

2022 INTEGRATED REPORT



Sustainable Growth



ABOUT THIS REPORT

This is a comprehensive report that combines financial and non-financial information that provides a holistic view of a company's performance, strategy, governance, and value creation. This report aims to give stakeholders a broader understanding of the company's activities and how it creates value. The Report has been prepared for the period of 1st January 2022 to 31st December 2022.

REPORTING STANDARDS AND FRAMEWORK

The report has been prepared in compliance with global best practice and prudent accounting frameworks for existing and prospective investors. The report is aligned to Companies Act, 2015, Capital Markets Authority (CMA) guidelines and the Nairobi Securities Exchange (NSE) regulations. This Report is also in compliance with the International Integrated Reporting Council (IIRC) Guidelines.

STAKEHOLDERS

The year 2022 marks the fourth year since TransCentury Plc adopted integrated reporting. The objective of this report is to provide a clear and meaningful understanding of the Group's purpose, strategy, business model, governance, risk management and how these factors lead to value creation. We welcome all related feedback which can be shared via email via: investorrelations@transcentury.co.ke





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Company Overview

ABOUT US

TransCentury PLC is an investment holding company that concentrates its investments in the infrastructure sector, including Energy, Transport, Water, Industrial, and Agriculture.

TC is listed on the Nairobi Securities Exchange and has operations across East, Central and Southern Africa.

The company takes an active approach to its investments by adding value through three key strategies:

- 1. Capital Deployment:** TransCentury PLC invests capital in businesses within the infrastructure sector. The Company provides financial resources, as it aims to help these businesses expand and develop.
- 2. Strategic Direction:** The company is actively involved in shaping the strategic direction of the businesses it invests in. This involvement includes setting goals, defining targets, and guiding overall business strategies to ensure alignment with TransCentury's vision and mission. This proactive involvement aims to allocate resources across sectors, fields and markets to maximise impact and returns.
- 3. Synergy and Expertise:** TransCentury PLC leverages its position as an investment holding company to create synergy among its portfolio businesses. This involves facilitating collaboration and knowledge sharing between different businesses to accelerate growth and efficiency and also reduce costs. Additionally, the company offers specialized expertise in particular areas to help its portfolio businesses thrive.

OUR BUSINESS PHILOSOPHY

- 1. African Focus:** TransCentury PLC is dedicated to investing in companies and projects within the African continent. This indicates the company's commitment to contributing to the development and growth of the region.
- 2. Infrastructure Investment:** The company's primary focus of investment is within the infrastructure sector. This underscores the crucial role that infrastructure development plays in driving economic progress and improving the quality of life for people in Africa.
- 3. Addressing under-penetration and inefficiencies:** TransCentury recognizes that inadequate infrastructure and inefficiencies can hinder overall development in Africa. By focusing on addressing these challenges, the company aims to have a positive impact on the region's growth and prosperity.
- 4. Capacity across the entire Infrastructure Value Chain (Capacity - Access - Utilization - Efficiency):** The company's investments cover the entire infrastructure value chain, indicating a comprehensive approach to addressing infrastructure deficiencies. We believe to be impactful and sustainable in Infrastructure in Africa, one must build capacity to play across the entire value chain. This is simply because of the cyclical nature of opportunities across different stages of the value chain driven by government policy or local economy driven focus.
- 5. Sectoral Focus:** TransCentury's investments are strategically distributed across key sectors, such as Power, Transport, Water & Sanitization, Industrial, and Agriculture. These we see as the sectors that will impact growth on the continent greatly in the foreseeable future.



Company Overview

OUR FOCUS IS IN:

- 1. Infrastructure Products:** TransCentury PLC is involved in the manufacturing and distribution of innovative products that are specifically designed for local use in infrastructure development. This indicates a commitment to providing tailored solutions that cater to the unique needs and conditions of the region.
- 2. Engineering and Construction:** The company is engaged in engineering and construction activities related to infrastructure projects. This involves the planning, design, and implementation of quality infrastructure solutions across the different infrastructure sectors.
- 3. Management and Maintenance:** TransCentury is responsible for the management and maintenance of infrastructure assets. This indicates a long-term commitment to ensuring that the infrastructure remains operational, efficient, and well-maintained even after construction.
- 4. Investment in Infrastructure Assets:** The company not only participates in the development and construction of infrastructure but also invests in existing infrastructure assets. This could involve acquiring or partnering in projects that are already operational or in advanced stages of development.

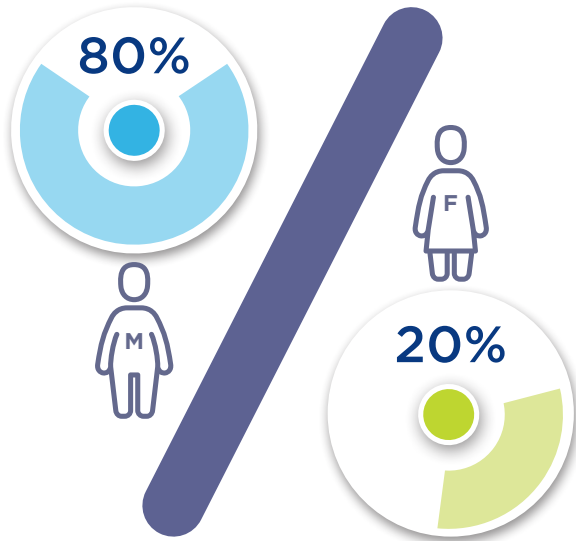
TC'S OFFERING TO INVESTEE COMPANIES

- 1. Capital Enhancement:** TC provides investee companies with capital enhancement, indicating its commitment to providing financial resources for growth and development.
- 2. Strategy Formulation and Execution:** The company offers support to investee companies in formulating and executing effective strategies.
- 3. Established Platform with Structures and Systems:** The company provides an established platform that investee companies can tap into. This platform includes structures, systems, and resources that contribute to excellence and synergy, promoting efficient operations.
- 4. Development of Strong Brands:** TC assists investee companies in developing strong and recognizable brands. This is crucial for enhancing market presence and customer trust.
- 5. Business Support:** The company offers various forms of business support to investee companies, including sector specific expertise, governance support in turnaround, customized funding structures, and managing complexities.



TC at a Glance

STAFF GENDER RATIO



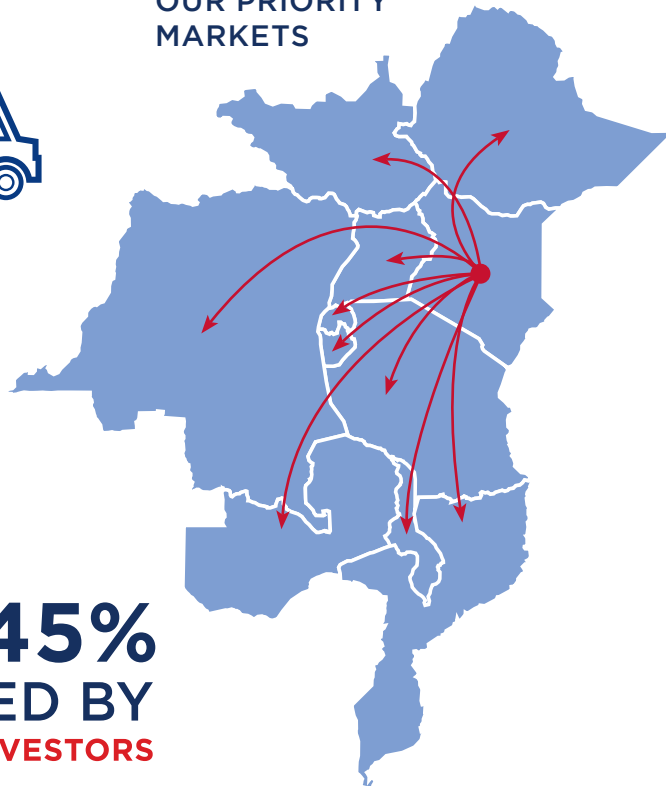
GROUP EMPLOYEES DISTRIBUTION



0.01%
TOTAL LOST TIME DUE TO INJURY



OUR PRIORITY MARKETS



87.8%
STAFF RETENTION IN 2022



65.45%
OWNED BY LOCAL INVESTORS

TRANSCENTURY STRATEGY 2022 – 2025



Achieve together

This strategic plan covers the period starting 2022 and ending 2025; a period we envision to be characterized by TransCentury's (TC) return to profitability and solidifying TC's position as the lead indigenous infrastructure investment company in Africa. We are leveraging on our experience and the robust platform we have created.

OUR GUIDING PRINCIPLES



OUR VISION

To be the premier investment partner in Africa.

OUR MISSION

Improving lives in Africa through investment in infrastructure products, projects, and services

OUR CORE VALUES

Entrepreneurial

We are professionals in all our dealings and believe in the power of sheer hard work.

Pioneering

We are pioneering in nature, passionate, daring, innovative and always marching forward.

Innovative

We give you the tools and room to create new ideas, methods, and systems.

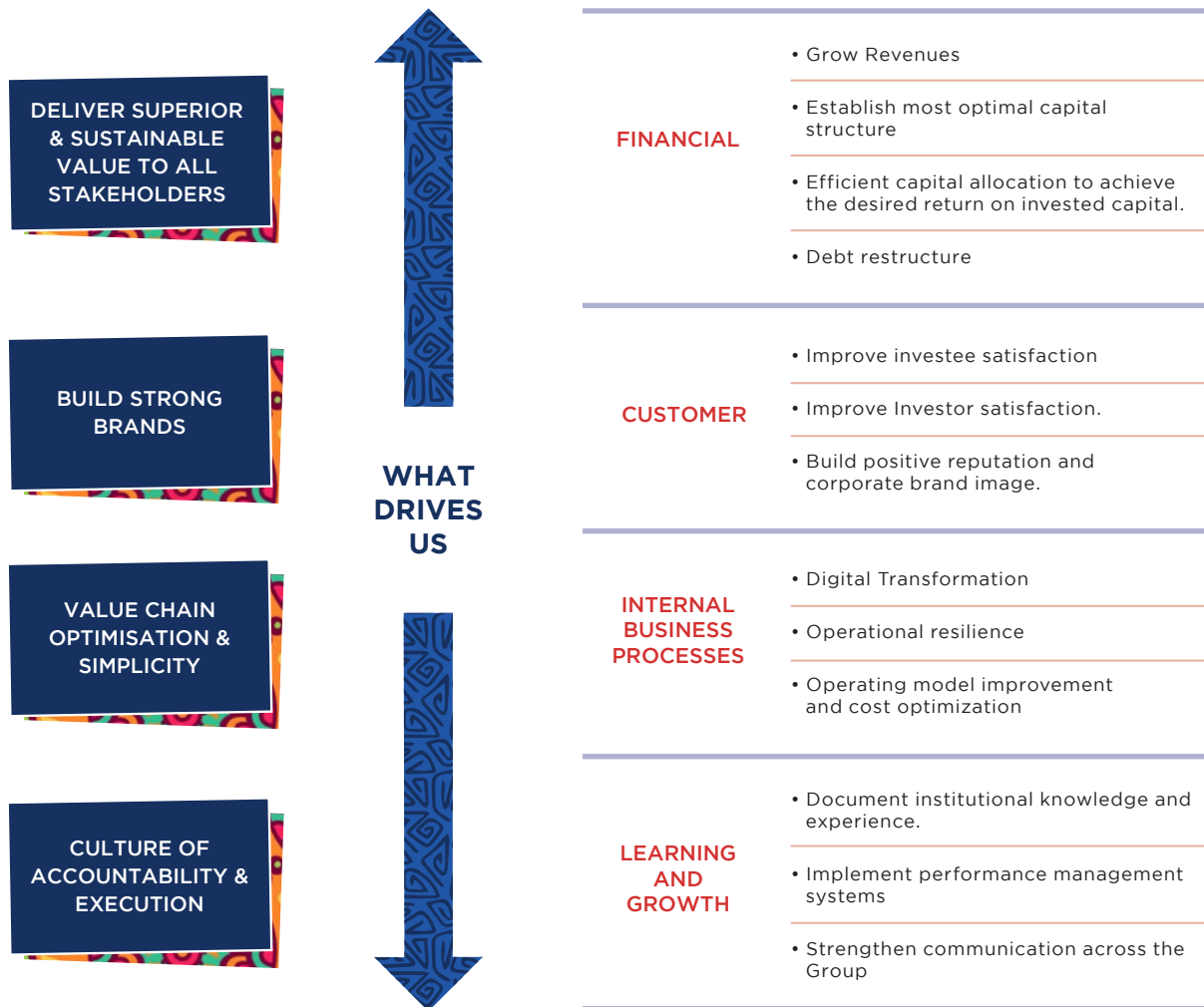
Collaborative

We value each other, and we leverage our collective genius to succeed.



Our Strategic Themes and Pillars

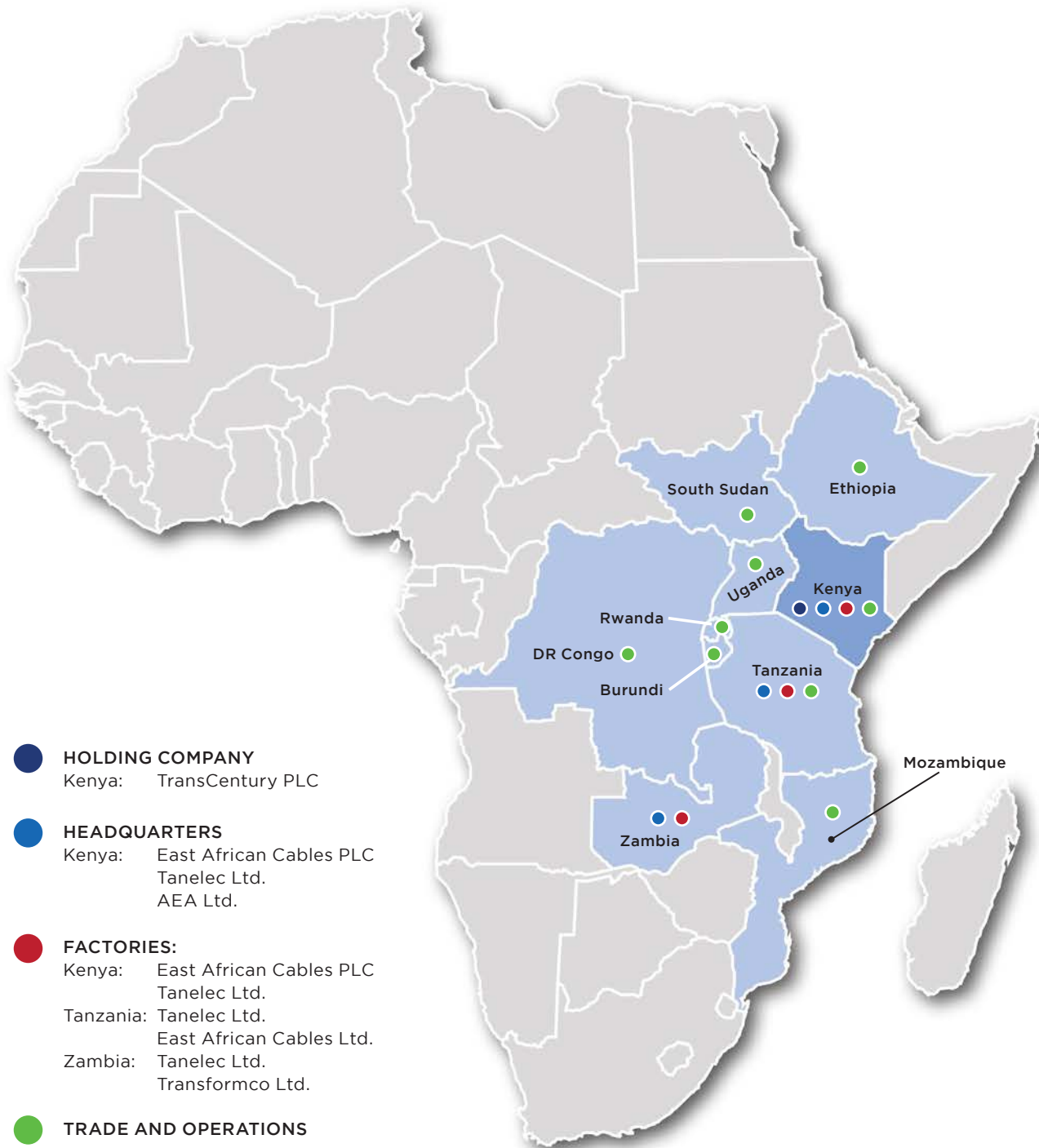
In the 4-year period, the Group will focus on the following strategic themes as we work towards the set vision and mission.



Successful Execution of our Strategy is backed by:

- DATA DRIVEN DECISION MAKING.
- FOCUS ON OUR CORE - INVESTMENTS
 - BUILD STRONG BRANDS.
- CULTURE OF EXECUTION AND ACCOUNTABILITY.

TC's FOOTPRINT



OUR JOURNEY



1997

TC Incorporated
with USD 300,000
seed capital

2004
February
Invested in East
African Cables (64%)



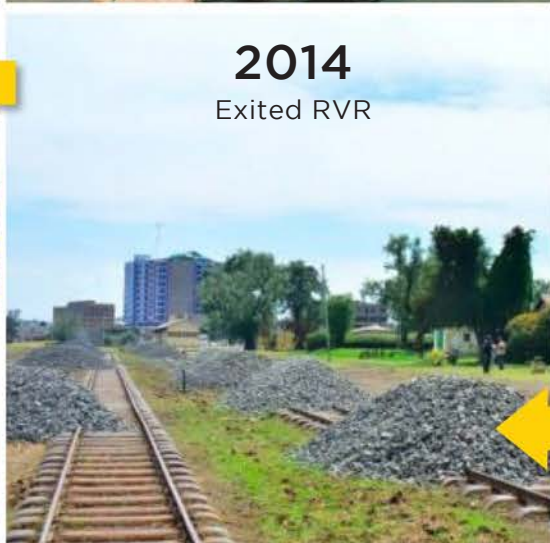
2005

April
Invested in
AEA (94%)



2014/15

Invested in Civicon
Congo (38%) & Civicon
Africa Group (16%)



2014
Exited RVR



2013

Total assets
reach
Ksh 23.8b



2016

- Equity convertible bond matured
- Kuramo Capital invested USD 20M



2017

Unveiled redesigned Corporate
Governance manual. Launched
2017 - 2022 Ahidi Strategy with
reviewed Mission, Vision and
Values



2018/19

To strengthen
balance sheet,
restructured
USD 52m of
Group Debt
Additional
USD 15.7m
restructured
resulting in
USD 15.3m gain

OUR JOURNEY

2006

December

Invested in RVR (34%) and engaged fulltime management at TC



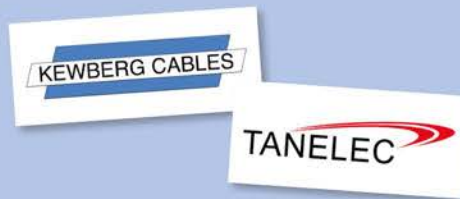
2007

August

Invested in Kewberg (100%)

September

Invested in Tanelec (70%)



2008

Acquired Chai Bora (TZ) Ltd.

2009

April

TC shares begin trading over the counter market



2012

Exited non-core investments: Chai Bora Limited and Funds of funds



2011

March

Issued first ever listed convertible bond by an East African entity

June

Invested in Pende Zambia (80%)

July

Listed in the Nairobi Securities Exchange

October

Invested in Civicon (62%)



2010

December

Invested in CDC (100%)



2019/20

Increased gross profit to 32%. The Group's assets increased by Kshs.70M as a result of improvement in performance and translation gains on investment properties.



2020/21

- The Group recorded a 5% growth in revenues
- Unveiled a 4-year strategy dubbed Ahidi +32%
 - Received shareholder approval to launch a rights Issue fund raising process.

2021/22

- Group recorded a 3% growth in revenues.
- Cascaded the Ahidi +32% strategy.
- Received regulatory approval to launch a rights issue fund raise.





Investment Strategy and Criteria

Investment Strategy and Criteria

TransCentury is an investment holding company that is guided by its vision, mission, core values and investment approach in all its investment activities. TC focuses on the infrastructure sector in Africa and pursues investments in infrastructure projects and entities dealing in infrastructure-related products and services.

Under-penetration and inefficiencies in infrastructure severely hamper development, and TC investments play a key role in addressing these deficiencies across the entire infrastructure value chain in the region, with a focus on Power, Transport, Water & Sanitation, Industrial, and Agriculture sectors. This provides an opportunity to build scalable businesses that target existing market inefficiencies.

TC evaluates investments comprehensively through a structured, research-based and risk sensitive approach, and seeks to consistently achieve superior risk-adjusted returns on TC equity and debt capital.

As an African company, TC promotes sustainable business practices in the region and has adopted global best practices in its investment activities. TC is committed to creating superior, sustainable value for all stakeholders as we deliver infrastructure focused on Africa as a region.

The TC Board of Directors exercises control and governance over all investment decisions and actions. The Board reviews and determines the investment strategies of the company, and reviews and monitors the investment activities, policies, guidelines and risk limits of TC and its subsidiaries.

Business Model

We approach infrastructure investment through our investee businesses and invest directly into infrastructure assets. We have built a track record in Power, Transport, and Industrial sectors. However, we see opportunities in the Water and Agriculture sectors, which we are keen to invest in.

We concentrate on the following:

1. Infrastructure products: manufacturing and distribution of innovative, fit-for-local-use products that go into infrastructure development.
2. Engineering and construction of quality Infrastructure
3. Management and maintenance of infrastructure assets to promote longevity, better user experience and efficient use.
4. Investment in infrastructure assets

TC's INVESTMENT FOCUS



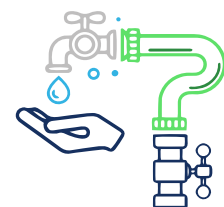
ENERGY



TRANSPORT



INDUSTRIAL



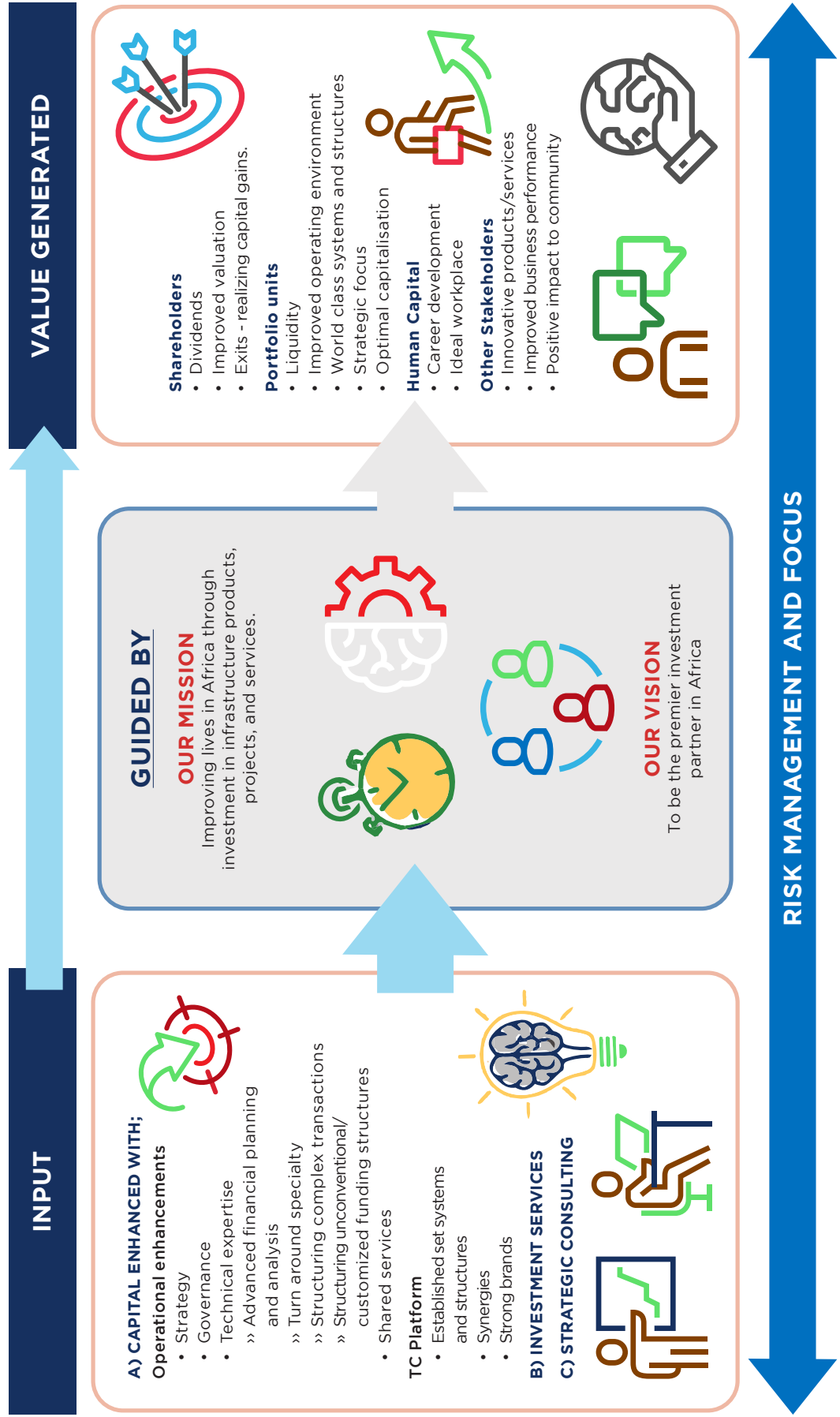
WATER & SANITISATION



AGRICULTURE

Sustainable Growth

Business Model





Our Focus - Infrastructure

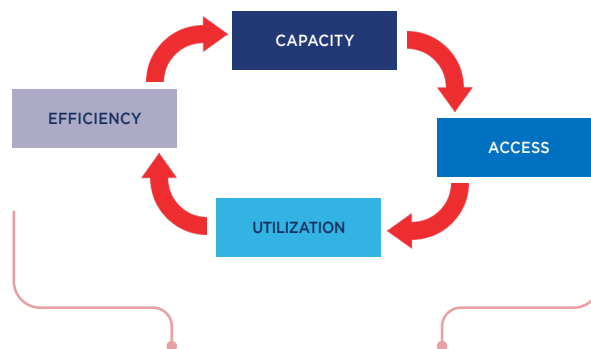
How we approach Infrastructure

TC has the capacity and experience to participate in all the following infrastructure touch points:

Investment/ ownership of infrastructure assets	Building/ construction of infrastructure	Supply of products/ solutions that go into infrastructure	Maintenance and management of infrastructure assets
<p>Provide Capacity</p> <ul style="list-style-type: none"> Construction of infrastructure i.e., Construction of power plants in SSA totalling over 520 MW; Roads in South Sudan, DRC and Kenya. Over 236,000 cubic metres storage terminals in SSA. Investment in infrastructure assets - Experience in power projects (renewable energy) and in transport concessions (railway) Supply of infrastructure development products - Aluminium conductors, house wires, distribution transformers and a diverse range of industrial products 	<p>Creating Access</p> <ul style="list-style-type: none"> Construction of distribution channels to provide access to infrastructure, i.e., Power transmission/ distribution lines, and substation construction; access roads for oil and gas & energy generation projects etc Invest in infrastructure assets - key focus going forward Supply of products that go into infrastructure access, i.e. Conductors, transformers etc. 	<p>Enhancing Utilisation</p> <ul style="list-style-type: none"> Construction of infrastructure - key focus going forward Supply of products and solutions that enhance Infrastructure utilisation - consumption level products i.e. House wires / cables, transformers, valves, metering equipment, road preservation technologies Investment in infrastructure assets - road patching machinery Maintenance and management at consumption level / service e.g. service and repair solutions for transformers, gensets; operation of weighing and processing installations; bridge rehabilitation; road maintenance using efficient patching technology patching technology 	<p>Enhancing Efficiency</p> <ul style="list-style-type: none"> Construction of infrastructure - key focus going forward Supply of products/ solutions that enhance infrastructure efficiency, user experience i.e., Metering units, gauges, generators, low-loss distribution products including transformers and transmission cables Investment in infrastructure assets - key focus going forward Maintenance operations and management of infrastructure assets for efficient use, longevity Use of advanced technology/software and dedicated service teams to improve traffic control solutions. Experience in managing access roads for mining installations

Due to the cyclical nature of the infrastructure space, focus shifts across the value chain depending on demand, resource availability, government focus, etc.

INFRASTRUCTURE VALUE CHAIN



TC offering cuts across the entire infrastructure value chain



VISION

TO BE THE PREMIER INVESTMENT PARTNER IN AFRICA



MISSION

IMPROVING LIVES IN AFRICA THROUGH INVESTMENT IN
INFRASTRUCTURE PRODUCTS, PROJECTS AND SERVICES





TC Operating Subsidiaries

EAST AFRICAN CABLES.

East African Cables PLC is a premier cable manufacturer in East and Central African region. The company has three manufacturing facilities: two in Nairobi, Kenya and one in Dar es Salaam Tanzania. It is headquartered in Nairobi's Industrial area and is listed in the Nairobi Securities Exchange.

EAC manufactures an extensive range of cables for applications in domestic, industrial, last mile, agriculture, and water as well as transmission and distribution of electricity.

EAC products portfolio includes:

- Copper electrical cables and conductors.
- Aluminium conductors.
- Electrical accessories.
- Submersible cables
- Industrial control cables
- Booster cables





TC Operating Subsidiaries *(Continued)*

AEA LIMITED.

AEA is a trading arm of TransCentury PLC providing innovative solutions for Africa with a proven track record running over five-decades. The company was initially established primarily with a focus on the supply, manufacture and maintenance of industrial and domestic weighing equipment but over the years, AEA Limited has since diversified into construction of infrastructure projects and provision of solutions that enhance infrastructure efficiencies and sustainability.

The Company is structured into 3 key divisions:

1. Trading & Industrial Supplies Division

Provides clients with solutions in weighing (retail & industrial), Energy, software, after sale service, agriculture and industrial solutions.

2. Operations Division

Operations and maintenance division provides our clients an understanding of planning techniques and methods, organization and management of procurement, production, selling and distribution processes as well as service provision, quality management, projects, resources, leasing/rentals, operations improvement, operations strategies and innovations.

3. Construction Division

AEA Construction provides EPC and turnkey approach to Engineering, Construction and Logistics in Africa. Key operating divisions include Mechanical Engineering, Civil Engineering, Logistics, Cranage & Erection.





TC Operating Subsidiaries *(Continued)*

EAST AFRICAN CABLES (TZ)

East African Cables (Tz) Ltd (EAC Tz) a (subsidiary of East African Cables Plc) is the pioneer electric cable and conductor manufacturer in Tanzania. The Company is Headquartered in Dar es Salaam, where the factory is also located.

TransCentury PLC owns EAC Tz through East African Cables PLC's 51% stake.

The company's product range has application in the entire low voltage (LV) power infrastructure ecosystem from power generation, transmission, distribution, domestic wiring, industrial wiring, and other interior applications.

The company has continued to innovate in manufacture of specialised cables for use in solar and industrial processes among others. Our products are generally categorised as follows:

1. Aluminium based products

- ACSR Bare Conductors (ACSR): For transmission of electricity
- Aerial Bundled Conductors (ABC): For distribution of electricity.
- Concentric Neutral Cables (CNC): Provides Termination/connection to the electricity user.

2. Copper based products

- Armoured and unarmoured Power Cables: Provides connectivity from transformer or generator.
- Control Cables
- Domestic Wire: Provides connectivity for final energy use
- Winding Wire: Provides enablement in transformers and electric motors.
- Flexible Cables (including DC Cables): Provides specialized connectivity to energy (Solar, wind etc)





TC Operating Subsidiaries *(Continued)*

TANELEC LIMITED.

Tanelec is the largest manufacturer of electrical distribution transformers and switchgear in East and Central Africa.

The Company is well equipped to provide full customer support for all products and at the same time comprehensive repair and service capabilities.

The Company's product and service offering is as follows:

- Small & medium oil-filled distribution transformers -25 kVA to 3 MVA at 11 & 33kV
- Power transformers -5 to 500 MVA with input voltage above 36 kV
- Low and medium voltage switch gear
- Transformer repair and servicing
- Transformer installation and commissioning services
- In-house factory transformer service and refurbishment
- Turnkey electrical power projects such as: Substation construction, extension, installation, Concentrator cable rack installation, Motor and switch gear installation, Overhead line installation and rehabilitation

Tanelec has installed a state-of-the-art manufacturing facility with the highest capacity in the region to better meet growing demand. The Company's main revenue streams are generated from transformer unit sales and repair services. A lower proportion comes from switchgear sales, but this has a significantly larger market and upside potential. Goods and services are supplied to utilities and private customers in Kenya, Tanzania, Uganda, Rwanda, Burundi, DRC, Zambia, Malawi, and Mozambique. Tanelec owns a subsidiary in Zambia that offers transformers, switchgear and turnkey electrical power projects. It also has a servicing workshop in Uganda. The company now has a plant in Kenya.





TC Operating Subsidiaries *(Continued)*

TANELEC ZAMBIA

Over the last two decades we have honed our expertise in the manufacture, service and repair of distribution transformers. Additionally, we have developed partnerships with international manufacturers such as ABB as a pathway into our power distribution project competency.

Tanelec has been a leading quality provider of power solutions across the grid in Sub Saharan Africa for almost 50 years.

The company's product and service offerings include:

- Service & repair of power and distribution transformers up to 3.5mVA with full rewinding and testing capabilities
- New transformer design and manufacture
- On-load tap changer services
- Off-load tap changer services.
- Motor repair/rewinding and testing
- Overhead line construction
- Substation construction
- Mini Substation manufacture and repair





TC Operating Subsidiaries *(Continued)*

TRANSFORMCO POWER SERVICES LTD

Transformco is a power solution company incorporated in 2004 with a focus that spans from manufacturing, project execution and retail of electrical products.

The company supports power utilities in over 10 countries in Central, Eastern, and Southern Africa. It is the first and only manufacturer of substations in Zambia and the only manufacturer of multi-crop thrashers in Zambia.

The company's product and service offerings include:

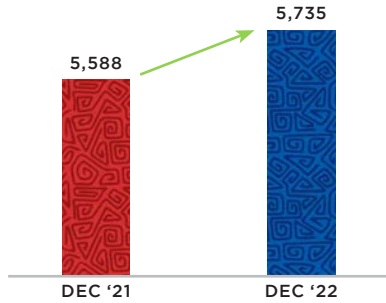
- Substation Construction.
- Transformer and minisub manufacturing and repair.
- Electrical motor repair.
- Electrical wiring
- Switchgear assembly and installation.
- Supply of ring main units
- Overhead line construction.
- Solar products.



