

# TransCentury

*Investing in Africa*

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## **CIRCULAR TO SHAREHOLDERS**

**Proposed allotment and issue of 6,334,192 new ordinary shares of the Company in exchange for the acquisition of all the issued shares in the capital of Cable Holdings (Kenya) Limited held by Aureos East Africa Fund LLC**



## **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you have disposed of all your shares in Trans-Century Limited (the “Company”), please forward this document to the stockbroker, banker or other agent through whom you disposed of your shares.

This Circular is issued by Trans-Century Limited and has been prepared in compliance with the requirements of the Capital Markets Act (chapter 485A of the Laws of Kenya), the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002 and the Nairobi Securities Exchange Listing Manual, 2002. The Capital Markets Authority has approved this Circular and the issue of 6,334,192 new ordinary shares of KES 0.50 of the Company on the terms described in this Circular. As a matter of policy, neither the Capital Markets Authority nor the Nairobi Securities Exchange Limited assume any responsibility for the correctness of any statements or opinions made or reports contained in this Circular.

## **TRANS-CENTURY LIMITED**

Incorporated in Kenya under the Companies Act (chapter 486 of the Laws of Kenya)

(Registration Number C. 4/2009)

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### **Circular to Shareholders**

Proposed allotment and issue of 6,334,192 new ordinary shares of the Company  
in exchange for the acquisition of all the issued shares in the capital of  
Cable Holdings (Kenya) Limited held by Aureos East Africa Fund LLC

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The shareholders of the Company have already authorised the Board to proceed with the transactions contemplated hereby and have ratified the same at the Annual General Meeting (AGM) of the Company held on 29<sup>th</sup> May 2014.

## Part 1 – Preliminary

### Key Dates

Execution of the Share Swap Agreement  
AGM  
Press Announcement following completion of the Acquisition  
Date for admission of the New Shares to Listing

26<sup>th</sup> February 2014  
29<sup>th</sup> May 2014  
By 31 July 2014  
By 31 July 2014

\*These dates are subject to change.

## Transaction Advisers

### Transaction Adviser to the Company

African Alliance Kenya Investment Bank Limited  
1st Floor, Wing B  
Transnational Plaza, Mama Ngina Street  
P.O. Box 27639 00506  
Nairobi



#### Contact:

Ewart Salins, Chief Executive  
salinse@africanalliance.com

### Legal Adviser to the Company

Kaplan & Stratton, Advocates  
9th Floor, Williamson House  
4th Ngong Avenue  
P.O. Box 40111-00100  
Nairobi



#### Contact:

Amar Grewal-Thethy, Partner  
AmarGT@Kapstrat.com

### Auditors of the Company

KPMG Kenya  
Certified Public Accountants  
ABC Towers, 8th Floor  
ABC Place, Waiyaki Way  
P.O. Box 40612-00100, Nairobi



#### Contact:

Jacob Gathecha, Partner  
jgathecha@kpmg.co.ke

## Definitions

The following definitions apply throughout this Circular, unless the context requires otherwise:

“Acquisition”	The proposed acquisition of 11 “A” ordinary shares and 100 “B” ordinary shares of CHK by the Company in exchange for the New Shares as described in this document
“AGM”	Annual General Meeting of the Company held on 29 <sup>th</sup> May 2014
“Articles of Association”	The articles of association of the Company
“Aureos”	Aureos East Africa Fund LLC, a limited company incorporated in Mauritius whose registered office is at 4 <sup>th</sup> Floor, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius
“CHK”	Cable Holdings (Kenya) Limited, a private limited liability company (incorporated in Kenya under registration number C88135)
“CMA”	The Capital Markets Authority, established under the Capital Markets Act (chapter 485A of the Laws of Kenya)
“Company”	Trans-Century Limited, a public limited liability company (incorporated in Kenya under registration number C. 4/2009), listed on the NSE
“Directors” or “Board”	The persons named in paragraph 3, Part 8 of this Circular as Directors of the Company
“Group”	TransCentury Limited and its subsidiaries
“KES”	Kenya Shillings
“KPMG”	KPMG Kenya
“Listing”	Admission of the New Shares to the Official List of the NSE
“Listing Regulations”	The Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002
“New Shares”	6,334,192 new ordinary shares of the Company to be issued credited as fully paid to Aureos
“NSE”	The Nairobi Securities Exchange
“ordinary shares”	Ordinary shares of KES 0.50 each in the capital of the Company
“Share Swap Agreement”	The agreement made between Aureos, CHK and the Company dated 26 <sup>th</sup> February 2014 in connection with the Acquisition (as amended)

## Part 2 - Letter from the Chairperson of Trans-Century Limited

To: All shareholders of Trans-Century Limited

25 June 2014

Dear Shareholder,

### **Proposed Acquisition of shares in Cable Holdings (Kenya) Limited**

The purpose of this Circular is to provide you with information on the reasons for, and the terms of, the Acquisition. Background to and reasons for the Acquisition

As you are aware, CHK is presently a 94.8% subsidiary of the Company and, CHK in turn owns 68.37% of Kenyan listed East African Cables (EAC). The minority shareholding in CHK is held by Aureos.

The Company has entered into a conditional Share Swap Agreement with Aureos pursuant to which it was agreed that the Company will acquire Aureos' entire shareholding in CHK in exchange for shares of the Company, the New Shares. At completion of the Share Swap Agreement the Company's indirect shareholding in EAC will increase by 4.01%.

The primary purpose of this transaction is to provide Aureos with an opportunity to participate in the significant upside growth that the Company presents as an infrastructure company with a track record for delivering unique investment opportunities. The transaction will also offer other benefits of the stock market such as a more liquid asset and price discovery. The transaction is also in line with the overall Group strategy of consolidating its core businesses and maximising the value of investments for shareholders.

Further information on CHK, its business and its current management is set out in Part 3 of this Circular.

### **Principal terms of the Acquisition and basis for the share swap**

It is agreed that Aureos will be allotted KES 188,550,599 worth of shares in the Company in return for Aureos' holding in CHK. The consideration amount has been calculated by direct reference to the average trading price of the Company's shares on the NSE. In particular, it has been agreed that the price per Company share to be allotted to Aureos is KES 29.77, which is equal to the volume weighted average price (VWAP) of the Company's shares for the 30 trading days on the NSE - expiring on 14 February 2014.

The purchase price of the shares to be sold by Aureos in CHK has been computed on similar terms, that is, by reference to the price of the quoted securities of its underlying listed subsidiary, EAC (currently the only asset of CHK).

Unlike transactions which involve unlisted entities for which there is no pre-determined fair market valuation, the share valuation in the swap transaction is already pegged to the stock market and therefore no independent valuation has been carried out.

The Share Swap Agreement is conditional upon, amongst other things, obtaining approvals from the CMA and the NSE. A copy of the Share Swap Agreement is available for inspection by shareholders (see paragraph 7 of Part 8 of this Circular).

### **Effect of the Acquisition on Existing Shareholders**

Following the Acquisition, CHK will become a wholly-owned subsidiary of the Company. The Company will also increase its indirect shareholding in EAC from 64.36% to 68.37%.

The allotment of the New Shares to Aureos will mean that the number of issued and fully paid up shares that qualify to share in the Company earnings and net assets and to participate in future dividend distributions will increase. Based on the proposed issue of 6,334,192 New Shares, the existing shareholders will see their stake in the Company diluted by approximately 2.3 % percent.

Further information on the anticipated effects of the Acquisition are set out in the pro-forma financial and shareholding information set out in Part 6 of this Circular.

### **Related Party Disclosures**

Peter Tirus Kanyago and Zephaniah Gitau Mbugua are directors of both CHK and the Company. They have declared their interest in the proposed transaction and have not voted as Directors with regard to the proposed Acquisition.

