Crown

If you like it...Crown it!

2024 ANNUAL REPORT

AND FINANCIAL STATEMENTS


crown
If you like it...Crown it!
11,000 finishes. Infinite expressions.
One promise: Crown Paints brings
your walls to life, inside and out

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FINANCIAL STATEMENTS

NOTICE OF THE ANNUAL GENERAL MEETING

Crown Paints Kenya Plc
(the Company)

Notice of the 68th Annual General Meeting to the shareholders of Crown Paints Kenya Plc

In accordance with the provisions of the Companies Act, Cap 486 as amended by the Business Laws (Amendment) (No. 2) Act, 2021, NOTICE IS HEREBY GIVEN in accordance with Article 77 of the Company's Articles of Association that the 68th Annual General Meeting of the Company will be held virtually at 11.00 am on Friday, 20th June 2025 to conduct the business set out below:

All resolutions will be conducted by way of a Poll.

As ordinary business to consider and, if thought fit, pass the following ordinary resolutions:

1. To adopt the audited financial statements for the year ended 31st December 2024 together with the Directors' and Auditors' Reports thereon.
2. To declare a final dividend of KShs 3/= per ordinary share for the financial year ended 31 December 2024 and to approve the closure of the Register of Members at 4.30 pm on 20th June 2025 for one day only.
3. To re-elect the following Directors:
   a) Mr Alice Owuor retires by rotation in accordance with Article 101 of the Company's Articles of Association and being eligible, offers herself for re-election.
   b) In accordance with the provisions of section 769(1) of the Companies, Chapter 486, Laws of Kenya, the following Directors, being members of the Board Audit and Risk Committee be elected individually to continue serving as members of the Committee:
      i) Mr Nicholas Kathiari
      ii) Mr Steven Oundo
      iii) Ms Alice Owuor
4. To approve the Directors' Remuneration Report and the remuneration paid to the Directors for the year ended 31st December 2024 and to authorise the Directors to fix the remuneration of the Non-Executive Directors.
5. To re-appoint Messrs Ernst & Young LLP as the auditors of the Company for the Financial Year ending 31st December 2025 in accordance with Section 719 (2) of the Companies Act, Chapter 486, Laws of Kenya, and to authorise the Directors to fix their remuneration for 2025.

SPECIAL BUSINESS

6. To Delegate Authority to the Board

   The following resolution be passed as an Ordinary Resolution:

   That the Board to be authorized to formulate, approve and regularly review the following policies and procedures as required under Section 8.21 of the Thirteenth Schedule of the Capital Markets (Public Offers, Listings and Disclosures) Regulation 2023.

      a) Remuneration
      b) Effective Communication with shareholders and stakeholders
      c) Corporate disclosure policies and procedures
      d) Dispute resolution for internal and external disputes
      e) Attraction and retention of Board members

7. Any other Business for which valid Notice shall have been given.

BY ORDER OF THE BOARD

Conrad Nyukuri
Company Secretary
Date: 28th May 2025

Notice of the Annual General Meeting
(Continued)

NOTES

1. Shareholders wishing to participate in the meeting should register for the AGM online at **https://digital. candr.africa** or by dialling USSD short code number ***483*182#** or via a link to the AGM Platform that will be sent to them via SMS and/or email and following the various registration prompts. In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares at hand. For assistance shareholders should dial the following helpline number +254 20 8690360 from 8:00 a.m. to 4:30 p.m. from Monday to Friday. Any shareholder outside Kenya should dial the helpline number to be assisted to register or send an email **digital. candr.africa**

2. Registration for the AGM shall open on 12th June 2025 at 8.00 am and will close on 19th June 2025 at 12.00 noon. Shareholders will not be able to register after 19th June 2025 at 12.00 noon.

3. Shareholders wishing to raise any questions for the AGM may do so by:

   a) Sending their written questions by email to **digital. candr.africa** or
   b) Dialling the USSD code ***483*182#** and selecting the option (ask Question) on the prompts or
   c) Clicking the link to the AGM Platform; Select Attend Event; Select "CROWN PAINTS AGM" Select "Q&A" option tab and submit questions in text box provided; or
   d) To the extent possible, physically delivering their written questions with a return physical address or email address to the offices of Custody and Registrars Services Ltd, Company's Registrars, at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue, Nairobi. Shareholders sending questions by email **or** delivering to C&R Group must provide their full details (full names, Shares Account Number/CDSC Account Number) when submitting their questions and clarifications. Also attach a copy of your ID/Passport.

4. Shareholders wishing to vote may do so by:

   a) Clicking the link to the AGM Platform; Select Attend Event; Select "CROWN PAINTS AGM"; Select "Voting" option tab and vote; or
   b) Dialling the USSD platform***483*182#**; Use the menu prompts to Select the menu option for "Voting" and follow the various prompts regarding the voting process.

5. In accordance with Section 298(1) of the Companies Act Cap 486, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to attend and vote on their behalf. A proxy must be signed by the appointor or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorized attorney of such body corporate. A completed form of proxy should be emailed to **proxy@candr.africa** or delivered to Custody and Registrars Services Ltd, the Company's Registrars, at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue, Nairobi so as to be received not later than Wednesday, 18th June 2025 at 11.00 a.m. When nominating a proxy, the ID/Passport No, details for email and/or mobile number of the proxy must be submitted to facilitate registration. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than Thursday, 19th June 2025 to allow time to address any issues.

Notice of the Annual General Meeting
(Continued)

6. The Virtual AGM will be accessible to shareholders and proxies who have duly registered. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers two hours before the AGM, reminding duly registered shareholders and proxies that the AGM will begin in two hours' time and providing the link to watch the live stream.

7. Duly registered shareholders and proxies may vote (when prompted by the Chairman) via the USSD ***483*182#** or on the AGM Platform.

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

9. Results of the AGM shall be published within 24 hours following conclusion of the AGM.

10. A copy of this notice, the proxy form, the Integrated Annual Report may be viewed from the company's website at **www.crownpaints.co.ke.**

11. All present and former shareholders of the Company are hereby notified that pursuant to the provisions of the Unclaimed Financial Assets Act No 40 of 2011 Parts II and III, dividends and shares which have not been claimed for a period of three (3) years or more will require to be delivered to the Unclaimed Financial Assets Authority ('the Authority) as abandoned assets on the appointed date. Therefore, all present and former shareholders with unpaid dividends are requested to urgently contact the Share Registrar, Custody & Registrars Services Limited at the address indicated below to claim any unpaid dividends to avert the risk of the dividends being forwarded to the Authority.

Custody & Registrars Services Ltd
IKM Place, Tower B, 1st Floor
5th Ngong Avenue, Nairobi
Tel: Mobile: +254 20 7909276
Email: info@candr.afica

CROWN PAINTS KENYA PLC SHARE REGISTER
PERIODIC REPORT FOR APRIL 2025

TOP 30 SHAREHOLDERS		
Name	**Shares_Held**	**%**
CROWN PAINTS AND BUILDING PRODUCTS LTD	68,924,730	48.42%
BEAUMONT PROPERTIES LIMITED	31,919,474	22.42%
BARCLAY HOLDINGS LIMITED	26,006,177	18.27%
STANBIC NOMINEES LTD A/C NR1030823	2,503,800	1.76%
BARCLAY HOLDINGS LIMITED	1,569,354	1.12%
PATEL MAHENDRA DAHYABHAI	672,060	0.47%
OGANGO JOHN OKUNA	520,500	0.37%
SHAH MINESH MULCHAND	479,480	0.34%
ZAVERCHAND PUNJA WAREHOUSES LTD	422,400	0.30%
DSL NOMINEES LTD A/C ORCHARD ESTATE LTD	280,188	0.20%
SHAH BIJAL MULCHAND	229,624	0.16%
SHAH SAVITABEN VELJI RAICHAND	205,050	0.14%
ASSI SANTOKH SINGH	186,640	0.13%
SHAH SAROJBEN PRAFULKUMAR HEMRAJ	164,040	0.12%
SHAH NISHITKUMAR RAMNIKLAL	159,900	0.11%
ALI MOHAMED ADAM	126,060	0.09%
SUNTRA NOMINEES A/C 0351	125,000	0.09%
THAWER ABDULRASUL ISMAIL	110,550	0.08%
KUNGU PETER MWAURA	100,200	0.07%
SHAH PRAFULKUMAR HEMRAJ	99,880	0.07%
SANJAY GULABSI BHATIA & MRS HEMANTI SANJAY BHATIA	99,000	0.07%
SHAZIQUE ENTERPRISES LIMITED	94,710	0.07%
PARESH P UPADHYAY & HASMUKH A JOSHI	89,100	0.06%
SURESHCHANDRA RAICHAND SHAH	83,127	0.06%
SHAH JATIN KUMAR JUTHALAL	78,756	0.05%
RAJNIKANT NATHOOBHAI SHAH	77,220	0.05%
RAYANI SHAMSUDIN J. A. RAYANI & ROSINAKHANU S.	74,568	0.05%
MUCHINYI SILVESTER	69,600	0.05%
RUPAM GULABSI BHATIA	66,000	0.04%
PRIME NOMINEES A/C PBC022	66,000	0.04%
Total Top 30 Shareholders	**135,630,188**	**95.27%**
Unselected 2,690 Shareholders	**6,731,812**	**4.73%**
Issued Shares	**142,362,000**	**100.00%**
Total Number of Shareholders	**2,725**	
Number of Shareholders at the CDSC	**2,021**	
Number of Shares Held at the CDSC	**113,400,447**	

CROWN PAINTS KENYA PLC SHARE REGISTER
PERIODIC REPORT FOR APRIL 2025 (continued)

DEMAT ANALYSIS	Shares	%	Holders
CDSC	113,400,447	79.66%	2,021
CERTIFICATED	28,961,553	20.34%	704
TOTAL	**142,362,000**	**100.00%**	**2,725**

ANALYSIS BY DOMICILE	Shares	%	Holders
DOMICILE			
FOREIGN COMPANIES	62,086,705	43.61%	6
FOREIGN INDIVIDUALS	599,977	0.42%	23
LOCAL COMPANIES	70,696,727	49.66%	167
LOCAL INDIVIDUALS	8,978,591	6.31%	2,529
TOTAL	**142,362,000**	**100.00%**	**2,725**

ANALYSIS BY VOLUME	Shares	%	Holders
VOLUME			
1 - 500	192,327	0.14%	1,237
501 - 5000	2,310,247	1.62%	1,184
5001 - 10000	1,095,567	0.77%	150
10001 - 100000	4,031,632	2.83%	135
100001 - 1000000	3,781,692	2.66%	14
>1000000	130,950,535	91.98%	5
TOTAL	**142,362,000**	**100.00%**	**2,725**

CHAIRMAN'S STATEMENT

Dear Shareholders,

As we reflect on the challenges and successes of the past year, Crown Paints' ability to adapt, innovate, and drive sustainable growth is a direct result of our strategic oversight and robust governance framework. In 2024, we focused on executing our long-term vision while ensuring that we stay aligned with the interests of all the stakeholders, particularly our shareholders, employees, and regulators..

Strategic Oversight and Long-Term Vision

As a company, we are driven by a long-term vision of building a sustainable and resilient business that continues to deliver value for our stakeholders. As we navigate the complexities of a changing market environment, our commitment to achieve set goals remain steadfast. We've put significant emphasis on ensuring that our strategic decisions align with the future needs of the company while remaining focused on building a strong foundation.

The strategic direction we have set focuses on sustainable growth, innovation, and maintaining our market leadership. Our investments in product development, sustainability, and digital transformation are designed not just for short-term success but for long-term resilience and profitability. This future-focused approach ensures that Crown Paints remains a trusted brand, an industry leader, and a company poised to adapt to evolving market demands.

Stakeholder Engagement

Effective stakeholder engagement is at the core of our governance philosophy. We believe that transparency, clear communication, and an open dialogue with all our stakeholders remain fundamental in maintaining trust and supporting long-term growth of Crown Paints.
For our shareholders, we remain committed to delivering strong returns while protecting the integrity of the business. Our governance and strategic decisions are made with their interests in mind, ensuring that we maintain a balance between profitability, sustainability, and risk management. Regular and comprehensive reporting on performance, strategic initiatives, and market developments ensures that our shareholders are kept informed and confident in the direction the company is going.

We will continuously engage regulators to ensure our business is above board. We are fully committed to adhering to all regulatory requirements and maintaining the highest standards of compliance. This commitment not only ensures that we meet our legal obligations but also reinforces our reputation as a responsible corporate entity. As we continue to innovate and grow, we will keep regulators informed of our activities and ensure that we operate with transparency and accountability.

Board Performance and Corporate Governance

Crown Paints' Board of Directors plays a critical role in overseeing the company's strategy, governance, and risk management. We are proud of the diverse and experienced leadership team that drives Crown Paints forward. The collective expertise of our Board enables us to approach challenges with a well-rounded perspective, ensuring that our decision-making is both informed and forward-thinking.

The Board's oversight is built on a foundation of strong corporate governance practices. We maintain a rigorous approach to governance, with regular reviews of our processes, policies, and risk management frameworks to ensure that we are effectively managing both current and future risks. Our commitment to robust governance is fundamental as we navigate an increasingly complex and competitive global market.

We also place a strong emphasis on Board performance and succession planning. Regular evaluations of the Board's effectiveness, as well as ongoing development initiatives, ensure that we are continuously enhancing our ability to serve Crown Paints' best interests. This focus on Board performance underpins our confidence in the leadership team's ability to meet tomorrow's challenges.

Confidence in Leadership

A key strength of Crown Paints is our leadership team, which has demonstrated exceptional resilience, foresight, and determination in steering the company through a challenging year. The leadership team's commitment to executing our strategic initiatives, driving innovation, and maintaining operational excellence gives us confidence in our ability to meet our future ambitions.
The leadership team, supported by the Board, has shown a clear focus on executing our strategic goals with discipline and purpose. Their ability to make data-driven decisions, adapt to changing market dynamics, and execute our sustainability initiatives reflects a leadership culture that is future-focused and committed to continuous improvement.

As we look to 2025 and beyond, I am confident that Crown Paints is in capable hands. Our leadership is no¬t only dedicated to driving growth and profitability but also to fostering a culture of inclusivity, sustainability, and innovation. This commitment is integral to realizing our vision and ensuring that we remain a leader in the industry for years to come.

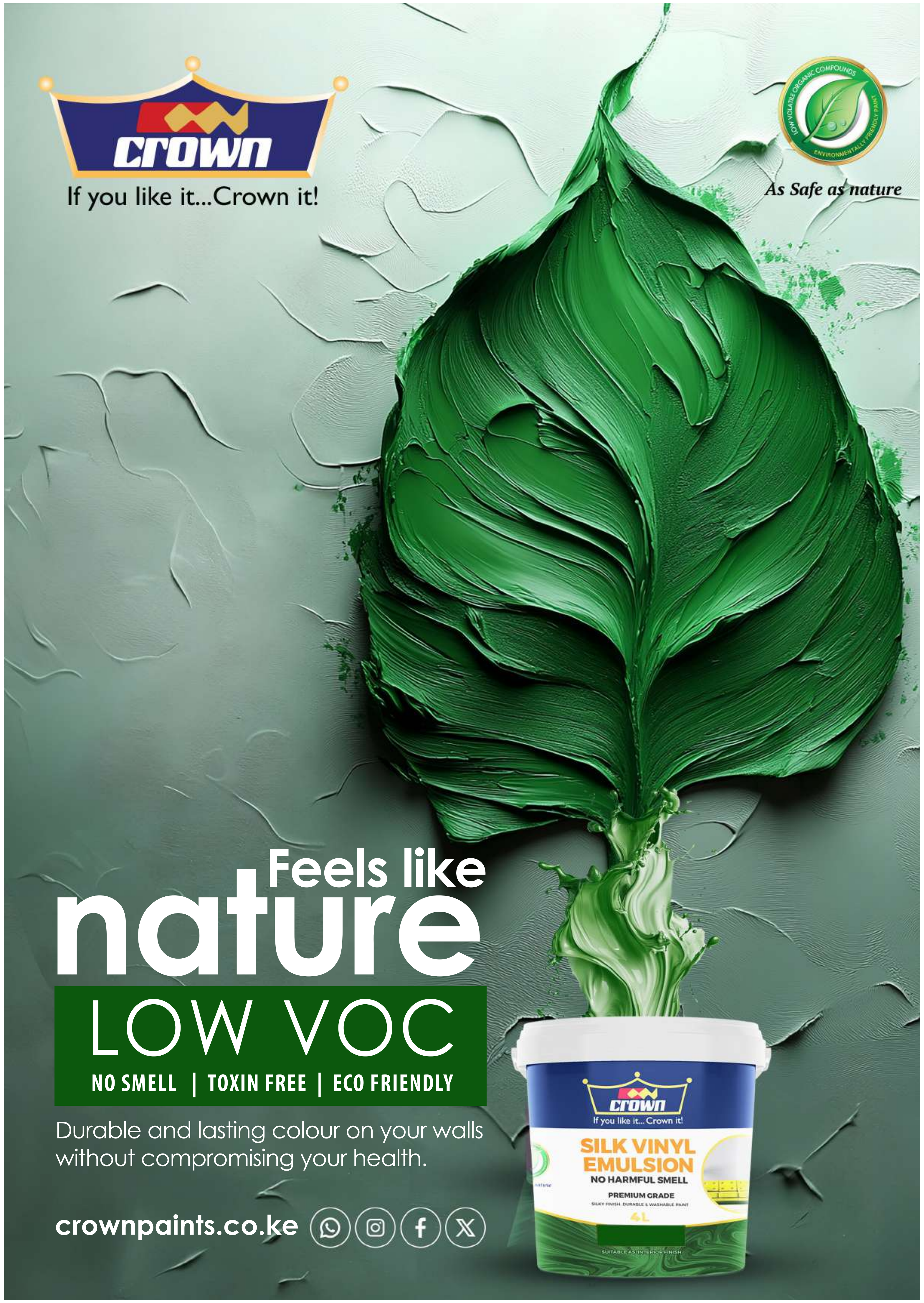
CHAIRMAN'S STATEMENT (continued)

Conclusion

In closing, 2024 was a year of reflection, resilience, and progress for Crown Paints. The strategic oversight provided by our Board, coupled with our unwavering commitment to corporate governance and stakeholder engagement, has enabled us to navigate challenging conditions and stay on course toward achieving our long-term goals. With a clear strategic direction, strong leadership, and a robust governance framework, we are confident in our ability to continue delivering value to our shareholders, customers, and all our stakeholders in the years to come.

Thank you for your continued support.

Mhamud Charania
Chairman
16 th May 2025

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If you like it...Crown it!
Kenya
Rugby
Union
AMAITSA
10
SAFARI
5
OORO
3
PROUD OFFICIAL
SPONSORS OF SHUJAA
crownpaints.co.ke
crown
If you like it... Crown it!
RUFF N TUFF
NO HARMFUL SMELL
PREMIUM GRADE
5KG

BOARD OF DIRECTORS

MHAMUD CHARANIA
CHAIRMAN

PATRICK MWATI
FINANCE DIRECTOR

ALICE AWUOR
NON EXECUTIVE DIRECTOR

DR. RAKESH RAO
GROUP CHIEF EXECUTIVE OFFICER

STEPHEN OUNDO
NON EXECUTIVE DIRECTOR

HUSSEIN RAMJI
VICE CHAIRMAN

NICHOLAS KATHIARI
NON EXECUTIVE DIRECTOR

GROUP CHIEF EXECUTIVE OFFICER STATEMENT

Dear Investors,

The year 2024 was a defining chapter for Crown Paints. Amid significant economic challenges such as inflationary pressures, currency volatility, and shifting consumer behaviours, we demonstrated exceptional resilience and swiftness. Despite these headwinds, our unwavering focus on performance, strategic execution, and value creation for our customers and stakeholders remained our focus. During this period, we continued to build a strong foundation for sustained growth, supported by targeted strategic investments, a deep commitment to sustainability, and the strength of our leadership and governance.

Operational Performance and Market Realities

During this period, we navigated a challenging market environment marked by high inflation, currency volatility, and constrained consumer spending. These macroeconomic pressures affected demand across various sectors, notably construction and retail. Despite these hurdles, Crown Paints demonstrated resilience through disciplined financial management, enhanced operational efficiency, and an unwavering commitment to delivering customer-centric solutions.

Our adaptability enabled us to safeguard profitability and preserve the long-term value of our business, while protecting shareholder interests. We implemented proactive measures to streamline operations, optimize cost structures, and enhance supply chain resilience. These strategic actions ensured that we remained well-positioned to absorb market disruptions without compromising the quality of our products or the excellence of our service delivery.

The market witnessed increased demand for high-quality, durable, and sustainable paint solutions—a trend we were well-prepared to capitalize on, thanks to our prior investments in innovation and product development. These strategic initiatives positioned us to meet changing market preferences with agility and confidence.

Strategic Execution and Innovation

Our strategic plan was anchored on sustainability, innovation, and customer excellence which guided every decision we made in 2024. Even in a constrained economic environment, our focus on product diversity and operational excellence enabled us to reinforce our market position.

A key milestone in our strategy was the expansion of our premium product portfolio, including low-VOC and environmentally responsible paint lines. These innovations go beyond product development; they embody our deep commitment to responsible manufacturing and environmental stewardship.

Through our **Your Dream, Our Colours (YDAC**) platform, we enhanced customer engagement by offering personalized solutions and inspirational colour tools that empower users and further strengthen our brand promise.

On the digital front, we made significant improvements by upgrading our systems to meet growing demand for one stop shop services. We streamlined our end-to-end order and delivery process by leveraging AI-powered analytics to gain deeper insights into customer trends. These enhancements are already increasing our responsiveness, agility, and competitiveness in a rapidly evolving market.

Customer-Centric Initiatives

At the heart of our success lies our steadfast commitment to our customers. Throughout 2024, we expanded our retail footprint and enhanced service delivery across both urban and regional markets, ensuring greater accessibility and convenience. Our customer engagement teams launched several impactful initiatives, designed to create a more personalized, efficient, and rewarding customer journey.

We also deepened our partnerships with professional painters, contractors, dealers, and distributors, reinforcing Crown Paints as the trusted choice for quality and reliability across all market segments. These collaborative relationships continue to play an integral role in delivering value and extending our brand presence throughout the region.

During this period, we successfully returned to profitability despite persistent macroeconomic challenges driven by disciplined operational management and strategic focus. We introduced new eco-friendly and low-VOC product lines, further reinforcing our commitment to sustainability and responsible innovation. At the same time, we strengthened our supply chain resilience, reducing lead times and ensuring consistent product availability across our portfolio.

These efforts not only safeguarded business continuity but also positioned us to meet customer needs with greater speed, reliability, and environmental responsibility.

Forward-Looking Priorities

As we look to 2025, our focus remains on sustainable, inclusive, and innovation-led growth. Our priorities will include expanding our premium product range to meet evolving consumer preferences and regulatory requirements around sustainability, while accelerating digital transformation, especially in customer experience, data analytics, and operational automation.

