in the Company's Memorandum of Incorporation (MOI). Moreover, the Board structure is particularly designed to encompass an appropriate mix of individuals, encompassing diverse backgrounds in terms of knowledge, skills, age, gender, race, and expertise. This ensures a holistic and well-rounded perspective at the highest level of governance, commensurate with the intricate nature, scale, and complexity of the company's operations and risks.

Comprising eight members, the Board includes both non-executive and independent directors, strategically appointed to foster impartiality and objectivity in decision-making processes. Each director possesses the requisite skills and competencies necessary to discharge their duties effectively, further bolstered by ongoing induction and training provided by the esteemed Centre for Corporate Governance in Kenya.

Our Board members do not act in similar capacity in more than three listed companies. The chairperson is not a Board chair in more than two listed companies. C&G Board has not appointed alternate directors; however, the Governance, Nomination and Compensation Committee may appoint alternate directors as and when the need arises.

The Board's structural framework is carefully calibrated to optimize efficiency and collaboration among its committees, with a deliberate emphasis on minimizing redundancy and ensuring a balanced distribution of responsibilities and authority. The term of office of the Board members is organized in a manner that ensures that there is a smooth transition. Specifically, two key committees, namely the Audit, Risk, and Compliance Committee, as well as the Governance, Nomination, and Compensation Committee, are meticulously constituted to fulfill their respective mandates with utmost diligence and efficacy.

Functions of the Board

At the board level, roles and responsibilities are meticulously assigned to ensure clarity and accountability. The distinct roles of the chairman and the chief executive officer (CEO) are clearly delineated and separated, in line with best corporate governance practices.

Furthermore, the Board of Directors delegates powers and responsibilities to relevant Board Committees, empowering them to guide and oversee critical areas such as strategy formulation, company performance evaluation, resource management, and adherence to the Code of Conduct. This delegation of authority not only enhances efficiency in decision-making but also ensures comprehensive oversight and protection of the company's interests across various facets of its operations.

Chairman to the Board

The primary functions of the board chairman encompass a range of crucial responsibilities aimed at fostering effective governance and leadership within the organization. These functions include:

1. Providing Leadership: The chairman is responsible for providing strong and effective leadership to the Board, ensuring its overall effectiveness in fulfilling its duties and responsibilities.
2. Facilitating Input and Relations: The chairman facilitates constructive engagement and collaboration between executive and non-executive directors, ensuring that all perspectives are considered in board deliberations.
3. Setting Agenda: The chairman sets the agenda for board meetings, ensuring that key topics and matters are addressed in a timely and comprehensive manner.
4. Setting Ethical Tone: The chairman plays a pivotal role in setting the ethical tone for both the Board and the company, ensuring that ethical standards are upheld in all aspects of business operations.
5. Stakeholder Engagement: The chairman ensures effective engagement with shareholders and stakeholders, representing the interests of various stakeholders and fostering open communication and transparency.
6. Representative Responsibilities: The chairman may also have representative responsibilities on behalf of the company, representing its interests in external engagements and interactions.

Independent/Non-Executive Directors

The roles of the Board of Directors are comprehensive and multifaceted, encompassing a wide range of responsibilities aimed at ensuring the company's success and adherence to best governance practices. Some of these roles include:

1. Analyzing Company Performance: The Board analyzes and holds the company's performance against its objectives, assessing progress and identifying areas for improvement.
2. Evaluating and Monitoring Company Performance: The Board continuously evaluates and monitors the company's performance, ensuring alignment with strategic objectives and addressing any deviations or challenges.

3. Reviewing Management Plans and Providing Strategic Guidance: The Board reviews management plans and provides strategic guidance, offering valuable insights and direction to steer the company towards its goals.
4. Overseeing Executive Appointments and Succession: The Board ensures the existence of adequate policies and procedures relating to the appointment, dismissal, and succession planning of Managing Executives, safeguarding the company's leadership continuity and effectiveness.
5. Providing Oversight on Risk Management and Internal Control: The Board provides oversight in the design and implementation of robust risk management and internal control systems, safeguarding the company against potential risks and ensuring compliance with regulations.
6. Adopting Policies for Managing Executives' Responsibilities: The Board adopts appropriate policies and procedures to oversee Managing Executives' responsibilities, ensuring accountability and effective management practices.
7. Monitoring Governance Framework: The Board regularly monitors and evaluates the adequacy and effectiveness of the company's governance framework, ensuring alignment with best practices and regulatory requirements.
8. Oversight of Company Strategy and Resource Allocation: The Board plays an oversight role in the development and execution of the company's strategy, ensuring that resources are allocated efficiently and effectively to support strategic objectives.

Chief Executive Officer (CEO)

The Chief Executive Officer (CEO) plays the role of overseeing the day-to-day operations of the company and executing the strategic direction set forth by the Board of Directors. The CEO's responsibilities include:

1. Implementing Board Policies: The CEO ensures the effective implementation of the policies outlined by the Board in the company's overall corporate strategy, aligning operational activities with strategic objectives.
2. Apprising the Board: The CEO keeps the Board frequently and adequately informed about the institution's operations by presenting relevant board papers, providing transparency and facilitating informed decision-making.
3. Oversight of Strategy and Resource Allocation: The CEO plays a critical oversight role in the company's strategy and resource allocation, ensuring alignment with organizational goals and optimal utilization of resources to drive performance.
4. Establishing Internal Control Systems: The CEO establishes and maintains efficient and adequate internal control systems, safeguarding assets, ensuring compliance with regulations, and mitigating risks.
5. Evaluating Company Performance: The CEO evaluates and monitors company performance, tracking progress towards strategic objectives, identifying areas for improvement, and implementing corrective measures as necessary.
6. Monitoring Control and Risk Management: The CEO oversees control and risk management systems, ensuring their effectiveness in identifying, assessing, and managing risks to the organization's operations and objectives.
7. Reviewing Management Plans and Providing Strategic Guidance: The CEO reviews management plans and provides strategic guidance, offering leadership and direction to the management team in alignment with the company's strategic objectives.

Governance, Nomination and Compensation Committee

The Committee convenes as required and when necessary, comprised of four non-executive Directors: Carey M Ngini (Chairman), M Soundararajan, S P Gidoomal, Gladys Mboya, and the Group CEO, Mr. Vijay Gidoomal. The committee holds a significant responsibility in various aspects of governance and oversight, including:

1. Performance Monitoring: The committee monitors and evaluates the performance of senior management, including the Group Chief Executive Officer, ensuring account-

ability and effectiveness in leadership.

2. Human Resource Policies: The committee reviews all human resource policies, ensuring alignment with organizational goals and compliance with regulatory requirements.
3. Remuneration Policy: The committee oversees the development and implementation of the remuneration policy for the Group, encompassing compensation structures for the Chairman, non-executive Directors, Executive Directors, Senior Management, and the wider workforce.
4. Director Appointments: The committee makes recommendations to the Board to fill vacancies for Executive and non-executive Directors, ensuring a balanced composition and diversity of skills and expertise.
5. Board Composition: The committee ensures that the Board and its Committees maintain an appropriate balance of skills, experience, independence, and knowledge relevant to the Group's operations and strategic objectives.
6. Review of Group Policies: The committee conducts a comprehensive review of all group policies, corporate governance systems, and practices, supporting the Board in its stewardship responsibility and obligations to the stakeholders of the Group.

Board Independence

The C&G Board places paramount importance on compliance with the independence requirements outlined in both the CMA Code of Good Corporate Governance (2015) and the Nairobi Securities Listing Standards. It has conducted thorough assessments and confirmed that both the Chairman and all non-executive Directors meet these stringent standards, thus contributing to a balanced and effective composition of the Board.

As per the CMA Code, an issuer is mandated to have a board consisting of a majority of non-executive directors, with at least one third of the total number being independent directors. The C&G Board adheres to these guidelines, with six out of seven Directors holding non-executive positions, including the Chairman. All Directors, excluding the Group Chief Executive Officer, undergo periodic reappointment in accordance with the Company's Articles of Association.

In alignment with the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023, an independent director is defined as a board member who is not an executive director, does not possess a material or pecuniary relationship with the company or related persons, is compensated through sitting fees or allowances, and does not own shares in the company. It is noted that after six years of continuous service as an independent director, such person shall no longer be considered as independent.

The C&G Board affirms that all non-executive Directors maintain independence, as they do not hold any business or other relationships that could potentially influence their judgment. Recognizing the critical importance of this independence, the Board ensures that unbiased decision-making prevails in its deliberations and actions.

Age Limit for Board of Directors

The Group has opted not to impose an age limit for its Directors. However, C&G Board is committed to follow the recommendations of the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, which proposes Board members retire at the age of seventy years. Only three directors at C&G are above seventy years of age.

Retired Directors seeking to extend their tenure in the office of Director are required to seek approval from shareholders at the Annual General Meeting, as recommended in the Code. This approach allows for flexibility in Director appointments while ensuring that Shareholders have a say in the continuation of retired Directors' service.

Board Tools

The company has proactively established essential tools to enable the Board to effectively fulfill its roles and responsibilities. These tools include:

1. C&G's Code of Conduct Policy: This policy outlines the ethical standards and behaviours expected from Board members and employees, ensuring adherence to principles of integrity, transparency, and account-

ability.

2. The Board Charter: This document delineates the roles, responsibilities, and operating procedures of the Board, providing a framework for effective governance and decision-making.

3. Audit, Risk, and Compliance Committee Terms of Reference (TOR): These TOR outline the specific responsibilities, authority, and scope of the Audit, Risk, and Compliance Committee, ensuring robust oversight of financial reporting, risk management, and compliance activities.

4. Governance, Nomination, and Compensation Committee Terms of Reference (TOR): These TOR define the responsibilities and authority of the Governance, Nomination, and Compensation Committee, focusing on matters related to corporate governance, director nominations, and executive compensation.

By implementing these tools, the company empowers the Board with the necessary guidance and resources to carry out its duties effectively, promote accountability, and uphold the highest standards of corporate governance.

Board of Directors Induction & continuous skill development

The Board induction program aims to provide new Board members with a solid foundation of knowledge and understanding, enabling them to contribute effectively to the Board's deliberations and decision-making processes from the outset of their tenure.

Newly appointed Board members undergo a comprehensive induction program tailored to familiarize them with the Company's business, strategy, objectives, policies, procedures, operations, senior management, and the broader business environment. This induction program is designed to equip new members with all the necessary information required for effective performance on the Board.

During the induction, new Board members are introduced to their fiduciary duties and responsibilities, ensuring a clear understanding of their roles in upholding the Company's best interests. Additionally, they are briefed on any other unique aspects of the business that may be pertinent to their roles. Periodically, the Board members undertake various trainings to develop and sharpen their skills especially in new developments and trends.

During the month of October 2023, Deloitte & Touche facilitated comprehensive training sessions for the entire C&G Board on Environmental, Social, and Governance (ESG) principles. The primary objective of this training was to enhance the Board's understanding of emerging sustainability and ESG issues and to equip them with various frameworks and guidelines.

The training aimed to foster a deeper appreciation of sustainability practices and their significance within the context of C&G's operations. By gaining insight into ESG principles, the Board was better prepared to integrate sustainability programs seamlessly into C&G's value chain.

Deloitte & Touche's training sessions provided the Board with valuable knowledge and tools necessary to navigate the evolving landscape of sustainability and ESG considerations. This initiative underscores C&G's commitment to responsible business practices and its dedication to aligning with global sustainability goals.

In December 2023, the full C&G Board underwent a comprehensive training session on Electric Vehicles (EVs) facilitated by Arc Ride, under the leadership of their CEO, Mr. J. Hurst-Croft. This strategic initiative was undertaken to equip the Board with the necessary knowledge and insights as C&G planned to introduce electric three-wheelers into the Kenyan market. The decision to engage in this training was in direct alignment with the group's Sustainability commitments, particularly its focus on fostering environmentally friendly mobility solutions to combat climate change and pollution.

Annual evaluations of Board Members

To enhance Board effectiveness, the Board Governance, Nomination and Compensation Committee, conducts a comprehensive assessment of directors' performance, as well as that of key stakeholders including the Chairperson, committees, individual members, the Chief Executive Officer, and the Company Secretary.

This assessment involves evaluating various aspects such as governance practices, decision-making processes, strategic alignment, and individual contributions. The results of this evaluation are discussed within the Board, providing valuable insights into areas of strength and opportunities for improvement.

Importantly, the evaluation exercise informs the Board's decisions regarding training and development needs for its members. By identifying areas for enhancement, the Board can proactively address skill gaps and ensure continuous improvement in governance practices and performance. This commitment to regular assessment and development underscores the Board's dedication to achieving optimal effectiveness and driving sustainable business growth.

Insurance

The Group has proactively taken out a comprehensive Directors' and Officers' Liability insurance cover to protect all Directors against potential legal liabilities arising from their roles and responsibilities within the company. This insurance coverage provides financial protection for Directors in the event of lawsuits or legal actions brought against them for alleged wrongful acts or omissions while carrying out their duties. By securing this insurance, the Group demonstrates its commitment to safeguarding the interests and welfare of its Directors and ensuring they can perform their duties without undue concern about personal liability.

Board Annual Remuneration

The remuneration of Directors is disbursed in the form of cash payments. According to the Memorandum and Articles of Association of the company, there is no mandatory requirement for Directors to hold shares in the company as a condition of their appointment or continued service on the Board. This approach allows for flexibility in the compensation structure for Directors and ensures alignment with the company's governing documents and policies.

Compliance with Laws, Regulations and Standards

As a listed company on the Nairobi Securities Exchange, C&G is bound by and adheres to several regulatory frameworks and standards to ensure compliance and uphold good corporate governance practices.

These include:

1. The Companies Act 2015, its regulations, and any subsequent amendments: This legislation outlines the legal framework governing the establishment, operation, and dissolution of companies in Kenya, including requirements related to corporate governance, financial reporting, and shareholder rights.

2. The Capital Markets Act Cap. 485A rules and regulations: This Act regulates activities in the capital markets in Kenya, including the issuance and trading of securities, disclosure requirements, licensing of market intermediaries, and investor protection measures.
3. The Nairobi Stock Exchange Listing Standards: These standards set out the requirements and obligations for companies listed on the Nairobi Securities Exchange, covering areas such as corporate governance, financial reporting, disclosure of material information, and compliance with relevant laws and regulations.
4. All other applicable laws and regulations governing the various lines of business in which the company operates: In addition to the specific regulations governing listed companies, our company complies with all relevant laws and regulations applicable to its specific industry sectors and operations.

By adhering to these regulatory requirements and standards, our company ensures transparency, accountability, and integrity in its operations while protecting the interests of shareholders and stakeholders. Compliance with these regulations also enhances investor confidence and fosters trust in the company's governance practices.

Terms of Appointment and Termination of Directors

The Executive Director of the company has a formal service contract with the company and is also enrolled in the company's pension scheme. According to the terms of the contract, either party can terminate the contract by providing six months' notice.

On the other hand, non-executive Directors do not have service contracts with the company. Instead, they are appointed through letters of appointment. In the event of their exit from the company, non-executive Directors are entitled only to any accrued but unpaid Directors' fees.

These distinctions in contractual arrangements reflect the differing roles and responsibilities of executive and non-executive Directors within the company.

Internal Controls

The Group has implemented robust procedures and financial controls to ensure the accurate and complete reporting of accounting information. These procedures encompass obtaining authorization for significant transactions and ensuring compliance with relevant laws and regulations with substantial financial implications. Additionally, the Group maintains proper physical controls over assets and maintains a structured organization to facilitate appropriate segregation of duties.

A comprehensive management accounting system is in place, providing financial and operational performance indicators. Monthly management meetings are held by executive management to monitor performance and strategize measures for improvement.

Internal audits are conducted by the Group's internal auditor based on a program and timetable approved by the Audit Committee. The internal auditor also conducts regular reviews of policies, systems, and procedures, reporting findings to the Group Chief Executive Officer and the Audit Committee.

The Board has ensured that Directors, the Chief Executive Officer, Managing Directors, and Executive management have received training on the requirements outlined in the Code of Good Corporate Governance in Kenya.

Furthermore, the Chief Financial Officer, Sam Njenga, and the Head of Internal Audit, Costa Cherutich, are members of the Institute of Certified Public Accountants of Kenya (ICPAK). Conrad Nyukuri, the Secretary to the Board of Car & General, is a member of the Institute of Certified Public Secretaries of Kenya (ICS) and a founder member of the Council of the Institute of Certified Public Secretaries of Kenya. These professional affiliations underscore their commitment to upholding high standards of professionalism and ethical conduct in their respective roles.

Directors' Conflicts Of Interest

The Group has established robust procedures to effectively manage conflicts of interest among Directors and members of the executive management. In the event that a Director becomes aware of any personal interest or connection, or that of their connected parties, in an existing or proposed transaction with the Group, they are required to promptly notify the Board in writing or during the next Board meeting.

The group implements internal controls to ensure that any transactions involving related parties, including Directors or their connected parties, are conducted at arm's length and in accordance with fair market value principles. Directors are obligated to continuously update the Board on any changes to their conflicts of interest, ensuring transparency and accountability in decision-making processes.

Furthermore, both Directors and members of the executive management are strictly prohibited from exploiting their official positions or accessing confidential company information for insider trading or personal gain. Any conflicts or potential conflicts of interest pertaining to specific business matters or other directorships must be disclosed to the Board in a timely manner.

These measures are integral to maintaining integrity, impartiality, and ethical conduct within the Group's governance framework, thereby safeguarding the interests of all stakeholders.

Directors' Indemnities

The Group prioritizes the protection of its Directors and officers by maintaining comprehensive Directors' and officers' liability insurance. This insurance provides appropriate coverage for legal actions brought against the Directors, offering financial protection and ensuring their ability to fulfill their duties without undue personal risk.

Additionally, the Group has extended indemnities to each Director and the Group Secretary to the extent permitted by law. These indemnities serve to further safeguard Directors and the Group Secretary from potential legal liabilities arising from their roles within the company.

Furthermore, the Group has implemented qualifying third-party indemnity provisions in accordance with section 197 (division 9) of The Companies Act, 2015 Laws of Kenya. These provisions are designed to cover certain losses and liabilities incurred by Directors or the Group Secretary in the course of their duties, providing an additional layer of protection against third-party claims.

By implementing these measures, the Group demonstrates its commitment to supporting and protecting its Directors and officers, ensuring they can carry out their responsibilities effectively while mitigating personal risk exposure.

Ethics And Social Responsibility

The Board of Car & General is committed to enhancing the communities in which we operate by prioritizing corporate sustainability. We recognize the importance of achieving a balance between social, environmental, and financial impacts in our business operations.

Our Corporate Social Responsibility (CSR) policy is designed to foster employee engagement and ensure that every member of the C&G team has the opportunity to contribute to and improve their community. The policy focuses on priority areas such as Education, Health, Environment, and Road Safety.

