TransCentury Limited

2011 Abridged Financial Statements

1. Chief Executive Officer's Statement

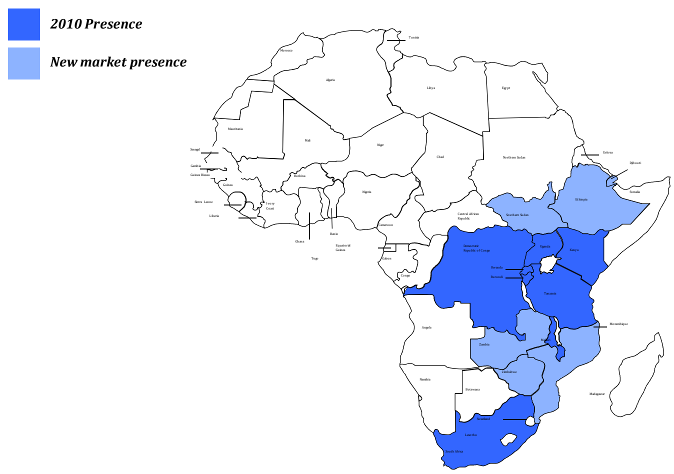
Dear Shareholders:

The financial year ended December 2011 was a landmark year for TransCentury, which saw the company:

- List on the Nairobi Stock Exchange;
- Issue the first ever listed Convertible Eurobond by an East African issuer; and
- Make transformative acquisitions to bolster our Power and Engineering Divisions

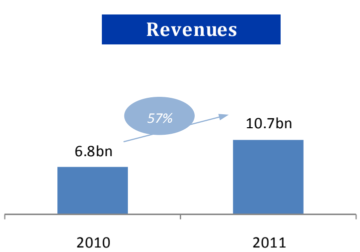
With this corporate activity, TransCentury is even better positioned to take advantage of the market opportunity in infrastructure across the region, which in our experience continues to display significant under-penetration in terms of service delivery.

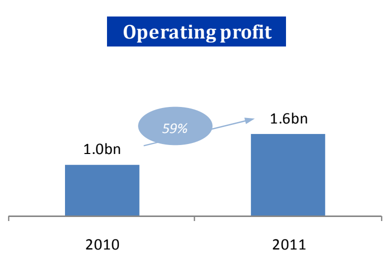
TransCentury has continued to expand its geographic coverage with a presence in 14 countries across East, Central and Southern Africa as at December 2011. This physical presence is bolstered by cross-border trade into the neighboring countries.

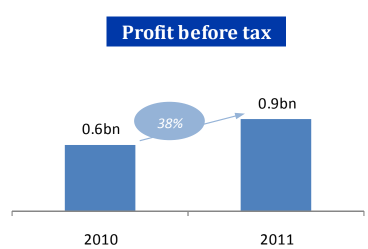


Group Performance

TransCentury continued the historical growth trajectory with an overall increase in revenues from KES 6.8 billion to KES 10.7 billion and Profit Before Tax up from KES 630 million to KES 869 million. Additionally, the group's total assets grew 93% to KES 21.7 billion and NAV grew 117% to KES 11.5 billion.



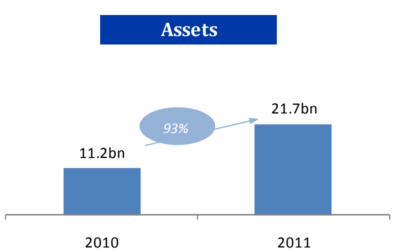


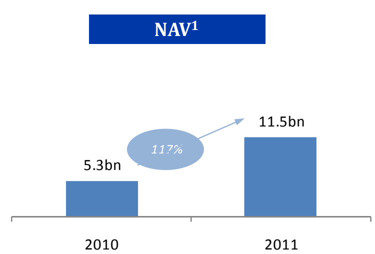


The growth of revenues and profits occurred in a back-drop of continued global economic turbulence, which given the increasing inter-linkages in the global economy has an impact on the domestic economies in which we operate. As such, Eastern Africa saw significant foreign exchange and interest rate volatility. Nevertheless, the underlying factors that drive growth in our target sectors remained strong, despite increased caution by players across industry:

- Residential and commercial developments continued in the main industrial centres such as Nairobi, Dar es Salaam, Kampala, Kigali and Juba. This trend was mirrored in the secondary urban areas, many of which are showing faster growth rates than capital cities or historical industrial hubs. We view the coming county government structure in Kenya, as having the potential to create even more demand.
- The utilities have continued to roll-out transmission and distribution networks, as they relentlessly achieve their stated objectives of addressing the low access to electricity across the region. Kenya Power, for instance, increased connections by 389,000 to 1.7 million in 2011
- Increasing urbanisation of populations and industrialisation is increasing demand for electricity. This growth is outstripping growth in power generation capacity. This however, is being mitigated by the admirable execution of new power generation projects across the region as the utilities race to close the gap
- Import cargo continues to grow, particularly at the Mombasa port and so there is increased pressure on the road infrastructure and a strengthening case for the railway
- The recent discovery of natural resources across the region is creating near-term construction activity to develop these newly-found blocks into producing areas and in the medium- to long-term will result in economic growth as the region benefits from the commercialisation of these finds

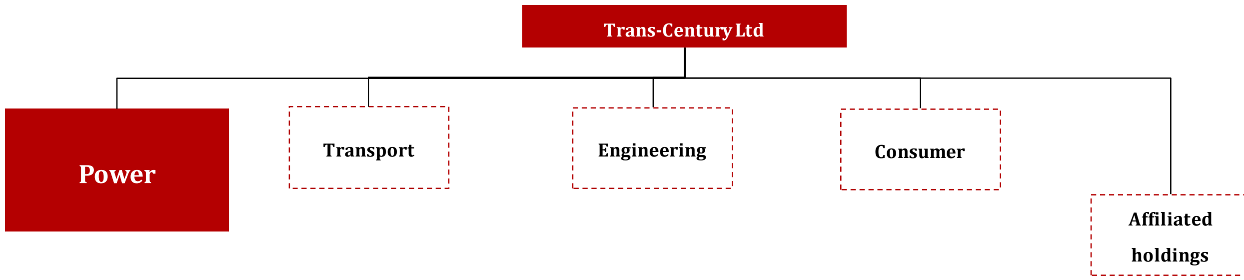
Meanwhile, the group experienced balance sheet expansion, with total assets growing from KES11.2 billion in 2010 to KES21.7 billion in 2011.





Note: 1. NAV includes TC Mauritius Convertible Bond.

Performance by Division

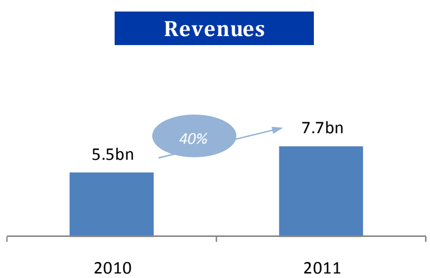


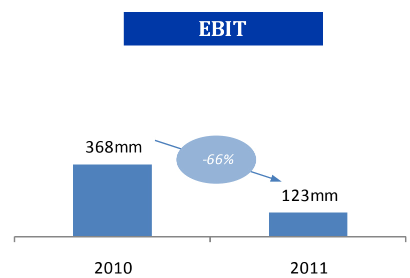
Business overview: Power

TransCentury's Power Division manufactures and distributes electrical cables, components and transmission equipment, across the following product range:

- *Copper Cables*: Interior power cables for residential, commercial and industrial developments, as well as exterior armoured cables for large-scale distribution of power
- *Aluminium Cables*: Transmission and distribution cables
- *Specialty Cables*: Mission-critical applications such as instrumentation, mining, oil & gas, airports and security
- *Fibre Optic Data Cables*: Interior and exterior applications
- *Transmission Equipment*: Transformers and Switchgear

Financial Performance





The division had 40% growth in revenues, from KES 5.5 billion to KES 7.7 billion, but experienced a decline in profitability to KES123 million.

Revenue growth arose from increased volumes across all key segments, with Copper growing 6%, Aluminium growing 25% and Transformers & Switchgear growing 102%. Revenues of East Africa Cables alone grew from KES 3.6 billion to KES 4.9 billion on account of the continued construction activity in Eastern Africa and grid roll-outs by the utilities. EAC continued to build its strong market positioning, driven by the quality of its products as well as strong awareness from the "Wire si Wire" campaigns which led to EAC achieving "*Superbrands*" status.