### **Approvals for the Acquisition**

Regulatory approvals have been obtained from the CMA under the Capital Markets Act pursuant to the Fourth Schedule of the Listing Regulations and the Capital Markets (Take-overs and Mergers) Regulations, 2002. In addition, application has been made to the NSE to list the New Shares on the NSE.

Shareholders of the Company must also be given the opportunity to approve the Acquisition. The shareholders of the Company have already authorised the Board to proceed with the transactions contemplated hereby and the same has been ratified at the Company's Annual General Meeting held on 29<sup>th</sup> May 2014.

### **Risks Relating to the Acquisition**

Since the relevant regulatory approvals have been obtained and the shareholders have approved the Acquisition, the Board does not anticipate any specific transactional risks.

### **Additional Information**

Additional information and disclosures regarding the Acquisition and the financial impact of the Acquisition are included in Parts 3 to 9 of this Circular. These are as follows:

Part 3:	Information on CHK
Part 4:	Information on the Company's share price and trading volumes
Part 5:	Accountant's Report on Trans-Century Limited's summary financial statements
Part 6:	Accountant's Report on Trans-Century Limited's Pro-forma financial information
Part 7:	Pro-forma Shareholding Information
Part 8:	Additional Disclosures and General Information
Part 9:	Appendices
Appendix I:	Data on the Company's Share Price and Trading Volumes
Appendix II:	Directors' Declaration

### **Recommendation**

Your Board considers that the Acquisition will contribute positively towards enabling the Company to achieve its objectives of maximising the value of its investments for shareholders. The Board believes that the Acquisition is in the best long-term interests of the Company and its shareholders. Accordingly, the Directors unanimously recommend that all shareholders support this transaction.

If you are in any doubt as to the matters set out in this Circular you are recommended to seek independent advice from your stockbroker, bank manager, lawyer or other professional adviser.

Yours sincerely,

**Zephaniah Gitau Mbugua**  
Chairperson

## Part 3 - Information on CHK

### A. Background

#### 3.1 Cable Holdings (Kenya) Limited

CHK is a private limited liability company incorporated under the Companies Act on 21<sup>st</sup> December 1999 under company number C88135.

The authorised share capital of CHK is KES 41,200 divided into 212 "A" Ordinary shares of KES 100 each and 200 "B" Ordinary Shares of KES 100 each. The current shareholders are as follows:

SHAREHOLDER	NUMBER OF SHARES
Company	199 "A" ordinary shares and 100 "B" ordinary shares
Estate of the late James Mungai Gachui	1 "A" ordinary share
Zephaniah Gitau Mbugua	1 "A" ordinary share
Aureos	11 "A" ordinary shares and 100 "B" ordinary shares
Total	212 "A" ordinary shares and 200 "B" ordinary shares

The Estate of the late James Mungai Gachui and Zephaniah Gitau Mbugua each hold a single share in CHK on trust for the Company.

For your information, there is no longer any distinction to be made between "A" shares and "B" shares. The shares were previously classified into different classes because of CHK's shareholding in Metal Fabricators of Zambia Plc (ZAMEFA). The investment in ZAMEFA was disposed of in 2010 and the distinction has since ceased.

#### 3.2 History and Business of CHK

CHK's principal activity is that of holding investments. The company's only asset is EAC, currently a 68.37% subsidiary of CHK. EAC in turn owns 51% of East African Cables (Tanzania) Limited.

### B. Management of CHK

CHK operates a sound system of corporate governance under which the board of directors oversee CHK's operations on behalf of shareholders, approves policies and procedures and monitors key performance indicators as agreed between the management and the board so as to help ensure that the company achieves its strategic objectives. Particulars of the Directors and Company Secretary of CHK are set out below.

#### 3.3 Board of Directors

##### Zephaniah Mbugua

Mr. Mbugua is a graduate of Makerere University with a BSc in Chemistry and Mathematics. He is a successful serial entrepreneur, developing businesses and partnerships across Africa for the last 36 years. He is the founder member and Chief Executive Officer of Abcon Group of Companies, a leading distributor of industrial chemicals. He is also a director of Proctor & Allan EA Ltd, Real Insurance and Zeniki Investment Ltd.

##### Dr. Gachao Kiuna

Gachao joined Trans-Century from McKinsey & Company in Johannesburg, where he was a member of the Office Leadership Group leading McKinsey's Sub-Saharan Africa Practice. He was involved in advising corporate clients in emerging markets on corporate finance and strategy. He was also the principal consultant that led the McKinsey assignment to develop the Vision 2030 project for the Government of Kenya. Gachao joined McKinsey in 2003 after completing his PhD at the University of Cambridge, Corpus Christi College in the United Kingdom. Additionally, he holds a First Class Honours BSc degree from Imperial College, London in Biochemistry and a PhD in Biotechnology from the Institute of Biotechnology in Cambridge.

##### Peter. T. Kanyago

Mr. Kanyago is a fellow of the Institute of Certified Public Accountants of Kenya, member of the Institute of Certified Public Secretaries of Kenya and holds an MBA in Industrial Management. As an entrepreneur, he holds directorships in companies he has built, including East African Courier Ltd and East Africa Elevator Company (ThyssenKrupp). He is the Chairman of Ecobank Kenya Ltd and Kenya Tea Development Agency (KTDA) Ltd, and holds directorships at Kenya Tea Packers (KETEPA), Corporate Insurance Company Ltd and East African Cables Ltd. His contribution to the nation has been recognised in his being awarded the Moran of the order of the Burning Spear (MBS) and Elder of the order of the Burning Spear (EBS) of the Republic of Kenya. He is a fellow of Kenya Institute of Management (KIM).

##### George Njoroge

Mr. Njoroge is a trained Electrical Engineer and a Post Graduate of Derby Lonsdale College, United Kingdom where he obtained his Chartered Engineer status and became a Corporate Member of the Engineering Council of the United Kingdom. He is a Registered Engineer in Kenya and Member of the Institute of Engineers of Kenya. He is also a member of the Institute of Directors (Kenya Chapter) and a Member of the Fast Forward Fraternity of Enlightened Business leaders under the auspices of Sunwords Executive Programmes.





He is the Founder and Managing Director of Geomax Consulting Engineers, a highly successful building services consultancy firm with an impressive portfolio of several prestigious projects undertaken over the last 25 years. He is an astute businessman with wide ranging interests including a significant stake in the TransCentury Group of Companies. George is currently the Chairman of the following boards: Geomax Consulting Engineers, Avery East Africa Ltd, East African Cables (Tanzania) Ltd and Lonsdale Company Ltd.

#### **Peter Njoka**

Mr. Peter Gichuru Njoka is Managing Director of Abraaj Capital and has more than 17 years of private equity and corporate finance experience in East Africa. Since joining The Abraaj Group, he has been responsible for recommending investments, monitoring through board representation and managing exits for a number of companies. He has served as Partner of Aureos Capital Limited and Aureos Kenya Managers Ltd. (AKML). He serves as Chairman of Deacons Kenya Limited, a Director of Athi River Steel Plant Ltd and Seven Seas Technologies Ltd, as well as other private companies. He is an Information Technology Graduate of the University of Nairobi and holds a B.Sc. in Mathematics and Physics from the University of Nairobi.

### **3.4 Senior Management**

CHK presently acts as the holding company of EAC. Accordingly, details of the senior management of EAC are provided.

#### **George Mwangi - Chief Executive Officer**

George is a certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He is also a Certified Public Secretary and holds a Bachelor's degree in International Business Administration. He has substantial experience in the industry having worked with the Company for over 11 years at senior levels.

#### **Joseph Kinyua - Finance Manager**

Joseph is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He holds a Master's Degree in Business Administration from the University of Nairobi and has over 11 years' experience in Audit, Accountancy and Financial Management. He joined East African Cables in 2007.

