RIGHTS ISSUE INFORMATION MEMORANDUM

November 2022

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TRANS-CENTURY PLC

INFORMATION MEMORANDUM

RENOUNCEABLE RIGHTS ISSUE OF 1,876,013,830 NEW ORDINARY SHARES AT AN OFFER PRICE OF KSHS 1.10 IN THE RATIO OF FIVE (5) NEW ORDINARY SHARE FOR EVERY ONE (1) ORDINARY SHARES HELD

TRANSACTION ADVISOR
Sterling Capital Limited

LEAD SPONSORING BROKER
Sterling Capital Limited

LEGAL ADVISOR
DLA Piper Africa
Iseme Kamau and Maema Advocates (IKM)

PR & ADVERTISING CONSULTANT
Ogilvy Public Relations

REPORTING ACCOUNTANT
KPMG Kenya

RECEIVING BANK
The Co-operative Bank of Kenya

SHARE REGISTRAR
The Co-operative Bank of Kenya

CO-SPONSORING BROKER
Francis Drummond & Co

Section 1 Important Notices and Disclosures

This document is important and requires your attention

When considering what action you should take in relation to the Rights Issue and the information contained in this document, it is advisable that you immediately consult your stockbroker, investment advisor, banker or other adviser.

If you have sold or transferred all your Ordinary Shares in TransCentury Plc ("TransCentury"), please forward this Information Memorandum and the Provisional Allotment Letter ("PAL") to the stockbroker or agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

The Information Memorandum contains information that is provided in compliance with the requirements of the Companies Act (No. 17 of 2015 of the Laws of Kenya) ("the Companies Act") and the Capital Markets Act (Chapter 485A of the Laws of Kenya) ("The Capital Markets Act') as well as the rules and regulations thereunder. The Directors of TransCentury being the persons listed below and named in Section 13 of this Information Memorandum have taken all reasonable care to ensure that the facts stated and the opinions expressed herein are true and accurate in all material respects, and there are no other material facts the omission of which would make any statement herein, whether of fact or opinion, misleading. All the Directors of TransCentury accept responsibility accordingly. The Directors of TransCentury are as follows:

Director	Position	Nationality	Business Address
Shaka Kariuki	Chairman	Kenyan	P O Box 42334-00100 GPO, Nairobi
Nganga Njiinu	Chief Executive Officer	Kenyan	P O Box 42334-00100 GPO, Nairobi
Wale Adeosun	Non-Executive Director	Nigerian	P O Box 42334-00100 GPO, Nairobi
Anne Mutahi	Independent Director	Kenyan	P O Box 42334-00100 GPO, Nairobi
Kariithi Njogu	Independent Director	Kenyan	P O Box 42334-00100 GPO, Nairobi
Kamal Pallan	Non-Executive Director	Kenyan	P O Box 42334-00100 GPO, Nairobi
Wanjuki Muchemi	Independent Director	Kenyan	P O Box 42334-00100 GPO, Nairobi
Virginia Ndunge	Company Secretary	Kenyan	P O Box 42334-00100 GPO, Nairobi

Section 15 of this Information Memorandum contains the Reporting Accountant's Report, which constitutes a statement issued by an expert. The expert making the statement has not withdrawn its consent to the issue of the said Report in the form and context in which it is included in the Information Memorandum.

The Capital Markets Authority ("CMA") has granted permission for the Rights Issue. As a matter of policy, the CMA does not assume responsibility for the correctness of any statements or opinions made or reports contained in this Information Memorandum. Approval of the Rights Issue and/or listing is not to be taken as an indication of the merits of the Issuer or the securities.

The Nairobi Securities Exchange ("NSE") has granted permission for the listing of the New Shares (hereinafter defined) on the Alternative Investment Market Segment of the Official List of the NSE. It is expected that admission of the New Shares will commence at 9 am on Tuesday, February 28, 2023. The NSE assumes no responsibility for the correctness of any of the statements made or opinions or reports expressed in this Information Memorandum. Admission to the Official List is not to be taken as an indication of the merits of TransCentury or of the New Shares.

This Information Memorandum and the accompanying PAL are presented to you to enable you make an informed decision on the Offer. The procedure for acceptance and payment is set out in this Information Memorandum and the PAL.

The latest time and date for the acceptance and payment in full for the Rights provisionally allotted to you is 3 pm on Monday, January 23, 2023 After this time and date, any untaken Rights will lapse and will revert to the Board of Directors of TransCentury to allot in line with the allotment procedure set out in this Information Memorandum. The allotment procedure is fully subject to the existing regulatory requirements as set out by the Capital Markets Act.

Additional Disclosures

The Reporting Accountant's report on Section 15 of this Information Memorandum includes among other things, Group Audited Accounts for FY 2019 and 2020, as well as a Limited Review of the five months to May 2021. The issuer has also availed Group Management Accounts for FY 2021 at its principal office for inspection by shareholders and the investing public upon request.

The Reporting Accountant's role in this rights issue has been performed by KPMG Kenya which also doubles up as the Group's External Auditor.

In the interest of transparency and in compliance with the conflict of interest disclosure policy, investors are informed that the transaction advisor (Sterling Capital) and the issuer (TransCentury) share a common shareholder, Kuramo Capital Managements, LLC (Kuramo Capital), who holds a significant minority stake in both companies. Sterling capital is however committed to upholding independence and objectivity in exercising its mandate as transaction advisor in this issue.

In compiling this information memorandum, the transaction advisor has received from TransCentury certain financial information, memoranda or offering materials or presentations containing, among other things, projections and other forecasts, including, without limitation, projected financial statements, cash flow items, cost estimates, certain business plan information and other data related to the Group. We acknowledges that (a) any such documents are not and shall not be deemed to include representations or warranties of the Transaction advisor, (b) there are uncertainties inherent in attempting to make such projections, forecasts and plans (c) the issue participant is familiar with such uncertainties and is taking full responsibility for making its own evaluation of the adequacy and accuracy of all projections, forecasts and plans so furnished to it and (d) the issue participant shall have no claim against the Transaction advisor with respect to any of the foregoing.

Enquiries concerning this Information Memorandum or the Provisional Allotment Letter may be made to the Company Secretary of TransCentury or the Transaction Advisor whose contact details are set out in Sections 2 and 3 hereof.

Date: November 11, 2022

Section 2: Corporate Information

Who We are

- TransCentury PLC ("TC") is an investment Holding Company with a focus on infrastructure specifically the Energy, Transport, Water, Industrial, Agriculture sectors. TC Invests across the entire infrastructure value chain in the following touch points; Ownership of Infrastructure Assets, Construction of Infrastructure, Supply of products into infrastructure as well as management and maintenance of infrastructure.
- TC operates primarily as an active investor in businesses that we invest in, adding value through, deploying the right capital for growth, driving strategy, providing an unmatched platform for tapping synergy and accelerating growth through providing strategic expertise in specialized areas to the businesses.

Our Business Philosophy

- TC is an African focused group that invests in companies and projects within the infrastructure space. Under-penetration and inefficiencies in infrastructure severely hamper development in Africa hence, our investments play a key role in addressing these deficiencies across the entire infrastructure value chain in the region in the Power, Transport, Water & Sanitization, Industrial and Agriculture sectors.

Our Business Model

- We approach infrastructure investment through our investee businesses and investing directly into infrastructure assets. We have built a business that aims to solve the infrastructure deficiency challenge through, promoting and investing in infrastructure assets, manufacturing and distribution of innovative, fit for local use products that go into infrastructure development, engineering and construction of quality infrastructure as well as management and maintenance solutions for infrastructure to promote longevity, better user experience and efficient use.

Our Focus is in:

- Infrastructure products - Manufacturing and distribution of innovative, fit for local use products that go into infrastructure development;
- Engineering and construction of quality Infrastructure
- Management and maintenance of infrastructure assets; and
- Investment in infrastructure assets.

Our Offering to Investee Companies

- We offer our investee companies capital enhancement through:
  1. Support in strategy formulation and execution
  2. Corporate governance framework
  3. Established platform with structures and systems to tap from – Center for excellence and synergy
  4. Systems and structures that support the development of strong brands
  5. Business support
     - i. Turnaround specialty
     - ii. Structuring customized funding
     - iii. Managing complexities

Our Markets

- Our focus is on Sub-Sahara Africa where the infrastructure sector is characterized by under penetration and inefficiency resulting in prohibitive costs of goods and services.
  1. We believe this region will greatly benefit from good infrastructure as this will accelerate inclusive and sustainable growth in the economies
  2. This will also promote productivity and consequently the resilience and quality of life
  3. Growth in African economies will continue to be greatly enhanced by infrastructure development.
- The current priority region for TC is Sub Saharan Africa specifically Kenya, Uganda, Tanzania, Rwanda, DRC, Burundi, Zambia, S. Sudan where TC has established deep relationships with key stakeholders and the markets also demonstrate commitment to infrastructure development.
- TC has built an unmatched platform in the region with deep understanding of the business environment.

VISION

TO BE THE PREMIER INVESTMENT PARTNER IN AFRICA

TC is on a mission to provide transformative infrastructure solutions to all our stakeholders. We are committed to providing superior sustainable value to our customers. TC's mission statement reflects this commitment.

MISSION

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

To effectively fulfil our mission and stay on the right path towards our vision, we must confine our work behaviors within given set of ideals. These values/ideas are the parameters on which we will individually keep relating to our daily actions. Our values are also reflective of the character we admire to portray in the market.

Section 2: Corporate Information

Financial Highlights		**Operational Highlights**
Group Revenue	**Gross Profit Margin**	Improved financial performance in 2019 and 2020 despite the working capital challenges. Increasing profit margins due to growth in revenue and increased efficiency in project delivery at the subsidiaries level.
2020: KShs. 5,322 Mn	**2020:** 33%	
2019: KShs. 5,703 Mn	**2019:** 32%	
2018: KShs. 4,247 Mn	**2018:** 21%	
Profitable Subsidiaries	**Total Assets**	AEA and Tanelec Tanzania grew revenues by 89.7 % and 56.8% respectively and turned profitable reporting profit after tax of Kshs.308M and Kshs.21M respectively. This is attributable to availability of new working capital on the back of debt re-profiling in line with TransCentury's four step turnaround plan and hence improved efficiency.
KShs.329 Mn	**2020:** KShs. 13,688 Mn	
	2019: KShs. 13,006 Mn	
	2018: KShs. 16,668 Mn	
		The Group's assets increased by Kshs.682M as a result of improvement in performance and translation gains on investment properties.
Non-financial Highlight		TransCentury has over 1,000 staff members in the 8 operating business units who are predominantly engineering and manufacturing professionals.
Employees 1,127	**Employees Trained** 395	It is in the Group's strategy to continuously train and develop employees in core competencies and to retain world class expertise while ensuring global standards, operational efficiency and safety across the business. In 2020, 395 staff were trained on health and safety hence reducing the Groups total time lost due to injury to 0.1%
Presence 12 Countries		The Group has maintained its presence in the Sub-Saharan region with offices and distribution outlet in 12 countries across the region.

Section 3: Advisors and Other Parties

TRANSACTION ADVISOR

Sterling Capital
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Contact Person:

David Ngaine
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LEGAL ADVISOR

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REPORTING ACCOUNTANT

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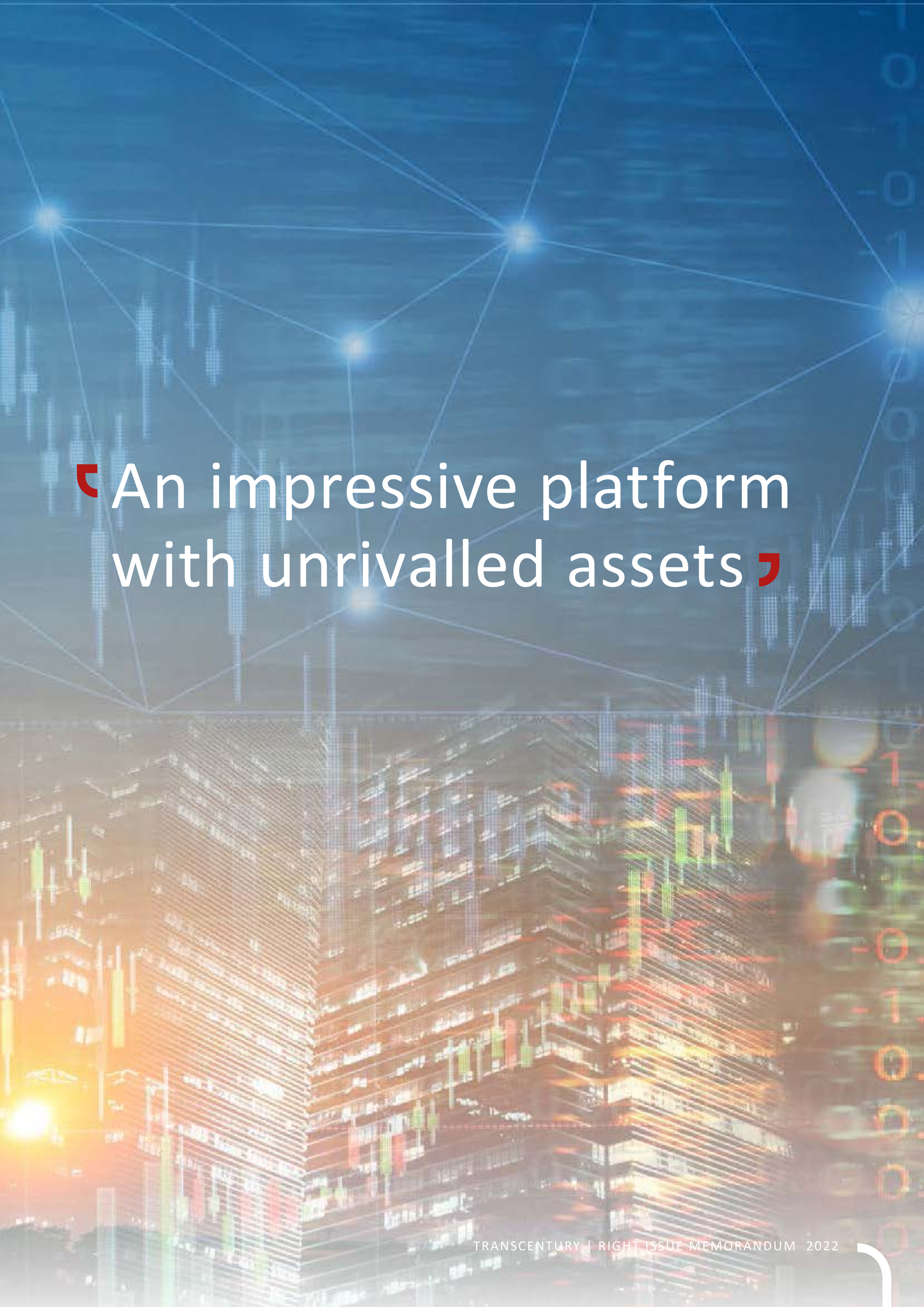


'An impressive platform with unrivalled assets'


Offer
98.75
59.50
6.40
31.25
6.95
25.75
Offer
Offer
98.75
59.50
62.00

Chairman's Statement

Section 4: Chairman's Statement

Dear Shareholders,

I am pleased to present to you this Information Memorandum for TransCentury Rights Issue. On behalf of the Board of Directors of TransCentury PLC we invite you to participate in the Rights Issue, a key milestone in TC turn-around plan. Significant progress has been made in preparing the business for fundraise and the time is right both internally through the strategic and structural pillars we have focused on to our deeper understanding of the environment we do business thus allowing us to sharpen our focus.