The impressive revenue growth at East African Cables, resulted in a profit uplift, as well as the benefits from the turn-around of the Tanzanian operations, which had been challenged in the previous year.

Overall, EAC delivered an EBIT of KES 577 million up from KES 303 million in the previous year. Nevertheless, even this impressive performance was tempered by the foreign exchange volatility experienced in the year. Whilst the group has traditionally been able to pass on the impact of commodity price increases, the rapid depreciation impacted existing inventories. It should be noted that TSH, KES and USH depreciated *-27%* in 2011 and rallied in the year to recover at *-6%* compared to opening of the year. The impact of this was felt most strongly by the Transformer & Switchgear segment.

Kewberg's revenues remained relatively flat year-on-year, with South Africa's main infrastructure projects being delayed as well as general challenges with labour across the metal industry in South Africa, including a general strike of workers that led to production shut-down, and eventually culminated in a negotiated industrial settlement that saw the cost of unionised staff increase. This undoubtedly had a negative impact on the company's earnings.

In response to this, the Division's management team rallied to manage this situation as best as practicable through price management and cost cutting, including retrenchment exercises in Tanzania, Kenya and South Africa.

We indicated to shareholders in 2010 that the Company invested in a copper plant in the DRC and in 2011 we acquired a new business in Zambia, entering markets where we see large potential for future growth. Both these entities are in the ramp-up phase which we have planned for. As such, we have continued to expense investments in DRC and Zambia, which impacted the Division's earnings in 2011.

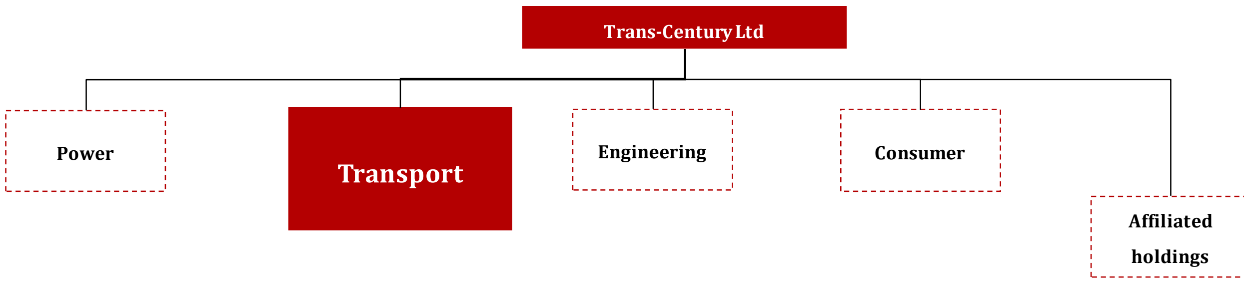
Investing in the future

In 2011, the Power Division invested KES 111 million of capex. This is lower than in previous years, when as you may recall, we tripled capacity across the Division, as we viewed 2011 and 2012 as consolidation years. Nevertheless this reflects continued commitment to positioning the business for the future.

Outlook

We expect continued organic growth within the Power division, as we continue to see strong demand, particularly in copper cables. Near-term opportunities include:

- Continued grid roll-out by the utilities
- Increased spending at the county-level in Kenya as the newly devolved government structure is implemented
- New phases of successful large-scale commercial and residential developments, as well as the development of greenfield sites. This sector offers significant promise with ambitious projects including Konza City, Tatu City, Migaa, Thika Greens, Longonot Park, Aberdares and Vipingo Ridge
- Expected improvement of macro-economic conditions throughout the year, as projected by the World Bank, should ensure continued growth in the real estate and construction industries



Business Overview: Transport

The Transport Division comprises TransCentury's 34% shareholding in Rift Valley Railways (RVR), the 25-year concession to operate the Kenya-Uganda railway. The railway line begins at the port of Mombasa, and runs along the Northern Corridor, through most key urban areas in Kenya including Nairobi and onwards to Uganda's capital city of Kampala and then to the west of Uganda, where the oil fields are situated.