This commitment to CSR is endorsed by top management, who ensure that the policy aligns with the organization's strategic direction. It is communicated effectively across all levels of Car & General, ensuring understanding, implementation, and maintenance throughout the company.

In pursuit of our CSR goals, we collaborate with partner organizations that share our values and are aligned with our priority areas. This collaborative approach allows us to make a meaningful and positive impact in the communities where Car & General operates, contributing to sustainable development and fostering positive relationships with stakeholders.

Our CSR programs are extensively detailed in the Sustainability section of this integrated report report. This section provides a comprehensive overview of our initiatives and activities aimed at promoting social, environmental, and economic sustainability. From supporting education and healthcare initiatives to fostering environmental conservation and promoting road safety, our CSR efforts are highlighted in detail, showcasing our commitment to making a positive impact in the communities where we operate. We encourage stakeholders to refer to this section for a deeper understanding of our CSR initiatives and their outcomes.

Stakeholders Relations

At all levels of our business operations, we recognize the importance of engaging with a diverse range of stakeholders who play a significant role in our success. To effectively create lasting and sustainable value, we have implemented a structured stakeholder engagement agenda that identifies and prioritizes strategic stakeholders aligned with our company's objectives and current or emerging risks.

Our key stakeholders are outlined in the stakeholder engagement section of our reports, where we describe their significance to our long-term sustainable success, their key concerns and interests, and the methods by which we engage and respond to them. This allows us to tailor our approach to meet the unique needs and expectations of each stakeholder group.

We engage with our key stakeholders on a regular basis, utilizing appropriate formats and levels of communication that best suit the context of the board or senior management. Our governance framework, which includes our Code of Conduct and specific stakeholder engagement frameworks/guidelines, emphasizes the principles of openness, transparency, and integrity, while also outlining requirements for adequate management oversight.

Moving forward, the board of directors will continue to monitor and assess the effectiveness of our group's engagement with stakeholders, ensuring that we maintain meaningful and productive relationships that contribute to our long-term sustainability and success.

Rights Of Shareholders

The company recognizes the importance of providing timely and relevant information to its shareholders, empowering them through effective communication channels that are readily accessible. This commitment ensures the active participation of shareholders and other stakeholders in company affairs.

Our Shareholder's Policy, established in 2020, outlines the processes and procedures followed by the company to ensure that communication with shareholders and the wider investor community is effective, consistent, and transparent. This policy also emphasizes the importance of providing reasonable access to senior management and directors for shareholders and investors seeking information or engagement.

The company prioritizes shareholder privacy and confidentiality. We are committed to safeguarding shareholders' information and will not disclose any shareholder information without their explicit consent, except when required by law. This commitment underscores our dedication to maintaining trust and transparency in our communications with shareholders and stakeholders.

As recommended in the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, C&G treats all shareholders, including minority and foreign, in an equitable manner according to the rights conferred on them including; the right to attend general meetings; the right to participate and vote in general meetings; the right to receive a copy of the annual report and financial statements of the company in a timely manner; the right to a secure method of transfer and registration of ownership of their shares; the right to receive a dividend, when issued; and, the right to the product of liquidation.

Transparency And Disclosure

The company is committed to transparent and balanced disclosure of all material information in a timely manner. We ensure that relevant material information is promptly published on our website, providing stakeholders with easy access to essential information about our operations and governance practices.

This comprehensive disclosure encompasses various company policies, including our Board charter, financial reports, Environmental Social and Governance (ESG) policies, governing ethical principles, shareholder communication policy, and our overall governance structure, among others. By making this information readily available, we aim to promote transparency, accountability, and trust among our stakeholders.

This report serves as a platform for disclosing and communicating important updates and developments related to the company's performance, policies, and initiatives. We are committed to maintaining open and transparent communication with our stakeholders, ensuring they are well-informed about our activities and decisions.

Acountability, Risk Management And Internal Control

The company is deeply committed to making a positive impact while ensuring economic viability, striving to improve lives and sustain prosperity. To achieve this, robust risk management frameworks and controls have been established.

These controls are rooted in the company's core values, supported by comprehensive audit, risk, and compliance frameworks, as well as a strong governance structure and ethical principles. We adhere strictly to current laws and regulations governing our business operations. Additionally, we undergo external assurance processes for our financials and maintain an internal audit unit in line with guidelines provided by the Capital Markets Authority. The Audit, Risk and Compliance committee has put in place a precises process that assesses the competence and independence of the External Auditors.

In the previous financial year (2021-2022), the company submitted its Corporate Governance self-assessment report to the CMA, which conducted a thorough assessment as per the Code. The Authority identified both strengths and weaknesses in C&G's governance and sustainability practices, providing valuable findings and recommendations for improvement. These recommendations have been carefully considered and are being implemented in the current financial year, ending on 31st December 2023.

As we continue our commitment to good governance and stability in the current financial year, the board is dedicated to meeting all requirements and fully complying with the CMA Code of Good Corporate Governance. Recognizing that good governance is an ongoing journey, C&G remains steadfast in reviewing and implementing the Authority's recommendations to ensure continuous improvement and alignment with best practices.

Approved Corporate Policies

C&G has developed a comprehensive set of policies and manuals to guide various aspects of our operations. These documents are readily accessible on our website and corporate intranet, ensuring easy access for both internal and external stakeholders. Our commitment to transparency and accountability means that stakeholders can access and implement these policies as needed, contributing to consistent and aligned practices across our organization.

Enhanced Business Review

The general business environment in the region has been challenging. Real GDP in the East African economies have suffered due to inflationary pressures. Kenya also suffered from political demonstrations. Disposable income in the mass market is constrained. Fortunately, agriculture, tourism, hospitality and exports have recovered which, coupled with exchange rate stability, bode well for the region in the medium term.

The Group has managed these challenges effectively during the financial year ended 31 December 2024. Our biggest operational challenge has been the continuing decline in Kenya of the 2-wheeler business. The other consumer businesses (three wheelers and consumable parts) have remained relatively stable. The two-wheeler business in Tanzania has in fact grown, The Equipment businesses (namely generators, construction equipment, tractors and forklifts) have also performed positively. The Group has managed to grow volume in and been able to achieve its market share objectives. Tanzania, Cummins C&G, Watu Simu grew particularly strongly.

Management continues to implement the growth strategy with the focus being establishing leading positions in core products in their respective markets. It is expected that markets will begin to expand again in 2025 and the two-wheeler market in Kenya will slowly recoveer assuming no further upheavals. Achieving 2025 volume objectives across the region and in all businesses is critical to delivering an EBITDA percentage of 10% which remains a key financial objecive.

The Group now has a great stable of quality businesses and brands catering to significant markets which are now well positioned to grow especially if economic prosperity is achieved across the region. We have excess of 3 million customers who depend on our products. It is our duty to improve their lives by delivering a superior level of product and support.

In terms of investment property, the group is looking to commence a development in Shanzu. We have agreed terms with an anchor tenant. We continously review the entire portfolio.

Environmental Matters

The Group continues to be concious about environmental aspects and operates accordingly and is in compliance will all fuel emission standards and best practice safety processes. Safety is paramount in our operations, and we strive to provide a safe working environment for our staff and all other stakeholders.

Our 2025 focus will be directed towards sales of electric vehicles and compressed natural gas vehicles in Tanzania. We continue to work hard with our supplier to deliver products that are fit for purpose.

Our People

The Group believes in developing talent and in rewarding fairly for perfromance. We are commited to improving skills, knowledge and well-being of all employees. Our selection,training, development and promotion policies ensure equal opportunities for all employees. Significantly, we have launched the Cargen leadership academy in Q1 2025.

As at 31st December 2024, the group's staff headcount stood at 1,189 (2023: 1,080) and 3.649 (2023: 3,743) together with associates.

Social Community Initiatives

The Group continues to support the eye clinic and water security programs and has recently launched the Cargen Lions Club and the Cargen Tech Up program which trains mechanics throughout the country. We have so far trained over 5,000 mechanics.

Audit and Risk Committee

The Board has an audit committee that meets regularly. Its responsibilities include review of financial information, budgets, development plans, compliance with accounting standards, liaison with the external auditors, fixing the remuneration of external auditors and overseeing internal control systems.

Members of the audit committee comprise four Non-Executive Directors; P Shah (Chairman), M Soundararajan, C M Ngini and S P Gidoomal. Internal and external auditors and other company executives attend on invitation as required.

Governance, Nominations and Compensation Committee

The Committee meets as required. The Committee is responsible for monitoring and appraising the performance of senior management including the Group Chief Executive Officer, review of all human resource policies, determining the remuneration of senoir management and making recommendations to the Board on the remuneration of Executive Directors.

The Committee's role is also to make recommendations to the Board to fill vacancies for Executive Directors. In making recommendations, the committee looks at the mix of skills, expertise, gender and how the new appointment will add value to the present complement.

The Committee also reviews all group policies and governance related issues.

The Committee meets as necessary and is comprised of fur Bon-Executive Directors; C M Ngini (Chairman), M Soundararajan, S P Gidoomal, Gladys Mboya and the Group Chief Executive Officer, Mr. V Gidoomal attend on invitation as required.

Internal Controls

The Group has defined procedures and finacial controls to ensure the reporting of complete and accurate accounting information. These cover systems for obtaining authority for major transactions and for ensuring compliance with laws and regulations that have significant financial implications. Procedures are also in place to ensure that assets are subject to proper physical controls and that the Group remins structured to ensure appropriate segregation of duties.

A comprehensive management accounting system is in place providing financial and operational performance indicators. Monthly management meetings are held by the executive management to monitor performance and agree to measures for improvement.

The Group's internal auditor carries out internal audits based on a program, and timetable approved by the Audit Committee. The internal auditor also reviews policies, systems and procedures on a regular basis and reports to the Group Chief Executive Officer and the Audit Committee.

Directors Conflict of Interest

The company has procedures in place for

managing conflicts of interest. Shoild a Director become aware that they, or their connected parties, have an interest in an existing or proposed transaction with the Group, they notify the Board in writing or the next Board meeting. Internal controls are in place to ensure that any related party transactions involving Directors, or their connected parties, are conducted on an arm's length basis. Directors have a continuing duty to update any changes to these conflicts.

Directors' Indemnities

The Group maintains Directors' and officers' liability insurance which gives appropriate cover for legal action brought aganist its Directors. The Group has also granted indemnities to each of its Directors and the Group Secretary to the extent permitted by law.

Director's Statement as to Information Given to Auditors

Each of the persons who is a Director at the date of approval of his report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Annual Basic Retainer Fee per Director

	2024 Shs.	2023 Shs.
Main Board Chairman	165,562	154,731
Audit Committee Chairman	149,006	139,258
Other Directors	132,451	123,786

Sitting Allowances per Director

	Board Shs.	Audit & Risk Committtee Shs.	Governance and Compensation Committee Shs.	Any other Committee Ksh.
Chairman	165,562	149,006	110,374	110,374
Other Directors	132,451	110,374	110,374	110,374

Directors Remuneration

	Salaries and benefits Shs '000'	Pension scheme Shs '000'	Directors fees Shs '000'	Total Shs '000'
31 December 2024 (12 months)				
Mr V V Gidoomal	27,780	290	-	28,070
Mr N Ng'ang'a EBS	-	-	1,537	1,537
Mr P Shah	-	-	2,052	2,052
Mr S P Gidoomal	-	-	2,095	2,095
Mr M Soundararajan	-	-	1,544	1,544
Mr C M Ngini	-	-	1,724	1,724
Ms G M Mboya	-	-	1,241	1,241
Total	27, 780	290	10,193	38,263

	Salaries and benefits Shs '000'	Pension scheme Shs '000'	Directors fees Shs '000'	Total Shs '000'
31 December 2024 (12 months)				
Mr V V Gidoomal	28,887	225	-	29,112
Mr N Ng'ang'a EBS	-	-	2,458	2,458
Mr P Shah	-	-	3,124	3,124
Mr S P Gidoomal	-	-	2,140	2,140
Mr M Soundararajan	-	-	2,044	2,044
Mr C M Ngini	-	-	2,237	2,237
Ms G M Mboya	-	-	1,620	1,620
Total	28,887	225	13,623	42,735

Dividend

The Directors propose payment of first and final dividend of Shs. 64,165, 293 (2023: Shs Nil) which is equal to Shs. 0.80 per share based on issued share capital of 80,206,616 shares of Shs. 5 each.

Auditors

Deloitte & Touche, having expressed their williness, continue in office in accordance with provisions of Section 719(2) of the Kenyan Companies Act, 2015 and being eligble, offer themselves for re-election in accordance with the auditor. The Directors also approve the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fees.

BY ORDER OF THE BOARD

Conrad Nyukuri

Secretary

29 April 2024

SHAREHOLDING STRUCTURE

Distribution of shareholders as at 31st December 2024

Shareholding (No. of shares)	No. of shares held	No. of shareholders	Percentage (%)
Less than 500	107,269	618	0.13
500 - 5,000	905,836	457	1.13
5,001 - 10,000	620,517	89	0.77
10,001 -100,000	3,465,686	141	4.32
100,001 - 1,000,000	6,137,218	21	7.65
above 1,000,000	68,970,090	10	85.99
Total	**80,206,616**	**1,336**	**100**

Top Ten Shareholders of Car & General PLC as at 31st December 2024

Name	Shares Owned	Percentage (%)
Fincom Limited	26,066,838	32.50
Betrin Limited	12,774,318	15.93
Monyaka Investments Limited	10,034,224	12.51
Primaco Limited	7,301,292	9.10
Paul Wanderi Ndungu 6	6,419,922	8.00
Vapa Limited	3,681,036	4.59
Rakesh Prakash Gadani	1,612,460	2.01
Nairobi Commercial Continental Limited	1,080,000	1.35
Chandan Jethanand Gidoomal	884,436	1.10
Investment & Mortgage Nominees Ltd A/c 028950	838,942	1.05

Directors' Direct Shareholdings

V Gidomal	3,168
N Nga'ng'a	10,896
G M Mboya	10,080

Top Ten Individual Shareholders of Car & General PLC as at 31st December 2024

Name	Shares Owned	Percentage (%)
Ndungu, Paul Wanderi	6,419,922.00	8.00
Gadani, Rakesh Prakash	1,612,460.00	2.01
Gidoomal, Chandan Jethanand	884,436.00	1.10
Kaindi David Kyuli	608,256.00	0.76
Kieti Peter Makau	435,908.00	0.54
Amin Dr Ambubhai Narambhai and, Amin Mrs Kusumben Ambubhai	196,408.00	0.24
Shah, Savitaben Velji Raichand	161,460.00	0.20
Mrs Pricilla Kavutha Mwendwa	152,064.00	0.19
Ngumbi, Stephen Kyalo	145,304.00	0.18
Ngumbi, Eric Ndonye	145,302.00	0.18
Total Shares Outstanding	**10,761,320.00**	**13.42**

Top Ten Local Institutional Shareholders of Car & General PLC as at 31st December 2024

Name	Shares Owned	Percentage (%)
Fincom Limited	26,066,838.00	32.50
Betrin Limited	12,774,318.00	15.93
Monyaka Investment Limited	10,034,224.00	12.51
Primaco Limited	7,301,292.00	9.10
Vapa Limited	3,681,036.00	4.59
Nairobi Commercial Continental Limited	1,080,000.00	1.35
Investments & Mortgages Nominees Ltd A/C 028950	838,942.00	1.05
Kestrel Capital Nominees Limited A/C 009	787,720.00	0.98
C/O Kenya Commercial Bank Ltd Freer Investments (Private)Ltd	221,752.00	0.28
Mobicom Kenya Limited	158,040.00	0.20
Total Top 10 Local Institutional Shareholding	**62,944,162.00**	**78.48**

Foreign Shareholders of Car & General PLC as at 31st December 2024

Name	Category	Shares Owned	Percentage (%)
Stanbic Nominees Ltd A/C Nr 1030696	Foreign Company	506,872.00	0.63
Rose, Jane Elizabeth	Foreign Individual	63,352.00	0.08
McNaughton, Andrew Lancaster	Foreign Individual	61,208.00	0.08
Standard Chartered Kenya Nominees Ltd A/C Ke003970	Foreign Company	24,000.00	0.03
Shah, Sarojben Prafulkumar Hemraj	Foreign Individual	21,088.00	0.02
Higgins, Brian Malcom Rex; Higgins, Dennis Arthur	Foreign Individual	16,878.00	0.02
Karmali, Shamshudin Mussa	Foreign Company	12,664.00	0.02
Alibhai, Rashida Zulfiqarali	Foreign Individual	12,664.00	0.03
Khetshi, Shah Hardika Mitesh	Foreign Individual	11,900.00	0.01
Sanger, Sunil;Sanger,Archana	Foreign Company	10,200.00	0.01
Total Top 10 Individual Shareholding		**747,002.00**	**0.93**

Management's Shareholdings as at December 31st, 2024

*None of the Senior Managers, besides the CEO, own Car & General (Kenya) Plc Shares.

Directors’ Shareholdings as at 31st December 2024

Name	Shares Owned	Percentage (%)
Soundararajan Madabhushi	–	–
Pratul Hemraj Shah	–	–
Gladys Mumbua Mboya	10,080	0.0126
Carey Muriithi Ngini	–	–
Sanjay Prem J Gidoomal	–	–
Nicholas Nganga	10,896	0.0136
Vijay Vashdev Gidoomal (CEO) *	3,168	0.0039
Total Directors’ shareholding	**24,144**	**0.0301**

FINANCIAL STATEMENTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 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 Company as at the end of the financial year and of its profit or loss for that year. The directors are responsible for ensuring that the Group and Company keep proper accounting records that are sufficient to show and explain the transactions of the Group and Company; disclose with reasonable accuracy at any time the financial position of the Group and Company; and that enables them to prepare financial statements of the Group and Company that comply with IFRS® Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015. The Directors are also responsible for safeguarding the assets of the Group and Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

i. designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of fi nancial statements that are free from material misstatement, whether due to fraud or error;

ii. selecting suitable accounting policies and applying them consistently; and

iii. making accounting estimates and judge ments that are reasonable in the circum-stances.

Having made an assessment of the Group's and Company's ability to continue as going concerns, the Directors are not aware of any material un-certainties related to events or conditions that may cast doubt upon the Group's and Company's ability to continue as going concerns.

The Directors acknowledge that the indepen

Approved by the Board of Directors on 29th April 2025 and signed on its behalf by:

N Ng'ang'a, EBS	V V Gidoomal
Director	Director
29 April 2025	

Deloitte.