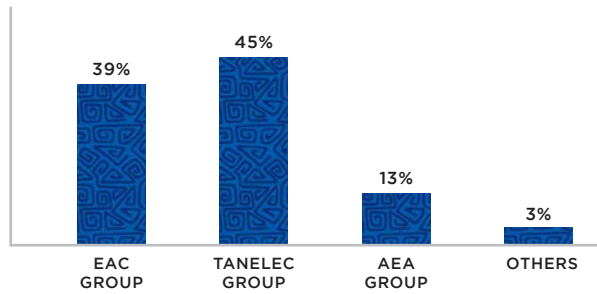


Group Performance in Brief

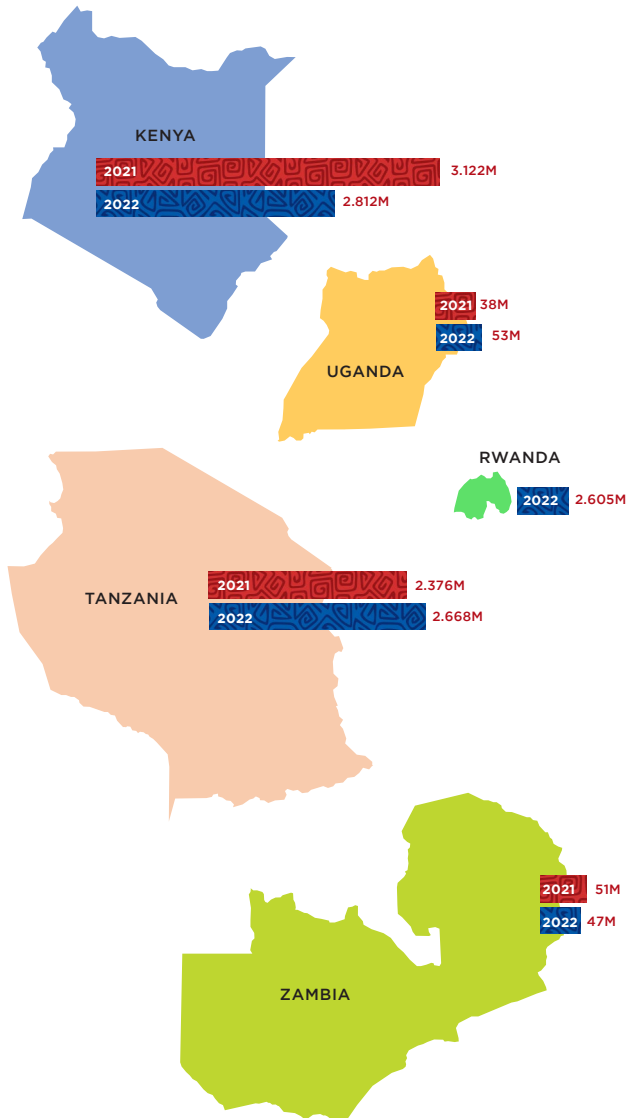
TC GROUP REVENUE (Kshs. M)



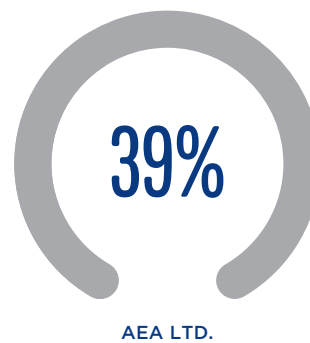
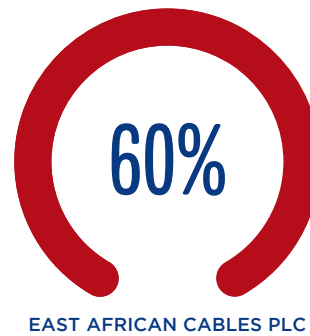
REVENUE PER ENTITY (2022)



GEOGRAPHICAL REVENUE CONTRIBUTION



4-YEAR (2018-2022) STEADY REVENUE GROWTH ACROSS THE GROUP





Group CSR

TransCentury PLC believes that being a responsible and contributing corporate citizen is a key component of the Group's Business Strategy through its CSR Policy. The Group is committed to the empowerment, development, and growth of the community.

The materiality matrix below is a visual representation of the material sustainability issues that matter most to TransCentury and its stakeholders. This matrix is a strategic tool that identifies and prioritizes key environmental, social, and governance factors based on their impact on business operations and stakeholder interests. By mapping the significance of these issues, we aim to transparently communicate our commitment to addressing the most relevant ESG concerns, fostering stakeholder engagement, and aligning our business strategy with sustainable practices.



TC's George Ngaruiya engages with pupils at Little Rock ECD Centre, Kibera.



Group Chairman's Statement

“Beyond compliance, we embrace sustainability, focusing on succession management, leadership development programs, and initiatives that contribute to both our community and environmental well-being.”

Dear Shareholders,

Reflecting on the past year, I am pleased to report that 2022 was a year defined by resilience and sustainable growth. Despite challenges that shaped the business environment, the Group not only weathered the storms but emerged stronger, demonstrating our unwavering commitment to excellence.

I am particularly proud to announce a 3% increase in revenues, a tangible testament to the effectiveness of our strategies, the dedication of our teams, and our ability to adapt to the evolving demands of the market.

In the last quarter of 2022, we received the green light from the Capital Markets Authority to launch our much-awaited Rights Issue transaction. The transaction is one of the fundraising initiatives we have embarked on to support in working capital to allow us realize full value from our investments.

Operating Environment

Economic recovery unfolded across various sectors in both advanced and emerging economies, bolstered by the resumption of enhanced business activities following the easing impact of the Covid-19 pandemic.

However, amidst these positive developments, it is crucial to acknowledge the global challenges that have surfaced, such as the ongoing conflict between Russia and Ukraine, which has introduced geopolitical complexities. Additionally, disruptions in the supply chain have emerged as a notable factor, impacting the operational dynamics of businesses worldwide. Despite these challenges, our portfolio companies have demonstrated resilience, navigated uncertainties, and contributed to the company's overall returns.

Inflationary challenges persisted during the period, marked by a global surge from 3.2% in 2021 to 4.3% in 2022. In Kenya, the overall inflation rate reached 6.91% in 2022, steadily climbing from 4.44% in 2021.

The infrastructure sector in Sub-Saharan Africa (SSA) presents a wealth of opportunities, driven by the region's growing population, urbanization trends, and increasing demand for robust and sustainable development. As SSA continues to undergo economic expansion, there is a pressing need for vital infrastructure projects spanning from transportation, energy, telecommunications, and water resources. TransCentury is strategically positioned to seize these opportunities by leveraging its deep-rooted



Group Chairman's Statement *Continued*

experience, extensive network, and proven track record in executing infrastructure projects. With a keen understanding of the region's unique challenges and a commitment to sustainable development, TransCentury is well-equipped to contribute to SSA's infrastructural growth. The Group's versatile portfolio and expertise position it as a key player in fostering transformative projects that not only meet the current demands of the region but also contribute significantly to its long-term prosperity.

Corporate Governance and Responsibility

Our governance excellence is evident through compliance with diverse requirements, robust frameworks, and transparent audits. Directorship integrity is prioritized through rigorous recruitment, selection, and development processes, coupled with ongoing board evaluations and targeted director training. Our strategic oversight extends to the execution of our 2022-2025 strategy, comprehensive reviews of financial plans, budgets, fundraising activities, and financial statements, ensuring a trajectory aligned with our long-term goals.

Additionally, our commitment to risk management, internal and external audit is reflected in the regular scrutiny of frameworks, plans, and audits, ensuring the resilience of our organization. Beyond compliance, we embrace sustainability, focusing on succession management, leadership development programs, and initiatives that contribute to both our community and environmental well-being.

People

Our people stand at the core of our success, and in accordance with this principle, we are actively deepening our commitment to fostering increased staff engagement and productivity. Our aim is to inspire both individual and collective passion in every undertaking. Recognizing the intrinsic value of our team, we strive to create an environment where pride in one's work flourishes.

I want to express my sincere gratitude to our exceptional teams across the Group for their dedicated efforts in navigating the path



INFLATION

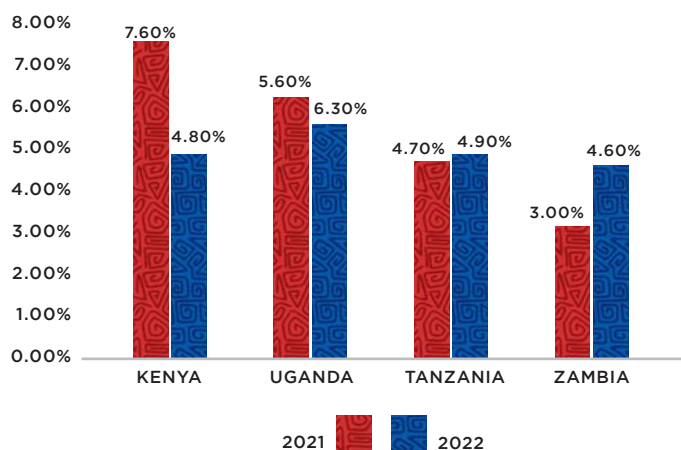
Global Surge

From 3.2% to 4.3% in 2022

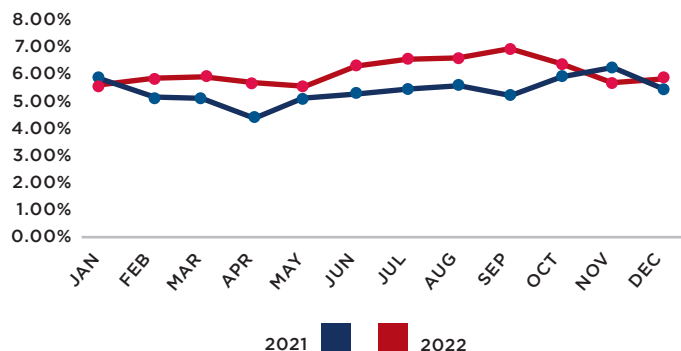
Kenyan Rate

From 4.44% to 6.91% in 2022

REAL GDP GROWTH



INFLATION RATES (KE)





Group Chairman's Statement *Continued*

“...we recognize our place within an interconnected business ecosystem, and our pledge is to contribute positively without compromising it...”

to success. Acknowledging the challenges faced, I am truly proud of each team member for their resilience, and I extend a heartfelt thank you for consistently staying on course.

Sustainability

At TransCentury, we recognize our place within an interconnected business ecosystem, and our pledge is to contribute positively without compromising it. Our objective at TC is to be deliberate in fostering a beneficial impact on the environment where we operate, uplifting the well-being of the surrounding communities while maintaining financial sustainability. In pursuit of this commitment, we are actively developing an ESG (Environmental, Social, and Governance) strategy that will define our clear objectives and guide our journey towards building a resilient and sustainable business. Across our subsidiary businesses we have seen ingenious sustainability programs. I would like to single out East African Cables tree planting initiative borne of the fact that EAC consumes timber as a packaging material for armored cables. EAC in partnership with Centre for Leadership and Development has planted over 10,000 trees in schools across Kenya. The sustainability of this program ensures good nurturing of the trees by students while inculcating life values in the young lives. I am quite encouraged by this and others strategic initiatives that teams across the Group have launched that go a long way in ensuring businesses are run sustainably.

Looking forward

As we navigate the promising landscape of the infrastructure sector in Sub-Saharan Africa, TransCentury stands poised for impactful investment and growth. Our strategic positioning, expertise, and commitment to sustainable businesses uniquely position us to be at the forefront of transformative projects across the region. We remain resolute in our dedication to creating value for our shareholders by seizing opportunities that align with our vision for long-term success.

I thank all our stakeholders for their continued support. I would like to thank the Group Board and management as well as our Boards and employees across our subsidiary businesses that have enabled another year of growth. We have a proven investment philosophy, and a clear vision and mission with resilient subsidiary businesses. I am therefore confident we are poised to create sustainable shareholder value going forward.

Yours Sincerely,
Shaka Kariuki
Group Chairman

OUR VALUES



ENTREPRENEURIAL

We are professional in all our dealings and believe in the power of sheer hard work.



PIONEERING

We are pioneering in nature, passionate, daring, innovative and always marching forward.



INNOVATIVE

We give you the tools and room to create new ideas, methods and systems.



COLLABORATIVE

We value each other, and we leverage on our collective genius to succeed.



Achieve together



Board of Directors



Shaka Kariuki
Group Chairman (53 years)



Walé F. Adeosun, CFA
Director (61 years)



Nganga Njiinu, CFA
Group CEO (45 years)

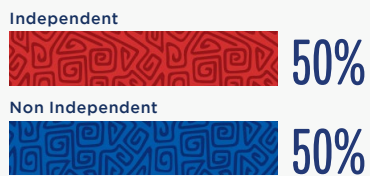


Anne Mutahi
Director (61 years)

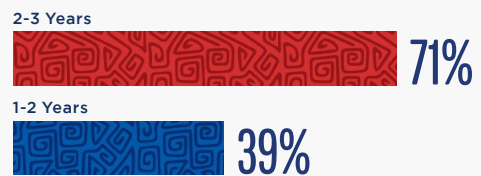
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BELOW FOR MORE
ABOUT THE TC BOARD



BOARD INDEPENDENCE



BOARD TENURE





Board of Directors *Continued*



Kamal Pallan
Director (48 years)



Kariithi Njogu H.S.C
Director (73 years)



Wanjuki Muchemi CBS,
Director (70 years)

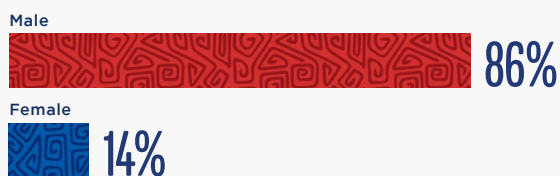


Virginia Ndunge
Company Secretary (52 years)

DIRECTORS AGE



BOARD GENDER DIVERSITY





Group CEO's Message



Dear Shareholders,

The year 2022 was pivotal for the Group. It was also an inflection year for us, with the launch of our new strategy “Ahidi +32%” and our Rights Issue transaction, both ushering us to an exciting phase in our journey towards achieving our mission.

Sustainable Growth:

Our Group has recorded steady growth in revenues for the last 5 years with a 3% increase in revenues in 2022. In addition, our commitment to sustainable cost management practices is evident in the commendable 7% decrease in operating expenses.

Revenue Drivers:

The impressive revenue growth can be attributed to the stellar performance of key business units.

East African Cables Group, in the year under review recorded a 41% increase in revenue supported by new products, new market channels and direct sales strategy that has borne fruit and solidified EAC's number one position. The growth in EAC Group was despite the challenges East African Cables Tz has experienced in accessing working capital which has significantly affected its output. Our transformer manufacturing unit, Tanelec Tanzania, recorded a 6% growth in revenue in addition to an impressive 4%

increase in gross margins. Tanelec continues to be a trailblazer in the manufacture of power products for regional utilities. The business has made a good name in the private market which has continued to grow, currently contributing 39% of total revenues. This is in line with the diversification agenda set by the Group strategy. Notably, and again in line with our group diversification agenda AEA, the engineering subsidiary, secured among other projects a significant One Stop Border project in Rwanda valued at US \$6.7 million.

Strategy:

In 2022 we embarked on a Group-wide Strategy review process that allowed Boards and managements in each operating unit to comprehensively examine their business models. Our strategy review was guided by the balanced scorecard framework, where we outlined clear objectives, established focus themes, and agreed upon strategic steps.

At the Group level, we carefully assessed what we must do in pursuit of our strategic vision and realized that successful execution of the plan will be backed by the following key themes:

- Focus on our Core – investments, to drive revenue.
- Investing and developing strong brands.



Group CEO's Message *Continued*

- Inculcating a culture of execution and accountability.
- Data driven decision making.

I am delighted to announce that all businesses within the TransCentury Group now have board-approved strategic plans for the period 2022-2025. These plans are aligned with our Group strategic plan, Ahidi +32%.

Operational Highlights:

Our resilience shone through despite challenges such as supply chain disruptions from the Russia-Ukraine war, increased oil prices, and a shortage of dollars. Remarkably, East African Cables Kenya managed to increase revenues by an impressive 37%. This sustained revenue growth underscores the strategic nature of this business in the infrastructure space.

Tanelec Group continues to diversify and exhibit adaptability as they successfully ventured into the mining sector in Tanzania and Zambia, resulting in a 7% increase in revenues. The company's gross profit increased by 4% compared to the previous year.

Innovation and Diversification:

Our commitment to innovation and diversification is a cornerstone of our success. We have not only embraced innovative technologies but have also fostered a culture of continuous improvement across our operations. In response to the dynamic market landscape, we have invested significantly in research and development to identify new opportunities for growth.

In terms of innovative new products, East African Cables introduced submersible cables designed to serve agriculture and cottage industries. Additionally, they launched a control cable designed for transmitting control signals/instructions to electrical equipment suitable for the industrial and mining sectors.

AEA innovatively introduced "Kilo Sahihi," a local weighing solution catering to the "kadogo" economy, providing an innovative weighing solution.

Tanelec, on the other hand, implemented a systematic oil analysis program for repaired transformers, promoting the reuse of oil and contributing to environmental sustainability.

Furthermore, our entry into new markets, such as Ethiopia, Burundi, Mozambique and Malawi, signifies our commitment to regional diversification. This strategic move not only expands our geographical footprint but also allows us to tap into emerging markets and diversify our revenue streams.

Fundraise

In the fundraising front, we secured regulatory approval in 2022 to launch a rights issue that



EMERGING MARKETS





Group CEO's Message *Continued*

“Our commitment to innovation and diversification is a cornerstone of our success. We have not only embraced innovative technologies but have also fostered a culture of continuous improvement across our operations. ”



Group CEO Nganga Njiinu signs a commitment plaque during the Ahidi +32% strategy launch.

aims to significantly bolster our financial position. A successful completion of this rights issue will mark a critical milestone for the company. The funds raised were earmarked for reducing debt, unlocking working capital, supporting the execution of our order book, and driving future revenue growth. This fundraising effort positions us on a solid footing to address our business restructuring process.

Outlook and Future Plans:

The infrastructure sector outlook in Sub-Saharan Africa (SSA) remains very attractive for TransCentury, aligning with broader economic growth trends and positive developments in the sector. The continued expansion of the regional economies is expected to continue attracting above investments in both industrial and infrastructure segments and TransCentury will continue to be a key player.

A significant growth driver is the surge in demand for critical minerals including those essential for the global green transition. Notably, countries like the Democratic Republic of Congo (DRC) and Zambia play a pivotal role in the production of cobalt and copper, contributing substantially to the race for these critical resources.

Mozambique and South Africa also hold significant reserves of graphite, platinum metals, lithium, and more, leading to anticipated large capital investments in the extraction phase of these minerals. The extractive industry remains a key focus sector given their high need and intense utilization of infrastructure and we will continue to be there to support with our products as well as engineering and construction.

Governments in the region are increasingly turning to private capital for infrastructure investment, updating legislation to create an environment conducive to such partnerships. This shift is driven by fiscal constraints faced by governments, necessitating collaboration with the private sector. While traditionally, infrastructure projects were predominantly financed by governments, the evolving economic landscape is prompting a transition towards greater private sector involvement.

For TransCentury, this presents a strategic opportunity to participate in infrastructure projects where profit margins are favourably adjusted for risk.

In conclusion, the outlook for TransCentury in the Sub-Saharan Africa infrastructure sector is optimistic. The company is well-positioned to leverage opportunities arising from economic growth, natural resource developments, and the increasing acceptance of private capital in infrastructure investments. As TransCentury continues to navigate this evolving landscape, the potential for strategic investments and partnerships remains a key focus for sustainable growth.

Finally, I extend my sincere gratitude to our shareholders for their continued support. The achievements of 2022 lay a solid foundation for future success, and I am confident that, together, we will navigate the evolving business landscape and achieve new heights.

Yours Sincerely,
Nganga Njiinu
Group Chief Executive Officer



OUR VALUE

ENTREPRENEURIAL

TransCentury ethos are built on the foundation of an entrepreneurial spirit, the art of seeing opportunity where no one else can; the audacity to try one more time; and where drive supersedes the challenges. It is the spirit that has seen us weather many storms, and transform businesses to regional giants. It is what drives us to commit to forward thinking. We are professional in all our dealings and believe in the power of sheer hard work.



Achieve together



Senior Management Team



NGANGA NJIINU, CFA
Group CEO



TREVOR OKOTH
Ag. Group Chief Finance Officer



PHYLLIS GACHAU
Group Head of Strategy,
Corporate Affairs & IR



FLORENCE MURERWA
Group Head of Human Resources



ANTHONY GICHINI, CFA
Investment Manager



GLADYS NJIGO
Ag. Group Head of Internal
Audit, Risk & Compliance



EVELYNE WANJIKU
HR & Administration Manager



DANIEL NJENGA
Group Financial Controller

SCAN THIS QR CODE BELOW
FOR MORE ABOUT THE
SENIOR MANAGEMENT TEAM





Subsidiary Management

EAST AFRICAN CABLES GROUP



PAUL MUIGAI
Group CEO - KE



JOSEPH KINYUA
Finance Manager



DR. GERALD GATITU
Commercial Manager



ESTHER LULONDE
HR & Admin Manager



JOSEPH KAMAU
Production Manager



GEOFFREY ODHIAMBO
General Manager - TZ



JOSHUA MAUTI
Finance Manager - TZ



East African Cables
Total peace of mind



Subsidiary Management *Continued*

TANELEC LIMITED GROUP



ZAHIR SALEH
Managing Director - TZ



CAROLINE MUGAMBI
Finance Manager - TZ



VICTOR OMINO
Commercial Manager - TZ



ELIFURAHA MALIAKI
Procurement Manager - TZ



MICHAEL KARIITHI
Country Manager - KE



PETERSON KOMU
Business Commercial
Analyst - ZM



REEVON MULOONGO
Sales & Marketing
Manager - ZM





Subsidiary Management *Continued*

AEA LIMITED



NICHOLAS KITHINJI
Managing Director



ANTHONY MWANGI
Finance Manager



DAVID ALUMASA
GM Operations



SALOME NDIRITU
HR & Administration
Manager



BEN KIILU
GM Construction



SIMON MUNGAI
GM Industrial Trading



ERNEST NDUBI
General Manager - TZ





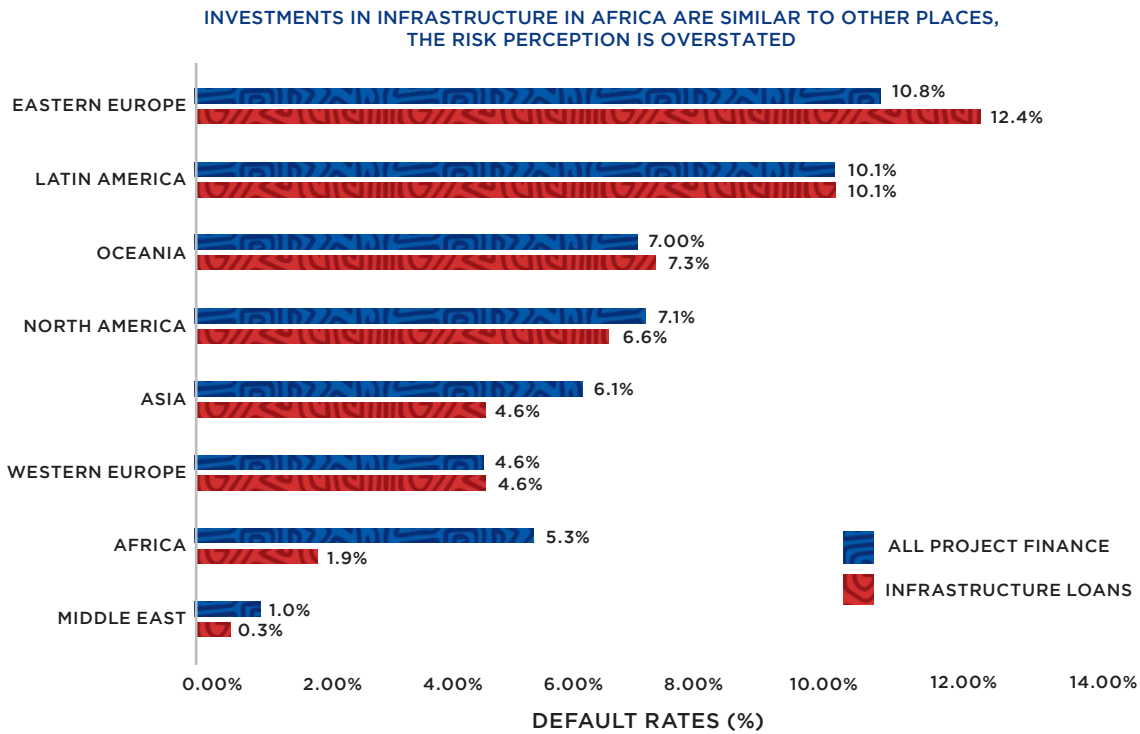
Business Review

INFRASTRUCTURE SECTOR OVERVIEW

In today's uncertain global macroeconomic climate, Africa continues to demonstrate impressive resilience. Despite numerous challenges, including a global pandemic, geopolitical tensions, and climate change, GDP growth reached 3.8% in 2022 – surpassing the global average rate of 3.4%, and is projected to increase to 4% in 2023 and 4.3% in 2024.¹

The infrastructure sector outlook in Sub-Saharan Africa (SSA) remains positive, as the continued general growth of the economy will attract funding of capital expenditure within industrial and infrastructure sectors. Additionally, the entire region is experiencing positive news from the natural resources sector stemming from the race to secure critical minerals needed for the green transition. The Democratic Republic of Congo (DRC), for example, produces over 70% of the world's cobalt. DRC and Zambia together supply 10% of global copper while Mozambique and South Africa hold significant reserves of graphite, platinum metals, lithium, and more. The extraction phase of these minerals will result in large sums of capital investments.

Another growth trend is that governments are embracing private capital for infrastructure investment. Facing fiscal constraints governments are updating legislation to encourage investment. Traditionally, infrastructure investments have been financed largely by governments; however, given the growing debt burdens, the capacity of governments in the region to finance mega infrastructure is declining. For the private sector, this implies that there will be opportunities to invest in assets where profit margins are greater adjusted for risk as investment risks in Africa are not significantly different from those in other continents, but their perception is sometimes overstated. In 2020 Moody's found that Africa's cumulative 10-year infrastructure debt default rate of 1.9% was the second lowest worldwide, after the Middle East.²



Source: Moody's Analytics 2020

¹ <https://www.afdb.org>

² <https://www.moodyanalytics.com>



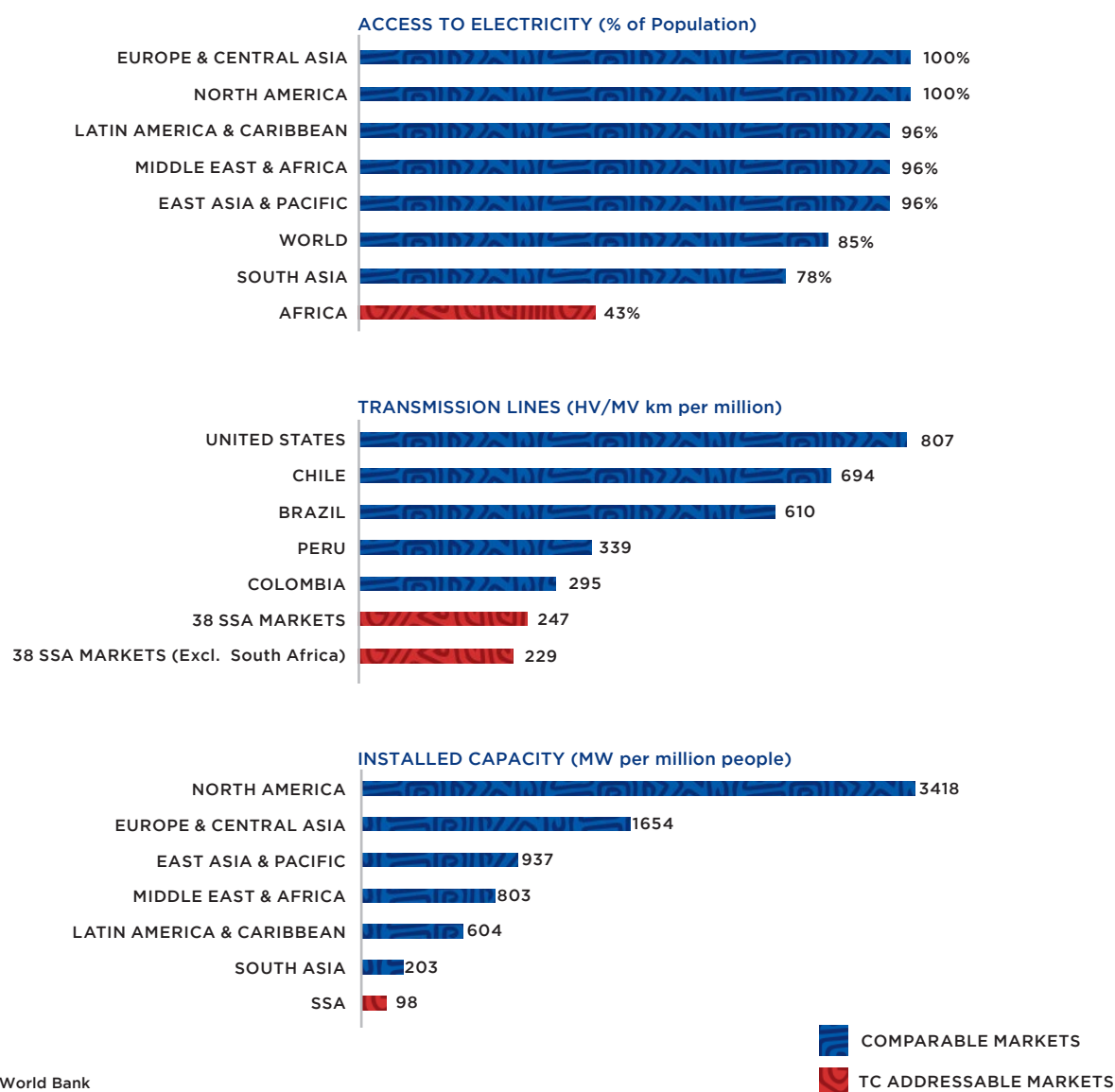
Business Review *Continued*

POWER OVERVIEW

The market for electricity connectivity will continue to be exciting for TransCentury.

The power sector is still characterized by low access, low capacity, and high inefficiencies which form the cornerstone of TransCentury’s investment opportunities. Presently, 600 million people in Africa, or 43% of the total population, lack access to electricity. ³For those that do experience frequent power interruptions, and outages and pay very high prices.

THE UNDER-PENETRATION OF POWER IN AFRICA



Source: World Bank

³ <https://www.iea.org>



Business Review *Continued*

Over the past decade power sector investments in Africa have been a key focus for both regional governments and private investors with the latter having invested over US\$ 25.6 billion with an installed capacity of 11GW.⁴ While there has been progress made in increasing generation capacity, much remains to be done. Electricity generation capacity at just 98 MW per million people lags behind other regions. And, despite its large land mass, Africa also has fewer kilometers of transmission lines per capita than other regions. The length of transmission lines in Africa is 247 km per million people: excluding South Africa, this indicator drops to 229 km per million people. In contrast, Colombia has 295km of transmission lines per million people, Peru has 339km, Brazil has 610km, Chile has 694km, and the United States has 807km.⁵

TransCentury is strategically placed to capture economic value as governments and private sector players move to address these deficiencies. Through its cables manufacturing business, transformer manufacturing business, and Engineering business.

TRANSPORT SECTOR

We see opportunities across the transport infrastructure value chain namely in concessions of transport infrastructure assets via PPP, construction, and maintenance.

Transport infrastructure has been a key pillar of infrastructure spending as governments move to solve interconnectivity issues. Compared to other regions, the region is seen to lag in terms of road network relative to the countries' sizes, at less than 30% connection level, compared to developed countries like the USA, which have connection levels above 70%.

SHARE OF PROJECTS BY NUMBER (%)

PROJECTS BY SECTOR	2016	2017	2018	2019	2020	2021
Energy & Power	26	23	18	22	25	15
Transport	47	52	45	38	56	60
Real Estate	11	14	17	21	8	11
Water	0	6	6	6	5	8
Mining	0	0	4	4	0	0
Oil & Gas	2	1	1	1	0	0
Shipping and Ports	9	3	7	6	5	4
Social Development	0	0	0	0	1	1
Health Care	5	0	2	1	1	2
Education	0	1	0	0	0	0
Other	0	0	0	2	0	0

Source: Deloitte

Going forward the increasing private sector participation in transport infrastructure projects in Africa, through public-private partnerships, is boosting growth in the transport infrastructure sector, such as the 10,000 km annuity financed road project planned for Kenya and toll roads planned in Zambia and DRC.

Road maintenance opportunities will continue to present significant opportunities for TransCentury, primarily attributable to the road funds generated from fuel levies. There is evidence that road funds reduce the volatility of sector spending relative to traditional budget allocations.⁶ Countries with a road fund and higher fuel levies devote a greater share of their spending to maintenance and fall closer to normative levels of spending.

⁴ <https://www.worldbank.org>

⁵ <https://openknowledge.worldbank.org>

⁶ <https://www.eu-africa-infrastructure-tf.net>



Business Review *Continued*

AGRICULTURE SECTOR

Agriculture is a new and exciting focus sub-sector for TransCentury.

Africa possesses more than 65% of the world’s uncultivated land, yet it faces the paradox of being a net food importer. According to the African Development Bank (AfDB), African nations spend over \$75 billion on importing more than 100 million metric tons of cereals each year.⁷

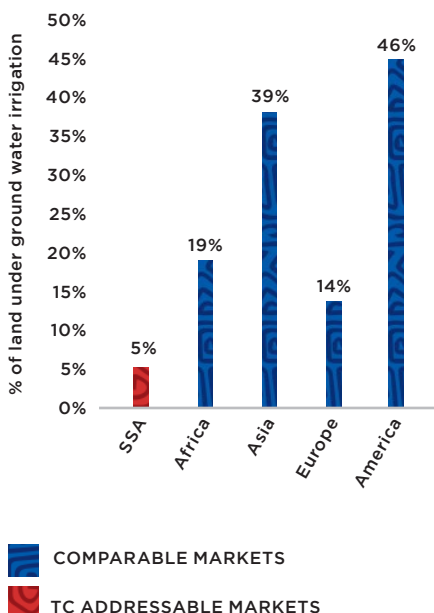
Over the past decade, globalization faced significant challenges, prompting a shift away from openness and interdependency between national economies. The rise of protectionism and nationalism, accentuated by events such as the COVID-19 pandemic and the Russia-Ukraine crisis, underscored the need to reduce reliance on global value chains. Supply chain disruptions have sent fuel and food prices through the roof.

The rise in global food prices has severely affected Africa, with staple food prices surging by an average of 23.9% from 2020 to 2022, the highest increase since the 2008 global financial crisis, according to the IMF.⁸ Rising food prices are having important macroeconomic impacts on many African countries since more and more food is being imported from the global market leading to worsening balances of trade. Just 5% of Africa’s imports of cereals come from other African countries. This issue is not going to go away. Demand for food will continue to increase, driven by rising populations and increases in disposable incomes.