From the onset I would like to sincerely thank you our shareholder for your unwavering support and resilience throughout the TC journey.

TransCentury has built an impressive platform with unrivalled assets, a strategic focus in the lucrative Infrastructure sector, presence in the promising region of Sub-Saharan Africa, and steered by a team of skilled and committed Board and Management. The journey of TransCentury is characterized by impressive growth, many firsts and resilience in the face of headwinds that the business has faced.

In 2017 we unveiled a 4-step turnaround plan that was borne out of recognizing the challenges the business faced and the need to accelerate the achievement of our 4-year strategic plan – Ahidi. The plan focused on value preservation through reduction/restructure of debt, building and executing a fundable orderbook and fundraising. We have made good progress in all levels of the plan and are now in the tail end with the last pillar of fundraising, to execute on orderbook. This is not the first time TransCentury has gone to the market to raise funding for the business, in 2017 the business raised equity of KShs 2b through a private placement and this went a long way in providing the business the stability it needed at that time allowing us to focus on key levers of the business and getting us to where we are at now.

My Board is encouraged by the progress we have made since launching the turnaround plan with key businesses in our portfolio making remarkable turnaround, testament of the plan effectiveness. Case in point, and as you will see in the in-depth analysis in subsequent pages, year to date the Group has recorded a 36% growth in revenue while businesses such as Tanelec and AEA have recorded a 34% and 110% revenue growth respectively while both businesses returned to profitability. In addition, our businesses have demonstrated ingenuity by diversifying to lucrative product lines and venturing to promising regions while leveraging on shifting macro dynamics. I am particularly proud at the growth in AEA a business that at investment stage had a revenue of less that KShs 200m and in 2020 closed with an over KShs 1b of revenue. We are keen to deliver even better results and hence the need to support some of our businesses access working capital and are certain of impressive results.

In addition, our focus market gives us more reason to be optimistic, we are doing business in a region whose growth is trending above the world. Save for the disruption of economies worldwide by the COVID-19 pandemic, Africa and especially Sub-Saharan Africa has averaged annual economic growth of 4.4% while closer home, Kenya averaged 5.5% compared to the world at 3.1%. The infrastructure sector on the other hand remains a corner stone for developing markets development agenda and is a priority for most if not all Governments in the region. We remain focused in the region and the sector by investing in infrastructure products, projects, and services to deliver value for all our stakeholders. We commit to prudence in our capital allocation and quick action where allocation does not meet return to safeguard and build value.

At the beginning of this year, we unveiled a refreshed strategic plan " Ahidi +32% "which covers the period 2022-2025. This refreshed plan is focused on returning the business back to profitability through optimizing the business value chain, simplifying our processes, having a robust structure that supports the set objectives and refreshing our brand. Deep market understanding through research has informed our strategy and will remain key in all our platforms, to attract the right investors to our business, support our portfolio businesses and grow our portfolio through strategic acquisitions. Our core business remains investment, and in this strategic period, we will focus on acquisitions to add onto our portfolio of synergistic business, for value uplift.

Shareholder, the capital that you will put in your company will support the last phase of our turnaround by reducing debt and subsequently unlocking working capital for our underlying businesses. The Group is expected to receive support from our lenders to provide working capital to underlying businesses upon reduction of Group outstanding debt.

I encourage you to read this information Memorandum and other documents carefully to allow you make an informed decision.

Yours Sincerely
Shaka Kariuki

> *Ahidi +32% is a refreshed plan focused on returning the business back to profitability through optimizing the business value chain, simplifying our processes and having a robust structure that supports the set objectives and refreshing our brand.*

Group Chief Executive Officer Statement

Dear Shareholders,

TransCentury's (TC) 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. The journey has seen the Group evolve and sharpen its focus in infrastructure in Africa by building a remarkable infrastructure focused platform and exiting from investments that were not aligned to this. However, like every growing business, the Group experienced a challenging business cycle precipitated by constrained access to funding and unfortunately this was right after a heavy capital investment period thereby threatening to reverse the very exceptional progress the business had made over the years. True to the DNA of TC we were able to look for home grown solutions unique to our markets and business structure to reset the business on a positive trajectory.

The funding challenges that the business faced led to unsustainable debt profiles and due to reduced access to working capital, cash flow generation suffered. This meant that funds generated by the businesses were channelled to service debt instead of funding order book execution and consequently resulting in progressive deterioration of capacity utilization and severely impacting our bottom line. At that point given the circumstances, external fund raising was not realizable and we had to look internally for solutions. With this clarity, TC Board and Management recognised the need to develop a comprehensive internal resource driven plan that would steer the Group to turn around and put it on a path towards achieving its strategic plan. Given this context, we developed a four (4) pronged turnaround plan that focussed on a) Building a robust and fundable order book though concerted focus on commercial initiatives b) Debt re-profiling to match cash flows c) Innovative Fund Raising for execution and d) Discipline and efficient Order book execution.

So far, we are immensely proud of the progress we have made in executing on this plan, and by remaining true to the plan and working with all our stakeholders including you our shareholders, we have successfully reduced the Group commercial debt by 40% since 2016, increased the

Section 5: Group Chief Executive Officer Statement

debt tenures across the Group with most facilities stretched by 5-10 years and have reduced debt service cash outflows giving the much-needed relief to our operating businesses. The knock-on effect of the strides made has been improved access to working capital for the operating units and the results can already be seen in the units in which the process has completed as they are delivering impressive revenue growth and positive bottom lines. However, to realize full value, we now must get fresh equity capital to trigger sufficient working capital support from lenders that will allow the Group to return to profitability.

Looking at 2021, the Group recorded a 36% growth in revenue as at 31st May 2021 compared to prior year driven by impressive performance in key underlying businesses such as AEA whose revenue grew by 110% in the same period despite having continued constraints in accessing optimal working capital. Our transformer and switchgear manufacturing unit in Arusha, Tanzania grew revenues by 34% from increased diversification of products and geographical presence after a successful restructure of its debts and subsequent access to working capital. The business has gone on to launch the Tanelec Kenya operation which has allowed it to tap into the heightened electrification drive in the region. East African Cables, one of our first investment also grew revenues by 13% in the Kenya operation as it continues to capitalise on its unmatched capacity, an admired brand and a robust distribution network. This business however has not fully exploited its potential and as it is yet to access optimal capital and therefore it is one of the businesses, we are looking to provide with additional working capital through the Rights Issue. We are encouraged therefore that the steps we are taking are in the right direction and our focus remains to conclusively execute on our plan. We have focused on strengthening our balance sheet and increasing our commercial opportunities and we are confident that the business is well prepared to receive funding hence our focus on fundraising through a Rights Issue.

Capital allocation and optimisation are at the heart of what we do as an investment business and therefore we are continuously evaluating our investments to ensure we make quick and decisive decisions around capital. To preserve value, in the last 2 years we have strategically scaled down operations in some of our portfolio businesses whose operating environment was not sustainable for business and capital inadequacy was severely affecting operations leading to losses. This we believe was the prudent decision and it has allowed the Group to stem any further erosion of value in line with our key mandate of preserving value for you, our shareholder. These actions allow us to focus on the highly scalable businesses, strengthening our balance sheet and positioning the Group favourably for new funding to accelerate the top line growth and quickly step-up earnings.

> *Our business focus remains solving the infrastructure deficit in Africa and this is Informed by the great need for good infrastructure and opportunities that we continue to see for TC Group in addressing the need. We strongly believe growth in African economies will be greatly enhanced by infrastructure development and this can already be seen in the economies that have focused on development and efficient utilization of infrastructure*

Our business focus remains solving the infrastructure deficit in Africa and this is Informed by the great need for good infrastructure and opportunities that we continue to see for TC Group in addressing the need. We strongly believe growth in African economies will be greatly enhanced by infrastructure development and this can already be seen in the economies that have focused on development and efficient utilization of infrastructure. TC has built a business with the capability and expertise to participate across the entire infrastructure value chain; from investing into infrastructure assets, engineering and construction of infrastructure, supply of products that go into infrastructure and maintenance, management and operation of infrastructure assets. We have built an unmatched platform with strong brands that provides opportunities for synergies, diversification, and innovation for our investee companies. The macroeconomic environment indicators in our focus sectors of Energy, Transport, Water and sanitation and Agriculture point to an underserved market with significantly low access, low per capital utilization and high levels of inefficiency in infrastructure across our addressable market as you will see in our in-depth analysis in the subsequent pages. We have built capacity both in teams across the Group with in-depth understanding of the regional dynamics and expertise in the field undoubtedly positioning TC as the go to partner in delivering the right, fit for local use infrastructure in Africa. Our model is distinctively unique as the business is built to participate across the entire infrastructure value chain and has capacity to deploy across all touch points giving it significant growth opportunity.

To guide the business for the next 4 years is the refreshed Ahidi +32% strategic plan (2022-2025) which is informed by the following key themes; Re-focus on TC core – Investments that will drive revenues and align with TC's diversification agenda for sustainable businesses, focus on key internal and external data, emerging trends to drive innovation and growth, investing and developing strong brands that will deliver superior value to shareholders and entrenching a culture of execution and accountability. Ahidi + 32% is anchored on aggressively pursuing business growth through our current portfolio and acquisitions by leveraging on our immense experience in Sub Saharan Africa which is our region of focus and our deep understanding of the infrastructure space in Africa. In this strategic period our projected growth is CAGR +32% by 2025, and we are confident that with the funds from the Rights Issue providing access to working capital, the projected growth will be achieved.

We have built robust fundable order books, increased operating capacity across the Group and enhanced efficiency and are ready to execute and deliver profitable growth. We project to return to profitability from 2023 and we are confident that the steps we have taken to prepare the businesses favourably will allow this to happen through the tireless dedication of the men and women across our enterprise. We have started a positive turnaround and we are accelerating growth which we are very proud of.

Yours Sincerely

Ng'ang'a Njiinu
Group CEO

Section 6: Directors' Statement

The Board of Directors of TransCentury being the persons named in Section 13 of this Information Memorandum have taken all reasonable care to ensure that the facts stated and the opinions expressed herein are true and accurate in all material respects, and there are no other material facts the omission of which would make any statement herein, whether of fact or opinion, misleading. All the Directors of TransCentury accept responsibility accordingly.

In accordance with paragraph 17(2) of the Fourth Schedule of the Capital Markets (Securities) (Public Offers, Listing and Disclosure) Regulations 2002), the Board hereby declare that all information stated in this application and the statements contained in the report are correct, and neither the board of directors' minutes, audit reports or any other internal documents contain information which could distort the interpretation of the report.

Signed by

Chairman

Board Secretary

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.

