

TRANS-CENTURY PLC

MINUTES OF THE TWENTY FIRST ANNUAL GENERAL MEETING OF TRANS-CENTURY PLC HELD ON TUESDAY 27TH AUGUST 2019 AT KENYATTA INTERNATIONAL CONFERENCE CENTRE, NAIROBI AT 11.00A.M.

PRESENT

Mr. S. M. Kariuki	-	Chairman & Proxy for Kuramo Africa Opportunity Kenya Ltd
Mr. N. Njiinu	-	CEO/Director
Mr. E. K. Njogu	-	Director
Mr. W. Muchemi	-	Director
Mr. W. F. Adeosun	-	Director
Mr. K. D Pallan	-	Director
Mrs. A. Mutahi	-	Director

IN ATTENDANCE

Eric Aholi	-	Partner- KPMG Kenya
Stephen Obock	-	Partner KPMG Kenya
Martin Munyiri	-	TC Group Finance Officer
Phyllis Gachau	-	TC Group Head of Corporate Affairs & IR
Florence Murerwa	-	TC Group Head of Human Resources
John Mugo	-	TC Group Chief Operating Officer
Trevor Okoth	-	TC Group Head of Internal Auditor, Risk & Compliance
Virginia Ndunge	-	Company Secretary
Paul Muigai	-	CEO/MD East African Cables Plc, Kenya
Zahir Saleh	-	MD Tanelec Tanzania
Nicholus Kithinji	-	CEO/MD AEA Limited
Ben Kiilu	-	Acting CEO Civicon Ltd
Geoffrey Njue	-	Finance Manager Civicon Ltd
Justin Gitia	-	Finance Manager Tanelec Ltd

Shareholders in person: 336

Shareholders via Proxy: 25

The meeting started with a word of prayer led by Sally Jepkorir.

OPENING REMARKS

The Chairman started the meeting by apologizing to the shareholders for the delay in convening the 2019 Annual General Meeting.

The Chairman welcomed members to the twenty first Annual General Meeting of the Company and introduced the Board Members to the Shareholders. The Group Chief Executive Officer also introduced the Company's staff members and the Chief Executive Officers of the subsidiaries to the Shareholders.

MIN. 1/AGM/2019 NOTICE CONVENING THE MEETING

The Company Secretary read the notice convening the meeting, confirmed the presence of a quorum and the Chairman called the meeting to order at 11.10 a.m.

MIN. 2/AGM/2019 THE CHAIRMAN'S STATEMENT, AUDITED ACCOUNTS AND THE DIRECTORS' AND AUDITORS' REPORTS FOR THE YEAR ENDED 31ST DECEMBER, 2018

The Chairman, the Group Chief Executive Officer presented to the Shareholders an overview of the Group's performance.

The Chief Executive Officers of the subsidiaries also presented an overview and performance of their respective units.

The external auditors took the meeting through the highlights of their unqualified opinion and the key audit matters which had been disclosed in the auditor's report.

Shareholders were then taken through the Group's audited financial statements for the year ended 31st December 2018 and the following were the key highlights;

Revenue was at Kshs 4.2 billion compared with Kshs 5.6 billion reported in the previous year.

Cost of sales went down to Kshs 3.3 billion from Kshs 5.0 billion recorded in the previous year.

Gross profit stood at Kshs 882.2 million against a gross profit of Kshs 641.1million reported in the previous period.

The Group reported an operating loss of Kshs 2.1 billion compared with a loss of Kshs 3.6 billion reported in the previous year.

Net finance costs increased to Kshs 1.55 billion from Kshs 1.07 billion recorded in the previous year.

The Group reported a loss before income tax of Kshs 3.6 billion against a loss of Kshs 4.7 billion recorded in 2017.

Loss for the year was Kshs 3.5 billion compared with a loss of Kshs 4.3 million in prior year.

Total assets for the year amounted to Kshs 16.6 billion compared with Kshs 18.7 billion reported in the previous year.

The Board and management walked the shareholders through initiatives that had been put place in order to turnaround the business. The initiatives include focus on delivering a robust and fundable order book, debt re-profiling to match cash flows, fundraising and order book execution.

It was **unanimously resolved** that the Group's audited financial statements for the year ended 31 December 2018 together with the Chairman's Statement, Report of the Directors, and Auditors' Report thereon be and hereby adopted. This motion was proposed by Mr. Nzau and seconded by Mr. Daniel Kimotho.