Financial Performance

In 2011 the company kicked off the turnaround effort aimed at increasing capacity of the railway, with the following being the key milestones:

- Signing and first drawdown by RVR of the $164 million debt package in December 2011
- USD82 million capital injection by the shareholders
- Final appointments of key management positions

Investing in the Future

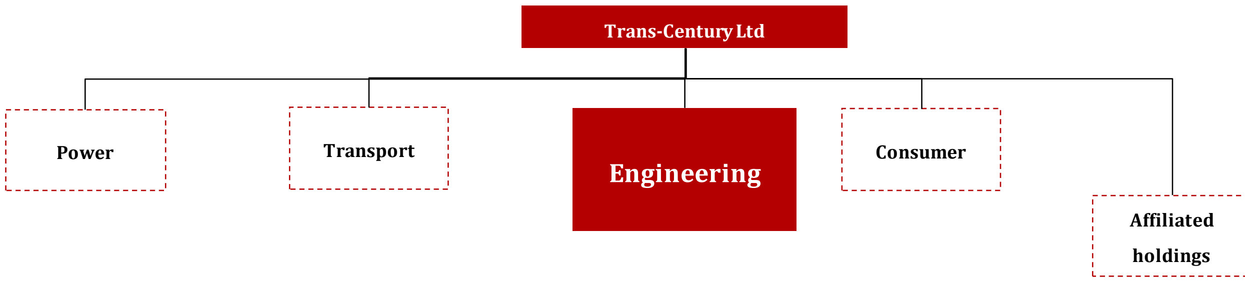
RVR has begun its USD 287 million 5-year turnaround programme, with the first projects being

- Track improvement
- Wagon refurbishment
- Locomotive refurbishment
- IT Systems upgrades

Outlook

The outlook for RVR is very promising given progress that we achieved in 2011. Demand for the railway continues to be strong, with Mombasa port posting growth, with container traffic posting an increase of 12.5%. Though the railway only evacuates 8% of port traffic, the expected turnaround process is aimed at tripling the capacity of the railway, and increasing the railway's contribution to 25% of current port traffic within the next five years.

With the drawdown of financing and the capital investment by shareholders, RVR now has the capital it needs to execute on the turnaround plan. The plan will go a long way in improving transport efficiency and facilitating economic growth within the Northern Corridor.



Business Overview: Engineering

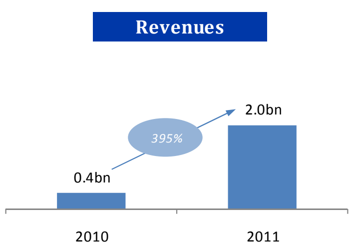
TransCentury's Engineering Division historically distributed and serviced weighing equipment, video-jet printers and generators for the Avery, Video-Jet and Power Source-Perkins brands, respectively.

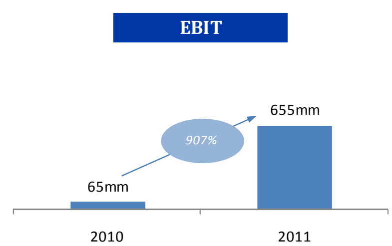
We have made the following inorganic additions to the Division:

1. Investment in Civicon, a leading mechanical and civil engineering contractor and out-of-gauge logistics operator with a customer base in downstream oil and gas, upstream oil and gas, power generation, manufacturing and roads authorities.

2. Exclusive distribution agreement for SDMO generators in Tanzania

Financial Performance





Revenue and earnings grew in the division through a combination of organic business and the investment in Civicon. The market for weighing equipment and video jets continues to be stable as these are common staples of the manufacturing industry. Whilst the incoming engineering business had a strong year across its project related activities across the region.

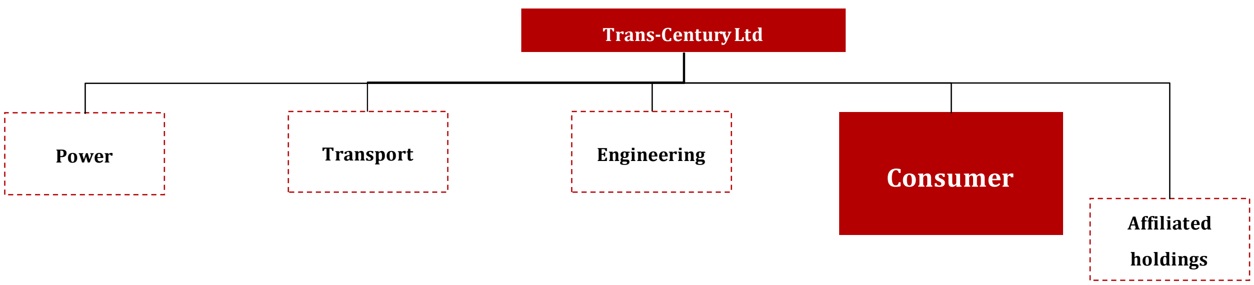
Investing in the Future

TransCentury made a large investment to bolster the Engineering division in 2011 by investing in Civicon, driven by our belief in the long term growth prospects of the regional infrastructure opportunity. The investment positions TransCentury to actively participate in infrastructure development across the region going forward.