#### **David Mwangi - Technical Manager**

David is a Mechanical Engineer from the University of Nairobi. He has trained in various institutions both locally and overseas, allowing him to gain substantial experience in manufacturing. He has been in the industry for 20 years and joined East African Cables 6 years ago.

#### **Tom Oyugi - Business Development Manager**

Tom holds a Bachelor of Commerce degree, marketing option from the University of Nairobi and is currently pursuing an Executive MBA at Jomo Kenyatta University of Agriculture and Technology. He has 15 years Sales and Marketing experience having worked in Eveready Batteries as the Sales Manager, Coca Cola South Africa Bottling Company (SABCO) (as country demand creation manager), to mention just a few. He joined East African Cables in 2007.

#### **Phyllis Njeri - Customer Service and Marketing Manager**

Phyllis has a Bachelor's of Science Degree in International Business Administration with a Marketing minor from USIU – Africa, and has over 10 years' experience in Marketing and Advertising having worked in Marshalls East Africa as the Marketing Manager, Ogilvy (Blueprint Division) as the Head of Client Service, among others. She joined East African Cables in 2011.

#### **Joseph Hunja – General Manager Tanzania**

Joseph Hunja is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He is a graduate of University of Nairobi where he attained Bachelor's Degree in Commerce and has over 12 years in the manufacturing industry. He joined East African Cables in 2009.

### **3.5 Risks relating to the Operations of CHK**

CHK is exposed to risks which, like any other holding company in Kenya, arise from its day to day operations. The board of directors and management therefore devote a significant portion of their time to the management of these risks. The mainstay of effective risk management is the identification of significant risks, quantification of the company's risk exposure and defining and describing actions to limit these risks. The main aim of risk management is to ensure that all risks assumed in the course of the company's business are recognised early on and mitigated by effective risk management practices.

Successful risk management is recognised as a pre-condition for the sustained growth and success of CHK. Risk management and monitoring is implemented via the company's risk management and risk control process. In order to ensure continuous improvement of risk management at all times, the following key risk principles have been adopted and are in application:

- The board of directors assumes the ultimate responsibility for the level of risks taken by the company and is responsible for overseeing the effective implementation of the risk strategies.
- The organisational risk structure and the functions, tasks and powers of the employees, committees and departments involved in the risk processes are continuously being reviewed to ensure clarity of their roles and responsibilities.

- Risk issues are taken into consideration in all business decisions. Measures are in place to develop risk-based performance measures and this is being supplemented by setting risk limits at the company level, as well as by enforcing consistent operating limits for individual business activities.
- Risk management is increasingly being linked to management processes such as strategic planning, annual budgeting and performance measurement.
- Identified risks are reported in a transparent and timely manner and in full to the responsible senior management.
- Appropriate and effective controls exist for all processes entailing risks.

The section below provides details of CHK's risk exposures.

#### **a) Political and Economic Risk**

CHK, like all other companies in emerging and developing markets, operate within a framework of relative political and economic volatility. The operations and financial results and the market price and liquidity of CHK's Shares may be affected by the Government policy or taxation of earnings and/or revenues or political, social, ethnic, economic or other developments in or affecting each or a group of the various countries where CHK operations are located. Commercial and employment practices and procedures may at times be at risk from violence and lack of law enforcement, political or labour unrest, inflation, currency fluctuations or economic recession.

Changes in Government policy or the implementation or enforcement of policy by the Government or other authorities may have a detrimental effect. These factors could affect CHK's results and financial condition, causing interruptions to operations or increasing the cost of operations. CHK has invested in maintaining good relationships and an open dialogue with Government's and other industry bodies which would assist in mitigating risk in the event of greater political volatility.

#### **b) Strategic Risk**

Strategic risks are those risks that arise from formulation of strategic plans, business plans and implementation of plans that are inappropriate and inconsistent with internal factors and the external environment which may in turn affect earnings, capital fund or viability of the business. To avert strategic risks, the board of directors and senior management carefully formulates strategic and business plans, supportive to corporate governance, in addition to putting in place internal infrastructure appropriate for implementation of the strategic plan.

#### **c) Foreign exchange risk**

As a pan-African player, the great majority of the CHK's subsidiaries revenues and capital expenditure may be denominated in currencies of their countries of incorporation, different from the company's functional currency. CHK cannot assure that fluctuations in the exchange rates of the various countries will not have a material adverse effect on its business, financial condition and results of operations. To the extent possible, the company may take mitigating steps to cover for these risks; but such arrangements are not used for speculative purposes and neither can they give any assurance to eliminating the foreign exchange risk posed.

#### **d) Compliance risk**

Compliance and regulatory risk includes the risk of non-compliance with legal and regulatory requirements including laws, rules, regulations, prescribed practice, or ethical standards. CHK has in place a compliance function which is responsible for establishing and maintaining an appropriate framework of compliance policies and procedures that ensures at all times, CHK remains compliant with all relevant laws, regulations and market standards. Compliance with such policies and procedures is the responsibility of all managers and is embedded in the annual corporate performance contract, and in the processes and procedures of conducting CHK's business.

#### **e) Legal risk**

Legal risk is the risk of unexpected loss, including reputational loss, arising from defective transactions or contracts, claims being made or some other event resulting in a liability or other loss for the company, failure to protect the title to and ability to control the rights to assets of CHK (including intellectual property rights), changes in law, or jurisdictional risk. The company manages legal risk through the legal function, and procedures and effective use of its internal controls and external lawyers.

#### **f) Reputational Risk**

Reputational risk is the potential that negative publicity regarding an institution's business practices, whether true or false, will cause a revenue reductions or costly litigation. This risk may result from CHK's failure to effectively manage any or all of the other risk types. The ultimate accountability for reputational risk management rests with the board. The board of directors addresses reputational risk as a distinct and controllable risk to CHK's safety and soundness through a versatile risk management framework for reputational risk.

#### **g) Other business related risks**

The company has domestic competitors within the various sectors, in which it operates, as well as competitors who are attracted to the positive economic growth that Africa is experiencing. The company monitors the existing competitive environment closely, as well as the entry of competitors and believes that a positive competitive environment is positive for all as the overall market benefits from the continually improving service delivery and innovation. Additionally, the company is sensitive that trade barriers could ultimately reduce the ability to be competitive in other markets.

**h) CHK's historical operating results and growth should not be relied upon as an indication of future performance**

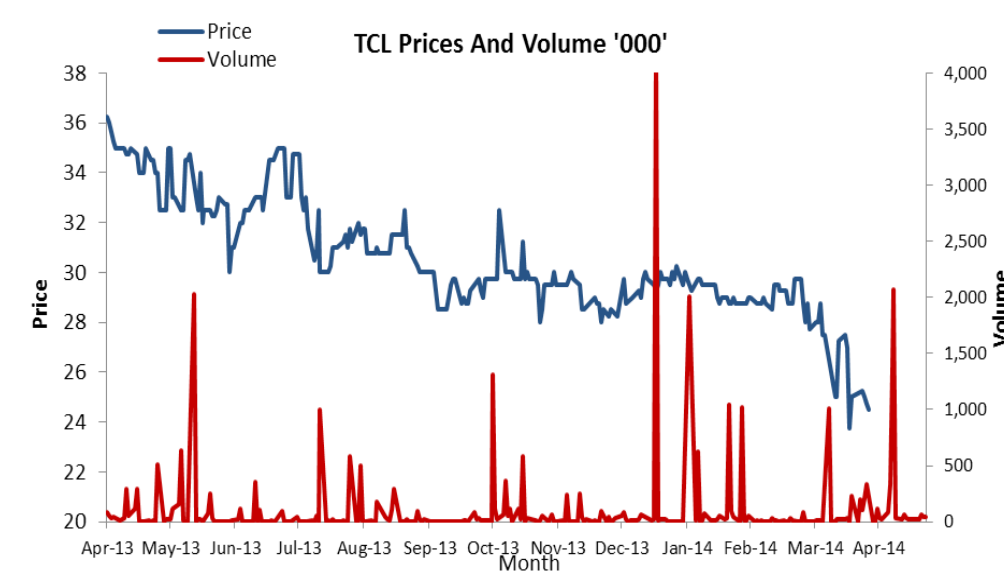
The company's operating results may fluctuate in the future due to a number of factors, many of which may be out of its control. The company's businesses are spread across different countries and have a limited operating history upon which it can be evaluated. As a result, CHK does not believe that period-to-period comparisons of its initial operating results are necessarily meaningful. Accordingly, the company's past performance (turnover, costs, subscribers, tariff levels, usage characteristics or otherwise) should not be relied on as an indication of future performance or growth, especially as market saturation becomes a reality.