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INDEPENDENT AUDITORS REPORT

TO THE SHAREHOLDERS OF CAR & GENERAL (KENYA) PLC

Report on the Audit of the Consolidated and Company Financial Statements

Our opinion

We have audited the accompanying financial statements of Car & General (Kenya) Plc ("the Company") and its subsidiaries (together, "the Group"), set out on pages 88 to 158,which comprise the consolidated and company statements of financial position as at 31 December 2024 and consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the consolidated and company financial position of Car & General (Kenya) Plc as at 31 December 2024 and of its consolidated and company financial performance and its consolidated and company cash flows for the year then ended in accordance with IFRS Accounting Standard as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated and company financial statements section of our report*. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the other ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our ethical responsibilities in accordance with these requirements.

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

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated and company financial statements of the current period. The matter was addressed in the context of our audit of the consolidated and company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

MAKING AN IMPACT THAT MATTERS since 1845

Key Audit Matter

Valuation of investment properties As disclosed in note 15 of the consolidated and company financial statements, the fair value of Group's and Company's investment properties amounted to Shs 3,050 million and Shs 2,384 million as at 31 December 2024 respectively. The fair valuation of the investment properties for the current period resulted in a net gain of Shs 71.3 million and Shs 27.5 million for Group and Company respectively. The valuation method adopted by the Directors for a significant portion of investment properties is based on the income capitalization approach. Significant judgement is required when determining the capitalization/yield rate where the income capitalization approach is employed. The valuation of investment properties is therefore considered a key audit matter. Refer to note 2 for the accounting policy on investment properties.	Our procedures to address the risk of material misstatement relating to valuation of investment properties included: • Assessing the competence, capabilities and objectivity of the Group's and Company's investment properties professional valuers; • Involving our in-house fair value specialists in evaluating the judgements applied by the Directors and the Group's independent professional valuers for reasonableness and in particular the assumptions and methodologies used to estimate the fair value of the investment properties; and • Checking the accuracy and completeness of the data used by management professional valuers in the valuation of investment properties. Based on procedures performed, we concluded that the methodology and assumptions used by the Directors in the valuation of investment properties were appropriate. In addition, the disclosures pertaining to the valuation of investment properties in the financial statements were found to be appropriate.

Other Information

The Directors are responsible for the other information, which comprises the Chairman's Report, Corporate Governance Report, Report of the Directors and Directors' Remuneration Report which were obtained prior to the date of our report. The other information does not include the consolidated and company financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated and company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Responsibilities of Directors and those charged with governance for the consolidated and company financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated and company financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015, and for such internal controls as Directors determine are necessary to enable the preparation of consolidated and company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and company financial statements, the Directors are responsible for assessing the Group's and Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company and its subsidiaries or to cease operations, or have no realistic alternative but to do so.

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated and company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated and Company financial statements, including the disclosures and whether the consolidated and company financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entity or business units within the Group as a basis of forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board Audit Committee with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Matters Prescribed by the Kenyan Companies Act, 2015

Report of the Directors

In our opinion the information given in the Directors on pages 10 to 12 is consistent with the consolidated and company financial statements.

Directors' Remuneration Report

In our opinion the auditable part of the Directors' Remuneration Report on page 14 has been prepared in accordance with the Kenyan Companies Act, 2015.
The engagement partner responsible for the audit resulting in this independent auditor's report is **FCPA Fred Aloo, Practising Certificate No. 1537.**

For and on behalf of Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Nairobi

2025

CAR & GENERAL (KENYA) PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 Shs '000 (12 Months)	2023 Restated* Shs '000 (15 months)
REVENUE	5	20,944,744	27,240,669
COST OF SALES		(17,734,698)	(23,180, 295)
GROSS PROFIT		3,210,046	4,060,374
OTHER INCOME	7	227,297	202,633
GAIN IN FAIR VALUE OF INVESTMENT PROPERTIES	15	71,304	2,980
IMPAIRMENT PROVISION (INCLUDING REVERSALS OF IMPAIRMENT PROVISION) FOR FINANCIAL ASSETS	26	(5,489)	6,950
SELLING AND DISTRIBUTION COSTS		(1,112,821)	(1,356,673)
ADMINISTRATIVE EXPENSES		(1,498,121)	(1,907,633)
SHARE OF PROFIT IN ASSOCIATES	22	219,769	526,876
PROFIT BEFORE FINANCE COSTS, NET FOREIGN EXCHANGE GAINS/(LOSSES) AND TAXATION		1,111,985	1,535,507
FINANCE COSTS	8	(393,799)	(2,202,810)
FINANCE INCOME	6	35,795	20,763
NET FOREIGN EXCHANGE GAINS/(LOSSES)		27,308	297,919
PROFIT/(LOSS) BEFORE TAXATION	10	781,289	(348,621)
TAXATION CHARGE/ CREDIT	11	(255,242)	74,928
PROFIT/(LOSS) FOR THE YEAR/PERIOD		526,047	(273,693)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will not be reclassified subsequently to profit or loss:			
Gain on property revaluation	16	70,546	92,511
Deferred tax on revaluation of property	29	(10,394)	(10,500)
		60,152	82,011
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		(503,624)	383,035
Other comprehensive (loss)/income for the year/period, net of tax		(443,472)	465,046
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		82,575	191,353

* Details of restatement is disclosed in note 40

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024 (Continued)

	Note	2024 (12 months) Shs '000	2023 Restated* (15 months) Shs '000
PROFIT/(LOSS) FOR THE YEAR IS ATTRIBUTABLE TO:			
Owners of the company		518,291	(267,285)
Non - controlling interests	12	7,756	(6,408)
Profit/(loss) for the year/period		526,047	(273,693)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent		74,819	197,761
Non - controlling interests	12	7,756	(6,408)
Total comprehensive income for the year/period		82,575	191,353
EARNINGS PER SHARE:			
Basic and diluted earnings/(loss) per share (Shs)	13	6.46	(3.33)
EARNINGS BEFORE FINANCE COSTS, DEPRECIATION, AMORTIZATION AND TAXATION	14	1,513,068	2,175,150

*Details of restatement is disclosed in note 40.

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 (12 months) Shs '000	2023 Restated* (15 months) Shs '000
REVENUE	5	269,886	287,418
OTHER INCOME	7	1,929	53,328
GAIN IN FAIR VALUE OF INVESTMENT PROPERTIES	15	27,500	-
ADMINISTRATIVE EXPENSES		(174,322)	(204,046)
PROFIT BEFORE FINANCE COSTS, NET FOREIGN EXCHANGE GAINS/(LOSSES) AND TAXATION		124,993	136,700
FINANCE COSTS	8	(46,955)	(121,594)
FINANCE INCOME	6	1,024	-
NET FOREIGN EXCHANGE GAINS/(LOSSES)		(7,370)	(59,509)
PROFIT/(LOSS) BEFORE TAXATION	10	71,692	(44,403)
TAXATION CHARGE	11	(30,751)	(3,145)
PROFIT/(LOSS) FOR THE YEAR/PERIOD		40,941	(47,548)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Gain on property revaluation	16	11,300	63,884
Deferred tax on revaluation of property	29	(3,390)	(10,500)
		7,910	53,384
Items that may be reclassified subsequently to profit or loss			
Exchange difference arising on translation of foreign operations net of tax		6,428	(432)
Other comprehensive income for the year/period, net of tax		14,338	52,952
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		55,279	5,404
EARNINGS BEFORE FINANCE COSTS, DEPRECIATION, AMORTIZATION AND TAXATION	14	168,647	204,820

*Details of restatement is disclosed in note 40.

CAR & GENERAL (KENYA) PLC
ONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 Shs '000	2023 Shs '000
ASSETS			
Non-current assets			
Investment properties	15	3,049,734	3,080,743
Property, plant and equipment	16	3,143,103	3,226,735
Intangible assets	17	46,444	61,796
Biological assets	18	72,479	52,373
Right of use assets	19	431,138	515,423
Investment in associates and others	22	1,239,239	1,105,562
Deferred tax asset	29	547,782	513,519
		8,529,919	8,556,151
Current assets			
Inventories	25	6,110,911	8,345,631
Trade and other receivables	26	2,883,782	2,697,306
Loan due from related company	27(b)	803,431	803,431
Corporate tax recoverable	11(c)	247,891	261,416
Cash and bank balances	33(c)	317,974	574,471
		10,363, 988	12,682,255
Assets held for sale	24	83,104	-
		10,447,092	12,682,255
Total assets		18,977,011	21,238,406
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	28(a)	401,033	401,033
Revaluation reserve		1,047,312	1,000,853
Retained earnings		4,084,789	3,552,805
Exchange translation reserve		15,123	518,747
Equity attributable to owners of the parent		5,548,257	5,473,438
Non-controlling interests	12	265,880	258,124
		5,814,137	5,731,562
Non-current liabilities			
Deferred tax liabilities	29	1,081,677	923,168
Borrowings	30	739,610	1,447,368
Lease liabilities	31	369,077	431,208
Loan due to shareholder	27(c)	166,808	166,808
		2,357,172	2,968,552
Current liabilities			
Bank overdraft	33(c)	224,250	291,694
Borrowings	30	6,119,928	6,876,870
Lease liabilities	31	178,211	206,816
Trade and other payables	32	4,209,866	5,133,664
Corporate tax payable	11(c)	73,447	29,248
		10,805,702	12,538,292
Total equity and liabilities		18,977,011	21,238,406

The financial statements on pages 20 to 90 were approved and authorised for issue by the Board of Directors on 2025 and were signed on its behalf by:

N. Ng'ang'a, EBS
Director

V. V. Gidoomal
Director

CAR & GENERAL (KENYA) PLC

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 Shs '000	2023 Shs '000
ASSETS			
Non-current assets			
Investment properties	15	2,384,234	1,727,543
Property, plant and equipment	16	619,369	1,253,465
Intangible assets	17	172	214
Right of use assets	19	215,038	239,382
Investment in subsidiaries	20	405,975	405,975
		3,624,788	3,626,579
Current assets			
Trade and other receivables	26	26,616	34,939
Due from related companies	27(a)	954,100	921,849
Corporate tax recoverable	11(c)	37,919	59,897
Cash and bank balances	33(c)	5,676	2,297
		1,024,311	1,018,982
Total assets		4,649,099	4,645,561
EQUITY AND LIABILTIES			
Capital and reserves			
Share capital	28(a)	401,033	401,033
Revaluation reserve		537,677	537,019
Retained earnings		839,476	791,283
Exchange translation reserve		9,353	2,925
		1,787,539	1,732,260
Non-current liabilities			
Deferred tax liability	29	695,592	685,135
Borrowings	30	-	306,740
Lease liabilities	31	276,294	293,859
		971,886	1,285,734
Current liabilities			
Due to related companies	27(d)	1,202,438	1,260,700
Bank overdrafts	33(c)	8	1,364
Borrowings	30	545,036	247,929
Lease liabilities	31	17,427	14,463
Trade and other payables	32	124,765	103,111
		1,889,674	1,627,567
		4,649,099	4,645,561

The financial statements on pages 20 to 90 were approved and authorised for issue by the Board of Directors on 2025 and were signed on its behalf by:

N. Ng'ang'a, EBS
Director

V. V. Gidoomal
Director

CAR & GENERAL (KENYA) PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital Shs '000	Revaluation Reserve* Shs '000	Retained earnings Shs '000	Exchange translation Reserve** Shs '000	Attributable to owners of the company Shs '000	Non - controlling interest Shs '000	Total Shs '000
At 1 October 2022	401,033	898,195	3,904,902	135,712	5,339,842	264,532	5,604,374
Loss for the year	-	-	(267,285)	-	(267,285)	(6,408)	(273,693)
Other comprehensive income for the period	-	82,011	-	383,035	465,046	-	465,046
Transfer of excess depreciation	-	24,219	(24,219)	-	-	-	-
Deferred tax on excess depreciation transfer	-	(3,572)	3,572	-	-	-	-
Dividends paid – 2022	-	-	(64,165)	-	(64,165)	-	(64,165)
At 31 December 2023	401,033	1,000,853	3,552,805	518,747	5,473,438	258,124	5,731,562
At 1 January 2024	401,033	1,000,853	3,552,805	518,747	5,473,438	258,124	5,731,562
Profit for the year	-	-	518,291	-	518,290	7,756	526,047
Other comprehensive loss for the year	-	60,152	-	(503,624)	(443,472)	-	(443,472)
Transfer of excess depreciation	-	(19,561)	19,561	-	-	-	-
Deferred tax on excess depreciation transfer	-	5,868	(5,868)	-	-	-	-
At 31 December 2024	401,033	1,047,312	4,084,789	15,123	5,548,256	265,880	5,814,137

The reserve accounts included in the statement of changes in equity are explained below:
*The asset revaluation reserve represents the net cumulative surplus arising from revaluations of property, plant and equipment - Note 16.
**The foreign currency translation reserve represents the cumulative position of translation gains and losses arising from translation of the net assets of the foreign subsidiary companies to the reporting currency.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital Shs' 000	Revaluation Reserve* Shs' 000	Retained earnings Shs' 000	Exchange translation reserve** Shs' 000	Total Shs' 000
At 1 October 2022	401,033	491,971	894,660	3,357	1,791,021
(Loss) for the period	-	-	(47,548)	-	(47,548)
Other comprehensive income for the period	-	53,384	-	(432)	52,952
Transfer of excess depreciation	-	(11,908)	11,908	-	-
Deferred tax on depreciation transfer	-	3,572	(3,572)	-	-
Dividends paid – 2022	-	-	(64,165)	-	(64,165)
At 31 December 2023	401,033	537,019	791,283	2,925	1,732,260
At 1 January 2024	401,033	537,019	791,283	2,925	1,732,260
Profit for the year	-	-	40,941	-	40,941
Other comprehensive income for the year	-	7,910	-	6,428	14,338
Transfer of excess depreciation	-	(10,360)	10,360	-	-
Deferred tax on depreciation transfer	-	3,108	(3,108)	-	-
Dividends paid – 2023	-	-	-	-	-
At 31 December 2024	401,033	537,677	839,476	9,353	1,787,539

The reserve accounts included in the statement of changes in equity are explained below:

*The asset revaluation reserve represents the net cumulative surplus arising from revaluations of property, plant and equipment - Note 16.

**The foreign currency translation reserve represents the cumulative position of translation gains and losses arising from translation of the net assets of the foreign operation/branch to the reporting currency.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 Shs '000	2023 Shs '000
Cash flows from operating activities			
Net cash generated from operations	33(a)	2,623,167	1,885,755
Corporate tax paid	11(c)	(66,367)	(109,607)
Interest received		35,795	20,763
Interest paid	8	(1,182,319)	(1,259,765)
Net cash generated from operating activities		1,410,276	537,146
Cash flows from investing activities			
Purchase of biological assets	18	(67,964)	(57,824)
Purchase of property, plant and equipment	16	(334,976)	(393,250)
Purchase of intangible assets	17	(1,216)	(38,218)
Shareholders loan to related parties	27(b)	-	(803,431)
Repayment of loan from related parties	27(b)	-	136
Dividend received from an associate	22	-	845,717
Investment in ARC Ride	22	(35,265)	-
Acquisition of subsidiary, net of cash acquired	21	-	(27,877)
Proceeds on disposal of property, plant and equipment		11,460	23,272
Net cash used in investing activities		(427,961)	(451,475)
Cash flows from financing activities			
Repayment of lease liabilities	31	(147,573)	(220,948)
Loans received	33(b)	20,146,018	21,622,889
Loans repaid	33(b)	(20,830,350)	(21,221,781)
Hire - purchase finance	33(b)	8,152	-
Acquisition of subsidiary	21	(295,231)	-
Dividend paid	28(b)	-	(64,165)
Net cash (used in)/generated from financing activities		(1,118,984)	115,995
Net (decrease)/increase in cash and cash equivalents		(136,669)	201,666
Cash and cash equivalents at beginning of the year/period		282,777	57,574
Effects of foreign exchange rate changes		(52,384)	23,537
Cash and cash equivalents at end of the year/period	33(c)	93,724	282,777

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 Shs '000	2023 Shs '000
Cash flows from operating activities			
Net cash generated from operations	33(a)	80,938	407,485
Corporation tax paid	11(c)	(1,706)	(27,806)
Interest paid	8	(102,141)	(121,594)
Net cash (used in)/generated from operating activities		(22,909)	258,085
Cash flows from investing activities			
Purchase of property, plant and equipment	16	(2,848)	(2,380)
Proceeds on disposal of property, plant and equipment		-	476
Net cash used in investing activities		(2,848)	(1,904)
Cash flows from financing activities			
Repayment of lease liabilities	31	(14,601)	(14,161)
Loans received	33(b)	186,831	286,564
Loans repaid	33(b)	(141,279)	(458,116)
Dividend paid	28(b)	-	(64,165)
Net cash generated from/(used in) financing activities		30,951	(249,878)
Net increase in cash and cash equivalents		5,194	6,303
Cash and cash equivalents at the beginning of the year/period		933	(4,938)
Effects of foreign exchange rate changes		(459)	(432)
Cash and cash equivalents at the end of the year/period	33(c)	5,668	933

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

Car & General (Kenya) Plc is a limited liability company incorporated in Kenya under the Kenyan Companies Act, 2015 and is domiciled in Kenya. The Group derives its revenue from rental income and management fees and dealing in supply of generators, motorbikes, tuktuks, laundry equipment, lawn mowers, scooters, marine engines, construction equipment and a wide range of power generation, automotive and engineering products.

The Company shares are listed on the Nairobi Securities Exchange.

2 MATERIAL ACCOUNTING POLICIES

Statement of compliance

The consolidated and company financial statements (hereafter referred to as financial statements) have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015.

For the Kenyan Companies Act, 2015 reporting purposes, in these financial statements, the balance sheet is represented by/is equivalent to the statement of financial position and the profit and loss account is presented in the statement of profit or loss and other comprehensive income.

The accounting policies apply to both consolidated and company financial statements.

Adoption of new and revised IFRS Accounting Standards

(i) Relevant new and amendments to standards and interpretations on the financial statements effective for the year ended 31 December 2024

Amendments to IFRS 16 – Lease liability in a Sale and Lease back

The amendment became effective for annual periods beginning on or after 1 January 2024.

The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

These amendments had no impact on the financial statements of the Group and Company.

Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements

The amendment became effective for annual periods beginning on or after 1 January 2024.

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

Adoption of new and revised IFRS Accounting Standards (Continued)

(i) Relevant new and amendments to standards and interpretations on the financial statements effective for the year ended 31 December 2024 (Continued)

Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements (Continued)

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information. To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

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

These amendments had no impact on the financial statements of the Group and Company.

Amendments to IAS 1 – Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date.

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants(Including the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

These amendments had no impact on the financial statements of the Group and Company.

Amendments to IAS 1-Classification of liabilities as current or non-current

The amendment became effective for annual periods beginning on or after 1 January 2024. The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

Adoption of new and revised IFRS Accounting Standards (Continued)

i) Relevant new and amendments to standards and interpretations on the financial statements effective for the year ended 31 December 2024 (Continued)

Amendments to IAS 1-Classification of liabilities as current or non-current (continued)

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2023 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2023 amendments early.