Outlook

Demand for Engineering remains strong, as evidenced by a strong order book for 2012, driven by the following:

- Development of power generation and transmission facilities in the region
- Investment by governments in the region to develop new roads and maintain existing ones
- Investment by the private sector in oil storage facilities across the region
- Exploration for oil and gas in the region – particularly in Tanzania, Uganda and Northern Kenya
- Development of mining in the DRC and Tanzania

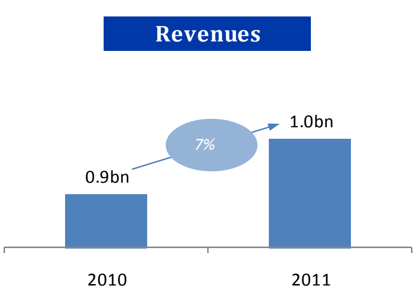


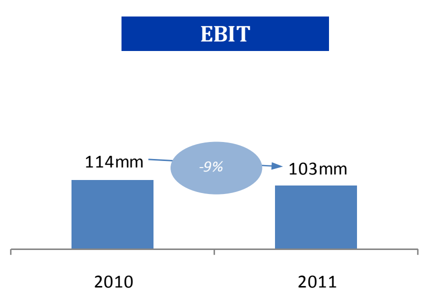
Business Overview: Consumer

Through Chai Bora, TransCentury's Consumer division blends, packs and distributes high quality tea and herbal infusions across Tanzania. The Chai Bora brand is currently the market leader in Tanzania and continues to benefit from strong growth in Tanzania's per capita tea consumption. The company was the first ISO 22000 certified tea blender in the region, and remains the only such blender in Tanzania as a mark of quality.

In 2011, the business made positive strides in its regional expansion, entering the Kenyan market with tea and herbal infusion products now sold in Uchumi, Chandarana and Healthy U retail outlets.

Financial Performance





Our Consumer Division continued its positive contribution to the group profitability, with revenues growing from KES 0.9bn in 2010 to KES 1.0 bn in 2011 despite the plant operating now at near full capacity. Macro economic factors, including the volatile currency and increase in raw material and fuel costs, impacted margins. However, due to management's intervention, the erosion was arrested (hence profitability is flat) and the company is expecting further uplift from cost-cutting:

- Reduction in staff numbers
- Chang in packaging to reduce materials

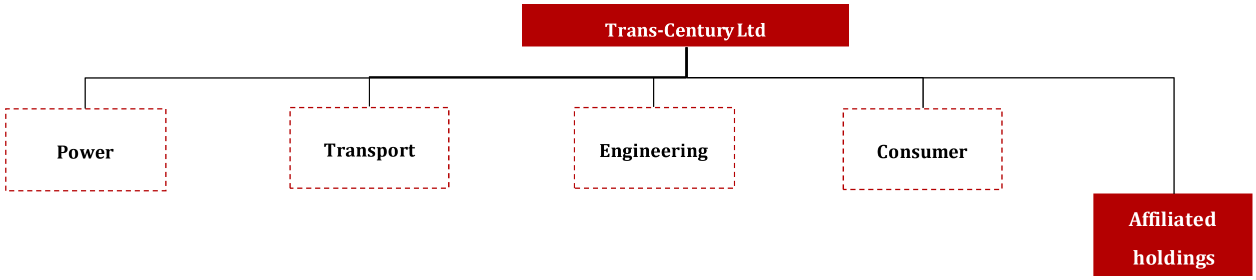
Investing in the Future

In 2011 Chai Bora launched a capital investment programme targeting the increase in production capacity, with the aim of increasing production efficiencies going forward. This will reduce capacity constraints in the future, and provide the company with ample capacity for growth.