Managing growth in a developing market is a challenge, due to the access to financial human resources and logistics. CHK has a strong tradition of developing people and as an African company, is very committed to the development of domestic resources. Nevertheless, where necessary the company appreciates that it is a member of the 'global village' and will acquire the resources needed from whatever market necessary.

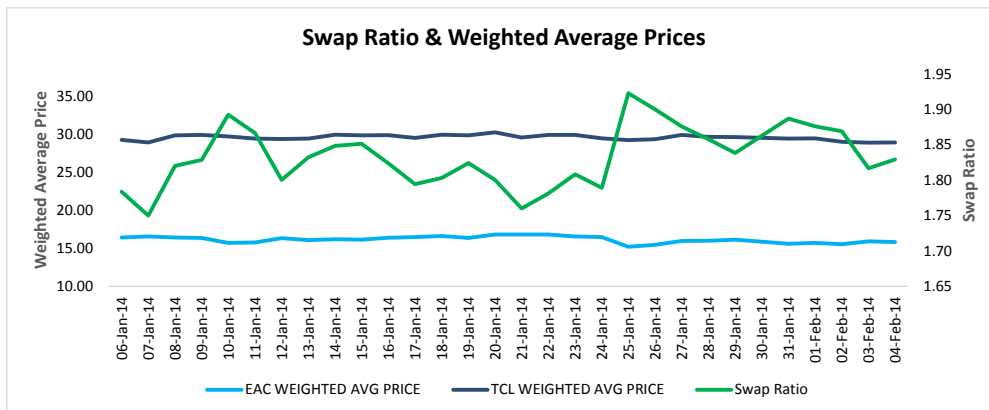
## Part 4 - Information on the Company's share price and trading volumes

The graph below shows the average daily price at which the Company's ordinary shares traded on the NSE over the period from 1<sup>st</sup> May 2013 to 30<sup>th</sup> April 2014 and the volumes traded on each trading day. The information is also shown in tabular form in Appendix I.

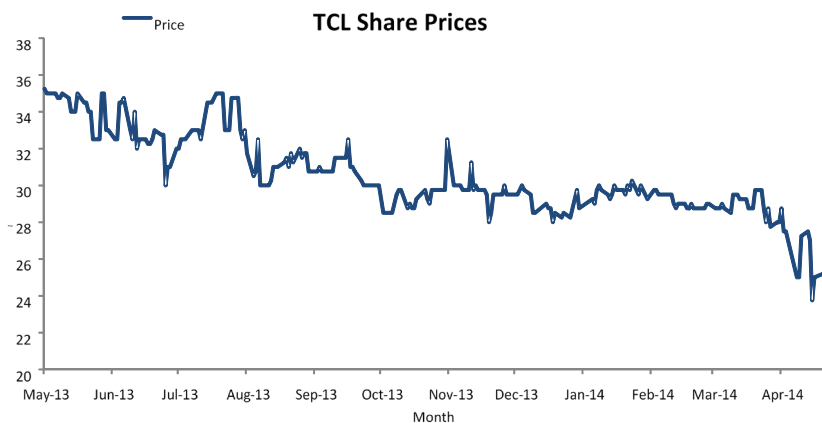
**Figure 1: The Company's share price and volumes for the past 12 months**



In computing the share swap ratio, the Board considered the volume weighted average share price at which the Company shares have been trading on the Nairobi Securities Exchange in the 30 trading days leading up to period to 14<sup>th</sup> February 2014. The graph below shows the volume weighted average share price computed for these two periods.



**Figure 2: The Company volume-weighted-average share prices**





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## Part 5 – Accountant’s Report on Trans-Century Limited’s summary financial statements

The Directors  
Trans-Century Limited  
PO Box 42334 - 00100  
Nairobi

25 June 2014

Dear Sirs

### **Reporting Accountants’ report on the summary financial statements for the year ended 31 December 2013 to the shareholders of Trans-Century Limited**

The accompanying summary of the Group’s financial statements as set out in section 5.1 to 5.4 below, which comprise the summary consolidated statement of financial position at 31 December 2013 and 2012, the summary consolidated statement of profit or loss and other comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year 2013 and 2012 are derived from the audited Group financial statements of Trans-Century Limited for the year ended 31 December 2013 and 2012 respectively. We expressed an unmodified audit opinion on those financial statements in our report dated 15 April 2014. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards and in the manner required by the Kenyan Companies Act applied in the preparation of the audited consolidated financial statements of Trans-Century Limited. Reading the summary financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Group.

### **Directors responsibility for the summary financial statements**

Directors are responsible for the preparation and fair presentation of the summary of the audited consolidated financial statements in accordance with the requirements of International Financial Reporting Standards and the Kenyan Companies Act.

### **Auditors responsibility**

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, “Engagements to Report on Summary Financial Statements.”

### **Opinion**

In our opinion, the summary financial statements derived from the audited consolidated financial statements of Trans-Century Limited for the year ended 31 December 2013 and 2012 are consistent, in all material respects, with those financial statements, in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

*The Engagement Partner responsible for the review procedures resulting in this independent auditors’ report is  
CPA Jacob Maina Gathecha – P/1610.*

**Date: 25 June 2014**

## 5 Trans-Century Limited summary financial statements

### 5.1 Consolidated Statement of profit or loss and other comprehensive income for the years ended 31 December 2013 and 2012

	2013 KShs'000	2012 KShs'000
Revenue	11,807,576	13,487,229
Cost of sales	( 8,248,302)	( 9,814,036)
<b>Gross profit</b>	<b>3,559,274</b>	<b>3,673,193</b>
Net other income	1,208,111	1,233,280
Operating expenses	( 2,509,021)	( 2,293,137)
<b>Profit before depreciation, impairment and finance cost</b>	<b>2,258,364</b>	<b>2,613,336</b>
Depreciation and amortisation	( 723,315)	( 643,904)
<b>Results from operating activities</b>	<b>1,535,049</b>	<b>1,969,432</b>
Finance income	59,166	159,167
Finance cost	( 735,625)	( 902,126)
<b>Net finance cost</b>	<b>( 676,459)</b>	<b>( 742,959)</b>
<b>Profit before income tax</b>	<b>858,590</b>	<b>1,226,473</b>
Income tax expense	( 232,158)	( 490,368)
<b>Profit from continuing operations</b>	<b>626,432</b>	<b>736,105</b>
<b>Discontinued operations</b>		
Profit from discontinued operations (net of tax)	-	4,542
<b>Profit for the year</b>	<b><u>626,432</u></b>	<b><u>740,647</u></b>
<b>Other comprehensive income</b>		
<b>Items that will never be reclassified to profit or loss</b>		
Revaluation of property, plant and equipment, net of deferred tax	186,445	352,815
<b>Items that are or may be reclassified to profit or loss</b>		
Net change in fair value of available-for-sale financial assets	42,594	10,913
Available-for-sale reserve released on disposal of quoted shares	-	( 47,979)
Exchange differences on translation of foreign subsidiaries	( 63,058)	( 45,122)
	( 20,464)	( 82,188)
<b>Other comprehensive income net of income tax</b>	<b><u>165,981</u></b>	<b><u>270,627</u></b>
<b>Total comprehensive income for the year</b>	<b><u>792,413</u></b>	<b><u>1,011,274</u></b>
<b>Profit after tax is attributable to:</b>		
Equity holders of the company	291,295	455,056
Non-controlling interest	335,137	285,591
<b>Profit for the year</b>	<b><u>626,432</u></b>	<b><u>740,647</u></b>