These amendments had no impact on the financial statements of the Group and Company.

ii) Relevant New and revised IFRS Accounting Standards in issue but not yet effective for the year ended 31 December 2024

At the date of authorisation of these financial statements, The Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

New and Amendments to standards	*Effective for annual periods beginning on or after*
Amendments to IAS 21 - *Lack of Exchangeability*	1 January 2025
IFRS 18 - *Presentation and Disclosure in Financial Statements*	1 January 2027 as earlier adoption permitted
IFRS 19 – *Subsidiaries without Public Accountability Disclosures*	1 January 2027
Amendments to IFRS 7 and 9 – *Amendment to the classification and measurement of financial instruments*	1 January 2026

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, as detailed below:

Amendments to IAS 21 - Lack of Exchangeability	The amendment is effective for annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.
Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments (issued in May 2024)	The amendments include a new requirement to permit an entity to deem a financial liability that is settled using an electronic payment system to be discharged before the settlement date if specified criteria are met; and provide clarifications regarding assessing contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features, financial assets with non-recourse features and investments in contractually linked instruments. The IASB also amended the disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs. The amendments will be applied prospectively. The amendments are not expected to have a material impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

Adoption of new and revised IFRS Accounting Standards (Continued)

ii) Relevant New and revised IFRS Accounting Standards in issue but not yet effective for the year ended 31 December 2024 (Continued)

IFRS 18 Presentation and Disclosure in Financial Statements	In April 2024, the IASB released IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) which includes presentation and disclosure requirements for all entities applying IFRS Accounting Standards. When effective, IFRS 18 supersedes IAS 1 Presentation of Financial Statements. Entities will continue to apply IAS 7 Statement of Cash Flows, although there are certain limited amendments to IAS 7 as a result of IFRS 18. The standard will not impact the recognition or measurement of items in the financial statements but will impact how companies present and disclose financial performance. Entities will be required to classify income and expenses in the following categories: • operating, • investing, • financing, • income taxes and discontinued operations. These categories apply to all entities, with some modification for entities whose main business activities relate to investments in assets (e.g., insurers and investment entities) or provision of financing to customers (e.g., banks). In addition to these categories, the standard requires two new defined subtotals to be presented in the financial statement, operating profit and profit before financing and income taxes. Enhanced principles on the aggregation and disaggregation of information have been included in IFRS 18. Supporting application guidance will assist in determining whether information about transactions should be included in the primary financial statements or notes. Most entities report alternative performance measures. IFRS 18 defines management-defined performance measures (MPMs). Entities are required to present MPMs in a single note to the financial statements and disclose reconciliations between the MPMs and totals or subtotals required by IFRS 18 or other IFRS Accounting Standards. The requirements will be applied retrospectively. The standard is applicable for period beginning on or after 1 January 2027. Earlier application is permitted.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

Adoption of new and revised IFRS Accounting Standards (Continued)

ii) Relevant New and revised IFRS Accounting Standards in issue but not yet effective for the year ended 31 December 2024 (Continued)

IFRS 19 – Subsidiaries without public Accountability: Disclosures	The IASB issued IFRS 19 that permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. When a parent company prepares consolidated financial statements that comply with IFRS Accounting Standards, its subsidiaries are required to report to the parent using IFRS Accounting Standards. However, for their own financial statements, subsidiaries are permitted to use IFRS Accounting Standards, the IFRS for SMEs Accounting Standard or national accounting standards. Subsidiaries are eligible to apply IFRS 19 if they do not have public accountability and their parent company applies IFRS Accounting Standards in their consolidated financial statements. A subsidiary does not have public accountability if it does not have equities or debt listed on a stock exchange and does not hold assets in a fiduciary capacity for a broad group of outsiders. The Group is in the planning phase of determining the impact on the annual financial statements of its qualifying subsidiaries. IFRS 19 will however, not be applicable to the Group's annual financial statements as the Group's equity instruments are publicly traded.

iii) Early adoption of standards

The Group did not early-adopt any new or amended standards in 2024.

Basis of preparation

The financial statements are prepared under the historical cost basis of accounting except for land and buildings and investment properties which are measured at revalued amounts and biological assets which are carried at fair value.

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Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Basis of consolidation (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to revenue reserves) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 measured at fair value.

Non-controlling interests that represent ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Investment in associate and joint ventures

An associate is an entity over which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

Losses of an associate or a joint venture in excess of the Group’s interest in that associate or a joint venture (which includes any long-term interests that, in substance, form part of the company’s net investment in the associate or a joint venture) are not recognised, unless the company has incurred legal or constructive obligations or made payments on behalf of the associate or a joint venture.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group’s consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups 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 (or disposal group) 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.

When the group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

When the group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

2 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer

Sale of equipment, motorcycles and three-wheeler vehicles

The Group recognizes revenue when it satisfies a performance obligation by transferring promised goods to a customer (which is when the customer obtains control of the goods). The amount of revenue recognized is the amount allocated to the satisfied performance obligation. A performance obligation is satisfied at a point in time, for promises, to transfer goods to a customer. Revenue is stated net of Value Added Tax (VAT) and discounts.

Service revenue

Sales of services are recognised over time in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a percentage of the total services to be provided.

Rental income

Rental income is recognised when the Group's right to receive the rent payment is established.
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

ICT Training and Talent development

ICT Training and Talent development revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the school's activities. This is shown net of rebates and discounts. The school recognises revenue to depict the transfer of promised services to students in an amount that reflects the consideration to which the school expects to be entitled in exchange for those services.

Poultry sale

The company recognises revenue from the following major sources:

- Sales of day-old chicks.
- Sales of eggs.
- Sales of parent stock.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

Cost of sales

Cost of sales is the accumulated total of all costs used to create our products which have been sold. Cost of sales of inventory is recognized as an expense in the period in which the related revenue is recognized. The various costs of sales fall into the general sub-categories of carrying amount of inventories, direct labour, direct materials, depreciation, overheads and write-down of inventories. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The cost of sales does not include selling and distribution expenses.

2 MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period. Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to revenue reserves. At the end of each reporting period the difference between depreciation charge for the year based on revalued amount of property, and that based on historical cost is transferred from the revaluation reserve to the revenue reserve net of the related deferred tax.

Depreciation

Depreciation on other property, plant and equipment is provided using the reducing balance method at the following annual rates and recognised in profit or loss:

Buildings	2%
Heavy machinery	12.5% - 25%
Furniture and equipment	12.5% - 30%
Motor vehicles	25%
Computers	30%

Leasehold land is depreciated over the unexpired term of the lease on the straight-line basis.

Intangible assets

Intangible assets represent computer software stated at cost less amortisation. Amortisation is calculated to write off the cost of computer software using the straight-line method at an annual rate of 20% and is included under administrative expenses in the statement of profit or loss and other comprehensive income.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2. MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. 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 (higher of value in use and fair value less costs of disposal) of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Any impairment loss is recognised as an expense immediately under administrative expenses in the statement of profit or loss and other comprehensive income. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised as income immediately.

Leases

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprises of fixed lease payments (including the substance fixed payments), less any lease incentives.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment loses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

2 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the statement of the profit or loss.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Investment properties

Investment properties, which is property held to earn rentals and/or for capital appreciation (including property under construction and leasehold land held for such purposes), is measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the year in which they arise.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises expenditure incurred in the normal course of the business including direct material costs and other overheads incurred to bring the asset to the existing location and condition. Cost of issues is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of disposal. An allowance is made for obsolete, slow moving and defective inventories.

Biological assets

Biological assets comprise of poultry and is carried at fair value. The fair value of livestock is determined based on the prices of livestock existing in the market less estimated point of sale costs.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2 MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

(a) Classification of financial assets

The Group classifies financial instruments into three categories as described below.
Financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(i) De-recognition

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

On derecognition of a financial asset measured at amortised cost, the difference between the assets carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(ii) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impairment of Financial assets

The Group recognises an allowance for expected credit losses (ECLs) for its Trade receivables and Bank balances. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2 MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of Financial assets (Continued)

Other assets include cash and bank balances and deposits which the Group uses counter party external rating equivalent both to determine whether the financial asset has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Related parties

The Group is controlled by Car & General (Kenya) Plc incorporated in Kenya being the ultimate parent. There are other companies that are related to Car & General (Kenya) Plc through common shareholdings or common Directorships.

The Group discloses the nature and amounts outstanding at the end of each financial year from transactions with related parties, which include transactions with the Directors, executive officers and related companies.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current taxation

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset on consolidation.

Employee entitlements

Employee entitlements to annual leave and gratuity are recognised when they accrue to employees. A provision is made for the estimated liability for the entitlements as a result of services rendered by employees up to the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

Employee benefits obligations

The group operates a defined contribution pension scheme for its eligible employees. The assets of the scheme are held in a separate trustee administered fund. The scheme is funded by payments from both the employees and the companies in the group.

The Group also contributes to statutory defined contribution pension schemes in the countries where the entities in the group operate, the National Social Security Fund (NSSF). Contributions are determined by local statute.

The Group's obligations to retirement benefit schemes are recognised in profit or loss as they fall due.

Foreign currencies

Assets and liabilities at year end which are expressed in foreign currencies are translated at the exchange rates ruling at year end. Transactions during the year which are denominated in foreign currency are translated at the rates of exchange ruling at the transaction dates. Gains and losses on exchange are dealt with in the profit or loss in the year in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Kenya Shillings using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate) under the translation reserve/(deficit).

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value net of any outstanding bank overdrafts at the end of the reporting period.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (Group Chief Executive Officer). The directors then allocate resources to and assess the performance of the operating segments of the Group.

The operating segments are based on the Group's internal reporting structure. In accordance with IFRS 8, the Group has the following operating segments; trade and workshop, rental, poultry, investment properties, financial services, joint venture, manufacturing and Information and Computer Technology (ICT) training and development.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Capital expenditure represents the total cost incurred during the year to acquire segment assets that are expected to be used during more than one period (property, plant and equipment).

Provisions

Provisions for restructuring costs and legal claims are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions for future operating losses are not recognised.

2 MATERIAL ACCOUNTING POLICIES (Continued)

Provisions (Continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

The amount recognised as a provision is the best estimate of the present value of expenditures expected to be incurred to settle the obligation using a pre-tax rate that reflects the current market assessments of time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in profit or loss under finance costs.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the asset based either on actual cost on specific borrowings or, in the case of general borrowings, based on a weighted average cost.

Capitalisation of borrowing costs ceases when all activities necessary to prepare the asset for its intended use or sale are complete. All other borrowing costs are recognised in profit or loss.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

a) Revaluation of land and buildings

Land and buildings are measured at revalued amounts. The fair value is determined based on the market and cost approaches using comparable market prices for similar items when available and replacement cost when appropriate.

b) Valuation of investment properties

Investment properties are stated at revalued amounts. In estimating the fair value of an asset or a liability, the group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the group engages third party qualified valuers to perform the valuation. The Directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

c) Deferred tax asset

Deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax losses. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward used tax losses can be utilised.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

d) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The measurement of impairment losses across all categories of financial assets requires judgement and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's Expected Credit Losses (ECL) calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Historical default and expected loss rates;
- The Group's criteria for assessing if there has been a significant increase in credit risk; and
- Development of ECL models, including the various formulas and the choice of inputs.

e) Determination of discount rate

The Group cannot readily determine the interest rate implicit in the lease, therefore it uses either the property yield or incremental borrowing rate (IBR) to measure the lease liabilities. For property leases that make up substantially all of the Group's lease portfolio, the discount rate is the estimated property yield over a similar lease term assessed at commencement date.

The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group's incremental borrowing rate is estimated at the Group level and is based on the average rate of obtaining loans from commercial banks.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately above), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several property lease contracts that include extension options.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or terminate.

(ii) Classification of rental property as property, plant and equipment or investment property

The Group determines whether a property should be classified as investment property or property, plant and equipment by considering the following factors;

- The intention for the use of the property;
- The proportion of leased space to the owner-occupied space;
- The proportion of rental income to the total income;

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying the Group's accounting policies (Continued)

(ii) Classification of rental property as property, plant and equipment or investment property (Continued)

- The portion that is held for rentals or capital appreciation versus the portion that is held for use in the production or supply of goods or services or for administrative purposes; and
- The significance of ancillary services provided to the occupants of the property.

Included in land and buildings is a property valued at Shs 535 million (2023: Shs 500 million) that is currently partly leased out to third parties and occupied by the Group. The Group has treated the property as land and buildings as opposed to investment property since the proportion of leased space to the owner-occupied space is less than 30 percent.

4 SEGMENTAL INFORMATION

(a) Reportable segments

The Group's reportable segments under IFRS 8 are as follows:

- Trade and workshop – sales and service of power equipment, household goods, agricultural tractors and implements, marine engines, motor cycles, motor cars, three-wheeler vehicles, commercial laundry equipment, commercial engines and general goods.
- Investment properties– property rentals.
- Poultry – day old chick farming.
- ICT service provider - development and acquisition of technology solutions for resale internally and to third parties.
- Manufacturing - manufacture of helmets, plastic components, and motorcycle safety accessories.

(b) Segment revenues and results

The segment information provided to the Group Chief Executive Officer for reportable segments is as follows:

	Trade and workshop Shs '000	Investment properties Shs '000	Poultry Shs '000	Manufacturing Shs '000	ICT Training and development Shs '000	Total Shs '000
30/09/2024						
Revenue	19,835,951	269,886	563,364	268,422	7,121	20,944,744
	========	=======	======	======	======	========
Gain in fair value of investment properties	-	71,304	-	-	-	71,304
	========	=======	======	======	======	========
30/09/2023						
Revenue	25,912,336	225,206	708,580	394,547	-	27,240,669
	========	=======	======	======	======	========
Gain in fair value of investment properties	-	2,980	-	-	-	2,980
	========	=======	======	======	======	========

Revenue reported above represents revenue generated from external customers.

No single customer contributed 5% or more to the group's revenue in either 2024 or 2023.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SEGMENTAL INFORMATION (Continued)

(b) Segment revenues and results (Continued)

	Trade and workshop Shs '000	Investment properties Shs '000	Poultry Shs '000	Financial Services* Shs '000	ICT Training & Development Shs '000	Manufacturing Shs '000	Total Shs '000
31 December 2024							
Earnings before finance cost, depreciation, amortization and							
Kenya	370,797	168,647	-	219,769	488	9,796	769,497
Uganda	166,761	-	-	-	-	-	166,761
Tanzania	525,386	-	51,417	-	-	-	576,813
Rwanda	(2)	-	-	-	-	-	(2)
Total	1,063,015	168,647	51,417	219,769	488	9,796	1,513,068
31 December 2023							
Earnings before finance cost, depreciation, amortization and							
Kenya	678,697	204,820	-	526,876	(7,685)	37,370	1,440,078
Uganda	177,866	-	-	-	-	-	177,866
Tanzania	570,795	-	(13,082)	-	-	-	557,713
Rwanda	(507)	-	-	-	-	-	(507)
Total	1,426,851	204,820	(13,082)	526,876	(7,685)	37,370	2,175,150

*Financial services business is undertaken through associates. EBITDA figures for financial services and Joint venture are after tax.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SEGMENTAL INFORMATION (Continued)

(c) Segment assets and liabilities

	Trade and workshop Shs '000	Investment properties Shs '000	Poultry Shs '000	ICT Training & Talent Development Shs '000	Manufacturing Shs '000	Total Shs '000
31 December 2024						
Assets	14,361,639	3,656,829	769,335	6,650	182,558	18,977,011
	========	========	========	========	========	=========
Liabilities	11,351,062	1,469,994	196,531	1,033	144,254	13,162,874
	=========	========	========	========	========	========
31 December 2023						
Assets	16,489,232	3,662,694	855,628	5,349	225,503	21,238,406
	=========	========	========	========	========	=========
Liabilities	13,553,536	1,592,722	199,278	690	160,618	15,506,844
	=========	========	========	========	========	=========

(d) Other segment information

	Trade and workshop	Investment properties	Poultry	ICT Training & Talent Development	Manufacturing	Total
31 December 2024						
Cost of sales	17,140,404	-	407,230	4,861	182,204	17,734,699
Expenses - selling and administrative	2,181,300	174,322	148,458	1,788	105,074	2,610,942
Interest expenses	1,056,740	102,141	3,203	-	26,859	1,188,943
Depreciation/amortisation	271,698	42,630	23,797	16	27,147	365,288
	========	======	======	======	======	========
31 December 2023						
Cost of sales	22,350,189	-	552,348	-	277,758	23,180,295
Expenses - selling and administrative	2,741,236	204,046	195,582	6,155	117,287	3,264,306
Interest expenses	1,101,204	121,594	8,224	288	28,455	1,259,765
Depreciation/amortisation	470,428	68,120	35,063	4,436	40,833	618,880
	========	========	========	=========	=========	=========

(e) Geographical information

The group's revenues are derived from sales in the following markets.

	2024 Shs '000	2023 Shs '000
Kenya	8,815,324	12,891,434
Uganda	1,562,573	1,631,114
Tanzania	10,566,847	12,716,668
Rwanda	-	1,453
	20,944,744	27,240,669
	========	========

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SEGMENTAL INFORMATION (Continued)

(f) The group's total assets and liabilities are located in the following countries:

	2024 Shs '000	2023 Shs '000
Non-current assets (excluding deferred tax assets)		
Kenya	6,515,379	6,216,537
Tanzania	1,272,120	1,597,928
Uganda	194,370	227,068
South Sudan	234	1,043
Rwanda	34	56
	7,982,137	8,042,632
Total assets		
Kenya	11,771,300	13,456,539
Tanzania	6,186,762	6,567,607
Uganda	1,000,751	1,190,913
Rwanda	17,943	1,139
South Sudan	255	22,208
	18,977,011	21,238,406
Total liabilities		
Kenya	8,212,832	10,236,456
Tanzania	4,537,448	4,896,100
Uganda	410,499	371,699
Rwanda	2,095	2,589
	13,162,874	15,506,844

5 REVENUE

	GROUP		COMPANY	
	2024 Shs '000	2023 Shs '000	2024 Shs '000	2023 Shs '000
Trade and workshop	19,835,951	25,912,336	-	-
Poultry	563,364	708,580	-	-
ICT training and development	7,121	-	-	-
Rental income – third parties	269,886	225,206	176,046	225,206
Rental income - internal	-	-	93,840	62,212
Manufacturing	268,422	394,547	-	-
Total	20,944,744	27,240,669	269,886	287,418

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	GROUP 2024 Shs '000	GROUP 2023 Restated* Shs '000	COMPANY 2024 Shs '000	COMPANY 2023 Restated* Shs '000
6 FINANCE INCOME				
Interest income on related party loans – Watu Group	35,795	20,763	1,024	-

*Details of restatement have been disclosed on note 40.