AHIDI +32%
Achieve together

TransCentury
Impacting Africa

Section 7: Definitions

In this Information Memorandum, the following terms mean:

“Accepted Rights”	Rights accepted by an Eligible Shareholder pursuant to a duly completed and signed Entitlement and Acceptance Form;
“Additional Shares”	New Shares applied for by an Eligible Shareholder in excess of his Entitlement;
“AGM”	Annual General Meeting;
“AIMS”	The Alternative Investment Market Segment of the NSE;
“Allocation Policy”	The policy of allocating untaken Rights set out in Section 9 (Details of the Rights Issue) paragraph 1.11 of this Information Memorandum;
“Application Money”	The Subscription Price per New Share payable by Eligible Shareholders in accordance with the relevant Entitlement and Acceptance Form;
“Authorised Agent”	The specific parties set out in Section 18 (Authorised Agents) of this Information Memorandum, being parties duly authorised by TransCentury to receive Entitlement and Acceptance Forms together with the Application Money;
“Capital Markets Legislation”	Refers to (a) the Capital Markets Act, Chapter 485A of the Laws of Kenya and all subsidiary legislation and rules and guidelines promulgated thereunder (b) the rules of the NSE and (c) any law applicable to capital markets in Kenya;
“CBK”	The Central Bank of Kenya
“CDS”	The Central Depository System operated at the NSE by the CDSC to facilitate the deposit and dealing of immobilised securities;
“CDS Account”	A securities account opened on behalf of a shareholder with the CDSC for the purpose of recording the deposit and dealing of immobilized shares;
“CDSC”	The Central Depository and Settlement Corporation Limited;
“Companies Act”	The Companies Act Cap No. 17 of 2015 of the Laws of Kenya;
“Cheque”	Refers to the cheques drawn on the account of an Authorised Agent and a Bankers cheque;
“Closing Date”	3pm on Monday, January 23, 2023 being the last day for receipt of acceptances in respect of New Shares;
“CMA”	Capital Markets Authority established by the Capital Markets Act Cap 485A of the Laws of Kenya;
“CPI”	Consumer Price Index;
“CSR”	Corporate Social Responsibility;
“Directors” or “the Board of Directors”	The Board of Directors of TransCentury;
“EAC”	East African Cables;
“EFT”	Electronic Funds Transfer;
“Eligible Shareholder”	A shareholder registered as holder of Existing Shares as of the Record Date;
“Entitlement”	The entitlement of New Shares of an Existing Shareholder (or purchaser of or Renouncee of Rights) pursuant to the Rights Issue at the Entitlement Ratio and the Subscription Price;
“Entitlement and Acceptance Form”	Where the context requires, the PAL and/or Form E and/or Form R;
“Entitlement Ratio”	Five (5) New Share for every One (1) Existing Shares;
“ESP”	Economic Stimulus Package;
“Existing Share”	Ordinary shares of par value KShs 0.50 each of TransCentury and held by Eligible Shareholders as of the Record Date;
“Form E”	A form submitted alone or in addition to PAL as the Shareholder’s entitlement to the Rights purchased;
“Form R”	Additional form to the PAL that is to be completed by the Eligible Shareholder on renunciation of the Provisional Rights to a third party through direct renunciation;
“Form Z”	Power of the attorney - To be completed by Eligible Shareholders wishing to appoint a third party as their lawful attorney or agent to act on their behalf in connection with the Rights Issue. This form is included in the envelope, together with your PAL and this Information Memorandum.
“GDP”	Gross Domestic Product;
“Group”	TransCentury PLC and its subsidiaries;
“GoK” or the “Government”	Government of the Republic of Kenya;

Section 7: Definitions

"Information Memorandum"	This document, the information memorandum dated and issued on Friday, November 11, 2022 pursuant to which the offer of five New Shares for every one ordinary share held has been made to shareholders of the Issuer;
"Issuer"	Trans-Century PLC;
"KShs"	Kenyan Shillings, the lawful currency of the Republic of Kenya;
"Kenya"	The Republic of Kenya;
"New Shares"	The 1,876,013,830 new ordinary shares in the capital of TransCentury to be issued pursuant to the Rights Issue. If the circumstances set out in paragraph 1.13 (Oversubscription) of this Information Memorandum occur, references to New Shares shall where the context requires include the Oversubscription Shares;
"NGO"	Non-governmental Organisation;
"NPL"	Non-performing loan;
"NSE"	The Nairobi Securities Exchange Limited;
"Offer"	The offer to subscribe for New Shares pursuant to and in accordance with this Information Memorandum;
"Ordinary Shares"	The ordinary shares of KShs 0.50 each in TransCentury;
"Offer Documents'	This Information Memorandum, PAL, Form E and Form R;
"Oversubscription Shares"	New ordinary shares in the capital of TransCentury to be created and issued in accordance with paragraph 1.13 (Oversubscription) of this Information Memorandum;
"PAL"	The provisional allotment letter issued to Eligible Shareholders indicating an Eligible Shareholder's Entitlement and providing for full or partial acceptance in the form or substantially in the form set out in Appendix A;
"Provisional Rights"	The number of New Shares offered based on the entitlement ratio;
"RCO"	Risk Control Owner;
"Receiving Agent"	The Registrar, or such other party as the Issuer may appoint to carry out the functions of a receiving agent from time to time;
"Record Date"	3 pm on Tuesday, December 13, 2023 being the date the register of TransCentury will be closed;
"Register'	The Share Register which the Issuer will procure to be maintained by the Registrar at a designated office;
"Registrar"	The share registrar appointed in connection with the Rights Issue whose name and address appear in Section 3 (Advisors and Other Parties);
"Renouncee"	Any person of at least 18 years of age as at the date of renunciation in whose favour Rights have been renounced in accordance with this Information Memorandum and the PAL;
"Rights"	The right to subscribe for New Shares under the terms of this Information Memorandum and the PAL;
"Rights Issue"	The issue of 1,876,013,830 New Shares by TransCentury by way of Rights as described in this Information Memorandum and the PAL;
"Rights Issue Documents"	Refers to (a) this Information Memorandum (b) the accompanying PAL and (c) any other written communication or notification made by TransCentury to Eligible Shareholders in connection with the Rights Issue;
"RTGS"	Real Time Gross Settlement;
"Subscription Price"	KShs.1.10 per New Share;
"TShs"	Tanzanian Shillings, the lawful currency of the Republic of Tanzania;
"UShs"	Ugandan Shillings, the lawful currency of the Republic of Uganda;
"Untaken Rights"	The aggregate of New Shares not subscribed for; howsoever that may occur

Section 8: Salient features of the Rights Issue

1. Rights Issue Statistics

Subscription Price	KShs. 1.10 per New Share
New Shares offered	1,876,013,830 ordinary shares of KShs 0.50 par value each, to rank pari passu in all respects with the existing ordinary shares in TransCentury Plc
Gross proceeds before expenses	KShs 2,063,615,213
Ratio of Entitlement	Five (5) New shares for every One (1) Existing share held

2. Rationale for the Rights Issue

In 2017, TransCentury management redesigned the Group's Corporate Governance manual and launched a five year strategic plan that identified four key areas that would facilitate the business turnaround as well as ensure the group achieved its objective of impacting African lives through transformative infrastructure. The four areas of focus entailed; delivering robust and fundable opportunities, deleveraging the business, fundraising and order book execution.

The group has achieved remarkable progress in the focus areas and are exploring a rights issue as a fundraising means to achieve permanent capital that will be used in the restructuring of TransCentury at the group level in order to unlock funding for the subsidiaries.

Use of funds	Amount in KShs.
Statutory obligations, Creditors and partial repayment of TC Holding Company Loan	1,000,000,000
Group and subsidiaries Working Capital	1,000,000,000
Transaction Expenses	87,000,000
Total Target Capital Raise	2,063,615,213

Close to KShs. 1,000,000,000 (USD 9.1Mn) of the rights proceeds will defray statutory obligations, creditors and repay part of the holding company debt owed to lenders and in return unlock approximately KShs.2,500,000,000 (USD 23.4Mn) of additional working capital financing for subsidiary businesses.

Further, approximately KShs.87,000,000 will be used to pay for the rights issue transaction costs while the balance will be utilised towards financing the group's and subsidiaries working capital needs

3. Timetable of Principal Events

Event		T+	Time	Date and time
1	Record Date (Register closure date)	T+5	3:00PM	Tuesday, December 13, 2022
2	Distribution of Information Memorandum and PALs to TransCentury shareholders	T+13		Friday, December 23, 2022
3	Upload of Rights Entitlement to CDSC	T+15		Wednesday, December 28, 2022
4	Offer opens and commencement of trading in Rights at the NSE	T+16	9:00AM	Thursday, December 29, 2022
5	Last date for immobilisation of Provisional Rights	T+22	3:00PM	Monday, January 9, 2023
6	Last date for renunciation (by way of private transfer)	T+22	3:00PM	Monday, January 9, 2023
7	Last date for trading in Rights	T+26	3:00PM	Friday, January 13, 2023
8	Offer closes and the last date and time for acceptance and payment for the New Shares	T+32	3:00PM	Monday, January 23, 2023
9	Announcement of Rights Issue results	T+45		Thursday, February 9, 2023
10	Dispatch of statement from the registrar for share allocation	T+54		Wednesday, February 22, 2023
11	Dispatch of refund cheques via agents (applicable if applications are received in excess of the number of Untaken Rights)	T+54		Wednesday, February 22, 2023
12	Date of listing and commencement of trading of New Shares at the NSE	T+58	9:00AM	Tuesday, February 28, 2023

Section 8: Salient features of the Rights Issue

4. Basis of Rights Issue Price

The Subscription Price has been determined based on:

- TransCentury's trading history at the NSE;
- 7% discount to the Six Month Volume Weighted Average Price ("VWAP") of KShs.1.18 per share;
- 13% discount to the Market price of KShs.1.27 per share on 3rd October 2022;
- TransCentury's recent financial results relative to the group's value proposition, business model, key value drivers, risk factors, competitive landscape and business continuity strategies commissioned by management to guide the medium to long-term growth of the business; and
- TransCentury's unique competitive strengths and focused strategic growth relative to local and regional peer companies.

The Subscription Price of KShs.1.10 represents a discount of 13% to the Company's closing price of KShs. 1.27 at the NSE on 3rd October, 2022.

5. Success Rate

The rights issue will be deemed successful should 50% of the rights be taken up.

6. Shareholders' Resolutions Authorising the Increase of Share Capital and Rights Issue

EXTRACT OF THE MINUTES OF THE ANNUAL GENERAL MEETING ("AGM") OF THE MEMBERS OF THE COMPANY HELD VIRTUALLY, NAIROBI ON THURSDAY, 10TH JUNE 2021 AT 11:00 A.M.

The members of TransCentury resolved THAT:

6.1 Increase of Share Capital and authorization of Directors to Allot and Issue Shares

6.2 The share capital of the Company be increased from Kenya Shillings six hundred million(KSHS. 600,000,000) divided into one billion two hundred million (1,200,000,000) ordinary shares of Kenya Shillings fifty cents (KSHS. 0.50) each by the creation of an additional two billion (2,000,000,000) ordinary shares of a par value of Kenya Shillings fifty cent (KSHS. 0.50) each and such shares to rank pari passu in all respects with the existing ordinary shares in the capital of the Company, with the intention that the newly authorized shares will be allotted and issued pursuant to a rights issue

6.3 The directors be granted the power to: a) Pursuant to a rights issue, allot and issue up to two billion (2,000,000,000) ordinary shares in the Company in accordance with Section 329 of the Companies Act, 2015.

7. Rights Issue

The directors be authorised to carry out a rights issue for the allotment and issuance of up to two billion (2,000,000,000) additional ordinary shares in the Company, subject to any required regulatory approvals including but not limited to the Capital Markets Authority, by way of rights to the holders of the issued ordinary shares in the Company registered at the close of business on such date and at such price as shall be determined by the directors and on such terms and conditions as the directors may determine." The Rights Issue will be on the basis of five (5) new shares for every one (1) ordinary share held and further the directors be authorized to deal with fractions in such manner as they may think fit and to effect all acts and things required to give effect to this resolution subject to the provisions of the Companies Act 2015, the Company's Articles of Association and the CMA Regulations.

8. Share Price Trend

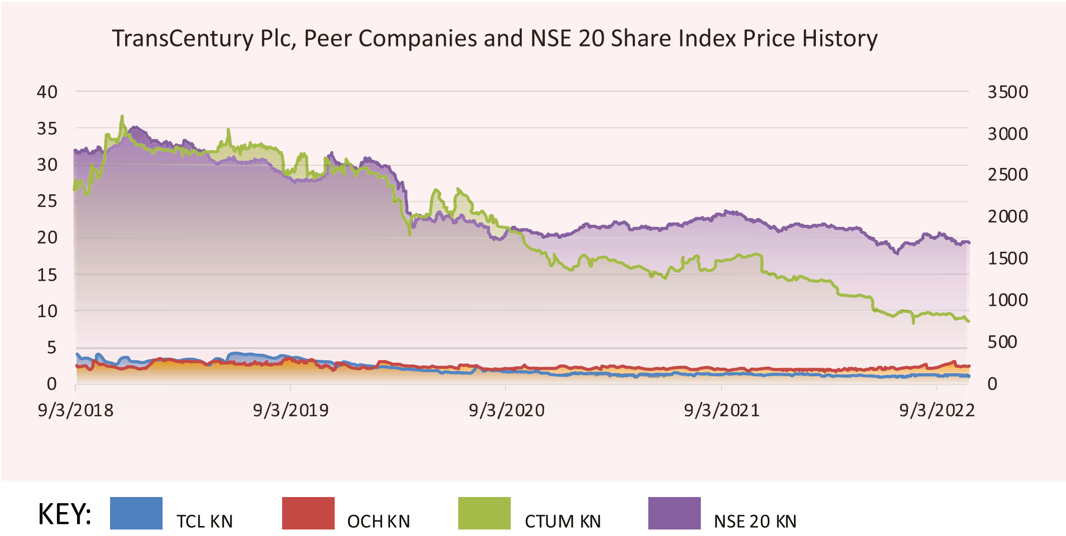
Performance of TransCentury at the NSE from May 2022 to October 2022

Performance of TransCentury at the NSE from May 2022 to October 2022					
Month	**Price in KShs**		**Weighted Average Price (KShs)**	**Number of Shares Traded**	**Turnover**
	Low	High			(KShs)
May-22	1.00	1.20	1.01	138,850	156,294
Jun-22	0.90	1.11	1.10	72,800	75,206
Jul-22	1.09	1.15	1.12	79,100	89,023
Aug-22	1.22	1.25	1.26	210,100	257,429
Sep-22	1.19	1.25	1.20	201,900	234,256
Oct-22	1.18	1.21	1.20	51,800.00	61,554.00
Total for the Period				615,700.00	717,468.00
Six Month Weighted Average Price			1.18		
Closing Price on 27th October 2022	1.10	1.18	1.27		

Source: NSE Trading Statistics, Sterling Capital

9. TransCentury Plc, Peer Companies and NSE 20 Share Index Price History

The chart below illustrates the performance of TransCentury's share price relative to the NSE 20 Share Index and select Kenyan peers.



Source: Bloomberg

TransCentury and its local investment peer Centum, are trading below the NSE 20 Index. TransCentury was previously trading at a premium to the market (NSE 20) prior to mid-2018. The discount price is as a result of investors sentiment as the company experienced declining financial performance due to working capital challenges at the subsidiary level. However, with management's concerted effort to ensure that they are delivering robust and fundable opportunities, deleveraging the business, fundraising and order book execution, the group is set for recovery in the medium term.