Deepening our regional market penetration—particularly in underserved rural-urban counties—will remain a key focus. We will continue to expand through new distribution channels and strategic partnerships aimed at improving accessibility and brand presence in these areas.

At the same time, we are committed to investing in our people and nurturing a high-performance culture built on collaboration, innovation, and accountability. Strengthening our Environmental, Social, and Governance (ESG) commitments will also be a priority, with new goals set around emissions reduction, community engagement, and responsible business practices.

Market Outlook

We remain optimistic as we enter 2025, supported by a solid financial foundation and a clear strategy for sustainable growth. Despite ongoing macroeconomic challenges, we project continuous revenue growth, driven by market expansion, continued product innovation, and rising demand for environmentally sustainable solutions.

We will maintain strong cost discipline and operational efficiency to protect margins and enhance profitability. Strategic investments in manufacturing, digital infrastructure, and sustainability will support long-term growth while ensuring continued value creation for our shareholders.

Looking ahead, we remain cautiously optimistic about the future. While the economic environment is expected to remain challenging, we are confident that Crown Paints is well-positioned for continued success. We will maintain our focus on sustainable growth and innovation, with plans to expand our presence in key markets and further diversify our product offerings to meet customer's needs..

Dr. Rakesh Rao
Group Chief Executive Officer
16th May 2025

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY JOURNEY

SHAPING A SUSTAINABLE FUTURE TOGETHER

We have embedded ESG at the heart of our operations, driving impactful change across environmental conservation, community empowerment, and governance integrity. Our initiatives align with key UN Sustainable Development Goals (SDGs) and Kenya's National Development priorities.

CROWN PAINTS' COMMITMENT TO ENVIRONMENTAL STEWARDSHIP

MWATSUMBO COMMUNITY FOREST

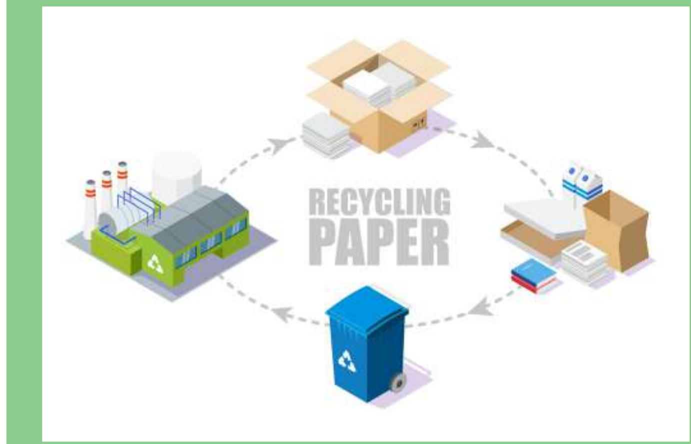
In line with the Environmental Conservation pillar; Crown Paints seeks to partner not only with the Kenya Forest Service but with our business partners in supporting the government National Tree planting initiative. As such Crown Paints partnered with IQSK and the Mwatsumbo Community Forest Association to plant 6,000 trees at Mwatsumbo Community Forest in Tsunza Kwale District.

SOLAR POWER TRANSITION

- Kisumu plant operates 100% on solar energy.
- 20-25% of total power needs sourced from solar across plants.
- Phasing out diesel generators.

RAINWATER HARVESTING

Rainwater harvesting system installed at key sites to conserve water



RECYCLING PROGRAMS

Paper waste collected and recycled into functional board products.

SWITCH TO ELECTRIC EQUIPMENT

Diesel/gas forklifts replaced by electric forklifts.

LOW VOC PAINTS

- Non-toxic, free from Lead, Chromium, Mercury, and Arsenic since 2018.
- Demonstrates Crown Paints' leadership in sustainable products.

CROWN PAINTS' COMMITMENT TO COMMUNITY

STAREHE BOYS CENTRE

Starehe Boys' Centre and School educates at least 70% of its students free, and the rest at a reduced rate. This stems from its founding charter as a charitable school. School fees are paid on a means-tested basis, with substantial subsidies paid by the school, so that students from all walks of life are able to have a public school education that would otherwise be beyond their means.
Starehe Boys' Centre Alumni working at Crown Paints Kenya PLC donated paint worth Kshs 50,000 (Fifty thousand) towards the schools' construction fund.

ST PAUL'S CHILDREN CENTRE

Crown Paints (K) PLC partnered with Adili Group in renovating and giving St. Paul's Children Centre a brand-new green kitchen!
The project aims at creating a safer cleaner and healthier environment for the Children at St Paul's Centre.

MOMBASA COUNTY BEAUTIFICATION

Crown Paints (K) PLC partnered with Mombasa County Government in planting palm trees and painting pots at Buxton Area. This is in line with the Government Initiative of restoration of settled ecosystem by greening public spaces, road sides and walk ways.

CROWN PAINTS' COMMITMENT TO GOVERNANCE AND SUSTAINABILITY INTEGRATION

ESG POLICY IMPLIMENTATION

Our commitment to ESG is inscribed at the highest level of organizational leadership, ensuring that sustainability principles guide and take precedence in every decision and action at Crown Paints and her subsidiaries.
We have successfully integrated our futuristic ESG policy into our core strategy and reporting framework linking all our functions to the goals. This means that environmental considerations, social impact assessments, and strong governance practices are now intrinsic to our business planning, enterprise risk management, and performance evaluation.
This integration ensures accountability and consistent progress across all our initiatives.

CARBON CREDIT PLANNING

Recognizing the urgent need to address climate change, Crown Paints is actively exploring carbon footprint reduction pathways. From solar PV installation, to transition of the fleet to electric and participation in the Tree planting initiatives in collaboration with the Kenya Forest Service is a testament to our proactive approach to climate action.

INNOVATION IN GREEN CHEMISTRY

Crown Paints is actively redefining the paradigm from resource-intensive processes and raw materials.
We are at the forefront of Green Chemistry in paint manufacturing, reimagining our formulations to deliver superior performance with a significantly reduced environmental impact.
Strategic integration of titanium and other natural occurring eco-friendly raw material into our core product ranges.
This isn't just about substitution; it's about intentional engineering paints from the ground up to be inherently more sustainable.
The launch of low VOC paints is a testament of this incredible revolution achieving less than 10% reduction in VOC content from over 25%.

PLASTIC/PETROLEUM REDUCTION DRIVE

The pervasive use of petroleum-based plastics in packaging presents a significant environmental challenge across the ecosystem. Crown Paints is committed to lead the pack in reducing this impact.
Our holistic plan includes packaging redesign, supply chain optimization, internal operational shifts and collaborating with industry partners to build a robust circular economy for plastic waste. We are members of Hazardous Waste Producer Responsibility Organization of Kenya (HAPROK).
We aim to not just reduce, but to rethink and redefine. Our overall plastic footprint from operations saw a significant reduction of 3% in 2024, saving over 15000 kgs of plastic waste.

AT A GLANCE...

2024 RESULT

TREES PLANTED
6,000+

SOLAR ENERGY SHARE
25% of total plant consumption

LITRES OF LOW VOC PAINT USED
2.5 million+

DIESEL FORKLIFTS PHASED OUT
4 out of 12 (Phase 1 complete)

LITRES OF WATER HARVESTED
180,000+ litres

CSR SITES REACHED
12+ locations nationwide

CORPORATE GOVERNANCE

Introduction

Corporate governance is the system of rules, practices, and processes by which the organization is directed and controlled. The Corporate Governance Code sets out standards of good practice in relation to issues such asboard composition and development, remuneration, accountability and audit, and relations with shareholders. Beyond the standards set by the Capital Markets Authority Code of Corporate Governance Practices for Issuers of Securities to the Public in Kenya, Crown Paints Kenya Plc (Crown), has established and maintained its own Code of business conduct.

It is Crown's aspiration to reach the highest standards of Corporate Governance, by emphasizing on transparency, creating a sustainable culture and setting industry-leading benchmarks. The Crown Corporate Governance philosophy is built on ethical and transparent business operations in-order to foster an organizational culture that focuses on performance and organizational health.
The culture ensures trust among all stakeholders and strengthens the Board and management accountability. It is from this practice of responsible governance that we continue to achieve sustainable growth and meet the aspirations of our stakeholders while fulfilling societal expectations.
The sound governance processes and systems guide Crown on its journey towards continued success. Some of the principles include, integrity, execution excellence, customer orientation, fairness, accountability, responsibility, transparency, and social responsibility.

Governing Body of Crown Paints Kenya Plc

The supreme decision-making body of Crown is the Annual General Meeting of Shareholders. The Board of Directors (the Board) is responsible for the management. The main governance structure comprises of the Board, Committees of the Board and Management who have an assisting and supporting role.

The Board of Directors

Crown does recognize and embrace the need of a diverse Board to ensure its success. The Board does have leverage from the difference in thought, perspective, knowledge, skill and industry experience, which enriches the Board discussions and decision making. The Board has a mix of Executive and Non-Executive Directors who have considerable expertise in their respective fields including competencies required in context of the company's businesses.

At Crown, the Board, is responsible for establishing the broad corporate policies and setting strategic direction while entrusting the day-to-day operations of the company to the executive management led by the Group Chief Executive Officer. The Board provides oversight so as to protect, preserve and promote the best interests of its shareholder and all stakeholders. To fulfill this role, each director exercise's his or her good faith in making business judgment to the best interests of Crown. The operations of the Board are governed by the Board Charter which the Board has deemed to be up to date with the current needs and roles of the Board. The Board Charter defines the governance parameters within which the Board exists, sets out the Board authority and specific responsibilities to be discharged by the Board and directors collectively, as well as certain roles and responsibilities incumbent upon directors as individuals.

As on the date of this Report, the Board comprised of Seven (7) members, three (3) of which are executive directors, three (3) independent non-executive directors and one (1) non-executive director (Chairman).

Board Procedures and Flow of Information

The Board meets quarterly to review the performance of the company (financial results/statements, compliance report, regulatory developments, significant transactions and risk management) and any other proposal from the management. Additional meetings are held whenever necessary. In case of matters requiring urgent approval of the Board, resolutions are passed through circulation.

The Chairman of the Board together with the Company Secretary determine the agenda for every meeting in consultation with the Group Chief Executive Officer. The Board has unrestricted access to all company-related information. The agenda for the meetings is circulated well in advance to the directors to ensure that sufficient time is provided to directors to prepare for the meeting. Directors are required to declare any conflicts of interest in all Board and Committee meetings prior to discussion of the substantive agenda items.
On need basis, company officials are invited to attend meetings of the Board and make presentations

to the Board on matters including but not limited to the company's performance. Responsibilities and separation of roles Whilst the Chairman and the Group Chief Executive Officer are responsible for the profitable operations of the company, their roles are separate, with each having distinct and clearly defined duties and responsibilities. The Chairman is responsible for leadership of the Board, for ensuring its effectiveness on all aspects of its role and for facilitating productive contributions of all directors. The Chairman also ensures that the interests of the company's shareholders are safeguarded and that there is effective communication with them.

The Group Chief Executive Officer has overall responsibility for the day to day running of the business of the company and provides leadership to facilitate successful planning and execution of the company objectives and strategies as agreed upon by the board. Independent non-executive Directors' business relationship with the company
The Directors are independent of management influence and do not engage in any business or interest that could impair their participation in the management of the company. They have a responsibility to ensure that the business strategy and operations are fully discussed and critically reviewed. They have no service contracts with the company but have letters of appointment which stipulates the terms of their appointment. Any fees payable to them annually is in accordance with the applicable laws and with the approval of the shareholders as disclosed under the directors' remuneration report.

Composition of the Board
The Nomination and Remuneration Committee determines the composition of the Board based on the need and requirements of the Company from time to time. It identifies the person as potential candidate, qualified to be appointed as Director and recommends to the Board for their appointment. The Directors are then re-elected by the shareholders at the annual general meetings and are due for retirement by rotation in accordance with the company's Articles of Association. The current composition of the Board is given on the board diversity section below.

Board Diversity
Our board believes our directors should have a diverse mix of experience, qualifications, attributes and skills that enable the board to provide effective oversight of our management and business. The Nomination and Remuneration Committee uses a thoughtful approach to board composition to ensure a proper balance of directors who bring fresh and diverse perspectives and the stability of the board. Details of the board diversity and skills are as follows:

Name	Area of Expertise	Gender	Category
Mhamud Charania	Strategic planning, operations management and business planning.	Male	Non-Executive
Rakesh K. Rao	Leadership and management, strategic marketing and business strategy.	Male	Executive
Patrick M. Mwati	Financial accounting, management and strategy development.	Male	Executive
Hussein H.R.J. Charania	Business strategy, customer service, marketing and business development.	Male	Executive
Steven Bwire Oundo	Architectural consultancy and Strategic management.	Male	Independent Non-Executive
Nicholas Kathiari	Audit, financial consultancy and transaction advisory.	Male	Independent Non-Executive
Alice Owuor	Taxation, corporate governance and business management.	Female	Independent Non-Executive

CORPORATE
GOVERNANCE (continued)

Board Committees
The Board has constituted various Committees with specific terms of reference. The Committees of the Board consist of a balanced mix of non-executive and executive directors. The Board periodically reviews the composition and terms of reference of its committees to comply with any amendments/ modifications to the provisions relating to composition of Committees. Management, other Board members and outside service providers and experts may attend by invitation as circumstances dictate.
The Board has set up two main committees to perform its delegated functions. The committees meet regularly under the terms of reference set out by the Board.

a) Audit and Risk Committee
The Committee consists entirely of the independent non-executive Directors as confirmed by the Board upon appointment. The Committee meets the Statutory Auditors and the Group Internal Auditor independently without the presence of any members of the management at least once in a year. The Committee, within the scope of its assigned duties, is authorised to seek any information it requires from employees, Company officers and external parties. The committee extends invite to the Group Finance Director while other members of management are invited to present any reports required for the committee to discharge its duties. The committee members are deemed to be financially literate and have the requisite understanding, ability and experience to qualify as "audit committee financial experts" within the meaning set forth under the CMA code.
It reports to the Board and among its functions include:
1. Review of enterprise risk management and internal controls framework.
2. Review of financial reporting and disclosures.
3. Oversight of external auditor and internal audit.
4. Review of sustainability reporting and initiatives.

b) Nomination and Remuneration Committee
This committee is chaired by an independent non-executive Director. The committee meets at least once a year and frequently as required to carry out its duties. It is responsible for:
1. Reviewing the balance and effectiveness of the Board.
2. Determining the policy for the remuneration of the directors and executive senior management.
3. Succession planning at the Board level and proposing new nominees for appointment to the Board.

c) Special committees
The Board is mandated by the company's Articles of Association to form other ad hoc committees to deal with specific matters that may occur. These committees regularly report to the Board on their activities.

Board Policies
The board has established policy documents to ensure that the company is run in a responsible, transparent, and compliant manner, aligning with shareholders' interests and legal requirements. The following is a summary of our corporate governance practices and policies.

i. **Code of ethical conduct**
The Code places an obligation on directors and staff to take responsibility for their own conduct and work with colleagues cooperatively to establish consultative and collaborative workplaces where results are achieved without conflict with governance requirements and the law.

ii. **Whistle blowing policy**
Provides a safe process for employees or stakeholders to report unethical or illegal behavior without retaliation.

iii. **Environment, Social and Governance (ESG)**
The Board has established an ESG strategy to provide clear guidelines for integrating and managing environmental, social, and governance principles within the company's operations and business relationships. The strategy outlines how Crown Paints can effectively contribute to sustainable development, ensuring consistent and credible reporting of its impacts.

iv. **Conflict of interest policy**
The policy provides guidance to directors and employees on how to recognize and address actual or potential conflicts. If a conflict of interest is identified, appropriate steps are taken to mitigate or eliminate it.

CORPORATE GOVERNANCE (continued)

v. **Insider trading policy**
The directors are under a fiduciary duty to act honestly and in the best interests of the company. The policy prohibits directors and employees from trading company securities based on non-public, material information. In addition, they are barred from sharing such information with others who might use it for trading.

vi. **Anti Bribery and corruption policy**
The policy establishes controls to ensure compliance with all applicable anti-bribery and corruption regulations and to uphold our commitment to conducting business ethically and with integrity. Crown Paints has a zero-tolerance approach to bribery and corruption. We are committed to acting professionally, fairly, and with integrity in all our business dealings and relationships.

vii. **Related party transactions policy**
The objective of this Policy is to ensure related party transactions are properly reviewed, approved and disclosed in accordance with the legal and regulatory requirements; and
ensure the Company is protected from any conflicts of interest that may arise between the Company and its Related Parties.

Directors' Emoluments and Loans

The details of emoluments paid to directors is contained in the Directors' Remuneration Report which is on page 39-40 of this annual report. The Directors' Remuneration Report is approved by the shareholders at the annual general meeting. No arrangements exist whereby a Director could acquire company shares on beneficial terms.

Communication with Stakeholders

The Company promptly discloses information on material corporate developments and other events as required under Listing Regulations. Such timely disclosures are an indicator of the company's good corporate governance practices.

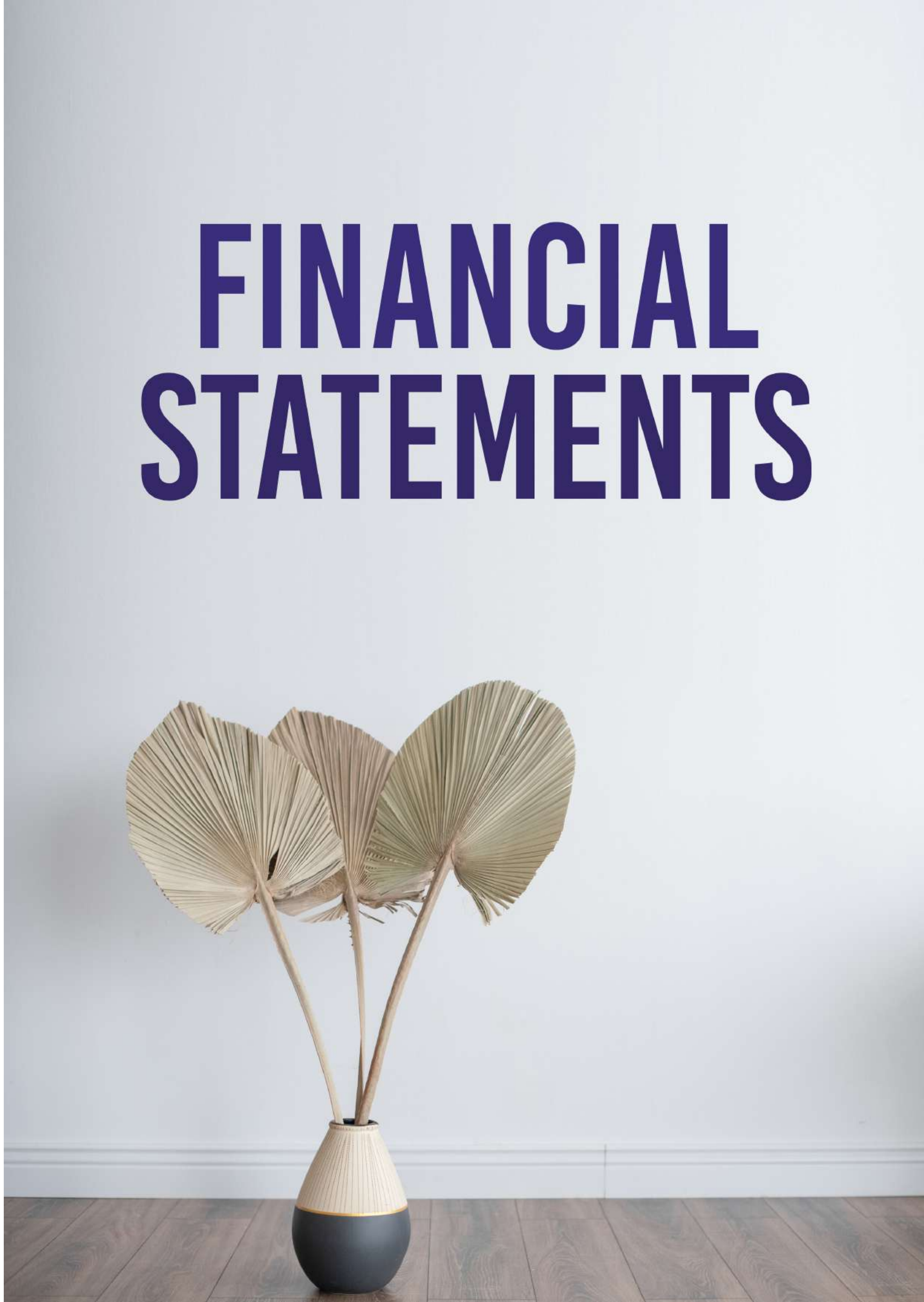
a. Publication of results
Half-yearly and annual financial results of the company are published in leading newspapers.

b. Website and news releases
In compliance with the Listing Regulations, a separate dedicated section under 'Investors' on the company's website gives information on various announcements made by the company (Annual report and half year financial results along with the applicable policies of the company, Sustainability Report). The company's website is https://www.crownpaints.co.ke/.

c. Regulators
The company makes timely disclosures of necessary information to Capital Markets Authority and the Nairobi Securities Exchange (NSE) in terms of the Listing Regulations and other applicable rules and regulations issued.

d. Shareholders
Letters and emails are sent to shareholders concerning, their dividends, annual general meetings and any other information affecting the company's state of affairs.

e. Annual general meeting
The Board encourages full participation of shareholders at the annual general meeting (AGM) and at other general meetings. Directors' responses to the questions raised during the AGM and AGM polling results are available on the company's website. The shareholders are free to communicate at any time with the company's registrar.



CROWN PAINTS KENYA PLC AND SUBSIDIARIES
CORPORATE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2024

PRINCIPAL PLACE OF BUSINESS

Mogadishu Road
P.O. Box 78084 - 00507
Nairobi.

REGISTERED OFFICE

LR No. 209/5792
Mogadishu Road
P.O. Box 78084 - 00507
Nairobi.

BANKERS

Kenya Commercial Bank Limited
P.O. Box 311 - 00567
Nairobi.

NCBA Bank Kenya Plc
P.O. Box 30437 - 00100
Nairobi.

Absa Bank of Kenya Plc
P.O. Box 46661 - 00100
Nairobi.

Equity Bank (Kenya) Limited
P.O. Box 75104-00200
Nairobi.
Co-operative Bank of Kenya Limited
P.O. Box 17928 - 00500
Nairobi.

Bank of Africa Kenya Limited
P.O. Box 69562 - 00400
Nairobi.

I&M Bank Limited
P.O. Box 30238-00100
Nairobi.

SOLICITORS

Kairu Mbuthia Law LLP
Applewood Adams, 13th Floor
Office Suite No. 1308, Ngong Road
P.O. Box 6574 - 00100
Nairobi.