The good news is that the prevailing low agricultural yields in Africa are primarily attributed to insufficient investment in basic efficiency-enhancing measures, such as irrigation systems, mechanization, and proper storage facilities. World cereal yields have increased nearly threefold since 1960, but Africa has only managed to increase its yields by 90% and Africa is the only region where population growth has outpaced cereal productivity

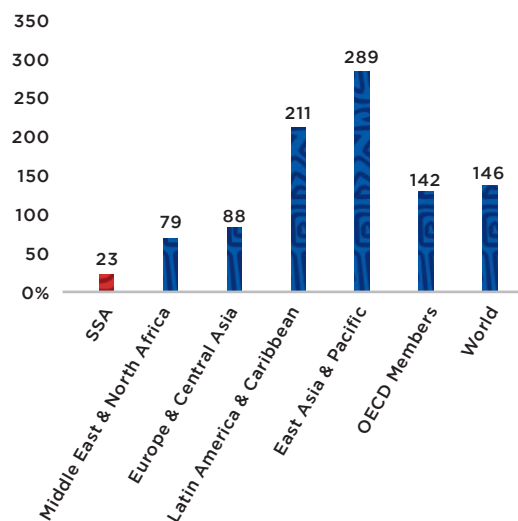
SSA LAGS IN BASIC PRODUCTIVITY ENHANCING MEASURES

SSA lags in utilising ground water for irrigation (2020)



Source: FAO

Fertilizer Consumption - 2019 (Kgs. per hectare of arable land)



⁷ <https://www.afdb.org>

⁸ <https://www.imf.org>



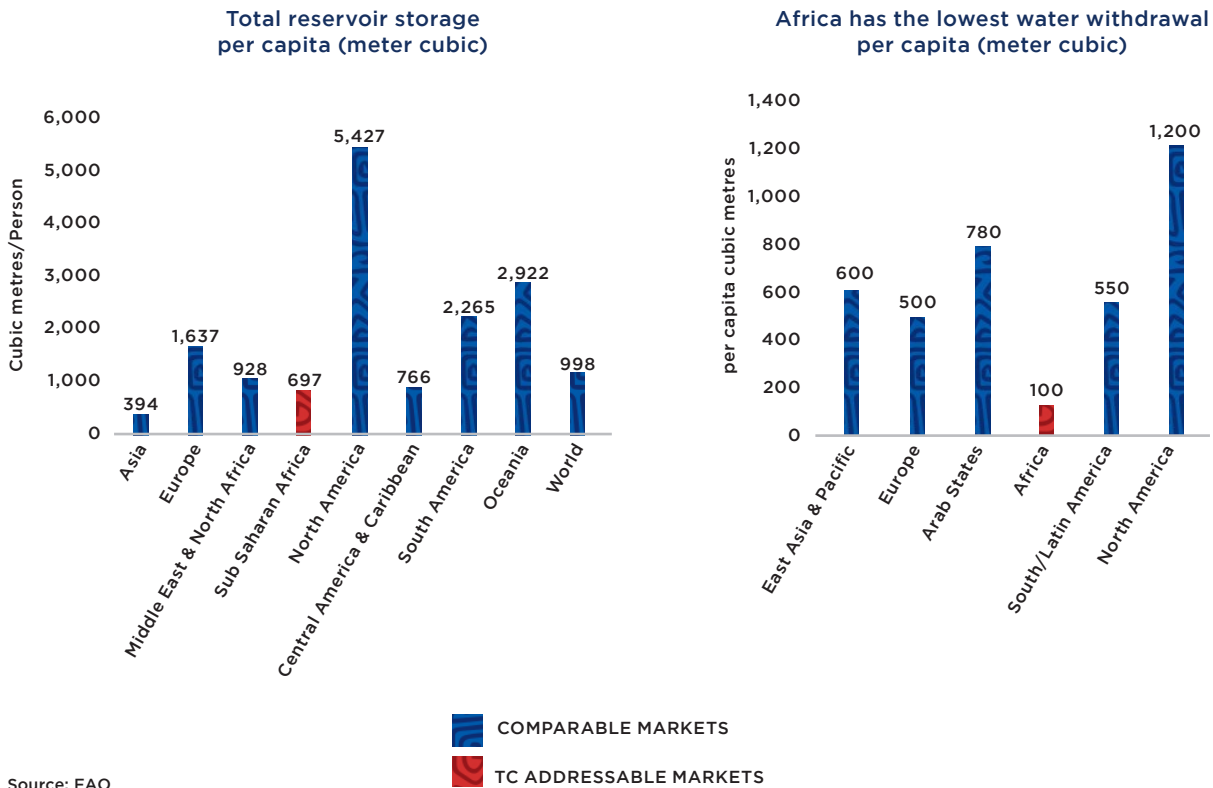
Business Review *Continued*

WATER SECTOR

Water insecurity is a critical development challenge in Africa. Globally, more than 2.7 billion people face water shortages, and 663 million people in the world lack access to safe water. Unfortunately, half of the people who drink water from unsafe sources live in Africa with 319 million people in sub-Saharan Africa (SSA).⁹

Water challenges in SSA are driven by infrastructure deficits, on average SSA countries withdraw the lowest annual volume per capita, only one-fourth of the global average. Developed regions such as North America and Europe withdraw more than five times as much water per person, while Southeast Asia and the Pacific use approximately twice the water per person compared to SSA. Further, SSA has the lowest levels of per capita storage limiting its ability to adapt when water is scarce, and to minimize negative impacts when there is too much of it.

WATER GAPS IN AFRICA



⁹ <https://www.intechopen.com>



Business Review *Continued*

The significant gap in storage, supply, and access to clean water and sanitation services urgently calls for effective and efficient water management infrastructure. In Africa, the delivery of water investments is below what is needed to meet the continent's growing needs and address the challenge of climate change. It is estimated that at least US\$30 billion/year needs to be invested to meet the United Nations Sustainable Development Goal (SDG) 6 on water and sanitation by 2030. The capital required to achieve the 2025 Africa Water Vision is even larger at US\$64 billion/year according to the African Development Bank. Only US\$10-US\$19 billion is invested each year.¹⁰

External factors are driving the demand for water infrastructure in the region:

A few trends in the region are contributing to the growth of water demand and consumption:

Urbanization in the region: As more of the population moves to the cities and large towns utilities will need to expand coverage. However, utilities can only expand coverage if there is sufficient water production in the service area relative to the resident population.

Growing water pressure from agriculture: As discussed in the water sector review there is an urgent need to shift from rain-fed agriculture to irrigation to realize productivity gains.

Climate change: Climate change is having significant impacts on the water cycle. As temperature increases, water heats, and evaporates faster, and the consequences translate into droughts and intense rainfall. There is therefore a need for water infrastructure to help to adapt when water is scarce and to minimize negative impacts when there is too much of it.



TC staff during the Ahidi +32% strategy internal launch.

¹⁰ <https://sdgs.un.org>



TC SDGS

TransCentury Group and the United Nations Sustainable Development Goals in East Africa

TransCentury adheres to SDG's in the following ways:



SDG 1: No Poverty

- Job creation and economic growth through diversified investments.
- Inclusive employment practices with equal opportunities and fair wages.
- Infrastructure projects connecting remote areas, reducing rural poverty.
- Involvement in power and electricity sector for affordable and reliable energy access.



SDG 2: Zero Hunger

- Investments in agriculture, food production, and infrastructure.
- Transportation and storage facilities to reduce food waste and enhance food availability.



SDG 6: Clean Water and Sanitation

- Investment in water supply systems, distribution networks, and sanitation facilities.
- Water infrastructure and sanitation projects in remote areas.
- Engaging with communities for clean water and sanitation access.



SDG 7: Affordable and Clean Energy

- Investments in renewable energy sources (solar, wind, hydroelectric).
- Infrastructure projects enhancing energy distribution and power generation.



SDG 8: Decent Work and Economic Growth

- Job creation and economic growth through diversified investments.
- Inclusive employment practices with equal opportunities, fair wages, and safe working conditions.
- Investment in skill development and training programs.
- Rural development through infrastructure projects connecting remote regions.



SDG 9: Industry, Innovation, and Infrastructure

- Investments in infrastructure projects (roads, bridges, transportation).
- Involvement in power and electricity sector stimulating economic activities.
- Manufacturing sector contributing to industrialization.
- Sustainable industrial practices and innovation in technology.



SDG 10: Reduced Inequalities & SDG 5: Gender Equality

- Fostering inclusivity and eliminating discrimination in the workplace.
- Diversity hiring, equal pay, and anti-discrimination policies.
- Women's empowerment through leadership opportunities and mentorship.



SDG 13: Climate Action

- Commitment to reducing carbon footprint and climate resilience.
- Investment in renewable energy sources, aligning with SDGs 6 and 7.





TC Capitals



Financial capital

TransCentury is currently working on returning to profitability by actively addressing its existing debt through various strategies. The company is also prioritizing operational efficiency and optimizing cash flows. These measures aim to overcome current financial challenges and position The company for long-term success, emphasizing resilience and adaptability in economic fluctuations. The strategic focus on financial capital underscores the company's commitment to securing a robust financial foundation for the future.



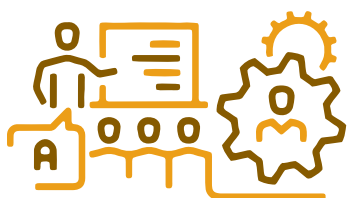
Manufacturing Capital

TransCentury is strategically utilizing its manufacturing capital to create employment opportunities and position itself in the market. The company is dedicated to thorough market and regional research, actively seeking opportunities aligned with its growth objectives. This forward-thinking approach reflects TransCentury's optimism and determination to expand its footprint, contributing to economic development in its operating regions. In its pursuit of industry leadership, The company aims to surpass competition by leveraging its manufacturing capital to exceed industry standards. This commitment to innovation, growth, and sustained success underscores the company's position in the manufacturing sector.



Intellectual Capital

The company attributes its success and competitiveness to intellectual capital. The company actively conducts continuous research to expand and update its data banks, ensuring informed decision-making by management. Through investments in state-of-the-art hardware and technology, The company facilitates efficient operations and empowers employees for optimal performance. Recognizing the importance of skills enhancement, the company has implemented training programs to upskill its workforce. Moreover, TransCentury is committed to the professional development of its employees, encouraging higher education and rewarding educational milestones.



Human Capital

TransCentury prioritizes human capital, acknowledging its vital role in success. The company fosters open communication channels between employees and management to encourage idea-sharing and address concerns. By creating comfortable workspaces, The company ensures optimal employee contribution. Team building and retreat programs underscore the commitment to unity, fostering camaraderie. Recognizing the importance of a motivated staff, the company offers incentives for long-term employee loyalty, promoting a dedicated workforce and enhancing overall performance and success.



Social Capital

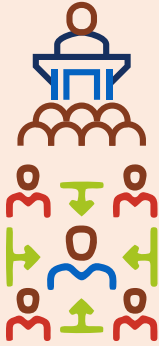


TransCentury actively builds social capital by implementing philanthropy and Corporate Social Responsibility (CSR) programs. These initiatives extend beyond core business operations, addressing various social and environmental challenges to make a meaningful impact on society. The company prioritizes giving back to the community, aligning activities with local values and needs. Through strong relationships with stakeholders and active participation in community development, The company aims for a sustainable, mutually beneficial impact. This commitment to social capital reflects ethical values, positioning the company as a socially responsible entity dedicated to making a positive difference in the broader community.



Our Stakeholders

We recognize that our capacity to generate enduring value hinges on robust connections with our stakeholders. These stakeholders encompass individuals, groups and organizations that wield influence over our business and possess a vested interest in our undertakings. While the following list is not exhaustive, it underscores those entities directly connected to TransCentury.

The company is steadfast in its dedication to collaborating with all stakeholders, comprehending their expectations, formulating a transparent strategy for engagement, and fostering opportunities that empower us to realize our vision.

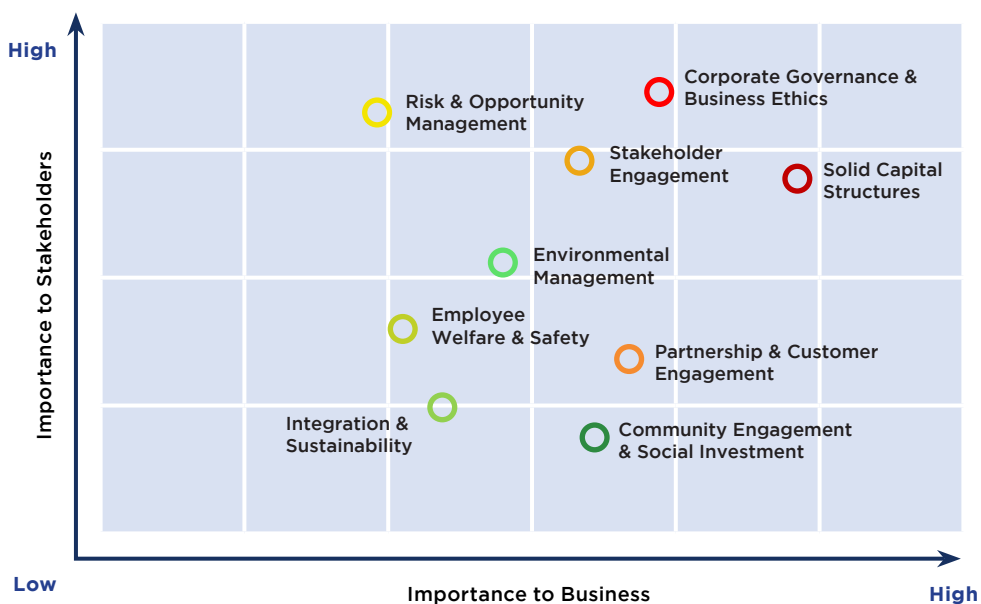
Stakeholder Group	Expectations	How do we engage with them?
Shareholders. 	<ul style="list-style-type: none"> • Superior sustainable value with consistent appraisal on strategy. • Responsible and sound board governance framework and practices. • Transparent reporting and disclosure. • Sustainable financial performance. • Embedding sustainable and best practices into business practices. 	<ul style="list-style-type: none"> • Annual and Extraordinary General Meetings • Group CEO & Company Presentations. • Q&A uploaded on website. • Annual & Half year results published and uploaded on the website. • Standing invitation to shareholders to meet and discuss any matters of concern. • Regular Company updates via press releases and company website • Engagement through mainstream and social media
Government and Regulators (CMA, NSE, KRA, NEMA, KEBS) 	<ul style="list-style-type: none"> • Compliance with all legal, tax and regulatory requirements. • Adhering to global and local environmental, social governance frameworks. • Participating in industry surveys and meeting with regulatory work groups. • Conducting responsible and ethical business practices. 	<ul style="list-style-type: none"> • Industry forums. • Participation in PPPs and Tenders. • Advocacy & Lobby. • Statutory reporting.
Customers <ul style="list-style-type: none"> • Investor 	<ul style="list-style-type: none"> • Capital solutions supported by a robust operating framework and a platform to leverage on. 	<ul style="list-style-type: none"> • Annual and Half Year results announcements • Annual GCEO Presentation • Engagement through mainstream and social media
<ul style="list-style-type: none"> • Investee 	<ul style="list-style-type: none"> • Solution provider for uplift in brand equity, preservation of value and growth. 	<ul style="list-style-type: none"> • Quarterly strategy engagement forums • Annual Group and SBU Board retreat • Group wide newsletter. • Company updates/ milestones • Customer satisfaction surveys



Our Stakeholders *Continued*

<p>Employees</p>	<ul style="list-style-type: none"> • Career developments through training and growth opportunities. • A safe, healthy, and engaging workplace. • Competitive remuneration and reward system. • Job security • Open door policy. 	<ul style="list-style-type: none"> • Staff meetings • Quarterly newsletter Group CEO communication to staff on topical issues • Health wellness talks. • Annual team building retreats. • Additional available public communication • FY & HY Performance appraisal meetings.
<p>Strategic partners</p> <ul style="list-style-type: none"> • Suppliers • Lenders • Auditors 	<ul style="list-style-type: none"> • Prioritising local procurement. • Long term relationships that are mutually beneficial. 	<ul style="list-style-type: none"> • Product feedback • Individual engagement on a need basis.
<p>Influencers</p> <ul style="list-style-type: none"> • Analysts • Media • Advocacy groups • Community 	<ul style="list-style-type: none"> • Transparency of information disseminated while providing leadership in shaping industry information and initiatives to benefit the sector as well as community. 	<ul style="list-style-type: none"> • Media Briefings & Press releases. • Interviews on Key announcements or topics. • Industry conferences and forums. • Participation in analysts' forums.

STAKEHOLDER MATRIX





Our Stakeholders *Continued*

SHAREHOLDER ENGAGEMENT.

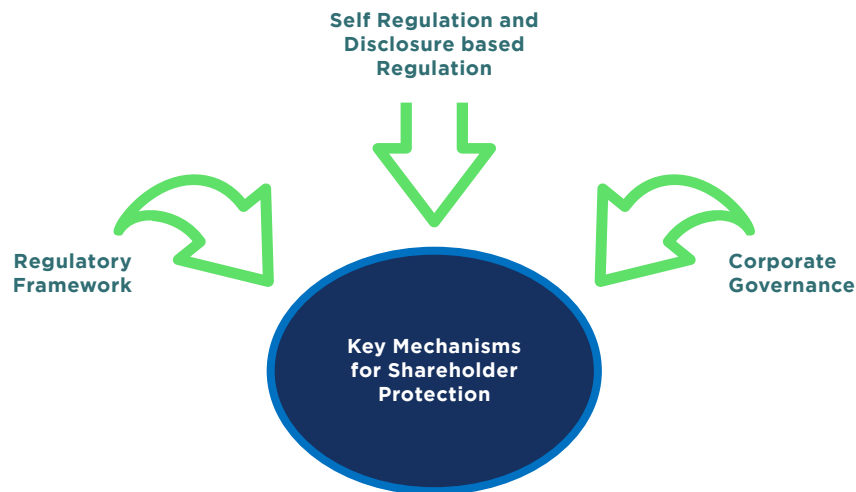
TransCentury PLC's Corporate Governance Framework ensures the equitable treatment of all shareholders, including shareholders. All shareholders have the opportunity to obtain effective redress for violation of their rights.

The TC Board Charter ensures the Board adopts a shareholders' perspective when making decisions and ensuring all shareholders' interests are protected.

TC's Corporate Governance Framework has improved communication and interactions between shareholders, Board Members and Management.

The Board Charter ensures the shareholders are duly accorded with their three basic rights:

- The right to seek information.
- The right to voice an opinion.
- The right to seek redress.



1. Regulatory Framework

- Disclosure requirements under the Capital Markets Authority Act.
- Shareholders' approval required for Related party Transactions and major acquisitions/ disposals.
- Take-over and merger transactions regulated under the Capital Market Authority Act.

2. Self-Regulation

- Integrity and ethical values of Board and top Management
- Requires commitment for transparent, credible, and timely reporting from the Board of Directors and management.




3. Corporate Governance

TC is committed to the highest standards of corporate governance and business ethics and has therefore instituted policies and systems.



Our Stakeholders *Continued*

SHAREHOLDER RIGHTS

	Areas of Concern	Engagement Channels
1. Right to seek Information 	<ul style="list-style-type: none"> • Right to know about the price sensitive information of the company. • Right to inspect the register of members. • Right to receive notice of General meetings • Right to be kept fully informed of what is happening in the Company. 	<ul style="list-style-type: none"> • AGM (Attendance) • Electronic Communications (emails/ newsletters and website) • Annual report. • Roadshows. • Media releases. • Site Visits • One on one meetings 
2. Right to Voice opinion 	<ul style="list-style-type: none"> • Right to attend general meetings. • Right to be heard and make proposals at shareholders' meetings. • Right to vote and elect directors. • Right to nominate directors • Right to appoint auditors. • Right to receive dividends, if declared. 	

Source: TC Board Charter.



Group Chairman Shaka Kariuki, Shareholder Anne Gachui and Director Wanjuki Muchemi



Risk Management and Control

Our Approach

TransCentury, is faced with different types of risk which include external and internal risks. We have ensured there is a robust risk management strategy which is meant to attempt to control, as much as possible, future outcomes by acting proactively rather than reactively. Therefore, our effective risk management offers the potential to reduce both the possibility of a risk occurring and its potential impact.

At TransCentury, we endeavor to apply Enterprise Risk Management (ERM), this is a strategic approach that integrates risk management into the organization's overall operations and decision-making, creating a more resilient, adaptable, and competitive entity. The ERM delivers a wide range of benefits that contribute to long-term sustainability, stakeholder trust, and effective resource allocation.

In addition, progressive risk management ensures risks of a high priority are dealt with as aggressively as possible. Moreover, the management will have the necessary information that they can use to make informed decisions and ensure that the business remains profitable.

TransCentury Risk Management Framework

Our risk management framework involves using the ISO 31000, which involves risk management Guidelines, provides principles, a framework, and a process for managing risk. Also, we apply the COSO (Committee of Sponsoring Organizations) framework which provides a comprehensive structure for the company to assess and enhance their internal controls, which is essential for preventing fraud and ensuring the reliable reporting of financial information.

The key steps we employ in the risk management process include:

- **Risk Identification, Assessment, prioritization, and mitigation:** This entails identifying and documenting all potential risks that could affect the company, including internal and external factors. We ensure we evaluate and analyze the identified risks in terms of their likelihood of occurrence and the potential impact they could have on the company's objectives. This step often involves quantitative and qualitative analysis. The company also ensures we are prioritizing the identified risks based on their significance. High-priority risks are those that have a high likelihood and a significant potential impact and finally developing and implementing strategies to reduce or eliminate the identified risks. These strategies may include risk avoidance, risk reduction, risk transfer, or risk acceptance.
- **Risk Monitoring and Control:** TransCentury continuously monitors and tracks the identified risks to ensure that the mitigation strategies are effective while adjusting our management plan as needed to address new risks or changes in existing ones.
- **Risk Communication and Reporting:** We ensure that all relevant stakeholders are informed about the identified risks and the progress of risk mitigation efforts. Effective communication is crucial for successful risk management and ensuring that risks are considered when making strategic, operational, and financial decisions.
- **Risk Review and Updating:** Periodically reviewing and updating our risk management plan and strategies to adapt to changing circumstances and new risks that may emerge.





Risk Management and Control *Continued*

The risk management process is not a one-time activity but an ongoing and iterative process that is integrated into an organization's overall management practices. Effective risk management helps TransCentury better navigate uncertainties and make informed decisions to achieve our objectives while minimizing potential negative impacts.

TransCentury has been able to reap some benefits from using these frameworks this include:

- **Innovation and Opportunity Management:** Risk management is not just about mitigating threats; it also involves identifying and leveraging opportunities. The Frameworks help the company recognize and exploit positive risks that can lead to growth and success.
- **Continuity Planning:** our risk management framework includes strategies for ensuring our business continuity in the face of unexpected events. This helps organizations maintain essential operations in case of any unforeseen crises or losses.
- **Efficient Resource Allocation:** By prioritizing risks, the company is able to allocate resources (financial, human, and time) more efficiently, ensuring that they are directed toward the most significant threats and opportunities.
- **Long-Term Sustainability:** Effective risk management contributes to the company's long-term sustainability by safeguarding against potential crises that could otherwise disrupt operations or even lead to business failure.

Risk Appetite

This is the level of risk the company is willing to accept or tolerate in pursuit of its objectives and goals. Risk appetite is a critical component for the company's risk management framework and helps guide decision-making and risk-taking activities. Some of the key aspects we look at to determine the risk appetite include: Strategy alignment, Risk tolerance, Risk culture and risk category among others

Risk Governance

The Board is ultimately responsible for making sure that the Group has the necessary internal control and risk management mechanisms in place to recognize, manage, and reduce risks that could jeopardize the attainment of its goals. Further it has mandated the appointed Board Risk & Audit Committee (BRAC) to provide oversight on matters risk.

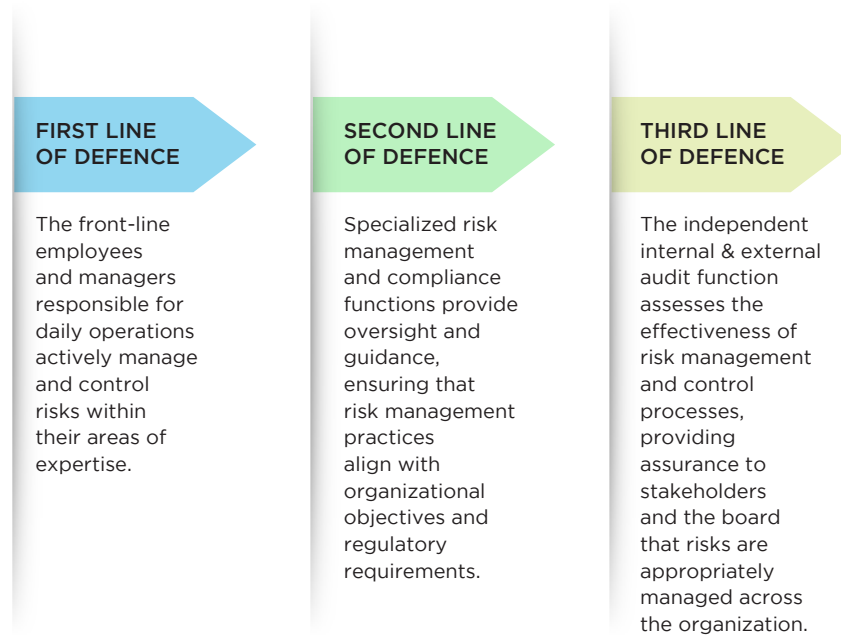
The BRAC have responsibility for the oversight of the risk management framework within TransCentury. They must be aware of and concur with the entity's risk appetite while reviewing the entity's portfolio view of risk and considering it against the entity's risk appetite.

Through assigned charts of authority, the various CEOs of the business units receive descending authorization for taking risks. The various subsidiary executive committees are notified of any material risk information, including adverse movement in risk indicators, which is then forwarded to the BRAC and the Board.

The integrated framework assigns risk management responsibilities using the three lines of defense paradigm. The three lines of defense framework is designed to create a structured and collaborative approach to risk management, providing assurance to stakeholders, improving transparency, and ensuring that risks are identified and managed effectively throughout the organization while maintaining independent oversight.



Risk Management and Control *Continued*



TransCentury Priority Risks

As TransCentury we find ourselves in an ever-evolving business landscape shaped by both current challenges and emerging trends. We ensure we provide a comprehensive overview of the risks facing our organization and the strategic initiatives undertaken to ensure resilience and sustainable growth. In response to these risks, TransCentury PLC has implemented a robust Business Continuity Plan (BCP) to ensure the continuity of critical functions during disruptions. The BCP encompasses risk assessments, emergency response plans, communication strategies, and regular testing to validate its effectiveness.

Current Priority Risks:

Market Volatility: The global economic environment remains dynamic, marked by fluctuations in financial markets. TransCentury PLC recognizes the potential impact on our investment portfolios and is actively monitoring and adjusting strategies to navigate market uncertainties.

Regulatory Changes: Ongoing regulatory developments in the regions where we operate present compliance challenges. Our dedicated compliance teams are closely tracking regulatory changes to ensure adherence to evolving standards, safeguarding the interests of our stakeholders.

Supply Chain Disruptions: The global interconnectedness of supply chains exposes us to geopolitical tensions and unforeseen disruptions. Our supply chain resilience initiatives include diversification, contingency planning, and close collaboration with key partners.

Emerging Risks:

Global Financial Market Volatility: Fluctuations in global financial markets, influenced by factors such as interest rate changes, currency fluctuations, and geopolitical events, can impact companies' access to capital and investment decisions.

Increased inflation and change in monetary policies: Locally this has led to uncertainty about interest rates, inflation, and economic conditions which may impact business planning and decision-making.

Change in technology: Rapid technological advancements offer unprecedented opportunities but also pose risks. TransCentury PLC is actively exploring innovative technologies while remaining vigilant about potential disruptions.



Risk Management and Control *Continued*

Climate Change and Environmental Risks: The growing emphasis on environmental sustainability demands a proactive approach. We are integrating environmental considerations into our decision-making processes, recognizing the impact of climate change on our investments and operations.

TransCentury Principal Risks

These are the biggest risks that could have a negative impact on our financial situation, business plan, or performance in the future. The process of risk assessment assesses the likelihood that a risk will materialize as well as the risk's potential financial or strategic impact.

The main group risks are identified after deliberations with each line of business, geography, and important enabling functions, during which important risks are identified and the effectiveness of mitigating controls is evaluated.

The table below enumerates the primary risks facing the organization and the risk management strategies implemented to address them. The disclosures that follow provide a summary of the main risks that TransCentury is thinking about; they do not include every risk that the company faces, all of which are being actively reviewed by the board and management.

Risk	Risk Description	Mitigation Strategies
Strategic Risk	This is the inability of the Group's ability to achieve its corporate and strategic objectives.	<ul style="list-style-type: none"> Ensuring strong corporate governance practices to enhance decision-making and accountability. Regularly evaluating and adjusting KPIs to ensure they remain relevant and reflective of performance against strategic goals. Collaborating with entities that complement the group's strengths and help achieve strategic objectives. Attract, develop, and retain key talent necessary for the successful execution of strategic plans.
Investment/Asset Risk	<p>This is the possibility that the company's portfolio will experience losses in the process of pursuing returns.</p> <p>This risk could result from:</p> <ul style="list-style-type: none"> Poor performance by Investee companies. Investment concentration. Unfavorable changes in politics, society, or the economy. Illiquid Assets 	<ul style="list-style-type: none"> Clear Investee strategy and an agile business model that allows us to take advantage of new growth opportunities as they arise. Regular reporting of the acquisition pipeline to the Executive and Tc Plc Boards. We perform pre- transaction due diligence and ensure strategic transformation plans are put in place for new acquisitions to ensure maximum growth potential, any divergence from these plans will result in management action to improve performance and minimize the risk of any impairments.



Risk Management and Control *Continued*

Risk	Risk Description	Mitigation Strategies
Liquidity Risk	The risk that the Group is not able to meet its financial obligations as they fall due or can do so only at excessive cost.	<ul style="list-style-type: none"> Monitoring and managing the group's debt levels to ensure they remain within manageable limits. Performing stress tests on the group's financial position to assess resilience under adverse scenarios and identifying potential vulnerabilities and developing strategies to address them.
Regulatory and Compliance Risk	This is the risk that the group may; <ul style="list-style-type: none"> Fail to conform to relevant laws and regulations leading to legal repercussions, Fail to adhere to internal policies and industry standards. 	<ul style="list-style-type: none"> Regular compliance checks to ensure adherence. Implementing robust internal control systems. Regular monitoring of changes in regulatory environments.
Operational Risks	The risk of financial loss and/or reputational damage resulting from inadequate or failed internal processes, people and systems or from external events.	<ul style="list-style-type: none"> Undertaking a Risk & Control Self-Assessment process across the Group and ensuring business continuity plans are in place. Providing comprehensive training programs to employees to ensure they understand and adhere to internal processes and compliance requirements. Establishing clear and transparent communication channels with stakeholders, customers, investors, and the public.
Currency Risk (Foreign Exchange Risk)	This risk arises when investments involve exposure to foreign currencies. Fluctuations in exchange rates can impact the value of investments denominated in different currencies and at consolidation of financial reports at the group level.	<ul style="list-style-type: none"> Establishing policies that outline acceptable levels of currency risk, risk tolerance, and mitigation strategies can guide investment decisions. Regular monitoring and analyzing currency markets and economic indicators.



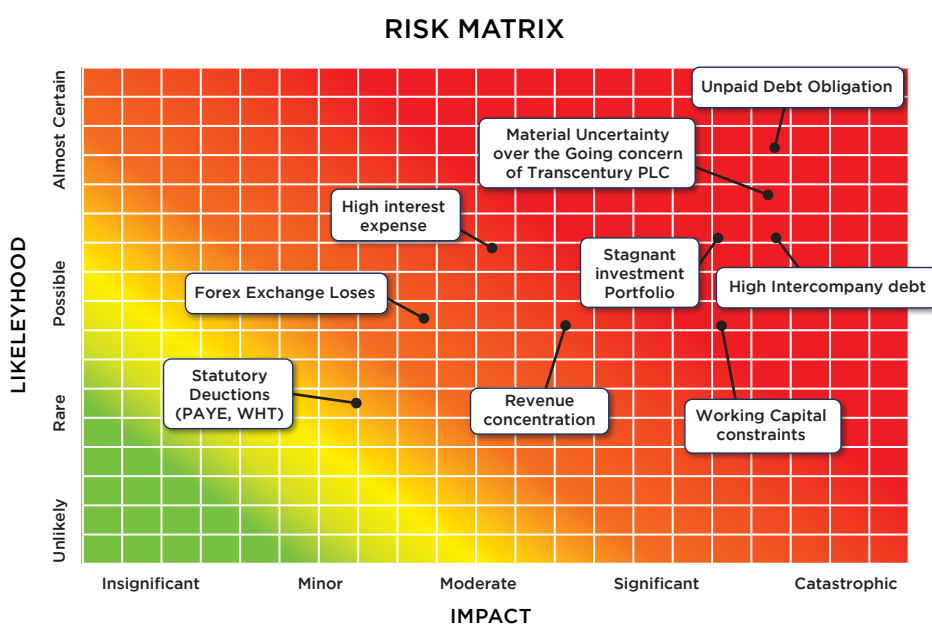
Risk Management and Control *Continued*

Materiality Matrix

The most pertinent critical risk factors that are consistent with TransCentury's business plan can be found through materiality analysis, which is regarded as a crucial instrument.

When it comes to risk reporting, items that have a considerable impact on the company's economic, social, or environmental performance or that have the potential to significantly affect stakeholders' views and decisions are material (or relevant).

The risk factors should not be considered separately as they may act as triggers or reinforce one another.





OUR VALUE

INNOVATIVE

At TransCentury creating value is our pivotal goal. By valuing you first, we give you the tools and room to create new ideas, methods, and systems giving you the freedom to succeed as we impact Africa.



Achieve together



Corporate Governance

Good corporate governance practices are essential in the delivery of the superior sustainable stakeholder value and this is the central focus of TC PLC Board. The Board is committed to uphold the principles of the good corporate governance as enshrined in the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 to the highest standards in discharging all its obligations. The Board ensures that all strategic decisions are guided by these principles and have put in place policies and procedures to entrench transparency, accountability and fairness across the business. This has also been embedded in the vision, mission and values of the company.

The Company's Governance Manual and the Board and Committee Charters are aligned to the provisions of The Capital Markets Authority of Kenya (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 (The Code) and all regulatory requirements and the Board ensures compliance through regular review of the governance systems and policies. The reviews are also crucial in aligning the systems and policies to any regulatory changes and developments, best market practices and the changing stakeholders' expectations.

The Board of Directors Charter

TC PLC Board and Board Committees' operations and stewardship are governed by the Charters that are contained in its Corporate Governance Manual. This manual is well aligned both with the regulatory requirements (The Capital Markets Authority of Kenya (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public and The Companies Act) and internal requirements (Memorandum and Articles of Association).