7 OTHER INCOME

	GROUP 2024 Shs '000	GROUP 2023 Restated* Shs '000	COMPANY 2024 Shs '000	COMPANY 2023 Restated* Shs '000
Gain/(loss) on disposal of property, plant and equipment	2,277	(7,659)	-	381
Management fees	-	52,947	-	52,947
Miscellaneous income *	225,020	157,345	1,929	-
	227,297	202,633	1,929	53,328

*Miscellaneous income mostly relates to marketing support
Services offered in Tanzania by Car & General Trading Limited.

8 FINANCE COSTS

	GROUP 2024 Shs '000	GROUP 2023 Restated* Shs '000	COMPANY 2024 Shs '000	COMPANY 2023 Restated* Shs '000
Interest on borrowings	1,134,096	1,185,566	80,466	93,184
Interest expense on lease liability (note 31)	48,223	74,199	21,675	28,410
Net foreign exchange (gains)/losses	(788,520)	943,045	(55,186)	-
	393,799	2,202,810	46,955	121,594

*Details of restatement have been disclosed on note 40.

9 EMPLOYMENT COSTS

	GROUP 2024 Shs '000	GROUP 2023 Restated* Shs '000	COMPANY 2024 Shs '000	COMPANY 2023 Restated* Shs '000
Salaries and wages	1,328,621	1,658,688	37,883	30,037
Retirement benefit costs:				
- Defined contribution scheme	42,864	48,185	3,334	4,492
- National Social Security Fund contribution	47,136	51,207	132	120
Leave pay provision charge	8,324	11,988	1,776	3,414
	1,426,945	1,770,068	43,125	38,063

The average number of persons employed during the year, by category, were:

	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Management, sales and distribution	1,189	1,149	64	59

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 PROFIT/(LOSS) BEFORE TAXATION

The profit/(loss) before tax is arrived at after charging:

	GROUP 2024 Shs '000	GROUP 2023 Shs '000	COMPANY 2024 Shs '000	COMPANY 2023 Shs '000
Employment costs (note 9)	1,426,945	1,770,068	43,125	38,063
Directors' remuneration - non-Executive	10,193	13,623	10,193	13,623
- Executive	28,070	29,112	28,070	29,112
Auditors' remuneration	20,867	22,887	2,118	960
Depreciation of property, plant and equipment (note 16)	208,272	319,670	18,244	37,622
Amortisation of intangible assets (note 17)	8,158	16,186	42	68
Depreciation of right-of-use asset (note 19)	148,858	283,024	24,344	30,430
Impairment provision relating to trade receivables (note 26)	5,489	(6,950)	-	-
Interest expense on lease liability (note 31)	48,223	74,199	21,675	28,410
Net foreign exchange losses/(gains)	(815,828)	645,126	(47,816)	59,509
(Loss)/gain on disposal of property, plant and equipment	2,277	(7,659)	-	381
Provision for inventory write off	-	46,606	-	-

Auditors' remuneration

	GROUP 2024 Shs '000	GROUP 2023 Shs '000	COMPANY 2024 Shs '000	COMPANY 2023 Shs '000
Statutory audit fees	19,430	21,325	1,689	540
Tax review fees	1,437	1,562	429	420
Total auditors' remuneration	20,867	22,887	2,118	960

11 TAXATION

(a) Taxation charge/credit

	GROUP 2024 Shs '000	GROUP 2023 Shs '000	COMPANY 2024 Shs '000	COMPANY 2023 Shs '000
Current taxation based on taxable income	114,224	23,113	23,684	446
Deferred tax charge/(credit) (note 29)	116,840	(95,551)	7,067	2,699
Deferred tax on tax losses (not previously recognised now recognised)/not recognised) (note 29)	-	(9,094)	-	-
Prior year under provision - deferred taxation (note 29)	24,178	6,604	-	-
Taxation charge/(credit)	255,242	(74,928)	30,751	3,145

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 TAXATION (Continued)

(b) Reconciliation of expected tax based on accounting profit/(loss) to the taxation charge/credit

The tax on the Group's and Company's profit/(loss) before taxation differ from the theoretical amount that would arise using the basic tax rate as follows:

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Profit/(loss) before taxation	781,289	(348,621)	71,692	(44,403)
Tax calculated at the applicable rate	282,654	(108,534)	21,508	(13,321)
Tax effect of share of results of associate and joint venture	(106,258)	(161,831)	-	-
Tax effect of expenses not deductible for tax	67,617	184,146	7,054	13,867
Adjustment on deferred tax liability provision on change of use of property.	-	-	-	2,599
Deferred tax on tax losses (not previously recognised now recognised)/not recognised	1,945	4,687	2,189	-
Effect of difference in tax rate	(14,894)	-	-	-
Prior year under provision - deferred taxation	24,178	6,604	-	-
Taxation charge/(credit)	255,242	(74,928)	30,751	3,145

(c) Corporate tax recoverable/(payable)

	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
At beginning of the year	232,168	143,933	59,897	32,537
Charge for the year (note 11(a))	(114,224)	(23,113)	(23,684)	(446)
Paid in the period	66,367	109,607	1,706	27,806
Translation adjustments	(9,867)	1,741	-	-
At end of the period	174,444	232,168	37,919	59,897
This is analysed as:				
Corporate tax recoverable	247,891	261,416	37,919	59,897
Corporate tax payable	(73,447)	(29,248)	-	-
	174,444	232,168	37,919	59,897

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 NON-CONTROLLING INTEREST - GROUP

	2024 Shs '000	2023 Shs '000
At the beginning of the year/period	258,124	264,532
Share of profit/(loss) for the year/period	7,756	(6,408)
At the end of the year/period	265,880	258,124

	2024 %	2023 %
Represented by non-controlling interests in:		
Car & General (Marine) Limited	16	16
Dewdrops Limited	34	34
Progen Company Limited	34	34
BodaPlus Limited	35	35

The above entities are incorporated in Kenya.

13 EARNINGS PER SHARE - GROUP

Earnings per share is calculated based on the profit attributable to equity holders of the Group divided by the weighted average number of ordinary shares outstanding during the period:

	2024	2023
Profit/(loss) attributable to owners of the company (Shs' 000)	518,291	(267,285)
Weighted average number of ordinary shares	80,206,616	80,206,616
Basic and diluted earnings per share (Shs)	6.46	(3.33)

14 EARNINGS BEFORE FINANCE COSTS, DEPRECIATION, AMORTIZATION AND TAXATION

The Group and Company have disclosed Earnings before finance costs, depreciation, amortization and taxation because management believes that this measure is relevant to an understanding of the financial performance. This disclosure is provided for illustrative purposes only.

Earnings before finance costs, depreciation, amortization and taxation is calculated by adjusting profit for the year to exclude the impact of taxation, net finance costs, depreciation of property, plant & equipment, amortisation of intangible assets and depreciation of right of use asset.

Earnings before finance costs, depreciation, amortization and taxation is not a defined performance measure in IFRS Accounting Standards. The Groups' definition of Earnings before finance costs, depreciation, amortization and taxation may not be comparable with similarly titled performance measures and disclosures by other entities.

Reconciliation of Earnings before finance costs, depreciation, amortization and taxation to profit/(loss) for the year:

14 EARNINGS BEFORE FINANCE COSTS, DEPRECIATION, AMORTIZATION AND TAXATION (Continued)

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Profit/(loss) for the year/period	526,047	(273,693)	40,941	(47,548)
Taxation charge/(credit)	255,242	(74,928)	30,751	3,145
Profit/(loss) before tax	781,289	(348,621)	71,692	(44,403)
Finance costs	393,799	2,202,810	46,955	121,594
Net foreign exchange gains/(losses)	(27,308)	(297,919)	7,370	59,509
Depreciation of property, plant and equipment	208,272	319,670	18,244	37,622
Amortisation of intangible assets	8,158	16,186	42	68
Depreciation of right of use asset	148,858	283,024	24,344	30,430
Earnings before finance costs, depreciation, amortization and taxation	1,513,068	2,175,150	168,647	204,820

15 INVESTMENT PROPERTIES

	GROUP 2024 Shs '000	GROUP 2023 Shs '000	COMPANY 2024 Shs '000	COMPANY 2023 Shs '000
At beginning of the year/period	3,080,743	3,061,437	1,727,543	1,727,892
Reclassification to assets held for sale (Note 24)	(83,104)	-	-	-
Reclassification from property & equipment (Note 16)	-	-	630,000	-
Fair value gain	71,304	2,980	27,500	-
Translation adjustments	(19,209)	16,326	(809)	(349)
At end of the year/period	3,049,734	3,080,743	2,384,234	1,727,543

The fair value of the Group's and Company's investment properties as at 31 December 2024 have been arrived at on the basis of valuation carried out at that date by R.R Oswald & Company Limited, Survesis Company Limited and Trace Associates Limited. The valuers are registered, independent and not connected with the Group. R.R Oswald & Company Limited are members of the Institute of Surveyors of Kenya, Survesis Company Limited are members of the Institute of Surveyors of Uganda and Trace Associates are members of the Institute of Surveyors of Tanzania. The valuers have the appropriate qualifications, relevant and recent experience in the fair value measurement of property in various locations in Kenya, Uganda and Tanzania.

The carrying value of the investment properties charged as security for loan facilities is Shs 3,050 million (2023: Shs 3,081million) and Shs 2,384 million (2023: Shs 1,728 million) for Group and Company at the end of the year. Details of the outstanding loan facilities are disclosed in note 30.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 INVESTMENT PROPERTIES - GROUP AND COMPANY (Continued)

Details of the Group's and Company's investment properties and information about the fair value hierarchy at the end of the reporting period are as follows:

Group

	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
31 December 2024				
New Cargen House	-	-	1,726,500	1,726,500
Shanzu plots	-	1,323,000	-	1,323,000
Juba plot	-	234	-	234
	-	1,323,234	1,726,500	3,049,734
31 December 2023				
New Cargen House	-	-	1,726,500	1,726,500
Shanzu plots	-	1,250,000	-	1,250,000
Tanzania plot	-	103,200	-	103,200
Juba plot	-	1,043	-	1,043
	-	1,354,243	1,726,500	3,080,743

Company

	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
31 December 2024				
New Cargen House	-	-	1,754,000	2,384,000
C&G Retread House	-	-	590,000	-
Kisumu Property	-	-	40,000	-
Juba plot	-	234	-	234
	-	234	2,384,00	2,384,234
31 December 2023				
New Cargen House	-	-	1,726,500	1,726,500
Juba plot	-	1,043	-	1,043
	-	1,043	1,726,500	1,727,543

15 INVESTMENT PROPERTIES - GROUP AND COMPANY (Continued)

Property	Valuation technique	Significant unobservable inputs	Sensitivity
New Cargen House	Income capitalization method.	Capitalisation rate, taking into account the capitalisation of annual rental income potential, nature of the property, and prevailing market condition and applied a 13.5 Year Purchase ("YP") factor, which effectively translated to a yield of 7.41% (2023: 7.4%).This was based on an analysis of potential or anticipated growth, earning potential, location, risk associated with marketability of the property and the yields realized across the commercial property in Kenya. Occupancy rate of 100% has been applied (2023: 100%) market average 80-90%.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa. A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.
C.G. Retread	Cost method	Market prices for undeveloped land, taking into account the differences in location, and individual factors, such as frontage and size, between the compar d the property, of Shs Shs 300M to Shs. 348M per acre (2023: Shs 315M per acre). Warehouse construction costs of Shs 48,050 - Shs 52,200 per square meter (2023: Shs 30,140 - Shs 36,000 per square meter)	A slight increase in the market price used would result in a significant increase in fair value, and vice versa A slight increase in the cost of construction used would result in a significant increase in fair value, and vice versa
Shanzu plots	Market comparable approach	Market prices for undeveloped land, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the property, of Shs 50M - Shs 60M weighted average per acre (2023: Shs 50M - Shs 55M weighted average per acre)	A slight increase in the market price used would result in a significant increase in fair value, and vice versa

There has been no change on the valuation technique during the year.

The income generated from the properties for both group and company are as follows:

	GROUP AND COMPANY	
	2024	2023
	Shs'000	Shs'000
Rental income from investment properties (note 5)	269,886	287,418
Direct operating expense arising from rented out investment property *	(131,686)	(106,930)
	138,200	180,488
	========	========

*These expenses are recorded together with other administrative expenses.

16 PROPERTY, PLANT AND EQUIPMENT – GROUP (Continued)

	buildings Shs '000	Machinery Shs '000	equipment Shs '000	vehicles Shs '000	Computers Shs '000	Total Shs '000
Cost or valuation						
At 1 October 2022	2,207,706	545,320	340,224	252,461	66,667	3,412,378
Translation adjustments	231,599	8,310	34,030	22,267	4,111	300,317
Additions	183	185,312	41,247	152,798	13,710	393,250
Disposals	-	(21,617)	(14,242)	(21,815)	(5,484)	(63,158)
Revaluation surplus	57,838	-		-		57,838
At 31 December 2023	2,497,325	717,325	401,259	405,711	79,004	4,100,624
At 1 October 2024	2,497,326	717,325	401,259	405,711	79,004	4,100,625
Translation adjustments	(233,782)	(12,611)	(39,159)	(37,103)	(4,429)	(327,083)
Additions	2,965	234,220	26,987	66,215	4,588	334,976
Transfer to Group Co	-	(5,123)	-	-	-	(5,123)
Disposals	-	(9,947)	(843)	(21,132)	(1,163)	(33,085)
Revaluation surplus	57,291	-	-	-	-	57,291
At 31 December 2024	2,323,800	927,928	388,245	413,691	78,001	4,127,601
Depreciation						
At 1 October 2022	3,354	229,288	138,313	162,127	39,229	572,311
Translation adjustments	4,219	6,065	15,855	19,925	2,764	48,828
Charge for the period	39,349	148,136	38,198	82,034	11,953	319,670
Eliminated on disposals	-	(6,817)	(4,425)	(16,964)	(4,041)	(32,247)
Write back on revaluation	(34,673)		-	-	-	(34,673)
At 31 December 2023	12,249	376,672	187,941	247,122	49,905	873,889
At 1 1 January 2024	12,249	376,672	187,941	247,122	49,905	873,889
Translation adjustments	(3,246)	(7,321)	(20,339)	(22,509)	(2,968)	(56,443)
Charge for the year	16,743	121,963	23,892	39,109	6,565	208,272
Transfer to Group Co	-	(4,063)	-	-	-	(4,063)
Eliminated on disposals	-	(4,622)	(624)	(17,821)	(835)	(23,902)
Write back/off on revaluation	(13,255)	-	-	-	-	(13,255)
At 31 December 2024	12,491	486,692	190,810	245,901	52,667	984,498
Net book value						
At 31 December 2024	2,311,309	441,236	197,435	167,790	25,334	3,143,103
At 31 December 2023	2,485,076	340,653	213,318	158,589	29,099	3,226,735
Net book value (cost basis)						
At 31 December 2024	46,073	441,236	197,435	167,790	25,334	100,442
At 31 December 2023	850,520	340,653	213,318	158,589	29,099	1,592,179

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 PROPERTY, PLANT AND EQUIPMENT – COMPANY (Continued)

	Land and buildings Shs '000	Motor vehicles Shs '000	Furniture, fittings and equipment Shs '000	Computers Shs '000	Total Shs '000
Cost or Valuation					
At 1 October 2022	1,160,000	1,327	89,487	10,043	1,260,857
Additions	-	-	1,565	815	2,380
Transfer from related parties	-	-	3,878	937	4,815
Disposals	-	(770)	(76)	(145)	(991)
Revaluation surplus	35,000	-	-	-	35,000
At 31 December 2023	1,195,000	557	94,854	11,650	1,302,061
At 1 January 2024	1,195,000	557	94,854	11,650	1,302,061
Additions	-	-	2,768	80	2,848
Reclassification to investment property	(630,000)	-		-	(630,000)
At 31 December 2024	565,000	557	97,622	11,730	674,909
Depreciation					
At 1 October 2022	-	1,142	29,646	6,765	37,553
Charge for the year	28,884	51	7,833	854	37,622
Transfer from related parties	-	-	2,364	763	3,127
Eliminated on disposals		(705)	-	(117)	(822)
Written back on revaluation	(28,884)	-	-	-	(28,884)
At 31 December 2023	-	488	39,843	8,265	48,596
At 1 1 January 2024	-	488	39,843	8,265	48,596
Charge for the year	11,300	20	6,336	588	18,244
Written back on revaluation	(11,300)	-	-	-	(11,300)
At 31 December 2024	-	508	46,179	8,853	55,540
Net book value					
At 31 December 2024	565,000	49	51,443	2,877	619,369
At 31 December 2023	1,195,000	69	55,011	3,385	1,253,465
Net book value (cost basis)					
At 31 December 2024	587,589	49	51,443	2,877	641,958
At 31 December 2023	599,581	69	55,011	3,385	658,046

16 PROPERTY, PLANT AND EQUIPMENT – GROUP AND COMPANY (Continued)

Assets pledged as security

The carrying value of land and buildings charged as security for loan facilities is Shs 850 million (2023: Shs 895 million) and Shs 611 million (2023: Shs 599 million) for Group and Company respectively at the end of the year. Details of the outstanding loan facilities are disclosed in note 30.

Fair value measurement of the Group's and Company's land and buildings

The Group's and Company's land and buildings were revalued as at 31 December 2024 by independent valuers, R.R. Oswald Company Limited and Trace Associates Limited, not related to the Group. R.R Oswald & Company Limited are members of the Institute of Surveyors of Kenya and Trace Associates Limited are members of the Institute of Surveyors of Tanzania. The valuers have the appropriate qualifications and recent experience in the fair value measurements of properties in the relevant locations. The valuation conforms to International Valuation Standards (IVS) and Institution of Surveyors of Kenya (ISK) guidelines.

The fair value of the land was determined based on the sales comparison/market approach that reflects recent transaction prices for similar properties.

The fair value for the buildings was determined using the contractors' method cost approach that reflects the cost to a market participant to construct or purchase assets of comparable utility adjusted for depreciation.

There has been no change in the valuation technique during the year. Below are the assumptions made by the valuer on the valuation report;

- The valuer applier a YP Factor of 13.5 (effectively, a capitalisation rate of 7.41%) based on an analysis of potential or anticipated growth, earning potential, location, risk associated with marketability of the property and the yields realized across the commercial property in Kenya.