Outlook

The fundamentals for Chai Bora are strong, and give us confidence of the opportunity for Chai Bora. Key drivers of growth going forward are as follows:

- *per capita tea consumption dynamics:* Tanzanian market consumes one third of tea per capita compared to Kenya. As distribution channels improve, per capita consumption of tea will converge closer to Kenya, which creates a tremendous opportunity for growth
- *Tanzania's strategic position as a member of both the East African Community and the South African Development Community:* Positioned to easily access two key trading blocs as attractive export market destinations. We believe that this positions Chai Bora well for continued regional expansion
- *Regional emphasis on infrastructure is opening up new distribution destinations:* Investment in transport infrastructure in Tanzania and the region will open up new distribution destinations for Chai Bora and in turn drive organic growth of the business, primarily across SADC and EAC regions
- *Robust growth in Tanzania's economy:* The Country's Per capita GDP has grown at an average of 10% Per capita GDP growth since 2003, making it one of the fastest growing nations globally



Business Overview: Affiliated holdings

Within our Affiliated Holdings Division, TransCentury has:

- Karen Land: 6 acre prime plot located in Nairobi's affluent suburb of Karen. The property is strategically located next to the vibrant Karen Shopping Centre
- Development Bank of Kenya: TransCentury owns a 10.7% stake in Development Bank of Kenya
- Private Equity Funds: TransCentury holds strategic investments in various international Private Equity Funds, including Aureos, Helios and Business Partners International

Capital Structure

The Company engaged in two major capital markets exercises in 2011:

- *Convertible Bond Issuance*

TransCentury issued the first ever Listed Convertible EuroBond Programme by an East African issuer, continuing in the pioneering culture of the Group. The $75m Convertible Bond Programme is listed on Stock Exchange of Mauritius, and convertible into shares of TransCentury on the Nairobi Stock Exchange.

The Convertible Bond Programme enabled TransCentury to raise the capital required to invest in our equity participation in RVR, as well as for our investments within the year.

- *Listing of the ordinary shares, by way of introduction, on the Nairobi Stock Exchange*

The Listing on the Nairobi Stock Exchange, by way of a listing by introduction, provided a broader shareholder base of shareholders with an opportunity to participate in the significant upside growth that the infrastructure sector provides.

Finance Costs

TransCentury's finance cost was also impacted by the volatility of Interest Rates in Kenya, as our local banks increased base lending rates. These two factors lead to the increase of TransCentury's net finance costs from KES 343m in 2010 to KES 748m in 2011. Our Key concern in 2012 is to focus on our domestic debt profile as we are concerned about the interest rate environment and the impact on our business going forward.

Dividends

The directors are recommending dividend of KES 0.25 (2010: KES 0.20) per share in view of the profitability we had in 2011 as and as a reflection of the growth of the company.

Appreciation

I would like to extend my appreciation to the board and shareholders of TransCentury for their continued support. I also want to thank our dedicated management and staff across all our divisions, for their hard work and quick response to market challenges and market opportunities.

I look forward to working together to achieve a successful and prosperous 2012.

Yours Sincerely,

Dr. Gachao Kiuna
Chief Executive Officer

2. Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Dec 31st 2011 *Ksh 000's*	Dec 31st 2010 *Ksh 000's*
Revenue	10,701,621	6,794,650
Cost of sales	(7,676,422)	(4,718,393)
Gross profit	**3,025,199**	**2,076,257**
Net other income	953,743	688,460
Distribution, administration and operating expenses	(2,036,391)	(1,348,889)
Profit before depreciation, impairment and finance cost	**1,942,551**	**1,415,828**
Impairment losses	11,990	(206,078)
Depreciation and amortisation	(336,478)	(235,479)
Results from operating activities	**1,618,063**	**974,271**
Finance income	59,875	90,024
Finance cost	(808,673)	(433,710)
Net finance cost	**(748,798)**	**(343,686)**
Profit before income tax	**869,265**	**630,585**
Income tax expense	(253,165)	(162,323)
Profit after income tax	**616,100**	**468,262**
Other comprehensive income		
Revaluation of property, plant and equipment, net of deferred	196,859	534,206
Net change in fair value of available-for-sale financial assets	(183,220)	429,499
Available-for-sale released on disposal of quoted shares	(29,803)	134,962
Exchange differences on translation of foreign subsidiaries	(139,162)	282,020
Other comprehensive (expense)/income net of income tax	**(155,326)**	**1,380,687**
Total comprehensive income for the year	**460,774**	**1,848,949**
Profit after tax is attributable to:		
Equity holders of the company	356,665	343,713
Non-controlling interest	259,435	124,549
Profit for the year	**616,100**	**468,262**
Total comprehensive income for the year attributable to:		
Equity holders of the company	(492,569)	1,328,552
Non-controlling interest	953,343	520,397
Comprehensive income for the year	**460,774**	**1,848,949**
BASIC PER EARNINGS SHARE - (KShs)	**1.32**	**1.29**
DILUTED EARNINGS PER SHARE - (KShs)	**1.23**	**-**
DIVIDEND PER SHARE - (KShs)	**0.25**	**0.20**