SECRETARY

Conrad Nyukuri
C/o Adili Corporate Services Kenya
ALN House, Eldama Ravine Close, off Eldama
Ravine Road
Westlands
P.O. Box 764 - 00606
Nairobi.

REGISTRARS

Custody and Registrar Services Ltd
6th Floor, Bruce House
Standard Street
P.O. Box 8484 - 00100
Nairobi.

AUDITORS

Ernst & Young LLP
Kenya-Re Towers, Upper Hill
P.O. Box 44286 - 00100
Nairobi.

CROWN PAINTS KENYA PLC AND SUBSIDIARIES
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2024

The directors submit their report together with the audited financial statements for the year ended 31 December 2024, which show the state of the affairs of Crown Paints Kenya Plc ("the company") and Subsidiaries (together, "the group").

1. INCORPORATION

The company is domiciled in Kenya where it is incorporated as a public limited company limited by shares under the Kenyan Companies Act, 2015. The address of the registered office is set out on page 32.

2. PRINCIPAL ACTIVITIES

The principal activities of the group are the manufacture and sale of paints, adhesives, decorating sundries, PVA emulsion and alkyd resins.

3. GROUP RESULTS

The results for the year are set out on page 48.

4. COMPANY RESULTS

The results for the year are set out on page 52.

5. DIVIDENDS

Subject to approval by the shareholders, the directors recommend the payment of a first and final dividend of KShs 3.00 per share totalling to KShs 427 million for the year ended 31 December 2024 (2023: Nil).

6. FINANCIAL STATEMENTS

Except as indicated in Note 34 to the financial statements, the directors are not aware of any circumstances, which would render the values attributed to assets and liabilities in the financial statements of the group and the company not as stated in the financial statements.

7. RESERVES

The reserves of the group and the company are set out in Note 12.

8. DIRECTORS

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

Mhamud Charania	-	Chairman (Non-executive)
Rakesh K. Rao	-	Chief Executive Officer
Patrick M. Mwati	-	Executive
Hussein H.R.J. Charania	-	Executive
Steven Bwire Oundo	-	Non-executive
Nicholas Kathiari	-	Non-executive
Alice Owuor	-	Non-executive

9. BUSINESS REVIEW

The Group's turnover for the year ended 31 December 2024 grew by KShs 960 million to KShs 13.5 billion, an 8% increase as compared to the year 2023. The operating profit before tax, for year ended 31 December 2024 stood at KShs 787 million, a marked increase over year 2023 that had a profit of KShs 14 million.

For the paint industry, decorative paint constitutes the largest portion of the pie with Industrial paints taking the balance. In the decorative portion, repainting and not new painting accounts for a significant portion of the demand for paints. Therefore, the expected increase in business activity, is slowed down by the rising cost of living and challenging business environment.

9. BUSINESS REVIEW (Continued)

Inflationary pressures suppressed demand for premium products thus creating further cash flow challenges for organisations. The entry of new players has necessitated an increase in capital expenditure and as we position ourselves to better respond to the competition and provide the customer with a better selection. We are expanding our production capacities, growing tinting machines and dealer networks, widening product innovation networks with expansion into new categories and above all ramping up our sales team to equip them to counter competition and secure market share.

In Kenya the government continued to prioritise investment in housing sector through affordable housing project and we expect to reap from its effect as the projects begin to be completed (painting phase). For Kenya, the improved performance is attributed to a stronger and stable currency and increased sales volumes at 19% compared to 2023. The increased sales volume growth is as a result of successful marketing campaigns leading to an increased demand for products. For the subsidiaries, the sales volumes also increased but the foreign currency fluctuations were not as favourable especially for Crown Paints Tanzania, where an exchange loss was reported. Crown Paints Tanzania faced operational challenges leading to a loss before tax of KShs 139 million from a revenue of KShs 900 million. In Uganda, the tide seems to have changed as we reported a profit before tax of KShs 26 million with revenues of KShs 940 million. Rwanda, that is a small operation, reported a profit before tax of KShs 4 million with a revenue of KShs 210 million.

The Board of Directors is responsible for overseeing the organization's risk management framework, ensuring it aligns with strategic objectives and is effectively implemented throughout the organization. This includes setting the organization's risk appetite, establishing its framework, and providing guidance. In the Board, the Audit committee, ensures that the organization's risk management strategies cover operational and compliance risks. This involves regular assessments of internal control measures and operational procedures to manage these risks effectively.

On the day-to-day operations of the Group, the Chief executive officer together with other top management are responsible for the overall management of the business, including the implementation of strategic plans, operational decisions, and resource allocation. This includes supervising senior executives, engaging with stakeholders, and ensuring alignment between strategy and business objectives.

The Group operations in the countries face a variety of strategic and operational risks. The strategic risks relate to the long-term business goals and competitive advantage, while the operational risks concern the day-to-day business activities. These risks can stem from internal factors like inadequate systems or employee errors, as well as external factors like economic downturns or natural disasters.

Below are some of the risks;

TYPE	RISK	MITIGATION
Strategic:		
	Regulatory environment Meeting the unique regulatory requirements of each country, which can be complex and vary significantly.	• The Group ensures that its products meet regulatory requirements. • The Group engages regulatory authorities to ensure compliance. • The Group actively participates with other stakeholders in building relationships with the regulatory authorities.
	Competition Changes in the competitive landscape, that includes new entrants, disruptive technologies, or shifts in consumer preferences among others.	• The Group through its research and development team is continuously developing its products to meet the market demands. • The Group continuously monitors the market for the entry of new players and the threat that they offer.
	Economic/ Political Fluctuations in currencies, political instability, or trade barriers can impact profitability and operations.	• Reduce reliance on a single market or supplier by diversifying operations and supply chains.

CROWN PAINTS KENYA PLC AND SUBSIDIARIES
REPORT OF THE DIRECTORS(Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

9. BUSINESS REVIEW (continued)

TYPE	RISK	MITIGATION
Operational:		
	Technological Changes in technology are a continuous threat to the operations.	• The Group ensures that its operating systems are updated and protected from external threats.
	Process execution The inability to properly assess a situation and deploy the right strategy.	• Develop and implement a formal risk management process to identify, assess, and mitigate potential risks.
	Internal/ External fraud The risk of employee and external party fraud through collusion.	• Group constantly reviews updates to its internal controls and monitors the utilisation of its resources.
	Safety Resulting from the risk of violation of workplace safety measures,	• The environmental and safety team ensures adherence to safety measure and compliances to regulatory authority.
	Business practices The risk of release of wrong information accidental or otherwise.	• Ensuring that the company data is well protected and in compliance to data safety requirements.

2025 OUTLOOK

For the year 2025, a stronger and stable currency, reduced borrowing costs and eased inflation rate is expected to trigger a larger growth for the regional economy and therefore improved business activity. This increase in business activity may be slowed down by the rise of cost of living and a challenging business environment.

Thus, the Board's outlook for 2025 is positive and optimistic that the business will navigate the business challenges, and they will undertake the necessary initiatives to ensure that the Group remains profitable whilst caring for the environment and the community.

10. STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

With respect to each director at the time this report was approved:

a) there is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware; and,

b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

11. TERMS OF APPOINTMENT OF THE AUDITOR

Ernst & Young LLP continues in office in accordance with the company's Articles of Association and Section 723 of the Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of 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. The agreed auditor's remuneration has been charged to the statement of profit or loss in the year.

12. GOING CONCERN

The directors have made an assessment of the group and the company's ability to continue as a going concern and are not aware of any material uncertainties related to events or conditions that may cast doubt on the group and the company's ability to continue as a going concern. As disclosed in note 34, the subsidiaries rely on the parent company for provision of working capital. The parent company has undertaken to support the subsidiaries meet their financial obligations. In view of this, the directors are of the opinion that the going concern assumption is appropriate in the preparation of the separate and consolidated financial statements.

By Order of the Board

Conrad Nyukuri

....
Secretary
29th April 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the company and its subsidiaries as at the end of the financial year and of the group and company's profit or loss for that year. It also requires the directors to ensure that the group and company keeps proper accounting records that: (a) show and explain the transactions of the group and company; (b) disclose, with reasonable accuracy, the financial position of the group and company; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Companies Act, 2015.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with 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:

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

selecting suitable accounting policies and applying them consistently; and

making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the group and the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt on the group and the company's ability to continue as a going concern. As disclosed in note 34, the subsidiaries rely on the parent company for provision of working capital. The parent company has undertaken to support the subsidiaries meet their financial obligations. In view of this, the directors are of the opinion that the going concern assumption is appropriate in the preparation of the separate and consolidated financial statements.

The directors acknowledge that the independent audit of the consolidated and separate financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 29th April 2025 and signed on its behalf by:

....	....
Rakesh K. Rao	Patrick Mwati
Group Chief Executive Officer	Group Finance Director

CROWN PAINTS KENYA PLC AND SUBSIDIARIES

DIRECTORS' REMUNERATION REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors' Remuneration Report sets out the policy that the company has applied to remunerate executive and non-executive directors. The report has been prepared in accordance with the relevant provisions of the CMA code of Corporate Governance and the requirements of the Kenyan Companies Act, 2015, and the Companies (General) (Amendments) (No.2) Regulations, 2018.

Executive Directors

Executive directors are remunerated in accordance with the company's staff remuneration policy. The determination of the pay is based on the established salary scale. Annual objectives are set at the beginning of the year and a performance assessment carried out to determine the annual bonus and annual increment. The remuneration package comprises basic salary, pension and other benefits. There has been no major change relating to directors' remuneration during the year under review.

Non-Executive Directors

Non-executive directors are paid a sitting allowance for attending board meetings.

The fees are approved by shareholders at Annual General Meetings.

Contract of service

In accordance with the Capital Markets Authority regulations on non-executive directors, a third of the Board is elected at every Annual General Meeting by the shareholders for a term of 3 years on rotation basis.

The executive directors have employment contracts with the company.

The table below shows the executive and the non-executive directors' emoluments in respect of qualifying services for the year ended 31 December 2024. The aggregate directors' emoluments are disclosed in notes 9 and 22.

CROWN PAINTS KENYA PLC AND SUBSIDIARIES

DIRECTORS' REMUNERATION REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

31 December 2024

Director	Role	Category	Gross earnings including pension contribution	Annual bonus	Sitting allowances	Other benefits*	Total
			KShs	KShs	KShs	KShs	KShs
Mhamud Charania	Chairman	Non- executive	6,109,392	-	-	3,705,592	9,814,984
Hussein H.R.J Charania	Vice- chairman	Executive	62,416,340	5,197,500	-	5,158,735	72,772,575
Rakesh K. Rao	Chief Executive Officer	Executive	52,051,340	4,334,000	-	10,583,955	66,969,295
Patrick M. Mwati	Finance Director	Executive	47,122,780	3,641,000	-	6,932,755	57,696,535
Stephen B. Oundo	Director	Non- executive	888,840	-	1,483,480	11,880	2,384,200
Nicholas Kathiari	Director	Non- executive	888,840	-	1,780,176	11,880	2,680,896
Alice Owuor	Director	Non- executive	888,840	-	1,329,634	11,880	2,230,354
Total			**170,366,372**	**13,172,500**	**4,593,290**	**26,416,677**	**214,548,839**

*Other benefits include housing, motor-vehicle allowances, gift vouchers, utilities, school fees and cash allowances.

31 December 2023

Director	Role	Category	Gross earnings including pension contribution	Annual bonus	Sitting allowances	Other benefits*	Total
			KShs	KShs	KShs	KShs	KShs
Mhamud Charania	Chairman	Non- executive	6,109,392	-	-	2,623,200	8,732,592
Hussein H.R.J Charania	Vice- chairman	Executive	56,733,580	1,181,250	-	3,374,316	61,289,146
Rakesh K. Rao	Chief Executive Officer	Executive	47,376,123	985,000	-	3,483,983	51,845,106
Patrick M. Mwati	Finance Director	Executive	46,210,577	827,500	-	1,775,663	48,813,740
Stephen B. Oundo	Director	Non- executive	876,080	-	2,142,750	-	3,018,830
Nicholas Kathiari	Director	Non- executive	876,080	-	2,857,000	-	3,733,080
Alice Owuor	Director	Non- executive	876,080	-	2,142,750	-	3,018,830
Total			**159,057,912**	**2,993,750**	**7,142,500**	**11,257,162**	**180,451,324**

*Other benefits include housing, motor-vehicle allowances, gift vouchers, utilities, school fees and cash allowances.

Ernst & Young LLP
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Kenya Re Towers
Upper Hill
Off Ragati Road
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Email: info@ke.ey.com www.ey.com
LLP/2015/52

REPORT OF THE INDEPENDENT AUDITOR

TO THE SHAREHOLDERS OF CROWN PAINTS KENYA PLC AND SUBSIDIARIES

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Crown Paints Kenya Plc (the "Company") and its subsidiaries (together, the "Group") as set out on pages 47 to 118, which comprise the consolidated and separate statements of financial position as at 31 December 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and the Company as at 31 December 2024, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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 Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of the financial statements of the Group and Company and in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and Company and in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The key audit matter applies to the audit of the separate financial statements.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key matter
Impairment consideration of investment in the subsidiaries	
As disclosed in note 6 to the financial statements, the Company has an investment in subsidiaries with a carrying amount as at 31 December 2024 of KShs 767 million (2023: KShs 917 million), representing 9% of the total assets of the Company. The subsidiaries have a history of making losses. Crown Paints Rwanda Limited reported a profit in the current year, whereas Regal Paints Uganda Limited, Crown Paints Tanzania Limited and Crown Paints Allied Industries Limited were in a loss position in the current year. The determination of the impairment of the investment in the subsidiary companies was considered a key audit matter because of the significant judgement involved as disclosed in note 6 to the financial statements. The key areas of judgement include: i) the expected future cash flows, ii) discount rates, iii) control premium and iv) terminal growth rate in perpetuity of the cashflows Due to the significance of the amounts and the significant judgement and related estimation uncertainty involved, the assessment of impairment has been considered a key audit matter. The complexity of these estimates require management to prepare disclosures to explain the key judgments and the key inputs into the impairment computations. These disclosures include those in Notes 2 (r), 2 (s) and 6 to the financial statements for material accounting policies and explanatory notes, respectively.	Our audit procedures included, but were not limited to the following: • Understood management's process for identifying impairment triggers and considered management's assessment of impairment for individual investments. • Assessed the appropriateness of the methodology used by management. • We evaluated the reasonableness of the key assumptions used by management in determining the value-in-use computation such as the expected future cash flows, discount rates, control premium, terminal growth rate in perpetuity of the cashflows. We involved EY valuation specialists in the review of the assumptions made by management. • Evaluated management plans for future actions and whether the outcome of these plans is likely to improve performance in these subsidiaries and whether management's plans are feasible in the circumstances. • Assessed the adequacy of the disclosures in respect of judgement and assumptions used and evaluated compliance with IAS 36 Impairment of Assets.

Other Information

The other information comprises of the Corporate Information, the Directors' Report, as required by the Kenyan Companies Act, 2015, the Statement of Directors' Responsibilities, the Directors' Remuneration Report, which we obtained prior to the date of this report, Chairman's Statement, Group Chief Executive Officer's Statement and Corporate Governance Report, which are expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or 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 separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the

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date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate 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 control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

REPORT ON OTHER MATTERS PRESCRIBED BY THE KENYAN COMPANIES ACT, 2015

As required by the Kenyan Companies Act, 2015 we report to you, based on our audit, that:

(i) in our opinion, the information given in the report of the directors on pages 33 to 36 is consistent with the consolidated and separate financial statements.

(ii) in our opinion, the auditable part of directors' remuneration report on pages 38 to 40 has been properly prepared in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Allan Gichuhi, Practising Certificate Number 1899.

For and on behalf of Ernst & young LLP

Certified Public Accountants
Nairobi, Kenya

Allan Gichuhi

30th April, 2025

CROWN PAINTS KENYA PLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 KShs'000	2023 KShs'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	1,881,652	1,956,682
Right of use assets	5	415,711	370,018
Intangible assets	4	26,029	43,359
Deferred tax assets	14	114,309	72,221
		2,437,701	**2,442,280**
CURRENT ASSETS			
Inventories	7	3,097,472	3,668,341
Trade and other receivables	8	2,045,890	2,068,656
Amounts due from related companies	9(i)	919,865	206,063
Current tax recoverable	10	139,512	139,420
Cash and bank balances	28	745,066	766,209
		6,947,805	**6,848,689**
TOTAL ASSETS		**9,385,506**	**9,290,969**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	711,810	711,810
Reserves	12	2,917,080	2,427,000
		3,628,890	**3,138,810**
NON-CURRENT LIABILITIES			
Lease liability	30	296,732	206,338
Deferred tax liability	14	26,837	-
Bank loans	16	181,313	184,037
		504,882	**390,375**
CURRENT LIABILITIES			
Lease liability	30	137,640	147,385
Bank overdraft	15	400,329	595,306
Bank loans	16	639,082	626,691
Short term notes	17	391,896	239,018
Amounts due to related companies	9(ii)	54,463	161,056
Trade and other payables	18	3,614,971	3,980,275
Provisions	29 (b)	13,353	12,053
		5,251,734	**5,761,784**
TOTAL EQUITY AND LIABILITIES		**9,385,506**	**9,290,969**

The financial statements were approved by the Board of Directors on 29th April, 2025 and signed on its behalf by:

....
Rakesh K. Rao
Group Chief Executive Officer

....
Patrick Mwati
Group Finance Director

CROWN PAINTS KENYA PLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 KShs'000	2023 KShs'000
REVENUE FROM CONTRACTS WITH CUSTOMERS	19	13,450,499	12,492,822
COST OF SALES	20	(8,189,426)	(7,968,896)
GROSS PROFIT		**5,261,073**	**4,523,926**
OTHER INCOME	21	529,870	458,427
		5,790,943	**4,982,353**
EXPENSES: -			
Net allowance for expected credit losses third party	8	8,582	(238,921)
Net allowance for expected credit losses related parties	9	294,735	(38,569)
Administration and establishment	22	(2,998,619)	(2,713,905)
Selling and distribution	23	(2,007,278)	(1,720,174)
Finance costs	24	(301,229)	(256,571)
		(5,003,809)	**(4,968,140)**
PROFIT BEFORE TAX	26	787,134	14,213
TAX EXPENSE	10	(243,446)	(43,343)
PROFIT / (LOSS) FOR THE YEAR		**543,688**	**(29,130)**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange difference on translation of foreign operations, net of tax		(53,608)	48,041
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(53,608)**	**48,041**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**490,080**	**18,911**
ATTRIBUTABLE TO:			
Owners of the parent		490,080	18,911
Non- controlling interest		-	-
		490,080	**18,911**
Basic and diluted earnings per share (KShs)	27	**3.82**	**(0.20)**

CROWN PAINTS KENYA PLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital (Note 11) KShs'000	Share premium (Note 12) KShs'000	Revaluation reserve (Note 12) KShs'000	Foreign currency translation reserve (Note 12) KShs'000	Retained earnings (Note 12) KShs'000	Total equity KShs'000
At 1 January 2023	711,810	392,097	77,707	106,701	2,401,032	3,689,347
Profit for the year	-	-	-	-	(29,130)	(29,130)
Other comprehensive income	-	-	-	48,041	-	48,041
Total comprehensive income	-	-	-	48,041	(29,130)	18,911
Transfer of excess depreciation - 2023	-	-	(32,277)	-	32,277	-
2022 final dividends (note 13)	-	-	-	-	(569,448)	(569,448)
At 31 December 2023	**711,810**	**392,097**	**45,430**	**154,742**	**1,834,731**	**3,138,810**
At 1 January 2024	711,810	392,097	45,430	154,742	1,834,731	3,138,810
Profit for the year	-	-	-	-	543,688	543,688
Other comprehensive income	-	-	-	(53,608)	-	(53,608)
Total comprehensive income	-	-	-	(53,608)	543,688	490,080
Transfer of revaluation reserve on disposal	-	-	(2,948)	-	2,948	-
Transfer of excess depreciation - 2024	-	-	(11,325)	-	11,325	-
At 31 December 2024	**711,810**	**392,097**	**31,157**	**101,134**	**2,392,692**	**3,628,890**

CROWN PAINTS KENYA PLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

OPERATING ACTIVITIES	Notes	2024 KShs'000	2023 KShs'000
Profit before tax		787,134	14,213
Adjustments for: -			
Depreciation on property, plant and equipment	3	308,561	268,275
Amortisation of intangible assets	4	20,087	22,710
Amortisation on right of use assets	5	197,403	160,191
Unrealised foreign exchange loss		69,404	79,764
Unrealised foreign exchange gain		(17,920)	(15,525)
Interest expense	24	301,229	256,571
Interest income	21	(3,612)	(6,710)
Allowance for expected credit losses – third parties	8	21,499	240,358
Allowance for expected credit losses – related parties	9	(294,735)	38,569
Bad debts written off	23	16,092	5,638
Increase in leave accrual	25	234	7,050
Inventory write-down	7	53,526	41,530
Reversals of inventory write down	7	(37,633)	(48,361)
Gain on lease termination	21	(143)	(4,141)
Provision for legal cases	29 (b)	1,300	4,450
Gain on disposal of property, plant and equipment	21	(1,640)	294
Operating profit before working capital changes		**1,420,786**	**1,064,876**
Increase in trade and other receivables		(14,828)	(489,379)
Decrease in inventories		554,976	83,418
(Decrease) / increase in trade and other payables		(417,021)	1,198,974
(Increase) / decrease in amounts due from related parties		(419,065)	50,160
(Decrease) / increase in amounts due to related parties		(106,590)	121,439
Cash generated from operations		**1,018,258**	**2,029,489**
Income tax paid	10	(265,071)	(136,679)
Interest received	21	3,612	6,710
Interest paid		(247,359)	(184,279)
Net cash generated from operating activities		**509,440**	**1,715,241**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(292,141)	(409,757)
Purchase of intangible assets	4	(3,194)	(3,428)
Proceeds on sale of property, plant and equipment		7,669	780
Net cash used in investing activities		**(287,666)**	**(412,405)**
FINANCING ACTIVITIES			
Proceeds from bank loans	16	199,829	291,969
Repayment of bank loans	16	(185,713)	(541,957)
Proceeds from short term notes	17	248,663	75,815
Repayments of short term notes	17	(132,325)	(692,708)
Lease liability payments principal portion	30	(176,812)	(167,314)
Dividends paid on ordinary shares	13	-	(205,328)
Net cash generated from / (used in) financing activities		**(46,358)**	**(1,239,523)**
Net increase in cash and cash equivalents		175,416	63,313
Cash and cash equivalents at the beginning of the year		170,903	71,274
Effect of exchange rate changes on cash and cash equivalents		(1,582)	36,316
Cash and cash equivalents at the end of the year	**28**	**344,737**	**170,903**

CROWN PAINTS KENYA PLC AND SUBSIDIARIES
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