The Valuer assumed that the property's current occupancy rate of 100% is the optimal occupancy rate. Details of the fair value hierarchy for the Group's and Company's property carried at fair value as at 31 December 2024 and 31 December 2023 are as follows:

	Level 1 Shs '000	Level 2 Shs '000	Level 3 Shs '000	Total Shs '000
31 December 2024				
Group				
Land and buildings	-	-	2,311,309	2,311,309
	========	========	========	========
Company				
Land and buildings	-	-	565,000	565,000
	========	========	========	========
31 December 2023				
Group				
Land and buildings	-	-	2,485,076	2,485,076
	========	========	========	========
Company				
Land and buildings	-	-	1,195,000	1,195,000
	========	========	========	========

There were no transfers between the levels during the current or prior year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 INTANGIBLE ASSETS - COMPUTER SOFTWARE

	GROUP Shs '000	COMPANY Shs '000
Cost		
At 1 October 2022	63,903	2,768
Translation adjustments	6,987	-
Additions	38,218	-
Write off	(4,923)	-
At 31 December 2023	104,185	2,768
At 1 January 2024	104,185	2,768
Translation adjustments	(12,802)	-
Additions	1,216	-
At 31 December 2024	92,599	2,768
Amortisation		
At 1 October 2022	27,342	2,486
Translation adjustments	2,181	-
Charge for the period	16,186	68
Eliminated on write off	(3,320)	-
At 31 December 2023	42,389	2,554
At 1Jan uary 2024	42,389	2,554
Translation adjustments	(4,392)	-
Charge for the year	8,158	42
At 31 December 2024	46,156	2,596
Net book value		
At 31 December 2024	46,444	172
At 31 December 2023	61,796	214

Intangible assets relate to computer software in use by the Group. The intangible assets have an estimated useful life of 5 years.

18 BIOLOGICAL ASSETS

Changes in carrying amounts of the biological assets comprise:

	2024	2023
	Shs'000	Shs'000
At start of year/period	52,373	-
Transfer from stock	-	52,273
Increase due to purchases	67,964	57,824
Gains/loss arising from changes in fair value	15,075	(20,294)
Decrease due to sales	(36,205)	(34,406)
Decrease due to mortality	(17,609)	(38,625)
Translation difference	(9,119)	35,601
At end of year/period	72,479	52,373

Poultry is made up of parent stock. There were no contracted commitments for development or acquisition of biological assets as at 31 December 2024 (2023: Nil).

Biological assets are carried at fair value less costs to sell at the end of each reporting period.

The fair value of the poultry is determined by management based on market prices of parent stock of similar age, breed and genetic merit.

The key assumptions made in the determination of the fair value are:

- the market price will remain constant based on estimated future market prices.
- the actual costs to sell will not change significantly from estimated costs.
- exchange rate will remain constant based on forecast

The following table presents Group's biological assets that are measured at fair value

	Valuation technique	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
Period ended 31 December 2024					
Poultry	Market approach	-	72,479	-	72,479
2023					
Poultry	Market approach	-	52,373	-	52,373

There were no transfers between any levels during the period. In the calculation of the fair value for biological asset, the Group has applied market price and yield to the unobservable inputs. Gains/(losses) arising from changes in fair value based on market prices for that age of poultry have been recognised in the statement of profit or loss as part of cost of sales.

Quantities of each biological asset age wise were as follows;

	2024	2023
	Number	Number
1 - 10 weeks	17,631	16,589
11 - 20 weeks	13,715	15,850
21 - 40 weeks	32,579	8,183
40 weeks and above	15,575	11,751
	79,500	52,373

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 RIGHT OF USE ASSETS

Group

	Buildings Shs '000	Motor vehicles Shs '000	Total Shs '000
Cost:			
At 1 October 2022	833,427	78,545	911,972
Translation adjustment	46,059	-	46,059
Additions	189,779	5,479	195,258
Retirement	(31,551)	-	(31,551)
Modifications/alteration*	(76,472)	(7,546)	(84,018)
At 31 December 2023	961,242	76,478	1,037,720
At 1 January 2024	961,242	76,478	1,037,720
Translation adjustment	(51,487)	-	(51,487)
Additions	79,594	5,479	85,073
Retirement	(6,428)	-	(6,428)
Modifications/alteration*	(76,171)	(7,546)	(83,717)
At 31 December 2024	906,750	74,411	981,161
Depreciation:			
At 1 October 2022	260,122	37,844	297,966
Translation adjustment	22,392	-	22,392
Charge for the period	258,988	24,036	283,024
Retirement	(22,020)	-	(22,020)
Modifications/alteration*	(53,145)	(5,921)	(59,066)
At 31 December 2023	466,337	55,959	522,296
At 1 January 2024	466,337	55,959	522,296
Translation adjustment	(35,608)	-	(35,608)
Charge for the period	124,822	24,036	148,858
Retirement	(6,428)	-	(6,428)
Modifications/alteration*	(73,174)	(5,921)	(79,095)
At 31 December 2024	475,949	74,074	550,023
Net book value:			
At 31 December 2024	430,801	337	431,138
At 31 December 2023	494,904	20,519	515,423

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 RIGHT OF USE ASSETS (Continued)

Company

	Buildings Shs '000
Cost:	
At 1 January 2024 and 31 December 2024	342,844
Depreciation:	
At 1 October 2022	73,032
Charge for the period	30,430
At 31 December 2023	103,462
At 1 1 January 2024	103,462
Charge for the year	24,344
At 31 December 2024	127,806
Net book value:	
At 31 December 2024	215,038
At 31 December 2023	239,382

The Group and Company leases several assets including buildings and motor vehicles. The average lease term for buildings is 3 to 8 years and motor vehicles is 2 to 5 years.

The various lease agreements do not provide for purchase options on expiry of the lease terms.

No restrictions have been imposed by the lessors on the Group and Company in respect to dividend pay outs, borrowings or further leasing.

* Lease modification/alterations relates to lease retirement, extension and cancellation.

20 INVESTMENT IN SUBSIDIARIES - COMPANY

Details of investment	Country of incorporation	2024 % of equity interest	2023 % of equity interest	2024 Shs '000	2023 Shs '000
Wholly-owned subsidiaries					
Car & General (Trading) Limited – Tanzania	Tanzania	100%	100%	137,755	137,755
Kibo Poultry Products Limited	Tanzania	100%	100%	256,538	256,538
Car & General (Tanzania) Limited	Tanzania	100%	100%	2,600	2,600
Car & General (Uganda) Limited	Uganda	100%	100%	2,250	2,250
Car & General (Engineering) Limited	Kenya	100%	100%	2,600	2,600
Car & General (Rwanda) Limited	Rwanda	100%	100%	508	508
NIIT Learning Limited	Kenya	100%	100%	500	500
Car & General (Industries) Limited	Kenya	100%	100%	20	20
Car & General (Trading) Limited - Kenya	Kenya	100%	100%	40	40
Cargen Insurance Agencies Limited	Kenya	100%	100%	2	2
Sovereign Holdings International Limited	British	100%	100%	-	-
Car & General (Automotive) Limited	Kenya	100%	100%	-	-
Dew Tanzania Limited	Tanzania	100%	100%	-	-
Cummins C&G Holdings Limited	Mauritius	100%	100%	-	-
Non-wholly-owned subsidiaries					
Car & General (Marine) Limited	Kenya	84%	84%	3,155	3,155
Dewdrops Limited	Kenya	66%	66%	7	7
Progen Company Limited Kenya	Kenya	66%	66%	-	-
Bodaplus Limited	Kenya	65%	65%	-	-
				405,975	405,975

Set out below is the summarised financial information in respect of the subsidiaries with non-controlling interests:

	Car & General (Marine)		Boda Plus		Progen Company Limited		Dewdrops Limited	
	2024 Shs '000	2023 Shs '000	2024 Shs '000	2023 Shs '000	2024 Shs '000	2023 Shs '000	2024 Shs '000	2023 Shs '000
Summarised statement of financial position								
Total assets	66,654	66,654	187,541	238,585	1,339,601	1,266,626	1,052,823	1,052,823
Total liabilities	19,108	18,992	140,004	159,539	1,174,115	1,156,194	430,724	430,695
Net assets	47,546	47,662	47,537	79,046	165,486	110,432	622,099	622,128
Non - controlling interests	16%	16%	35%	35%	34%	34%	34%	34%
Summarised statement of profit or loss								
Gain in fair value of investment property	-	-	-	-	73,000	-	-	-
Revenue	-	-	268,422	394,547	8,820	6,750	-	-
Cost of sales	-	-	(182,204)	(277,758)	-	-	-	-
Other income	-	-	1,505	(2,965)	-	-	-	-
Expenses	(116)	(114)	(132,127)	(145,742)	(3,171)	(4,699)	(29)	(29)
Tax	-	-	12,895	6,000	(23,595)	5,636	-	-
(Loss)/profit for the year	(116)	(114)	(31,509)	(25,919)	55,054	7,687	(29)	(29)
Other comprehensive income	-	-	-	-		-	-	-
Total comprehensive (loss)/gain for the year	(116)	(114)	(31,509)	(25,919)	55,054	7,687	(29)	(29)

21 ACQUISITION OF SUBSIDIARIES

On 20 June 2023, the group acquired the remaining 50 per cent of the issued share capital of Cummins C&G Holdings Limited previously held by CMI Africa Holdings BV as a Joint Venture, obtaining full control of Cummins C&G Holdings Limited. Cummins C&G Holdings Limited carries on the business of sale and service of commercial engines and power equipment and qualifies as a business as defined in IFRS 3 Business Combinations. Cummins C&G Holdings Limited was acquired to obtain full control of the business and also improve the group's revenue and profitability. The transaction was concluded in the prior year and there were no other acquisitions in the current year.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	2023 Shs '000
Financial assets	452,881
Inventories	159,874
Property and equipment	19,945
Identifiable intangible assets	1,555
Deferred tax asset	26,956
Financial liabilities	(215,909)
Total identifiable assets acquired and liabilities assumed	445,302
Goodwill	-
Total consideration	445,302
Satisfied by:	
Cash	150,071
Balance payable to CMI Africa Holdings BV	295,231
Total consideration	445,302
Net cash outflow arising on acquisition:	
Cash consideration	150,071
Less: cash and cash equivalent balances acquired	(122,194)
Acquisition of subsidiary, net of cash acquired	27,877

The fair value of the financial assets included trade receivables with a fair value of Shs 149 million and a gross contractual value of Shs 154 million. The best estimate at acquisition date of the contractual cash flows not to be collected was Shs 4.9 million.

Cummins C&G Holdings Limited contributed Shs 2.5 billion revenue and Shs 112 million to the group's profit for the period between the date of acquisition and the reporting date.

If the acquisition of Cummins C&G Holdings Limited had been completed on the first day of the financial year, group revenues for the period would have been Shs 2.61 billion and group profit would have been Shs 137 million in the prior year when the subsidiary was acquired fully. This transaction was concluded in the prior year and there were no other acquisitions in the current year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 INVESTMENT IN ASSOCIATES AND OTHERS - GROUP

i) INVESTMENT IN ASSOCIATES

Details of the Group's associates at the end of reporting period are as follows:

Name of Associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2024	2023
Watu Tuu Limited	Microfinance Services	Tanzania	29.00%	29.00%
Watu Holdings Limited	Microfinance Services through subsidiaries.	Mauritius	29.00%	29.00%
Nyali Mwenge Limited	Microfinance Services	Tanzania	28.50%	28.50%
ARC ride Limited	Assembly and sale of electric bikes	England	0.70%	0.00%

For 2024, the major operations for microfinance services were in Kenya, Tanzania and Uganda. The Group's investment in associates is as follows:

	2024 Shs'000	2023 Shs'000
Watu Holdings Limited (note 22(b))	892,885	952,083
Watu Tuu Limited	276,606	100,957
Nyali Mwenge Limited	34,483	52,522
ARC Ride Limited	35,265	-
	1,239,239	1,105,562

The movement in the investment is as follows:

	2024	2023
At the beginning of the period	1,105,562	1,424,403
Dividend received from associates in the year/period	-	(845,717)
Share of profit in the year/period	219,769	526,876
Translation adjustment	(121,357)	-
Investment in the year 2024 – ARC Ride Limited	35,265	-
	1,239,239	1,105,562

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 INVESTMENT IN ASSOCIATES AND OTHERS – GROUP (Continued)

i) INVESTMENT IN ASSOCIATES (Continued)

Summarised financial information in respect of the Group's associates is set out below. The summarised financial information below represents the amount shown in the associate's financial statements for the 12 months period ended 31 December 2024 and 15 months period ended 31 December 2023 prepared in accordance with IFRS Accounting Standards.

Associates

	Watu Credit Limited		Watu Holdings Limited		Watu Tuu Limited	
	2024	2023	2024	2023	2024	2023
	Sh '000	Sh '000	Sh '000	Sh '000	Sh '000	Sh '000
Current assets	-	-	27,549,392	33,375,294	4,685,775	3,606,948
Non-current assets	-	-	3,296,483	1,342,149	338,926	165,880
Non - current liabilities	-	-	25,364,517	24,865,288	2,516,943	2,799,961
Current liabilities	-	-	2,402,399	3,057,644	1,323,014	629,921
Cash and cash equivalents	-	-	763,833	670,206	94,355	296,068
Total revenue	-	2,539,264	14,713,605	19,919,179	2,595,328	2,086,793
Profit for the period	-	314,521	328,205	984,934	877,613	336,247
Group's share of profit from associates	-	91,211	45,578	285,631	252,982	97,512
	======	======	======	======	======	======

	Nyali Mwenge Limited	
	2024	2023
	Sh '000	Sh '000
Current assets	-	-
Non-current assets	920,004	406,739
Non - current liabilities	-	-
Current liabilities	7,986,260	212,668
Cash and cash equivalents	21,225	475
Total revenue	3,052,129	5,115,383
Profit for the year/period	16,332	184,288
Group's share of (loss)/profit from associates	(14,336)	52,522
	======	======

22 INVESTMENT IN ASSOCIATES AND OTHERS – GROUP (Continued)

i) INVESTMENT IN ASSOCIATES (Continued)

(a) Watu Credit Limited

The Group, through Car & General Trading Limited - Kenya, held 29% of the equity holding in Watu Credit Limited in the prior year. This was swapped with an equivalent shareholding of 8,080,000 shares in Watu Holdings Limited in the prior year.

Watu Credit Limited as part of its micro finance services offers asset finance – financing motorcycles and three-wheelers across Kenya.

Watu Credit Limited was accounted for using the equity method in these financial statements before the swap and taking into account the following factors:

- The financial year end date of Watu Credit Limited is 31 December. This is the reporting date established when the company was incorporated. For purposes of applying the equity method of accounting, the audited financial statements of Watu Credit Limited for the year ended 31 December 2023 have been used.
- The Group held 29% of the equity shares of Watu Credit Limited in the prior year which were swapped with equivalent equity shareholding in Watu Holdings Limited in the prior year.

The Group exercises significant influence by virtue of its contractual right to appoint two out of six Directors to the Board of Directors of Watu Credit Limited.

The carrying amount of the Group's interest in Watu Credit Limited before the share swap was recognised in the consolidated financial statements:

	2024 Shs '000	2023 Shs '000
At beginning of year/period	-	1,175,105
Share of profit for the year/period	-	91,211
Less: dividend received from associate	-	(845,717)
Associate share swap	-	(420,599)
At end of year/period	-	-

(b) Watu Holdings Limited

The Group, through Car & General Trading Limited - Kenya, holds 29% (2023: 29%) of the equity holding in Watu Holdings Limited.

Watu Holdings Limited was incorporated in Mauritius in 2021. The principal activities of Watu Holdings Limited is to hold investments and provide micro-credit facilities. The Company has several subsidiaries main ones being; Watu Credit (Uganda) Limited, Watu Credit Limited and Watu Sierra Leone Limited.

Watu Holdings Limited is accounted for using the equity method in these financial statements and taking into account the following factors:

- The financial year end date of Watu Holdings Limited is 31 December. This is the reporting date established when the company was incorporated. For purposes of applying the equity method of accounting, the audited financial statements of Watu Holdings Limited for the period ended 31 December 2024 have been used.
- The Group holds 29% (2023: 29%) of the equity shares of Watu Holdings Limited.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 INVESTMENT IN ASSOCIATES – GROUP (Continued)

i) INVESTMENT IN ASSOCIATES (Continued)

(b) Watu Holdings Limited (continued)

The Group exercises significant influence by virtue of its contractual right to appoint two out of six Directors to the Board of Directors of Watu Holdings Limited.

The carrying amount of the Group's interest in Watu Holdings Limited is recognised in the consolidated financial statements:

	2024 Shs '000	2023 Shs '000
At beginning of year/period	952,083	245,853
Share of profit for the year/period	45,576	285,631
Associate share swap	-	420,599
Translation adjustment	(104,774)	-
At end of year/period	892,885	952,083

(c) Watu Tuu Limited

The Group, through Car & General Trading Limited - Kenya, holds 29% (2023: 29%) of the equity holding in Watu Tuu Limited. Watu Credit (Tanzania) is a subsidiary of Watu Tuu Limited.

Watu Tuu Limited as part of its micro finance services offers asset finance – financing motorcycles and three-wheelers across Tanzania.

Watu Tuu Limited is accounted for using the equity method in these financial statements and taking into account the following factors:

- The financial year end date of Watu Tuu Limited is 31 December. This is the reporting date established when the company was incorporated. For purposes of applying the equity method of accounting, the audited financial statements of Watu Tuu Limited for the period ended 31 December 2024 have been used.
- The Group holds 29% of the equity shares of Watu Tuu Limited.

The Group exercises significant influence by virtue of its contractual right to appoint two out of six Directors to the Board of Directors of Watu Tuu Limited.

The carrying amount of the Group's interest in Watu Tuu Limited is recognised in the consolidated financial statements:

	2024 Shs '000	2023 Shs '000
At beginning of year/period	100,957	3,445
Share of profit in the year/period	252,982	97,512
Translation adjustment	(12,878)	-
At end of year/period	276,606	100,957

In 2022, the Group invested 104,400 shares in Watu Tuu Limited leading to the total owership by the Group in Watu Tuu Limited to 29%.

22 INVESTMENT IN ASSOCIATES – GROUP (Continued)

i) INVESTMENT IN ASSOCIATES (Continued)

(d) Nyali Mwenge Limited

The Group, through Car & General Trading Limited - Kenya, holds 28.5% (2023: 28.5%) of the equity holding in Nyali Mwenge Limited.

Nyali Mwenge Limited as part of its micro finance services services is a dealer involved in sales of motorcycles and three-wheelers across Tanzania.

Nyali Mwenge Limited is accounted for using the equity method in these financial statements and taking into account the following factors:

- The financial year end date of Nyali Mwenge Limited is 31 December. This is the reporting date established when the company was incorporated. For purposes of applying the equity method of accounting, the audited financial statements of Nyali Mwenge Limited for the period ended 31 December 2024 have been used.
- The Group holds 28.5% of the equity shares of Nyali Mwenge Limited.

The Group exercises significant influence by virtue of its contractual right to appoint two out of six Directors to the Board of Directors of Nyali Mwenge Limited.