10. Pertinent Financial Data

1.	Rights Issue Ratio of the Offer	5 new shares for 1 existing
2.	Subscription price per share	KShs. 1.10
3.	Par value of each share	KShs. 0.50
4.	Total number of authorised ordinary shares of TransCentury	1,200,000,000
5.	Total number of issued and fully paid up shares before Rights Issue	375,202,766
6.	Authorised ordinary share capital of TransCentury	KShs.600,000,000
7.	Fully paid up share capital of TransCentury before the Rights Issue	KShs.187,601,383
8.	Net profit for the year ended 31st December 2021	(KShs.1,830,485,000)
9.	Net profit for the year ended 31 December 2020	(KShs.1,789,173,,000)
10.	EPS for the year ended 31st December 2021	(Kshs.4.10)
11.	EPS for the year ended 31 December 2020	(KShs.3.18)
12.	DPS for the year ended 31 December 2020	Nil
13.	Net Asset Value per share for the year ended 31 December 2020	(KShs.28.72)
14.	Implied Historic P/E ratio based on the Offer Price and the EPS for the year ended 31 December 2021	(0.27)
15.	Market Capitalisation based on the closing price of KShs 1.27 at the NSE on 3rd October 2022	KShs. 476,507,513
16.	Number of new shares on offer under the Rights Issue	1,876,013,830
17.	Expected Gross proceeds of the Offer	KShs. 2,063,615,213
18.	Approximate Net proceeds of the Offer	KShs. 1,988,610,547
19.	Total number of issued and fully paid up shares after the Rights Issue assuming full subscription	2,251,216,596
20.	Fully paid up share capital of TransCentury Post Rights Issue assuming full subscription (inclusive of share premium)	KShs.1,125,608,298
21.	Post Rights Issue (Adjusted) EPS 2020 assuming full subscription	(KShs.0.93)

11. Acceptance and Application Procedures

Eligible Shareholders may take up all, some or none of their Rights. Eligible Shareholders wishing to take up all their Rights are required to observe the procedures set out in paragraph 1.5 (Acceptance Procedure) of Section 9 (Details of the Rights Issue).

Eligible Shareholders wishing to renounce some or all of their Rights are invited to follow the steps set out in paragraph 1.8 (Renunciation of Rights) of Section 9 (Details of the Rights Issue). Please note that Eligible Shareholders may renounce their Rights by way of private transfer or selling the same in accordance with the said paragraph.

Eligible Shareholders wishing to apply for Additional Shares must do so in the manner set out in paragraph 1.6 (Application for Additional Shares and Allocation Policy) of Section 9 (Details of the Rights Issue).

12. Potential dilutive impact of the Offer

Assuming that each shareholder takes up their full entitlement, there will be no effect on the proportion of their holdings. However, existing shareholders will be diluted to the extent of their untaken rights including those rights that may be taken up by other shareholders. Shareholders who transfer, or who do not exercise their Rights granted under the Rights Issue, and assuming that all the New Shares are fully subscribed, will suffer a dilution of 83% to their pre-rights proportionate ownership. Their voting rights will also decrease by 83%. Shareholders are therefore urged to consider this impact in deciding the appropriate action to take with regard to this rights issue.

Section 9: Details of the Rights Issue

1. Terms of the Rights Issue

1.1 Offer for Subscription

1.1.1 TransCentury hereby offers to Eligible Shareholders, by way of Renounceable Rights, a total of 1,876,013,830 New Shares at the Subscription Price of KShs. 1.10 per New Share payable in full on acceptance of the terms set out below. The New Shares will be duly listed on the NSE.

1.1.2 The Offer of the New Shares is subject to:

a. Receipt of requisite regulatory approvals including;

i. approvals on terms acceptable to the Issuer from the Competition Authority of Kenya; Fair Competition Commission of Tanzania and the COMESA Competition Commission;

ii. approvals from the Central Bank of Kenya for any shareholders who become significant shareholders of the Development Bank of Kenya as a consequence of accepting their entitlement;

iii. `exemption from the Capital Markets Authority from the requirement to make a mandatory takeover offer for any shareholders being obligated to make such an offer as a consequence of accepting their entitlement;

b. Confirmation from the Issuer's bankers of provision of working capital facilities on terms acceptable to the Issuer.

1.1.3 Persons who are not Eligible Shareholders as of the Record Date will not be entitled to participate in the Offer except as stipulated in paragraph 1.1.5 below.

1.1.4 The Rights Issue is on the basis of a ratio of Five (5) New Shares for every One (1) Existing Share, being the Entitlement Ratio. The Entitlement Ratio, once declared, will not be altered.

1.1.5 The number of New Shares that an Eligible Shareholder is entitled to (i.e. your Entitlement or your number of Rights) is shown on the PAL.

1.1.6 Rights are renounceable and may be sold or transferred to third parties subject to the provisions of this Information Memorandum. Information on how Rights may be sold or transferred is set out in paragraph 1.7 below.

1.1.7 Eligible Shareholders may also, at their option, choose not to take any action at all and untaken Rights will be allocated by the Directors in accordance with the Allocation Policy.

1.2 Status of New Shares

The New Shares will rank pari passu in all respects with the Existing Shares including the right to receive in full all dividends and other distributions declared, made or paid in respect of TransCentury shares for the year 2022.

1.3 Opening and Closing Date of the Rights Issue

The Rights Issue will open at 9 am on Thursday, 29 December 2022 and close on Monday, January 23, 2023. The New Shares will commence trading at 9 am on Tuesday, February 28, 2023.

1.4 Entitlement

1.4.1 Your Entitlement is shown on the accompanying PAL.

1.4.2 The number of New Shares offered to Eligible Shareholders has been calculated pro-rata on the basis of the Entitlement Ratio and no restrictions are placed on the number of Existing Shares to be held before your Entitlement accrues. However, mathematically, this might result in fractional entitlements to New Shares and in such an event, fractions will be rounded downwards to the nearest whole number. Kindly therefore note that where this occurs, the Eligible Shareholder will be allotted the number of New Shares after rounding down.

1.4.3 Fractions of New Shares that result from applying the Entitlement Ratio will form part of the Untaken Rights.

1.4.4 Eligible Shareholders will have their CDS Accounts credited with the applicable Entitlement and TransCentury will notify the Eligible Shareholders of their credited Entitlement through the PAL.

1.4.5 Investors who wish to become shareholders in TransCentury via this Rights Issue can purchase Rights being sold on the NSE by Eligible Shareholders. Such investors will be issued with a Form E (see below) from their Authorised Agent which is required to be duly completed, accepted and fully paid for as per the Acceptance Procedure below. These investors can apply for Additional Shares provided they take up their Entitlement in full.

1.4.6 Eligible Shareholders and other investors are required to note that if they wish to take any action other than (a) full acceptance of their Entitlement or (b) to allow their Entitlement to lapse in full are asked to note that the following documents may be required for the alternative actions as described below:

Form R Form of Renunciation for Private Transfers to be used by Eligible Shareholders renouncing or transferring their Rights by way of private transfer and by Renouncees to take up their New Shares. Where applicable this form will be included in the envelope with the PAL.

Form Z Power of attorney - To be completed by Eligible Shareholders wishing to appoint a third party as their lawful attorney or agent to act on their behalf in connection with the Rights Issue. This form is included in the envelope, together with your PAL.

Form E Form of Entitlement for Purchased Rights to be used in the case of Rights purchased on the NSE by any person and issued in favour of such person, who may optionally apply for additional rights. This form will be sent to the Authorized Agent through whom the transaction was submitted.

Section 9: Details of the Rights Issue

1.5 Acceptance Procedure

Acceptance of the Offer, once given is irrevocable. Full details of the procedure for acceptance and payment are set out below:-

1.5.1 Acceptance may only be communicated by submitting a duly completed Entitlement and Acceptance Form together with Application Money for the number of New Shares (including any Additional Shares) specified in the Entitlement and Acceptance Form, which constitutes a binding application for the number of New Shares (including any Additional Shares) specified in the Entitlement and Acceptance Form on the terms set out in this Information Memorandum. The Entitlement and Acceptance Form must be signed so as to be binding.

1.5.2 If the Entitlement and Acceptance Form is not completed correctly or contains alterations, TransCentury may in its absolute discretion either reject it or treat it as valid, and TransCentury's decision as to whether to accept or reject, or how to construe, amend or complete an Entitlement and Acceptance Form shall be final.

1.5.3 The Entitlement and Acceptance Form, once duly completed and signed, must be returned to the Receiving Agent either directly or through any Authorised Agent, together with the Application Money for the number of New Shares. Payment of the Application Money by all Eligible Shareholders must be made as specified in paragraph 1.8.1 by 3 pm on Monday, January 23, 2023.

1.5.4 New Shares in respect of which duly completed and signed Entitlement and Authorised Forms together with the Application Money, paid in accordance with paragraph 1.5.3 above, which are not received by the Receiving Agent or an Authorised Agent by the dates and times stipulated in paragraph 1.5.3 above will be deemed not to have been duly subscribed for and any rights in connection with the same will have lapsed.

1.5.5 Except in the case of negligence or wilful default on the part of TransCentury, their Advisors or any of the Authorized Agents, neither TransCentury, nor any of the Advisors nor any of the Authorized Agents shall be under any liability whatsoever should an Entitlement and Acceptance Form not be received by the Closing Date.

1.5.6 Eligible Shareholders who wish to take up their full Entitlement are required to duly complete the section entitled "Full Acceptance of New Shares" (PART 1A) as well as other relevant sections of the PAL. Eligible Shareholders wishing to accept only part of their Entitlement are required to duly complete the section of the PAL entitled "Partial Acceptance of New Shares" (PART 2) as well as other relevant sections of the PAL. Please note that partial acceptance will not be permitted for less than One hundred (100) New Shares.

1.6 Application for Additional Shares and Allocation Policy

1.6.1 Eligible Shareholders who have taken up all their Entitlement may apply for Additional Shares by completing the section for Application for Additional Shares (PART 1B) on their Entitlement and Acceptance Form and signing and returning the duly completed and signed Entitlement and Acceptance Form together with the Application Money. These should be received by the Receiving Agent or the relevant Authorised Agent not later than 3 pm on Monday, January 23, 2023. Applications for Additional Shares should be in multiples of 100.

1.6.2 Additional Shares applied for by Eligible Shareholders will be allocated by the Board of TransCentury in accordance with the Allocation Policy to the extent only of Untaken Rights. Please note that payment in respect of any Additional Shares applied for and not allocated will be refunded in accordance with paragraph 1.10 and will be free of interest. There will be no changes once the basis of allocation has been announced.

1.6.3 The press announcement publishing the result of the Rights Issue will include the basis of allocation of any Additional Shares and will be published on Thursday, February 9, 2023.

1.6.4 Subject to paragraph 1.6.2 and 1.12.1 of this Section, the Untaken Rights will be allocated on a pro rata basis to Eligible Shareholders who have applied for Additional Shares in accordance with this paragraph 1.6 (Application for Additional Shares and Allocation Policy).

1.6.5 If any person applies for Additional Shares which might trigger the regulatory restrictions and obligations set out in paragraph 1.15 (Regulatory Restrictions) of this Section, the Directors reserve the right, at their sole discretion, not to allocate any Additional Shares to any such person unless all required regulatory approvals are duly obtained and attached with the PAL before 3 pm on Monday, January 23, 2023.

1.6.6 Eligible Shareholders wishing to take up Additional Shares are required to duly complete the section entitled "Application for Additional Shares" (PART 1B) as well as other relevant sections of the PAL.

1.7 Renunciation of Rights

The Rights are renounceable. Accordingly, Eligible Shareholders may elect to (a) give up their Rights in full or in part or (b) transfer their rights in full or in part (c) sell their Rights in full or in part, all in accordance with the procedures set out below.

1.7.1 Renunciation by way of Trading in the Rights

(a) The Rights constitute a security in the form of an option and are tradable on the NSE for a value but only by Eligible Shareholders. The Rights shall be listed under the AIMS.

(b) Eligible Shareholders will be notified of their Rights through the PAL.

(c) In addition, Eligible Shareholders will have their CDS Accounts credited with their Rights.

(d) Only Eligible Shareholders will be permitted to trade in Rights. In such an event, Eligible Shareholders who wish to renounce some or all of their Rights in this way may instruct any Authorised Agent to dispose of any or all of such Rights by way of sale on the NSE.

(e) Rights may be traded on the NSE from Thursday, December 29, 2022 to Friday, January 13, 2023.

(f) Please note that trading of Rights on the NSE will attract a brokerage commission plus other statutory costs payable by the seller and buyer of such Rights.

(g) The CMA and NSE have approved the trading of Rights.

1.7.2 Renunciation by way of Private Transfer

(a) Eligible Shareholders wishing to transfer their Rights to a particular Renouncee may do so by way of private transfer, subject to (a) Section 31 of the Capital Markets Act (b) Regulations 57 to 61 of the Capital Markets (Licensing Requirements) General (Amendment) Regulations 2002 and

(c) Rule 31 of the Central Depository Rules, 2004. Regulation 57 allows a transfer of Rights inter alia by an Eligible Shareholder to a close relation in the form of a gift. In such a case, any Authorised Agent, being a stockbroker, is required to assess, endorse and submit to the NSE a written application for such a transfer with the required information and supporting documents stating the reason for the proposed private transfer. A close relation means a relationship supported by documentary evidence of a spouse, parent, sibling, child, father-in-law, son-in-law, daughter-in-law, mother-in-law, brother-in-law, son-in-law, grandchild or spouse of a grandchild.

(b) In order to effect a private transfer, an Eligible Shareholder must duly complete FORM R.

(c) The last date and time for renunciation by way of private transfer is 3 pm on Monday, January 9, 2023. Eligible Shareholders are advised to contact any Authorised Agent for the purposes of effecting the renunciation by way of private transfer.

(h) If an Eligible Shareholder accepts some of his Rights and renounces the remainder by way of private transfer in the manner specified in this paragraph 1.7.2 (Renunciation by way of Private Transfer), such Eligible Shareholder shall be required to submit the Entitlement and Acceptance Form in addition to the resulting FORM E, both duly completed and signed and accompanied with the Application Money in connection with the Accepted Rights to the Receiving Bank or the relevant Authorised Agent not later than 3 pm on Monday, January 23, 2023.

1.7.3 Renunciation by declining

(a) Eligible Shareholders who wish to decline their Rights need not do anything. Any Rights not taken up by such Eligible Shareholders will form part of the Untaken Rights.

1.7.4 Restriction on Renunciation of Rights

(a) Paragraph 1.15 (Regulatory Restrictions) of this Section sets out certain regulatory restrictions and obligations that may be relevant to any Eligible Shareholder or Renouncee.