Some of the shareholders raised questions on the financial statements and the Board and management provided satisfactory explanations and answers.

Shareholders Comments;

- The Company continued to be in serious financial distress and the Board should address the issue.
- Revenue reserves had a negative figure of Kshs 8.6 billion and this was a concern to the shareholders. The Board and management should develop a strategy on how to turn this around.
- There should be a timeline on turnaround of the business because shareholders would like to have a return on their investment by earning dividends. The Board was reminded that the shareholders had not earned dividends for the last 4-5 years.
- The Company was under- capitalized, and the Board should look for a solution e.g. consider doing a Rights Issue and shareholders would participate in order to support the business.
- The Group had a number of subsidiaries that were not operating, and they should be shut down so as to avoid unnecessary costs. Also consider disposing off assets that were not bringing in any returns.
- The Board should find a way of funding the working capital gap.

- The finance costs figure was quite high and hurting the business. The Board and management should look for cheaper ways of funding the business.
- The Board and Management should consider diversification of the business by venturing into oil and gas business whose returns could be better.
- Current liabilities were more than current assets and this was not a good sign for the business. The Board and management should address this matter.
- Some shareholders requested to know how implementation of IFRS 9 had affected the Company.
- The Share Registrars should avail a list of unclaimed dividends for shareholders to confirm that they have collected all their dividends.

Other Matters to not related to the performance of the business

- The Board should not delay future Annual General Meetings. We should go back to the usual months of April and May for the Annual General Meetings.
- Management should ensure that there are enough gifts for all the shareholders at the Annual General Meetings.
- Most of the shareholders would prefer to be given shopping vouchers at the AGMS instead of being served lunch or given packed lunch.

MIN. 3/AGM/2019 DECLARATION OF DIVIDEND

It was noted that the Company was in a loss position and the directors did not recommend payment of dividend for the year ended 31 December 2018.

MIN. 4/AGM/2019 ELECTION OF DIRECTORS

Re-election of Directors

It was unanimously **RESOLVED THAT**;

- (i) Mr. Wale Adeosun who was appointed as a director on 28th March 2017 and retired at this meeting in accordance with the Company's Articles of Association be re-elected a Director of the company. This motion was seconded by Mr. Emmanuel Masaba.

- (ii) Mr. Kamal Pallan who was appointed as a director on 28th March 2017 and retired at this meeting in accordance with the Company's Articles of Association be re-elected a Director of the company. This motion was seconded by Mrs. Sally Jepkorir.

MIN. 5/AGM/2019 ELECTION OF MEMBERS OF THE AUDIT COMMITTEE

It was **unanimously resolved** that in accordance with the provisions of S. 769 of the Companies Act 2015, Mr. Ephraim Kariithi Njogu and Mr. Kamal Pallan being members of the Board Audit Committee, be and are hereby re-elected to continue to serve as members of the said Committee. The re-election of Mr. K. Njogu was seconded by Mr. Nzau Jones while that of Mr. K.Pallan was seconded by Mr. Alois Chami.

MIN. 6/AGM/2019 DIRECTORS' REMUNERATION

It was **unanimously resolved** that the Directors' remuneration as indicated in the Group's audited financial statements for the year ended 31 December 2018 be approved after being proposed by Mr. Geoffrey Maoga and seconded by Mr. Timothy Matolo.

MIN. 7/AGM/2019 APPOINTMENT OF AUDITORS AND APPROVAL OF THEIR REMUNERATION

It was **unanimously resolved** that Messrs KPMG Kenya, be re-appointed in office as auditors for the ensuing year and the Directors be authorized to fix their remuneration. This motion was seconded by Mr. Peter Gichura.

B. SPECIAL BUSINESS

MIN. 8/AGM/2019 AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

It was **unanimously resolved** that the amendments to the Articles of Association of the Company in order to align them with the Kenyan Companies Act of 2015 be and are hereby approved as recommended by the Board.

This motion was proposed by Mr. Irungu Kimani and seconded by Mr. Thoman Kenya.

MIN. 9/AGM/2019 ANY OTHER BUSINESS

The Company Secretary confirmed having not received any special notice and there being no other business, the meeting ended at 1.10 p.m. with a vote of thanks by the Chairman.

CONFIDENTIAL CIRCULATION TO:

All Shareholders
Minute Book

CONFIRMED

CHAIRMAN

DATE

Dated this 27th Day of August, 2019