The carrying amount of the Group's interest in Nyali Mwenge Limited is recognised in the consolidated financial statements:

	2024 Shs '000	2023 Shs '000
At beginning of year/period	52,522	-
Purchase of shares	-	-
Share of (loss)/profit in the year/period	(14,334)	52,522
Translation adjustment	(3,075)	-
At end of year/period	34,483	52,522
	======	======

ii) OTHER INVESTMENT

ARC Ride Limited

In the current year the Group, through Car & General Trading Limited – Kenya invested 0.7% (2023: 0%) of the equity holding in ARC Ride Limited. ARC Ride Limited carries on the business of assembly and sale of electric bikes

	2024 Shs '000	2023 Shs '000
At beginning of year/period	-	-
Purchase of shares	35,265	-
Share of (loss)/profit in the year/period	-	-
At end of year/period	35,265	-
	======	======

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 INVESTMENT IN JOINT VENTURE – GROUP

The joint venture, Cummins C&G Holdings Limited, was jointly owned (50:50) by Cummins Africa Holdings BV and Car & General (Trading) Limited Kenya. Cummins C&G Holdings Limited carries on the business of distributing, selling and service of Cummins products. The group through Car & General (Trading) Limited Kenya acquired the remaining 50% equity on 20 June 2023 from Cummins Africa Holdings BV to convert the JV to a fully owned subsidiary. The joint venture was accounted for using the

equity method for the period before the acquisition and there after the subsidiary consolidated in these financial statements. The consideration payable for purchase of the joint venture was USD 3,114,000 and the net assets acquired have been carried at fair value.

Details of the Group's joint venture at the reporting period is as follows:

Name of Joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2024	2023
Cummins C&G Holdings Limited	Product Distribution	Mauritius	100%	100%
			=====	======

The joint venture was accounted for using the equity method in these financial statements before acquisition of the remainder of the shares that lead to this now being 100% held subsidiary.

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents the amount shown in the joint venture's audited financial statements for the year ended 31 December 2024 prepared in accordance with IFRS Accounting Standards.

	2024 Shs '000	2023 Shs '000
Revenue	-	-
Profit for the period before acquisition to subsidiary	-	25,120
Company share of profit before acquisition to subsidiary	-	12,560
	=======	=======
The above profit for the period is after charging the following:		
Depreciation	-	17,024
	=======	=======

The carrying amount of the company's interest in the venture is summarised as follows:

	2024	2023
At beginning of the year/period	-	333,594
Share of profit in year/period	-	12,560
Transfer to subsidiary	-	(346,154)
At end of the year/period	-	-
	=======	=======

24 NON-CURRENT ASSET HELD FOR SALE

The non-current asset held for sale comprises of the investment property farm No. 17/2 at Ol joro Village, Arusha district council. The conditions for a non-current asset held for sale has been meet and the company is actively searching for a potential buyer.

Assets and liabilities

	2024 Shs '000	2023 Shs '000
Non-current assets held for sale Property, plant and equipment	83,104	-
	=======	=======

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25 INVENTORIES - GROUP

	2024 Shs '000	2023 Shs '000
Goods in transit and in bond	3,192,896	4,872,208
Finished products	1,716,761	2,078,174
Raw materials, spares and consumables	1,190,400	1,428,671
Work in progress	9,763	12,093
Books and learning materials	1,091	1,091
Inventory provision for obsolescence	-	(46,606)
	6,110,911	8,345,631

During the year, the group inspected inventories for impairment and wrote down the related inventories to their net realisable value, which resulted to a loss provision of Shs Nil (2023 Shs '000' 46,606).

26 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2024 Shs '000	2023 Shs '000	2024 Shs '000	2023 Shs '000
Trade receivables	2,747,943	2,404,286	60,876	65,657
Allowance for expected credit losses	(452,113)	(616,223)	(48,594)	(48,594)
Net trade receivables	2,295,830	1,788,063	12,282	17,063
Prepayments	70,146	92,032	5,156	7,182
Other receivables	543,144	817,211	9,178	10,694
	2,883,782	2,697,306	26,616	34,939

Set out below is the movement in the allowance for expected credit losses of trade receivables

	GROUP		COMPANY	
	2024 Shs '000	2023 Shs '000	2024 Shs '000	2023 Shs '000
As at 1 January/1 October	616,223	599,499	48,594	48,594
Translation adjustments	(29,291)	39,027	-	-
Provision for expected credit losses	5,489	(6,950)	-	-
Bad debts write off	(140,308)	(15,353)	-	-
At 31 December	452,113	616,223	48,594	48,594

27 RELATED PARTIES BALANCES AND TRANSACTIONS

A number of transactions are entered into with related parties in the normal course of business. The volumes of related party transactions, outstanding balances at the end of the year and the related expenses and income for the year are as follows:

a) Due from related companies

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Car & General (Automotive) Limited	-	-	(3,544)	(263)
Car & General (Trading) Limited - (Tanzania)	-	-	523	19,809
Car & General (Uganda) Limited	-	-	-	8,058
Progen Company Limited	-	-	35,949	52,273
Sovereign Holdings International Limited	-	-	11,670	11,290
Car & General (Marine) Limited	-	-	18,743	18,628
Car & General (Engineering) Limited	-	-	15,366	15,227
Dewdrops Limited	-	-	274,454	274,425
Cummins C&G Holdings Limited	-	-	589,532	521,318
Bodaplus	-	-	7,079	1,079
Kibo Poultry Products Limited	-	-	5	5
NIIT C&G Training Limited	-	-	4,323	-
	-	-	954,100	921,849

The current related party balances are non-interest bearing and have no fixed repayment terms.

b) Loan due from related companies

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Watu Credit Limited	803,431	803,431	-	-

The loan to related company above is denominated in Kenya Shillings. The loan is repayable within 12 months of the financial year.

c) Loan due to a related party

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Due to a minority interest shareholder	166,808	166,808	-	-
Due to Related parties - Watu Credit limited	148,997	149,150	-	-

The unsecured loan from a minority interest shareholder in a subsidiary is denominated in Kenya Shillings and is non-interest bearing. The loan is repayable beyond 12 months of the financial year.

The loan from Watu Credit Limited above attracts interest at the rate of 18%(2023: 18%) per annum. The loan is repayable within 12 months.

27 RELATED PARTIES BALANCES AND TRANSACTIONS (Continued)

d) Due to related companies

	GROUP		COMPANY	
	2024 Shs '000	2023 Shs '000	2024 Shs '000	2023 Shs '000
Cummins C&G Holdings Limited	-	-	17,623	-
Car & General (Trading) Limited – Kenya	-	-	1,181,727	1,257,464
Car & General (Industries) Limited	-	-	2,956	3,072
Car & General (Rwanda) Limited	-	-	132	164
	-	-	1,202,438	1,260,700

The current related party balances are non-interest bearing and have no fixed repayment terms.

e) Related party transactions

The following transactions were carried out with related parties during the year.

	GROUP		COMPANY	
	2024 Shs '000	2023 Shs '000	2024 Shs '000	2023 Shs '000
Management fees				
Cummins C&G Holdings Limited	52,691	52,947	52,691	52,947
Rental income				
Car & General (Trading) Limited - (Kenya)	41,149	48,072	41,149	48,072
Sale of goods and service				
Nyali Mwenge Limited	2,645,723	2,423,559	-	-
Interest income				
Interest income on related party loans – Bodawerk International Limited	13,922	13,496	1,024	-
Nyali Mwenge Limited	21,873	7,267	-	-

Compensation of key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

	2024 Shs '000	2023 Shs '000
Salaries and other benefits to key management	468,120	500,753

	2024	2023
Directors' remuneration		
Executive Director	28,070	29,112
Non-Executive Directors	10,193	13,623
	38,263	42,735

27 RELATED PARTIES BALANCES AND TRANSACTIONS (Continued)

(e) Related party transactions (continued)

During the year, the following transactions with regard to borrowings were carried out with related parties. The related parties involved were:

- I&M Bank Limited, which is not a member of Car & General (Kenya) Plc Group but is related through certain common Directors.
- Fincom Limited which is a shareholder of Car and General (Kenya) Plc Group and is also related through common Director.

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Borrowings repaid	1,612,356	1,752,959	18,884	37,199
	=======	=======	=======	=======
Borrowings received	1,293,194	2,546,107	12,903	47,473
	=======	=======	=======	=======
Interest paid on related company loans (Banks)	265,768	176,760	1,492	1,836
	=======	=======	=======	=======
Interest paid on Directors' loans	23,238	33,778	20,565	33,514
	=======	=======	=======	=======
Loan balance – Directors	252,261	325,666	226,105	295,934
	=======	=======	=======	=======
Loan balance - Banks	1,092,784	1,416,489	4,293	10,274
	=======	=======	=======	=======
Overdraft balance - Banks	187,496	131,926	8	381
	=======	=======	=======	=======

28(a) SHARE CAPITAL - GROUP AND COMPANY

	2024	2023
	Shs '000	Shs '000
Authorised:		
82,103,308 (2023: 82,103,308) ordinary shares of Shs 5 each	410,517	410,517
	=======	======
Issued and fully paid:		
80,206,616 (2023: 80,206,616) ordinary shares of Shs 5 each	401,033	401,033
	=======	======

	2024		2023	
	Number of shares	Shs '000	Number of shares	Shs '000
At the beginning of the year	80,206,616	401,033	80,206,616	401,033
Bonus share issue	-	-	-	-
At the end of the year	80,206,616	401,033	80,206,616	401,033
	========	========	========	=======

		2024 Shs '000	2023 Shs '000
28(b)	DIVIDENDS		
	Amounts proposed as distributions to equity holders in the year:		
	Proposed dividends	64,165	-
		=======	======

The directors recommend the declaration of a first and final dividend for the year of Shs. 64,165,293 (2023: Shs Nil) which is equal to Shs. 0.80 per share based on issued share capital of 80,206,616 shares of Shs 5 each.

29 DEFERRED TAXATION

Deferred income tax is calculated using the enacted income tax rate of 30% (2023: 30%). The deferred income tax liability/(asset) is made up as follows:

	GROUP		COMPANY	
	2024 Shs '000	2023 Shs '000	2024 Shs '000	2023 Shs '000
Other provisions	(47,697)	(214,076)	(35,283)	(21,541)
Tax losses	(410,787)	(153,995)	-	-
Unrealised exchange differences	124,132	3,935	8,990	1,624
Accelerated capital allowances	37,597	26,219	(10,039)	(5,186)
Provision for expected credit losses	(164,725)	(164,725)	(45,778)	(45,858)
Fair value gain on investment property	529,439	452,546	400,424	400,841
Revaluation surplus on property, plant and equipment	465,936	459,745	377,278	355,255
Net deferred tax liability	533,895	409,649	695,592	685,135
	======	======	======	======
Presented in the statement of financial position as follows:				
Deferred tax asset	(547,782)	(513,519)	-	-
Deferred tax liability	1,081,677	923,168	695,592	685,135
	533,895	409,649	695,592	685,135
	=======	======	======	======
The movement on the deferred tax account is as follows:				
At start of year/period	409,649	516,716	685,135	671,873
(Credit)/charge to profit or loss (note 11(a))	116,840	(95,551)	7,067	2,699
Deferred tax on revaluation surplus of property	10,394	10,500	3,390	10,500
Deferred tax on tax losses not previously recognised	-	(9,094)	-	-
Prior year under provision	24,178	6,604	-	-
Translation difference	(27,166)	(19,526)	-	63
At end of year/period	533,895	409,649	695,592	685,135
	======	======	======	======

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. At 31 December 2024, the Group had tax losses amounting to Shs 518 million (2023: Shs 513 million) available for carry forward and set off against future taxable income. Kenyan Income Tax laws allow for carry forward of tax losses indefinitely. The accumulated tax losses will be utilised to offset future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 BORROWINGS

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Loans – working capital loans	3,508,763	2,594,076	4,293	306,740
Related party loans	148,997	149,150	-	-
Import loans	3,193,626	5,578,767	540,743	247,929
Hire purchase finance	8,152	2,245	-	-
Bank overdrafts	224,250	291,694	8	1,364
	7,083,788	8,615,932	545,044	556,033
Presented in the statement of financial position as follows:				
Non-current liability	739,610	1,447,368	-	306,740
Current liability	6,344,178	7,168,564	545,044	249,293
	7,083,788	8,615,932	545,044	556,033

Maturities of amounts included in loans is as follows:

Within one year	6,344,178	7,168,564	545,044	249,293
Between two and five years	739,610	1,447,368	-	306,740
	7,083,788	8,615,932	545,044	556,033

Analysis of borrowings by currency

Borrowings in USD	3,968,132	4,219,393	226,106	295,933
Borrowings in KShs	2,908,818	4,218,447	318,938	260,100
Borrowings in TZS	206,838	178,092	-	-
	7,083,788	8,615,932	545,044	556,033

Analysis of borrowings by security

Secured borrowings	4,812,245	6,311,149	4,292	11,638
Unsecured borrowings	2,271,543	2,304,783	540,752	544,395
	7,083,788	8,615,932	545,044	556,033

Included in loans are unsecured loans advanced to the Group amounting to Shs 252 million (2023: Shs 325 million) that are due to two company Directors or their associates. The loans are unsecured, denominated in Kenya Shillings and US Dollars and attract interest at the rate of 20% and 12% p.a respectively.

The unsecured borrowings are from various lenders while the secured borrowings are from Banks, mainly Standard Chartered Bank Kenya Limited, I&M Bank Limited and Standard Chartered Bank Uganda Limited.

30 BORROWINGS (Continued)

Interest rates

The effective interest rates at end of year were as follows:

	2024	2023
Bank overdrafts	18.18%	15.73%
	=======	=======
Loans		
Loans in Kshs	18.30%	17.38%
Loans in USD	10.64%	8.58%
Loans in TZS	13.13%	13.40%
	=======	=======
Loans in Ush - base rate set by the bank from time to time at a minimum of 8% plus 0.75%		
Hire purchase facility	19.16%	17.50%
	=======	=======

Details of security

a) The Standard Chartered Bank Kenya Limited loans and overdraft are secured by:

- A first legal charge for Shs 1,600,000,000 over land and buildings located on LR No. 37/273 collateralised to the debenture. The legal charge is shared in pari passu with I&M Bank for Shs 510,000,000.
- Corporate cross guarantees for USD 24,540,000 and Shs 153,000,000 by Car & General (Trading) Limited - Kenya, Car & General (Piaggio) Limited and Car & General (Kenya) Plc.
- A legal charge for Shs 200,000,000 over land and buildings located on LR No. 209/8319, LR 209/8320 and LR 209/8321 Nairobi. The legal charge is held in pari passu with I&M Bank for Shs 260,000,000.
- A legal charge for Shs 248,000,000 over land and buildings located on LR No. 209/6980. The legal charge is held in pari passu with I&M bank for Shs 260,000,000.
- All Assets Debenture over assets of Car & General (Kenya) PLC, Car & General (Trading) Ltd – Kenya for Shs2,373,000,000 ranking pari passu with I&M Bank.

b) The I&M Bank Limited loans and overdraft are secured by:

- A debenture of Shs 1,465,000,000 over all assets of Car & General (Kenya) PLC, ranking pari passu with the debenture created in favour of Standard Chartered Bank Kenya Limited.
- A legal charge for Shs 510,000,000 over land and buildings located on LR No. 209/8319, LR No. 209/8320, LR No. 209/8321 and LR No. 37/273 ranking pari passu to the legal charge created in favour of Standard Chartered Bank Kenya Limited.
- A first legal charge for Shs 63,000,000 over land and building on KSM/MUN/Block 3/7 registered in the name of Car & General (Kenya) Plc.

c) The Standard Chartered Bank Tanzania Limited loans and overdraft are secured by an all-asset debenture over all Car & General (Trading) Limited - Tanzania for Shs 425,020,000, a fixed charge on associated company's property and corporate guarantee by associated companies.

d) The Standard Chartered Bank Uganda Limited overdraft is secured by a legal mortgage for USD 4,750,000 over the company`s property on Plot 81 Jinja Road (obligator; Car and General (Uganda) Limited) a debenture for USD 5,800,000 over fixed and floating assets of the company (obligator; Car & General (Uganda) Limited) and a corporate guarantee for USD 4,750,000.

Undrawn facilities

At the end of the reporting period, the Group had undrawn committed borrowing facilities amounting to Shs 1,484 million (2023: Shs 963 million).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 LEASE LIABILITIES

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000
At beginning of year/period	638,024	704,160	308,322	322,483
Additions	85,073	145,128	-	-
Modifications/alterations*	((8,939)	(32,118)	-	-
Interest expense on lease liabilities	48,223	74,199	21,675	28,410
Interest paid	(48,223)	(74,199)	(21,675)	(28,410)
Lease payments	(147,573)	(220,948)	(14,601)	(14,161)
Translation adjustment	(19,297)	41,802	-	-
At end of year/period	547,288	638,024	293,721	308,322
Maturity analysis				
Year 1	217,033	206,816	37,945	36,138
Year 2	143,411	146,409	39,842	37,945
Year 3	95,665	95,152	41,834	39,842
Year 4	66,504	59,768	43,926	41,834
Year 5	57,328	30,813	46,122	43,926
Year 6 and onwards	129,315	274,749	194,546	240,668
Undiscounted lease payments at the end of the year/period	709,256	813,707	404,215	440,353
Less unearned interest	(161,968)	(175,683)	(110,494)	(132,031)
	547,288	638,024	293,721	308,322
Analysed as:				
Current	178,211	206,816	17,427	14,463
Non-current	369,077	431,208	276,294	293,859
	547,288	638,024	293,721	308,322

* Lease modification/alterations relates to lease retirement, extension and cancellation.

The statement of profit or loss shows the following amounts relating to leases:

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Depreciation of right-of-use asset	148,858	283,024	24,344	30,430
Interest expense on lease liabilities	48,223	74,199	21,675	28,410

The Group has lease contracts that include an extension option. The option is negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether the extension option is reasonably certain to be exercised.