ASSETS	Notes	2024 KShs'000	2023 KShs'000
NON CURRENT ASSETS			
Property, plant and equipment	3	1,598,928	1,611,818
Intangible assets	4	21,821	40,696
Investment in subsidiary companies	6	766,593	916,892
Right to use assets	5	292,959	275,182
Deferred tax assets	14	114,309	72,221
		2,794,610	**2,916,809**
CURRENT ASSETS			
Inventories	7	2,458,554	2,926,323
Trade and other receivables	8	1,562,779	1,510,502
Amounts due from related parties	9(i)	1,029,511	382,552
Current tax recoverable	10	45,515	108,965
Cash and bank balances	28	569,085	531,968
		5,665,444	**5,460,310**
TOTAL ASSETS		**8,460,054**	**8,377,119**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	711,810	711,810
Reserves	12	2,965,575	2,507,811
		3,677,385	**3,219,621**
NON CURRENT LIABILITIES			
Lease liability	30	218,123	177,612
Bank loans	16	181,313	169,607
		399,436	**347,219**
CURRENT LIABILITIES			
Lease liability	30	84,202	73,766
Bank overdraft	15	387,457	541,238
Bank loans	16	625,021	576,486
Short term notes	17	391,896	239,018
Trade and other payables	18	2,816,436	3,060,890
Provisions	29 (b)	13,353	12,053
Amounts due to related parties	9(ii)	64,868	306,828
		4,383,233	**4,810,279**
TOTAL EQUITY AND LIABILITIES		**8,460,054**	**8,377,119**

The financial statements were approved by the Board of Directors on 29th April 2025 and signed on its behalf by:-

....
Rakesh K. Rao
Group Chief Executive Officer

....
Patrick Mwati
Group Finance Director

CROWN PAINTS KENYA PLC AND SUBSIDIARIES

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 KShs'000	2023 KShs'000
REVENUE FROM CONTRACTS WITH CUSTOMERS	19	11,951,960	10,967,685
COST OF SALES	20	(7,289,255)	(7,031,510)
GROSS PROFIT		**4,662,705**	**3,936,175**
OTHER INCOME	21	417,770	290,324
		5,080,475	**4,226,499**
EXPENSES: -			
Net allowance for expected credit losses third party	8	-	(185,059)
Net allowance for expected credit losses related parties	9	202,584	102,596
Administration and establishment	22	(2,524,340)	(2,300,174)
Selling and distribution	23	(1,671,570)	(1,437,785)
Finance costs	24	(283,486)	(234,143)
Impairment loss on investment in subsidiaries	6	(150,299)	(22,000)
		(4,427,111)	**(4,076,565)**
PROFIT BEFORE TAX	26	**653,364**	**149,934**
TAX EXPENSE	10	(195,600)	(36,041)
PROFIT FOR THE YEAR		**457,764**	**113,893**
OTHER COMPREHENSIVE INCOME, NET OF TAX		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**457,764**	**113,893**
Basic and diluted earnings per share (KShs)	27	**3.22**	**0.80**

CROWN PAINTS KENYA PLC AND SUBSIDIARIES

COMPANY STATEMENT OF CHANGES IN EQUITY

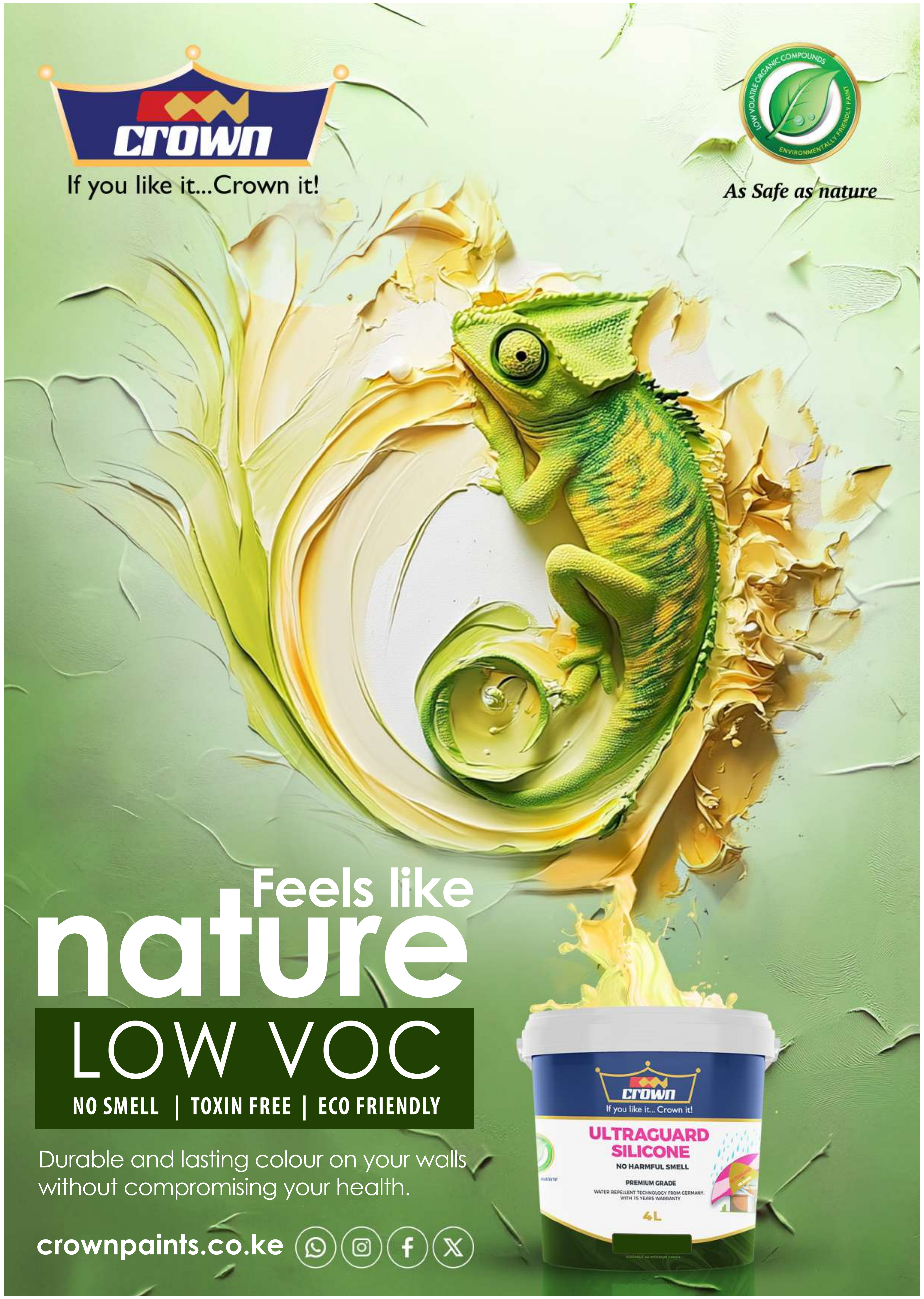
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital (Note 11) KShs'000	Share premium (Note 12) KShs'000	Revaluation reserve (Note 12) KShs'000	Retained earnings (Note 12) KShs'000	Total equity KShs'000
At 1 January 2023	711,810	392,097	53,214	2,518,055	3,675,176
Profit for the year	-	-	-	113,893	113,893
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	113,893	113,893
Transfer of excess depreciation- 2023	-	-	(19,387)	19,387	-
2022 final dividends (note 13)	-	-	-	(569,448)	(569,448)
At 31 December 2023	**711,810**	**392,097**	**33,827**	**2,081,887**	**3,219,621**
At 1 January 2024	711,810	392,097	33,827	2,081,887	3,219,621
Profit for the year	-	-	-	457,764	457,764
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	457,764	457,764
Transfer of excess depreciation- 2024	-	-	(761)	761	-
At 31 December 2024	**711,810**	**392,097**	**33,066**	**2,540,412**	**3,677,385**

CROWN PAINTS KENYA PLC AND SUBSIDIARIES

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

OPERATING ACTIVITIES	Notes	2024 KShs'000	2023 KShs'000
Profit before tax		653,364	149,934
Adjustments for:-			
Depreciation on property, plant and equipment	3	248,488	208,704
Amortisation of intangible assets	4	18,875	21,444
Amortisation on right of use assets	5	125,027	95,510
Unrealised exchange loss		4,416	108,762
Unrealised exchange gain		(49,146)	(9,617)
Interest expense	24	283,486	234,143
Interest income	21	(814)	(637)
Allowance for expected credit losses - third parties	8	-	185,059
Allowance for expected credit losses - related parties	9	(202,584)	(102,596)
Impairment loss on investment in subsidiaries	6	150,299	22,000
Increase in leave accrual	25	420	6,903
Inventory write-downs	7	45,111	41,524
Reversals of inventory write down	7	(33,817)	(44,743)
Gain on lease termination	21	(143)	(4,141)
Provision for legal cases	29(b)	1,300	4,450
Gain on disposal of property, plant and equipment	21 & 22	(1,407)	-
Operating profit before working capital changes		**1,242,875**	**916,699**
Increase in trade and other receivables		(52,277)	(284,484)
Decrease in inventories		456,476	22,061
(Decrease) / increase in trade and other payables		(236,683)	799,515
(Increase) / decrease in amounts due from related parties		(444,375)	80,175
(Decrease) / increase in amounts due to related parties		(241,959)	230,971
Cash generated from operations		**724,057**	**1,764,937**
Income tax paid	10	(174,238)	(123,802)
Interest received	21	814	637
Interest paid		(232,964)	(162,023)
Net cash generated from operating activities		**317,669**	**1,479,749**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(236,278)	(368,726)
Purchase of intangible assets	4	-	(2,804)
Proceeds from sale of property, plant and equipment		2,087	-
Net cash used in investing activities		**(234,191)**	**(371,530)**
FINANCING ACTIVITIES			
Proceeds from bank loans	16	177,691	239,404
Repayments of bank loans	16	(119,620)	(377,573)
Proceeds from short term notes	17	248,663	75,815
Repayments of short-term notes	17	(132,325)	(692,708)
Lease liability payments principal portion	30	(103,525)	(93,674)
Dividends paid on ordinary shares	13	-	(205,328)
Net cash generated from / (used in) financing activities		**70,884**	**(1,054,064)**
Net increase in cash and cash equivalents		154,362	54,155
Cash and cash equivalents at the beginning of the year		(9,270)	(26,715)
Effect of exchange rate changes on cash and cash equivalents		36,536	(36,710)
Cash and cash equivalents at the end of the year	28	**181,628**	**(9,270)**



1. NEW ACCOUNTING STANDARDS, AMENDMENTS, INTERPRETATIONS AND IMPROVEMENTS

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards, interpretations and improvements effective as of 1 January 2024. The group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The new standards and amendments effective as of 1 January 2024 are listed below:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

These standards and amendments had no impact on the consolidated and separate financial statements of the group and company respectively.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the group and company's financial statements are disclosed below. The group intends to adopt these standards, if applicable, when they become effective. These standards are not expected to have a material impact on the group and company's financial statements.

Effective for annual periods beginning on or after 1 January 2025

- Lack of exchangeability – Amendments to IAS 21

Effective for annual periods beginning on or after 1 January 2026

- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7

Effective for annual periods beginning on or after 1 January 2027

- IFRS 18 – Presentation and Disclosure in Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability: Disclosure

Effective date postponed indefinitely

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28

The standards and amendments that are relevant on the consolidated and separate financial statements of the group and company respectively are discussed below.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

1. NEW ACCOUNTING STANDARDS, AMENDMENTS, INTERPRETATIONS AND IMPROVEMENTS (continued)

IFRS 18 – Presentation and Disclosure in Financial Statements (continued)

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the consolidated and separate financial statements and notes to the financial statements.

2. MATERIAL ACCOUNTING POLICIES

a) Basis of preparation

The consolidated and separate financial statements of the group and company respectively have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Kenya Companies Act, 2015.

The consolidated financial statements of the group have been prepared on a historical cost basis except for certain property, plant and equipment that have been measured at fair value. The consolidated financial statements of the group are presented in Kenya Shillings and all values are rounded to the nearest thousands, except when otherwise indicated.

For the purpose of reporting under the Kenya Companies Act, 2015, the balance sheet in these financial statements is represented by the statement of financial position and the profit and loss account is represented by the statement of profit or loss and other comprehensive income.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 2(r).

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 December 2024.
Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
A listing of the subsidiaries in the group is provided in Note 6.

Specifically, the group controls an investee if and only if the group has:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The group's voting rights and potential voting rights

2. MATERIAL ACCOUNTING POLICIES (Continued)

b) Basis of consolidation (continued)

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the group loses control over a subsidiary, it:
- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the group had directly disposed of the related assets or liabilities.

c) Foreign currency transactions

The consolidated financial statements are presented in Kenya Shillings, which is also the parent company's functional currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2. MATERIAL ACCOUNTING POLICIES (continued)

(ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Kenya shillings at the rate of exchange prevailing at the reporting date and their statements of profit or loss and other comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

d) Revenue recognition

Revenue from contracts with customers

The group is in the business of manufacturing and sale of paints and adhesive products. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

The group has generally concluded that it is the principal in its revenue arrangements, except for the Akzonobel South Africa (Pty) Limited contract where it is acting as an agent because it typically arranges for the goods or services provided by the latter and how they are transferred to the customer without taking control.

Sale of goods

Revenue from sale of paints and adhesive products is recognised at the point in time when control of the product is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 days upon delivery.

The group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). The group provides a loyalty points program to its Team Kubwa painters whereby they are now able to convert accumulated loyalty points to instant MPESA redemption, KPLC and Naivas shopping vouchers. In determining the transaction price for the sale of the products, the company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).
The Team Kubwa painters incentivise customers to purchase paint from the entity. The Team Kubwa painters themselves do not purchase the paint, thus these loyalty points are not accounted for under IFRS 15.

Sale of services

Revenue from apply and supply services is recognised when all the contractual obligations have been met, usually upon completion of the paint job. The revenue is included in other income in profit or loss.

Tolling fees

In 2017, AkzoNobel appointed Regal Paints Uganda Limited as a non-exclusive distributor, toll manufacturer and licensee to use the trademarks to manufacture, distribute, sell or supply the products in the Republic of Uganda on the terms of the signed Agreement. The tolling fee charged on manufacture of the Sadolin paint is recognised as other income in the statement of profit or loss.

2. MATERIAL ACCOUNTING POLICIES (continued)

Significant financing component

The group has no significant financing components from its customers.

e) Tax

Current income tax

Current income tax assets and liabilities for the current period are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognized outside profit or loss.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, the carry forward unused tax losses and the unused tax credits can be utilized, except:

when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

2. MATERIAL ACCOUNTING POLICIES (continued)

e) Tax (continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

- Receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

f) Property, plant and equipment

All property, plant and equipment are initially recognized at cost. Such cost includes the purchase price, directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating, the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequently, all property and equipment except land and Work-in-progress (WIP), are measured at fair value less accumulated depreciation and impairment losses recognized after the date of the revaluation. Valuations are performed approximately once every 5 years to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Any increase in an asset's carrying amount as a result of a revaluation is recorded in other comprehensive income and credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case, the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets' original cost, net of any related deferred tax. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Land is stated at cost less any accumulated impairment losses.

2. MATERIAL ACCOUNTING POLICIES (continued)

f) Property, plant and equipment (continued)

Depreciation is calculated on a straight-line basis, at annual rates estimated to write off carrying amounts of the assets to their residual values over their expected useful lives. The annual depreciation rates in use are as follows:

Buildings	**2%**
Plant and machinery	**8%**
Fixtures and fittings	**12½%**
Motor vehicles	**25%**
Computers and equipment	**20%**

An item of property, plant and equipment and any significant part initially recognized is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

g) Leases

The group assesses at contract inception, whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2 (r) (i) and 2 (r) (ii), significant accounting judgments and key sources of estimation uncertainty, impairment of non-financial assets.

2. MATERIAL ACCOUNTING POLICIES (continued)

(ii) Lease liabilities

At the commencement date of the lease, the group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the group and payments of penalties for terminating the lease, if the lease term reflects the group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The group applies the short-term lease recognition exemption to its short-term leases (if any) (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low-value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line over the lease terms and included in other income in the statement of profit or loss. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset.

All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised on a straight line basis over their useful lives from the date they are available for use, up to a maximum of five years. Intangible assets are assessed for impairment

2. MATERIAL ACCOUNTING POLICIES (continued)

whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset, is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in profit or loss in an expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortised but are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. The group does not have any intangible assets with indefinite useful lives.

Derecognition of intangible assets

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.

The impairment policy on non-financial assets is discussed under Note 2(m).

j) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. The group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in note 2 (d) Revenue recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

2. MATERIAL ACCOUNTING POLICIES (continued)

j) Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the group. The group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The group's financial assets at amortised cost includes trade and other receivables, amount due from related companies and bank and cash balances.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, Or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

2. MATERIAL ACCOUNTING POLICIES (continued)

j) Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Impairment of financial assets

For trade receivables, amounts due from related companies and bank balances, 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, banks and the economic environment.

The group considers a financial asset in default when contractual payments are 120 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. The amount written off is recognised in the statement of profit of loss. Any reversal of provision for ECLs is recognised in the statement of profit or loss which is based on the established provision matrix.

ii) Financial liabilities

Initial recognition and measurement

The group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables, amounts due to related parties, bank overdrafts, short term notes and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Trade payables and amounts due to related parties.

Trade payables and amounts due to related parties are stated at amortised cost using the effective interest method.

Loans and borrowings

Interest bearing loans, overdrafts and short term notes are recorded at the proceeds received, net of direct costs. Finance charges, including the premium payable on settlement or redemption, are accounted for on the accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Subsequent to initial recognition, loans and borrowings are measured at amortised cost using the effective interest method.

After initial recognition, interest-bearing loans, overdrafts and short-term notes are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

2. MATERIAL ACCOUNTING POLICIES (continued)

j) Financial instruments – initial recognition and subsequent measurement (continued)

ii) Financial liabilities (continued)

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:
There is a currently enforceable legal right to offset the recognised amounts, and
There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

No such arrangements exist where the group offsets financial assets and financial liabilities.

k) Fair value of assets and liabilities

The group measures certain property, plant and equipment at fair value at each reporting date. The group has no financial instruments that are measured at fair value.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Refer to Note 32.

2. MATERIAL ACCOUNTING POLICIES (continued)

l) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials
Cost is determined on a weighted average basis and comprises expenditure incurred in the normal course of business.

Finished goods and work-in-progress
Cost is determined on a weighted average basis and comprises cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Allowance for obsolete inventories
Directors review the inventories on an annual basis to assess the likelihood of obsolescence. In determining whether an inventory item is obsolete, directors make judgment as to whether the inventory item can be used as an input in production or is in saleable condition. Refer to Note 7 for disclosure on the obsolete inventory.
Reversal of inventory write down occurs when inventory assessed as slow moving is used as input in production or is finally sold. Provision for slow moving and obsolete inventories is normally based on the last movement day of the stock item which varies with subsequent sales or use.

m) Impairment of non-financial assets

The group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If such indication exists, the group makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in profit or loss, except for property, plant and equipment previously revalued with the revaluation taken to OCI. For such property, plant and equipment, the impairment is recognised in OCI up to the amount of any previous revaluation.

An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market conditions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the asset's recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, or exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

2. MATERIAL ACCOUNTING POLICIES (continued)

n) Cash and cash equivalents

The group considers cash at banks and on hand and short-term deposits with a maturity of 90 days or less from the date of acquisition, as cash and cash equivalents. The carrying amounts of cash and cash equivalents approximate the fair value due to their short term nature.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at banks and on hand, and short-term deposits, net of outstanding bank overdrafts.

o) Provisions

Provisions 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 a reliable estimate of the amount of the obligation can be made. When the group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation, discounted at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

p) Employee benefits

Defined contribution provident fund
The group operates a defined contribution post-employment provident fund for eligible employees. The fund is funded by contributions from the employees and the group. The assets of the fund are held and administered independently of the group's assets.

Statutory pension scheme
The group also makes contributions to the statutory defined contribution schemes in the four countries where operations are based.

The group's contributions to the defined contribution plans are recognised as an expense in profit or loss as they fall due.

Leave

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave accrued at the reporting date.

Bonus

An accrual is recognised for the amount expected to be paid under short-term cash bonus if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, the obligation can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

q) Dividends payable

Dividends payable on ordinary shares are charged to retained earnings in the period in which they are declared. Proposed dividends are not accrued for until ratified by the shareholders in the Annual General Meeting.

2. MATERIAL ACCOUNTING POLICIES (continued)

r) Significant accounting judgements, estimates and assumptions

The preparation of the group's financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(i) Judgements

In the process of applying the group's accounting policies, management has made the following judgements, which have significant effect on the amounts recognised in the consolidated financial statements:

Allowances for obsolete inventories

Directors review the inventories on an annual basis to assess the likelihood of obsolescence. In determining whether an inventory item is obsolete, directors make judgment as to whether the inventory item can be used as an input in production or is in saleable condition. Refer to Note 7 for disclosure on the obsolete inventory.

Impairment of financial instruments

Impairment losses on financial assets-IFRS 9

The group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for the customers. The provision matrix is based on the group's historical observed default rates. The group will revise the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs involves estimation. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the group's trade receivables and related party balances is disclosed in Note 8 and 9.

Leases - estimating the incremental borrowing rate

The group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. 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 (for example, when leases are not in the group's functional currency).

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. The Management used 13% as the incremental borrowing rate.

Deferred tax assets
Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, the carry forward unused tax losses and the unused tax credits can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Refer to Note 14 for the disclosure on deferred tax.

2. MATERIAL ACCOUNTING POLICIES (continued)

r) Significant accounting judgements, estimates and assumptions (continued)

(i) Judgements (continued)

Income taxes

The group is subject to income taxes in Kenya, Uganda, Rwanda and Tanzania. Significant judgement is required in determining the company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business, the company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.
Further details on income taxes are disclosed in Notes 10.

Going concern

The management makes significant judgement in assessing the effect the financial performance and financial status of the subsidiaries have,on the ability of the group to continue as a going concern. The group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the group's ability to continue as a going concern.

(ii) Estimates and assumptions

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

Useful lives of property, plant and equipment

The company reviews the estimated useful lives, depreciation method and residual values of property, plant and equipment at the end of each reporting period. In reviewing the useful lives of property, plant and equipment, the company considers the remaining period over which an asset is expected to be available for use. Management also looks at the number of production or similar units expected to be obtained from the property, plant and equipment. Judgment and assumptions are required in estimating the remaining useful period and estimates of the number of production or similar units expected to be obtained from the property, plant and equipment.

Further details on property, plant and equipment are given in Notes 2 (f) and 3.