**5.1 Consolidated Statement of profit or loss and other comprehensive income  
for the years ended 31 December 2013 and 2012 (Continued)**

	2013 KShs'000	2012 KShs'000
Total comprehensive income for the year attributable to:		
Equity holders of the company	404,017	532,484
Non-controlling interest	<u>388,396</u>	<u>478,790</u>
Total comprehensive income for the year	<u><u>792,413</u></u>	<u><u>1,011,274</u></u>
Basic earnings per share – KShs	1.06	1.66
Diluted earnings per share – KShs	<u>1.06</u>	<u>1.66</u>

## 5.2 Consolidated statement of financial position as at 31 December 2013 and 2012

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
	<b>KShs'000</b>	<b>KShs'000</b>
Non-current assets		
Property, plant and equipment	6,630,211	6,865,850
Investment property	282,868	285,125
Prepaid operating lease rentals	446,703	149,918
Intangible assets	2,457,864	2,429,592
Quoted investments	316	281
Unquoted investments	5,237,133	4,210,650
Investments in funds	-	393,996
Deferred tax asset	<u>944</u>	<u>575</u>
	<u>15,056,039</u>	<u>14,335,987</u>
<b>Current assets</b>		
Inventory	1,540,428	1,593,541
Trade and other receivables	6,843,673	5,603,701
Tax recoverable	38,938	38,109
Cash and cash equivalents	<u>361,195</u>	<u>274,416</u>
	<u>8,784,234</u>	<u>7,509,767</u>
<b>TOTAL ASSETS</b>	<b><u>23,840,273</u></b>	<b><u>21,845,754</u></b>
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves		
Share capital	136,975	136,975
Share premium	379,717	379,717
Revenue reserves	3,286,015	3,102,831
Translation reserve	112,139	182,489
Available-for-sale reserve	240,187	197,593
Revaluation reserve	932,787	793,778
Proposed dividends	<u>109,580</u>	<u>109,580</u>
Total equity attributable to equity holders of the company	5,197,400	4,902,963
Non-controlling interest	2,888,986	2,591,078
Convertible bond	<u>5,132,002</u>	<u>4,574,554</u>
<b>Total equity</b>	<b><u>13,218,388</u></b>	<b><u>12,068,595</u></b>
<b>LIABILITIES</b>		
Non current liabilities		
Deferred tax liability	884,418	717,438
Liability for staff gratuity	43,673	34,402
Long term loan – non-current portion	<u>3,786,665</u>	<u>3,179,169</u>
	<u>4,714,756</u>	<u>3,931,009</u>
<b>Current liabilities</b>		
Bank overdraft	491,348	335,405
Long term loan – current portion	1,833,357	1,397,958
Trade and other payables	3,562,072	3,883,406
Tax payable	20,108	194,127
Unclaimed dividends	244	324
Aureos Fund – other members	<u>-</u>	<u>34,930</u>
	<u>5,907,129</u>	<u>5,846,150</u>
<b>Total liabilities</b>	<b><u>10,621,885</u></b>	<b><u>9,777,159</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>23,840,273</u></b>	<b><u>21,845,754</u></b>

This report on summary financial statements was approved by the Board of Directors on 25 June 2014 and was signed on their behalf by:



Director



Director



### 5.3 Consolidated statement of changes in equity for the years ended 31 December 2012 and 2013

	Share Capital		Share premium		Revaluation reserves		Translation reserve		Available-for-sale reserve		Revenue reserves		Proposed dividends		Total		Non-controlling interest		Total	
	KShs '000	'000	KShs '000	'000	KShs '000	'000	KShs '000	'000	KShs '000	'000	KShs '000	'000	KShs '000	'000	KShs '000	'000	KShs '000	'000	KShs '000	'000
Balance at 1 January 2012	136,975		379,717		620,572		241,201		234,659		2,757,355		68,488		4,438,967		2,193,659		6,632,626	
<b>Comprehensive income for the year net of tax</b>																				
Net profit after tax	-		-		-		-		-		455,056		-		455,056		285,591		740,647	
<b>Other comprehensive income</b>																				
Revaluation of property, plant and equipment net of deferred tax	-		-		173,206		-		-		-		-		173,206		179,609		352,815	
Foreign operations – Foreign currency translation differences	-		-		-		(58,960)		-		-		-		(58,960)		13,838		(45,122)	
Change in fair value for available-for-sale financial assets	-		-		-		-		10,913		-		-		10,913		-		10,913	
Release on disposal of quoted shares	-		-		-		-		(47,979)		-		-		(47,979)		-		(47,979)	
Transfer from translation reserve	-		-		-		248		-		-		-		248		(248)		-	
<b>Total other comprehensive income</b>	-		-		<b>173,206</b>		<b>(58,712)</b>		<b>(37,066)</b>		-		-		<b>77,428</b>		<b>193,199</b>		<b>270,627</b>	
<b>Total comprehensive income</b>	-		-		<b>173,206</b>		<b>(58,712)</b>		<b>(37,066)</b>		<b>455,056</b>		-		<b>532,484</b>		<b>478,790</b>		<b>1,011,274</b>	



5.3 Consolidated statement of changes in equity for the years ended 31 December 2012 and 2013 (Continued)

2012:	Share Capital	Share premium	Revaluation reserves	Translation reserve	Available-for-sale reserve	Revenue reserves	Proposed dividends	Total	Non-controlling interest	Total
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Transactions with owners of the company, recorded directly in equity										
Contributions by and distributions to owners of the company										
Dividend paid	-	-	-	-	-	-	(68,488)	(68,488)	(81,371)	(149,859)
Proposed dividends	-	-	-	-	-	(109,580)	109,580	-	-	-
<b>Total transactions with owners, recorded directly in equity</b>	-	-	-	-	-	<b>(109,580)</b>	<b>41,092</b>	<b>(68,488)</b>	<b>(81,371)</b>	<b>(149,859)</b>
<b>Balance at 31 December 2012</b>	<b>136,975</b>	<b>379,717</b>	<b>793,778</b>	<b>182,489</b>	<b>197,593</b>	<b>3,102,831</b>	<b>109,580</b>	<b>4,902,963</b>	<b>2,591,078</b>	<b>7,494,041</b>

5.3 Consolidated statement of changes in equity for the years ended 31 December 2012 and 2013 (Continued)

	Share		Share premium		Revaluation reserves		Translation reserve		Available-for-sale reserve		Revenue reserves		Proposed dividends		Total		Non-controlling interest		Total		
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Balance at 1 January 2013	136,975	379,717	-	-	793,778	182,489	197,593	3,102,831	109,580	4,902,963	2,591,078	7,494,041									
<b>Comprehensive income for the year net of tax</b>																					
Net profit after tax	-	-	-	-	-	-	-	291,295	-	291,295	335,137	626,432									
<b>Other comprehensive income</b>																					
Revaluation of property, plant and equipment net of deferred tax	-	-	-	-	130,512	-	-	-	-	-	-	186,445									
Foreign operations – Foreign currency translation differences	-	-	-	-	-	(63,176)	-	-	-	-	118	(63,058)									
Change in fair value of available-for-sale financial assets	-	-	-	-	-	-	42,594	-	-	42,594	-	42,594									
Transfer to revaluation reserve	-	-	-	-	8,497	-	-	(8,497)	-	-	-	-									
Transfer from translation reserves	-	-	-	-	-	(7,174)	-	9,966	-	2,792	(2,792)	-									
<b>Total other comprehensive income</b>	-	-	-	-	<b>139,009</b>	<b>(70,350)</b>	<b>42,594</b>	<b>1,469</b>	-	<b>112,722</b>	<b>53,259</b>	<b>165,981</b>									
<b>Total comprehensive income</b>	-	-	-	-	<b>139,009</b>	<b>(70,350)</b>	<b>42,594</b>	<b>292,764</b>	-	<b>404,017</b>	<b>388,396</b>	<b>792,413</b>									