The manual has in place a framework that facilitates the Board to maintain control of the strategic, financial, operational, risk and compliance issues of the company and to hold management accountable for implementation.

The Board regularly reviews the Corporate Governance Manual to ensure that it is aligned to all developments in regulation, best practice and stakeholders' expectations.

The Board Charter can be accessed on the company's website. www.transcentury.co.ke

The Role of The Board

The Company has in place a Delegation of Authority Framework which establishes delegated authority and lines of responsibility without taking away accountability of the Board. Through this framework, it is the responsibility of the Board of Directors to direct and oversee the running of the affairs of the company on behalf of the shareholders. The Board therefore is accountable to the shareholders in the Company's performance, fostering long-term business and meeting the interests of its shareholders and key stakeholders. It is therefore the Board's role to:-

- Define the company's mission, vision, strategy, goals, risk policy plans and objectives, including approval of its annual budgets.
- Oversee the corporate management and operations, management accounts, major capital expenditures and review corporate performance and strategies at least on a quarterly basis.
- Identify the corporate business opportunities as well as principal risks in its operating environment, including the implementation of appropriate measures to manage such risks.
- Develop appropriate staffing and remuneration policies and procedures.
- Review regularly the adequacy and integrity of the company's internal control, acquisition and divestitures and management information systems, including compliance with applicable laws, regulations, rules and guidelines.
- Establish and implement a system that provides necessary information to the shareholders, including shareholder communication policy for the company.
- Monitor the effectiveness of the corporate governance practices under which the company operates and propose revisions as may be required from time to time.
- Consider the interests of the company's shareholders in its decision-making process.

The Board meets at regular intervals and adopts the organization's modus operandi enabling it to guarantee an efficient performance of the above-mentioned functions.



Corporate Governance *Continued*

Separation of roles and responsibilities

The roles of the Chairman and Group CEO are separated and established with clear division of responsibilities and delegated authority. The Board Chairman; provides leadership to the Board in ensuring the director's focus in providing oversight and clear vision to the Group. His responsibilities are;

- Enhancing shareholder value and ensuring stakeholders engagement
- Ensuring the effective operations of the Board
- Establishing the Board agenda for Board meetings and making certain that the Board has all the necessary information for effective decision making.
- Ensuring that the Board is well established in line with the pre-requisite skills, knowledge and experience required and that Board Committees are properly established.
- Communicating and consulting with shareholders and relevant stakeholders on significant issues, as appropriate.
- Ensuring the effectiveness and development of the Board and individual directors aimed at increasing their awareness of the Company and industry trends, including the applicable legislative framework, to enable them to discharge their duties effectively.

On the other hand, the Group CEO's responsibilities include;

- Ensuring the day-to-day management of the business, in line with the company's strategy and long-term objectives approved by the Board.
- Providing strategic advice and guidance to the Board and appraising them of any changes relevant to the industry /sector which the company operates.
- Preparing and monitoring business plans
- Directing and controlling the work and resources of the company,
- Ensuring recruitment and retention of the required numbers and types of well-motivated, trained and developed management staff to ensure the Group meets its vision, mission and objectives.

The Company Secretary directs, controls, and provides effective and efficient advice to the Board and Management to protect the Company's interests. The Secretary is also charged with the responsibility of coordinating all Board and Board Committee meetings, ensuring that they are properly organized and conducted and implemented in compliance with the Company's Memorandum and Articles of Association and its statutory obligations.

To help in discharge of its responsibility, the Board ensures the appointment of Board Committees to help it deliver its mandate. The Board Committees in TC PLC are: -

- a) Finance and Strategy
- b) Nomination and Governance
- c) HR and Remuneration
- d) Audit, Risk and Compliance.

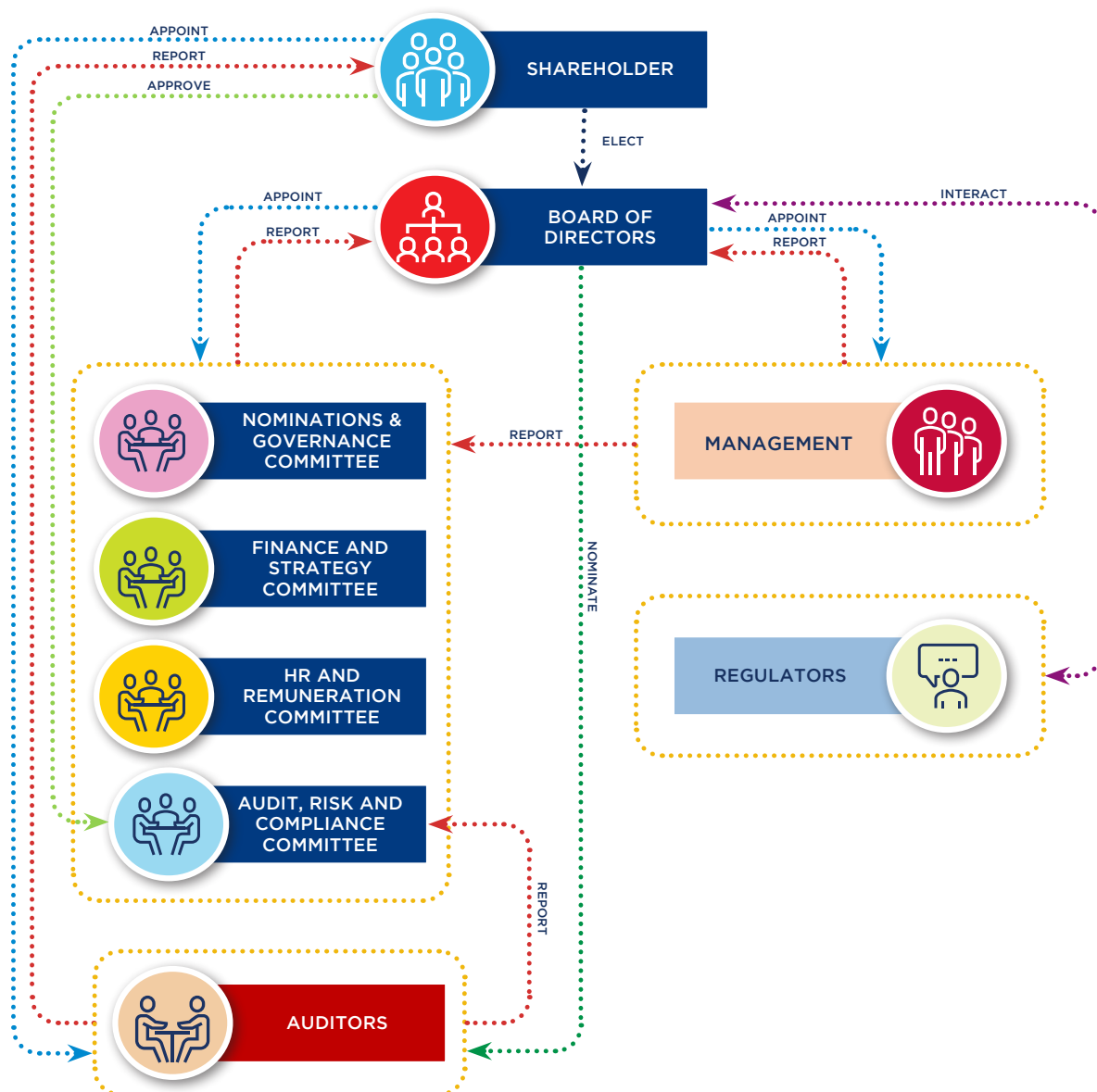
The Board is responsible for ensuring that the committees are appropriately constituted with members who have the necessary skills and expertise to handle the responsibilities allocated to them. The Board reviews the mandate of the committees periodically to ensure relevance.

The Board Committees are constituted and governed by written Charters / Terms of Reference and carries annual assessment on its effectiveness and performance against the set mandate.



Corporate Governance *Continued*

Governance Structure.





Corporate Governance *Continued*

Board Meetings

TC PLC Group Board meets at least once every quarter and any other time when business demands deem it necessary to hold a meeting. The scope of the meeting is as per the annual workplan and covers such areas as strategy, business performance and overall control. The meeting's agenda are aligned to the workplan, and the Company Secretary sends out the notice together with the detailed board packs in advance for directors' review and reference.

Board Committees

To facilitate the effective delivery of the strategy, management of risks, financial performance and reporting, the Board has established Board Committees. The committees are charged with looking at key issues in details and providing recommendations to the board for consideration. The table below summarizes the Board Committees in place and the key activities for the year ending December 2022.

Board Committee	Nomination & Governance	Human Resources & Remuneration	Finance & Strategy	Audit, Risk and Compliance
Members	Chairman: Shaka Kariuki Members: Wanjuki Muchemi, Nganga Njiinu	Chairman: Wanjuki Muchemi Members: Shaka Kariuki, Nganga Njiinu	Chairman: Wale Adeosun Members: Shaka Kariuki, Anne Mutahi, Nganga Njiinu	Chairman: Kariithi Njogu Members: Kamal Pallan, Anne Mutahi, Nganga Njiinu
	Responsible for Corporate Governance, director's appointment, and evaluation of the Board's effectiveness	Responsible for establishment, maintenance, compensation, and administration of Human Resources management.	Review of financial objectives, policies, capital structure and financing requirement and to oversee the development and implementation of long-term strategy	Ensuring the company's financial statements comply with applicable financial reporting standards, provide oversight for assessing and monitoring all risks and ensure compliance with legal, statutory, corporate polices and standards.
2022 Activities	<ul style="list-style-type: none"> Compliance with various Governance requirements Directors recruitment, selection and development Board Evaluation Director's training Governance & Legal Compliance Audit 	<ul style="list-style-type: none"> Succession Management Leadership development programs Review of compensation and benefits programs Review of Staff establishment and development 	<ul style="list-style-type: none"> 2022- 2025 Strategy execution oversight Review of strategy execution Review of financial plans and budget Review of fundraising activities (rights issue) 	<ul style="list-style-type: none"> Review of the financial statements Review of the Risk management framework Review of the Internal Audit Plan and Audits undertaken within the year Review of Business Continuity Plan Review of Risk Framework



Corporate Governance *Continued*

2022 Board and Committee Meetings Attendance Schedule

In the year ending 31st December 2022 the Board held 5 meetings as set out in the table below:-

DIRECTOR	DESIGNATION		BOARD	N & G	HR&R	AR&C	F&S
S. Kariuki	Chairman - N&G	MEMBERSHIP	✓	✓	✓		✓
		ATTENDANCE	5/5	4/4	4/4		5/5
W. Muchemi	Chairman - HR&R	MEMBERSHIP	✓	✓	✓		
		ATTENDANCE	3/5	4/4	4/4		
N.Njiinu	Group CEO	MEMBERSHIP	✓	✓	✓	✓	✓
		ATTENDANCE	5/5	4/4	4/4	5/5	5/5
K. Njogu	Chairman - AR&C	MEMBERSHIP	✓			✓	
		ATTENDANCE	-			-	
K. Pallan	Member	MEMBERSHIP	✓			✓	
		ATTENDANCE	4/5			5/5	
W. Adeosun	Chairman - F&S	MEMBERSHIP	✓				✓
		ATTENDANCE	5/5				4/5
A. Mutahi	Member	MEMBERSHIP	✓			✓	✓
		ATTENDANCE	4/5			5/5	4/5

KEY:
N&G (Nomination and Governance) **HR&R** (Human Resources and Remuneration)
F&S (Finance and Strategy) **AR&C** (Audit, Risk and Compliance)

Nomination, Appointment & Succession

The Nomination & Governance Committee is responsible for appointment and succession of directors across the group. The committee screens and presents the selected candidates to the Board. The screening is guided by the company's strategic direction, the candidate's knowledge and abilities, expertise and experience required. Directors representing the majority shareholder are nominated by the shareholder to the committee who verifies the qualifications of the nominees before submitting to the Board. After scrutinizing the candidates, the Nomination & Governance Committee proposes the selected candidates to the Board for consideration. Upon endorsement, the Board proposes the nomination to the shareholders for approval of the appointment.

In the year ended 31st December 2022, the Nomination & Governance Committee ensured that all subsidiaries had the right number of directors as guided by the Corporate Governance Manual, through robust director recruitment process.

Board Tenure

Nomination & Governance Committee also reviews the age and tenure of the directors and puts in place strategies to ensure succession of directors.

The Corporate Governance Guidelines provides for a tenure of three (3) years of any non-executive director in either TC and/or its subsidiaries, with the potential of further renewal for another 3-year period, giving a maximum of six years in any one company. To ensure planned and progressive refreshing of the Board, the Board has adopted a Board Rotational policy whereby a number of non-executive directors are re-elected each year at the Annual General meeting (AGM), in line with The Articles of Association. At the end of the period, two directors; Mr. Kamal Pallan and Mr Wanjuki Muchemi were re-elected.



Corporate Governance *Continued*

Name	Date of Appointment	Gender	Non-Executive/Executive
Shaka Kariuki	28 th March 2017	M	Non-Executive
Wanjuki Muchemi	3 rd August 2017	M	Non-Executive
Nganga Njiinu	1 st July 2016	M	Executive
Kariithi Njogu	26 th April 2017	M	Non-Executive
Kamal Pallan	28 th March 2017	M	Non-Executive
Wale Adeosun	28 th March 2017	M	Non-Executive
Anne Mutahi	3 rd July 2017	F	Non-Executive

Board Skills and Qualifications

The Board strives to ensure a diverse mix of skills, knowledge and experience in order to provide the required oversight in formulation and execution of the company's core business and its strategy. Each director skills are critical, and the Board ensures that collectively all requisite skills and experience is available.

The nomination and governance committee is charged with the responsibility of ensuring that the Board has the right mix to help the Board in having an informed way of evaluating and reviewing the company performance. The committee also continuously reviews the skills and experience required which informs the Board Appointment process.

Key Skills	S.Kariuki	K.Pallan	W.Adeosun	A.Mutahi	K.Njogu	W.Muchemi	N.Njiinu
Corporate Governance	✓	✓	✓	✓	✓	✓	✓
Business Management	✓	✓	✓	✓	✓	✓	✓
Financial skills	✓	✓	✓	✓	✓	x	✓
Public Affairs	✓	✓	✓	✓	✓	✓	✓
Strategy	✓	✓	✓	✓	✓	✓	✓
Risk management	✓	✓	✓	✓	✓	✓	✓
Information Technology	✓	x	x	x	✓	x	✓
Commercial Skills	✓	✓	✓	✓	x	x	✓
Legal	x	x	x	x	x	✓	x
Audit	✓	✓	✓	✓	✓	x	✓
Investment	✓	✓	✓	✓	✓	✓	✓
Human Resources	✓	✓	✓	✓	✓	✓	✓

Board Diversity

At TC we embrace diversity and are taking the intentional journey of building an all-inclusive TC. We believe in added value in the contributions of people from diverse backgrounds and experiences.

Board Performance Evaluation

Every year, the Board reviews its performance and that of its Board Committees and individual directors in line with the provisions of the Company's Governance Guidelines. The Board undertook the annual evaluation of its performance for the year under review for the Board, Board Chairman, Company Secretary, GCEO, Board Committee and the Board Committee Chairman. The process was coordinated internally by the Nomination and Governance Committee. It was based on questionnaires looking at Board's effectiveness in delivery of the Company's Vision, Mission and Strategy, Governance and Board Operations. The questionnaire also reviews the individual Director's contributions to the effectiveness of the Board, application of knowledge and skills and ethical standards.



Corporate Governance *Continued*

Directors Induction and Professional Development

Directors are taken through a comprehensive induction which comprises of meetings with Board Chairman and other directors, GCEO and other senior managers.

The Nomination and Governance reviews the development needs for the Board and Directors, taking into consideration the developments within the industry and global best practices in formulating the training programs.

On 13th and 14th October 2022, the Directors underwent facilitator-led training on areas of Strategy, Risk and Financial Stewardship and Environmental, Social and Governance Framework.

Whistle Blowing Policy

TC is committed to the highest possible standards of open, probity and accountability. To this end, the company has put into place a policy to facilitate reporting of perceived unethical or illegal conduct of employees, management, directors and other stakeholders across the company to appropriate authorities in a confidential manner without any fear of harassment, intimidation, victimization or reprisal of anyone for raising concerns.

Conflict of interest

The company has in place a conflict-of-Interest Policy that describes the practices to maintain in order to promote and uphold ethical standards. The policy applies to the Board and all employees and is made available through the Company's website.

Before any board meeting or board committee meeting, all directors are required to declare any potential conflict of interest to ensure that business is conducted in a manner that ensures judgment and decision making is not influenced by undue interests. They are also required to declare any conflict of interest at appointment through the Nomination and Governance Committee. The policy was observed in the year ending 31st December 2022.

Code of ethics and conduct

TC has in place a Code of Ethics and Conduct framework informed by the Company's core values of Entrepreneurial, Innovation, Pioneering and Collaboration. This covers both professional and personal conduct and applies to directors and employees as well. It is aimed at promoting a culture of fairness, honesty and integrity in their dealings with all stakeholders hence ensuring sustainable success of TC. All new employees are oriented on this framework and are always required to commit to abide by its provisions.

Access to independent Advice

The Company's Corporate Governance Guidelines provides for the Board, including the committees to have access and seek independent professional advice from any legal, accounting and other advisors, experts and consultants in order to fulfil its responsibilities and in relation to the company's affairs within its delegated authority. In doing this, the Directors are required to uphold the provisions of confidentiality of information as well as the provisions of the Company's Insider Trading and the Conflict-of-Interest Policies.

Governance Audit

In compliance with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, the Company conducted a Governance Audit and the Board was found to have put in place a sound governance framework that is in compliance with the legal and regulatory framework and in line with global best governance practices for the interest of stakeholders. This audit was carried out in December 2021 and another one is scheduled to take place in 2023.




Corporate Governance *Continued*

The company continues to implement the recommendations from the Auditors and CMA in order to improve its level of corporate governance.

OPINION

In our opinion, the Board has put in place a sound governance framework, which is in compliance with the legal and regulatory framework and in line with global best governance practices for the interest of stakeholders. In this regard, we issue an unqualified opinion.

CS. George Athiambo, ICPSK GA. No 198
For: KIRUKI & KAYIKA ADVOCATES


Date: 12 December 2021



Legal Compliance Audit

In the year 2021, the Company also undertook a legal compliance Audit to ascertain the level of compliance with the applicable regulatory standards, laws and regulations and to assist the Company identify legal issues triggered by the company strategies and objectives and plan for necessary interventions. The company is now in the process of implementing the recommendations brought about by the audit.



TC staff after signing the commitment plaque during the Ahidi +32% strategy launch.



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FY 2022 Shareholders' Summary

SHAREHOLDER CATEGORY			
RANK	FOREIGN INVESTOR	SHARES HELD	% HELD
1	KURAMO AFRICA OPPORTUNITY KENYAN VEHICLE LTD	93,776,173	24.99
2	STANDARD CHARTERED NOM A/C KE 11993	17,353,617	4.63
3	STANBIC NOMINEES LIMITED NR7522171	10,623,794	2.83
4	STANDARD CHARTERED NOMINEES NON RESD A/C11773	7,355,800	1.96
5	SHAH, LALITABEN KANAIIYALAL	163,200	0.04
6	AARO, JONAS STEN HENRIK	109,400	0.03
7	TSHOLA, LETLOTLO KABELO	82,200	0.02
8	WILLIAMSON, PHILLIP JOHN	50,000	0.01
9	KUNWAR, KAMAL BAHADUR	50,000	0.01
10	TAFAWA, JUMAANE AKINTOLA	11,700	0.00
	SUBTOTAL	129,575,884	34.53
	OTHERS	52,000	0.01
	TOTAL	129,627,884	34.55
RANK	LOCAL INDIVIDUAL INVESTORS	SHARES HELD	% HELD
1	MICHAEL GITAU WAWERU	21,337,380	5.69
2	ANNE PEARL KARIMI GACHUI	21,140,990	5.63
3	SAMSON NDINDI NYORO	20,020,000	5.34
4	PETER TIRAS KANYAGO	14,141,387	3.77
5	EPHRAIM KARIITHI NJOGU	12,520,370	3.34
6	GITAU ZEPHANIAH MBUGUA	12,105,752	3.23
7	ROBIN MUNYUA KIMOTHO	10,851,510	2.89
8	STEPHEN NJOROGE WARUHIU	9,862,971	2.63
9	EDWARD NJOROGE	9,552,026	2.55
10	JOSEPH MBUI MAGARI	9,477,130	2.53
	SUBTOTAL	141,009,516	37.58
	OTHERS	78,113,871	20.82
	TOTAL	219,123,387	58.40
RANK	LOCAL INSTITUTIONAL INVESTORS	SHARES HELD	% HELD
1	NAIROBI NOMINEES LTD. A/C J.S. DONOVAN	10,257,860	2.73
2	FRANK NEWTON REAL ESTATE LIMITED	6,760,800	1.80
3	JAMSOLS ENTERPRISES LIMITED	2,631,579	0.70
4	CHASE BANK (KENYA) LIMITED	2,149,700	0.57
5	GENGHIS NOMINEES LIMITED A/C 022	401,400	0.11
6	HEPATIC LIMITED	400,000	0.11
7	NJOROGE ENGINEERING WORKS LIMITED	383,000	0.10
8	ZED HOLDINGS LTD	381,744	0.10
9	KARNE LIMITED	291,600	0.08
10	SOFT CONSULT LIMITED	262,300	0.07
	SUBTOTAL	23,919,983	6.38
	OTHERS	2,531,512	0.67
	TOTAL	26,451,495	7.05
	TOTAL ISSUED SHARES	375,202,766	100.00
	NUMBER OF SHAREHOLDERS	2,393	



Directors and Statutory Information

DIRECTORS

Shaka Kariuki Group Chairman
Nganga Njiinu Group CEO
Wale Adeosun
Kamal Pallan
Ephraim Njogu
Anne Mutahi
Wanjuki Muchemi

PRINCIPAL PLACE OF BUSINESS

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00100 Nairobi GPO

SECRETARY

Virginia Ndunge
Certified Public Secretary (Kenya)
3rd Floor, Bishop Garden Towers
1st Ngong Avenue
P.O. Box 13412
00100 Nairobi

AUDITOR

RSM Eastern Africa LLP
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SHARE REGISTRARS

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Share Registration Services
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Mara Road, Upper Hill
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REGISTERED OFFICE

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00200 Nairobi

PRINCIPAL BANKERS

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Citibank House
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00100 Nairobi

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Lavington Supreme
P.O. Box 75104
00200 Nairobi

SBM Bank (Kenya) Limited
Riverside Mews, Riverside Drive
P.O. Box 66015
00800 Nairobi

Sidian Bank Limited
K-Rep Centre,
Wood Avenue, Kilimani
P.O. Box 25363
00603 Nairobi

TIB Corporate Bank Ltd
P.O. Box 9011
Dar es Salaam, Tanzania

Ecobank Kenya Limited
Ecobank Towers, 13th Floor.
Muindi Mbingu Street
P.O. Box 49584
00100 Nairobi



Directors' Remuneration Report

FOR THE YEAR ENDED 31 DECEMBER 2022

INFORMATION NOT SUBJECT TO AUDIT

Information not subject to audit comprise the Company's Policy on director's remuneration, Contract of service of directors, Statement of voting at the general meeting on directors' remuneration and any substantial changes to director's remuneration during the year.

Executive Directors' remuneration policy

Executive directors are remunerated in accordance with the staff remuneration policy. Their remuneration package comprises a basic salary, pension and other benefits designed to recognize the contribution, skills and experience of executive directors as shown below.

1. Consolidated basic pay

This is the consolidated base salary paid to the Executive Director.

2. Pension contribution

On a Monthly basis, the Company contributes 7.5% of basic pay towards the pension of the Executive Director.

3. Bonus

Executive Directors are entitled to a performance-based bonus pay. The bonus is paid based on the performance of the business and on the existing bonus policy. No Bonus was paid during the year.

4. Medical insurance cover

As per Group and Company's Human Resources policy, Executive Directors, like other employees, are entitled to medical insurance cover for their individual and family medical requirements covering both out-patients and in-patients.

5. Group life assurance cover

As provided to all employees, Executive Directors, are entitled to a death-in-service benefit. This is payable to beneficiaries of the Executive Director at a maximum of five years' pay.

During the year 2022, there was no adjustment to the remuneration of the Executive Directors. As per the Group and Company policy on employee compensation, 2022 pay will be dependent on the annual performance appraisals conducted in quarter one of the year.

Substantial changes to directors' remuneration

There were no substantial changes relating to the directors' remuneration made during the year (2021- None).

Contract of service

The Corporate Governance Guidelines provides for a tenure of three (3) years of any non-executive director in either TranCentury PLC and/or its subsidiaries, with the potential of further renewal for another 3-year period, giving a maximum of six years in any one company. To ensure planned and progressive refreshing of the Board, the Board has adopted a Board Rotational policy whereby a number of non-executive directors are re-elected each year at the Annual General Meeting (AGM), in line with The Articles of Association. During the AGM held on 30th June 2023 Mr.Kamal Palan was re-elected during the AGM.

Statement of voting at the AGM on directors' remuneration

In the last AGM held on 30th June 2023, the shareholders unanimously passed a resolution to approve the Directors' remuneration report and the Directors' remuneration policy.



Directors' Remuneration Report *Continued*

FOR THE YEAR ENDED 31 DECEMBER 2022

Non-Executive Director Remuneration Policy

The fees for Non-Executive Directors are set at a level which is considered appropriate to attract individuals with the necessary experience and ability to oversee the business. The amount of fees reflects the attached responsibility and time commitment. Additional fees are paid for further responsibilities such as chairing committees and sitting on appointed board committees. The value of benefits provided is reasonable in the market context and takes into account the individual circumstances and benefits provided in comparable roles for companies within the Industry.

Information subject to audit (auditable part)

Information subject to audit (auditable part) comprise the amounts of each Company's directors' emoluments and compensation in the relevant years. The following amounts were paid to Directors in the year under review.

(i) Non-Executive Directors' remuneration for the year ended 31 December 2022

Name	Retainer	Sitting allowance	Total	Paid	Payable
Company	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'
Shaka Kariuki	3,000	1,520	4,520	-	4,520
Wale Adeosun	1,800	800	2,600	-	2,600
Kamal Pallan	1,800	880	2,680	-	2,680
Kariithi Njogu	1,800	-	1,800	420	1,380
Ann Mutahi	1,800	1,120	2,920	588	2,332
Wanjuki Muchemi	1,800	1,040	2,840	532	2,308
Total	12,000	5,360	17,360	1,540	15,820

Non- Executive Directors' remuneration for the year ended 31 December 2021

Name	Retainer	Sitting allowance	Total	Paid	Payable
Company	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'
Shaka Kariuki	3,000	880	3,880	-	3,880
Wale Adeosun	1,800	720	2,520	-	2,520
Kamal Pallan	1,800	720	2,520	-	2,520
Kariithi Njogu	1,800	-	1,800	1,155	645
Ann Mutahi	1,800	640	2,440	1,603	837
Wanjuki Muchemi	1,800	880	2,680	1,981	699
Total	12,000	3,840	15,840	4,739	11,101



Directors' Remuneration Report *Continued*

FOR THE YEAR ENDED 31 DECEMBER 2022

Executive Directors' remuneration for the year ended 31 December 2022

Name	Basic Pay	Pension	Total	Paid	Payable
	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000
Nganga Njiinu	33,000	2,475	35,475	35,475	-

Executive Directors' remuneration for the year ended 31st December 2021

Name	Basic Pay	Pension	Total	Paid	Payable
	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000
Nganga Njiinu	33,000	2,475	35,475	35,475	-

Approval of the Directors' Remuneration Report

The Directors confirm that this report has been prepared in accordance with the Kenyan Companies Act, 2015, Capital Markets Authority (CMA) Code and listing rules and reflects the disclosure requirements under the International Financial Reporting Standards (IFRSs) with respect to related parties (see Note 29 to the consolidated and separate financial statements).

By order of the Board,

By order of the Board

Virginia Ndunge
Secretary
Date: 31 May 2024



Report of the Directors

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors submit their report together with the audited consolidated and separate financial statements for the year ended 31 December 2022, which disclose the state of affairs of the Group and Company.

1. Activities

The Group's principal activity is investment in power infrastructure, transport infrastructure and engineering industries across Africa.

2. Results

The Group's and Company's results for the year are set out on pages 80 and 81 respectively.

3. Dividends

The directors do not recommend the payment of a dividend (2021 - Nil).

4. Directors

The directors of the Company who served during the year and up to the date of this report are set out on pages 28 to 29.

5. Auditors

The Company auditors RSM Eastern Africa LLP have indicated their willingness to continue in office in accordance with the requirements of the Kenyan Companies Act, 2015.

6. Employees

	2022	2021
Managers	65	82
Non-Managers	463	818
Total	528	900
Male	423	721
Female	105	179
Total	528	900

7. Going concern

The Group and Company incurred a loss of KShs 2,776 million and KShs 1,219 million respectively during the year ended 31 December 2022 (2021 Group KShs 1,681 million, Company KShs 1,222 million), and as of that date, the Group's and Company's current liabilities exceeded its current assets by KShs 14,741 million and KShs 7,066 million respectively (2021 Group KShs 12,932 million and 2021-Company KShs 5,766 million). In addition, the Group's & Company's total liabilities exceeded its total assets by KShs 11,877 million and KShs 3,284 million respectively (2021 KShs 10,770 million and KShs 2,435 million respectively).

The directors are aware of the circumstances giving rise to a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern and have disclosed the Group and Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Consequently, the directors have made an assessment of the Group's and Company's ability to continue as a going concern and believe the Group and Company will be a going concern for at least the next twelve months from the date of this statement based on initiatives disclosed in Note 2(f).



Report of the Directors

FOR THE YEAR ENDED 31 DECEMBER 2022

8. Relevant audit information

The directors in the office at the date of this report confirm that:

- There is no relevant audit information of which the Group and Company's auditors are unaware, and
- Each director has taken all steps that they ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

9. Directors interests

Director's direct interests in the shares of the Company were as follows:

	2022	2021
Name	No. of shares held	No. of shares held
Shaka Kariuki	Nil	Nil
Wale Adeosun	Nil	Nil
Kamal Pallan	Nil	Nil
Kariithi Njogu	12,520,370	12,520,370
Ann Mutahi	Nil	Nil
Wanjuki Muchemi	3,912,671	3,912,671

10. Business review

The Group's and Company's business review has been disclosed on pages 38 – 43.

11. Statement as to disclosure to the Company's auditor

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

- there is, so far as the director is aware, no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that the director 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.

12. Approval of financial statements

The financial statements were approved and authorised for issue at a meeting of the directors on 31 May 2024

By order of the Board

Virginia Ndunge
Secretary
Date: 31 May 2024



Statement of Directors' Responsibilities

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements of TransCentury PLC (Group and Company) set out on pages 80 to 162 which comprise the consolidated and company statements of financial position as at 31 December 2022, the consolidated and company statements of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements which include a summary of significant accounting policies and other explanatory information and information identified as subject to audit in the directors remuneration report.

The directors' responsibilities include: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the consolidated and separate financial statements in the circumstances, preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015 and for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

Under the Kenyan Companies Act, 2015, the directors are required to prepare consolidated and separate financial statements for each financial year which give a true and fair view of the financial position of the Group and the Company as at the end of the financial year and of the profit or loss of the Group and Company for that year. It also requires the directors to ensure the Group and Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in compliance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. The directors are of the opinion that the financial statements give a true and fair view of the financial position of the Group and the Company and of the Group's and Company's profit or loss.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

As at 31 December 2022, the directors are aware of the circumstances giving rise to a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern and have disclosed that the Group and Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Consequently, the directors have made an assessment of the Group's and Company's ability to continue as a going concern and believe the Group and Company will be a going concern for at least the next twelve months from the date of this statement based on initiatives disclosed in Note 2(f).

Approval of the financial statements.

The consolidated and separate financial statements, as indicated above, were approved and authorised for issue by the Board of Directors on 31 May 2024

Shaka Kariuki
Director

Nganga Njiinu
Director

Date: 31 May 2024



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Independent Auditor's Report TO THE MEMBERS OF TRANSCENTURY PLC

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of TransCentury PLC (the Group and Company) as set out on pages 80 to 162, which comprise the consolidated and company statements of financial position as at 31 December 2022, and the consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity, consolidated and company statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies..

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of TransCentury PLC as at 31 December 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2(f) to the consolidated and separate financial statements, which indicates that during the year ended 31 December 2022, the Group and Company incurred a loss of KShs 2,776 million and KShs 1,219 million respectively and as of that date, the Group's and Company's current liabilities exceeded its current assets by KShs 14,741 million and KShs 7,065 million respectively and the Group's and Company's total liabilities exceeded their total assets by KShs 11,877 million and KShs 3,285 million respectively. In addition, as at 31 December 2022, the Group and Company had outstanding loans of KShs 4,184 million and KShs 3,990 million respectively for which they had breached the loan covenants with the lenders. As stated in Note 2(f), these events or conditions, along with other matters as set forth in Note 2(f), indicate that a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Registration number: LLP-3A1VXM, a limited liability partnership under the Limited Liability Partnership Act, 2011.

Partners: Ashif Kassam, Lina Ratansi, Nihla Mazrui, Elvis Ogeto, George Mutua

RSM Eastern Africa LLP is a member of the RSM network and trade as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm, each of which practises in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.



Independent Auditor’s Report

TO THE MEMBERS OF TRANSCENTURY PLC (CONTINUED)

Report on the audit of the consolidated and separate financial statements (Continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of unquoted investments in the consolidated and separate financial statements	
See accounting policy Note 2(d)(v) Note 2(e), Note 15(b) and 15(d) to the consolidated and separate financial statements	
Key audit matter	How the matter was addressed in our audit
<p>The valuation of unquoted investments is determined by the Group and Company using valuation techniques which involve the use of significant assumptions and judgments.</p> <p>The judgements and assumptions made include the use of a price to book multiple to estimate fair values of investments. The approach involves assessing the historical return on equity for listed entities in the same sector, assessing the relationship between such returns and the traded market price and then assessing the appropriate price to book multiple to be applied to the subject investment. This has been disclosed at level 2 in the fair value hierarchy.</p> <p>Valuation of unquoted investments is a key audit matter due to the significant judgement involved in calculating the price to book multiple.</p>	<p>Our procedures in this area included:</p> <ul style="list-style-type: none"> • Used our in-house valuation specialists in assessing the appropriateness of the comparable average price to book multiples applied in the valuation of unquoted investments, by comparing the average price from comparative listed entities to the net assets of the unquoted investments; • Evaluating the net assets data (inputs) used by the Group and Company in determining fair values by directly agreeing the inputs to supporting source documents which included agreeing the inputs of the investee and comparable companies to their respective latest audited financial statements; • Assessing the historical return on equity for selected listed entities in the same sector as the investment, assessing the relationship between the returns and the traded market price and then recomputing the appropriate price to book multiple applied; • Evaluating the mathematical accuracy of the computations by reperforming the computations, including the determination of the comparable average price to book multiple used to determine fair value and comparing our computations to those determined by the Group and Company; and • Evaluating the adequacy of the disclosures made in the consolidated and separate financial statements, including disclosures of key assumptions and judgements.