Revaluation of certain classes of property, plant and equipment

The group carries certain classes of property, plant and equipment at fair value, with changes in fair value being recognised in the other comprehensive income. The group's leasehold buildings, plant, and machinery, motor vehicles, fixtures, fittings and equipment were revalued on 31 January 2021. The assets were valued on the basis market comparable approach and depreciated replacement cost approach by independent valuers, Sterling Valuers Limited.

Further details on property, plant and equipment are given in Notes 2 (f) and 3.

Useful lives of intangible assets

Critical estimates are made by directors in determining the useful lives to intangible assets based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances or prospective utilisation of the assets concerned could result in the actual useful lives differing from initial estimates. Further details on intangible assets are given in Note 4.

2. MATERIAL ACCOUNTING POLICIES (continued)

r) Significant accounting judgements, estimates and assumptions (continued)

(ii) Estimates and assumptions (continued)

Impairment of non-financial assets

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Refer to Notes 3, 4 and 6. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

In assessing whether there is any indication that the tangible and intangible assets may be impaired, the group considers the following indications:

a) there are observable indications that the asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use.
b) significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.
c) market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
d) the carrying amount of the net assets of the entity is more than its market capitalisation.
e) evidence is available of obsolescence or physical damage of an asset.
f) significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
g) evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

Contingent liabilities

As disclosed in Note 29 to these financial statements, the company is exposed to various contingent liabilities in the normal course of business. The directors evaluate the status of these exposures on a regular basis to assess the probability of the company incurring related liabilities. However, provisions are only made in the financial statements where, based on the directors' evaluation, a present obligation has been established, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

s) Investments in subsidiaries

Investments in subsidiaries are carried in the company's separate statement of financial position at cost less provisions for impairment losses. Where, in the opinion of directors, there has been impairment in the value of the investment the loss is recognised as an expense in the period in which the impairment is recognised.

3. PROPERTY, PLANT AND EQUIPMENT

(a) GROUP – Year ended 31 December 2024

	Freehold land KShs'000	Leasehold land KShs'000	Buildings KShs'000	Plant and machinery KShs'000	Motor vehicles KShs'000	Furniture, fittings and equipment KShs'000	Work in progress* KShs'000	Total KShs'000
Cost or valuation								
At 1 January 2024	58,672	149,607	645,639	652,667	362,856	768,522	24,825	2,662,788
Additions	-	57,200	2,550	51,477	9,492	152,490	18,932	292,141
Disposals	-	-	-	(3,690)	(3,937)	(3,342)	-	(10,969)
Exchange differences	-	(538)	(799)	(42,820)	(17,318)	(14,597)	(901)	(76,973)
At 31 December 2024	**58,672**	**206,269**	**647,390**	**657,634**	**351,093**	**903,073**	**42,856**	**2,866,987**
Accumulated depreciation								
At 1 January 2024	-	7,196	41,742	143,093	202,646	311,429	-	706,106
Charge for the year	-	1,880	12,811	55,494	83,756	154,620	-	308,561
Disposals	-	-	-	(1,109)	(2,411)	(1,420)	-	(4,940)
Exchange differences	-	-	(799)	(9,877)	(8,138)	(5,578)	-	(24,392)
At 31 December 2024	**-**	**9,076**	**53,754**	**187,601**	**275,853**	**459,051**	**-**	**985,335**
Net carrying amount								
At 31 December 2024	**58,672**	**197,193**	**593,636**	**470,033**	**75,240**	**444,022**	**42,856**	**1,881,652**

* Capital work-in-progress represents costs incurred on ongoing work in the construction of a factory in Tanzania and ongoing construction projects in Kenya and Uganda. Work-in-Progress is not depreciated until the assets are completed and available for use i.e. when it is in location and condition necessary for it to be capable of operating in the manner intended by management. In 2024, the Group sold fixed assets with a total net carrying amount of KShs 6,029,000 for a consideration of KShs 7,669,000. In 2023, the Group sold motor vehicles and equipment with a total net carrying amount of KShs 1,076,000 for a consideration of KShs 782,000. The net gains/ losses on these disposals were recognised as part of other operating income/ expenses in the statement of profit or loss (Notes 21 and 22). Refer to Notes 15 and 16 for details on assets pledged as security for the group's bank borrowings. If all assets, except for land and work in progress, were measured using the cost model, their carrying amounts would be as follows:

	Buildings KShs'000	Plant and machinery KShs'000	Motor vehicles KShs'000	Furniture, fittings and equipment KShs'000	Total KShs'000
Net carrying amount	**521,768**	**488,198**	**75,585**	**458,920**	**1,544,471**

3. PROPERTY, PLANT AND EQUIPMENT(Continued)

(a) GROUP – Year ended 31 December 2023

	Freehold land KShs'000	Leasehold land KShs'000	Buildings KShs'000	Plant and machinery KShs'000	Motor vehicles KShs'000	Furniture, fittings and equipment KShs'000	Work in progress* KShs'000	Total KShs'000
Cost or valuation								
At 1 January 2023	58,672	13,000	641,089	558,076	301,515	604,972	53,609	2,230,933
Additions	-	136,607	3,497	44,092	50,148	155,278	24,082	413,704
Transfer from WIP	-	-	-	-	-	-	(53,258)	(53,258)
Disposals	-	-	-	-	(1,368)	(165)	-	(1,533)
Exchange differences	-	-	1,053	50,499	12,561	8,437	392	72,942
At 31 December 2023	**58,672**	**149,607**	**645,639**	**652,667**	**362,856**	**768,522**	**24,825**	**2,662,788**
Accumulated depreciation								
At 1 January 2023	-	6,630	27,916	79,521	116,656	185,619	-	416,342
Charge for the year	-	566	12,773	52,666	79,674	122,596	-	268,275
Disposals	-	-	-	-	(428)	(31)	-	(459)
Exchange differences	-	-	1,053	10,906	6,744	3,245	-	21,948
At 31 December 2023	**-**	**7,196**	**41,742**	**143,093**	**202,646**	**311,429**	**-**	**706,106**
Net carrying amount								
At 31 December 2023	**58,672**	**142,411**	**603,897**	**509,574**	**160,210**	**457,093**	**24,825**	**1,956,682**

* Capital work-in-progress represents costs incurred on ongoing work in the construction of a factory in Tanzania and ongoing construction projects in Kenya. Work-in-Progress is not depreciated until the assets are completed and available for use i.e. when it is in location and condition necessary for it to be capable of operating in the manner intended by management. Transfer from WIP relates to transfer to Right of Use Assets for leasehold improvements completed during the year.
Refer to Notes 15 and 16 for details on assets pledged as security for the group's bank borrowings.
If all assets, except for land and work in progress, were measured using the cost model, their carrying amounts would be as follows:

	Buildings KShs'000	Plant and machinery KShs'000	Motor vehicles KShs'000	Furniture, fittings and equipment KShs'000	Total KShs'000
Net carrying amount	**526,837**	**466,133**	**94,386**	**479,079**	**1,566,435**

3. PROPERTY, PLANT AND EQUIPMENT (Continued)
(b) COMPANY – Year ended 31 December 2024

	Freehold land KShs'000	Leasehold land KShs'000	Buildings KShs'000	Plant and machinery KShs'000	Motor vehicles KShs'000	Furniture, fittings and equipment KShs'000	Work in progress* KShs'000	Total KShs'000
Cost or valuation								
At 1 January 2024	58,672	145,660	640,279	361,644	246,454	670,471	18,219	2,141,399
Additions	-	57,200	2,550	25,678	5,210	133,936	11,704	236,278
Disposals	-	-	-	-	(2,900)	(149)	-	(3,049)
At 31 December 2024	**58,672**	**202,860**	**642,829**	**387,322**	**248,764**	**804,258**	**29,923**	**2,374,628**
Accumulated depreciation								
At 1 January 2024	-	7,196	36,382	72,453	142,126	271,424	-	529,581
Charge for the year	-	1,880	12,811	29,650	62,345	141,802	-	248,488
Disposals	-	-	-	-	(2,292)	(77)	-	(2,369)
At 31 December 2024	**-**	**9,076**	**49,193**	**102,103**	**202,179**	**413,149**	**-**	**775,700**
Net carrying amount								
At 31 December 2024	**58,672**	**193,784**	**593,636**	**285,219**	**46,585**	**391,109**	**29,923**	**1,598,928**

* Capital work-in-progress represents costs incurred on ongoing construction projects in Kenya. Work-in-Progress is not depreciated until the assets are completed and available for use i.e. when it is in location and condition necessary for it to be capable of operating in the manner intended by management.
Refer to Notes 15 and 16 for details on assets pledged as security for the company's bank borrowings.
If all assets, except for land and work in progress, were measured using the cost model, the carrying amounts would be as follows:

	Buildings KShs'000	Plant and machinery KShs'000	Motor vehicles KShs'000	Furniture, fittings and equipment KShs'000	Total KShs'000
Net carrying amount	521,768	285,219	47,254	398,791	1,253,032

3. PROPERTY, PLANT AND EQUIPMENT (Continued)
(b) COMPANY – Year ended 31 December 2023

	Freehold land KShs'000	Leasehold land KShs'000	Buildings KShs'000	Plant and machinery KShs'000	Motor vehicles KShs'000	Furniture, fittings and equipment KShs'000	Work in progress* KShs'000	Total KShs'000
Cost or valuation								
At 1 January 2023	58,672	13,000	636,782	328,971	212,591	528,520	47,395	1,825,931
Additions	-	132,660	3,497	32,673	33,863	141,951	24,082	368,726
Transfer from WIP	-	-	-	-	-	-	(53,258)	(53,258)
At 31 December 2023	**58,672**	**145,660**	**640,279**	**361,644**	**246,454**	**670,471**	**18,219**	**2,141,399**
Accumulated depreciation								
At 1 January 2023	-	6,630	23,609	44,621	85,538	160,479	-	320,877
Charge for the year	-	566	12,773	27,832	56,588	110,945	-	208,704
At 31 December 2023	**-**	**7,196**	**36,382**	**72,453**	**142,126**	**271,424**	**-**	**529,581**
Net carrying amount								
At 31 December 2023	**58,672**	**138,464**	**603,897**	**289,191**	**104,328**	**399,047**	**18,219**	**1,611,818**

* Capital work-in-progress represents costs incurred on ongoing construction projects in Kenya. Work-in-Progress is not depreciated until the assets are completed and available for use i.e. when it is in location and condition necessary for it to be capable of operating in the manner intended by management.
Transfer from WIP relates to transfer to Right of Use Assets for leasehold improvements completed during the year.

Refer to Notes 15 and 16 for details on assets pledged as security for the company's bank borrowings.
If all assets, except for land and work in progress, were measured using the cost model, the carrying amounts would be as follows:

	Buildings KShs'000	Plant and machinery KShs'000	Motor vehicles KShs'000	Furniture, fittings and equipment KShs'000	Total KShs'000
Net carrying amount	537,134	283,622	78,379	255,843	1,1154,978

3. PROPERTY, PLANT AND EQUIPMENT (continued)

No borrowing costs were capitalized during the year ended 31 December 2024 (2023: Nil).

The Kenya Commercial Bank Limited and NCBA Bank facilities (Refer to Notes 15 and 16) are secured by debentures of KShs 571 million and USD 4.2 million over the assets of the group supported by a supplementary charge over LR 209/5792 along Mogadishu road, LR 209/4275 along Likoni road and LR 209/4479 along Dar Es Salaam road.

All the group's assets, except for freehold land and work in progress, were revalued during the year ended 31 December 2021. The revaluation amounts have been incorporated in the financial statements for the year then ended.

The basis of valuation was: -

Leasehold buildings	-	Open market value
Plant and machinery	-	Open market value
Motor vehicles	-	Open market value
Fixtures, fittings and equipment	-	Open market value

The methods used to determine the fair value were;

(i) The comparable approach, which compares the sales of similar items in the market. The approach was used in the valuation of unspecialised equipment.
(ii) The depreciated replacement cost, which derives the value of an asset from the current cost of reproduction/replacement less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The approach was used in the valuation of specialized machinery, buildings and structures.

The valuation was undertaken by an independent professional valuer, Sterling Valuers Limited. The revaluation surplus or deficit was recognised as disclosed in note 2(f).

(c) IMPACT OF THE ENACTMENT OF THE LAND REGISTRATION ACT NO. 3 2012 ON THE COMPANY'S LAND HOLDING STATUS

The current Constitution, enacted on 27 August 2010, introduced significant changes in the landholding by non-citizens. The Constitution no longer allows foreigners and foreign bodies to own freehold land and leasehold land in excess of 99 years. Freehold land and leasehold land of more than 99 years owned by foreigners and foreign bodies automatically becomes 99 year leases upon enactment of the required legislation under Articles 65(4) of the constitution. These changes in the landholding took effect on 2 May 2012 upon the enactment of the Land Registration Act No. 3 of 2012.

Ownership of the land has however transferred to the entity under the original lease agreement, but factoring in the above Land registration Act, ownership cannot legally transfer. The entity thus no longer has any lease payments remaining and the only outflows relate to land rates paid to government for the land.

As per the definition of Articles 65(3) of the constitution, the company is a non-citizen and hence the status of its freehold land changes to 99 years lease.

The group has assessed the impact of the amended land laws and concluded that they do not impact significantly on these financial statements. Under the International financial reporting standards BC78 (IFRS 16) Leases, a long-term lease of land (for example, a 99-year lease), the present value of the lease payments is likely to represent substantially all of the fair value of the land. The group currently accounts for its land previously classified as freehold in a similar manner to accounting for the purchase of the land by applying international accounting standards (IAS 16) Property, Plant and Equipment, rather than by applying IFRS 16.

The company is waiting for the National Land Commission to issue guidelines that will operationalise the provisions of the constitution and the revised land laws. The company will continue to reassess the impact of the revised land laws to the financial statements as the guidelines are issued.

4. INTANGIBLE ASSETS

	GROUP		COMPANY	
	2024	**2023**	**2024**	**2023**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**
Cost				
At 1 January	280,769	273,001	253,414	250,610
Additions	3,194	3,428	-	2,804
Exchange difference	(3,988)	4,340	-	-
At 31 December	**279,975**	**280,769**	**253,414**	**253,414**
Amortisation				
At 1 January	237,410	210,640	212,718	191,274
Charge for the year	20,087	22,710	18,875	21,444
Exchange difference	(3,551)	4,060	-	-
At 31 December	**253,946**	**237,410**	**231,593**	**212,718**
Net carrying amount				
At 31 December	**26,029**	**43,359**	**21,821**	**40,696**

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

There were no borrowing costs capitalized during the year ended 31 December 2024 (2023: Nil).

No intangible assets have been pledged as security for the year ended 31 December 2024 (2023: Nil).

5. RIGHT OF USE ASSETS

	GROUP		COMPANY	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Cost				
At 1 January	992,404	838,706	532,223	522,402
Additions	261,107	105,832	144,863	14,338
Lease improvement (note 3)	-	53,258	-	53,258
Disposal	(119,428)	(57,775)	(47,023)	(57,775)
Exchange difference	(68,219)	52,383	-	-
At 31 December	**1,065,864**	**992,404**	**630,063**	**532,223**
Amortisation				
At 1 January	622,386	439,655	257,041	190,605
Charge for the year	197,403	160,191	125,027	95,510
Disposals	(117,369)	(29,074)	(44,964)	(29,074)
Exchange difference	(52,267)	51,614	-	-
At 31 December	**650,153**	**622,386**	**337,104**	**257,041**
Net carrying amount				
At 31 December	**415,711**	**370,018**	**292,959**	**275,182**
Amounts recognized in profit and loss:				
Amortization expense on right-of-use assets (note 20 & 23)	197,403	160,191	125,027	95,510
Interest expense (note 24)	48,529	44,068	37,486	34,023
Gain on lease termination (note 21)	143	4,141	143	4,141

The identified right of use assets that the group has leased are depots, showrooms, godowns (storage warehouses) and residential apartments.

The group has the right to obtain substantially all economic benefits from the use and also the right to direct the use of the assets. The group will return the assets to the lessor at the end of lease term. The leases run from between 2 - 12 years and are therefore not short-term leases.
There are no low value assets. Non lease components are treated separately using the applicable standards.

There are no restrictions or covenants imposed by lessors and the company did not enter into any sale and leaseback transactions during the year (2023: Nil).

The total cash outflow for leases amount to KShs 212 million (2023: KShs 197 million inclusive of service charge which has been expensed in current year) for the group, company KShs 129 million in 2024 (2023: KShs 113 million inclusive of service charge which has been expensed in current year).

CROWN PAINTS KENYA PLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS(Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

6. INVESTMENT IN SUBSIDIARIES

Information about subsidiaries
The separate financial statements of the company include investment in subsidiaries as disclosed below.
These investments are unquoted and held at cost less impairment loss:

Details of investment	Country of incorporation	Activity	Holding %	2024 KShs'000	2023 KShs'000
Crown Paints Allied Industries Limited (44,800 ordinary shares of KShs 1,000 each, share premium – 34,800 shares of KShs 1,500 each).	Kenya	Manufacture of adhesives	100	97,000	97,000
Regal Paints Uganda Limited (formerly Crown Buildings and Products Limited –Uganda) 1,039,203 ordinary shares of KShs 288 each, share premium- 1,034,203 shares of KShs 431 each.	Uganda	Selling of auto paints and decorative products	100	745,209	745,209
Crown Paints Tanzania Limited 75,413 ordinary shares of KShs 4,525 each, share premium 65,413 shares of KShs 6,603 each.	Tanzania	Selling of auto paints and decorative products	100	773,162	773,162
Crown Paints Rwanda Limited 10,521 ordinary shares of KShs 1,148 each, share premium 9,521 shares of KShs 1,6997 each.	Rwanda	Selling of auto paints and decorative products	100	173,914	173,914
				1,789,285	**1,789,285**
Provision for impairment in subsidiaries				(1,022,692)	(872,393)
				766,593	**916,892**

During the year ended 31 December 2024, an additional provision for impairment in subsidiaries has been made of KShs 150,299,000 (2023: KShs 22,000,000).

6. INVESTMENT IN SUBSIDIARIES (continued)

Impairment loss	2024 KShs'000	2023 KShs'000
At 1 January	872,393	850,393
Charge for the year	150,299	22,000
At 31 December	**1,022,692**	**872,393**

Year ended 31 December 2024

Impairment loss Subsidiary	Carrying amount KShs'000	Recoverable amount KShs'000	Impairment loss KShs'000
Regal Paints Uganda Limited	367,662	348,000	19,662
Crown Paints Tanzania Limited	385,637	255,000	130,637
Crown Paints Rwanda Limited	119,001	125,000	-
Crown Paints Allied Industries Limited	44,592	46,707	-
	916,892	**774,707**	**150,299**

Year ended 31 December 2023

Impairment loss Subsidiary	Carrying amount KShs'000	Recoverable amount KShs'000	Impairment loss KShs'000
Regal Paints Uganda Limited	367,662	415,000	-
Crown Paints Tanzania Limited	385,637	441,000	-
Crown Paints Rwanda Limited	141,001	119,001	22,000
Crown Paints Allied Industries Limited	44,592	46,845	-
	938,892	**1,021,846**	**22,000**

Inputs used:	Regal Paints Uganda Limited	Crown Paints Tanzania Limited	Crown Paints Rwanda Limited
Discount rate - weighted average cost of capital	25.8%	23.3%	21.9%
Terminal growth rate in perpetuity	5.3%	5.7%	5.0%

Regal Paints Uganda Limited, Crown Paints Rwanda Limited and Crown Paints Tanzania Limited have a history of losses. Further, the subsidiaries rely on the parent company for provision of working capital and their ability to continue as a going concern depends on the continued support they receive from the parent company.
During the year ended 31 December 2024, an impairment assessment was carried out by management and as tabulated above, the recoverable amount of two subsidiaries was higher than the carrying amount whereas for Crown Paints Tanzania Limited and Regal Paints Uganda Limited the recoverable amount was lower than the carrying amount. The recoverable amount of the CGU's (cash generating units) for each entity is the value in use which was estimated using the discounted cash flows.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

6. INVESTMENT IN SUBSIDIARIES (continued)

Revenue growth was projected taking into account the average growth levels experienced over the past three years and the estimated sales volume and price growth for the next five years which also includes the company's marketing plans.

An impairment loss was recognised in the statement of profit or loss for the year ended 31 December 2024 and for the year ended 31 December 2023.

The assumptions used includes the following;

Regal Paints Uganda Limited

- Management anticipates revenue to increase by at an average of 15% for the period 2025-2029. Raw material cost is forecast to increase by 15% between 2025 - 2029. Gross margin improved from 32% in 2023 to 37% in 2024 and is forecast to average 33.8%.
- Operating expenses as a % of revenue has stagnated in 2024 at 39% similar to 2023. The trend is expected to improve as operating expenses as a % of revenue is expected to average 30% in the forecast period.
- The expected volume growth will be 9% in 2025 and thereafter 12% up to 2029 due to;
  - Inflation rates will not exceed 3%. i.e the raw materials cost increase will not exceed 3%
  - Expected annual price increases will be at 4%.
  - No economic nor political factors will affect the projected volumes and sales growth below projections.
  - Projected Sadolin sales volume will not in any way go below stated projections.
- Overheads will be absorbed at UG Shs 300 per litre.
- Annual salaries increase will not exceed 5%.
- Budgets will be adhered to100%.
- The tolling fee from Sadolin brand sales will be maintained at 9% of raw materials and overheads.
- The Company will maintain 60 days of raw materials.
- Debtors net outstanding days will gradually be reduced to 65 days.
- On average the credit days will be 2.2 months considering shipping period and mix of local creditors.

Crown Paints Tanzania Limited (CPTL)

- Management anticipates a modest sales volume growth of 12% in 2025 and thereafter 13% in 2026 to 2028. In the macro-economics the growth in GDP is anticipated at 5.6%.
- Management has strategically put in place the following initiatives:
  - Opened new warehouse in Dar es salaam to cater for the new direct dealers reducing the lead times and showroom opened to enhance visibility of our products.
  - New production equipment acquired that will see production capacity increase from 500,000 litres to 600,000 litres per month.
  - Change in business model, by bringing onboard the distributors' dealers directly to CPTL, and hence new customers.
  - Painters' training in 2024 reaching over 4,000 painters. This will boost sales due to product knowledge.
- Cost of sales is forecast to increase by 14% in line with increase in revenue in the forecast period between 2025 and 2028. Other costs of sales include royalty/levy which is projected to be incurred in the forecast period at a minimum of USD 50,000 per annum or 3% of Sadolin net sales.
- Gross margin declined from 23% in 2023 to 21% in 2024 and is forecast to increase to an average of 29% between 2025-2028.
- Operating expenses as a % of revenue slightly declined in 2024 to 29% from 30% in 2023. This is expected to improve as operating expenses as % of revenue is expected to average of 25% in the forecast period which is lower than current result.
- An expected growth in the construction sector to reach USD 7.07 million in 2029.
- Enhanced internal controls, better production quality, cost saving in multiple fronts - Staff, factory overheads and stocking requirement and better planning and sourcing of raw materials.