## 5.3 Consolidated statement of changes in equity for the years ended 31 December 2012 and 2013 (Continued)

	Available-				Non-					
	Share Capital KShs '000	Share premium KShs '000	Revaluation reserves KShs '000	Translation reserve KShs '000	-for-sale reserve KShs '000	Revenue reserves KShs '000	Proposed dividends KShs '000	Total KShs '000	controlling interest KShs '000	Total KShs '000
2013:										
Transactions with owners of the company, recorded directly in equity										
Contributions by and distributions to owners of the company	-	-	-	-	-	-	(109,580)	(109,580)	(90,488)	(200,068)
Dividend paid	-	-	-	-	-	(109,580)	109,580	-	-	-
Proposed dividends	-	-	-	-	-	(109,580)	109,580	-	-	-
<b>Total transactions with owners, recorded directly in equity</b>	-	-	-	-	-	(109,580)	-	(109,580)	(90,488)	(200,068)
<b>Balance at 31 December 2013</b>	<b>136,975</b>	<b>379,717</b>	<b>932,787</b>	<b>112,139</b>	<b>240,187</b>	<b>3,286,015</b>	<b>109,580</b>	<b>5,197,400</b>	<b>2,888,986</b>	<b>8,086,386</b>

#### 5.4 Consolidated statement of cash flows for the years ended 31 December

	2013 KShs'000	2012 KShs'000
<b>Cash generated from/(used in) operations</b>	<b>548,685</b>	<b>(1,129,336)</b>
Income tax paid	( 418,576)	( 689,919)
Dividends paid to shareholders of the company	( 109,580)	( 68,488)
Dividend paid to non-controlling interest	<u>( 90,488)</u>	<u>( 81,371)</u>
<b>Net cash used in operating activities</b>	<b>( 69,959)</b>	<b>(1,969,114)</b>
Net cash used in investing activities	(1,265,633)	( 665,941)
Net cash flows from financing activities	<u>1,266,428</u>	<u>78,663</u>
<b>Net decrease in cash and cash equivalents</b>	<b>( 69,164)</b>	<b>(2,556,392)</b>
Cash and cash equivalents at the beginning of the year	<u>( 60,989)</u>	<u>2,495,403</u>
<b>Cash and cash equivalents at the end of the year</b>	<b><u>( 130,153)</u></b>	<b><u>( 60,989)</u></b>



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## Part 6 – Accountant’s Report on Pro-forma financial information

The Directors  
Trans-Century Limited  
PO Box 42334 - 00100  
Nairobi

25 June 2014

Dear Sirs

### **Independent practitioners’ assurance report on the compilation of pro-forma financial information included in the shareholders circular for Trans-Century Limited**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Trans-Century Limited (“the Company”) prepared by the directors of the Company. The pro forma financial information consists of the pro forma consolidated statement of financial position as at 31 December 2013 and the pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2013 as set out in section 6.1 to 6.2. The applicable criteria on the basis of which the directors of the company have compiled the pro forma financial information are specified in The Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002 and the Nairobi Securities Exchange Listing Manual 2002.

The pro forma financial information has been compiled to illustrate the impact of the share swap transaction, between Trans-Century Limited and Aureos East Africa Fund LLC as set out in the shareholders circular, on the Trans-Century Limited consolidated financial position as at 31 December 2013 and the consolidated financial performance for the year ended 31 December 2013 as if the share swap transaction had taken place at 31 December 2013. As part of this process, information about the consolidated financial position and financial performance has been extracted by the directors of the company from the company’s financial statements for the year ended 31 December 2013, on which an unmodified audit opinion was issued on 15 April 2014.

### **Practitioners’ responsibility**

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors of the company on the basis specified in The Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002, and the Nairobi Securities Exchange Listing Manual 2002.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in the Shareholders circular, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors of the company have compiled, in all material respects, the pro forma financial information on the basis specified in The Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002 and the Nairobi Securities Exchange Listing Manual 2002.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

Independent practitioners’ assurance report on the compilation of pro-forma financial information included in the shareholders circular for Trans-Century Limited (Continued)

The purpose of pro forma financial information included in the shareholders circular is solely to illustrate the impact of the share swap transaction between Trans-Century Limited and Aureos East Africa Fund LLC on unadjusted financial information of the entity as if the share swap transaction had occurred at 31 December 2013. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2013 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by directors of the company in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

### **Opinion**

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis stated.

*The Engagement Partner responsible for the compilation procedures resulting in this practitioners' assurance report is CPA Jacob Maina Gathecha – P/1610.*

**Date: 25 June 2014**

## 6. Trans-Century Limited pro-forma financial information

### 6.1 Pro-forma consolidated statement of profit or loss and other comprehensive income

	Pro-forma 2013 KShs'000	Actual 2013 KShs'000	Change KShs'000
Revenue	11,807,576	11,807,576	-
Cost of sales	(8,248,302)	(8,248,302)	-
<b>Gross profit</b>	<b>3,559,274</b>	<b>3,559,274</b>	-
Net other income	1,208,111	1,208,111	-
Operating expenses	(2,509,021)	(2,509,021)	-
<b>Profit before depreciation and finance cost</b>	<b>2,258,364</b>	<b>2,258,364</b>	-
Depreciation and amortization	(723,315)	(723,315)	-
<b>Results from operating activities</b>	<b>1,535,049</b>	<b>1,535,049</b>	-
Finance income	59,166	59,166	-
Finance cost	(735,625)	(735,625)	-
<b>Net finance cost</b>	<b>(676,459)</b>	<b>(676,459)</b>	-
<b>Profit before income tax</b>	<b>858,590</b>	<b>858,590</b>	-
Income tax expense	(232,158)	(232,158)	-
<b>Profit for the year</b>	<b>626,432</b>	<b>626,432</b>	-
<b>Other comprehensive income</b>			
<b>Items that will never be reclassified to profit or loss</b>	<b>186,445</b>	<b>186,445</b>	-
Revaluation of property, plant and equipment net of tax			
<b>Items that are or may be reclassified to profit or loss</b>	<b>42,594</b>	<b>42,594</b>	-
Change in fair value of available-for-sale financial assets	(63,058)	(63,058)	-
Exchange differences on translation of foreign subsidiaries	(20,464)	(20,464)	-
<b>Total other comprehensive income</b>	<b>165,981</b>	<b>165,981</b>	-
<b>Total comprehensive income for the year</b>	<b>792,413</b>	<b>792,413</b>	-



6.1 Pro-forma consolidated statement of profit or loss and other comprehensive income (Continued)

	Pro-forma 2013 KShs'000	Actual 2013 KShs'000	Change KShs'000
<b>Profit after tax is attributable to:</b>			-
Equity holders of the company	305,178	291,295	13,883
Non-controlling interest	321,254	335,137	(13,883)
<b>Profit for the year</b>	<b>626,432</b>	<b>626,432</b>	-
<b>Total comprehensive income for the year attributable to:</b>			-
Equity holders of the company	417,757	404,017	13,740
Non-controlling interest	374,656	388,396	(13,740)
	<b>792,413</b>	<b>792,413</b>	-
BASIC EARNINGS PER SHARE - (KShs)	1.09	1.06	0.07
DILUTED EARNINGS PER SHARE - (KShs)	1.09	1.06	0.07