(b) Please note that any renunciation by way of trading of Rights through NSE or by way of private transfer of Rights in accordance with paragraph 1.7.1 (Renunciation by way of Trading in Rights) and paragraph 1.7.2 (Renunciation by way of Private Transfer) of this Section is only permitted if such renunciation does not trigger the said regulatory restrictions and obligations.

1.8 Application Money

1.8.1 Payment for the New Shares shall be made by Direct Payment in the form of a banker's cheque, Mpesa or RTGS. Please note that for values that are one million Kenya shillings and above, payment must be by RTGS. Payment may also be made by stockbrokers on behalf of Eligible Shareholders (Global Payment System or GPS). Banker's cheques for each PAL must be in Kenya Shillings and drawn on a licensed commercial bank that is a member of the Central Bank of Kenya Clearing House, and should be made payable to "TransCentury Rights Issue-PAL No XXX" and be crossed "A/C Payee Only". Each banker's cheque received by the Receiving Bank will be deposited immediately for collection. For Direct Payments made by way of RTGS, contact your Authorized Agent for remittance details. Please note that no interest will be payable by TransCentury on money received.

Any Eligible Shareholders applying for any New Shares may provide an irrevocable bank guarantee in the form stipulated in Appendix to this Information Memorandum, for the full amount of the New Shares applied for, provided that such application is for a value of KShs. 1,000,000 and above. Such bank guarantee must be authenticated by the guaranteeing bank via a SWIFT message sent to TransCentury before 3pm Friday, 27 January 2023. The Eligible Shareholder must attach the letter of guarantee to the PAL at the time of submission by 3pm on Monday, January 23, 2023.

1.8.2 Payments made in accordance with paragraph 1.8.1 above will, upon receipt by TransCentury of the relevant amount in cleared funds, constitute acceptance of the Rights Issue upon the terms and conditions set out in this Information Memorandum and in the Entitlement and Acceptance Form.

1.8.3 Eligible Shareholders are required to pay the Subscription Price per New Share in accordance with the Entitlement and Acceptance Form.

1.9 Rejection Policy

Any application will be rejected for the following reasons:

1.9.1 The PAL is missing or incomplete;

1.9.2 the cheque payment, RTGS and/or irrevocable bank guarantee is in respect of an amount less than the value of the New Shares applied for;

1.9.3 the cheque, RTGS or irrevocable bank guarantee is defective for any reason;

1.9.4 the irrevocable bank guarantee has been varied from the form of Bank Guarantee in Appendix B;

1.9.5 missing or illegible name of primary applicant/joint applicant/corporate applicant in any application;

1.9.6 missing or illegible identification number, including company registration number;

1.9.7 missing account number or name for nominee applications;

1.9.8 insufficient documentation;

1.9.9 missing or illegible postal address and postal code;

1.9.10 missing bank details and verification documents where mode of refund is indicated as electronic fund transfer and the bank mandate details are not provided (the refund will be defaulted to a cheque payment);

1.9.11 missing or inappropriately signed PAL including:

1.9.11.1 primary signature missing from signatures box;

1.9.11.2 joint signature missing from signature box;

1.9.11.3 one or both of the directors/official or a director and company secretary has/have not signed in the case of a corporate application; or

1.9.11.4 application bears stamps from two different agents,

1.9.12 payment

1.9.12.1 personal cheques will not be accepted;

1.9.12.2 cash payments will not be accepted;

1.9.12.3 post-dated or stale cheques will not be accepted

1.9.12.4 amount in words does not correspond with amount in figures;

1.9.12.5 amount on cheque does not correspond with amount on Application Form;

1.9.12.6 cheque is not signed;

1.9.12.7 cheque carries alterations; mutilated or cancelled cheques;

1.9.12.8 endorsed cheques will not be accepted; or

1.9.12.9 multiple types of payment for one application will not be accepted.

1.10 Refunds

1.10.1 In the event that the Rights Issue is not successful, or an application is rejected, or the Allocation Policy results in entitlements which necessitate refund of applicant monies, then the Application Monies will be refunded in accordance with this paragraph.

1.10.2 No interest will be paid on any Application Monies to any Eligible Shareholder or other person taking the Rights. Interest, if any, earned on Application Monies is payable to the CMA Investor Compensation Fund in accordance with CMA regulations.

1.10.3 Refunds in respect of applications for additional shares, where the allotted value is less than that applied for shall be in the form of refund cheques or by way of EFT by TransCentury (where an Eligible Shareholder has provided accurate EFT details to the CDSC via their broker). Applicants who have not provided EFT information via the CDSC will not be eligible to a refund by EFT. TransCentury will begin refunds to Eligible Shareholders from Wednesday, 22 February 2023. Eligible Shareholders are required to choose their preferred option of refund: (a) by EFT, or (b) collected by the Eligible Shareholder from the relevant Authorised Agent (as designated by the Eligible Shareholder on the PAL for that purpose) against proof of identity. Neither TransCentury nor any Authorised Agent will be responsible for any refund not received. Where a Lender (hereinafter defined) has advanced money to an investor to subscribe for New Shares, refunds will be made to or for the account of such Lender as the case may be.

1.10.4 Payment of refunds in foreign currency shall be made having regard to the prevailing exchange rates less bank charges for the foreign currency draft and any fluctuations in the exchange rate shall be for the Eligible Shareholder's or Investor's account.

1.10.5 Other than with respect to refund of the Application Monies in accordance with this clause, neither TransCentury nor its appointed agents or advisers will be liable for any losses incurred as a result of the Rights Issue not completing for any reason, or rejection of an application in accordance with the terms of this Information Memorandum.

1.11 New Shares

1.11.1 Eligible Shareholders and their Renouncees who comply with the procedures for acceptance as set out in this Information Memorandum, will receive their New Shares in electronic form by way of credit to their respective CDS Accounts. It is the responsibility of Eligible Shareholders and Renouncees to ensure that their CDS Account details set out in the Entitlement and Acceptance Form are correct.

1.11.2 New Shares will be admitted on the AIMs on Tuesday, February 28, 2023 with dealings of New Shares commencing on the same date.

1.12 Untaken Rights and Allocation Policy

1.12.1 All Eligible Shareholders who apply for their New Shares in full shall receive the full number of New Shares indicated in their PAL. New Shares not taken up shall form the Untaken Rights. The Untaken Rights may be allocated as Additional Shares in accordance with the Allocation Policy set out in this paragraph to Eligible Shareholders who duly submit applications for Additional Shares in accordance with paragraph 1.6 (Application for Additional Shares and Allocation Policy) of this Section.

1.12.2 Any residual Rights not taken up after allocation of the Untaken Rights in accordance with paragraph 1.6 (Application for Additional Shares and Allocation Policy) may be allocated by the Board on a pro-rata basis subject to paragraph 1.15 (Regulatory Restrictions) and if not so allotted, will lapse on Wednesday, February 15, 2023.

1.13 Oversubscription

1.13.1 If the number of shares in respect of which applications for Additional Shares have been received is greater than the Untaken Rights, TransCentury's Board may at its discretion convene a general meeting to seek approval from shareholders, subject to regulatory approval, for the creation of additional ordinary shares of the Issuer (the Oversubscription Shares) to be allotted to the Eligible Shareholders whose applications for Additional Shares remain outstanding after allocation of the Untaken Rights. The Oversubscription Shares will be allotted in accordance with the Allocation Policy set out in paragraph 1.6 (Application for Additional Shares and Allocation Policy).

1.13.2 If the Board convenes a general meeting of the Issuer to approve the creation and issuance of the Oversubscription Shares, the Application Monies relating to the applications for Additional Shares which are in excess of the Untaken Rights will not be refunded immediately following the announcement of the results of the Rights Issue as contemplated in paragraph 1.10 (Refunds), but will be held by the Issuer in trust for the applicants pending allotment of the Oversubscription Shares.

1.13.3 The general meeting referred to in paragraph 1.13.1 above shall be held within twenty-one (21) Business Days of the date that the results of the Rights Issue are announced to the public in accordance with this Information Memorandum.

1.13.4 Subject to receipt of shareholder and regulatory approvals, the Oversubscription Shares will be credited to the CDS Accounts of the Eligible Shareholders with outstanding applications for Additional Shares within two (2) Business Days of the general meeting referred to above, and trading of the Oversubscription Shares on the NSE will commence within one (1) Business Day thereafter.

1.14 Foreign Investors

1.14.1 The Capital Markets (Foreign Investors) Regulations, 2002 (as amended) ("the Foreign Investor Regulations") provide that "a foreign investor" ("Foreign Investor") is any person who is not a local investor. A "local investor" is defined to mean (a) an individual being a natural person who is a citizen of an East African Community Partner State or (b) a body corporate being a company incorporated under the Companies Act of Kenya or such other similar statute or an East African Community Partner State in which the citizen or the Government of an East African Community Partner State have beneficial interest in 100 percent of its ordinary shares or any other body corporate established or incorporated in an East African Community Partner State under the provisions of any written law. An East African Community Partner State means States that are members of the East African Community.

1.14.2 Foreign Investors wishing to apply for New Shares must satisfy themselves as to the full observance of the laws of the relevant territory and governmental and other consents to ensure that all requisite formalities are adhered to, and pay any issue, transfer or other taxes due in such territory. Before applying for and purchasing New Shares, foreign investors are advised to consult their own professional advisers as to whether they require any governmental or other approvals or need to observe any applicable legal or regulatory requirements.

1.14.3 This Information Memorandum and accompanying PAL do not, and are not intended to, constitute an offer for the New Shares in any place outside Kenya or in any circumstances where such offer or solicitation is not authorised or is unlawful. In that regard, this Information Memorandum and accompanying PAL may not be used for or in connection with any offer to, or solicitation by, anyone in any jurisdiction or in any circumstances where such offer or solicitation is not authorised or is unlawful. The distribution of this Information Memorandum and the accompanying PAL outside of Kenya may be restricted by law and persons who come into possession of this Information Memorandum and the accompanying PAL should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws. Any such recipient must not treat this Information Memorandum and accompanying PAL as constituting an offer to him, unless in the relevant jurisdiction, such invitation or offer could be made lawfully to him without contravention of any unfulfilled registration or legal requirements. Without limitation, neither this Information Memorandum nor the accompanying PAL may be sent or passed or otherwise distributed outside Kenya.

1.14.4 In particular, the Rights Issue has not been, and will not be, registered under the United States Securities Act, 1933 or the securities laws of any state in the United States of America and is not being made in the United States of America or to persons' resident in the United States of America. Without limitation, neither this Information Memorandum nor the accompanying PAL may be sent or otherwise distributed to investors in the United States of America.

1.14.5 Eligible Shareholders with a registered address in Kenya holding Existing Shares on behalf of persons who are resident in a jurisdiction outside Kenya are responsible for ensuring that taking up New Shares under the Rights Issue does not breach securities laws in that other jurisdiction. The return of a duly completed Entitlement and Acceptance Form in accordance with this Information Memorandum will not be deemed as a representation that there has been no breach of such laws.

1.15 Regulatory Restrictions

Eligible Shareholders are requested to note that TransCentury is subject to the provisions of the Capital Markets Legislation, Notable, for purposes of the Rights Issue are the provisions summarised below. Eligible Shareholders are required to seek their own advice in connection with these matters. Kindly note that the Directors may take the said provisions into account when determining the allocation of any Untaken Rights to applicants for Additional Shares.

1.15.1 The Capital Markets (Take-Overs and Mergers) Regulations, 2002, oblige the observance of certain procedures if any person takes up Rights which would result in that person "acquiring effective control" of a listed company.

1.15.2 The Banking Act precludes any person from becoming a "significant shareholder", being a person, other than the Government of Kenya or a public entity who holds directly or indirectly or otherwise has a beneficial interest in more than 5% of the share capital of a bank, unless such person has been certified by the Central Bank of Kenya as a fit and proper person. As TransCentury owns 10.7% of the shares of the Development Bank of Kenya Limited ("DBK"), an acquisition of shares pursuant to the Rights Issue which results in the acquirer obtaining a beneficial interest of more than 5% in DBK will be subject to such approval by the Central Bank of Kenya.

1.15.3 Any acquisition of New Shares in TransCentury that would result in the acquirer acquiring control in the Issuer (as such term is defined in the respective competition regimes) may require approvals from the Competition Authority of Kenya; Tanzania's Fair Competition Commission and the COMESA Competition Commission.

1.16 Tax Implications

1.16.1 Eligible Shareholders interested in participating in the Rights Issue should consult their tax advisor of any possible tax implication connected with the Rights Issue. Therefore, TransCentury and the Directors consider it inappropriate to provide detailed advice in respect of taxation consequences in connection with the Rights Issue save for what is expressly set out in this Information Memorandum.

1.16.2 Neither TransCentury nor any of the Directors or any TransCentury's officers or advisers accepts any liability for any taxation implications of Eligible Shareholders in connection with the Rights Issue.

1.16.3 Local investors are subject to withholding tax on dividends at the rate of five (5) percent. Foreign Investors will be subject to a withholding tax rate of ten (10) percent.

1.17. Expenses of the Rights Issue

Expense	Amount (KShs)
TransactionAdvisor Remuneration	5,000,000.00
Sponsoring Stockbroker(1)	NA
Legal Costs	20,000,000.00
Reporting Accountants' Remuneration	9,160,750.00
Placement Commission(2)	30,954,228.00
CMA Approval Fees	5,209,038.00
NSE Admission Fees	250,000.00
Printing, Postage and other Disbursements	2,000,000.00
PR and Advertising Costs	6,430,650.00
Data Processing and Registrar Costs, and other Miscellaneous Costs	5,000,000.00
Receiving Bank	3,000,000.00
Total	**87,004,666.00**

The expenses are indicative:

(1) No Sponsoring broker fees has been charged for this transaction.
(2) Placement commission of 1.5% is payable to Members of the NSE (Subject to a minimum of KShs 100).

The placement fees quoted assumes 100% rights subscription rate.

2. Governing Law

The Rights Issue Documents and any contract resulting from the acceptance of an application to purchase the New Shares shall be governed by and construed in accordance with the Laws of Kenya and it shall be a term of each such contract that the parties thereto and all other interested parties submit to the exclusive jurisdiction of the Courts of Kenya.

transcentury.co.ke

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.