Independent Auditor's Report

TO THE MEMBERS OF TRANSCENTURY PLC (CONTINUED)

Report on the audit of the consolidated and separate financial statements (Continued)

Key audit matters (continued)

Impairment of trade and other receivables in the consolidated and separate financial statements	
See accounting policy Note 2(d), 4(f)(i), Note 5(a), Note 18 and Note 29 to the consolidated and separate financial statements	
Key audit matter	How the matter was addressed in our audit
<p>The Group trade and other receivables and the Company's intercompany receivables amounted to KSh 2,680 million and KSh 690 respectively and the group's expected credit losses amounted to KSh 2,393 million as at 31 December 2022.</p> <p>Significant judgment is involved in assessing the recoverability of trade and other receivables and in estimating the expected credit losses (ECL) required to be recognised against the gross trade and other receivables.</p> <p>The key areas where we identified greater levels of management judgement and therefore increased audit focus was the determination of the historical loss rate and the application of forward-looking information to determine the ECL.</p> <p>We determined this area to be a key audit matter in our audit due to the significant judgments involved in determining ECL.</p>	<p>Our procedures in this area included:</p> <ul style="list-style-type: none"> Evaluating the Group's and Company's methodology (provisioning matrix) for measuring ECL to determine the appropriateness of the ECL; Evaluating the mathematical accuracy of the provisioning matrix by agreeing the invoice dates in the aging reports used to develop the matrix to the actual invoice dates and checking the accuracy of the aging of the historical debtor invoices against the invoice dates and comparing to that used in the provisioning matrix and recalculating the historical loss rates using the debtor aging buckets. When any differences were identified, these were discussed with management and resolved; Challenging management's assessment and inclusion of forward-looking information by evaluating the correlation between the forward-looking information and the historical loss rates; Evaluating the adequacy of the disclosures made in the financial statements, including disclosures of key assumptions and judgements.
Valuation of investment in subsidiaries in the separate financial statements	
See accounting policy Note 2(d)(v) and 2(e) and Note 15(c and d) to the separate financial statements.	
Key audit matter	How the matter was addressed in our audit
<p>The Company's investment in subsidiaries as at 31 December 2022 amounted to KSh 3,449 million. Investments in subsidiaries amounting to KSh 2,740 million were determined by the Company using the discounted cash flow method (DCF method), the remainder of the investments in subsidiaries were valued using the fair value of net assets method.</p>	<p>Our procedures in this area included:</p> <ul style="list-style-type: none"> Involving our in-house valuation specialists in evaluating the valuation techniques and assumptions used by the Company, in particular, those relating to the cash flow projections, growth rates, terminal values and discount rates used in the valuation model by comparing the growth rates, terminal values and discount rates used to industry trends; Challenging the key assumption regarding projected growth rates by comparing the growth rates against historical trends, post-balance sheet performance, industry trends and availability of working capital



Independent Auditor’s Report

TO THE MEMBERS OF TRANSCENTURY PLC (CONTINUED)

Report on the audit of the consolidated and separate financial statements (Continued)

Key audit matters (continued)

Valuation of investment in subsidiaries in the separate financial statements	
See accounting policy Note 2(e) and Note 15(c and d) to the separate financial statements.	
Key audit matter	How the matter was addressed in our audit
<p>The discounted cash flow method involves the exercise of significant judgement and use of assumptions regarding future performance or growth rates, projected cash flows, terminal values and discount rates used to determine the present value of the cash flows which are subject to significant estimation uncertainties.</p> <p>We determined investment in subsidiaries measured using the DCF method to be a key audit matter because of the significance of the amount and the related estimation uncertainty.</p>	<ul style="list-style-type: none"> • Evaluating the appropriateness of the discount rate used by comparing the discount rate used to the average cost of capital for similar industries; and • Evaluating the appropriateness of the disclosures made in the financial statements, including key assumptions and judgements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled “TransCentury PLC Annual Report and Financial Statements at 31 December 2022”, but does not include the consolidated and separate financial statements, and our auditor’s report thereon.

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

In connection with our audit of the consolidated and 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, 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.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by 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’s 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/or the Company or to cease operations, or have no realistic alternative but to do so.



Independent Auditor's Report

TO THE MEMBERS OF TRANSCENTURY PLC (CONTINUED)

Report on the audit of the consolidated and separate financial statements (*Continued*)

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 skepticism 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company'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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.



Independent Auditor's Report

TO THE MEMBERS OF TRANSCENTURY PLC (CONTINUED)

Report on the audit of the consolidated and separate financial statements (*Continued*)

Auditor's responsibilities for the audit of the consolidated and separate financial statements (*continued*)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and 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 legal and regulatory requirements

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

- (i) The information in the report of the directors on pages 71 to 72 is consistent with the consolidated and separate financial statements; and
- (ii) The auditable part of the Directors' Remuneration Report on pages 68 to 70, has been prepared in accordance with the requirements of the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Elvis Ogeto, Practising Certificate No. 2303.



for and on behalf of RSM Eastern Africa LLP
Certified Public Accountants
Nairobi

Date: 31 May 2024





Consolidated Statement of Profit or Loss and other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
	Note	KShs'000	KShs'000
Revenue	6(a)	5,735,750	5,587,628
Cost of sales	6(c)	(4,413,979)	(4,202,600)
Gross profit		1,321,771	1,385,028
Other income	6(b)	99,053	119,220
Operating expenses	6(c)	(1,514,986)	(1,635,141)
Loss before depreciation, impairment, contract liability expense and finance costs		(94,162)	(130,893)
Impairment losses	6(e)	(456,037)	(74,206)
Depreciation and amortisation	7	(333,636)	(415,711)
Operating loss		(883,835)	(620,810)
Foreign exchange (loss)/gain	8(a)	(436,551)	106,938
Interest expenses	8(b)	(1,379,737)	(1,072,150)
Net finance costs		(1,816,288)	(965,212)
Loss before income tax		(2,700,123)	(1,586,022)
Income tax expense	9(a)	(75,675)	(95,532)
Loss for the year		(2,775,798)	(1,681,554)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Financial instruments at FVOCI - net change in fair value	15(d)	(97,437)	(6,702)
Re-measurement gain on retirement benefit plan		7,768	6,215
Deferred tax effect		(2,330)	(1,865)
Revaluation of property, plant and equipment and prepaid operating lease rental		(80,879)	22,606
Deferred tax effect	9(a)	27,329	(6,782)
		(145,549)	13,472
<i>Items that are or may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign subsidiaries		1,814,853	(146,403)
		1,814,853	(146,403)
Total other comprehensive income net of income tax		1,669,304	(132,931)
Total comprehensive income for the year		(1,106,494)	(1,814,485)
Loss after tax is attributable to:			
Equity holders of the company		(2,468,527)	(1,553,539)
Non-controlling interest (NCI)	15(e)	(307,271)	(128,015)
Loss for the year		(2,775,798)	(1,681,554)
Total comprehensive income for the year is attributable to:			
Equity holders of the company		(918,775)	(1,654,731)
Non-controlling interest		(187,719)	(159,754)
Total comprehensive income for the year		(1,106,494)	(1,814,485)
Basic And Diluted Earnings Per Share (KShs)	23(a)	(6.58)	(4.14)

The notes set out on pages 90 to 162 form an integral part of these consolidated and separate financial statements.



Company Statement of Profit or Loss and other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 KShs'000	2021 KShs'000
Income			
Revenue	6(a)	189,251	195,671
Operating expenses	6(c)	(330,314)	(339,773)
Loss before depreciation, impairment and finance costs		(141,063)	(144,102)
Impairment losses	6(e)	(229,166)	(611,094)
Depreciation and amortisation	7	(928)	(616)
Operating loss		(371,157)	(755,812)
Foreign exchange loss	8(a)	(428,117)	(118,698)
Finance cost	8(b)	(418,574)	(346,889)
Net finance cost		(846,691)	(465,587)
Loss before income tax		(1,217,848)	(1,221,399)
Income tax expense	9(a)	(869)	(350)
Loss for the year		(1,218,717)	(1,221,749)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Financial instruments at FVOCI - net change in Fair value	15(d)	369,028	(48,472)
Other comprehensive income		369,028	(48,472)
Total comprehensive income for the year		(849,689)	(1,270,221)

The notes set out on pages 90 to 162 form an integral part of these consolidated and separate financial statements.



Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2022

		2022	2021
ASSETS	Note	KShs'000	KShs'000
Non-current assets			
Property, plant and equipment	10	3,554,186	3,776,273
Investment property	11	220,169	220,260
Right-of-use assets	13(a)	3,770,733	3,720,632
Intangible assets	14	69,221	68,539
Quoted investments	15(a)	221	213
Unquoted investments	15(b)	180,000	276,338
Deferred tax asset	25(a)	75,882	65,910
		7,870,412	8,128,165
Current assets			
Inventories	17	1,291,110	1,230,821
Trade and other receivables	18(a)	2,680,390	2,548,258
Contract assets	18(b)	147,625	543,379
Tax recoverable	9(d)	343,889	341,821
Assets held for sale	12	-	124,618
Cash and bank balances	19(a)	173,676	138,112
		4,636,690	4,927,009
TOTAL ASSETS		12,507,102	13,055,174
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	20	187,601	187,601
Share premium	21	1,873,089	1,873,089
Revenue reserves	22(a)	(14,612,220)	(16,625,529)
Translation reserve	22(b)	(2,115,961)	703,981
Fair value reserve	22(c)	(40,650)	56,788
Revaluation reserve	22(d)	2,502,544	2,517,248
Total equity attributable to equity holders of the company		(12,205,597)	(11,286,822)
Non-controlling interest	15(e)	328,437	516,156
Total equity		(11,877,160)	(10,770,666)

The notes set out on pages 90 to 162 form an integral part of these consolidated and separate financial statements.



Consolidated Statement of Financial Position *Continued*

AS AT 31 DECEMBER 2022

LIABILITIES	Note	2022 KShs'000	2021 KShs'000
Non-current liabilities			
Deferred tax liability	25(b)	818,474	785,347
Lease Liability	13 (c)	52,194	68,106
Liability for staff gratuity	26	59,371	64,879
Preference shares	24(b)	1,641,518	1,381,499
Long term loan - non-current portion	27	2,434,538	3,666,438
		5,006,095	5,966,269
Current liabilities			
Bank overdraft	19(a)	63,471	25,661
Tax payable	9(d)	12,502	11,938
Trade and other payables	28	7,390,728	8,172,489
Contract liabilities	28(b)	31,671	25,403
Lease liability - current portion	13(b)	-	10,446
Unclaimed dividends		952	952
Long term loan	27	7,445,152	5,831,568
Bond - current portion	24(a)	837,728	951,858
Shareholder loan	24(c)	3,595,963	2,829,256
		19,378,167	17,859,571
Total liabilities		24,384,262	23,825,840
TOTAL EQUITY AND LIABILITIES		12,507,102	13,055,174

The consolidated and separate financial statements on pages 80 to 162 were approved and authorised for issue by the Board of Directors on 31 May 2024 and were signed on its behalf by:

Shaka Kariuki
Director

Nganga Njiinu
Director

The notes set out on pages 90 to 162 form an integral part of these consolidated and separate financial statements.



Company Statement of Financial Position

AS AT 31 DECEMBER 2022

ASSETS	Note	2022 KShs'000	2021 KShs'000
Non-current assets			
Property and equipment	10	1,385	1,627
Right-of-use-asset	13(a)	690	74
Quoted investments	15(a)	221	213
Unquoted investments	15(b)	180,000	276,338
Investment in subsidiaries	15(c)	3,449,629	2,984,270
Loans to subsidiaries	16	724,552	642,845
Deferred tax asset	25(a)	1,193	2,062
		<u>4,357,670</u>	<u>3,907,429</u>
Current assets			
Trade and other receivables	18	730,539	653,311
Tax recoverable	9(d)	15,738	15,738
Cash and bank balances	19(a)	351	853
		<u>746,628</u>	<u>669,902</u>
TOTAL ASSETS		5,104,298	4,577,333
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	20	187,601	187,601
Share premium	21	1,873,089	1,873,089
Revenue reserves	22(a)	(7,214,066)	(5,995,349)
Fair value reserve	22(c)	1,868,782	1,499,754
Total equity		(3,284,594)	(2,434,905)
Non-current liabilities			
Long term intercompany loans	27	576,073	576,073
Lease liability	13(b)	715	100
		<u>576,788</u>	<u>576,173</u>
Current liabilities			
Trade and other payables	28	1,286,920	1,064,879
Unclaimed dividends		952	952
Long term loan - current portion	27	3,821,707	3,326,382
Shareholder loan	24(c)	2,702,526	2,043,850
		<u>7,812,105</u>	<u>6,436,063</u>
Total liabilities		8,388,892	7,012,236
TOTAL EQUITY AND LIABILITIES		5,104,298	4,577,331

The consolidated and separate financial statements on pages 80 to 162 were approved and authorised for issue by the Board of Directors on 31 May 2024 and were signed on its behalf by:

Shaka Kariuki

Director

Nganga Njiinu

Director

The notes set out on pages 90 to 162 form an integral part of these consolidated and separate financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2022

2022:	Share capital KShs'000	Share premium KShs'000	Share Revaluation reserves KShs'000	Translation reserve KShs'000	Fair value reserve KShs'000	Revenue reserves KShs'000	Total KShs'000	Non- controlling interest KShs'000	Total equity KShs'000
Balance at 1 January 2022	187,601	1,873,089	2,517,248	703,982	56,787	(16,625,529)	(11,286,822)	516,156	(10,770,666)
Total comprehensive income for the year net of tax	-	-	-	-	-	(2,468,527)	(2,468,527)	(307,271)	(2,775,798)
Loss for the year	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	(70,850)	-	-	-	(70,850)	(10,029)	(80,879)
Revaluation of property plant and equipment	-	-	(70,850)	-	-	-	-	-	-
Deferred tax on revaluation of property plant and equipment	-	-	24,329	-	-	-	24,329	3,000	27,329
Remeasurement of defined benefit plan	-	-	-	-	-	4,980	4,980	2,788	7,768
Deferred tax on remeasurement	-	-	-	-	-	(1,493)	(1,493)	(837)	(2,330)
Translation differences	-	-	-	1,690,223	-	-	1,690,223	124,630	1,814,853
Net change in fair value of transfer to translation reserves*	-	-	-	-	(97,437)	-	(97,437)	-	(97,437)
Transfer to translation reserves*	-	-	31,817	(4,510,166)	-	4,478,349	-	-	-
Total other comprehensive income	-	-	(14,704)	(2,819,943)	(97,437)	4,481,836	1,549,752	119,552	1,669,304
Total comprehensive income	-	-	(14,704)	(2,819,943)	(97,437)	2,013,309	(918,775)	(187,719)	(1,106,494)
Balance at 31 December 2022	187,601	1,873,089	2,502,544	(2,115,961)	(40,650)	(14,612,220)	(12,205,597)	328,437	(11,877,160)

The notes set out on pages 90 to 162 form an integral part of these consolidated and separate financial statements.

* Relates to translation difference recognised on historical reserves for foreign denominated subsidiaries





Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2022

2021:	Share capital KShs'000	Share premium KShs'000	Share Revaluation reserves KShs'000	Translation reserve KShs'000	Fair value reserve KShs'000	Revenue reserves KShs'000	Total KShs'000	Non-controlling interest KShs'000	Total equity KShs'000
Balance at 1 January 2021	187,601	1,873,089	2,314,565	1,003,745	63,489	(15,074,580)	(9,632,091)	675,910	(8,956,181)
Total comprehensive income for the year net of tax	-	-	-	-	-	(1,553,539)	(1,553,539)	(128,015)	(1,681,554)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Revaluation of property plant and equipment	-	-	21,341	-	-	-	21,341	1,265	22,606
Deferred tax on revaluation of property plant and equipment	-	-	(6,403)	-	-	-	(6,403)	(379)	(6,782)
Remeasurement of defined benefit plan	-	-	-	-	-	3,700	3,700	2,515	6,215
Deferred tax on remeasurement	-	-	-	-	-	(1,110)	(1,110)	(755)	(1,865)
Translation differences	-	-	-	(112,018)	-	-	(112,018)	(34,385)	(146,403)
Net change in fair value of equity instruments at fair value	-	-	-	-	(6,702)	-	(6,702)	-	(6,702)
Transfer to translation reserves*	-	187,745	(187,745)	-	-	-	-	-	-
Total other comprehensive income	-	-	202,683	(299,763)	(6,702)	2,590	(101,192)	(31,739)	(132,931)
Total comprehensive income	-	-	202,683	(299,763)	(6,702)	(1,550,949)	(1,654,731)	(159,754)	(1,814,485)
Balance at 31 December 2021	187,601	1,873,089	2,517,248	703,982	56,787	(16,625,529)	(11,286,822)	516,156	(10,770,666)

* Relates to translation difference recognised on historical reserves for foreign denominated subsidiaries
The notes set out on pages 90 to 162 form an integral part of these consolidated and separate financial statements.



Company Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2022

2022:	Share capital KShs '000	Share premium KShs '000	Fair value reserve KShs '000	Revenue reserves KShs '000	Total KShs'000
Balance at 1 January 2022	187,601	1,873,089	1,499,754	(5,995,349)	(2,434,905)
Total Comprehensive income					
Loss for the year	-	-	-	(1,218,717)	(1,218,717)
Other comprehensive income for the year					
Net change in fair value of equity instruments at FVOCI	-	-	369,028	-	369,028
Total Comprehensive income for the year	-	-	369,028	-	369,028
Balance as at 31 December 2022	187,601	1,873,089	1,868,782	(7,214,066)	(3,284,594)
2021:					
Balance at 1 January 2021	187,601	1,873,089	1,548,226	(4,773,600)	(1,164,684)
Total Comprehensive income					
Loss for the year	-	-	-	(1,221,749)	(1,221,749)
Other comprehensive income for the year					
Net change in fair value of equity instruments at FVOCI	-	-	(48,472)	-	(48,472)
Total Comprehensive income for the year	-	-	(48,472)	-	(48,472)
Balance as at 31 December 2021	187,601	1,873,089	1,499,754	(5,995,349)	(2,434,905)

The notes set out on pages 90 to 162 form an integral part of these consolidated and separate financial statements.



Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 KShs'000	2021 KShs'000
Net cash flows from operating activities			
Loss before taxation		(2,700,123)	(1,586,022)
Adjustment for non-cash items	19(b)	3,232,601	664,145
Operating cash flow before working capital changes		532,478	(921,877)
Working capital changes:			
Trade and other receivables		(577,003)	652,981
Contract assets		395,754	(211,097)
Inventories		(60,289)	(294,692)
Trade and other payables		(781,762)	(378,922)
Contract liabilities		6,268	(1,602)
Cash used in operations		(484,554)	(1,155,209)
Income tax paid	9(d)	(106,042)	(257,818)
Gratuity paid	26	(707)	(10,495)
Net cash flows used in operating activities		(591,303)	(1,423,522)
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(37,361)	(31,860)
Proceeds from disposal of current assets held for sale	12	124,700	-
Proceeds from disposal of property, plant and equipment	10	95,332	87,741
Net cash flows from investing activities		182,671	55,881
Cash flows from financing activities			
Proceeds from loans and borrowing	27	1,381,956	2,231,428
Repayment of loans and borrowing	27	(1,000,272)	(1,077,205)
Shareholder loan proceeds	24(c)	308,742	681,676
Lease principal paid	13(c)	(28,453)	(50,756)
Lease interest paid	13(c)	(8,840)	(15,525)
Partial settlement of convertible bond	24(a)	(246,747)	(605,305)
Net decrease in cash and cash equivalents		(2,246)	(203,328)
Cash and cash equivalents at 1 January		112,451	315,779
Cash and cash equivalents at 31 December*	19(a)	110,205	112,451

*Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.



Company Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 KShs'000	2021 KShs'000
Net cash flows from operating activities			
Loss before taxation		(1,217,848)	(1,221,399)
Adjustment for non-cash items	19(b)	305,357	98,076
Operating loss before working capital changes		(912,491)	(1,123,323)
Working capital changes:			
Trade and other receivables		(77,228)	18,368
Trade and other payables		222,039	129,782
Cash used in operations		(767,680)	(975,173)
Income tax paid	9(d)	-	(1,256)
Net cash flows used in operating activities		(767,680)	(976,429)
Cash flows from investing activities			
Loans to related parties		(81,707)	(56,209)
Purchase of property plant and equipment		(381)	(1,754)
Interest received		45,547	42,305
Net cash flows used in investing activities		(36,541)	(15,658)
Cash flows from financing activities			
Shareholder loans advanced	24(c)	308,742	681,676
Bank loans received	27	495,325	311,021
Lease principal paid	13(c)	(305)	(309)
Lease interest paid	13(c)	(43)	(21)
Net cash flows generated from financing activities		803,719	992,367
Net (decrease)/increase in cash and cash equivalents		(502)	280
Cash and cash equivalents at 1 January		853	573
Cash and cash equivalents at 31 December	19(a)	351	853



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

1. REPORTING ENTITY

TransCentury PLC is a public limited liability company incorporated in Kenya under the Kenyan Companies Act, 2015 and is domiciled in Kenya. The consolidated financial statements of the company as at and for the year ended 31 December 2022 comprise the company and its subsidiaries (together referred to as the “Group”). The separate financial statements are the unconsolidated company financial statements. The address of its registered office is as follows:

Lavington, 48 Apple Cross Road,
Off James Gichuru Road. PO Box 42334
00100 Nairobi GPO

Where reference is made in the accounting policies to Group or Company it should be interpreted as being applicable to the consolidated or separate financial statements as the context requires. The consolidated and separate financial statements are hereinafter referred to as “the financial statements”.

2. BASIS OF PREPARATION AND ACCOUNTING

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Kenyan Companies Act, 2015.

For Kenyan Companies Act, 2015 reporting purposes in these financial statements, the profit or loss is presented by the statement of profit or loss and other comprehensive income and the balance sheet by the statement of financial position. Details of the Group’s and Company’s accounting policies are included in Note 4.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Equity instruments (quoted and unquoted investments) measured at FVOCI;
- Investment property is measured at fair value;
- Items of property, plant and equipment are measured at revalued amounts; and
- Investments in subsidiaries in separate financial statements are measured at FVOCI.

(c) Functional and presentation currency

These financial statements are presented in Kenya Shillings (KShs), which is also the Company’s functional currency. All financial information presented has been rounded to the nearest thousand (KShs’000) except where otherwise indicated.

(d) Use of judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the period. The estimates and assumptions are based on the directors’ best knowledge of current events, actions, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (Continued)

(d) Use of judgments and estimates (continued)

The key areas of judgement in applying the entities accounting policies are dealt with in the respective accounting policy note or/and disclosure note. Specifically, critical judgements, assumptions and estimation uncertainties are required in the following:

(i) Consolidation

Judgement is required on whether the group has de facto control over an investee (Note 3). Judgement is also made during acquisition of subsidiaries where fair value is measured on a provisional basis.

(ii) Lease classification and determination of lease term

As lessees the Group and Company recognise a right-of-use asset and a lease liability at the lease commencement date. The Group and Company have elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases and instead recognise the payment as an expense on a straight-line basis over the lease term. Further details on leases are captured under Note 4(e). Management have also assessed the probability of renewing the lease contracts on expiry (for leases with renewal clause) and determined the appropriate incremental borrowing rate.

(iii) Employee benefits

Certain assumptions are made when estimating employee benefits liabilities under gratuity schemes (Note 4 (h)).

(iv) Taxation

Recognition of deferred tax assets requires assessment of future taxable profits against which carry forward tax losses can be used (Note 4(i)).

(v) Impairment tests

Key assumptions underlying recoverable amounts are made in determining carrying amounts of goodwill, receivables, investments in subsidiaries, tangible and intangible assets, investment properties, valuation of unquoted investments etc, especially where indicators of impairment exist (Notes 5a, 6e, 10, 14,15b 15c, 18).

(vi) Recognition and measurement of contingencies

Key assumptions are made about the likelihood and magnitude of an outflow of resources (Note 33).

(vii) Revenue recognition

Revenue from construction contracts is recognised over time or at a point in time due to the nature of the work required to be performed on many of the performance obligations, the estimation of total revenue and cost of completion is complex, subject to many variables and requires significant judgment.

Variability in the transaction price arises primarily due to liquidated damages, price variation clauses, changes in scope, incentives, if any. The Group considers its experience with similar transactions and expectations regarding the contract in estimating the amount of variable consideration to which it will be entitled and determining whether the estimated variable consideration should be constrained.

The Group includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of variable consideration are based largely on an assessment of anticipated performance and all information (historical, current and forecasted) that is reasonably available.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (Continued)

(d) Use of judgments and estimates (continued)

(vii) Revenue recognition (continued)

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch-up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are expensed in the Statement of Profit or Loss immediately in the period in which such costs are incurred. (Note 6 (a)).

(e) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has established control framework with respect to the measurements of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair measurements, including Level 3 fair values, and reports directly to the Group Chief Executive Officer (GCEO). Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair values of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Valuation of unquoted investments and subsidiaries

For unquoted equity instruments and subsidiaries where no active market exists, the Group and Company uses:

Investment in subsidiaries

- Discounted cash flow method (DCF): The discounted cash flow method is used over market multiples because it is systematically affected by market inefficiencies and capital structure differences. The DCF method also considers management views on the business' full potential and is based on the present values of future cash flows anticipated to be generated by the subsidiaries. The future cash flows are estimated based on actual results at the reporting date projected using an anticipated growth rate. The cash flows are then present valued using the weighted average cost of capital as the discount rate.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (Continued)

(e) Measurement of fair values (continued)

Investment in subsidiaries (continued)

- Fair Value of Net Assets Method: The fair value of the net assets in the balance sheet were obtained and used to compute the fair value. The net asset value method represents the market price as at end of the reporting period. Net asset value method is used as East African Cables PLC(EAC PLC) is listed on the Nairobi Securities Exchange. Thus NAV in this case represents the market price on EAC PLC shares as at 31st Dec 2022. Cable Holdings Kenya Limited is East African Cables parent company.
- Adjusted market values – this is based on market price or most recent price quotations for the subsidiary adjusted for assets or liabilities if any, excluded in the quote or price.

Unquoted investments

- Price to book multiple: The approach involves assessing the historical return on equity for listed entities in the same sector, assessing the relationship between such returns and the traded market price and then assessing the appropriate comparable average price to be applied to the subject company/investment.
- The significant judgments used relate to cash flow projections, growth rates, terminal values and discount rates used in the valuation model.

Valuation of quoted investments

For quoted instruments, the fair value is determined by reference to their quoted market price at the reporting date.

Valuation of investment property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The values adopted in the financial statements are based on professional valuation, performed on a regular basis, by registered valuers.

Valuation of property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values on the acquisition date. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the professional valuation on the acquisition date performed by registered valuers on an open market value basis.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (Continued)

(f) Going concern

The Group and Company incurred a loss of KShs 2,776 million and KShs 1,219 million respectively during the period ended 31 December 2022 and as of that date, the Group's and Company's current liabilities exceeded its current assets by KShs 14,741 million and KShs 7,065 million respectively. In addition, the Group's and Company's total liabilities exceeded their total assets by KShs 11,877 million and KShs 3,284 million respectively.

As disclosed in Note 27 to the consolidated and separate financial statements, the Group and company had breached their loan covenants with lenders and the carrying amount of loans breached on 31 December 2022 was KShs 4,833 million and KShs 4,183 million respectively. The breach had not been remedied as at the date of approval of these financial statements.

In 2023, the senior lender, Equity bank, initiated litigation action against TransCentury plc and East African cables plc, as highlighted below:

- That on 16th June 2023, Equity Bank appointed Mr George Weru and Mr Muniu Thoithi as the joint receivers over the affairs of TransCentury PLC.
- That on 19th June 2023, TransCentury PLC, through Nyachoti & Company Advocates, was able to secure an injunction order suspending the appointment of the joint receivers and putting in abeyance their actions.
- That on the same date, the bank filed an application seeking to set aside the injunction order. However, the court, on 26th June 2023, declined to set aside the injunction.
- That on 6th October 2023, the Court issued a ruling dismissing the Bank's application.
- The matter will come up for highlighting of submissions on 14th June 2024 before the presiding Judge. Interim orders extended until then.

These events and conditions indicate that a material uncertainty exist that may cast significant doubt on the Group's and Company's ability to continue as a going concern.

The Group and Company has put in place the following initiatives to ensure that they meet their obligations as and when they fall due:

Debt re-organisation

To address the issue of overdue loan, the Group and Company has commenced engagement with Equity bank who is the main lender on the settlement plan. The Group's proposal entails significant reduction of the outstanding debt through partial disposal of non-core investments and non-core assets. This would allow the business to restructure the debt and allow the Group and Company to generate adequate cashflow to settle overdue debt service obligations in the medium term.

Enhancement of working capital facilities

The Group and company continue to maintain conducive trading terms from its key suppliers of raw materials. The Group and Company has negotiated open trading terms for supplies of main raw materials including copper and aluminium. This initiative has enabled the business to maintain continued flow of raw materials to serve its customer base even with constrained working capital availability. In addition, the Group has moved to a near cash commercial terms in a bid to reduce the cash conversion cycle and generate funds internally.

Collection of long outstanding receivables

The Group and Company has intensified collection of long outstanding receivables to improve liquidity in the business.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (Continued)

(f) Going concern (continued)

Shareholder loan

A shareholder of the Company, Kuramo Africa Opportunity Kenyan Vehicle Limited agreed to subordinate all shareholder loans and signed amended terms for shareholder loans amounting to KShs 3,596 million on 2nd May 2023 to extend the maturity of the loans to 31 December 2025.

Further the Group is in discussions with the shareholder to restructure the outstanding shareholder loans.

Initiatives planned to raise funds to meet liquidity requirement going forward.

(i) Seeking resolution with senior lender.

The Group is working closely with the bank to find an amicable resolution preferably out-of-court.

The Group is in the process of holding discussions with the bank on:-

- a) The bank's consent on the sale of shares in an investment, specifically East African Cable Tanzania Limited.
- b) Generation of dividends from the subsidiaries to resolve the debt at TransCentury PLC.
- c) Consideration of conversion of the Group's USD denominated debt facilities to KES denomination

(ii) Debt restructuring and working capital funding.

To address the issue of overdue loans, the Group and Company has engaged KPMG Kenya to lead the debt restructuring discussions and engagement with Equity bank who is the main lender on the debt settlement plan.

The Group is in the process of disposing of some of its non-core assets to generate operating cash flows. The table below summarizes the assets and the status of each.

#	Asset	Expected proceeds (KShs M)	Status
1	Property and assets in Mombasa, Kenya	590	Sale agreement signed for property worth KShs 395 million. Transaction completion on-going
2	Properties in Uganda	789	No sale offer received
3	Machinery in Nairobi, Kenya	100	Seeking offers
4	Property in Nairobi, Kenya	250	Discussions with potential buyers
	Total	1,719	

(iii) Disposal of investments.

The Group, through a notice dated 6th March 2024, has announced to the public a proposed sale of 51% of the issued share capital of East African Cables Tanzania ("EACTz") subject to approval by shareholder and regulators. East African Cables Tanzania has entered into a Share Purchase Agreement and the new investor shall be taking over the running of the business as well as the assets and liabilities of EACTz. This will see a significant reduction in debt. The transaction is expected to complete within the next six months.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (Continued)

(f) Going concern (continued)

Shareholder loan (continued)

(iv) Group Improved performance after the reporting period 31 December 2022

The Group performance revenue grew by 14% compared to the current FY 2022, The Performance for 2023. This increase is mainly due to strong revenue growth in EACK and Tanelec Group. The board and management have projected better performance in 2024 as they implement the debt settlement and restructuring.

(v) Assignment of projects

The Group, through its subsidiary, Civicon Limited has banking facilities held at Equity bank comprising of performance bonds and advance payment guarantees issued for construction projects. The Group has significantly reduced these facilities following recoveries from commissions due to Civicon on the assigned projects.

The Group has reassigned projects and expects that the remaining facilities will be reduced through recoveries from commissions on the ongoing assigned projects. The performance guarantees of all assigned projects are valid.

Management was able to secure an amicable exit, which has resulted in passing the contingent performance risk to the assignees with performance bonds of KShs 700 million now extinguished.

By December 2022, the advance payment liability whose original sum was KShs 1,020 million stands at KShs 679 million following retirement from assignment commissions agreed with the assignee and the employer.

The Group has considerable financial resources together with established business relationships with many customers and suppliers. Therefore, the Directors believe that the Group is well placed to manage its business risks successfully for at least 12 months from the date of approval of the financial statements.

The directors having considered the initiatives above and information at hand, are confident that the going concern assumption is appropriate in the preparation of these audited consolidated and separate financial statements. The audited consolidated and separate financial statements have therefore been prepared based on accounting policies applicable to a going concern which presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities will occur in the ordinary course of business.

3. BASIS OF CONSOLIDATION

(a) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

3. BASIS OF CONSOLIDATION (Continued)

(a) Business combinations (continued)

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquiree's replacement awards is included in measuring the consideration transferred in the business combination. The determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement in the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(b) Subsidiaries

The consolidated financial statements include the company and its subsidiaries. The significant subsidiaries are as follows:

Subsidiary	Country of incorporation	2022 (%) Audited	2021 (%) Audited
Cable Holdings Limited	Kenya	100	100
East African Cables PLC	Kenya	68.4	68.4
East African Cables Tanzania Limited*	Tanzania	35	35
AEA Limited	Kenya	94.4	94.4
TransCentury Holdings (Pty) Limited	South Africa	100	100
Tanalec Limited	Zambia	56	56
Tanelec Limited	Tanzania	70	70
Crystal Limited	Tanzania	100	100
TC Mauritius Holdings Limited	Mauritius	100	100
Cable Holdings Mauritius Limited	Mauritius	100	100
TC Engineering and Contracting Limited	Mauritius	100	100
TC Railway Holdings Limited	Mauritius	100	100
Safari Rail Company Limited	Mauritius	100	100
Civicon Africa Group Limited	Mauritius	100	100
Civicon DRC Holdings Limited	Mauritius	100	100

*The Group through its subsidiary East African Cables PLC owns 51% of East African Cables Tanzania Limited as follows (TransCentury PLC owns 68% of East African Cables PLC which owns 51% of East African Cables (Tanzania) Limited) ($0.68 \times 0.51 = 0.35$).