6. INVESTMENT IN SUBSIDIARIES (continued)

Crown Paints Tanzania Limited (continued)

- Team Kubwa to continue to boost the coming years sales.
- Raw materials cost will remain same or proportionate increase with an increase in sales price.
- Exchange rates will remain stable at TZS 2600 to 1 USD, and any change will not have a material impact on raw material cost.
- Annual salaries increase will not exceed 7%.
- Price increase has been estimated to be at 7%.

Crown Paints Rwanda Limited

- Management anticipates a growth of sales volume at an average of 18.1% in 2025-2028. Sales revenue is expected to grow by 14% in 2025, 15% in 2026 and thereafter at an average of 15% in 2027-2028 which is foreseen to be growth rate across all product lines. Gross cost of sales is forecast to increase annually by an average of 16% between 2025-2028. The gross margin is forecast to increase to average of 33% 2025-2028. Operating expenses as a % of revenue was at 21% in 2024. However, operating expenses are expected to reduce to an average of 18%.
- Factory staff costs are considered to have a constant increase of 5% over the years. Factory depreciation remains constant in the fixed asset register as long as there are no disposals and acquisitions. Other costs of production and overheads are considered to have 1% increase across the years. Transport cost to depots given a consideration of 5% increase each year.
- Depot staff costs are considered to have a constant increase of 7% over the years.
- Audit fee was given a consideration of 2% across the years. Legal fee was considered to increase with 5% each year. Insurance is assumed to have a 5% increase each year. Other administration costs are considered to increase with 1% across the years.
- Transport cost was calculated using the budgeted volume and taking into consideration the cost per litre remained constant.
- Travel and entertainment, advertising and promotion and depot costs (security and rent) were given the assumption of 5% increase across the years. Other expenses were given an assumption of 1% while bank charges were considered to increase by 0.5% across the years.

7. INVENTORIES

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs'000	KShs'000
Finished goods and packaging materials	1,115,008	1,190,381	829,462	876,658
Raw materials	1,463,859	1,704,154	1,133,233	1,311,545
Goods in transit	526,689	767,682	526,689	762,298
Work in progress	87,913	90,775	56,467	51,825
	3,193,469	**3,752,992**	**2,545,851**	**3,002,326**
Inventories write-down to NRV	(95,997)	(84,651)	(87,297)	(76,003)
	3,097,472	**3,668,341**	**2,458,554**	**2,926,323**

The amount of inventories write-down reversed during the year was KShs 37,634,000 (2023: KShs 49,057,000) for the group and KShs 33,817,000 for the company (2023: KShs 44,743,000), for inventories carried at net realisable value. This is recognised in other income, Note 21. Reversal of inventory write down occurs when inventory assessed as slow moving is used as input in production or is finally sold. Provision is normally based on the last movement day of the stock item which varies with subsequent sales or use.

See below for the movements in the inventories write-down:

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs'000	KShs'000
At the beginning of the year	84,651	90,440	76,003	79,222
Provision for the year (note 23)	53,526	41,530	45,111	41,524
Used during the year (write off)	(3,581)	-	-	-
Reversals of write-down (note 21)	(37,633)	(48,361)	(33,817)	(44,743)
Exchange difference	(966)	1,042	-	-
	95,997	**84,651**	**87,297**	**76,003**

8. TRADE AND OTHER RECEIVABLES

Trade receivables	1,703,972	1,722,374	1,364,017	1,305,526
Other receivables	230,504	210,683	115,701	112,322
Prepayments	111,414	135,599	83,061	92,654
	2,045,890	**2,068,656**	**1,562,779**	**1,510,502**

The average credit period on sales of finished goods is 30 days. Other receivables consist of staff loans, staff floats and deposits with suppliers. Staff loans are issued to staff to purchase motor vehicles at an interest rate of 16%, for a period not exceeding 36 months. The staff loans are secured against the logbooks. Staff floats and deposits with suppliers are made in the ordinary course of business and are non-interest bearing. They are for a period not exceeding two months.

Prepayments were made in the ordinary course of business with regard to insurance premiums and computer software licences.

As at 31 December 2024, the group's trade receivables with initial value of KShs 768,988,000 (2023: KShs 812,612,000) were fully provided for. The company's trade receivables with initial value of KShs 561,823,000 (2023: KShs 561,823,000) were fully provided for.

8. TRADE AND OTHER RECEIVABLES (continued)

Trade and other receivables are carried net of expected credit losses (ECLs) / impairment losses. The movement in expected credit losses / impairment losses is as set out below:

	GROUP		COMPANY	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
At the beginning of the year	812,612	554,855	561,823	376,764
Charge for the year	21,499	240,358	-	185,059
Recoveries during the year	(30,081)	(1,437)	-	-
Exchange difference	(35,042)	18,836	-	-
	768,988	**812,612**	**561,823**	**561,823**
Net movement				
Charge for the year	21,499	240,358	-	185,059
Recoveries during the year	(30,081)	(1,437)	-	-
	(8,582)	**238,921**	**-**	**185,059**
Ageing analysis of trade receivables:				
Less than 60 days	1,879,927	1,648,140	1,508,864	1,174,900
61 days to 90 days	116,293	157,604	95,340	127,077
Over 90 days	476,740	729,242	321,636	565,372
	2,472,960	**2,534,986**	**1,925,840**	**1,867,349**
Allowance for ECLs / impairment	(768,988)	(812,612)	(561,823)	(561,823)
Net	**1,703,972**	**1,722,374**	**1,364,017**	**1,305,526**

Trade receivables are non-interest bearing and are generally on 30 days credit terms. In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. An increase/(decrease) in the gross carrying amounts of the trade receivables impacts on the movement in the ECL amounts with a consideration of the relevant probability of defaults (PDs) used in the ECL computation.

Ageing analysis for other receivables:

	GROUP		COMPANY	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Less than 60 days	225,034	194,738	110,229	96,452
61 days to 90 days	-	492	-	492
Over 90 days	5,472	15,453	5,472	15,378
	230,506	**210,683**	**115,701**	**112,322**
Impaired	-	-	-	-
Net	**230,506**	**210,683**	**115,701**	**112,322**

The group's other receivables mainly relate to staff loans. Given the nature of the receivables and the fact that they are recovered through payroll then no ECL has been recognised.

9. RELATED PARTY DISCLOSURES

The company is controlled by Crown Paints and Building Products Limited (incorporated in Kenya) which owns 48.42% of the company's shares. Barclay Holdings Limited incorporated in Belize Off-Shore Centre holds 19.36% of the company's shares. Crown Paints and Building Products Limited is a wholly owned subsidiary of Barclay Holdings Limited. Thus, the ultimate parent Company for Crown Paints Kenya Plc is Barclay Holdings Limited. The remaining 32.22% of the shares are widely held through the Nairobi Securities Exchange. Crown Paints Allied Industries Limited, Regal Paints Uganda Limited, Crown Paints Rwanda Limited and Crown Paints Tanzania Limited are wholly owned subsidiaries of the company.

(i) Amount due from:

	GROUP		COMPANY	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Crown Paints and Building Products Limited	926,246	507,179	926,246	507,179
Regal Paints Uganda Limited	-	-	76,182	73,193
Crown Paints Allied Industries Limited	-	-	-	85,735
Crown Paints Rwanda Limited	-	-	22,614	-
Crown Paints Tanzania Limited	-	-	671,902	586,462
	926,246	**507,179**	**1,696,944**	**1,252,569**
Provision for expected credit losses	(6,381)	(301,116)	(667,433)	(870,017)
	919,865	**206,063**	**1,029,511**	**382,552**

As at 31 December 2024, the Group's related party receivables with initial value of KShs 6,381,000 (2023: KShs 301,116,000) were fully provided for. The Company's related party receivables with initial value of KShs 667,433,000 (2023: KShs 870,017,000) were fully provided for.

Related party receivables are carried net of expected credit losses (ECLs) / impairment. An increase/(decrease) in the gross carrying amounts of related party receivables impacts on the movement in the ECL amounts with a consideration of the relevant probability of defaults (PDs) used in the ECL computation. The increase in the gross carrying amounts due from related parties is mainly due to sales and advances during the year. The information about credit exposures are disclosed in Note 31.

The movement in the expected credit losses / impairment is as set out below.

	GROUP		COMPANY	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
At the beginning of the year	301,116	262,547	870,017	972,613
Allowance for expected credit losses	-	40,420	273,776	95,657
Recoveries during the year	(294,735)	(1,851)	(476,360)	(198,253)
	6,381	**301,116**	**667,433**	**870,017**
Expected credit losses net movement				
Allowance for expected credit losses	-	40,420	273,776	95,657
Recoveries during the year	(170,995)	(1,851)	(476,360)	(198,253)
	(170,995)	**38,569**	**(202,584)**	**(102,596)**

9. RELATED PARTY DISCLOSURES (continued)

Ageing analysis	GROUP		COMPANY	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Less than 60 days	543,067	70,811	755,609	144,787
61 days to 90 days	2,380	38,801	29,724	89,508
Over 90 days	380,799	397,567	911,611	1,018,274
	926,246	**507,179**	**1,696,944**	**1,252,569**
Impaired	(6,381)	(301,116)	(667,433)	(870,017)
Neither past due nor impaired	**919,865**	**206,063**	**1,029,511**	**382,552**
(ii) Payables to related companies:				
Crown Paints Allied Industries Limited	-	-	6,045	140,594
Daxian Limited	-	114,918	-	114,918
Regal Paints Uganda Limited	-	-	1,312	181
Crown Paints Tanzania Limited	-	-	4,165	1,079
Crown Paints Rwanda Limited	-	-	-	3,945
Crown Paints and Building Products Limited	54,463	46,138	53,346	46,111
	54,463	**161,056**	**64,868**	**306,828**

The following transactions were carried out with related parties:

	GROUP 2024 KShs'000	GROUP 2023 KShs'000	COMPANY 2024 KShs'000	COMPANY 2023 KShs'000
(iii) Sale of goods and services rendered:				
Crown Paints Allied Industries Limited	-	-	17,950	72,331
Crown Paints Rwanda Limited	-	-	90,996	45,184
Regal Paints Uganda Limited	-	-	209,327	78,288
Crown Paints Tanzania Limited	-	-	246,679	157,181
Crown Paints and Building Products Limited	14,070	4,749	14,070	4,749
Purchase of goods:				
Crown Paints Allied Industries Limited	-	-	52,851	236,914
Regal Paints Uganda Limited	-	-	1,321	-
Crown Paints and Building Products Limited	209,507	179,500	185,046	157,736
Services rendered:				
Daxian Limited	152,985	138,645	152,985	138,645

Daxian Limited is a wholly owned subsidiary of the ultimate parent, Barclay Holdings Limited.

9. RELATED PARTY DISCLOSURES (continued)

(iv) Payments made on behalf of related parties	GROUP & COMPANY	
	2024 KShs'000	2023 KShs'000
Crown Paints and Building Products Limited	**926,246**	**507,179**
Movement in the year:		
At beginning of the year	507,179	921,459
Payments made on behalf of CPBPL	1,562,648	560,250
Receipts from CPBPL	(1,143,581)	(974,530)
Gross amount	**926,246**	**507,179**
Provision for expected credit losses	(6,381)	(301,116)
As at 31 December- net amount	**919,865**	**206,063**

(v) Payments made on behalf of subsidiaries	COMPANY	
	2024 KShs'000	2023 KShs'000
Crown Paints Allied Industries Limited	-	763
Regal Paints Uganda Limited	20	-

(vi) Key management personnel compensation	GROUP & COMPANY	
	2024 KShs'000	2023 KShs'000
Short term employee benefits	331,902	246,572
Defined contribution plan	10,436	8,020
	342,338	**254,592**

9. RELATED PARTY DISCLOSURES (continued)

(vii) Directors' remuneration

	GROUP & COMPANY 2024 KShs'000	2023 KShs'000
Fees for services as directors	17,110	18,503
Other emoluments (included in key management personnel compensation above)	197,438	161,948
	214,548	**180,451**

(viii) Advances to related parties

	2024 KShs'000	2023 KShs'000
Crown Paints and Building Products Limited	**-**	**129,096**
Movement in advances to CPBPL:		
At beginning of the year	129,096	152,145
Advances during the year	147,584	114,815
Repayments made during the year	(276,680)	(137,864)
Gross amount	**-**	**129,096**
Provision for expected credit losses	-	(122,559)
As at 31 December- net amount	**-**	**6,537**

(ix) Short term notes due to related parties

	2024 KShs'000	2023 KShs'000
Directors	**234,673**	**83,697**

The principal amount of the short-term notes is normally rolled forward on maturity, but interest is most of the times paid out. The total amount of interest paid out during the year amounted to KShs 34,277,000 (2023: KShs 14,716,000).

Terms and conditions of transactions with related parties.

The short-term notes due to related parties are at an interest rate of 16% for a period not exceeding 1 year. The other amounts due from and due to related parties are non-interest bearing and unsecured. There is no fixed repayment schedule for the amounts due.

10. TAX

	GROUP 2024 KShs'000	GROUP 2023 KShs'000	COMPANY 2024 KShs'000	COMPANY 2023 KShs'000
STATEMENT OF FINANCIAL POSITION				
Balance brought forward	(139,420)	(98,024)	(108,965)	(74,668)
Charge for the year	259,307	96,807	237,688	89,505
Paid during the year	(265,071)	(136,679)	(174,238)	(123,802)
Exchange difference	5,672	(1,524)	-	-
Current tax recoverable	**(139,512)**	**(139,420)**	**(45,515)**	**(108,965)**
The amount has been presented in the statement of financial position as follows;				
Current tax recoverable	(139,512)	(139,420)	(45,515)	(108,965)
Net amount	**(139,512)**	**(139,420)**	**(45,515)**	**(108,965)**
PROFIT OR LOSS				
Current tax at 30% (2023: 30%) on the taxable profit for the year	259,307	96,807	237,688	89,505
Deferred tax credit (note 14)	(15,251)	(53,464)	(42,088)	(53,464)
Exchange difference	(610)	-	-	-
	243,446	**43,343**	**195,600**	**36,041**
Reconciliation of tax expense to tax based on accounting profit				
Accounting profit before tax	**787,134**	**14,213**	**653,364**	**149,934**
Tax at applicable rate of 30% (2023: 30%)	236,140	4,264	196,009	44,980
Tax effect on items not eligible for tax purposes	(65,125)	2,997	(409)	(8,939)
Change in tax rate	179	-	-	-
Minimum tax liability - Tanzania	4,494	4,553	-	-
Deferred tax not recognised in prior years now recognised	30,736	-	-	-
Deferred tax not recognised- subsidiaries (note 14)	37,022	31,529	-	-
	243,446	**43,343**	**195,600**	**36,041**

10. TAX (continued)

	GROUP		COMPANY	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Tax effect on items not eligible for tax purposes can be summarised as follows:				
Depreciation	148	170	148	170
Amortization of right of use assets	1,385	5,407	-	-
Staff benevolent costs	369	332	366	328
Bad debts written off	-	(1,010)	-	-
Donations	1,842	305	1,830	288
Sponsorship	3,027	3,687	3,027	3,687
Fines and penalties	763	247	585	134
School fees	254	1,841	161	1,781
Inventory write off	1,829	273	-	-
Sales and promotions	1,127	-	-	-
Corporate social responsibility	17	132	-	38
Pension scheme administration costs	544	1,448	544	1,448
Company staff program	2,886	598	1,068	-
Excess pension contribution	8,128	5,637	8,084	5,625
Allowance for expected credit losses for amount owing from related parties	(88,420)	(12,913)	(60,775)	(30,779)
Overheads - other	556	(7,020)	(957)	(2,122)
Club membership subscriptions	420	3,863	420	3,863
Impairment loss on investment in subsidiaries	-	-	45,090	6,600
	(65,125)	**2,997**	**(409)**	**(8,939)**

11. SHARE CAPITAL

	GROUP & COMPANY	
	2024 KShs'000	2023 KShs'000
Authorised:		
163,707,000 (2023: 163,707,000) ordinary shares of KShs. 5 each	**818,535**	**818,535**
Issued and fully paid:		
142,362,000 (2023: 142,362,000) ordinary shares of KShs. 5 each	**711,810**	**711,810**

The company's authorized share capital is divided into 163,707,000 ordinary shares of KShs 5 each (this includes 21,345,000 ESOP shares).

CROWN PAINTS KENYA PLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS(Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

12. RESERVES

	GROUP		COMPANY	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Share premium	392,097	392,097	392,097	392,097
Revaluation reserve	31,157	45,430	33,066	33,827
Foreign currency translation reserve	101,134	154,742	-	-
Retained earnings	2,392,692	1,834,731	2,540,412	2,081,887
	2,917,080	**2,427,000**	**2965,575**	**2,507,811**

The share premium arose from the issue of 8,630,000 ordinary shares to the public in 1992 and from a rights issue of 71,181,000 new ordinary shares at a price of KShs 10 per share in June 2021. Any excess of the cash received from shareholders over the ordinary share nominal amount is recorded in the share premium.

The revaluation reserve represents the surplus on the revaluation of property, plant and equipment, net of deferred income tax. Movements in the revaluation surplus are shown on the statement of changes in equity.
The revaluation surplus is non-distributable.

The foreign currency translation reserve arose on translation differences of foreign subsidiaries balances from their functional currencies to the presentation currency. The foreign currency translation reserve is non-distributable.

The retained earnings balance represents the amount available for dividend distribution to the shareholders of the company.

13. DIVIDENDS

	GROUP & COMPANY	
	2024 KShs'000	2023 KShs'000
Dividend declared:		
Final dividend for 2023 KShs Nil per share (2022: KShs 4.00 per share)	**-**	**569,448**
Split as below:		
Declared and paid	-	205,328
Declared but not paid/ capitalised	-	364,120
	-	**569,448**
Proposed for approval at the annual general meeting (not recognised as a liability as at 31 December):		
Dividend on ordinary shares 2024: KShs 3.00 (2023: KShs Nil) per share	**427,086**	**-**

(i) Dividend per share is arrived at by dividing the total dividends by the outstanding number of shares in issue during the year.

(ii) Payment of dividend is subject to withholding tax at the rate of 5% for resident and 10% for non-resident shareholders, respectively.

14. DEFERRED TAX - GROUP

Movements in deferred tax during the year were as follows:	Balance at 1 January	Profit or loss	Utilised tax loss during the year	Other comprehensive income	Balance at 31 December
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Year ended 31 December 2024					
Accelerated capital allowances	147,477	(9,773)	-	-	137,704
Unrealised exchange loss	(26,300)	3,778	-	-	(22,522)
Unrealised exchange gain	21,116	(2,762)	-	-	18,354
Interest expense	(4,138)	4,138	-	-	-
Revaluation reserve	57,886	(4,540)	-	-	53,346
Allowance for expected credit losses – third parties	(243,784)	13,366	-	-	(230,418)
Leases	(15,207)	3,055	-	-	(12,152)
Provision for staff leave	(9,360)	(29)	-	-	(9,389)
Provision for contingent liability	(3,618)	(390)	-	-	(4,008)
Provision for obsolete inventories	(25,393)	(3,404)	-	-	(28,797)
Provision for penalties and other items	(3,091)	(42,296)	-	-	(45,387)
Tax losses	(335,993)	120,943	36	-	(215,014)
	(440,405)	**82,086**	**36**	**-**	**(358,283)**
Deferred tax not recognised- subsidiaries	368,184	(97,337)	(36)	-	270,811
	(72,221)	**(15,251)**	**-**	**-**	**(87,472)**
The amount has been presented in the statement of financial position as follows;					
Deferred tax asset					**(114,309)**
Deferred tax liability					**26,837**
Year ended 31 December 2023					
Accelerated capital allowances	124,464	23,013	-	-	147,477
Unrealised exchange loss	(4,229)	(22,071)	-	-	(26,300)
Unrealised exchange gain	12,270	8,846	-	-	21,116
Interest expense	-	(4,138)	-	-	(4,138)
Revaluation reserve	67,449	(9,563)	-	-	57,886
Allowance for expected credit losses – third parties	(166,457)	(77,327)	-	-	(243,784)
Leases	(9,863)	(5,344)	-	-	(15,207)
Provision for staff leave	(6,937)	(2,423)	-	-	(9,360)
Provision for contingent liability	(2,282)	(1,336)	-	-	(3,618)
Provision for obsolete inventories	(27,130)	1,737	-	-	(25,393)
Provision for penalties and other items	(28,359)	25,268	-	-	(3,091)
Tax losses	(314,338)	(42,732)	21,077	-	(335,993)
	(355,412)	**(106,070)**	**21,077**	**-**	**(440,405)**
Deferred tax not recognised- subsidiaries	336,655	52,606	(21,077)	-	368,184
	(18,757)	**(53,464)**	**-**	**-**	**(72,221)**

14. DEFERRED TAX ASSET - COMPANY

Movements in deferred tax during the year were as follows:	Balance at 1 January KShs'000	Profit or loss KShs'000	Other comprehensive income KShs'000	Balance at 31 December KShs'000
Year ended 31 December 2024				
Accelerated capital allowances	110,728	(3,033)	-	107,695
Unrealised exchange loss	(21,616)	20,291	-	(1,325)
Unrealised exchange gain	2,885	898	-	3,783
Revaluation reserve	46,251	(9,635)	-	36,616
Allowance for expected credit losses – third parties	(168,547)	-	-	(168,547)
Leases	(6,836)	(1,953)	-	(8,789)
Provision for staff leave	(8,669)	(126)	-	(8,795)
Provision for contingent liability	(3,618)	(390)	-	(4,008)
Provision for obsolete inventories	(22,799)	(3,388)	-	(26,187)
Provision for penalties and other items	-	(44,752)	-	(44,752)
	(72,221)	**(42,088)**	**-**	**(114,309)**
Year ended 31 December 2023				
Accelerated capital allowances	100,996	9,732	-	110,728
Unrealised exchange loss	(271)	(21,345)	-	(21,616)
Unrealised exchange gain	-	2,885	-	2,885
Revaluation reserve	54,559	(8,308)	-	46,251
Allowance for expected credit losses – third parties	(113,029)	(55,518)	-	(168,547)
Leases	(5,186)	(1,650)	-	(6,836)
Provision for staff leave	(6,598)	(2,071)	-	(8,669)
Provision for contingent liability	(2,282)	(1,336)	-	(3,618)
Provision for obsolete inventories	(23,765)	966	-	(22,799)
Provision for penalties	(23,181)	23,181	-	-
	(18,757)	**(53,464)**	**-**	**(72,221)**

No provision has been made for a deferred tax asset on tax losses relating to the subsidiaries amounting to KShs 215,014,000 (2023: KShs 334,222,000) because it is not expected that the companies will have taxable profits in the near future against which the temporary differences and tax losses can be utilised. The accumulated tax losses for the subsidiaries amount to KShs 716,713,000 (2023: KShs 1,114,074,000) and can be carried forward for a maximum period of 5 years in accordance with Rwandan tax laws and indefinitely for Kenya, Tanzania and Uganda. The other temporary differences relating to the subsidiaries for which no deferred tax has been recognized amount to KShs 186,920,000 (2023: KShs 113,206,000).