AHIDI +32%

Achieve together

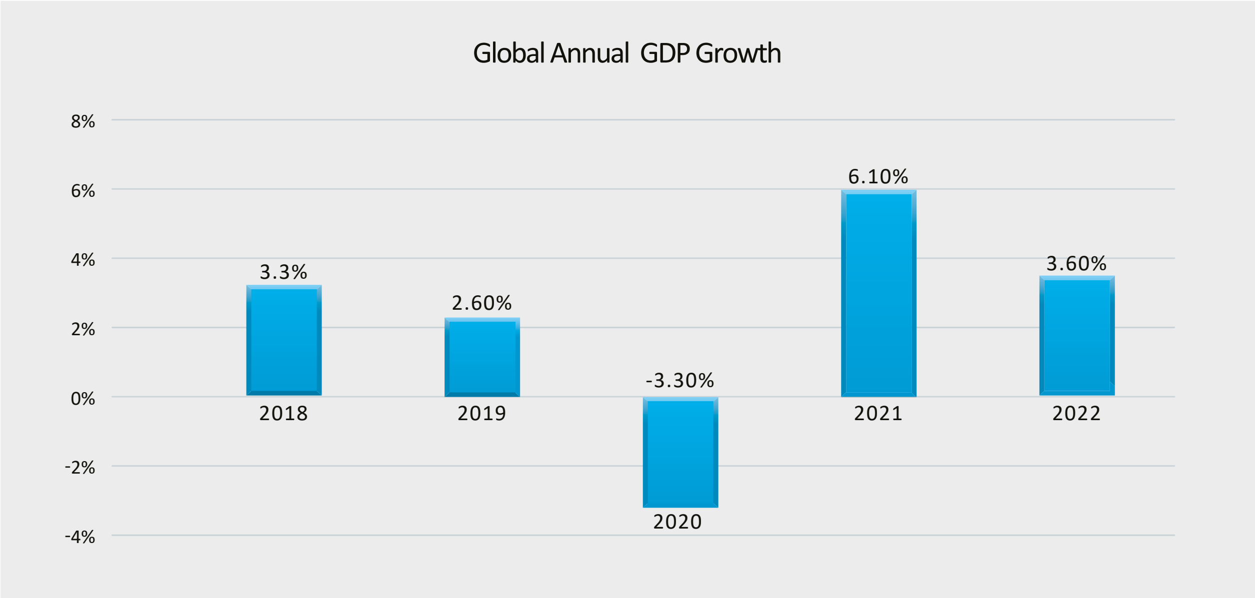
TransCentury

Impacting Africa

Section 10: Economic Review

1. Global Economic Overview

The latest global economic outlook report by the International Monetary Fund (IMF) projects global economic growth (GDP) to slow from an estimated 6.1% in 2021 to 3.6% in 2022 assuming the ongoing conflict in Ukraine does not spill over to other countries and that the effects of Covid-19 gradually recede over the year.

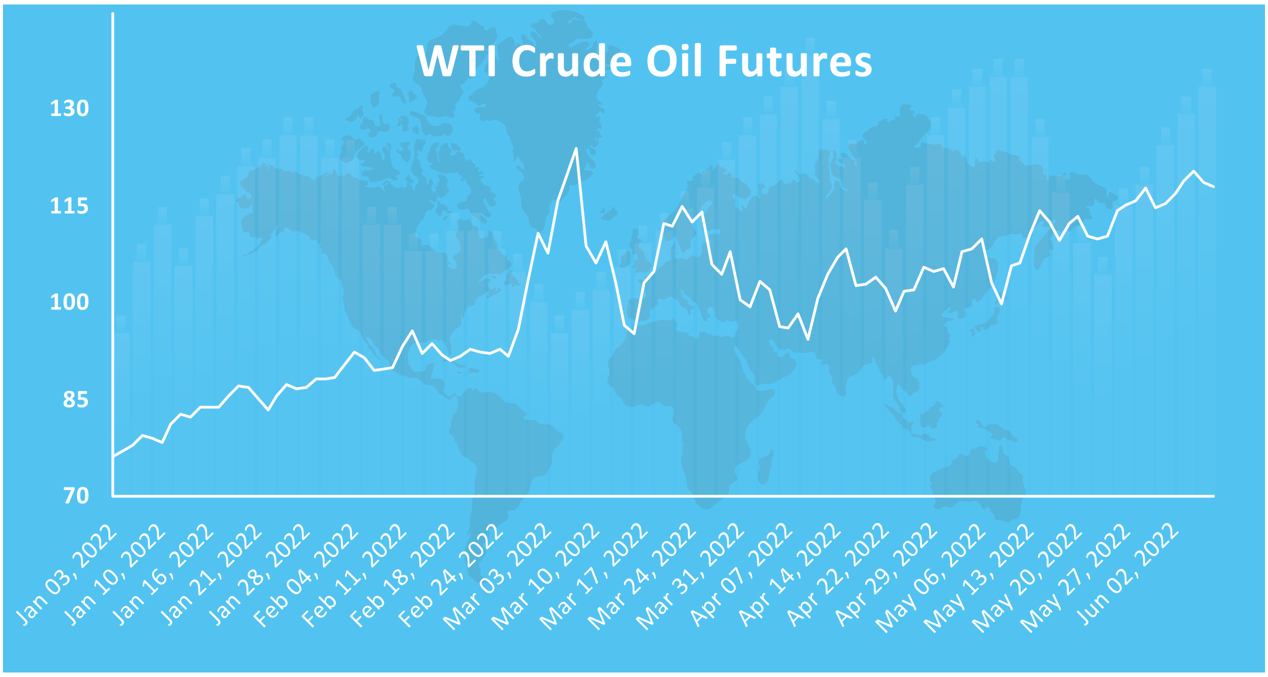


Source: IMF, World Economic Outlook 2022

The global economy was on a path of recovery especially for the latter half of 2021 but has since slowed down amid threat of new COVID-19 variants, knock-on effects of the war in Ukraine, uncharacteristically high inflation and lingering supply bottlenecks.

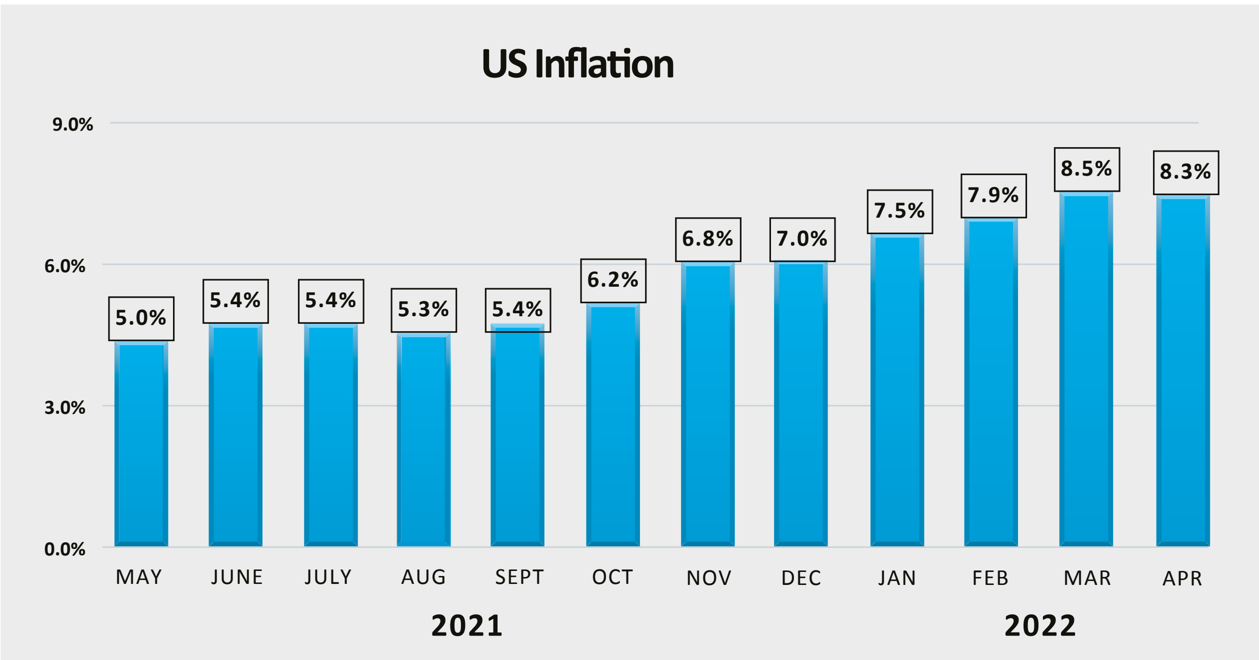
When the world seemed poised for a calm season focused on economic recovery, it was stunned by Russia's Invasion of Ukraine in February this year. This 'special military operation' has brought untold human suffering and the mass destruction of critical infrastructure in most parts of Ukraine.

Away from the battle frontlines, the economic effects of this war have travelled far and wide, especially through energy and food price hikes, thanks to the increasingly interconnected global supply chains. Russia is a major supplier of oil, gas, and metals, as well as wheat, corn and fertilizer jointly with Ukraine. With the two factions locked in fierce combat, this has greatly curtailed the production and supply of these products to the rest of the world. The present as well as anticipated supply shortages is expected to drive up the price of fuel, metals and food globally. North and sub-Saharan Africa which heavily rely on wheat, corn and oil imports from Russia and Ukraine will be greatly affected, more so the lower income households.



Source: IMF, World Economic Outlook 2022

Even prior to the war, inflation had surged in many economies, principally driven by soaring commodity prices and pandemic-induced supply constraints. The US recorded the highest inflation in 40 years in March 2022 prompting the Federal Reserve to increase the federal funds rate, the chief determinant of bank interest rates, by 50 basis points in early May, building up on the 25 basis points hike in March this year. The Euro Zone likewise registered a record 7.5% inflation rate in April forcing the European Central Bank (ECB) to mull over a series of interest rate hikes as from July to rein in inflation. The extent of the rate hikes by the ECB may very well bring the negative interest rates era in Europe to an end. Lending rates have been sub-zero since June 2014 when the ECB was fighting the debt crisis.



Source: IMF, World Economic Outlook 2022

Section 10: Economic Review

The international labour organization (ILO) considers global employment and the social outlook as uncertain and fragile. The modest recovery realized in the second half of 2021 is slowly getting eroded on account of fresh challenges in 2022. Employment and output recovery was largely tied to the success of containment measures employed by different regimes such as vaccination campaigns. The recovery was therefore uneven in different parts. The recovery in developing countries has been much slower, trailing those of developed countries owing to lower vaccination penetration and tighter fiscal space.

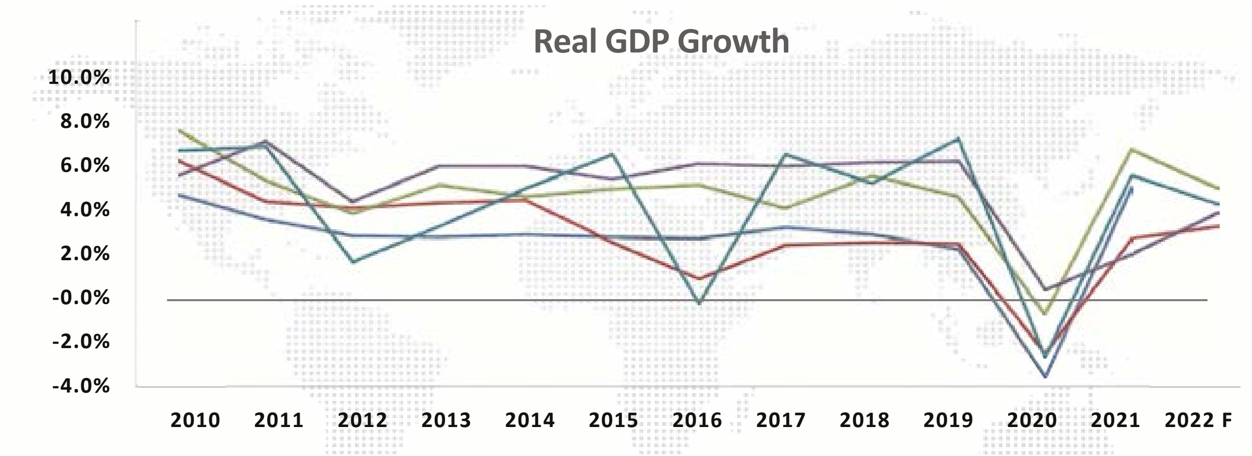
General employment has recovered in most parts globally, especially with the easing of Covid related restrictions and the subsequent gradual resumption of normalcy. Unemployment in OECD countries, fell from 5.3% in January 2022 to 5.2% in February. This was the first time it has fallen below pre-pandemic levels. This is an indicator of economic recovery in many OECD countries, which then necessitates the engagement of more workers.

2. Sub-Saharan Africa Economic Performance

2.1 Real Economic Growth Rate (GDP)

The regional economy has witnessed impressive growth with the IMF reporting a 3% and 3.5% growth for the 2018 and 2019 periods. This growth was however, disrupted by the Covid-19 shocks that led to the region's first recession in 25 years. Notably, the regional economy was resilient relative to the rest of world economies which declined by 5.6% in the same period. The SSA economy was supported by relatively lower spread and mortality rates from Covid-19, agricultural sector growth, and faster than anticipated recovery in commodities prices.