In the company financial statements, investments in subsidiaries are measured at fair value.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

3. BASIS OF CONSOLIDATION (Continued)

(c) Non-controlling interests

Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. When the proportion of the equity held by non-controlling interests' changes, the Group adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The Group recognises directly in equity any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received, and attribute it to the owners of the parent.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(e) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below and have been consistently applied to all periods presented in these financial statements and by Group entities, except where indicated otherwise:

(a) Revenue recognition

Revenue from sale of goods and provision of services is recognized in the profit or loss when the control over goods or services has been transferred to the buyer, the customer has accepted the product and recoverability of the related receivables is reasonably assured. Revenue represents the fair value of the consideration receivable for sale of goods and provision of services and is stated net of value-added tax (VAT), rebates, returns and discounts.

The Group and Company applies IFRS 15 Revenue from Contracts with Customers as required. The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Groups performs; or The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.
- For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which performance obligation is satisfied.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Revenue recognition (continued)

When the Group satisfied a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability.

(b) Translation of foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of each entity at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss within finance cost, except for differences arising on the retranslation of the financial statements of foreign subsidiaries that are recognised in other comprehensive income and a separate reserve in equity.

(ii) Foreign operations

The consolidated financial statements are presented in Kenya Shillings, which is the group's presentation 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.

As at the reporting date, the assets and liabilities of foreign subsidiaries are translated into Kenya Shillings at the rate of exchange ruling at the reporting date, and their Statement of profit or loss and other comprehensive income are translated at the weighted average exchange rates for the period. Exchange differences arising on translation are recognised in other comprehensive income and accumulated in equity in the translation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised through other comprehensive income into profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity.

(c) Property, plant and equipment

Items of property, plant and equipment are stated initially at historical cost. Subsequently, property, plant and equipment are measured at historical costs less accumulated depreciation and impairment losses, other than freehold land, buildings, plant and machinery that are subsequently carried at revalued amounts less accumulated depreciation and impairment losses.

The revaluation is performed by a professional valuation expert after every five years, and the resulting surplus is recognised in other comprehensive income (OCI) and accumulated in equity under the revaluation reserve. A revaluation increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Any revaluation deficits are recognised in profit or loss unless there exists a credit in the revaluation reserve for that asset, in which case they are recognised in OCI.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment (continued)

Cost includes expenditure that is directly attributable to acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent expenditure is only capitalised when it is probable that the future economic associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. Land is not depreciated. The annual rates of depreciation used for the current and comparative periods are as follows:

- Freehold buildings 2% - 5%
- Buildings 2% or over the lease period if shorter than 50 years on acquisition
- Plant, machinery and equipment 5% - 13%
- Furniture, fixtures, fittings, motor vehicles and computers 12.5% - 33%
- Heavy Commercial Vehicles 37.5%
- Right of use asset Over lease period or useful life is shorter

The assets' residual values, depreciation methods and useful lives are re-assessed and adjusted as appropriate at each reporting date. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

(d) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at fair value at every reporting date with any change therein recognised in profit or loss.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(e) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and Company use the definition of a lease in IFRS 16.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Leases (continued)

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group and Company allocate the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group and Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group and Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Subsequently, the right of use asset relating to leasehold land is measured at revalued amounts less accumulated depreciation and impairment while other right of use asset are subsequently carried at historical cost less accumulated depreciation and impairment. Revaluation is carried out at least after every five years.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group and Company by the end of the lease term or the cost of the right-of-use asset reflects that the Group and Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group and Company use its incremental borrowing rate as the discount rate.

The Group and Company determine their incremental borrowing rate by obtaining interest rates from various external financing sources and make certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group and Company are reasonably certain to exercise, lease payments in an optional renewal period if the Group and Company are reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group and Company are reasonably certain not to terminate early.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Leases (continued)

(i) As a lessee

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's and Company's estimate of the amount expected to be payable under a residual value guarantee, if the Group and Company change their assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group and Company present right-of-use assets that do not meet the definition of investment property and lease liabilities as separate lines in the statement of financial position.

Short-term leases and leases of low-value assets

The Group and Company have elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group and Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group and Company allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group and Company act as a lessor, they determine at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and Company make an overall assessment of whether the lease transfer substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group and Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group and Company are intermediate lessors, they account for their interests in the head lease and the sub-lease separately. They assess the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group and Company apply the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group and Company apply IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group and Company further regularly review estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Group and Company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Impairment

(i) Non-derivative financial assets Financial instruments and contract assets

The Group and Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets and contract assets measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset and contract asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group and Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. The Group and Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). Under the ECL model, the Group and Company calculate the allowance for credit losses for trade and other receivables and contract assets using a provisioning matrix by determination of the historical loss rates through the debtor aging buckets and adjusting the loss rates with the impact if any, of forward-looking information to obtain adjusted historical loss rates that is applied to outstanding receivables at the reporting date to determine ECL.

At each reporting date, the Group assesses whether financial assets and contract assets carried at amortised cost and debt securities at Fair Value Through Other Comprehensive Income (FVOCI) are credit impaired.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Impairment (continued)

(i) Non-derivative financial assets – continued

Measurement of ECLs (continued)

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Group and Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Presentation of allowance for ECL in the statement of financial position Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in Other Comprehensive Income (OCI).

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group and Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's and Company's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. Goodwill is tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Inventory

Cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

Work in progress and manufactured finished goods are valued at production cost including direct production costs (cost of materials and labour) and an appropriate proportion of production overheads and factory depreciation. The cost of inventory is based on the weighted average principle.

If the purchase or production cost is higher than net realisable value, inventories are written down to net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

(h) Employee benefits

(i) Defined contribution plans

Some employees of the Group and Company are eligible for retirement benefits under defined contribution plans provided through separate fund arrangements.

Contributions to the defined contribution plan are charged to the profit or loss as incurred.

(ii) Staff gratuity

Unionisable staff for East African cables PLC, Tanelec Limited and Civicon Limited are eligible to gratuity upon retirement based on the terms stipulated in the respective Collective Bargaining Agreements. These are provided to eligible employees based on each employee's length of service with the Group, as provided for in the collective bargaining agreement. The Group also provides for long service award to staff based on length of service.

The cost of providing service gratuity which is considered as defined benefit plan is determined by a professional actuary using the projected unit credit method at the end of each reporting period.

Re-measurements, comprising actuarial gains and losses are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined benefit in profit or loss as:

- Service costs comprising of current service costs recognised in profit or loss under cost of sales.
- Net interest expense or income recognised in profit or loss under cost of sales.

(iii) Leave accrual

The monetary value of the unutilised leave by staff as at year end is recognised as an expense in the year and carried in the accruals as trade and other payables.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Employee benefits (continued)

(iv) Termination benefits

Termination benefits are recognised as an expense when the Group and Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(i) Taxation

Tax on the operating results for the year comprises current tax and change in deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income. Current tax is provided on the results in the year as shown in the financial statements adjusted in accordance with tax legislation.

Deferred tax is recognised in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is not recognised for:

- temporary differences relating to the initial recognition of assets or liabilities which affect neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future;
- temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax; and
- taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the tax asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is measured at the tax rates that are expected to apply to temporary differences when they reverse, on the basis of the tax rates enacted or substantively enacted at the reporting date.

(j) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash in hand, bank balances, and short-term deposits net of bank overdrafts.

(k) Share capital

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects are recognised as a deduction to equity. Any premium received over and above the par value of the shares is classified as “share premium” in equity.

(l) Earnings per share

The Group and Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Related party transactions

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

(n) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(o) Financial instruments

Financial instruments include balances with banks, trade and other receivables, balances due from and to related parties, loans receivable or payable, shareholders loan, bond and trade and other payables.

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

A financial instrument is a contract that gives rise to both a financial asset for one enterprise and a financial liability of another enterprise.

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets – Business model assessment

The Group and Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group and Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest (continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale or distribution than through continuing use are classified as held for sale or distribution. Immediately before classification as held for sale or distribution the assets or components of a disposal group are measured in accordance with the Group's accounting policies. Thereafter the assets or disposal group are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill and then to the remaining assets and liabilities on a pro rata basis.

Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. Once classified as held for sale or distribution, assets are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(q) Intangible assets and goodwill

(i) Goodwill/premium on acquisition

All business combinations are accounted for by applying the acquisition method when control is transferred to the group. Goodwill represents the difference between the consideration transferred and the fair value of the net identifiable assets acquired and NCI at proportionate value. Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment and once goodwill is impaired the impairment is not reversed.

Bargain purchase arising on an acquisition is recognised directly in profit or loss.

(ii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over the expected useful lives for a period of 3 to 5 years

(r) Comparatives

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

(s) Segment reporting

The Group operating segments are identified on the basis of internal reports as regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Group organizes its activity by business division and these are defined as the Group's reportable segments. The two business segments are Power and Engineering (see Note 30).



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) New standards, amendments, and interpretations

(i) New standards, amendments and interpretations adopted during the year

The Group and the Company has adopted the following new standards, amendments to standards during the year ended 31 December 2022 including consequential amendments to the standards with the date of initial application by the group and company being 1 January 2022

Standard	Effective date
• Annual improvements to IFRS standards 2018-2020	1 January 2022
• References to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
• Onerous Contracts, Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
• Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022

The above amendments did not have material impact on the financial statements of the group and company

(ii) New standards, amendments and interpretations issued but not effective for the year ended 31 December 2022

A number of new standards, amendments to standards and interpretations have been issued are not effective for year ended 31 December 2022 and have not been applied in preparing these financial statements. The Company and Group does not plan to adopt these standards early. These are not expected to have a significant impact on the financial statements of the Company and Group. These are summarised below:

Standard	Effective date
• Classification of Liabilities as Current or Non-current (Amendments IAS 1)	1 January 2023
• IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
• Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2).	1 January 2023
• Definition of Accounting Estimate (Amendments to IAS 8).	1 January 2023
• Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction - (Amendments to IAS 12 Income Taxes)	1 January 2023
• Sale or Contribution of Assets between an Investor and its Associate or Company (Amendments to IFRS 10 and IAS 28).	Optional
• Lease Liability in a Sale and Leaseback	1 January 2024
• Non-current Liabilities with Covenants	1 January 2024



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Group and Company have exposure to the following risks from its use of financial instruments:

- (a) Credit risk;
- (b) Liquidity risk; and
- (c) Market risk.

This note presents information about the Group and Company's exposure to each of the above risks, the Group and Company's objectives, policies and processes for measuring and managing risk, and the Group and Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group and Company's risk management framework. The finance department identifies, evaluates and hedges financial risks.

The Board of Directors oversees how management monitors compliance with the Group and Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group and Company.

(a) Credit risk

Credit risk is the risk of financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group and Company's receivables from customers.

The carrying amount of financial and contract assets represents the maximum exposure to credit risk:

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Loans to subsidiaries (Note 16)	-	-	724,552	-
Trade receivables (Note 18(a))	1,845,825	1,815,789	-	-
Sundry receivables	1,488,508	85,821	60,382	55,697
Contract assets (Note 18(b))	147,625	543,379	-	-
Staff debtors (Note 18(a))	1,883	5,694	1,705	1,646
Due from related parties (Note 18)	-	-	668,461	595,968
Bank balances (Note 19)	173,607	137,756	351	852
	3,657,449	2,588,438	1,455,451	654,163



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Impairment losses

Trade receivables & Intercompany receivables

The ageing of trade receivables and contract assets and amounts due from and loans to related parties at the reporting date was:

<i>receivables</i>	<i>Trade receivables</i>		<i>Intercompany</i>	
	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Not past due	642,761	643,881	35,922	38,342
Past due 0 - 90 days	527,023	335,546	35,922	38,342
Past due 91 - 365 days	245,101	237,246	71,843	76,683
More than one year	2,779,942	2,628,740	4,333,307	4,443,954
	4,194,827	3,845,413	4,476,993	4,597,320
Net impairment	(2,393,425)	(2,029,626)	(3,808,532)	(4,001,352)
	1,801,403	1,815,787	668,461	595,968

Management believes that sufficient impairments provisions have been made. The unimpaired amounts that are past due are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings.

Loss rates are based on actual credit loss experience over the past 24 months, current conditions plus the Group's view of economic conditions such as inflation, commercial bank interest rates and growth in the economy's gross domestic product.

The Group and Company considered whether the borrowers would repay the loan amounts if demanded at the reporting date as well as the expected manner of recovery to measure the expected credit loss. Where the recovery strategies indicate that the Group and Company would fully recover the outstanding balance of the loan, the expected credit loss is limited to the effect of discounting if the amount is not interest free. The Group impairment loss amounting KShs 441,474 was recorded in the year (2021 - KShs 35,717) while the Company impairment loss of KShs 229,166 was recorded in the year (2021 - KShs 611,093).

Cash and cash equivalents

The Group and Company held cash and bank balances of --and KShs --respectively (2022- Group - KShs 173,607,000 and Company KShs 351,000). The cash and bank balances are held with banks and financial institution counterparties, which are rated between A1 to Ba1, based on GCR, S&P and Moody's ratings.

Impairment on cash and cash equivalents has been measured on a 12month expected credit loss basis and reflects the short maturities of the exposures. The Group and Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (continued)

Movement in allowance for impairment

The movement in the allowance for impairment in respect of trade and other receivables and intercompany loans during the year was as follows.

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Balance at 1 January	2,029,626	2,028,644	4,001,352	3,390,258
Impairment losses				
- trade and other receivables	441,474	35,717	-	-
- due from related parties	-	-	229,166	611,094
intercompany loans	-	-	-	-
Write offs	-	-	-	-
Sub-total	441,474	35,717	229,166	611,094
Bad debt write back	(77,676)	(34,735)	(421,987)	-
Balance at 31 December	2,393,424	2,029,626	3,808,531	4,001,352

(b) Liquidity risk

Liquidity risk is the risk that the Group and Company will not be able to meet its financial obligations as they fall due. Liquidity risk arises in the general funding of the company's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Group and Company have access to a diverse funding base. Funds are raised mainly from its shareholders, strategic investors, banks and its own internal resources.

The Group and Company strive to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities.

The Group and Company continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall company strategy.

In addition, the Group and Company hold a portfolio of liquid assets as part of its liquidity risk management strategy.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk (continued)

The table below shows the contractual maturity of financial liabilities as well as contractual interest payments:

Consolidated					
2022:	Due on demand	1 - 3 Months	3 - 12 Months	1 - 5 Years	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Liabilities:					
Long term loans	-	5,511,081	1,934,065	2,434,544	9,879,690
Interest payable on term loans, bonds, shareholders loan and lease liability	-	14,644	9,266	-	23,910
Preference shares	-	-	-	1,641,518	1,641,518
Bond	-	-	837,728	-	837,728
Bank overdraft	63,471	-	-	-	63,471
Shareholder Loan	-	-	-	3,595,963	3,595,963
Trade payables	7,835,758	-	-	-	7,835,758
Lease liabilities	-	-	52,194	-	52,194
Unclaimed dividends	952	-	-	-	952
Total financial liabilities	7,900,181	5,525,725	2,833,253	7,672,025	23,931,184
2021:					
	Due on demand	1 - 3 Months	3 - 12 Months	1 - 5 Years	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Liabilities:					
Long term loans	4,257,579	507,057	1,066,213	3,667,157	9,498,006
Interest payable on term loans, bonds, shareholders loan and lease liability	633,092	28,626	227,158	1,000,759	1,889,635
Preference shares	-	-	-	1,381,499	1,381,499
Bond	-	-	951,858	-	951,858
Bank overdraft	25,661	-	-	-	25,661
Shareholder Loan	-	-	2,829,256	-	2,829,256
Lease liabilities	-	-	10,446	68,106	78,552
Unclaimed dividends	952	-	-	-	952
Trade payables	8,172,489	-	-	-	8,172,489
Total financial liabilities	13,089,773	535,683	5,084,931	6,117,521	24,827,908



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk (continued)

Company 2022	Due on demand KShs'000	1 - 3 Months KShs'000	3 - 12 Months KShs'000	1 - 5 Years KShs'000	Total KShs'000
Liabilities:					
Long term loans	3,821,707	-	-	-	3,821,707
Shareholder loan	-	-	2,702,526	-	2,702,526
Trade and other payables	677,153	-	-	-	677,153
Lease liability	-	-	298	416	714
Unclaimed dividends	952	-	-	-	952
Total financial liabilities	4,499,812	-	2,702,824	416	7,203,052

Company 2021	Due on demand KShs'000	1 - 3 Months KShs'000	3 - 12 Months KShs'000	1 - 5 Years KShs'000	Total KShs'000
Liabilities:					
Long term loans	3,326,382	-	-	-	3,326,382
Shareholder loan	-	-	2,043,850	-	2,043,850
Interest payable on loans	564,050	20,923	170,119	42,234	797,326
Trade and other payables	566,998	-	-	-	566,998
Lease liability	-	99	-	-	99
Unclaimed dividends	952	-	-	-	952
Total financial liabilities	4,458,382	21,022	2,213,969	42,234	6,735,607

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group and Company are exposed to currency risk through transactions in foreign currencies. The company's transactional exposures give rise to foreign currency gains and losses that are recognised in profit or loss. In respect of monetary assets and liabilities in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying foreign currencies at spot rates to enable the Group to meet its obligations.

The Group's exposure to foreign currency risk was as follows based on notional amounts in foreign currencies expressed in Kenya Shillings as below:



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Market risk (continued)

(i) Currency risk – continued

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Loans to subsidiaries	-	-	724,552	642,845
Cash and bank balances	54,297	29,914	-	-
Unquoted investments	-	276,345	-	276,338
Due from related parties	-	-	668,452	595,968
Due to related parties	-	-	(546,813)	(497,882)
Preference shares	(1,641,518)	(1,381,499)	-	-
Bond	(837,728)	(951,858)	-	-
Bank overdraft	(63,471)	(25,661)	-	-
Bank loans	(7,496,271)	(5,434,789)	(4,397,780)	(3,902,455)
Net statement of financial position exposure	(9,984,691)	(7,487,548)	(3,551,589)	(2,885,186)

The following significant exchange rates applied during the year:

	Closing rate		Average rate	
	2022 KShs	2021 KShs	2022 KShs	2021 KShs
USD	123.37	113.14	117.55	109.65
TShs	18.92	20.37	19.79	20.37
UShs	30.11	31.31	31.32	32.72
ZAR	6.83	7.11	6.95	7.11

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar, TShs, UShs or ZAR against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Consolidated	Profit or loss		Equity, net of tax	
	Strengthening KShs	Weakening KShs	Strengthening KShs	Weakening KShs
31-Dec-22				
USD (10% movement)	(1,003,899)	1,003,899	(702,729)	702,729
TShs (10% movement)	5,430	(5,430)	3,801	(3,801)
31-Dec-21				
USD (10% movement)	(749,216)	749,216	(524,451)	524,451
TShs (10% movement)	2,991	(2,991)	2,094	(2,094)
UShs (10% movement)	-	-	-	-
ZAR (10% movement)	-	-	-	-



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Market risk (continued)

(i) Currency risk – continued

Company	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	KShs	KShs	KShs	KShs
31-Dec-22				
USD (10% movement)	(367,323)	367,323	(257,126)	257,126
31-Dec-21				
USD (10% movement)	(298,327)	298,327	298,327	208,829

(ii) Interest rate risk

The Group's and Company's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets (including investments) and interest-bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimising net interest income, given market interest rates levels consistent with the company's business strategies.

The tables below summarises the interest rate profile of the Group's and Company's interest-bearing financial assets and liabilities:

Consolidated	Effective interest rate (%)		2022	2021
	2022	2021	KShs'000	KShs'000
Variable-rate instruments				
Bank loans	10.5%	10.5%	9,879,690	9,498,006
Bank overdraft	9.0%	9.0%	63,471	25,661
			9,943,161	9,523,667

Fixed-rate instruments

Bond	8%	8%	837,728	951,858
Preference shares	4.9%	4.9%	1,641,518	1,381,499
Shareholder loan	7%	7%	3,595,963	2,829,256
			6,075,209	5,162,613
			16,018,370	14,686,280

Company	Effective interest rate (%)		2022	2021
	2022	2021	KShs'000	KShs'000
Variable-rate instruments				
Bank loans	10%	10.0%	3,821,707	3,326,382

Fixed-rate instruments

Shareholder loan	7%	7.0%	2,702,526	2,043,850
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Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Market risk (continued)

(ii) Interest rate risk - continue

Sensitivity analysis for variable interest-bearing liabilities.

A change in ten percent in interest rates at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Effect in Kenya Shillings (KShs)	Statement of profit or loss and other comprehensive income			
	Consolidated 2022 KShs	Consolidated 2021 KShs	Company 2022 KShs	Company 2021 KShs
Variable-rate instruments	994,316	949,801	382,171	332,638
Fixed-rate instruments	607,521	518,827	270,253	204,385
	1,601,837	1,468,628	652,424	537,023

A change in ten percent in interest rates at the reporting date would have had an equal but opposite effect on the profit or loss, on the basis that all other variables remain constant.

The interest rate on the convertible bond and shareholder loan are fixed at 8% and 7% respectively hence changes in market rates would not have an impact on profit or loss. These instruments are measured at amortised cost and therefore a movement in market interest rates would not impact the carrying value.

(iii) Market price risk

The Group is exposed to equity price risk which arises from quoted equity financial instruments at the Nairobi Securities Exchange (NSE). The fair values of quoted investments have been disclosed at Note 15(a).

Sensitivity analysis to equity price risk

A - percentage point increase of prices at the NSE would have increased equity by KShs 15,457 -(2021 - KShs 14,941) net of tax. There would be no impact to profit or loss as fair value changes are recognized in other comprehensive income.

(c) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to reduce debt.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the Group's approach to capital management during the year. Neither the Group nor any of its subsidiaries are subject to externally imposed capital requirements.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Fair values for financial assets and financial liabilities

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 long-term loans are subject to variable interest rates and as such reprice with changes in market rates.

The Group and Company have not disclosed the fair values for short-term financial instruments such as trade receivables, cash and bank balances, overdrafts, and trade payables as their carrying amounts are a reasonable approximation of fair values. The Bank loans at Note 27 are at market rates hence the carrying amount approximates to their fair values. The Group and Company have not disclosed the fair values of bonds, preference shares and shareholders loans. However, the carrying amounts approximates the fair values. The carrying amounts and fair values of the remaining non-current financial assets and non-current financial liabilities are as disclosed below:

Valuation hierarchy

The fair values of financial assets and financial liabilities measured at fair values were determined as follows:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Quoted investments	Prices quoted at Nairobi Securities Exchange	None	Not applicable
Unquoted investments	The entity's unquoted investments include investments in: <ul style="list-style-type: none"> Development bank of Kenya – The Price to Book multiple approach valuation technique was used. 	Marketability discount of 15% and Enterprise Value (EV)/ Net Asset Value (NAV) multiple of 0.63x (2021,0.63x)	<ul style="list-style-type: none"> Increase/(decrease) in marketability discount results in (decrease)/ increase in the fair value of the investment Increase/(decrease) in the EV/NAV multiple results in an increase/(decrease) in the fair value of the investment.

The valuation techniques and significant unobservable inputs for fair values of investment in subsidiaries are shown on note 15(c) and 15(d).

The fair values for the financial assets as at 31 December 2022 and 31 December 2021 are as follows (these have been disclosed at Note 15):

Consolidated	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
31 December 2022:				
Quoted investments	221	-	-	221
Unquoted investments	-	180,000	-	180,000
Total assets	221	180,000	-	180,221



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Fair values for financial assets and financial liabilities (continued)

Valuation hierarchy - continued

Consolidated

	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
31 December 2021:				
Quoted investments	213	-	-	213
Unquoted investments	-	-	276,338	276,338
Total assets	213	-	276,338	276,551

Company	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
31 December 2022:				
Quoted investments	221	-	-	221
Unquoted investments	-	180,000	-	180,000
Investment in subsidiaries	-	-	3,449,629	3,449,629
Total assets	221	180,000	3,449,629	3,629,850

Company	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
31 December 2021:				
Quoted investments	213	-	-	213
Unquoted investments	-	-	276,338	276,338
Investment in subsidiaries	-	-	2,984,270	2,984,270
Total assets	213	-	3,260,608	3,260,821

The valuation techniques and fair value hierarchy for non-financial assets have been disclosed in Note 10,11,12 and 15.

6. REVENUE, OTHER INCOME AND EXPENSES

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
(a) Revenue				
Sale of goods	4,964,359	4,132,188	-	-
Rendering of services	661,295	1,448,266	-	-
Construction contract revenue	110,096	7,174	-	-
Dividends	-	-	18	-
Interest income (Note 29(c))	-	-	45,547	42,305
Technical fees (Note 29(d))	-	-	143,686	153,366
	5,735,750	5,587,628	189,251	195,671



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

6. REVENUE, OTHER INCOME AND EXPENSES (Continued)

(a) Revenue (continued)

Revenue is measured based on the consideration specified in a contract with a customer. The Group and Company recognise revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Sale of goods Goods sold include: <ul style="list-style-type: none"> • Electric cables • Transformers • Conductors • Generators • Spare parts 	Customers obtain control of products when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 60 days.	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises.
Construction contracts Construction projects include: <ul style="list-style-type: none"> • Manufacturing plants • Warehouses • Prefabricated buildings 	The Group builds manufacturing plants, storage units and warehouses based on the prescribed designs. Most projects commence on receipt of a prepayment from a customer and its length depends on the complexity of the design. Projects may be completed in a year or may span through several years.	Revenue is recognised over time based on the cost-to-cost method. The related costs are recognised in profit or loss when they are incurred. Revenue earned in excess of certification are classified as contract assets Advances received are included in contract liabilities.
Rendering of services Services rendered include: <ul style="list-style-type: none"> • Civil engineering • Mechanical engineering • Transportation 	Invoices for repair and maintenance services are issued periodically and are usually payable within 30 days.	Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on work performed. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative stand-alone selling prices. The stand-alone selling price is determined based on the list prices at which the Group sells the services in separate transactions.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

6. REVENUE, OTHER INCOME AND EXPENSES (Continued)

(a) Revenue (continued)

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Investment income include:		
• Dividend income	Dividend income arises from company investments from subsidiaries companies or associates' companies or quoted investments	Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend
• Interest income	Interest income arises from company lending money to subsidiaries as loans	Interest income is accrued using the effective interest rate method, by reference to the principal outstanding and the interest rate applicable.
• Technical fees	Technical fees relate to technical and professional and advisory services provided by holding company to the operating units	Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on work performed.

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The amount of contracts assets is KShs 147,625,000 (2021: 543,379,000).

Contract liabilities primarily relate to the advance consideration received from customers for construction work, for which revenue is recognised over time. The amount of deferred revenue is KShs 31,671,000 (2021 : KShs 25,403,000).

The amount of KShs 25,403,000 included in contract liabilities at 31 December 2021 has been recognised as revenue in 2022 (2021: 27,005,000).

This will be recognised as revenue when the construction performance obligation are met, which is expected to occur within the next 12 months. No information is provided about remaining performance obligations at 31 December 2022 or at 31 December 2021 that have an original expected duration of one year or less, as allowed by IFRS 15.

	Consolidated 2022	Consolidated 2021	Company 2022	Company 2021
(b) Other income	KShs '000	KShs '000	KShs '000	KShs '000
Gain on sale of property	64,311	88,915	-	-
Reversal of bad debts provision	-	3,490	-	-
Fair value of investment property	(2,954)	-	-	-
Sale of scrap	6,727	18,202	-	-
Rental income	11,159	5,919	-	-
Reversal of accruals	3,689	-	-	-
Sundry income	16,119	2,563	-	-
Interest income	2	131	-	-
	99,053	119,220	-	-



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

6. REVENUE, OTHER INCOME AND EXPENSES (Continued)

(c) Expenses by nature

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Cost of sales:				
Raw materials	3,429,322	2,803,683	-	-
Direct staff costs	220,707	194,262	-	-
Equipment hire	-	99	-	-
Service costs	566,562	1,083,250	-	-
Freight	-	118,349	-	-
Utility expenses	137,381	-	-	-
Inventory obsolescence	60,007	2,957	-	-
	4,413,979	4,202,600	-	-
Operating expenses:				
Staff costs	742,757	660,709	177,837	167,710
Legal and professional fees	53,500	116,705	4,773	11,309
Office expenses	407,823	450,157	66,566	99,679
Establishment and site expenses	9,036	182,509	-	-
Directors fees (Note 29(a))	32,368	74,619	17,360	15,840
Travel expense	23,010	25,373	5,061	3,954
Utility fees	43,544	18,954	-	-
Distribution expenses	92,181	19,972	-	-
Audit fees	23,757	31,150	6,750	6,250
Repairs and maintenance	35,036	19,962	-	-
Fund raising cost	51,974	35,031	51,974	35,031
	1,514,986	1,635,141	330,321	339,773

(d) Staff costs

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Wages and salaries	900,385	800,509	168,353	158,226
Social security contributions	63,079	54,462	9,484	9,484
	963,464	854,971	177,837	167,710
Presented in profit or loss as follows:				
Cost of sales	220,707	194,262	-	-
Operating expenses	742,757	660,709	177,837	167,710
	963,464	854,971	177,837	167,710



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

6. REVENUE, OTHER INCOME AND EXPENSES (Continued)

(e) Impairment losses

(i) Impairment loss on trade receivables

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Impairment loss on trade receivables and intercompany loans (Note 5(a))	441,474	35,717	229,166	611,094

(ii) Other Impairment losses

Fair value loss on investment property	-	9,032	-	-
Inventory	-	29,389	-	-
Property plant and equipment (Note 10)	13,084	-	-	-
Prepayments	1,479	68	-	-
	14,563	38,489	-	-
	456,037	74,206	229,166	611,094

7. OPERATING LOSS

Operating loss is arrived at after charging/(crediting):

Depreciation of PPE (Note 10)	228,803	270,258	623	325
Depreciation of ROU asset (Note 13)	101,197	141,942	305	291
Amortisation of intangible assets (Note 14)	3,636	3,511	-	-
Total depreciation and amortisation	333,636	415,711	928	616
Directors' emoluments (Note 29(a))	136,282	145,562	18,480	51,155
Auditors remuneration	18,458	31,150	6,750	6,250
(Loss)/(gain) on disposal of property, plant and equipment	64,311	88,915	-	-
Impairment losses:				
- Trade and other receivables	441,474	35,717	-	-
- Others impairments	13,084	29,389	-	-
- Due from related parties	-	-	229,166	611,094

8. NET FINANCE COSTS

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
(a) Foreign exchange				
(Loss)/gain	(436,551)	106,938	(428,117)	(118,698)
(b) Finance costs				
Interest on convertible bond	(44,337)	(73,609)	-	-
Interest on leases	(9,449)	(6,697)	(43)	(21)
Interest on loans	(1,325,951)	(991,844)	(418,531)	(346,868)
	(1,379,737)	(1,072,150)	(418,574)	(346,889)
Net finance costs (a+b)	(1,816,288)	(965,212)	(846,691)	(465,587)



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

9. INCOME TAX

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
(a) Income tax expense				
Amounts recognised in profit or loss				
Current tax:				
Charge for the year at 30%	88,404	63,339	-	-
Deferred tax (credit)/expense:				
Current year (Note 25(c))	(12,729)	34,219	869	350
Prior year under/(over) provision (Note 25(c))*	-	(2,026)	-	-
	(12,729)	32,193	869	350
	75,675	95,532	869	350

* Derecognition of previously recognised deductible temporary differences.

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Amounts recognised in other comprehensive income				
Arising from:				
Property plant and equipment revaluation	27,329	(6,782)	-	-
Defined benefits	(2,330)	(1,865)	-	-

(b) Reconciliation of effective tax rate

Consolidated

The tax on the consolidated results differs from the theoretical amount using the basic tax rate as follows:

	2022 Rate	2022 KShs'000	2021 Rate	2021 KShs '000
Accounting loss before tax		(2,700,123)		(1,586,024)
Tax at the domestic rate of	30%	(810,036)	30%	(475,807)
Prior years' under provision:				
- Deferred tax	0%	(498)	1%	(19,182)
Effect of taxes in foreign jurisdictions*	0%	(12,556)	-	(6,961)
Movement in deferred tax not recognised (Note 9(c))	(23%)	631,187	(20%)	312,659
Tax effect of non-deductible expenses	10%	267,578	(12%)	183,378
Effect of change in tax rates**	-	-	(6%)	101,445
Income tax expense	-	75,675	(6)%	95,532

* TransCentury Mauritius Limited, Cable Holding Mauritius Limited, TC Railway Holdings Limited and Safari Rail Company Limited operate in Mauritius where the corporate tax rate is 15%. Certain subsidiaries of TransCentury Mauritius Limited operate in South Sudan where tax bands range between 10% and 25%.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

9. INCOME TAX (Continued)

(b) Reconciliation of effective tax rate (Continued)

Company	2022 Rate	2022 KShs'000	2021 Rate	2021 KShs'000
Accounting loss before tax	-	(1,217,848)	-	(1,221,399)
Tax at the domestic rate of	30%	(365,354)	30%	(366,420)
Movement in deferred tax not recognised (Note 9(c))	10%	125,151	(23%)	286,701
Tax effect of non-deductible expenses	20%	241,072	(7%)	80,069
Income tax expense		869		350

The directors believe that the accruals for tax liabilities are adequate for all open tax years based on their assessment of many factors, including interpretations of tax law and prior year experience.

(c) Movement in unrecognised deferred tax

Consolidated

2022:

	At 1 January KShs'000	Prior year under/over provision of unrecognized deferred tax KShs'000	Movement in unrecognised deferred tax KShs'000	At 31 December KShs'000
Arising from:				
Property, plant and equipment	(5,366)	-	3,271	(2,095)
Unrealised exchange loss	443,799	-	328,246	772,045
Provisions	819,956	-	185,762	1,005,718
Tax losses	1,364,136	-	113,908	1,478,044
	2,622,525	-	631,187	3,253,712

Consolidated

2021:

	At 1 January KShs'000	Prior year under/over provision of unrecognized deferred tax KShs'000	Movement in unrecognised deferred tax KShs'000	At 31 December KShs'000
Arising from:				
Property, plant and equipment	(12,256)	-	6890	(5,366)
Unrealised exchange loss	253,112	-	190,687	443,799
Provisions	772,715	-	47,241	819,956
Tax losses	1,296,295	-	67,841	1,364,136
	2,309,866	-	312,659	2,622,525

Deferred tax assets have not been recognized in respect of tax losses and other temporary differences for some subsidiaries because it is not probable that future taxable profit will be available against which the subsidiaries can use the benefit therefrom.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

9. INCOME TAX (Continued)

(c) Movement in unrecognised deferred tax (continued) Company

	At 1 January KShs'000	Prior year under provision of unrecognised deferred tax KShs'000	Movement in unrecognised deferred tax KShs'000	At 31 December KShs'000
2022:				
Arising from:				
Tax losses	479,776	-	146,329	626,105
Provisions	926,596	-	70,809	997,405
Unrealised exchange loss	(35,609)	-	(91,987)	(127,596)
	1,370,763	-	125,151	1,495,914

Company

	At 1 January KShs'000	Prior year under provision of unrecognised deferred tax KShs'000	Movement in unrecognised deferred tax KShs'000	At 31 December KShs'000
2021:				
Arising from:				
Tax losses	387,057	-	92,719	479,776
Provisions	739,349	-	187,247	926,596
Unrealised exchange loss	(42,344)	-	6,735	(35,609)
	1,084,062	-	286,701	1,370,763

Deferred tax assets have not been recognized in respect of tax losses and other temporary differences of the Company because it is not probable that future taxable profit will be available against which the subsidiaries can use the benefit therefrom.