15. BANK OVERDRAFT

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs'000	KShs'000
Bank overdraft	**400,329**	**594,306**	**387,457**	**541,238**

The bank overdraft facility is to the extent of: Kenya Commercial Bank Limited (KCB) - KShs 400 million and USD 300,000, I&M Bank – KShs 50 million and NCBA Bank - KShs 110 million and USD 1,000,000 letters of guarantee/ letters of credit/ import bill financing. The KCB and NCBA facilities are secured by debenture of KShs 571 million and USD 4.2 million over the assets of the group supported by a supplementary charge over LR 209/5792 along Mogadishu road, LR 209/4275 along Likoni road and LR 209/4479 along Dar es Salaam road. The I&M Bank facilities are secured by personal guarantee and indemnity for an amount of KShs 50 million executed by directors and corporate guarantee and indemnity of Crown Paints and Building Products Limited for KShs 50 million.
The weighted average interest rate on the overdraft at year-end was 16% (2023: 16%), while letters of guarantee had a weighted average interest rate of 11.8% (2023: 11.2%). The bank overdrafts are reviewed annually and are payable on demand.

16. BANK LOANS

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs'000	KShs'000
Long term loans:				
KCB Loan - Kenya	140,126	105,809	140,126	105,809
NCBA Loan - Kenya	126,103	142,050	126,103	142,050
Bank of Africa Loan - Uganda	-	3,840	-	-
I&M Loan - Uganda	10,877	50,110	-	-
I&M Loan - Tanzania	3,184	10,574	-	-
	280,290	**312,383**	**266,229**	**247,859**
Short term borrowings:				
NCBA PIF facility	140,828	14,495	140,828	14,495
KCB PIF facility	399,277	483,850	399,277	483,739
	540,105	**498,345**	**540,105**	**498,234**
Total bank loans	**820,395**	**810,728**	**806,334**	**746,093**
Due within 1 year	**639,082**	**626,691**	**625,021**	**576,486**
Due after 1 year	**181,313**	**184,037**	**181,313**	**169,607**
Movements during the year:				
At 1 January	810,728	1,027,767	746,093	884,262
Additional loan received	199,829	291,969	177,691	239,404
Accrued interest	120,966	88,135	116,026	78,525
Interest payments	(117,039)	(88,135)	(112,099)	(78,525)
Loan repayments	(185,713)	(541,957)	(119,620)	(377,573)
Foreign exchange difference	(8,376)	32,949	(1,757)	-
At 31 December	**820,395**	**810,728**	**806,334**	**746,093**

CROWN PAINTS KENYA PLC AND SUBSIDIARIES
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16. BANK LOANS (continued)

The amounts due within one year relates to post import financing from Kenya Commercial Bank Limited and NCBA Bank for a period not exceeding 6 months and is secured pari-passu by debenture of KShs. 110 million and USD 2 million over the assets of the group supported by a supplementary charge over LR 209/5792 along Mogadishu road, LR 209/4275 along Likoni road and collateral charge over LR 209/4479 along Dar es Salaam road. Further, this is also secured by a corporate guarantee and indemnity for KShs 210 million and USD 2 million duly executed by Crown Paints and Building Products Limited. The weighted average interest rate on the loans at year-end was 18% (2023: 16%). The amount due in 1 year also includes the current portion of the long-term loans due within 12 months amounting to KShs 99 million (2023: KShs 128 million) for the group, company KShs 85 million (2023: 78 million). The long term loans from Kenya Commercial Bank Limited relate to financing for the construction of warehouses and offices, landed costs of vehicles, equipment, fixtures and fittings for a new factory erected on property L.R. No. Kisumu/Ojola/4790 and asset based finance loan for the purchase of new machinery and motor vehicles. The facilities shall be repaid in 77 months and 48 months consecutive monthly instalments inclusive of interest and other charges. The corporate term loan from NCBA relate to purchase of land and is payable in 60 months from 14 October 2024.

The loan from I&M Bank Limited (Uganda) is a letter of credit cum term loan for the purchase of machinery required in the ordinary course of business. The interest on the term loan is at the Bank's USD prime lending rate minus 1% effective 9% per annum and the facility shall be repaid in 60 months consecutive monthly instalments commencing after an initial moratorium period on repayment of principal amount of 24 months inclusive of interest and other charges. The loan is secured by fixed and floating debenture for an amount of USD 3,099,000 over all the assets of Regal Paints Uganda Limited and corporate guarantee and indemnity of Crown Paints Kenya Plc for USD 3,099,000.

The long term loan from Bank of Africa (Uganda) is an asset finance facility of USD 88,000 repayable in 36 equal monthly instalments at an effective minimum interest rate of 9% per annum. The loan is secured by chattels mortgage/ specific charge to the tune of USD 88,000 over the truck being financed by the Bank and a fixed and floating charge to the tune of USD 88,000 over current and future assets of the company. The composite facility import loan/ short term loan from KCB Bank Uganda is a facility of USD 450,000 at a rate of 9% to finance the working capital needs of the business. The facility is available for a period of 12 months and each drawdown under this limit run for a maximum period of 120 days.

The loan from I&M Bank Tanzania Limited is an import and asset based financing for the purchase of machinery drawn down under the USD 2,051,830 facility. The interest on the term loan is at the Bank's USD prime lending rate minus 1% effective 9% per annum and the facility shall be repaid in 84 months consecutive monthly instalments commencing after an initial moratorium period on repayment of principal amount of 24 months inclusive of interest and other charges. The loan is secured by fixed and floating debenture for an amount of USD 2,564,787 over all the assets of Crown Paints Tanzania Limited, corporate guarantee of Crown Paints Kenya Plc for USD 2,052,000 and personal guarantee of Mhamud Charania for USD 2,052,000. The revolving post import loan from KCB Bank Tanzania, is a facility of USD 100,000 to facilitate importation of raw materials. The loan is payable at the rate of 10% being the USD base lending rate of 9% plus 1% margin and is available for a period of 12 months. The loan is secured by a debenture instrument of USD 400,000, joint and several guarantee and indemnity of directors and corporate guarantee by Crown Paints Kenya Plc.

17. SHORT TERM NOTES

	GROUP & COMPANY 2024 KShs'000	2023 KShs'000
Amounts falling due within one year	**391,896**	**239,018**
Movement in the year:		
At 1 January	239,018	798,263
Additional loan received	248,663	75,815
Accrued interest	68,817	72,364
Interest payments	(32,277)	(14,716)
Loan repayments	(132,325)	(692,708)
At 31 December	**391,896**	**239,018**

The short-term notes are non-secured facilities from private lenders and related party and are repayable on maturity of the facilities. The interest rate on the short-term notes is at 91day treasury bills interest rate plus 1.5% and the short-term notes are for 365 days period.

18. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Amounts falling due within one year				
Trade payables	2,678,646	3,359,828	2,269,079	2,876,498
Other payables	107,753	78,758	78,152	34,037
Accruals	828,572	541,689	469,205	150,355
	3,614,971	**3,980,275**	**2,816,436**	**3,060,890**

Terms and conditions of the above financial liabilities:
- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables represent outstanding payroll costs and unidentified bank deposits and are non-interest bearing and have an average term of one month.
- Accruals are non-interest bearing and represent liabilities in relation to expenses incurred but for which invoices had not been received as at year-end.

19. REVENUE FROM CONTRACTS WITH CUSTOMERS

	GROUP		COMPANY	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Following revenue arose from sale of goods:				
Decorative paints	10,396,556	9,693,620	9,668,771	8,999,247
Industrial paints	1,698,874	1,454,664	1,563,243	1,361,605
Automotive paints	883,666	904,229	291,624	231,477
Adhesives	471,403	440,309	428,322	375,356
	13,450,499	**12,492,822**	**11,951,960**	**10,967,685**

Revenue from the sale of the paint is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the paint at the customer's location. Refer to note 33 for revenue information based on locations per customers.

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20. COST OF SALES

	GROUP		COMPANY	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Raw materials	7,587,162	7,394,776	6,825,160	6,588,505
Salaries and wages	379,838	304,801	311,568	239,078
Depreciation on plant and machinery	71,088	68,130	42,453	40,597
Machinery repairs and maintenance	79,399	93,221	72,518	85,952
Fuel, water and electricity	37,460	31,291	26,294	22,982
Safety and environmental costs	4,540	51,380	3,341	50,538
Amortization on right of use asset	7,372	7,468	-	-
Transport costs	8,053	2,330	7,906	2,195
Others	14,514	15,499	15	1,663
	8,189,426	**7,968,896**	**7,289,255**	**7,031,510**

21. OTHER INCOME

	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Gain on disposal of property and equipment	1,640	-	1,407	-
Gain on lease termination	143	4,141	143	4,141
Interest income	3,612	6,710	814	637
Miscellaneous income	30,274	205,704	12,884	196,006
Operating lease revenue	36,185	18,087	36,185	18,087
Reversal of inventory write down (Note 7)	37,633	48,361	33,817	44,743
Foreign exchange gain	350,566	101,215	330,545	25,285
Surcharge sales	1,975	1,425	1,975	1,425
Tolling fees – revenue from contracts with customers	67,842	72,784	-	-
	529,870	**458,427**	**417,770**	**290,324**

Miscellaneous income relates to income earned from apply and supply services which is recognised when all the contractual obligations have been met usually upon completion of the paint job. Also included in the income is reversal of accruals no longer required and sale of scrap materials.

22. ADMINISTRATION AND ESTABLISHMENT EXPENSES

	GROUP		COMPANY	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Staff costs (Note 25)	1,596,996	1,338,828	1,339,712	1,096,222
Depreciation on property and equipment	239,884	200,687	206,027	167,934
Auditors' remuneration	15,601	15,109	9,550	9,089
Directors' emoluments:				
As directors	17,110	18,503	17,110	18,503
As executives	197,438	161,948	197,438	161,948
Legal and professional fees	18,456	32,062	9,659	23,451
Amortisation of intangible assets	20,087	22,710	18,875	21,444
Insurance	65,495	65,035	51,078	49,466
Loss on disposal of property and equipment	-	294	-	-
Foreign exchange loss	152,943	432,988	68,239	405,403
Office expenses	52,768	62,820	40,937	55,702
Consultancy fees	66,656	43,865	51,250	34,453
Computer costs	144,489	124,409	135,273	118,179
Travel	143,434	69,579	121,818	47,956
Environmental, social and governance	34,517	-	34,517	-
Subscriptions and donations	1,592	14,229	1,216	13,838
Bank charges	52,733	40,538	45,961	33,922
Others	178,420	70,301	175,680	42,664
	2,998,619	**2,713,905**	**2,524,340**	**2,300,174**

Other administration and establishment expenses include annual general meeting expenses, service charge, publication costs of financial statements and accrual of unpaid expenses at year end.

23. SELLING AND DISTRIBUTION EXPENSES

	GROUP		COMPANY	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Transport	501,942	476,605	384,883	369,832
Advertising and promotion	902,682	824,979	795,047	733,157
Inventory write-downs (Note 7)	53,526	41,530	45,111	41,524
Bad debts written off during the year	16,092	5,638	-	-
Depot expenses	224,044	210,703	204,952	192,012
Amortization on right of use asset	190,032	152,723	125,027	95,510
Others	118,960	7,996	116,550	5,750
	2,007,278	**1,720,174**	**1,671,570**	**1,437,785**

Other selling and distribution expenses include costs from apply and supply services.

24. FINANCE COSTS

Interest on loans and overdraft	183,883	140,140	177,183	127,757
Interest on lease liability (Note 30)	48,529	44,068	37,486	34,023
Interest on short term notes (Note 17)	68,817	72,363	68,817	72,363
	301,229	**256,571**	**283,486**	**234,143**

25. STAFF COSTS

	GROUP		COMPANY	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Salaries and wages	1,218,540	992,141	1,014,758	797,109
Defined contribution plan	70,409	60,000	52,115	43,328
Leave provision	234	7,050	420	6,903
Medical benefits	4,694	11,744	2,216	8,315
Insurance	133,721	117,918	122,697	107,223
Staff general costs	128,325	108,881	116,098	98,598
Training and development	41,073	41,094	31,408	34,746
Staff costs (Note 22)	**1,596,996**	**1,338,828**	**1,339,712**	**1,096,222**
Salaries and wages (Note 20)	379,838	304,801	311,568	239,078
Total staff costs	**1,976,834**	**1,643,629**	**1,651,280**	**1,335,300**

26. PROFIT BEFORE TAX

The profit before tax is stated after charging: -				
Depreciation of property, plant and equipment (Note 3)	308,561	268,275	248,488	208,704
Amortisation of right of use assets (Note 5)	197,403	160,191	125,027	95,510
Amortisation of intangible assets (Note 4)	20,087	22,710	18,875	21,444
Directors' emoluments:				
As directors (Note 22)	17,110	18,503	17,110	18,503
As executives (Note 22)	197,438	161,948	197,438	161,948
Auditors' remuneration (Note 22)	15,601	15,109	9,550	9,089
Loss on disposal of property, plant and equipment (Note 22)	-	294	-	-
Finance costs (Note 24)	301,229	256,571	283,486	234,143
Foreign exchange loss (Note 22)	152,943	432,988	68,239	405,403
And after crediting: -				
Interest income (Note 21)	3,612	6,710	814	637
Operating lease income (Note 21)	36,185	18,087	36,185	18,087
Gain on disposal of property, plant and equipment (Note 21)	1,640	-	1,407	-
Foreign exchange gain (Note 21)	350,566	101,215	330,545	25,285

27. BASIC AND DILUTED EARNINGS PER SHARE

	GROUP		COMPANY	
	2024	2023	2024	2023
Net profit / (loss) attributable to ordinary shareholders (KShs'000)	542,772	(29,130)	456,848	113,893
Weighted average number of ordinary shares in '000'	142,362	142,362	142,362	142,362

Basic and diluted earnings per share is calculated by dividing the net profit attributable to the ordinary equity holders by the weighted average number of ordinary shares in issue during the year.

There were no dilutive potential shares as at 31 December 2024 and as at 31 December 2023.

28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the statement of financial position:

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs'000	KShs'000
Cash in hand	9,706	8,529	615	615
Bank balances	735,360	757,680	568,470	531,353
Cash and bank balances	**745,066**	**766,209**	**569,085**	**531,968**
Bank overdraft (Note 15)	(400,329)	(595,306)	(387,457)	(541,238)
Cash and cash equivalents	**344,737**	**170,903**	**181,628**	**(9,270)**

29. PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES

a) Operating lease commitments

(i) As lessor:

The group has entered into commercial property leases on its surplus office and manufacturing building and certain items of machinery. These non-cancellable leases have remaining term of three years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.
The total future minimum rentals receivable from third parties under non-cancellable operating leases are as follows:

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs'000	KShs'000
Within 1 year	12,896	12,896	12,896	12,896
Within 5 years	26,320	-	26,320	-
	39,216	**12,896**	**39,216**	**12,896**

b) Provisions

The group is involved in a number of legal proceedings which are yet to be concluded upon. The directors evaluate the status of these exposures on a regular basis to assess the probability of incurring related liabilities. Provisions are recognised when the group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Of the KShs 80.9 million estimate (2023: KShs 79.6 million), KShs 13.4 million has been provided for (2023: KShs 12.1 million).

29. PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES (continued)

b) Provisions (continued)

	GROUP & COMPANY	
	2024	2023
	KShs'000	KShs'000
At 1 January	12,053	7,603
Provision during the year	1,300	4,450
At 31 December	**13,353**	**12,053**

c) The group's capital commitments as at year end were nil (2023: Nil).

d) Bank facilities

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs'000	KShs'000
Letters of credit	36,090	170,282	36,090	170,282
Avalised bills	78,493	31,728	78,493	31,728
Documentary collections	288,889	513,029	288,889	91,842
Guarantees given by bankers	19,000	14,785	19,000	14,785
	422,472	**729,824**	**422,472**	**308,637**

The guarantees are issued by the group's bankers in favour of third parties and the group has entered into counter - indemnities with the same banks. These guarantees are part of the borrowing facilities disclosed in Notes 15 & 16 above and are issued in the normal course of business.

e) Contingent liabilities and IFRIC 23 Income Tax Uncertainties

Regal Paints Uganda Limited received an assessment of UShs 3,741,720,936 relating to Customs assessment for the period January 2017 to December 2019. The company objected to the assessment and the matter was appealed at the Tax Appeals Tribunal and determined on 22 September 2024. In the ruling, the court ruled in favour of the company taxes amounting to UShs 3,171,078,262 while taxes assessed relating to Dr. Fix-it products amounting to UShs 570,642,674 in favour of Uganda Revenue Authority. The company has appealed against Dr. Fix-it ruling at the High Court and the appeal has been fixed for hearing on 7th of July 2025. Uganda Revenue Authority being partially dissatisfied with the ruling of the Tribunal lodged an appeal with the High Court of Uganda (Commercial Division) on the 3rd October 2023. The URA appeal is yet to be fixed for hearing.

Crown Paints Tanzania Limited received an assessment of TZShs 798,173,922 for the financial period January 2014 to December 2023 relating to various taxes including Corporate tax, Value Added Tax, Withholding tax and Miscellaneous taxes. The company has objected the full amount and as of the date of these financial statements, the matter remain unresolved and currently pending hearing in the Court of Appeal.

As per management's evaluation, the appeals/objections are more likely than not, to be determined in favour of the respective entities, and therefore no provision has been made in the financial statements.

30. LEASE LIABILITY

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs'000	KShs'000
At 1 January	353,723	424,510	251,378	349,084
Additions	261,107	105,832	144,863	14,338
Interest charge (Note 24)	48,529	44,068	37,486	34,023
Exchange difference	(14,847)	8,891	-	-
Lease terminations	(2,202)	(32,840)	(2,202)	(32,840)
Interest payments	(35,126)	(29,424)	(25,675)	(19,553)
Lease principal payments during the year	(176,812)	(167,314)	(103,525)	(93,674)
At 31 December	**434,372**	**353,723**	**302,325**	**251,378**
Non-current	296,732	206,338	218,123	177,612
Current	137,640	147,385	84,202	73,766
Total	**434,372**	**353,723**	**302,325**	**251,378**

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's financial liabilities comprise bank loans and overdrafts, short term notes, amounts due to related parties, lease liabilities and trade and other payables. The main purpose of these financial liabilities is to raise finance for the group's operations. The group's financial assets include trade and other receivables, amounts due from related parties and cash and short-term deposits, which arise directly from its operations.

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs'000	KShs'000
Financial assets measured at amortised cost				
Cash and bank balances	745,066	766,209	569,085	531,968
Trade and other receivables	1,791,206	1,832,385	1,383,395	1,356,627
Amounts due from related companies	919,865	206,065	1,029,511	382,552
	3,456,137	**2,804,659**	**2,981,991**	**2,271,147**
Financial liabilities measured at amortised cost				
Bank overdraft	400,329	595,306	387,457	541,238
Bank loans	820,395	810,728	806,334	746,093
Short term notes	391,896	239,018	391,896	239,018
Lease liabilities	434,372	353,723	302,325	251,378
Amounts due to related companies	54,463	161,056	64,868	306,828
Trade and other payables	2,761,291	3,397,078	2,347,231	2,907,820
	4,862,746	**5,556,909**	**4,300,111**	**4,992,375**

The amounts in the table above are the carrying amounts of the financial instruments at the reporting date. All the financial assets are classified as financial assets measured at amortized cost. All financial liabilities are classified as financial liabilities measured at amortized cost.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The main risks arising from the group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Interest rate risk

The group's exposure to the risk of changes in market interest rates relates primarily to the company's loans, bank overdraft and short term notes. The group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The group's exposure to the risks associated with changes in interest rates is minimal as its borrowings are pegged to bank's base rate. The base rate does not vary significantly over time.

	NCBA	KCB
Bank overdraft KShs	Base rate plus 1% p.a.	Base rate plus 1.8% p.a.
Bank overdraft USD	Base rate plus 0.5% p.a.	Base rate p.a.
Bank loan KShs	Base rate plus 1% p.a.	Base rate plus 2.25% p.a.
Bank loan USD	Base rate plus 0.5% p.a.	Base rate p.a.

Currently, the NCBA and KCB KShs base lending rates are 16.91% and 15.6%, respectively. NCBA USD base lending rate is 11.09% and KCB 12%. The interest on the short-term note is at 91 day treasury bills interest rate plus 1.5%.

The following sensitivity analysis shows how profit and equity would change if the interest rate had been different on the reporting date, with all other variables held constant.

		GROUP		COMPANY	
		Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
		KShs'000	KShs'000	KShs'000	KShs'000
2024	Increase by 2%	(32,252)	(22,577)	(31,714)	(22,200)
	Decrease by 2%	32,252	22,577	31,714	22,200
2023	Increase by 2%	(32,901)	(23,031)	(30,527)	(21,369)
	Decrease by 2%	32,901	23,031	30,527	21,369

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the group. It is the group's policy that all customers who wish to trade on credit terms are subjected to credit verification procedures. The credit controller assesses the credit quality of each customer taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by management. Utilisation of credit limits is regularly monitored. The group has no collateral holdings as there is no significant concentration of credit risk.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off after all efforts have been exhausted.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
The amounts that best represent the group's and company's maximum exposure to credit risk as at 31 December 2024 were as follows:

GROUP

As at 31 December 2024

	Less than 60 days KShs'000	61-90 days KShs'000	Over 90 days KShs'000	Impaired KShs'000	Total KShs'000
Trade receivables	1,880,107	116,293	476,740	(768,988)	1,704,152
Other receivables	86,845	-	210	-	87,055
Amount due from related companies	543,067	2,380	380,799	(6,381)	919,865
Bank balances	735,360	-	-	-	735,360
	3,245,379	**118,673**	**857,749**	**(775,369)**	**3,446,432**

The group's credit risk exposure as demonstrated by the provision matrix is tabulated below.