## 6.2 Pro-forma consolidated statement of financial position

	<b>Pro-forma 2013 KShs'000</b>	<b>Actual 2013 KShs'000</b>	<b>Change KShs'000</b>
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	6,630,211	6,630,211	-
Investment property	282,868	282,868	-
Prepaid operating lease rentals	446,703	446,703	-
Intangible assets	2,457,864	2,457,864	-
Quoted investments	316	316	-
Unquoted investments	5,237,133	5,237,133	-
Deferred tax asset	944	944	-
	<b>15,056,039</b>	<b>15,056,039</b>	<b>-</b>
<b>Current assets</b>			
Inventory	1,540,428	1,540,428	-
Trade and other receivables	6,843,673	6,843,673	-
Tax recoverable	38,938	38,938	-
Cash and cash equivalents	361,195	361,195	-
	<b>8,784,234</b>	<b>8,784,234</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>23,840,273</b>	<b>23,840,273</b>	<b>-</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	140,142	136,975	3,167
Share premium	565,100	379,717	185,383
Revenue reserves	3,191,726	3,286,015	(94,289)
Translation reserve	112,139	112,139	-
Available-for-sale reserve	240,187	240,187	-
Revaluation reserve	932,787	932,787	-
Proposed dividends	112,114	109,580	2,534
<b>Total equity attributable to equity holders of the company</b>	<b>5,294,195</b>	<b>5,197,400</b>	<b>96,795</b>
Non-controlling interest	2,792,191	2,888,986	(96,795)
Convertible bond	5,132,002	5,132,002	-
<b>Total equity</b>	<b>13,218,388</b>	<b>13,218,388</b>	<b>-</b>

6.2 Pro-forma consolidated statement of financial position (Continued)

LIABILITIES	Pro-forma 2013 KShs'000	Actual 2013 KShs'000	Change KShs'000
<b>Non-current liabilities</b>			
Deferred tax liability	884,418	884,418	-
Liability for staff gratuity	43,673	43,673	-
Long term loan – non-current portion	3,786,665	3,786,665	-
	4,714,756	4,714,756	-
<b>Current liabilities</b>			
Bank overdraft	491,348	491,348	-
Long term loan – current portion	1,833,357	1,833,357	-
Trade and other payables	3,562,072	3,562,072	-
Tax payable	20,108	20,108	-
Unclaimed dividends	244	244	-
	5,907,129	5,907,129	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>23,840,273</b>	<b>23,840,273</b>	<b>-</b>

This report on summary financial statements was approved by the Board of Directors on 25 June 2014 and was signed on their behalf by:



Director



Director

## Part 7 – Pro-forma Shareholding Information

The table below illustrates the pro-forma impact of the Acquisition on the Company's existing shareholders in terms of numbers of ordinary shares they hold and their respective shareholding percentages. As can be seen, most existing shareholders suffer a slight dilution in their shareholding percentages as a result of the Acquisition.

Pro-forma impact of Acquisition on the Company's shareholding structure

No Shareholders	As at 31 March 2014		Proforma	
	Shares Held	% shareholding	Shares Held	% shareholding
1 Anne Pearl Karimi Gachui	21,253,190	7.76%	21,253,190	7.58%
2 Michael Gitau Waweru	21,216,380	7.74%	21,216,380	7.57%
3 Peter Tirus Kanyago	17,679,890	6.45%	17,679,890	6.31%
4 Gitau Zephaniah Mbugua	16,292,552	5.95%	16,292,552	5.81%
5 Emphraim Kariithi Njogu	13,520,170	4.94%	13,520,170	4.82%
6 Edward Njoroge	12,428,626	4.54%	12,428,626	4.43%
7 Robin Munyua Kimotho	10,851,510	3.96%	10,851,510	3.87%
8 Jimnah Mwangi Mbaru	10,493,068	3.83%	10,493,068	3.74%
9 Stephen Njoroge Waruhiu	9,862,971	3.60%	9,862,971	3.52%
10 Joseph Mbui Magari	9,625,630	3.51%	9,625,630	3.43%
11 Others	130,726,297	47.72%	137,060,489	48.90%
<b>Total of Shares</b>	<b>273,950,284</b>	<b>100%</b>	<b>280,284,476</b>	<b>100.00%</b>

## Part 8 – Additional Disclosures and General Information

### 1. Responsibility Statement

- 1.1 The Directors, whose names appear in paragraph 3 below, accept responsibility for the information contained herein. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Directors are the persons responsible for the application made to the CMA pursuant to paragraph 17 of the Fourth Schedule to the Listing Regulations.
- 1.3 Forward Looking Statements.
- (a) This Document contains forward-looking statements relating to the business of the Company. These forward-looking statements can be identified by the use of forward-looking terminology such as believes, expects, may, is expected to, will, will continue, should, would be, seeks or anticipates or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions.
- (b) These statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements that may be expressed or implied by such forward-looking statements. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Circular as anticipated, believed, estimated or expected.
- 1.4 The Company does not intend, and does not assume any obligation, to update any industry information or forward-looking statements set out in this Circular.
- 1.5 Presentation of Financial Information
- (a) The financial information in respect of CHK set out in this Circular has, unless otherwise indicated, been derived from CHK's audited statements of financial position and statements of profit or loss and other comprehensive income, cash flows and changes in shareholders' equity as of and for the year ended 31st December 2013. CHK's Annual Financial Statements were prepared on the basis of IFRS and in a manner required by the Kenyan Companies Act.
- (b) To help illustrate the potential impact of the Acquisition on the financial position and earnings of the Group, the Directors have included pro-forma financial statements in Part 6 of this Circular. The Board cautions shareholders that, because of its nature, the pro-forma financial information addresses a hypothetical situation and, therefore, does not represent the Company's or Group's actual financial position or results. In particular, the Board cautions shareholders that the actual impact on earnings per ordinary share in future financial periods will depend on the performance of CHK's business post-Acquisition, management decisions as to whether to continue to use CHK's tangible and intangible assets as well as external factors. Thus, the actual results could differ materially from those anticipated in the pro-forma statements.

### 2. The Company's share capital

- 2.1 The authorised share capital of the Company at the date of this Circular is KES 300,000,000 divided into 600,000,000 ordinary shares of KES 0.50 each while its issued and paid share capital as at the same date is KES 136,975,142 divided into 273,950,284 ordinary shares of KES 0.50 each. The authorised and issued share capital of the Company is not divided into different classes of shares and all of the ordinary shares carry equal rights.
- 2.2 The Articles of Association describe all of the rights attached to the ordinary shares as regards such matters as voting, dividends, liquidation proceeds and other matters. A copy of the Articles of Association is available for inspection (see paragraph 7 below).
- 2.3 The New Shares shall rank *pari passu* in all respects with the existing ordinary shares, shall have a par value of KES 0.50 each and shall, upon issue, be credited as fully-paid up. The New Shares shall rank for dividend in respect of the financial year ending on 31 December 2014 and beyond. Upon completion of the Acquisition, the New Shares shall be credited to Aureos' CDSC account.
- 2.4 In order to eliminate fractional shares arising from the allotment of New Shares, the aggregate number of shares has been rounded to the nearest whole number.
- 2.5 The New Shares are expected to be admitted to Listing on or about 15th July 2014.
- 2.6 The shareholders of the Company have given the Board a general authority to undertake various acquisitions and disposals (resolution dated 24<sup>th</sup> May 2012). The Board has separately approved this Acquisition and the same has been ratified by the shareholders at the Annual General Meeting of the Company held on 29<sup>th</sup> May 2014.
- 2.7 Assuming no movements in the shareholdings between the date of this Circular and the date of allotment, the allotment of the New Shares to Aureos will affect the composition of the ten largest shareholders of the Company as follows<sup>1</sup>:

<sup>1</sup> This is based on the Shareholders Register as at 31 March 2014.