Under the current tax regulations tax losses calculated under the tax rules may be carried forward against income from the same source indefinitely. The aging of tax losses as at 31 December 2022 was as follows:

(d) Tax recoverable/payable account

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Balance as at 1 January	329,883	184,468	15,738	14,482
Current tax charge	(88,404)	(63,340)	-	-
Paid during the year	(106,042)	257,818	-	1,256
Foreign exchange translation differences	208,452	(49,063)	-	-
As at 31 December	343,889	329,883	15,738	15,738
Comprising:				
Current tax recoverable	343,889	341,821	15,738	15,738
Current tax payable	(12,502)	(11,938)	-	-
As at 31 December	331,387	329,883	15,738	15,738

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

10. PROPERTY, PLANT AND EQUIPMENT

Consolidated 2022	Heavy commercial vehicles KShs'000	Free hold land and 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/valuation:							
At 1 January 2022	2,353,572	2,447,418	3,240,411	502,779	299,050	199,552	9,042,782
Additions	-	2,457	12,008	17,137	5,759	-	37,361
Transfer from WIP	-	-	3,050	-	-	(3,050)	-
Impairments	-	-	-	-	(96,088)	-	(96,088)
Disposals	(41,437)	-	(163,112)	(18,095)	(85)	-	(222,729)
Revaluation	-	(292,617)	(383,193)	(2,949)	(5,489)	(4,500)	(688,748)
Exchange differences	(180,619)	168,053	(63,896)	(31,433)	(18,500)	(1,118)	(127,513)
At 31 December 2022	2,131,516	2,325,311	2,645,268	467,439	184,647	190,884	7,945,065
Depreciation:							
At 1 January 2022	(2,313,807)	(223,646)	(2,136,250)	(592,780)	11,282	(11,309)	(5,266,510)
Revaluation	-	154,488	468,681	9,089	5,702	-	637,960
Impairments	-	-	-	-	84,923	-	84,923
Charge for the year	(13,406)	(49,718)	(132,699)	(24,352)	(8,628)	-	(228,803)
Disposals	40,163	2,962	72,731	13,956	85	-	129,897
Exchange differences	171,028	(18,686)	60,130	23,932	6,064	9,186	251,654
At 31 December 2022	(2,116,022)	(134,600)	(1,667,407)	(570,155)	99,428	(2,123)	(4,390,879)
Carrying value:							
At 31 December 2022	15,494	2,190,711	977,861	(102,716)	284,075	188,761	3,554,186





Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

Consolidated 2021	Heavy commercial vehicles KShs'000	Free hold land and 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/valuation:							
At 1 January 2021	2,320,336	2,762,515	3,439,921	488,674	312,538	200,485	9,524,469
Additions	-	-	24,500	2,905	4,455	-	31,860
Transfer from WIP	-	-	2,602	-	-	(2,602)	-
Disposals	-	(366,148)	(326,659)	(6,091)	(28,817)	-	(727,715)
Revaluation	-	3,608	-	-	-	-	3,608
Translation differences	33,236	47,443	100,047	17,291	10,874	1,669	210,560
At 31 December 2021	2,353,572	2,447,418	3,240,411	502,779	299,050	199,552	9,042,782
Depreciation:							
At 1 January 2021	2,234,675	462,253	2,224,407	561,961	2,423	8,962	5,494,681
Revaluation	-	(10,618)	-	-	-	-	(10,618)
Charge for the year	17,590	51,293	168,380	23,293	9,702	-	270,258
Disposals	-	(280,788)	(326,659)	(5,709)	(28,130)	-	(641,286)
Translation differences	61,542	1,506	70,122	13,234	4,723	2,347	153,474
At 31 December 2021	2,313,807	223,646	2,136,250	592,779	(11,282)	11,309	5,266,509
Carrying value:							
At 31 December 2021	39,765	2,223,772	1,104,161	(90,000)	310,332	188,243	3,776,273



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FOR THE YEAR ENDED 31 DECEMBER 2022

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	2022	2021
Furniture, fittings and equipment	KShs'000	KShs'000
Cost:		
At 1 January	16,029	14,604
Additions	381	1,754
Disposals	-	(329)
At 31 December	16,410	16,029
Depreciation:		
At 1 January	14,402	14,406
Charge for the year	623	325
Disposals	-	(329)
At 31 December	15,025	14,402
Carrying amount at 31 December	1,385	1,627

Included in the property, plant and equipment are assets with a gross value of KShs. 589 million (2021: KShs. 706 million) which are fully depreciated. Such assets would have attracted a notional depreciation of KShs. 142 million (2021: KShs. 226 million). The work in progress (WIP) relates to ongoing factory upgrades at East African Cables PLC and Tanelec Limited.

Revaluation

The Group's property, plant and equipment (freehold land, buildings, plant and machinery) are revalued once in every five years.

Name of subsidiary	Independent valuer	Date of last valuation
East African Cables PLC	Ms Proland Realtors Limited	31-Dec-22
AEA Limited	Accurate Valuers Limited	31-Dec-22
Civicon Kenya Limited	Lloyd Masika Limited	31-Dec-17
Civicon Limited (Uganda)	MPG Associates Limited	31-Dec-17
Tanelec Limited - Zambia	Sherwood Greene	31-Dec-17
	T.P. Chibwe & Co	31-Dec-18

Items of property, plant and equipment in East African Cables PLC (other than motor vehicles and work in progress) are stated at revalued amounts, which has been determined based on valuation by Ms Proland Realtors Limited an accredited independent valuer as at 31 December 2022. The revalued amounts of the properties has not been determined on transactions observable in the market because of the nature of the property and lack of comparable data. Instead, valuation model in accordance with that recommended by the International Valuation Standard Committee has been applied.

Freehold land and buildings of AEA Limited were professionally valued by an independent professional valuer, Accurate Valuers Masika Limited, on 31 December 2022 in order to reflect the current market valuation in the books of account. The resulting surplus was credited to revaluation reserve. The valuation was based on the market approach, based on actual location, size, lease period and the general quality of the property.

The property, plant and equipment of a subsidiary, Tanelec Limited - Zambia were revalued in 2017 by Sherwood Greene, a firm of professional valuers on the basis of depreciated replacement cost. Motor vehicles were revalued as at 31 December 2018 by T.P. Chibwe & Co registered valuers on a depreciated cost basis.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

Revaluation (continued)

If the freehold land, buildings, plant and machinery were stated on the historical cost basis, the amounts would be as follows:

Consolidated	Freehold land	Buildings	Plant and machinery	Totals
At 31 December 2022:	KShs 000	KShs 000	KShs 000	KShs 000
Cost	257,026	895,326	280,368	1,432,720
Accumulated depreciation	-	(660,841)	(138,812)	(799,653)
Carrying value	257,026	234,485	141,556	633,067

Consolidated	Freehold land	Buildings	Plant and machinery	Totals
At 31 December 2021:	KShs 000	KShs 000	KShs 000	KShs 000
Cost	257,026	895,326	431,472	1,583,824
Accumulated depreciation	-	(449,167)	(301,924)	(751,091)
Carrying value	257,026	446,159	129,548	832,733

Security

At 31 December 2022, properties of subsidiaries have been charged to secured banking facilities per Note 27.

Valuation techniques and significant unobservable inputs

The method used by the valuer in determining the fair value of assets is the fair market value.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Property plant and equipment and Right-of-use asset Level 3 hierarchy	<i>Market approach:</i> The valuation model uses : - Prices and other relevant information generated by market transactions involving identical or similar assets. - The fair value is determined as the price that would be paid to sell the freehold land leasehold land and plant and machinery in an orderly transaction to market participants.	<i>Freehold and leasehold land</i> 1. Property prices in the locality. 2. Infrastructure developments. <i>Plant and machinery</i> 3. Comparable prices of plant and machinery and whether they are locally made or imported. 4. Depreciated replacement cost for plant and machinery	The estimated fair values would increase/ (decrease); 1. If property prices near the location of the property were higher/(lower). 2. With improvements/ (deterioration) in infrastructure development. 3. Age, obsolescences , repair and maintenance condition of plant and machinery



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

11. INVESTMENT PROPERTY

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Valuation				
At 1 January	220,260	220,272	-	-
Fair value change	(17,004)	(9,031)	-	-
Translation differences	16,913	9,019	-	-
At 31 December	220,169	220,260	-	-

Rental income derived from investment property and related operating expenses are shown below:

	2022 KShs'000	2021 KShs'000	2022 KShs'000	2021 KShs'000
Gross rental income	9,764	4,744	-	-
Direct operating expenses	(2,441)	(1,186)	-	-
Net rental income	7,323	3,558	-	-

Measurement of fair values

Investment properties relates residential buildings that have been leased to third parties and are carried at fair value, these are:

LR No. 21707, Plot 581 on Malik Road, Upanga West, Dar es Salaam, Tanzania

The investment property was revalued on 31 December 2022 by Ms. Accurate Valuers on the basis of open market value for existing use.

Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment Property Level 3 hierarchy	<i>Market approach:</i> The valuation model uses prices and other relevant information generated by market transactions involving identical or similar assets. The fair value is determined as the price that would be paid to sell the land in an orderly transaction to market participants.	1. Property prices in the locality. 2. Infrastructure developments	The estimated fair values would increase/ (decrease); 1. If property prices near the location of the property were higher/(lower). 2. With improvements/ (deterioration) in infrastructure development.



Notes to the Consolidated and Separate Financial Statements

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12. ASSETS HELD FOR SALE

	Consolidated		Company	
	2022	2021	2022	2021
	KShs '000	KShs '000	KShs '000	KShs '000
Balance as at 1 January	124,618	121,108	-	-
Disposals	(124,700)	-	-	-
Exchange differences	82	3,510	-	-
At 31 December	-	124,618	-	-

The Board of Directors has committed to a plan to sell non-core assets listed below:

Property description	Carrying value	Carrying value	Fair value	Fair value
	2022	2021		
	KShs '000	KShs '000	2022	2021
LR. No. 3734/126, on Elmolo Drive, Lavington, Nairobi, Kenya.	-	110,000	-	110,000
Buildings in Plot No. 7344, Nyerere Road, Light Industrial Area, Kitwe, Zambia	-	14,618	-	14,618
Total	-	124,618	-	124,618

Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Asset held for sale Level 3 hierarchy	<i>Market approach:</i> The valuation model uses prices and other relevant information generated by market transactions involving identical or similar assets. The fair value is determined as the price that would be paid to sell the land in an orderly transaction to market participants.	1. Property prices in the locality. 2. Infrastructure developments	The estimated fair values would increase/ (decrease); 1. If property prices near the location of the property were higher/(lower). 2. With improvements/ (deterioration) in infrastructure development



Notes to the Consolidated and Separate Financial Statements

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13. RIGHT-OF-USE-ASSETS

(a) Right-of-use-assets

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Carrying value as at 1 Jan	3,720,632	3,761,738	75	366
Additions	920	-	920	-
Revaluation	(680)	8,379	-	-
Depreciation charge for the year	(101,197)	(141,942)	(305)	(291)
Exchange adjustment	151,058	92,457	-	-
At 31 December	3,770,733	3,720,632	690	75

Right of use assets shown above have as classified as below:

2022	Leasehold land KShs'000	Buildings KShs'000	Motor vehicles KShs'000	Other equipment KShs'000	Total KShs'000
At 1 January	3,657,336	13,718	49,503	75	3,720,632
Addition	-	-	-	920	920
Amortisation for the year	(75,648)	(2,396)	(22,848)	(305)	(101,197)
Revaluation	(8,324)	7,644	-	-	(680)
Exchange adjustments	150,641	419	-	-	150,060
At 31 December	3,724,005	19,385	26,655	690	3,770,733

2021	Leasehold land KShs'000	Buildings KShs'000	Motor vehicles KShs'000	Other equipment KShs'000	Total KShs'000
At 1 January	3,648,723	15,591	97,058	366	3,761,738
Amortisation for the year	(90,859)	(3,237)	(47,555)	(291)	(141,942)
Revaluation	8,379	-	-	-	8,379
Exchange adjustments	91,093	1,364	-	-	92,457
At 31 December	3,657,336	13,718	49,503	75	3,720,632

Leasehold land at East African Cables PLC has been stated at fair value, based on valuation by Ms Proland Realtors Limited an accredited independent valuer on 31st December 2022. The fair value of the leasehold land has been determined on the basis of comparable transaction in the market.

Leasehold land in Civicon Kenya Limited and Civicon Limited (Uganda) was professionally valued by independent professional valuers, Lloyd Masika Limited and MPG Associates Limited respectively, on 31 December 2017 in order to reflect the current market valuation in the books of account. The resulting surplus was credited to revaluation reserve.



Notes to the Consolidated and Separate Financial Statements

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13. RIGHT-OF-USE-ASSETS (Continued)

The right of use asset with respect to leasehold land is carried at revalued amounts. If the leasehold land were stated on the historical cost basis, the carrying amounts would be as follows:

	2022	2021
	KShs '000	KShs '000
Consolidated		
Carrying value of leasehold land at 1 January	250,837	264,041
Amortisation for the year	(16,517)	(12,517)
Exchange adjustment	(29)	(687)
At 31 December	234,291	250,837

(b) Lease liability

	Consolidated 2022	Consolidated 2021	Company 2022	Company 2021
	KShs '000	KShs '000	KShs '000	KShs '000
Opening balance as at 1 January	78,552	128,080	100	409
Additions	920	-	920	-
Interest expense	8,840	15,525	43	21
Lease payments made - Interest	(8,840)	(15,525)	(43)	(21)
Lease payments made - Principal	(28,453)	(50,756)	(305)	(309)
Exchange differences	1,175	1,228	-	-
At 31 December	52,194	78,552	715	100

The carrying amount of lease liabilities are payable as follows:

	Consolidated 2022	Consolidated 2021	Company 2022	Company 2021
	KShs '000	KShs '000	KShs '000	KShs '000
Within one year	52,194	68,106	440	-
After one year	-	10,446	330	100
At 31 December	52,194	78,552	770	100

(c) Amounts recognised in the statement of profit or loss

	Consolidated 2022	Consolidated 2021	Company 2022	Company 2021
	KShs '000	KShs '000	KShs '000	KShs '000
Depreciation charge for the year	100,921	141,942	305	291
Interest expense	9,449	6,697	43	21

(d) Amounts recognised in the statement of cashflows

	Consolidated 2022	Consolidated 2021	Company 2022	Company 2021
	KShs '000	KShs '000	KShs '000	KShs '000
Lease payments made - Interest	(8,840)	(15,525)	(43)	(21)
Lease payments made - Principal	(28,453)	(50,756)	(305)	(309)



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

14. INTANGIBLE ASSETS AND GOODWILL

Consolidated

2022	Software KShs '000	Goodwill KShs '000	Total KShs '000
Cost			
At 1 January	129,643	3,126,261	3,255,904
Exchange differences	(36,696)	276,623	239,927
At 31 December	92,947	3,402,884	3,495,831
Amortisation/impairment*			
At 1 January	110,692	3,076,687	3,187,379
Amortisation	3,636	-	3,636
Exchange differences	(37,947)	273,555	235,608
At 31 December	76,381	3,350,242	3,426,623
Carrying value At 31 December	16,566	52,642	69,208

Consolidated

2021	Software KShs '000	Goodwill KShs '000	Total KShs '000
Cost			
At 1 January	137,517	3,006,970	3,144,487
Exchange differences	(7,874)	119,305	111,431
At 31 December	129,643	3,126,261	3,255,904
Amortisation/impairment*			
At 1 January	105,886	2,969,072	3,074,958
Amortisation	3,511	-	3,511
Exchange differences	1,295	107,615	108,910
At 31 December	110,692	3,076,687	3,187,379
Carrying value At 31 December	18,951	49,588	68,539

Goodwill comprises of:	2022 KShs '000	2021 KShs '000
Tanelec Limited	52,655	49,608



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

14. INTANGIBLE ASSETS AND GOODWILL (Continued)

(a) Goodwill on acquisition of Tanelec Zambia Limited (formerly Pende Group)

The goodwill recognised represents the excess of the business combination over the acquired business' fair value of the identifiable assets and liabilities. Pende Group was acquired on 31 May 2011 and the fair values determined at that date were relied upon to support the carrying value of the goodwill recognised due to the proximity of the year end to the acquisition date. The carrying amount of the goodwill is reviewed annually on the basis of forecast profits of the cash generating units and forecast sales of the products.

(b) Goodwill Impairment testing

Goodwill is tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit or loss.

Impairment losses recognized in respect of cash-generating units reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

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.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed only to the extent that the asset's or CGU's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

The calculation of the carrying amount of the goodwill is based on the following key assumptions:

- Cash flows were projected based on experience, actual operating results and budgets and forecasts approved by management up to 2025.
- The cash flows were discounted using a weighted average cost of capital of 18% for cable manufacturing companies which reflected current market rates appropriate for these businesses. (Tanelec is in the business of manufacturing and selling transformers and switchgear. Its customer base is similar to that of the cable companies while its principal inputs are similar. Like the cable manufacturing companies the principal raw materials for Tanelec are copper and aluminum. The drivers of demand for Tanelec are also similar to those of the cable companies. In our view, therefore, El Sewedy in Egypt, Havells in India, Voltamp Transformers in India and East African Cables in Kenya are comparable to Tanelec. In addition, El Sewedy - like Tanelec, is a transformer manufacturer).
- Perpetual growth rate was projected at 1% which is reasonable compared to the forecast growth rate in real GDP for Zambia.

The key assumptions described above may change as economic and market conditions change. Management believes that reasonable possible change in any of the key assumptions on which the fair value of the intangible has been based will not cause the carrying amounts to exceed their recoverable amount.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

15. INVESTMENTS

(a) Quoted shares

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Movement during the year:				
At 1 January	213	251	213	251
Fair value (loss) gain in the year	8	(38)	8	(38)
At 31 December	221	213	221	213
Comprising:				
Cost	18,006	18,006	18,006	18,006
Cumulative fair value change	(17,786)	(17,793)	(17,785)	(17,793)
	221	213	221	213

(b) Unquoted shares

Development Bank of Kenya Limited:				
Cost	78,689	78,689	78,689	78,689
Cumulative fair value gain	101,311	197,649	101,311	197,649
	180,000	276,338	180,000	276,338
Mwangaza Limited:				
Cost	101,764	101,764	-	-
Forex exchange	16,328	16,468	-	-
Cumulative fair value loss	(101,764)	(101,764)	-	-
	-	-	-	-
Total unquoted shares	180,000	276,338	180,000	276,338



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

15. INVESTMENTS (Continued)

(c) Investment in subsidiaries – fair value

	2022 KShs '000	2021 KShs '000
Cable Holdings (Kenya) Limited: 100% (2021 – 100%):		
Cost	460,232	460,232
Cumulative fair value gain	248,956	312,077
	709,188	772,309
AEA Limited (formerly Avery East Africa Limited) 94.4058% (2021 – 94.4058%):		
Cost	49,853	49,853
Cumulative fair value gain	269,154	342,768
	319,007	392,621
Tanelec Limited 70% (2021 – 70%):		
Cost	78,720	78,720
Cumulative fair value gain	2,342,662	1,740,568
	2,421,382	1,819,288
TransCentury Holdings Pty Limited: 100% (2021 – 100%):		
Cost	122,167	122,167
Cumulative fair value loss	(122,167)	(122,167)
	-	-
Crystal Limited: 100% (2021 – 100%):		
Cost	52	52
Cumulative fair value gain	-	-
	52	52
TC Mauritius Holdings Limited: 100% (2021 – 100%):		
Cost	973,103	973,103
Cumulative fair value loss	(973,103)	(973,103)
	-	-
TOTAL INVESTMENT IN SUBSIDIARIES	3,449,629	2,984,270
KShs '000	KShs '000	
Movement during the year:		
At 1 January	2,984,270	3,026,040
Fair value loss in the year	465,359	(41,770)
At 31 December	3,449,629	2,984,270
Comprising of:		
Cost	1,684,127	1,684,127
Cumulative fair value gain	1,765,502	1,300,143
Total investment in subsidiaries	3,449,629	2,984,270

Fair value of investment in subsidiaries is determined based on the group's fair value policy per Note 2(e).



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

15. INVESTMENTS (Continued)

(d) Change in fair value of investments

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Quoted shares	8	(38)	8	(38)
Unquoted shares	(97,445)	(6,664)	(96,339)	(6,664)
Investment in subsidiaries (Note 15(c))	-	-	465,359	(41,770)
	(97,437)	(6,702)	369,028	(48,472)



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

15. INVESTMENTS (Continued)

(d) Change in fair value of investments (continued)

Measurement of fair values

Valuation techniques and significant unobservable inputs

Financial assets measured at fair value at 31 December 2022 and 31 December 2021

Fair value hierarchy	Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Level 3	Investment in subsidiaries	TransCentury PLC has investments in the following subsidiaries: <ul style="list-style-type: none"> Cable Holdings (K) Ltd – Valued using the Adjusted net assets method. 	Fair values of net assets in the balance sheet	<ul style="list-style-type: none"> Increase/ (decrease) in fair value of net assets will result to an increase/decrease in the fair value of the investment.
		<ul style="list-style-type: none"> AEA Limited– Valued using Discounted Cash Flow (DCF) method 	Weighted Average Cost of Capital (WACC) of -23.2% (2021; 19.8%). Marketability discount of 10%(2021, 10%) Terminal value of KShs -- Million (2021, KShs 1,257 Million)	<ul style="list-style-type: none"> Increase/ (decrease) in WACC results in a decrease/increase in the fair value of the investment. Increase/ (decrease) in marketability discount results in a (decrease)/increase in the fair value of the investment. Increase/ (decrease) in terminal value results in a (decrease)/ increase in the fair value of the investment. Increase/ (decrease) in projection cashflow results in a (decrease)/increase in the fair value of the investment.
		<ul style="list-style-type: none"> Tanelec Limited – Valued using DCF method 	Weighted Average Cost of Capital (WACC) of 13.3(2021, 14.8%). Marketability discount of 15%(2021, 15%) Terminal value of KShs -- Million (2021, KShs 5,224 Million)	<ul style="list-style-type: none"> Increase/ (decrease) in WACC results in a (decrease)/ increase in the fair value of the investment. Increase/(decrease) in marketability discount results in a (decrease)/increase in the fair value of the investment. Increase/ (decrease) in terminal value results in a (decrease)/ increase in the fair value of the investment. Increase/ (decrease) in projection results in a (decrease)/increase in the fair value of the investment.

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15. INVESTMENTS (Continued) (e) Non-controlling Interest (NCI)

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations:

31 December 2022:

31 December 2022: <i>In Kshs'000</i>	Tanelec Ltd	EAC PLC	AEA Ltd	TC Mauritius Holdings Ltd	Total
NCI percentage	30.00%	31.63%	5.59%		
Non-current assets	1,101,197	4,401,492	262,194	1,867,129	
Current assets	2,080,065	956,602	959,803	1,233,630	
Non-current liabilities	(555,037)	(2,447,461)	(94,446)	(3,005,544)	
Current liabilities	(1,654,915)	(2,201,230)	(1,489,436)	(11,689,684)	
Net assets excluding Underlying NCI	971,310	709,403	(361,885)	(11,594,469)	
Underlying NCI	(184,089)	(56,537)	-	451	
Net assets including underlying NCI	1,155,399	765,940	(361,885)	(11,594,920)	
Carrying amount of NCI	162,529	185,701	(20,244)	449	328,437
Revenue	2,242,717	2,605,761	774,128	114,075	
Profit		(15,967)	(345,272)	(459,255)	(964,580)
OCI		109,613	40,222	(46,195)	925,321
Total comprehensive income	93,646	(305,050)	(505,450)	(39,259)	(307,271)
Profit allocated to NCI	(23,325)	(258,256)	(25,690)	-	
OCI allocated to NCI	(37,810)	159,897	(2,535)	-	
Cash flows from operating activities	(64,459)	1,863,988	36,157	(171,521)	
Cash flows from investment activities	(15,505)	(3,895)	(37,145)	(13,275)	
Cash flows from financing activities	78,547	(1,912,937)	13,358	480,127	
Net increase (decrease) in cash and cash equivalents	(1,417)	(52,844)	12,370	295,331	





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15. INVESTMENTS (Continued) (e) Non-controlling Interest (NCI) (continued)

31 December 2021: <i>In Kshs'000</i>	Tanelec Ltd 30.00%	EAC PLC 31.63%	AEA TC Mauritius Holdings Ltd 5.59%	Total
Non-current assets	1,045,476	4,623,554	273,370	1,788,189
Current assets	1,727,671	956,513	1,412,711	1,325,541
Non-current liabilities	(577,163)	(2,772,983)	(92,130)	(3,450,866)
Current liabilities	1,330,361	(1,708,192)	(1,451,267)	(11,218,074)
Net assets excluding Underlying NCI	865,623	1,098,892	142,684	(11,659,976)
Underlying NCI	(169,302)	27,802	-	451
Net assets including underlying NCI	1,034,925	1,071,090	142,684	(11,555,661)
Carrying amount of NCI	141,176	366,547	7,982	451
Revenue	2,103,820	1,848,083	1,630,448	9,842
Profit		(3,563)	(299,715)	2,347
OCI		(114,884)	21,373	9,043
Total comprehensive income	(118,447)	(278,342)	11,390	(1,004,946)
Profit allocated to NCI	(10,447)	(117,669)	132	(31)
OCI allocated to NCI	(38,432)	5,811	882	-
Cash flows from operating activities	(59,857)	1,863,988	(145,488)	(157,295)
Cash flows from investment activities	(14,398)	(3,895)	(1,189)	(12,174)
Cash flows from financing activities	72,939	(1,912,937)	133,536	440,307
Net increase (decrease) in cash and cash equivalents	(1,316)	(52,844)	(13,141)	270,838

*Underlying non-controlling interest at Civicon Africa Group Limited.



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16. LOANS TO SUBSIDIARIES

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Payable after 12 months:				
East Africa Cables Limited	-	-	724,552	642,834
Movement during the year:				
At 1 January	-	-	642,834	586,636
Foreign exchange gain	-	-	36,171	13,904
Issued/accrued interest during the year	-	-	45,547	42,305
At 31 December (Note 29 (e))	-	-	724,552	642,834

17. INVENTORIES

Raw materials	636,860	594,689	-	-
Finished goods	271,897	194,236	-	-
Work in progress	94,474	120,608	-	-
Goods in transit	195,608	152,432	-	-
Spares and lubricants	129,148	138,873	-	-
Machines	60,552	70,371	-	-
Consumables and packaging	5,666	2,029	-	-
Provision for obsolescence and slow moving stocks	(103,095)	(42,418)	-	-
	1,291,110	1,230,820	-	-

Inventories of KShs. 3,429,321 (2021: KShs 2,803,683) were recognised as an expense during the year and included in cost of sales.

18. (a) TRADE AND OTHER RECEIVABLES

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Trade receivables	4,194,826	3,845,415	-	-
Expected credit loss (Note 5(a))	(2,393,424)	(2,029,626)	-	-
	1,801,402	1,815,789	-	-
Prepayments	877,105	68,041	-	-
Sundry receivables	-	658,734	60,373	55,697
Staff receivables	1,883	5,694	1,705	1,646
Due from related parties (Note 29(g))	-	-	668,461	595,968
	2,680,390	2,548,258	730,539	653,311

(b) CONTRACT ASSETS

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
	147,625	543,379	-	-



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19. CASH AND BANK

a) Cash and cash equivalents

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Bank balances	173,607	137,756	351	852
Cash at hand	69	356	-	1
Cash and bank	173,676	138,112	351	853
Bank overdraft	(63,471)	(25,661)	-	-
Total cash and cash equivalents	110,205	112,451	351	853

Bank overdrafts are repayable on demand and form an integral part of the Group's cash management.

In 2018 Tanelec Limited, a subsidiary of TransCentury PLC took an overdraft facility with TIB bank Limited. The interest on the overdraft is 13.5% per annum.

The overdraft is secured by:

- Specific debenture over the company's assets registered to cover USD 12,282,875 (KShs 1,389 million) being 125% of the facilities. Its also secured by a legal mortgage over property located on plot 35 Themu Industrial Area, Arusha city valued at USD 400,000 (KShs 44 million).
- Cash lien of USD 400,000 (KShs 43 million) over the company's accounts held with the bank.
- Corporate guarantee and indemnity by TransCentury Ltd registered for USD 12,282,875 (KShs 287 million) to cover the credit facility by 125%.

(b) Adjustments to Operating cash flows following the indirect method

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Depreciation expense(Note 10)	228,086	270,258	623	325
Interest received	-	-	(45,547)	(42,305)
Depreciation of ROU Assets (Note 7)	100,921	141,942	305	291
Amortisation of intangibles	3,778	3,511	-	-
Fair value (loss)/gain financial instruments at FVOCI	-	6,702	-	-
(Gain)/loss on sale of property, plant and equipment	(2,501)	(1,312)	-	-
Impairment of inventory	-	29,389	-	-
Impairment of financial instruments (Note 6(e))	444,872	35,785	-	-
Impairment of property, plant & equipment	11,165	-	-	-
Write-off of project costs	-	-	-	-
Lease interest charge	8,840	16,753	43	21
Shareholder loan interest	182,371	140,118	145,370	106,187
Exchange (losses)/gain	2,079,196	(206,175)	204,563	33,557
Interest accrued on preference shares	128,705	123,875	-	-
Interest accrued on convertible bond	46,532	75,950	-	-
Provision for staff gratuity	636	27,349	-	-
Total	3,232,601	664,145	305,357	98,076



Notes to the Consolidated and Separate Financial Statements

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20. SHARE CAPITAL

Consolidated and Company	2022	2021
Authorised	KShs '000	KShs'000
At 1 January and 31 December		
1,200,000,000 ordinary shares of KShs 0.50 each	600,000	600,000

	Number of shares		Nominal values	
	2022	2021	2022	2021
			KShs'000	KShs'000
Issued and fully paid ordinary shares of KShs 0.50 each				
At 1 January	375,203	375,203	187,601	187,601
At 31 December	375,203	375,203	187,601	187,601

The shareholders are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All the ordinary shares rank equally with regards to the Company's residual assets.

21. SHARE PREMIUM

	Consolidated 2022	Consolidated 2021	Company 2022	Company 2021
	KShs '000	KShs '000	KShs '000	KShs '000
At 1 January and 31 December	1,873,089	1,873,089	1,873,089	1,873,089

Share premium relates to amounts received over and above the par value of the issued and paid up ordinary shares

22. RESERVES

(a) Revenue reserves

Revenue reserves relate to accumulated profits or losses over the years.

(b) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(c) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity financial assets measured at fair value through other comprehensive income (FVOCI) until the investment is derecognised.

(d) Revaluation reserve

The revaluation reserve relates to the revaluation gain/losses on leasehold land, property, plant and equipment. Revaluation reserve is recognised net of related deferred tax and transferred to retained earnings upon disposal of related property.



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23. PROPOSED DIVIDENDS AND EARNINGS PER SHARE

(a) Basic and diluted earnings/(loss) per share

The calculation of basic earnings per share at 31 December 2022 was based on the loss attributable to ordinary shareholders of KShs 2,468,527 (2021: loss of KShs 1,553,539) and a weighted average number of ordinary shares outstanding during the year of 375,202,766 (2021: 375,202,766).

	2022 KShs '000	2021 KShs '000
Loss attributable to ordinary shareholders	(2,468,527)	(1,553,539)
Basic and diluted loss per share (KShs)	(6.58)	(4.14)

Diluted earnings per share is calculated by adjusting the earnings and weighted average number of ordinary shares outstanding during the year for the effects of dilutive options and other dilutive potential ordinary shares.

(b) Weighted average number of ordinary shares

	2022 KShs '000	2021 KShs '000
Issued ordinary shares as at 1 January	375,202,766	375,202,766
Weighted effect of shares issued in the year	-	-
At 31 December	375,202,766	375,202,766

(c) Proposed dividends

Proposed dividends are accounted for as a separate component of equity until they have been ratified at a General Meeting. During the year, the directors do not recommend any dividends (2021 – Nil).

24. BOND, PREFERENCE SHARES AND SHAREHOLDER LOAN

(a) Bond

In 2011 the Group issued a United States Dollar (USD) denominated convertible bond through one of its subsidiaries, TC Mauritius Holdings Limited amounting to USD 60,270,000 (KShs 5.1bn). Over the years, some of the bond holders converted their portion of the bond to ordinary shares between the year ended 31 December 2011 and 31 December 2018 while the Group has continued to repay the bond based on the agreement with bond holders. The bond accrues an interest rate of 8% and is repayable on a quarterly basis with the initial final settlement due in 2022. On 15 July 2022, the Group reached an agreement with the bondholders to extend the maturity of the bond from 15 July 2022 to 30 June 2024.

The movement in the bond during the year is as follows:

	2022 KShs '000	2021 KShs '000
At 1 January	951,859	1,429,247
Interest accrued	46,532	75,950
Interest paid	-	-
Settlement to bondholders	(246,747)	(605,305)
Forex losses	86,084	51,966
At 31 December	837,728	951,858

Presented in the statement of financial position as follows:

	2022	2021
Current	837,728	951,858
Non-current	-	-
At 31 December	837,728	951,858



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

24. BOND, PREFERENCE SHARES AND SHAREHOLDER LOAN (Continued)

(b) Preference shares

On 3 April 2017, the Group issued to Kuramo Capital Management 70,120 preference shares of USD 7 million in TCM at a par value of USD 100 each. The preference shares are cumulative and are redeemable at any time after the expiration of seven (7) years at 4.9% coupon and 1.75 times of the par value.

	2022 KShs '000	2021 KShs '000	Company 2022	Company 2021
Interest and redemption premium on preference shares	792,717	613,516	-	-
Foreign exchange difference	124,940	44,122	-	-
Preference shares	723,861	723,861	-	-
	1,641,518	1,381,499		

(c) Shareholder loans

	KShs '000	KShs '000	KShs '000	KShs '000
Shareholder loans	3,595,963	2,829,256	2,702,526	2,043,850

The movement in shareholder loans during the year is as follows:

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
At 1 January	2,829,256	1,947,541	2,043,850	1,222,431
Interest accrued	182,371	140,118	145,370	140,118
Loan advanced	308,742	681,676	308,742	681,676
Repayment	-	-	-	-
Forex losses	275,594	59,921	204,564	33,556
At 31 December	3,595,963	2,829,256	2,702,526	2,043,850

In 2017 and 2018, Kuramo Capital advanced loans amounting to USD 7,623,400 to TC Mauritius Holdings Limited, at an average interest rate of 5.2%;

The loans are secured by a charge of 56,703,563 ordinary shares of KShs 0.50 each in the capital of East African Cables and USD 500,000 is charged on 100,067 ordinary shares of Tanzanian Shillings ten thousand (TZS 10,000) each in the capital of Tanelec Limited. The loan which was payable in December 2021 has been subordinated to be payable by 31 December 2024. TC Mauritius Holdings is a wholly owned subsidiary of the Company.