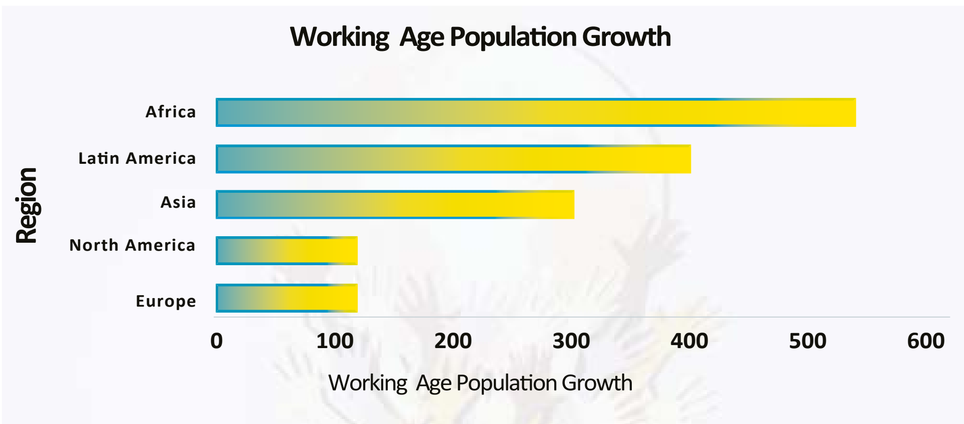
The Sub-Saharan Africa economy recovered from the 2020 recession to grow by 3.7% in 2021. This growth was supported by high commodity prices and increased agricultural production attributed to favourable weather conditions. The recovery was however, slowed by delayed rollout and low vaccine uptake in 2021 which hindered full reopening of the economy.



Source: World economic Outlook 2021

Growth momentum for the region has been weakened from 4.5% forecasted in the beginning of the year to 4.0% for 2022. This is due to the global economic shocks triggered by the Russia-Ukraine war that has hit the region at a time when countries have minimal to non-existent policy space. With the rising prices for oil and food, commodity importing countries continue to experience adverse trade and fiscal balances coupled with threats to food security.

The region's GDP growth is expected to be underpinned by the rise of the middle class, population growth, youth dominance, rapid urbanization and the fast adoption of digital technologies. The East African region, TC's main market, has mirrored the SSA economic growth with the region being home to the fastest growth expected in the medium term.



Source: OECD

Section 10: Economic Review

Inflation: In the region, recent inflationary pressures have been compounded by the rise in commodity prices especially for energy and food products due to the war in Ukraine. Notably, output levels remain below pre-pandemic trends in most countries even as central banks face an onerous task of balancing between curbing inflation and supporting growth. Some countries in the region have increased interest rates in line with high inflation expectations, and more tightening may be needed. It is therefore paramount for central Banks in the region to continue monitoring price developments and maintain a credible policy framework in order to mitigate financial stability risk.

Exchange rate: The exchange rates across the region have experienced downward pressure against major currencies due to upward revisions in benchmark rates in the US and Eurozone area as well as rising geopolitical risks which have been further constrained by low levels of international reserves.

Debt vulnerabilities: Global economic shocks triggered by the Russia-Ukraine war have hit the region at a time when countries have minimal to non-existent fiscal space to support the economies. Public debt ratios are now at their highest levels since the beginning of the century, and many low-income countries are either in debt distress or close to it. Commodity-importing countries that are facing tighter fiscal constraints will have to consider significant reprioritization of spending, while commodity exporting countries should take advantage of higher commodity price to generate sizable fiscal windfalls and in turn use these gains to rebuild their buffers and address elevated fiscal vulnerabilities. The fiscal policy response will therefore need to be carefully calibrated and targeted at supporting the economy without adding to debt vulnerabilities.

In the medium term, it is expected that most countries will pursue fiscal consolidation to reduce debt vulnerabilities and lay the ground for stronger and more sustainable growth. This will require improving revenue mobilization and increasing the efficiency of public spending in high impact segments of the economy e.g. Energy, Transportation, Agriculture, where TransCentury predominantly operate in.

2.2 Urbanization and Trade

Following the 2019 announcement of the African Continental Free Trade Area, it is expected that investors are going to focus their investments on urban cities, economic corridors and regions. Leading cities, such as Kigali, Johannesburg and Nairobi are likely to stand out for their status as financial-technology hubs, middle-class consumers and connectivity.

With large, stable markets and a growing middle class the region is set to attract foreign direct investments with a focus shift from the extractives sector to telecommunication, transport infrastructure and energy. Urbanization continues to be a major driver of infrastructure coupled with the demographic shifts that are expected to increase infrastructure demand. This is likely to support TC's growth expectations positively impacting future revenues of the company.

2.3 Re-evaluating the global supply chain

In the EY Global Capital Confidence Barometer March 2020 edition, 52% of executives said the pandemic has led them to consider relocating some of their functions to other regions other than Asia. Africa is making a stronger play for manufacturing and supply chain opportunities that have been anchored in Asia with TransCentury well positioned for growth in these segments. As a result of the disruption in global supply chains witnessed during the pandemic, consumers are increasingly looking at local procurement versus global procurement to ensure sustainability. TransCentury being a local player has an advantage and will benefit from this shift.

2.4 Infrastructure investment to power sub-Saharan Africa growth.

Most of Africa lags behind the rest of the world in coverage of key infrastructure including energy, road and rail transportation, and water infrastructure. For example, nearly 600 million people in sub-Saharan Africa lack access to grid electricity, accounting for over two-thirds of the global population. With improved governance and political stability in the region, investors will be keen to leverage on the existing structural and financing gaps to earn good returns as they solve these systemic challenges through high impact projects. It is therefore of paramount importance for investors to work with respective governments to identify priority infrastructure projects in different regions.

The African Development Bank (AFDB) in 2018 noted that, Africa's Infrastructure investment needs have increased over time, reaching USD 130– 170 billion a year by 2018, with a financing gap of USD 68–108 billion. Further, investors continue to demonstrate increased appetite to invest in the region with over USD550 billion available for allocation to infrastructure projects. It is therefore expected that the investment in infrastructure in the medium to long term will stimulate industrialisation in the region through good quality, quantity, and access to infrastructure thus spurring growth in the manufacturing and services sector, as well as increase intraregional trade. Africa is building infrastructure that will lay a foundation for future prosperity. Increased investments in key sectors such as agriculture, services, infrastructure, health and education coupled with the ongoing global economic recovery and continuing political reforms are expected to drive TransCentury's business.

3. Kenyan Economic Performance Macroeconomic Overview 2016 to 2021

Indicators	2016	2017	2018	2019	2020	2021	2022E
GDP (current prices) - USD Billions	74.82	81.96	92.21	100.50	101.28	109.80	114.68
GDP (current prices) - KShs Billions	7,594.06	8,483.40	9,340.31	10,255.65	10,752.99	12,019.08	13,519.87
GDP per capita - USD	1,688.87	1,805.38	1,983.03	2,111.43	2,079.96	2,204.72	2,251.98
GDP per capita - KShs	171,423.56	186,858.95	200,866.81	215,454.92	220,834.03	241,343.95	265,491.83
Real GDP Growth	4.21%	3.82%	5.63%	4.98%	-0.32%	7.23%	5.66%
Inflation	6.32%	7.99%	4.69%	5.20%	5.29%	6.11%	7.21%
Population (Millions)	44.3	45.4	46.5	47.6	48.693	49.801	50.924

Source: IMF, World Economic Outlook April 2022

Section 10: Economic Review

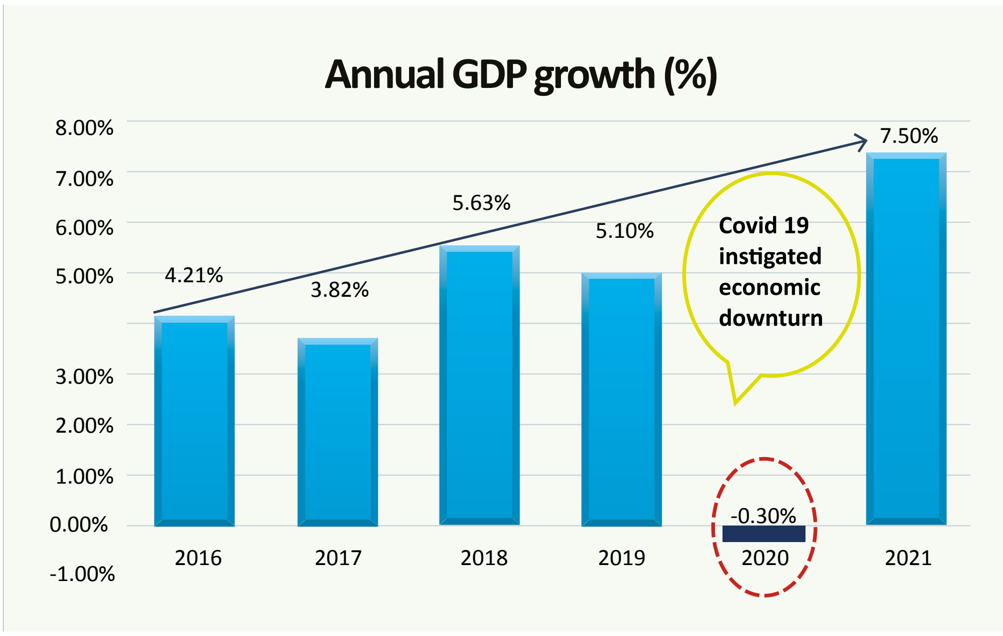
3.1 Economic Growth

Over the past four years leading to 2020, the Kenyan economy had made significant political and economic reforms that had mainly contributed to the sustained economic growth averaging at 5.7%. This run was dampened when growth decelerated from 5.10% in 2019 to -0.3% in 2020 as a result of stringent measures put in place by the Government to contain the spread of the COVID-19 virus.The Kenyan economy has however demonstrated resilience to the COVID-19 shock, with output rising above pre-pandemic levels in 2021. According to KNBS Economic Survey 2022 Report, Real Gross Domestic Product (GDP) is estimated to have grown by 7.5% in 2021 compared to a contraction of 0.3% in 2020. Nominal GDP increased from KShs.10,716.0 billion in 2020 to KShs.12,098.2 billion in 2021 while Gross domestic per capita increased by 11.4% from KShs.220,132.2 in 2020 to KShs.245,145 in 2021.

This growth was anchored on positive growths recorded especially on the sectors severely affected by the pandemic in 2020. Sectoral growth recorded was as follows: Manufacturing +6.9%, Wholesale and Retail Trade +7.9%, Real Estate +6.7%, Transportation and Storage +7.2%, Financial and insurance activities +12.5% while, the Agriculture, Forestry and Fishing activities contracted by 0.2% in the review period.

Agriculture remained the largest sector, accounting for about 22.4% of the overall GDP albeit reporting dismal performance due to the unfavorable weather patterns in 2021. Industry related and service activities accounted for about 17.0% and 60.6%.

The outlook generally points to an acceleration of economic growth over the medium term to achieve a forecast consensus of 5.4% from the World Bank, IMF, National Treasury, Oxford Economics, CBK & AFDB in 2022-2023 which is similar to the pre-pandemic pace (5% average annual growth from 2010 to 2019).



Source: KNBS Economic Report 2022

3.2 Inflation Rates

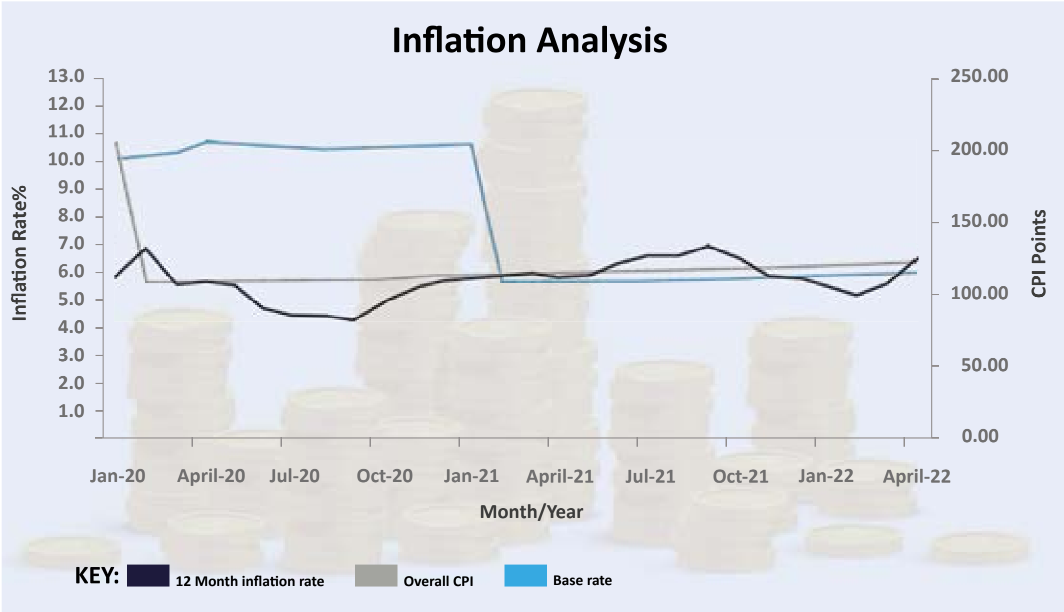
In 2021 the annual inflation as measured by the Consumer Price Index (CPI) increased to 6.1% from 5.4% in 2020. This increase was mainly attributable to increase in the prices of fuel and food items. More specifically, Transport Index which constitutes 9.7% of the total household expenditure recorded the highest inflation rate of 12.3% as a result of increased petrol and diesel prices. Food and Non-Alcoholic Beverages Index recorded an inflation rate of 8.5% while Housing, Water, Electricity, Gas and Other Fuels Index, recorded an annual inflation rate of 4.8% mainly due to increase in prices of kerosene, cooking gas and electricity

Inflation for the month of April 2022 stood at 6.47%, up from 5.56% a month earlier largely due to an increase in the prices of commodities. The marked increase in the prices was a result of an increase in food and nonalcoholic beverages (12.2%), household maintenance (7.2%), transport (6.9%); and housing, water, electricity, gas and other fuels (5.5%) between April 2021 and April 2022

In the short term inflation is expected to remain elevated between the range of 6% - 7% on account of continued supply-side pressures such as increasing global fuel prices and supply-chain constraints. Further, an increase in Kenya's imports amid a declining Shilling will serve to keep inflation elevated throughout 2022 hence holding inflation within the medium and upper inflation bands of 5% - 7.5% through 2022.