The total cash outflow for leases in the year for Group and Company was Shs 148 million (2023: KShs 220 million) and Shs 14.6 million (2023: Shs 14 million) respectively that related to principal portion of lease payments and interest expense on the leases.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Trade payables	2,957,046	3,573,499	51,110	43,801
Accruals	362,357	430,899	39,736	17,568
Other payables	890,463	1,129,266	33,919	41,742
	4,209,866	5,133,664	124,765	103,111

33 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of profit/(loss) before taxation to net cash generated from operations

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Profit/(loss) before taxation	781,289	(348,621)	71,692	(44,403)
Adjusted for:				
Gain in fair value of investment properties (note 15)	(71,304)	(2,980)	(27,500)	-
Depreciation of property, plant and equipment (note 16)	208,272	319,670	18,244	37,622
Amortisation of intangible assets (note 17)	8,158	16,186	42	68
Depreciation of right of use asset (note 19)	148,858	283,024	24,344	30,430
Effect of lease modifications on right of use asset (note 19)	4,622	34,483	-	-
Effect of lease modifications on lease liability	8,939	32,118	-	-
(Gain)/loss on disposal of property, plant and equipment	(2,277)	7,659	-	(381)
Loss on write off - intangible assets	-	1,603	-	-
Loss arising from change in fair value (Note 18)	(15,075)	20,294	-	-
Decrease in value of biological assets due to sales (note 18)	36,205	34,406	-	-
Decrease in value of biological assets due to mortality (note 18)	17,609	38,625	-	-
Transfer of biological assets from inventories	-	(52,273)	-	-
Interest on borrowings (note 8)	1,134,096	1,185,566	80,466	93,184
Interest expense on lease liability (note 8)	48,223	74,199	21,675	28,410
Interest income (note 27e)	(35,795)	(20,763)	(1,024)	-
Unrealised exchange on borrowings (note 33(b))	(788,520)	943,045	(55,186)	-
Share of profit in associates and others	(219,769)	(526,876)	-	-
Effect of acquisition through business combinations (note 21)	-	295,231	-	-
Effect of exchange rate on foreign operations	(60,041)	-	8,721	-
	1,203,490	2,334,596	141,474	144,930
Movements in working capital items:				
Inventories	2,234,720	(804,707)	-	-
Trade and other receivables	(186,476)	(823,768)	8,323	14,529
Net movement in related company balances	-	(286,139)	(90,513)	265,877
Trade and other payables	(628,567)	1,465,773	21,654	(17,851)
Net cash generated from operations	2,623,167	1,885,755	80,938	407,485

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

(b) Analysis of changes in borrowings (excluding bank overdraft)

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
At the beginning of the year/period	8,324,238	6,980,085	554,670	726,222
Loan received	20,146,018	21,622,889	186,831	286,564
Loan repayments	(20,830,350)	(21,221,781)	(141,279)	(458,116)
Hire purchase facility	8,152	-	-	-
Exchange differences	(788,520)	943,045	(55,186)	-
At the end of the year/period	6,859,538	8,324,238	545,036	554,670

(c) Analysis of cash and cash equivalents

Cash and bank balances	317,974	574,471	5,676	2,297
Bank overdrafts (note 30)	(224,250)	(291,694)	(8)	(1,364)
	93,724	282,777	5,668	933

The carrying amount of cash and cash equivalents recognised in the financial statements approximate their fair values.

34 CAPITAL COMMITMENTS

	2024	2023
	Shs '000	Shs '000
Authorised and contracted for	16,433	71,954

35 CONTINGENT LIABILITIES

(a) Guarantees

	2024	2023
Group		
Sundry bank guarantees	140,451	139,875
Company		
Guarantees in respect of bank facilities for subsidiaries	5,703,467	7,498,290
Sundry bank guarantees	6300	6,300
	5,709,767	7,504,590

(b) Litigation:

The Group is a defendant in various legal suits. In the opinion of the Directors, after taking appropriate legal advice, the outcome of such suits are unlikely to result in any significant loss.

35 CONTINGENT LIABILITIES (Continued)

(c) Tax matters:

The Group is regularly subjected to evaluation, the taxation authorities, of its direct and indirect taxation affairs and in connection with such reviews, tax assessment can be issued by the taxation authorities in respect to the group's taxation affairs.

In reference to the prior years assessments;

Assessment relating to customs 3-Wheeler tariff classification for the period January 2022 to January 2023 amounting to Ksh 224million. The case is currently at the high court and the Ruling will be on 26 September 2025.

Assessment relating to interest restriction as introduced in the Finance Act 2022. The assessment was based on inclusion of share of profit from associate and joint venture when computing earnings before interest, tax, depreciation and amortization (EBITDA) for the purpose of computing deductible interest expense pursuit to section 16(2)(J) of the income tax Act, Chapter 470 of the laws of Kenya. The matter is currently at the high court and the ADR engagement is also ongoing.

Kenya Revenue Authority also conducted a transfer pricing audit in the prior year and issued an additional income tax assessment to Cummins C&G Ltd for the financial year 2017 of Ksh 109 million and financial years 2018 to 2021 of Ksh 135 million. The company objected to the assessments and the two cases are currently at the Tax Appeal Tribunal. Cummins CMI, the former Joint Venture partner, has guaranteed an indemnity of 50% in case of an adverse ruling against the company.

36 OPERATING LEASE ARRANGEMENTS - COMPANY

Operating leases in which the Group is the lessor, relate to the investment properties owned by the Group with lease terms of between 1 to 5 years, with an option to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

At the reporting date, the Group had contracted with tenants for the following non-cancellable future minimum lease payments:

	2024 Shs '000	2023 Shs '000
Within one year	174,374	182,294
In the second to fifth year inclusive	749,875	806,761
	924,249	989,055

Rental income earned by the Group from its investment property and direct operating expenses arising on the investment properties for the year are set out in note 15.

37 CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of borrowings, cash and cash equivalents and equity attributable to owners of the parent, comprising issued capital, revaluation reserves, revenue reserves and non-controlling interests.

Consistent with others in similar 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 bank balances. Total capital is calculated as equity attributable to owners of the parent and non-controlling interests.

	GROUP		COMPANY	
	2024 Shs'000'	2023 Shs'000'	2024 Shs'000'	2023 Shs'000'
Equity	5,964,015	5,731,562	1,973,706	1,732,260
Total borrowings	7,083,788	8,615,932	545,044	556,033
Less: cash and bank balances	(317,974)	(574,471)	(5,676)	(2,297)
Net debt	6,765,814	8,041,461	539,368	553,736
Gearing Ratio	113%	140%	27%	32%

The Directors are aware of the gearing ratio due to import financing in form of letters of credit and unsecured borrowings arising from the purchase of inventory, this has reduced year on year. Management is working on initiatives to expand volumes and improve margins. The Directors are therefore of the view that as the Group's and Company's profitability continues to improve, the adverse gearing ratio will reverse.

38 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including credit risk and the effects of changes in foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the finance department under policies approved by the Board of Directors. The finance department identifies, evaluates and hedges financial risks. The Board provides policies for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments and investing excess liquidity.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

(a) Credit risk

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision matrix is adjusted for forward-looking factors specific to the debtors and the economic environment. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns generally, trade receivables are written-off if past due for more than one year. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

38 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (Continued)

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Bank balances are fully performing, they are held in reputable banks that have a high credit rating. The customers under the fully performing category are paying their debts as they continue trading. Part of trade and other receivables in the past due category are fully impaired and have been provided for. The Group does not hold any collateral or other enhancements to cover the credit risk.

The Group and Company do not have significant concentrations of credit risk on derivative counterparties where transactions are limited to financial institutions possessing high credit quality since the risk of default is low.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Lifetime ECL
Doubtful	Amount is past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
In default	Amount is >180 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit impaired
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The tables below detail the credit quality of the Group's and Company's financial assets as well as the Group's and Company's maximum exposure to credit risk by credit risk rating grades.

Group

31 December 2024	Internal/ external rating	Lifetime ECL	Gross carrying amount Shs'000	Loss allowance Shs'000	Net carrying amount Shs'000
Trade receivables	Investment grade	Lifetime ECL (simplified approach -SPPI)	2,747,943	(452,113)	2,295,830
Loan due from related company	Performing	Lifetime ECL (simplified approach – SPPI)	803,431	-	803,431
Bank balance	Performing	Lifetime ECL not credit-impaired	317,974	-	317,974
			3,869,348	(452,113)	3,417,235
			=======	=======	=======

38 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (Continued)

Group (Continued)

	Internal/ external rating	Lifetime ECL	Gross carrying amount Shs'000	Loss allowance Shs'000	Net carrying amount Shs'000
31 December 2023					
Trade receivables	Investment grade	Lifetime ECL (simplified approach -SPPI)	2,404,286	(616,223)	1,788,063
Loan due from related company	Performing	Lifetime ECL not credit-impaired	803,431	-	803,431
Bank balance	Performing	Lifetime ECL not credit-impaired	574,471	-	574,471
			3,782,188	(616,223)	3,165,965

Company

	Internal/ external rating	Lifetime ECL	Gross carrying amount Shs'000	Loss allowance Shs'000	Net carrying amount Shs'000
31 December 2024					
Trade receivables	Investment grade	Lifetime ECL (simplified approach -SPPI)	60,876	(48,594)	12,282
Due from related companies	Performing	Lifetime ECL not credit-impaired	1,058,191	(104,091)	954,100
Bank balance	Performing	Lifetime ECL not credit-impaired	5,676	-	5,676
			1,124,743	(152,685)	972,058
31 December 2023					
Trade receivables	Investment grade	Lifetime ECL (simplified approach -SPPI)	65,657	(48,594)	17,063
Due from related companies	Performing	Lifetime ECL not credit-impaired	1,025,940	(104,091)	921,849
Bank balance	Performing	Lifetime ECL not credit-impaired	2,297	-	2,297
			1,093,894	(152,685)	941,209

38 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (Continued)

	Trade and other receivables	Bank balances	Due from related companies	Total
Group				
At 1 October 2021	599,499	-	-	599,499
Translation adjustments	39,027	-	-	39,027
Increase in loss allowance in the period	(4,064)	-	-	(4,064)
Bad debt write off/(write back)	(15,353)	-	-	(15,353)
At 31 December 2023	616,223	-	-	616,223
At 1 1 January 2024	616,223	-	-	616,223
Translation adjustments	(29,291)	-	-	(29,291)
Decrease in loss allowance in the year	5,489	-	-	14,670
Bad debt write back	(140,308)	-	-	(140,308)
At 31 December 2024	452,113	-	-	461,294
Company				
At 1 October 2022	48,594	-	104,091	152,685
Increase in loss allowance in the period	-	-	-	-
At 31 December 2023	48,594	-	104,091	152,685
At 1 1 January 2024	48,594	-	104,091	152,685
Increase in loss allowance in the year	-	-	-	-
At 31 December 2024	48,594	-	104,091	152,685

NOTES TO THE FINANCIAL STATEMENTS (Continued)

38 FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk

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.

The following table analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Group

	Up to 1 month Shs'000	1 – 3 Months Shs'000	3 - 12 months Shs'000	1 - 5 years Shs'000	over 5 years Shs 000	Total Shs'000
At 31 December 2024						
Liabilities						
Trade payables	1,234,780	1,368,688	353,578	-		2,957,046
Borrowings	1,230,645	2,688,920	2,198,506	965,717	-	7,083,788
Lease liabilities	-	-	217,033	200,940	168,583	586,556
Loan due to related party	-	-	-	166,808	-	166,808
Total financial liabilities	2,465,425	4,057,608	2,769,117	1,333,465	168,583	10,794,198
At 31 December 2023						
Liabilities						
Trade payables	1,592,616	1,246,783	734,100	-	-	3,573,499
Borrowings	1,290,402	2,911,961	2,966,201	1,447,368	-	8,615,932
Lease liabilities	-	-	206,816	156,459	274,749	638,024
Loan due to related party	-	-	-	166,808	-	166,808
Due to related parties	-	-	-	-	-	-
Total financial liabilities	2,883,018	4,158,744	3,907,117	1,770,635	274,749	12,994,263

NOTES TO THE FINANCIAL STATEMENTS (Continued)

38 FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

Company

31 December 2024

	Up to 1 month Shs'000	1 – 3 Months Shs'000	3 - 12 months Shs'000	1 - 5 years Shs'000	over 5 years Shs 000	Total Shs'000
Liabilities						
Trade payables	51,110	-	-	-	-	51,110
Borrowings	75,944	218,130	24,863	226,107	-	545,044
Lease liabilities	-	-	37,945	171,724	84,052	293,721
Due to related parties	-	-	1,202,438	-	-	1,202,438
Total financial liabilities	127,054	218,130	1,265,246	397,831	84,052	2,092,313
	========	========	========	========	========	========
At 31 December 2023						
Liabilities						
Trade payables	43,801	-	-	-	-	43,801
Borrowings	95,118	58,029	96,146	306,740	-	556,033
Lease liabilities	-	-	14,463	90,795	203,064	308,322
Due to related parties	-	-	1,260,700	-	-	1,260,700
Total financial liabilities	138,919	58,029	1,371,309	397,535	203,064	2,168,856
	========	========	========	========	========	========

NOTES TO THE FINANCIAL STATEMENTS (Continued)

38 FINANCIAL RISK MANAGEMENT (Continued)

(c) Market risk

(i) Foreign exchange risk

A sizable portion of the Group's purchases are denominated in foreign currencies. The Group manages the currency risk on net exposure by monitoring exchange rate movements and mitigates the risks by invoicing customers in the relevant foreign currency, where possible.

The carrying amounts of the Group's major foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

31 December 2024	USD Shs'000	EURO Shs'000	INR Shs'000	RWF Shs'000	JPY Shs'000	GBP Shs'000	ZAR Shs'000
Assets							
Bank and cash balances	65,586	11	-	-	-	9	-
Trade and other receivables	224,002	-	-	-	-	-	-
Due from related parties	-	-	-	-	-	-	-
	289,588	11	-	-	-	9	-
Liabilities							
Trade and other payables	1,668,503	15,169	585,580	-	89,893	-	126,400
Borrowings	3,968,132	-	-	-	-	-	-
Due to related parties	-	-	-	-	-	-	-
	5,636,635	15,169	585,580	-	89,893	-	126,400
Net exposure	(5,347,047)	(15,158)	(585,580)	-	(89,893)	9	(126,400)
31 December 2023							
Assets							
Bank and cash balances	297,334	11	-	23	-	11	-
Trade and other receivables	139,349	444	-	8,378	-	3,725	-
Due from related parties	-	-	-	1,384	-	-	-
	436,683	455	-	9,785	-	3,736	-
Liabilities							
Trade and other payables	1,735,732	45,344	-	-	157,771	80,805	-
Borrowings	4,219,393	-	-	-	-	-	-
Due to related parties	-	-	-	-	-	-	-
	5,955,125	45,344	-	-	157,771	80,805	-
Net exposure	(5,518,442)	(44,889)	-	9,785	(157,771)	(77,069)	-

Sensitivity analysis

A 10% percent appreciation or depreciation of the Kenya shilling against the following currencies would increase/(decrease) the reported profit or loss and equity by amounts shown below. This analysis is based on foreign currency exchange rates variances that the Group considered to be reasonably possible at end of the reporting period. This analysis assumes that all other variables in particular interest rates remain constant.

38 FINANCIAL RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(i) Foreign exchange risk (Continued)

Sensitivity analysis (continued)

Profit or loss

	2024 Shs '000	2023 Shs '000
USD	(534,705)	(551,844)
ZAR	(12,640)	-
JPY	(8,989)	(15,777)
RWF	-	979
GBP	1	(7,707)
EURO	(1,516)	(4,489)
INR	(58,558)	-
	(616,407)	(578,838)

(ii) Interest rate risk

The interest rate risk exposure arises mainly from interest rate movements on the Group's borrowings. To manage the interest rate risk, management has endeavoured to only sign and obtain borrowings from institutions that offer contracts with fixed interest rates. At period end, borrowings with no fixed interest rate were minimal.

The table below summarises the exposure to interest rate risk at the reporting to date. Included in the table are the Group's financial instruments at carrying amounts, categorized by the earlier of contractual re pricing or maturity dates.

	Up to 1 month Shs'000	1-3 months Shs'000	3-12 months Shs'000	1-5 years Shs'000	Over 5 years Shs'000	Total Shs'000
At 31 December 2024						
Financial assets						
Bank balances	317,974	-	-	-	-	317,974
Financial liabilities						
Borrowings	(1,230,645)	(2,688,920)	(2,198,506)	(965,717)	-	(7,083,788)
Interest sensitivity gap	(912,671)	(2,688,920)	(2,198,506)	(965,717)	-	(6,765,814)
At 31 December 2023						
Financial assets						
Bank balances	574,471	-	-	-	-	574,471
Financial liabilities						
Borrowings	(1,290,402)	(2,911,961)	(2,966,201)	(1,447,368)	-	(8,615,932)
Interest sensitivity gap	(715,931)	(2,911,961)	(2,966,201)	(1,447,368)	-	(8,041,461)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

38 FINANCIAL RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity analysis

The following table details the Group's sensitivity to a 1% increase and decrease in interest rates (all the other variables held constant).1% is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

	2024 Shs'000 Effect on profit	2023 Shs'000 Effect on profit
+1% Movement	(67,658)	(80,415)
-1% Movement	67,658	80,415
	=======	=======

(iii) Price risk

As at 31 December 2024, the group did not hold financial instruments that are subject to price fluctuations.

39 FAIR VALUE OF INVESTMENT PROPERTIES AND PROPERTY, PLANT & EQUIPMENT (Land and Buildings)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1,2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices(unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

40 PRIOR YEAR ADJUSTMENTS
41

In the previous year, demurrage and storage costs had been classified separately under other costs on the statement of profit or loss and other comprehensive income instead of presenting the same under cost of sales line. This had resulted to understatement of cost of sales and overstatement of other costs by Shs. 180,859,000. Interest income on related party loans had been presented within other income on the statement of profit or loss and other comprehensive income instead of presenting the same separately as finance income as required by IAS 1.85. This had resulted to understatement of finance income and overstatement of other income by Shs. 20,763,000. Net foreign exchange losses/(gains) arising from normal business operations (trade payables, receivables etc) had been classified under finance costs on the statement of profit or loss and other comprehensive income instead of presenting the same separately within income from operations as required by IAS 21.52 (a). This had resulted to overstatement of finance costs and understatement of income from operations by Shs. 297,919,000 for the group and Shs. 59,509,000 for the company.

The correction has now been made in the 2023 restated financial statements to the correct these compensating errors within the statement of profit or loss and other comprehensive income.

The effect of the restatement in the statement of profit or loss and other comprehensive income is as below:

For the year ended 31 December 2023	Balance as previously stated	Adjustment for restatement	Restated
Group:	KShs '000'	KShs '000'	KShs '000'
Cost of sales	(22,999,436)	(180,859)	(23,180,295)
Other costs	(180,859)	180,859	-
Other income	223,396	(20,763)	202,633
Finance income	-	20,763	20,763
Finance costs	(1,904,891)	(297,919)	(2,202,810)
Net foreign exchange gains/(losses)	-	297,919	297,919
	==========	==========	==========
Company:			
Finance costs	(181,103)	59,509	(121,594)
Net foreign exchange gains/(losses)	-	(59,509)	(59,509)
	==========	==========	==========

We have updated disclosure notes on investment property note 16 relating to significant unobservable inputs and its sensitivity in line with IFRS 13 to include details on the basis on which capitalisation rate was computed on, and the occupancy rates applied during valuation of the investment property. These details had not been disclosed in the prior year financial statements.

41 SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

No material events or circumstances have arisen between the reporting date and the date of this report.

42 CURRENCY

The fina`ncial statements are presented in Kenya Shillings as rounded to the nearest thousand (Shs ‘000). The Kenya Shilling is the functional currency for the Group and reflects the economic environment where majority of the business transactions are conducted.