CONSOLIDATED BALANCE SHEET		
	Dec 31st 2011	**Dec 31st 2010**
	Ksh 000's	*Ksh 000's*
ASSETS		
Non current assets		
Property, plant and equipment	5,818,209	3,733,378
Investment property	474,003	345,502
Prepaid operating lease rentals	157,904	160,200
Intangible assets	2,054,194	371,129
Quoted investments	50,135	93,625
Unquoted investments	3,034,588	1,520,955
Investments in funds	767,553	914,268
Deferred tax asset	74	2,720
	12,356,660	**7,141,777**
Current assets		
Inventory	1,709,228	1,944,264
Trade and other receivables	4,874,472	1,913,833
Tax recoverable	42,542	29,520
Cash and bank balances	2,759,356	207,084
	9,385,598	**4,094,701**
TOTAL ASSETS	**21,742,258**	**11,236,478**
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	136,975	133,519
Share premium	379,717	106,684
Revenue reserves	2,757,355	2,407,642
Translation reserve	241,201	367,556
Available-for-sale reserve	234,659	447,682
Revaluation reserve	620,572	434,989
Proposed dividends	68,488	53,408
Convertible bond	4,452,798	-
Total equity attributable to equity holders of the company	**8,891,765**	**3,951,480**
Non-controlling interest	2,580,702	1,341,974
Total equity	**11,472,467**	**5,293,454**
Non current liabilities		
Deferred tax liability	618,213	590,746
Provision for staff gratuity	29,477	25,533
Long term loan – non-current portion	2,965,304	2,755,239
	3,612,994	**3,371,518**
Current liabilities		
Bank overdraft	263,953	234,504
Long term loan – current portion	1,337,928	814,737
Trade and other payables	4,614,909	1,386,879
Tax payable	379,335	104,060
Unclaimed dividends	31,317	38
Aureos Fund – other members	29,355	31,288
	6,656,797	**2,571,506**
Total liabilities	**10,269,791**	**5,943,024**
TOTAL EQUITY AND LIABILITIES	**21,742,258**	**11,236,478**

CONSOLIDATED STATEMENT OF CASHFLOWS

	Dec 31st 2011 *Ksh 000's*	Dec 31st 2010 *Ksh 000's*
Net cash flows from operating activities		
Profit before taxation	**869,265**	**630,585**
Adjustment for non-cash items	(217,627)	174,374
Operating profit before working capital changes	**651,638**	**804,959**
Increase in debtors and prepayments	(1,384,693)	(205,933)
Decrease/(increase) in inventories	260,910	(472,128)
Decrease in Aureos Fund - Other member	(1,933)	(4,301)
Increase in creditors	2,735,898	570,563
Increase in provision for staff gratuity	3,944	3,870
Cash generated from operations	**2,265,764**	**697,030**
Income tax paid	(250,694)	(157,965)
Dividends paid to shareholders of the company	(53,408)	(14,764)
Dividend paid to minority interest	(109,090)	(60,194)
Net cash flows from operating activities	**1,852,572**	**464,107**
Net cash flows from investing activities	**(4,177,996)**	**(670,144)**
Cash flows from financing activities		
Net movement in loans and borrowing	118,960	(122,481)
Proceeds from issue of convertible bond	4,452,798	-
Cost of issuing new capital	276,489	-
Net cash flows from financing activities	**4,848,247**	**(122,481)**
Net decrease in cash and cash equivalents	**2,522,823**	**(328,518)**
Bank balance at the end of the year	2,495,403	(27,420)
Bank balance at the beginning of the year	(27,420)	301,098
Net increase/(decrease) in cash and cash equivalents	**2,522,823**	**(328,518)**