Kuramo Capital has advanced the following loans to Transcentury PLC:

- USD 800,000 in November 2018 at annual interest rate of 7% payable in 31 December 2023.
- USD 4,750,000 during the year ended 31 December 2019 at an annual interest of 7% payable in 31 December 2023.
- USD 4,935,000 during the year ended 31 December 2020 at an annual interest of 7% payable in 31 December 2023.
- USD 6,025,000 during the year ended 31 December 2021 at an annual interest of 7% payable in 31 December 2023.
- USD 2,502,500 during the year ended 31 December 2022 at an annual interest of 7% payable in 31 December 2023

On 2 May 2023, the maturity date of all the shareholder loans amounting to KShs 2.8 billion was extended from 31 December 2022 to 31 December 2024.



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25. DEFERRED TAX (ASSET)/LIABILITY

(a) Deferred tax asset Consolidated

	As at Jan 1	Recognised through P&L	Prior year under/over provision	Exchange rate diff	As at Dec 31
2022	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Property, plant and equipment	(60,732)	(869)	-	-	(61,601)
Accruals	41,116	18,932	-	-	60,048
Tax losses	21,931	-	-	-	21,932
Unrealised exchange losses	51,225	-	-	-	51,225
Lease liability	12,369	(8,091)	-	-	4,278
	65,910	9,972	-	-	75,882

Consolidated

	As at Jan 1	Recognised through P&L	Prior year under/over provision	Exchange rate diff	As at Dec 31
2021	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Property, plant and equipment	(61,149)	(4,508)	4,644	281	(60,732)
Accruals	39,683	1,416	(1)	18	41,116
Tax losses	37,949	(63,201)	60,464	(13,281)	21,931
Unrealised exchange losses	52,099	(78,666)	73,187	4,606	51,226
Lease liability	27,135	(14,766)	-	-	12,369
	95,717	(159,725)	138,294	(8,376)	65,910

Company

	At January 1	Recognised through profit or loss	Exchange rate difference	At December 31
2022:	KShs '000	KShs '000	KShs '000	KShs '000
Property, plant and equipment	2,062	(869)	-	1,193

Company

	At January 1	Recognised through profit or loss	Exchange rate difference	At December 31
2021	KShs '000	KShs '000	KShs '000	KShs '000
Property, plant and equipment	2,412	(350)	-	2,062



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25. DEFERRED TAX (ASSET)/LIABILITY (Continued)

(b) Deferred tax liability

	As at Jan 1	Recognised through P&L	Prior year under/over provision	Recognised in Equity	Exchange rate diff	As at Dec 31
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
2022						
Staff gratuity provision	(15,581)	(1,758)	-	2,645	(650)	(15,344)
Accruals	(364,619)	14,912	-	-	(10,362)	(360,069)
Tax loss	(413,556)	23,569	-	-	-	(389,987)
Unrealised exchange gain	33,397	51,914	-	-	(4,784)	80,527
Property plant and equipment	1,370,366	(55,067)	-	1,908	55,759	1,372,966
ECL	(1,884)	(3,365)	-	-	(751)	(6,000)
Revaluation	158,257	(25,016)	-	(17,843)	9,464	124,862
Right of use asset	18,967	(7,448)	-	-	-	11,519
	785,347	(2,259)	-	(13,290)	48,676	818,474

	As at Jan 1	Recognised through P&L	Prior year under/over provision	Recognised in Equity	Exchange rate diff	As at Dec 31
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
2021						
Staff gratuity provision	(15,013)	(2,088)	-	1,865	(345)	(15,581)
Accruals	(375,890)	18,419	(2,026)	-	(5,122)	(364,619)
Tax loss	(365,133)	(48,423)	-	-	-	(413,556)
Unrealised exchange gain	47,719	(11,017)	-	-	(3,305)	33,397
Property plant and equipment	1,408,610	(65,443)	-	-	27,199	1,370,366
ECL	475	(1,695)	-	-	(664)	(1,884)
Revaluation	144,198	(431)	-	6,782	7,708	158,257
Right of use asset	33,795	(14,828)	-	-	-	18,967
	878,761	(125,506)	(2,026)	8,647	25,471	785,347

(c) Deferred tax movement through profit or loss is as follows:

	Consolidated 2022	Consolidated 2021	Company 2022	Company 2021
	KShs '000	KShs '000	KShs '000	KShs '000
<i>Current year</i>				
Deferred tax asset	(9,972)	159,725	869	350
Deferred tax liability	(2,757)	(125,506)	-	-
	(12,729)	34,219	869	350
<i>Prior year</i>				
Deferred tax asset	-	-	-	-
Deferred tax liability	-	(2,026)	-	-
	-	(2,026)	-	-



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26. STAFF GRATUITY

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Balance at 1 January	64,879	52,375	-	-
Payments made in the year	(707)	(10,495)	-	-
Remeasurement of gratuity	2,716	(5,438)	-	-
Translation losses (gains)	1,301	1,088	-	-
Accrual for the year	(8,818)	27,349	-	-
At 31 December	59,371	64,879	-	-

Unionisable staff for East African Cables PLC and Tanelec Limited are eligible to gratuity upon retirement based on the terms stipulated in the respective Collective Bargaining Agreements. The gratuity is based on 16 days' pay if an employee has served 1-5 years, 20 days' pay if an employee has served 6-10 years and 23 days' pay if an employee has served 11 years and above. Gratuity is computed at current salary by an external actuary at each reporting date. A provision is made in the financial statements for the estimated liability of such gratuity payable.

27. LOANS PAYABLE

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Bank loans - Long term	2,434,538	3,666,438	-	-
Short term	7,445,152	5,831,568	3,821,707	3,326,382
Loans from subsidiaries(Note 29(f))	-	-	576,073	576,073
	9,879,690	9,498,006	4,397,780	3,902,455
Payable after 12 months	2,434,538	3,666,438	576,073	576,073
Payable within 12 months	7,445,152	5,831,568	3,821,707	3,326,382
	9,879,690	9,498,006	4,397,780	3,902,455

Movement in the loans is as shown below:

	Consolidated 2022 KShs'000	Consolidated 2021 KShs'000	Company 2022 KShs'000	Company 2021 KShs'000
Balance at 1 January	9,498,006	8,343,783	3,326,382	3,591,434
Received during the year	1,381,956	2,231,428	495,325	383,177
Repaid during the year	(1,000,272)	(1,077,205)	-	311,021
At 31 December	9,879,690	9,498,006	3,821,707	3,902,455



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27. LOANS PAYABLE (Continued)

The major loans at 31 December 2022 had the following terms:

The Company has a term loan facility with Equity Bank Limited (Kenya) amounting to USD 20 million. The facility was initially due on 5th January 2018 but was subsequently refinanced in May 2018 to a lump sum repayment of USD 10 million by 31 October 2018 and the balance of USD 10 million to be repaid over four (4) years (USD 2.5 million being principal plus accrued interest per annum). The facility is secured by way of existing corporate guarantees by Cable Holdings (Kenya) Limited and TC Mauritius Holdings Limited for USD 77 million each executed in favour of the Bank, existing charge over the Borrower's shares in East Africa Cables PLC, Avery East Africa Limited and TC Mauritius Holdings Limited each executed in favour of the Bank for USD77 million and existing all-asset debenture charge over the TransCentury PLC assets executed in favour of the Bank to cover an aggregate of USD 77 million. The applicable interest rate is the 6-month USD LIBOR + 8% subject to a minimum rate of 10% p.a. on reducing balance.

East African Cables PLC has facility arrangements with Equity Bank Kenya Limited and the borrowings are secured by certain land and buildings for KShs 600 million (2021- KShs 600 million) and debentures over all assets of East African Cables PLC and East African Cables (Tanzania) Limited for KShs 1.9 billion (2021 - KShs 1.9 billion). The bank facility comprises of term loans from Equity Bank Kenya Limited and Ecobank Kenya Limited.

A subsidiary, Tanelec Limited entered into various bank facilities with TIB Corporate Bank (Tanzania) effective 12 June 2018 amounting to USD 5.5 million. The USD denominated facilities have an interest rate of 8% and the TZS denominated facilities have an interest rate of 13.5%. The facilities are secured by first charge over Property located on Plot No. 35 Themi Industrial Area, Arusha City, a corporate guarantee by TransCentury PLC of USD 12.7m and a cash lien of USD 405,000.

A subsidiary, AEA Limited, has bank facilities with SBM Bank (Kenya) Limited for KShs 362million (2021 - KShs 347 million) and Sidian Bank Limited for KShs 21 million (2021 KShs 149 million). These facilities are secured by its leasehold land and building and a corporate guarantee from TransCentury PLC of USD 2.6m. Interest on these facilities is charged at 13% (2021 - 13%).

On 16 November 2018, a subsidiary of Civicon Africa Group Limited, Civicon Kenya Limited refinanced its existing banking facilities with Equity Bank Kenya Limited into a new long-term banking facility with a tenor of seven (7) years with a moratorium of twelve (12) months on principal repayment. The facility is secured by way of a corporate guarantee from TransCentury PLC, the ultimate holding company, for USD 47 million a first ranking over all asset debenture of USD 47 million; and a legal charge over the land known as subdivision 2428 (original number 1955 and 2077) Section V, mainland North Mombasa in the amount of USD 5.9 million. The subsidiary also has an asset finance facility from Equity Bank.

The applicable pricing for the US Dollar denominated loans during 2022 was six (6) month LIBO R p.a subject to a minimum interest rate of 10%. The interest rate on the bank loan was at 10%.

Breach of loan covenants

As at 31 December 2022, the Group and Company had breached loan repayments with respect to the lenders listed below and amounts detailed below.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

27. LOANS PAYABLE (Continued)

Group

	Defaulted or overdue repayments KShs 000'	Long term portion that became due to demand due to default KShs 000'	Total amount due on demand at 31 December 2022 KShs 000'
SBM Bank	-	362,279	362,279
Equity Bank Kenya Limited	653,202	3,818,235	4,471,437
Total	653,202	4,180,514	4,833,716

Company

	Defaulted or overdue repayments KShs 000'	Long term portion that became due to demand due to default KShs 000'	Total amount due on demand at 31 December 2022 KShs 000'
Equity Bank Kenya Limited	4,180,514	-	4,183,986

Remediation of the breaches

Lender	Remediation status
Equity Bank Kenya Limited	<ul style="list-style-type: none"> The breach on the facility has not been remedied as at the date of approval of the financial statements. <p>As a result of the breach, the bank, initiated litigation action against TransCentury PLC and East African cables PLC, as highlighted below; -</p> <ul style="list-style-type: none"> That on 16th June 2023, Equity Bank appointed Mr George Weru and Mr Muniu Thoithi as the joint receivers over the affairs of TransCentury PLC. That on 19th June 2023, TransCentury PLC, through Nyachoti & Company Advocates, was able to secure an injunction order suspending the appointment of the joint receivers and putting in abeyance their actions. That on the same date, the bank filed an application seeking to set aside the injunction order. However, the court, on 26th June 2023, declined to set aside the injunction and directed that TransCentury PLC only apply funds towards settling critical operational expenses and debt repayments for the survival of the business. That on 6th October 2023, the Court issued a ruling dismissing the Bank's application. That on 23rd November 2023, the matter came up for highlighting of submissions in respect of TransCentury PLC's application, however the presiding judge was not sitting, and the matter was mentioned before the Deputy Registrar, who directed that the matter will come up for highlighting 14th June 2024.
SBM Bank Kenya Limited	<ul style="list-style-type: none"> The breach on the facility at Group level has not been remedied as at the date of approval of the financial statements. The Group has made payments to regularize the facility and will continue to reduce the arrears with the expected improved cashflows from a robust order book.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

28. (a) TRADE AND OTHER PAYABLES

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Trade payables	1,825,053	2,214,859	62,950	-
Sundry creditors	5,565,675	5,957,630	677,157	566,997
Due to subsidiaries(Note 29(h))	-	-	546,813	497,882
	7,390,728	8,172,489	1,286,920	1,064,879

28 (b) CONTRACT LIABILITIES

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Contract liabilities	31,671	25,403	-	-

Contract liabilities primarily relate to the advance consideration received from customers for construction work, for which revenue is recognised over time.

29. RELATED PARTY TRANSACTIONS

Related party transactions are carried out in the normal course of business and are unsecured. The following transactions were carried out with related parties:

(a) Directors' emoluments

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Directors' emoluments	136,282	145,562	53,955	51,155
<i>Directors' emoluments comprise:</i>				
As executives	75,519	95,681	35,475	35,475
As non-executives	60,763	49,881	18,480	15,680
	136,282	145,562	53,955	51,155

(b) Inter-company sales

	2022 KShs '000	2021 KShs '000
From Civicon Limited to AEA Limited	-	-
From AEA Limited to EAC Limited	-	545
	-	545

(c) Interest income from subsidiaries- Company

East African Cables PLC	45,547	42,305
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Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

29. RELATED PARTIES TRANSACTIONS (Continued)

(d) Technical fees from subsidiaries- Company

	2022	2021
	KShs '000	KShs '000
Tanelec Limited - Tanzania	54,316	50,181
AEA Limited	23,013	47,760
East African cables PLC	66,357	55,425
	143,686	153,366

(e) Loans to subsidiaries - Company

Payable after 12 months:

TransCentury Holdings (Proprietary) Limited - South Africa	164,014	574,275
East African Cables PLC(Note 16)	724,541	642,834
Cableries Du Congo (CDC)	-	4,759
	888,555	1,221,868
Impairment loss on TransCentury Holdings (Proprietary) & CDC loans	(164,003)	(579,023)
	724,552	642,845

*On 22 April 2014, the Company issued an unsecured loan of USD 4 million East African cables PLC with a tenor of 20 months from the drawdown date at an interest rate of 11% per annum (2014 to 2020 - 9% per annum). The loan is subordinated to bank borrowings. It is revalued from USD to KShs at the closing rates at the end of each reporting date. The loan is repayable after the subsidiary has fully settled its existing bank borrowings obligation.

(f) Loan from subsidiary - Company

	2022	2021
	KShs '000	Ksh '000'
Cable Holdings (Kenya) Limited (Note 27)	576,073	576,073

TransCentury PLC borrowed KShs 576,073,000 from Cable Holdings (Kenya) Limited to meet its working capital and capacity expansion requirements between year 2006 and 2010. The loan is unsecured and interest free and shall be repaid in full on or before 31 December 2025.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

29 RELATED PARTIES TRANSACTIONS (Continued)

(g) Due from subsidiaries Company (2022)

	Amt Due 2022	Impairment 2022	Net 2022
Subsidiary	KShs '000	KShs '000	KShs '000
Cable Holdings (Kenya) Limited	9,861	-	9,861
AEA Limited	175,781	-	175,781
TC Mauritius Holdings	3,768,835	(3,768,835)	-
East African cables PLC	229,079	-	229,079
Crystal Limited	30,530	(30,530)	-
Tanelec Limited	213,124	-	213,124
TC Railway Holdings Mauritius	4,804	(4,804)	-
Safari Rail Company Limited	4,364	(4,364)	-
Tanelec Zambia Limited	40,616	-	40,616
Total (Note 18)	4,476,994	(3,808,533)	668,461

The impairment in the current year relates to intercompany receivables (bond paid on behalf of TC Mauritius Holding by the parent), audit fees, secretarial fees and tax fees paid by the holding company.

Company (2021)

	Amt Due 2021	Impairment 2021	Net 2021
Subsidiary	KShs '000	KShs '000	KShs '000
Cable Holdings (Kenya) Limited	9,861	-	9,861
AEA Limited	152,767	-	152,767
TC Mauritius Holdings	3,521,763	(3,521,763)	-
East African cables PLC	186,405	-	186,405
Crystal Limited	30,067	(30,067)	-
Tanelec Limited	211,859	-	211,859
Kewberg Cables and Braid (Pty) Limited	307,362	(307,362)	-
TC Railway Holdings Mauritius	4,804	(4,804)	-
Safari Rail Company Limited	4,364	(4,364)	-
Tanelec Zambia Limited	35,076	-	35,076
Cableries du Congo	132,993	(132,993)	-
Total (Note 18)	4,597,321	(4,001,353)	595,968

(h) Due to subsidiaries - Company

	2022	2021
	KShs'000	KShs'000
Cable Holdings (Kenya) Limited	5,422	5,426
Cable Holdings (Mauritius) Limited	40,111	40,111
Civicon DRC Holdings Limited	255,836	255,836
Civicon Limited	245,444	196,509
Total (Note 28)	546,813	497,882



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

29 RELATED PARTIES TRANSACTIONS (Continued)

(i) Key management compensation

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Short-term employee benefits	224,696	354,972	61,771	61,771
Post-employment benefits	14,288	16,124	4,671	4,671
	238,984	371,097	66,442	66,442

(j) Key management transactions

Directors control 4.48% of the voting shares of the company. A number of key management personnel or their related parties hold positions in other companies that result in them having control or significant influence over those other companies.

(k) Borrowings from shareholders (Kuramo Africa Opportunity Kenyan Vehicle Limited)

	Consolidated 2022 KShs '000	Consolidated 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Preference shares - Note 24(b)	1,641,518	1,381,499	-	-
Shareholder loans - Note 24(c)	3,595,963	2,829,256	2,702,526	2,043,850
	5,237,481	4,210,755	2,702,526	2,043,850

30. SEGMENT INFORMATION

(a) Basis of segmentation

The Group has two reportable segments which are the strategic business units in the following segments:

- Power; and
- Engineering

These business units offer different products and services and are managed separately because they require different technology and marketing strategies. The following summary describes the operations of each reportable segment:

Reportable segment	Operations
Power	Manufacturing of aluminium and copper cables, manufacture of transformers and switchgear
Engineering	Civil, mechanical engineering, cranes & erection and logistic services. Also includes installation of weigh bridges, generators, bearings and sub-stations

For each of the reportable segments, the Group Chief Executive Officer reviews internal management reports.

(b) Information about reportable segments

Information regarding the results of each reportable segment is described below. Performance is measured based on each segment profit after tax because management believes that this information is the most relevant in evaluating the results of the respective segment relative to other entities that operate in the same industries.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

30. SEGMENT INFORMATION (Continued)

(b) Information about reportable segments (continued)-

Year ended 31 December 2022	Power	Intra-group	Others	adjustments	Total
KShs'000	KShs'000	Engineering	KShs'000	KShs'000	
Segment revenue	4,848,478	888,202	-	(930)	5,735,750
Profit/(loss) before depreciation, impairment, and finance costs	446,942	(346,361)	(194,743)	-	(94,162)
Depreciation and amortization	(255,745)	(76,969)	(921)	-	(333,636)
Finance costs	(419,114)	(387,733)	(1,009,441)	-	(1,816,288)
Income tax expenses	(95,813)	21,006	(869)	-	(75,675)
Loss for the year	(481,913)	(1,214,606)	(1,079,279)	-	(2,775,798)
Attributable to:					
Equity holders	(330,753)	(1,193,425)	(1,079,279)	-	(2,603,457)
Non-controlling interest	(151,160)	(27,007)	-	-	(178,167)
Other information:					
Segment assets	8,569,661	4,505,254	(567,813)	-	12,507,102
Segment liabilities	8,113,147	9,822,279	6,417,164	-	24,352,590





Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

30. SEGMENT INFORMATION (Continued)

(b) Information about reportable segments (continued)

Year ended 31 December 2021	Power KShs'000	Engineering KShs'000	Others KShs'000	Intra-group adjustments KShs'000	Total KShs'000
Segment revenue	3,951,903	1,640,290	-	(4,565)	5,587,628
Profit/(loss) before depreciation, impairment, and finance costs	187,218	(158,472)	(159,640)	-	(130,893)
Depreciation and amortization	(303,074)	(112,022)	(616)	-	(415,711)
Finance costs	(159,947)	(157,314)	(647,952)	-	(965,212)
Income tax expenses	(89,780)	(5,402)	(350)	-	(95,532)
Loss for the year	(480,574)	(621,362)	(585,444)	5,826	(1,681,554)
Attributable to:					
Equity holders	(352,227)	(615,868)	(585,444)	-	(1,553,539)
Non-controlling interest	(128,347)	332	-	-	(128,015)
Other information:					
Segment assets	8,466,365	5,026,752	(437,943)	-	13,055,174
Segment liabilities	8,807,178	10,586,817	4,431,844	-	23,825,839

Segment assets comprise primarily property, plant and equipment, intangible assets, inventories, receivables and operating cash and exclude certain intra-group receivables. Segment liabilities comprise operating liabilities and exclude certain corporate borrowings.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

30. SEGMENT INFORMATION (Continued)

(c) Geographic information

The geographic information below analyses the group's revenue and non-current assets by the group and subsidiaries' country of domicile.

(i) Revenue

	2022 KShs '000	2021 KShs '000
Kenya	2,820,883	3,122,348
Tanzania	2,674,288	2,375,680
Uganda	54,488	38,498
Rwanda	138,658	-
Zambia	47,432	51,102
	5,735,749	5,587,628

(ii) Non-current assets

Kenya	4,501,923	4,927,720
Tanzania	2,547,833	2,440,808
Uganda	791,292	728,434
South Africa	-	89,533
South Sudan	879	-
Mauritius	-	1,004
Zambia	-	29,890
	7,841,927	8,217,389

31. CAPITAL COMMITMENTS

There were no capital commitments across the Group during the year (2021 - Nil).

32. CONTRACTUAL LEASE COMMITMENTS

	2022 KShs'000	2021 KShs'000
Consolidated		
Less than one year	42,555	42,555
Between one and five years	14,139	58,503
	56,694	101,058
Company		
Less than one year	330	99
Between one and five years	770	-
	1,100	99

33. CONTINGENCIES

Claims have been made by certain former employees of the Group and Company resulting from termination of employment. However, in the opinion of the Directors, no significant liability is likely to crystallise. Furthermore, this cannot be currently established.

Guarantees with the bankers amounted to KShs 917,863,000 as at 31 December 2022 (2021 - KShs 909,882,000). Letters of credit amounted to KShs 284,681,000 as at 31 December 2022 (2021 - KShs 33,808,000) whose related liabilities have been accrued in the financial statements as appropriate for the supplies.



Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

34. EVENTS AFTER THE REPORTING DATE

(a) Debt dispute resolution

As disclosed in Note 27 to the consolidated and separate financial statements, the group and company had breached their loan covenants with lenders. The breach had not been remedied as at the date of approval of these financial statements. As a result of the breach, the senior lender, Equity bank, initiated litigation action against TransCentury PLC and East African cables PLC, as highlighted below; -

- That on 16th June 2023, Equity Bank appointed Mr. George Weru and Mr. Muniu Thoithi as the joint receivers over the affairs of TransCentury PLC.
- That on 19th June 2023, TransCentury PLC, through Nyachoti & Company Advocates, was able to secure an injunction order suspending the appointment of the joint receivers and putting in abeyance their actions.
- That on the same date, the bank filed an application seeking to set aside the injunction order. However, the court, on 26th June 2023, declined to set aside the injunction and directed that TransCentury PLC only apply funds towards settling critical operational expenses and debt repayments for the survival of the business.
- That on 6th October 2023, the Court issued a ruling dismissing the Bank's application.
- That on 23rd November 2023, the matter came up for highlighting of submissions in respect of TransCentury PLC's application, however the presiding judge was not sitting, and the matter was mentioned before the Deputy Registrar, who directed that the matter to come up for highlighting of submissions on 14th June 2024.



OUR VALUE

PIONEERING

TransCentury's journey for the last 20 years has been characterised by many firsts that include the first indigenous investment Group to mobilise capital from local individuals and deploy it to funding large scale businesses, the first Group in the region that focused purely on investments in infrastructure especially providing solutions for the entire infrastructure value chain, among others. We are a people that are unafraid to charter a new path.



Achieve together

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Fifth (25th) Annual General Meeting of Trans-Century Plc (the “Company”) will be held via electronic communication on Friday 28th June at 11am to conduct the following business:

AGENDA

A. ORDINARY BUSINESS

1. To receive, consider and if approved, adopt the Group’s audited financial statements for the year ended 31 December 2022 together with the Chairman’s, Directors’ and Auditor’s reports thereon.
2. To approve the Directors’ remuneration and the Directors’ Remuneration Report for the year ended 31st December 2022.
3. To note that the Directors do not recommend payment of a dividend for the year ended 31 December 2022.
4. To elect Directors:
 - 4.1 In accordance with the Company’s Articles of Association, Mrs. Anne Mutahi retires by rotation and being eligible offers herself for re-election.
 - 4.2 Pursuant to paragraph 2.5.1 of the Code of Corporate Governance Practices for Issuers of securities to the Public 2015, to approve the continuation in office as a director, Mr. Wanjuki Muchemi who is above the age of seventy (70) years.
5. Pursuant to the provisions of Section 769 of the Companies Act 2015, Mr. Kamal Pallan and Mrs. Anne Mutahi being Members of the Board Audit, Risk & Compliance Committee be re-elected to continue to serve as Members of the said Committee.
6. To approve the re-appointment of RSM Eastern Africa LLP Kenya as the auditors in accordance with section 721 (2) of the Companies’ Act, 2015 and to authorize the Directors to fix their remuneration for the ensuing year in accordance with the provisions of Section 724(1) of the Companies Act. 2015.
7. To transact any other business of which due notice has been given.

B. SPECIAL BUSINESS

8. To consider and if thought fit, to pass the following resolutions as Special Resolutions;
 - (i) Adoption of certain amendments to the Company’s Articles of Association in accordance with section 22 of the Companies Act, 2015:-
 - a) Article 99 insert the words “a maximum of” immediately preceding nine.
 - b) Article 100 (a) insert the words “ a maximum of” immediately preceding nine.
 - c) Article 100 (b) insert the words “ a maximum of” immediately preceding three.
 - d) Article 100 (c) insert the words “a maximum of” immediately preceding three.

By Order of the Board
Company Secretary
P.O. Box 42334-00100
NAIROBI
Date: 4th June 2024

NOTES

1. Shareholders wishing to participate in the meeting should register for the AGM online by dialling *483*494# on their mobile telephone and follow the various prompts on the registration process
2. Shareholders domiciled outside of Kenya or those wishing to participate through the online platform should send an email to Image Registrars via TransCenturyAgm@image.co.ke. II. Shareholders with email addresses will receive a registration link via email through which they can use to register III. The online registration will close 48 (forty eight) hours prior to the AGM.
3. To complete the registration process, shareholders will need to provide their National ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number. For assistance shareholders should dial the following helpline number: (+254) 709 170 000 from 8:00 a.m. to 5:00 p.m. from Monday to Friday. Shareholders outside Kenya should dial the helpline number or send an email to TransCenturyAgm@image.co.ke for assistance during registration. 3. Registration to open when the AGM notice is published and close 48 (forty eight) hours before the AGM.
4. The following documents may be viewed on the Company's website www.transcentury.co.ke (a) a copy of this Notice and the proxy form; (b) Audited financial statements for year ended 31 December 2022; (c) Proposed amended Articles of Association. The reports may also be accessed upon request by dialling the USSD code above and selecting the Reports option. The reports and agenda can also be accessed on the livestream link.
5. Any shareholder who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on their behalf. Such proxy need not be a member of the Company.
6. A proxy form will be provided with the notice of the AGM. The proxy form can also be obtained from the Company's website www.transcentury.co.ke or from Image Registrars Limited, Absa Towers (formerly Barclays Plaza), 5th Floor, Loita Street, P. O. Box 9287 - 00100, Nairobi, Kenya. Shareholders who do not propose to be at the General Meeting are requested to complete and return the proxy form to Image Registrars Limited, or alternatively to the Registered Office of the Company so as to arrive not later than 48 (forty-eight) hours before the AGM. Duly signed proxy forms may also be emailed to TransCenturyAgm@image.co.ke in PDF format. A proxy form 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 the hand of an officer or duly authorized attorney of such body corporate.
7. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by: a) sending their written questions by email to TransCenturyAgm@image.co.ke; b) shareholders who will have registered to participate in the meeting shall be able to ask questions via sms by dialing the USSD code above and selecting the option (ask Question) on the prompts c) to the extent possible, physically delivering their written questions with a return physical address or email address to Image Registrars offices at 5th floor, Absa Towers (formerly Barclays Plaza), Loita Street; or d) sending their written questions with a return physical address or email address by registered post to Image Registrars' address at P.O. Box 9287 - 00100 Nairobi.
8. Shareholders must provide their full details (full names, National ID/Passport Number/CDSC Account Number) when submitting their questions or clarifications. The Company's directors will provide written responses to the questions received no later than 12 (twelve) hours before the start of the AGM. A full list of all questions received, and the answers thereto will be published on the Company's website not later than 12 (twelve) hours before the start of the AGM.
9. The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the AGM. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers or emails on their registered email addresses, 24 (twenty-four) hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, as a reminder that the AGM will begin in an hours' time and providing a link to the live stream.
10. Shareholders and proxies who have registered to attend the AGM may follow the proceedings using the live stream platform, access the agenda and vote (when prompted by the chairman) via the USSD prompts.
11. Results of the resolutions voted on will be published on the Company's website www.transcentury.co.ke within 24 (twenty-four) hours following conclusion of the AGM. Shareholders are encouraged to continuously monitor the Company's website for any updates relating to the AGM.



Proxy Form

I/We _____ of _____ being a shareholder/shareholders of the above-named Company, hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting (AGM) of the Company to be held on 28th June 2024 and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2024.

SIGNED: _____

SIGNED: _____

This Form is to be used in for or against any resolutions below. Please mark as appropriate. Unless otherwise instructed, the proxy shall vote as he thinks fit.

ORDINARY BUSINESS	FOR	AGAINST	WITHHELD
1. To receive and adopt, the Chairman’s statement, reports of the Directors and Auditors and audited financial statements for year ended 31 December 2022;			
2. To approve the Directors’ remuneration and the Directors’ Remuneration Report for the year ended 31st December 2022;			
3. To note that the Directors do not recommend payment of a dividend for the year ended 31 December 2022;			
4. To elect Directors: 4.1. In accordance with the Company’s Articles of Association, Mrs. Anne Mutahi retires by rotation and being eligible, offers herself re-election. 4.2. Pursuant to paragraph 2.5.1 of the Code of Corporate Governance Practices for Issuers of securities to the Public 2015, to approve the continuation in office as a director, Mr. Wanjuki Muchemi who is above the age of seventy (70) years.			
5. Pursuant to the provisions of Section 769 of the Companies Act 2015, Mr. Kamal Pallan and Mrs. Anne Mutahi being Members of the Board Audit, Risk & Compliance Committee be re-elected to continue to serve as Members of the said Committee.			
6. To approve the re-appointment of RSM Eastern Africa LLP Kenya as the auditors in accordance with section 721 (2) of the Companies’ Act, 2015 and to authorize the Directors to fix their remuneration for the ensuing year in accordance with the provisions of Section 724(1) of the Companies Act. 2015.			
7. To transact any other business of which due notice has been given			
SPECIAL BUSINESS			
8. To consider and if thought fit, to pass the following resolutions as Special Resolutions; (i) Adoption of certain amendments to the Company’s Articles of Association in accordance with section 22 of the Companies Act, 2015:- a) Article 99 insert the words “a maximum of” immediately preceding nine. b) Article 100 (a) insert the words “ a maximum of” immediately preceding nine. c) Article 100 (b) insert the words “ a maximum of” immediately preceding three. d) Article 100 (c) insert the words “a maximum of” immediately preceding three.			





Proxy Form

ELECTRONIC COMMUNICATIONS CONSENT FORM

Please complete in BLOCK CAPITALS

Full name of Proxy(i) _____

Address: _____

Mobile Number: _____

Date: _____

Signature: _____

Please tick ONE of the boxes below and return to Image Registrars Limited at P.O. Box 9287- 00100 Nairobi, 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street, Nairobi: Approval of Registration			
I/We approve to register to participate in the virtual AGM to be held on 28th June 2024.			
Consent for use of the Mobile Number provided			
I/We would give my/our consent for the use of the mobile number provided for purposes of voting at the virtual AGM.			

Notes:

1. If a member is unable to attend personally, this Proxy Form should be completed and returned (together with a power of attorney or other authority (if any) under which it is assigned or a notarized certified copy of such power or authority) to Image Registrars Limited, Barclays Plaza, 5th Floor, Loita Street and address P.O. Box 9287-00100 Nairobi, or through their email address TransCenturyAgm@image.co.ke to arrive not later than 11.00 a.m. on 26th June 2024 i.e. 48 hours before the meeting or any adjournment thereof.
2. In case of a member being a corporate body, the Proxy Form must be under its common seal or under the hand of an officer or duly authorized attorney of such corporate body.
3. As a shareholder you are entitled to appoint one or more proxies to exercise all or any of your shareholder rights to attend and to speak and vote on your behalf at the meeting. A proxy need not to be a shareholder of the Company.
4. Completion and submission of the Proxy Form will not prevent you from attending the meeting and voting at the meeting in person, in which case any votes cast by your proxy will be excluded.
5. A "vote withheld" option has been included on the Proxy Form. The legal effect of choosing this option on any resolution is that you will be treated as not having voted on the relevant resolution. The number of votes in respect of which votes are withheld will, however, be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.



Definition and Acronyms

TC	- TransCentury PLC
GCEO	- Group Chief Executive Officer
EAC	- East African Cables
CMA	- Capital Markets Authority
NSE	- Nairobi Securities Exchange
KRA	- Kenya Revenue Authority
IIRC	- International Integrated Reporting Council
CSR	- Corporate Social and Governance
ESG	- Environmental Social and Governance
SDGs	- Sustainable Development Goals
SSA	- Sub-Saharan Africa
Kwh	- Kilowatts
OECD	- The Organization for Economic Cooperation and Development.
GDP	- Gross Domestic Product
PPPs	- Public Private Partnerships
ICT	- Information and Communication Technology.
USD	- United States Dollar
Ahidi +32%	- TransCentury PLC Strategy (2022-2025)



ABOUT THIS REPORT

This is a comprehensive report that combines financial and non-financial information that provides a holistic view of a company's performance, strategy, governance, and value creation. This report aims to give stakeholders a broader understanding of the company's activities and how it creates value. The Report has been prepared for the period of 1st January 2022 to 31st December 2022.

REPORTING STANDARDS AND FRAMEWORK

The report has been prepared in compliance with global best practice and prudent accounting frameworks for existing and prospective investors. The report is aligned to Companies Act, 2015, Capital Markets Authority (CMA) guidelines and the Nairobi Securities Exchange (NSE) regulations. This Report is also in compliance with the International Integrated Reporting Council (IIRC) Guidelines.

STAKEHOLDERS

The year 2022 marks the fourth year since TransCentury Plc adopted integrated reporting. The objective of this report is to provide a clear and meaningful understanding of the Group's purpose, strategy, business model, governance, risk management and how these factors lead to value creation. We welcome all related feedback which can be shared via email via: investorrelations@transcentury.co.ke





TransCentury 
Impacting Africa

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