<b>SHAREHOLDER</b>	<b>NUMBER OF SHARES</b>	<b>SHAREHOLDING %</b>
Anne Pearl Karimi Gachui	21,253,190	7.58
Michael Gitau Waweru	21,216,380	7.57
Peter Tiras Kanyago	17,679,890	6.31
Gitau Zephaniah Mbugua	16,292,552	5.81
Ephraim Kariithi Njogu	13,520,170	4.82
Edward Njoroge	12,428,62	4.43
Robin Munyua Kimotho	10,851,510	3.87
Jimnah Mwangi Mbaru	10,493,068	3.74
Stephen Njoroge Waruhiu	9,862,971	3.52
Joseph Mbui Magari	9,625,630	3.43
<b>TOTAL</b>	<b>143,223,987</b>	<b>51.10</b>

### 3. Directors and Director's Interests

3.1 The Board comprises of 8 directors – 7 non-executive directors and 1 executive director. The Board meets at least four times a year. Details of the directors are as follows:

Name	Occupation	Address	Nationality
Zephaniah Mbugua	Chairman	P.O. Box 18511 – 00500 Nairobi	Kenyan
Joseph Karago	Non-executive director	P.O. Box 2131 – 00200 Nairobi	Kenyan
Peter Kanyago	Non-executive director	P.O. Box 49706 – 00100 Nairobi	Kenyan
Robin Kimotho	Non-executive director	P.O. Box 23341 – 00604 Nairobi	Kenyan
Ngugi Kiuna	Non-executive director	P.O. Box 1372 – 00621 Nairobi	Kenyan
Njeru Kirira	Non-executive director	P.O. Box 74471 – 00200 Nairobi	Kenyan
Gachao Kiuna	CEO and Managing Director	P.O. Box 42334 – 00100 Nairobi	Kenyan
Carol Musyoka	Non-executive director	P.O. Box 42334 – 00100 Nairobi	Kenyan

3.2 As at the date of this Circular (and before the allotment of the New Shares), the following Directors had direct and indirect beneficial equity interests in the ordinary shares of the Company as follows<sup>2</sup>:

Director	Number of shares	Shareholding %
Zephaniah Gitau Mbugua	16,292,552	5.95
Peter Tiras Kanyago	17,679,890	6.45
Robin Munyua Kimotho	10,851,510	3.96
Njeru Kirira	9,449,610	3.45
Ngugi Kiuna	7,843,080	2.86
Joseph Karago	2,218,730	0.81

3.3 At the date of this Circular there was no existing or proposed contract between any of the Directors and the Company, other than employment contracts for those Directors who are employed in the ordinary course of business.

3.4 No options to purchase any securities of the Company have been granted to, or exercised by, any Director of the Company.

3.5 Except as disclosed in this Circular, none of the Directors has or has had any direct or indirect beneficial interest in any property acquired by the Company during the two years preceding the date of this Circular.

3.6 Except as disclosed in this Circular, no officer, director or major shareholder of the Company (nor a related company) has any direct or indirect interest in the shares or business of CHK.

### 4. Consents

KPMG has given and not withdrawn their consent to the issue of this Circular with the inclusion of their reports and name and the references thereto, in the form and context in which they appear respectively.

### 5. Compliance and Disclosure - The Capital Markets Act

5.1 Part 3 of this Circular contains a description of the business, directors, management and major shareholders of CHK. The disclosures contained in Part 3 provide information on the assets and business of CHK to be acquired in sufficient detail to indicate the relative value thereof in relation to the consideration to be paid.

5.2 By the Share Swap Agreement, Aureos agreed to transfer all of its shares in CHK to the Company in exchange for an allotment of the New Shares in the Company. A copy of the Share Swap Agreement is available for inspection (see paragraph 7 below).

5.3 The fees payable in respect of the Listing of the New Shares are KES 334,000.

5.4 In accordance with the disclosure requirements under paragraph 28(a) of the Fourth Schedule to the Listing Regulations, the Board hereby declares that the annual financial statements of the Company for the year ended 31st December 2013 have been audited and received an unqualified opinion. Summary of these audited financial statements are included in Part 5.

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**2 This is based on the Shareholders Register as at 31 March 2014.**

- 5.5 The Company's auditors, KPMG have issued a statement, in respect of the periods audited by them, under paragraph 28(b) of the Fourth Schedule to the Listing Regulations which requires the auditor to consider whether all circumstances regarding the issue of the New Shares known to them which could influence the evaluation by investors of the assets, liabilities, financial position, results and prospects of the Company are included in the Circular. A copy of the statement is available for inspection (see paragraph 7 below).
- 5.6 The disclosures contained in Parts 2 and 3 of this Circular provide information on the principles followed and factors considered in determining the consideration to be paid for the shares in CHK.
- 5.7 Save as disclosed in this Circular, there are no related party transactions.

**6. Corporate Governance**

The Board is committed to ensuring that the business of the Group is run in a professional, transparent, just and equitable manner so as to protect and enhance shareholder value whilst satisfying the interests of all other stakeholders. The principles and standards adhered to by the Board have been developed with close reference to the Corporate Governance Guidelines issued by the Capital Markets Authority for publicly listed companies in Kenya.

**7. Documents Available for Inspection**

Copies of the following documents will be available for inspection by shareholders, free of charge, at the Company's offices at 7th Floor, Longonot Place, Kijabe Street P.O. Box 42334 00100 Nairobi between 9.00 a.m. and 5.00 p.m. Monday to Friday (except public holidays) from the date of this Circular until 31st July 2014:

- (a) the Company's audited financial statements for the five financial years ended 31st December 2013;
- (b) the Company's Memorandum and Articles of Association;
- (c) the Share Swap Agreement between Aureos, CHK and the Company dated 26th February 2014;
- (d) the statement issued by the Company's auditors as required by regulation 28(b) of the Fourth Schedule of the Listing Regulations;
- (e) the approval of the CMA relating to this Circular;
- (f) the approval of the NSE to the Listing.



## Part 9 – Appendices

### Appendix I – Data on the Company's Share Price and Trading Volumes

Month	Average Price	Average Volume in thousands
May-2013	34.30	155
Jun-2013	32.64	36
Jul-2013	33.40	98
Aug-2013	31.25	40
Sep-2013	30.81	10
Oct-2013	29.25	140
Nov-2013	29.81	37
Dec-2013	28.97	252
Jan-2014	29.62	246
Feb-2014	29.11	11
Mar-2014	28.88	107
Apr-2014	25.81	220

Source: Nairobi Securities Exchange

## **Appendix II – Directors’ Declaration**

TRANS-CENTURY LIMITED

### **The Capital Markets Act**

#### **(Chapter 485A of the Laws of Kenya)**

Application by Trans-Century Limited for approval to issue and list additional 6,334,192 ordinary shares

Declaration under paragraph 17(2) of the Fourth Schedule to the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002

We the undersigned, being duly authorised by the directors of Trans-Century Limited, hereby declare that all information stated in the application submitted to the Capital Markets Authority in regard to the above matter on 25 June 2014 and the statements contained in this Circular to be issued in connection with this matter are correct, and neither the Board of Directors’ minutes, audit reports nor any other internal documents contain information which could distort the interpretation of this Circular.

Signed for the Board of Directors:

[Chairman / Director]

[Director / Company Secretary]

[Date] 25 June 2014