As at 31 December 2024	Not yet due KShs'000	< 30 days KShs'000	31–60 days KShs'000	61-90 days KShs'000	91-120 days KShs'000	>121 days KShs'000	Total KShs'000
Trade receivables:							
Expected credit loss rate (%)	0.05%	17%	25%	29%	32%	100%	
Estimated total gross carrying amount - third party	572,645	672,620	634,842	116,293	37,403	439,337	2,473,140
Expected credit loss	(286)	(124,960)	(158,711)	(33,725)	(11,969)	(439,337)	(768,988)
	572,359	**547,660**	**476,131**	**82,568**	**25,434**	**-**	**1,704,152**

As at 31 December 2024							
Amount due from related companies:							
Expected credit loss rate (%)	0.05%	2%	6%	8%	11%	16%	
Estimated total gross carrying amount - related parties	850,105	42,962	-	2,380	776	30,023	926,246
Expected credit loss	(425)	(859)	-	(190)	(85)	(4,822)	(6,381)
	849,680	**42,103**	**-**	**2,190**	**691**	**25,201**	**919,865**

COMPANY

As at 31 December 2024	Less than 60 days KShs'000	61-9days KShs'000	Over 90 days KShs'000	Impaired KShs'000	Total KShs'000
Trade receivables	1,509,044	95,340	321,636	(561,823)	1,364,197
Other receivables	19,198	-	-	-	19,198
Amount due from related companies	755,609	29,724	911,611	(667,433)	1,029,511
Bank balances	568,470	-	-	-	568,470
	2,852,321	**125,064**	**1,233,247**	**(1,229,256)**	**2,981,376**

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

COMPANY (continued)

As at 31 December 2024	Not yet due KShs'000	<30 days KShs'000	31–60 days KShs'000	61-90 days KShs'000	91-120 days KShs'000	>121 days KShs'000	Total KShs'000
Trade receivables:							
Expected credit loss rate (%)	0.05%	12%	22%	23%	29%	100%	
Estimated total gross carrying amount - third party	233,743	537,102	738,199	95,340	33,516	288,120	1,926,020
Expected credit loss	(117)	(64,452)	(177,486)	(21,928)	(9,720)	(288,120)	(561,823)
	233,626	**472,650**	**560,713**	**73,412**	**23,796**	**-**	**1,364,197**

As at 31 December 2024							
Amount due from related companies:							
Expected credit loss rate (%)	0.05%	24%	32%	35%	44%	53%	
Estimated total gross carrying amount - related parties	126,265	39,412	589,932	29,724	300,035	611,576	1,696,944
Expected credit loss	(63)	(9,459)	(188,778)	(10,268)	(132,020)	(326,845)	(667,433)
	126,202	**29,953**	**401,154**	**19,456**	**168,015**	**284,731**	**1,029,511**

The amounts that best represent the group's and company's maximum exposure to the credit risk as at 31 December 2023 were as follows:

GROUP:

As at 31 December 2023

	Less than 60 days KShs'000	61-90 days KShs'000	Over 90 days KShs'000	Impaired KShs'000	Total KShs'000
Trade receivables	1,811,690	75,405	647,891	(812,612)	1,722,374
Other receivables	98,619	492	10,900	-	110,011
Amount due from related companies	70,811	38,801	397,567	(301,116)	206,063
Bank balances	757,680	-	-	-	757,680
	2,738,800	**114,698**	**1,056,358**	**(1,113,728)**	**2,796,128**

GROUP (continued)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As at 31 December 2023	< 30 days KShs'000	31–60 days KShs'000	61-90 days KShs'000	91-120 days KShs'000	>121 days KShs'000	Total KShs'000
Trade receivables:						
Expected credit loss rate (%)	5%	56%	57%	62%	100%	
Estimated total gross carrying amount - third party	1,724,150	87,541	75,405	54,138	593,752	2,534,986
Expected credit loss	(93,290)	(49,023)	(42,981)	(33,566)	(593,752)	(812,612)
	1,630,860	**38,518**	**32,424**	**20,572**	**-**	**1,722,374**

As at 31 December 2023	< 30 days KShs'000	31–60 days KShs'000	61-90 days KShs'000	91-120 days KShs'000	>121 days KShs'000	Total KShs'000
Amount due from related companies:						
Expected credit loss rate (%)	44%	47%	49%	53%	64%	
Estimated total gross carrying amount - related parties	33,817	36,992	38,801	49,310	348,259	507,179
Expected credit loss	(14,880)	(17,386)	(19,012)	(26,134)	(223,704)	(301,116)
	18,937	**19,606**	**19,789**	**23,176**	**124,555**	**206,063**

COMPANY:

As at 31 December 2023

	Less than 60 days KShs'000	61-90 days KShs'000	Over 90 days KShs'000	Impaired KShs'000	Total KShs'000
Trade receivables	1,338,450	44,878	484,021	(561,823)	1,305,526
Other receivables	50,609	492	-	-	51,101
Amount due from related companies	190,866	20,659	1,041,044	(870,017)	382,552
Bank balances	531,353	-	-	-	531,353
	2,111,278	**66,029**	**1,525,065**	**(1,431,840)**	**2,270,532**

As at 31 December 2023	<30 days KShs'000	31–60 days KShs'000	61-90 days KShs'000	91-120 days KShs'000	>121 days KShs'000	Total KShs'000
Trade receivables:						
Expected credit loss rate (%)	5%	55%	56%	61%	100%	
Estimated total gross carrying amount - third party	1,322,020	16,430	44,878	47,542	436,479	1,867,349
Expected credit loss	(62,179)	(9,078)	(25,217)	(28,870)	(436,479)	(561,823)
	1,259,841	**7,352**	**19,661**	**18,672**	**-**	**1,305,526**

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

COMPANY (continued)

As at 31 December 2023	<30 days KShs'000	31–60 days KShs'000	61-90 days KShs'000	91-120 days KShs'000	>121 days KShs'000	Total KShs'000
Amount due from related companies:						
Expected credit loss rate (%)	8%	53%	58%	64%	80%	
Estimated total gross carrying amount - related parties	149,739	41,127	20,659	20,641	1,020,403	1,252,569
Expected credit loss	(11,368)	(21,929)	(12,010)	(13,294)	(811,416)	(870,017)
	138,371	**19,198**	**8,649**	**7,347**	**208,987**	**382,552**

Foreign currency risk

The group's main operations are concentrated in Kenya and its assets and liabilities are reported in the local currency. It has transactions in foreign currency, which are mainly denominated in US Dollars.

The balances in foreign currencies were as follows:

	GROUP 2024 KShs'000	GROUP 2023 KShs'000	COMPANY 2024 KShs'000	COMPANY 2023 KShs'000
Assets in foreign currencies				
Cash and bank balances	22,607	69,090	10,605	8,808
Foreign currency assets	**22,607**	**69,090**	**10,605**	**8,808**
Liabilities in foreign currencies				
Payables	(1,159,727)	(1,954,385)	(954,445)	(1,723,730)
Bank overdraft	(203,417)	(271,344)	(206,572)	(241,819)
Bank loans	(554,531)	(563,538)	(540,105)	(498,233)
Foreign currency liabilities	**(1,917,675)**	**(2,789,267)**	**(1,701,122)**	**(2,463,782)**
Net foreign currency liability position	**(1,895,068)**	**(2,720,177)**	**(1,690,517)**	**(2,454,974)**

The group makes purchases from other countries in American Dollars (USD). It is thus exposed to movements in foreign currency exchange rates. The foreign exchange risks sensitivity analysis is based on the following assumptions:

- Foreign exchange exposure represents net currency positions of all currencies other than Kenya Shillings.
- The currency risk sensitivity analysis is based on the assumptions that the net currency positions are highly effective.
- The predominant foreign currency operation is the USD and is representative of the foreign currency risk.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The base currency in which the group's business is transacted is Kenya Shillings.
The following table demonstrates the sensitivity to a reasonably possible change in USD, with all other variables held constant, of the group's and the company's profit before tax and equity (due to changes in the fair value of monetary assets and liabilities). The sensitivity rationale is based on the average movement of the US Dollar against the Kenyan Shilling during the year. The group has considered the average annual historical rate as published by the Central Bank of Kenya for the last 7 years which generally averages 5%. The group has considered to therefore use 4% appreciation/depreciation in the deriving the sensitivity analysis to foreign exchange rates.

		GROUP		COMPANY	
USD		Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
		KShs'000	KShs'000	KShs'000	KShs'000
2024	Increase in US$ by 4%	(75,803)	(52,580)	(67,621)	(46,853)
	Decrease in US$ by 4%	75,803	52,580	67,621	46,853
2023	Increase in US$ by 4%	(108,807)	(76,165)	(98,199)	(68,739)
	Decrease in US$ by 4%	108,807	76,165	98,199	68,739

Liquidity risk

This is the risk that the company and the group will encounter difficulties in meeting its financial commitments from its financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management includes maintaining sufficient cash to meet the company's and group's obligations.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long term funding and liquidity management requirements. The company 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 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 amounts, as the impact of discounting is not significant.

GROUP At 31 December 2024	<30 days KShs'000	31-60 days KShs'000	61-90 days KShs'000	91-120 days KShs'000	>120 days KShs'000	>365 days KShs'000	Total KShs'000
Financial liabilities							
Bank overdraft	(400,329)	-	-	-	-	-	(400,329)
Lease liability	(24,102)	(8,914)	(19,261)	(22,148)	(115,924)	(358,983)	(549,332)
Bank loans	(169,696)	(211,990)	(168,840)	(66,785)	(73,103)	(227,463)	(917,877)
Short term notes	(132,042)	(56,920)	(202,934)	-	-	-	(391,896)
Trade payables	(2,474,045)	(77,573)	(11,794)	(50,338)	(64,896)	-	(2,678,646)
Other payables	(82,644)	-	-	-	-	-	(82,644)
Amounts due to related companies	(53,386)	(371)	-	-	(706)	-	(54,463)
Total financial liabilities	**(3,336,244)**	**(355,768)**	**(402,829)**	**(139,271)**	**(254,629)**	**(586,446)**	**(5,075,187)**

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

GROUP	<30 days KShs'000	31-60 days KShs'000	61-90 days KShs'000	91-120 days KShs'000	>120 days KShs'000	>365 days KShs'000	Total KShs'000
At 31 December 2023							
Financial liabilities							
Bank overdraft	(595,306)	-	-	-	-	-	(595,306)
Lease liability	(23,199)	(23,405)	(26,229)	(22,510)	(158,632)	(230,559)	(484,534)
Bank loans	(101,103)	(209,421)	(182,241)	(23,633)	(165,398)	(238,220)	(920,016)
Short term notes	(86,742)	(98,220)	(54,056)	-	-	-	(239,018)
Trade payables	(2,391,523)	(567,688)	(185,145)	(128,843)	(86,630)	-	(3,359,829)
Other payables	(37,250)	-	-	-	-	-	(37,250)
Amounts due to related companies	(58,779)	(15,750)	(18,307)	-	(68,220)	-	(161,056)
Total financial liabilities	**(3,293,902)**	**(914,484)**	**(465,978)**	**(174,986)**	**(478,880)**	**(468,779)**	**(5,797,009)**

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

COMPANY	<30 days KShs'000	31- 60 days KShs'000	61-90 days KShs'000	91-120 days KShs'000	>120 days KShs'000	>365 days KShs'000	Total KShs'000
At 31 December 2024							
Financial liabilities							
Bank overdraft	(387,457)	-	-	-	-	-	(387,457)
Lease liabilities	(18,489)	(5,239)	(10,823)	(16,535)	(69,459)	(265,699)	(386,244)
Bank loans	(166,244)	(208,561)	(165,432)	(63,396)	(69,532)	(227,463)	(900,628)
Short term notes	(132,042)	(56,920)	(202,934)	-	-	-	(391,896)
Trade payables	(2,135,273)	(63,114)	(4,314)	(40,950)	(25,428)	-	(2,269,079)
Other payables	(78,152)	-	-	-	-	-	(78,152)
Amounts due to related companies	(58,096)	(550)	(422)	(3,675)	(2,125)	-	(64,868)
Total financial liabilities	**(2,977,404)**	**(335,807)**	**(393,610)**	**(124,556)**	**(166,544)**	**(493,162)**	**(4,491,083)**

COMPANY	<30 days KShs'000	31- 60 days KShs'000	61-90 days KShs'000	91-120 days KShs'000	>120 days KShs'000	>365 days KShs'000	Total KShs'000
At 31 December 2023							
Financial liabilities							
Bank overdraft	(541,238)	-	-	-	-	-	(541,238)
Lease liabilities	(9,277)	(9,198)	(9,118)	(9,039)	(50,011)	(206,088)	(292,731)
Bank loans	(96,302)	(204,738)	(177,563)	(18,961)	(129,578)	(220,658)	(847,800)
Short term notes	(86,742)	(98,220)	(54,056)	-	-	-	(239,018)
Trade payables	(1,955,539)	(563,995)	(177,801)	(119,098)	(60,065)	-	(2,876,498)
Other payables	(31,322)	-	-	-	-	-	(31,322)
Amounts due to related companies	(74,622)	(39,490)	(44,748)	(35,282)	(112,686)	-	(306,828)
Total financial liabilities	**(2,795,042)**	**(915,641)**	**(463,286)**	**(182,380)**	**(352,340)**	**(426,746)**	**(5,135,435)**

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the group's processes, personnel, technology and infrastructure and from external factors other than credit, interest rate, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the group's operations and are faced by all business units.

The group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the yearly assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.

32. FAIR VALUE OF ASSETS AND LIABILITIES

a) Comparison by class of the carrying amounts and fair values of the financial instruments

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Management assessed that the fair value of trade receivables, amounts due from related companies, cash and cash equivalents, trade payables, short term notes, current bank loans and amounts due to related companies approximate their carrying amounts largely due to the short-term maturities of these instruments.

32. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

b) Fair value hierarchy

The group measures all property, plant and equipment except land and capital work in progress (WIP) at fair value. The fair value information on the assets measured at fair value is included below by level of the fair value hierarchy. These are grouped into levels 1 to 3 based on the degree to which the fair value is observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. derived from prices);
and
(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Assets measured at fair value:

GROUP	Level 1	Level 2	Level 3	Total
	KShs'000	KShs'000	KShs'000	KShs'000
31 December 2024				
ASSETS				
Property, plant and equipment	-	-	**1,582,931**	**1,582,931**
31 December 2023				
ASSETS				
Property, plant and equipment		-	**1,730,772**	**1,730,772**

COMPANY	Level 1	Level 2	Level 3	Total
	KShs'000	KShs'000	KShs'000	Shs'000
31 December 2024				
ASSETS				
Property, plant and equipment	-	-	**1,316,548**	**1,316,548**
31 December 2023				
ASSETS				
Property, plant and equipment	-	-	**1,396,463**	**1,396,463**

There were no transfers between levels 1, 2 and 3 in the year.

32. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

b) Fair value hierarchy (continued)

Reconciliation of level 3 assets

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs 000	KShs 000	KShs 000	KShs 000
At 1 January	1,730,773	1,695,940	1,396,463	1,392,617
Additions	216,010	253,015	167,374	211,984
Disposals	(6,029)	(1,076)	(681)	-
Exchange difference	(51,142)	50,603	-	-
Depreciation charge	(306,681)	(267,709)	(246,608)	(208,138)
At 31 December	**1,582,931**	**1,730,773**	**1,316,548**	**1,396,463**

The fair values of property, plant and equipment presented in the table above are based on valuations performed by Sterling Valuers, accredited independent valuers, on 31 January 2021 plus purchases during the year, net of depreciation charge and assets disposed. Fair value is used on a non-recurring basis to reflect the market value of plant, property and equipment.

Basis of valuation:
Assets were valued on basis of Open Market Value which is defined as the most probable amount for which the property/ asset would reasonably be expected to sell at the date of valuation between a willing buyer and a willing seller in an arm's length transaction after a proper and reasonable marketing period wherein the parties under negotiation have each acted knowledgeably, prudently and without compulsion.

In arriving at the value of the various assets, the valuers considered value in exchange (the probable price an asset would exchange for in the open market) and value in use (value a specific property has for a specific user) and therefore non-market related sometimes.

Methodology:
The following methods were used in the valuation of different assets as appropriate:

a) Comparable Approach: This method considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

b) Depreciated Replacement Cost: Is the current cost of reproduction or replacement of an asset less deductions for physical deterioration, and all relevant forms of obsolescence and optimization.

Significant unobservable valuation inputs:

(i) Range of rental income per square feet KShs 18 – KShs 45
(ii) Reconstruction period – 18 months
(iii) Range of construction cost per square meter KShs 18,000 – 40,000
(iv) Capitalisation yield – 7.5%

Significant increases (decreases) in each of the valuation input above in isolation would result in a significantly higher (lower) fair value on a linear basis.

Fair values of financial instruments
The group did not have financial instruments whose subsequent measurement is at fair value.

33. OPERATING SEGMENT INFORMATION

The group's risks and rate of return are affected predominantly by differences in the products produced. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Executive Management Committee comprising of the executive directors is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Operating Segments

The group's business is currently organised in two divisions, paint and adhesives, which form the basis on which it reports its primary segment information.

The paints segment manufactures and sells paints, decorating sundries, PVA emulsion and alkyd resins.

The adhesives segment manufactures and sells adhesives.

Segment revenue, segment expenses and segment results include transfers between business segments. Those transfers are eliminated on consolidation.

Segment information is as presented below.

31 December 2024

	Paints	Adhesives	Elimination	Total
Assets and liabilities	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**
Segment assets	9,451,130	56,121	(121,742)	9,385,509
Investment in subsidiary	766,593	-	(766,593)	-
Total assets	**10,217,723**	**56,121**	**(888,335)**	**9,385,509**
Segment liabilities	**6,530,002**	**9,415**	**(782,794)**	**5,756,623**

Other segment information	**Paints**	**Adhesives**	**Elimination**	**Total**
	KShs '000	**KShs '000**	**KShs '000**	**KShs '000**
Capital expenditure - property, plant and equipment and intangible assets	**294,442**	**893**	**-**	**295,335**
Depreciation and amortisation	**525,465**	**585**	**-**	**526,050**
Revenue				
Sales to external customers	12,979,096	471,403	-	13,450,499
Inter segment sales	561,989	59,265	(621,254)	-
Interest income	3,612	-	-	3,612
Other income	522,984	4,274	-	526,258
Interest expense	300,599	630	-	301,229
Impairment loss on investment in subsidiaries	**(150,299)**	**-**	**-**	**(150,299)**
Results				
Operating results	858,401	(164)	(71,103)	787,134
Income tax expense	(243,446)	-	-	(243,446)
Profit/ (loss) for the year	**614,955**	**(164)**	**(71,103)**	**543,688**

33. OPERATING SEGMENT INFORMATION (continued)

31 December 2023	**Paints**	**Adhesives**	**Elimination**	**Total**
Assets and liabilities	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**
Segment assets	9,400,248	214,713	(323,992)	9,290,969
Investment in subsidiary	916,892	-	(916,892)	-
Total assets	**10,317,140**	**214,713**	**(1,240,884)**	**9,290,969**
Segment liabilities	**6,877,208**	**167,844**	**(892,893)**	**6,152,159**

Other segment information	**Paints**	**Adhesives**	**Elimination**	**Total**
	KShs '000	**KShs '000**	**KShs '000**	**KShs '000**
Capital expenditure - property, plant and equipment and intangible assets	**417,124**	**8**	**-**	**417,132**
Depreciation and amortisation	**450,517**	**659**	**-**	**451,176**
Revenue				
Sales to external customers	12,052,513	440,309	-	12,492,822
Inter segment sales	506,121	238,333	(744,454)	-
Interest income	6,710	-	-	6,710
Other income	449,767	1,950	-	451,717
Interest expense	255,047	1,524	-	256,571
Impairment loss on investment in subsidiaries	(22,000)	-	-	(22,000)
Results				
Operating results	200,575	10,040	(196,403)	14,212
Income tax expense	(40,675)	(2,668)	-	(43,343)
Profit / (loss) for the year	**159,900**	**7,372**	**(196,403)**	**(29,131)**

Revenue from external customers	**2024**	**2023**
	KShs '000	**KShs '000**
Kenya	11,400,504	10,486,620
Uganda	940,433	909,962
Tanzania	898,527	909,796
Rwanda	211,035	186,444
Total revenue	**13,450,499**	**12,492,822**

The revenue information above is based on the locations of the customers.

The group's sales are derived from various customers and there is no major customer it derives a substantial amount of sales from.

Non-current assets	**2024**	**2023**
	KShs '000	**KShs '000**
Kenya	1,913,708	1,939,121
Uganda	221,596	300,911
Tanzania	168,143	94,753
Rwanda	19,947	35,273
	2,323,394	**2,370,058**

Non-current assets for this purpose consist of property, plant and equipment, intangible assets and ROU assets.

34. STATUS OF SUBSIDIARY COMPANIES

Crown Paints Rwanda Limited was profitable in the current year whereas, Regal Paints Uganda Limited, Crown Paints Tanzania Limited and Crown Paints Allied Industries Limited reported a loss for the year. The subsidiaries' ability to continue as a going concern depends on the continued support, they receive from the parent company.

The parent company has confirmed its commitment to continue giving financial support to the subsidiaries and has issued an undertaking in this respect to each of the subsidiaries. The undertaking affirms the parent company's commitment to continue providing sufficient financial support, if necessary, to enable the subsidiaries to meet their financial obligations, as and when they fall due, and to ensure they continue trading in the foreseeable future.

Further, the directors have assessed business outlook of the subsidiaries and they are confident that their financial performance will improve, and they will become profitable in the foreseeable future. The directors have no immediate plan to cease operations for any of the subsidiaries and /or liquidate them. Thus, their authorisation for the guarantee by the parent company to the subsidiaries.

The consolidated financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis of preparation presumes that the company and group will realize its assets and discharge its liabilities in the ordinary course of business.

35. CAPITAL RISK MANAGEMENT

The group manages its capital to ensure that it will be able to continue as a going concern while optimising the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the group consists of debt, which includes borrowings, cash and cash equivalents, issued capital and retained earnings. The group's capital requirements are currently met through internally generated funds from operations and external borrowing in the form of bank loans and short-term notes. To maintain its capital structure, the group may adjust dividend payment to shareholders. Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	2024 KShs'000	2023 KShs'000
Share capital	711,810	711,810
Share premium	392,097	392,097
Retained earnings	2,392,692	1,834,731
Equity	**3,496,599**	**2,938,638**
Total borrowings	1,212,291	1,049,746
Less cash and cash equivalents (Note 28)	(344,737)	(170,903)
Net debt	**867,554**	**878,843**
Total capital	**4,364,153**	**3,817,481**
Gearing ratio	**20%**	**23%**

36. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any event after the reporting date, as defined by IAS 10 Events after the Reporting Period, that require disclosure in or adjustments to the financial statements as at the date of this report

If you like it...Crown it!

To
The Registrar
Custody & Registrar Services Limited
IKM Place, Tower B
1st Floor, 5th Ngong Avenue
P. O. Box 8484 – 00100
NAIROBI

PROXYFORM
CROWN PAINTS KENYA PLC

I/We..

Share A/c No..

of (address)..

being a member/members of Crown Paints Kenya Plc hereby appoint..

....of

(email address)..and

(mobile number)..
or failing him the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Sixty Eighth Annual General Meeting of the Company to be held on Friday, 20th June 2025 at 11.00 am and at any adjournment thereof.

As witness I/We lay my/our hand (s) this ....day of ....2025.

Signature .... Signature...

NOTES

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crown
If you like it...Crown it!
Innovation for us means safer spaces and cleaner air.
That's why our low VOC paints reduce toxic emissions, good for your home, and even better for your health.

If you like it...Crown it!