As inflation in Kenya goes up, we expect to see more demand for TC's products with prices rebounding gradually. Inflation in food, housing and electricity continue to point towards high under penetration and inefficiency in production and delivery which are opportunities for TransCentury

Section 10: Economic Review

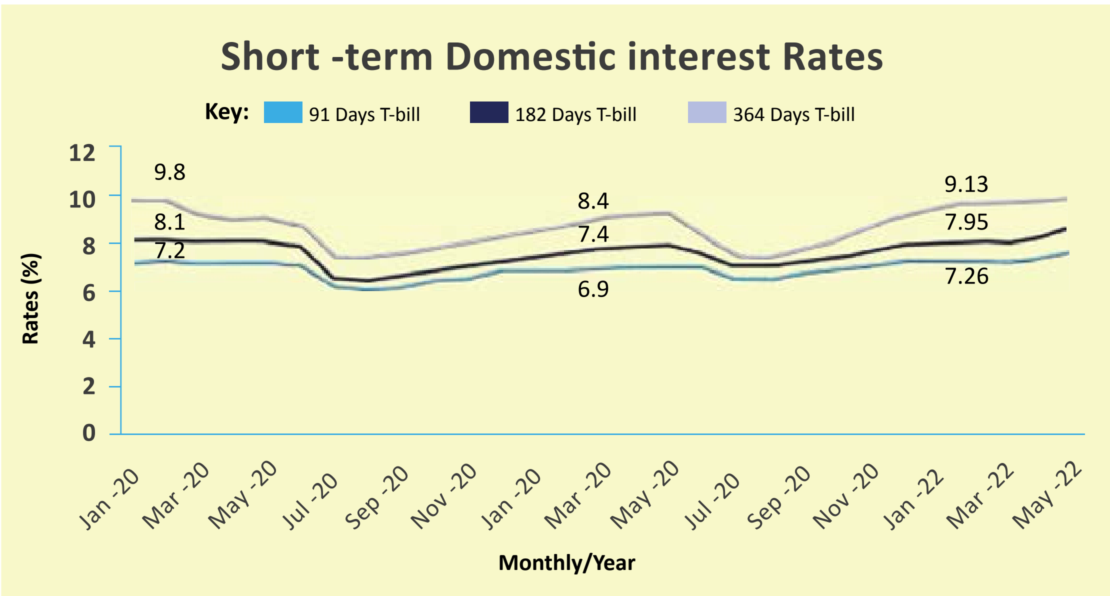


Source: Kenya Bureau of Statistics

3.3 Interest Rates, Monetary Policy and Private sector credit

3.3.1 Domestic Debt Interest Rates

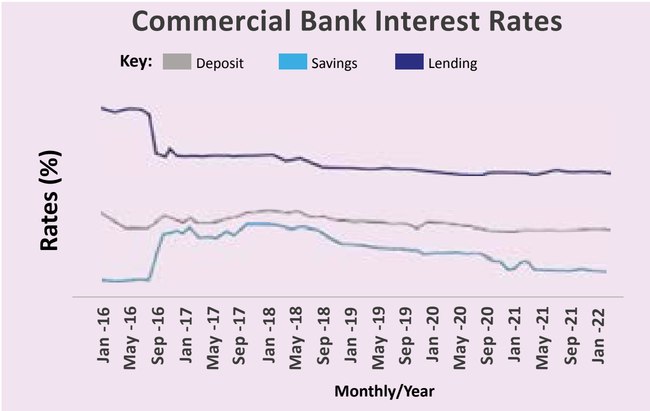
Average yields for the 91- day, 182 day and 364 day T-Bills rose to 7.26%, 7.98% and 9.18% in December 2021 compared to 6.9%, 7.38% and 8.27% in December 2020 while the average inter-bank rates rose in the first and last quarters of the year due to an increase in deficit financing and comparably low market liquidity towards the end of 2021. It is expected that the average T-Bill rates will rise compared to 2021 due to increased fiscal budget financing pressure caused largely by increased government expenditure, approval of credit pricing formula that would result in competition between Government and private sector for bank capital as well as the possibility of further upward adjustment to the CBR from 7.5% in May 2022.



Source: KNBS Economic Report 2022

3.3.2 Commercial Bank Interest Rates

Commercial bank interest rates have closely tracked the Central Bank Rate (CBR) with decreased volatility since the imposition of the interest rate caps in 2016. Generally, interest rates remained relatively stable in 2021 with minor movements, a trend several banks attribute to delays by the CBK in approving new credit pricing formula. Average savings and deposit rates declined while the lending rate rose compared to 2020. Rise in lending rate was largely attributable to rising T-Bill rates while deposit and savings rates declined marginally due to relatively

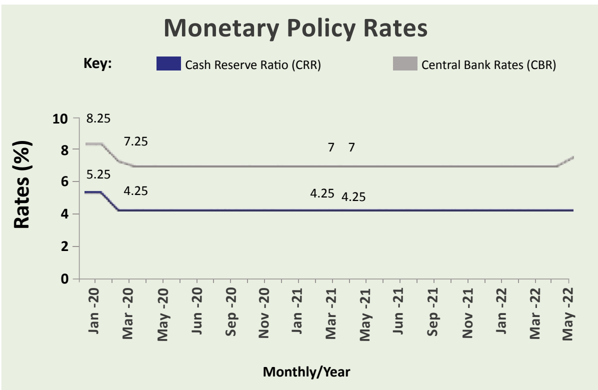


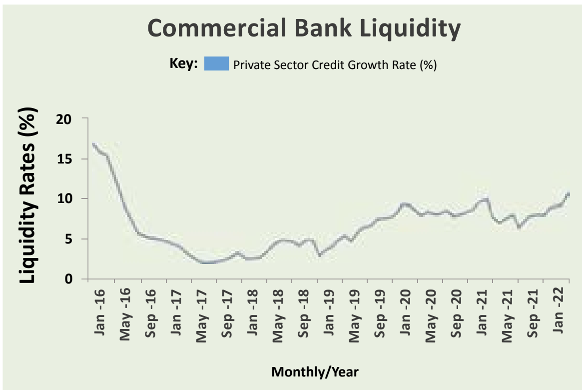
Source: Central Bank of Kenya

Savings and deposit rates are likely to remain low and stable in 2022 while the rising T-Bill rates and the continuing approval of the credit pricing formula by the CBK will result in higher lending rates

3.3.3 Monetary Policy Rates

In 2020 the Monetary Policy Committee revised the Central Bank Rate (CBR) to 7% and Cash Reserve Ratio (CRR) to 4.25% in response to the adverse impact of the pandemic to the economy and particularly credit to the private sector. These rates remained at the same level through 2021 with the revision of the CBR impacting interest rates in the domestic debt market while that of the CRR positively impacting private banking sector liquidity and by extension private sector credit. However, in May 2022 the MPC increased the Central Bank Rate (CBR) to 7.5% to stem rising inflation and stabilize the Kenya Shilling (KES). We expect the policy rate to rise further in the coming months as the country fights off inflationary pressure brought about by rising oil prices and the economic fallout from the Russia-Ukraine onslaught which has hit food supplies.





Source: Central Bank of Kenya

3.3.4 Private Sector Credit Growth

Private Sector Credit ("PSC") growth has, for most periods since the imposition of interest rate caps in 2016, been below the CBK's preferred target range of between 12% and 15% as banks withheld or selectively lent to the private sector, choosing to instead increase their investment in Government securities. Private Sector Credit growth averaged 8.6% in 2021 compared to 8.1% in 2020 .The overall share of credit advanced to the public sector at the end of December 2021 increased to 36.4% while that advanced to the private sector decreased to 50.6% with construction leading in credit advanced to the private sector (21.3%) followed by trade (21.1%) and other businesses (20.4%).

The Kenya Economic Survey 2022 noted that, as the growth happened, financial institutions gained more confidence lending to the manufacturing sector, with total credit approved by commercial banks and industrial financial institutions increasing from KES.410Bn in 2020, to KES.464Bn in 2021 and that the sector's value of output increased by 13.2% to Sh2.7Tn in 2021.

We expect private sector credit to increase in the medium term to double digits as banks ramp up lending on account of the continued approval of loan pricing formulae. This will unlock finances for TransCentury's target market to invest in capital intensive projects in manufacturing, infrastructure and energy sectors.

3.4 Government Expenditure and Public Debt

Before 2020, the government had instigated a tight monetary policy stance and announced fiscal consolidation plans containing Kenya's debt trajectory. However, with the economic turmoil caused by the pandemic, these macroeconomic policies had to be recalibrated to support recovery and growth. Currently, the debt to GDP ratio is above 65%. Further, the total government expenditure and net lending FY2022/2023 is projected at KES.3.3Tn, a 10.3% increase from the FY2021/22 fiscal budget estimate of KES.3Tn. This as total government revenue estimates FY2022/23 is at KES.2.4Tn, 20% higher than that of FY2021/22 (KES.2.04Tn).

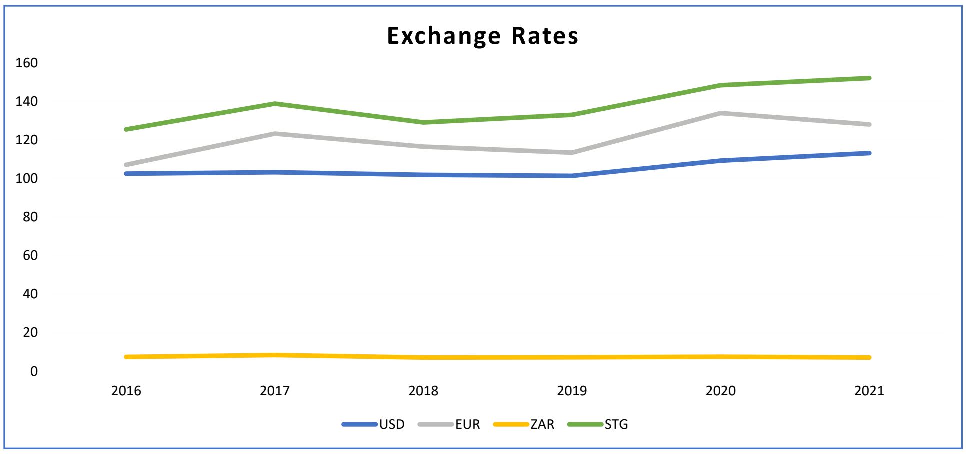
The budget deficit is expected to be finance through net domestic borrowing at KES.582Bn, 21% higher than FY2021/22(KES.659Bn) with external financing at KES.281Bn compared to KES.271Bn FY2021/22. Coupled with the relatively high proportion of revenues used to service debt, the government current debt levels remain a concern and it's unlikely to reverse in the short term as further deterioration is expected.

However, TransCentury's sectors of operation fall under the government key focus areas and have received increase revenue allocation for the current fiscal year. Government borrowing is expected to drive development projects in the Big four agenda (KShs.146.8Bn), such as affordable housing. Development in the Big Four thematic areas will lead to more demand for power engineering and construction, and products that go into power infrastructure, a key focus area for E.A Cables, Tanelec and AEA.

3.5 Exchange Rates

The Kenya shilling weakened further against major global currencies in 2021 to record depreciation against, the Sterling Pound (10.3%), the Euro (6.7%), the US Dollar (3.0%), Chinese Yuan (10.0%) and South African Rand (13.9%) with the biggest depreciation recorded against the SA Rand (13.98%). The Kenya shilling however gained against the Tanzanian and Ugandan Shillings by 3.0% and 6.4%, respectively.

The depreciation was attributable to increased global crude oil prices that led to increased dollar demand from oil and energy importers, increased merchandise imports hence leading to the expansion of the current account deficit and, pressure on forex reserves to repay some of the aggressively growing government debt. The shilling was however supported by adequate forex reserve that was above the country's and East African Community's statutory requirement, increased Diaspora remittances and government receipt of extended fund facility and extended credit facility from the IMF amounting to USD 972.6 Mn (Kshs 109.9 Bn) among other factors.



Source: Central Bank of Kenya

Currency	2020	2021	% Change
US Dollar	106.47	109.65	2.99%
STG Pound	136.73	150.85	10.33%
EURO	121.65	129.76	6.67%
Yuan	15.45	17.00	10.03%
Japanese Yen	99.8	99.94	0.14%
SA Rand	6.51	7.42	13.98%
KES/USHS	34.93	32.72	6.33%
KES/TSHS	21.76	21.12	2.94%
KES/RWF	8.86	9.13	3.05%

Section 10: Economic Review

In 2022, the Kenyan shilling continues to depreciate further against the US dollar hitting historical low levels, 116.71 on 30th May, a day when The Central Bank of Kenya raised its policy lending rate by 50 Basis points to halt rising inflation and stabilize the Kenya Shilling. We expect the shilling to remain under pressure in 2022 as a result of: Rising global crude oil prices on the back of supply constraints, geopolitical tensions arising from the Russia-Ukraine, growing negative trade deficit and increased pressure on the government to service dollar denominated debt. The depreciation of the Kenya shilling coupled with the supply chain bottlenecks are expected to lead to increased prices of imported raw materials and consequently inflated prices of outputs for businesses.

3.6 The Capital Markets Performance

The capital markets reported a mixed performance with the NSE equity market performing poorly while the fixed income securities secondary market recorded positive growth.

The capital markets recorded positive performance on both the NSE equity market and fixed income securities market.

3.6.1 Equities Market

Nairobi All Share Index (NASI) and NSE 20 Share index gained +9.4% and +1.8% respectively compared to -8.4% and -30.1% in 2020 as most sectors of the economy reported improved performance following the lifting of Covid-19 containment measures. Total equity turnover KShs.137.4Bn declined 7.4% compared to KShs.148.7Bn in 2020. Total traded equity volume declined 23% to KES.4.1Bn as compared to 5.3Bn in 2020. The best performing sectors where Automobiles & accessories (+54.3%) and Telecommunications (+10.8%) while Construction and allied (-16.9%) and investment (-10.1%) were the top losing sectors during the year.

It was expected that the NSE would return positive performance in 2022 with local investors being the main drivers of growth. However, Net sales by foreign investors have been on the rise in the first five months of 2022, as they continued the flight to western markets where interest rates have risen sharply due to the increase in the benchmark rates by the Fed in line with the rise in inflation. At the back of these exits, the NSE 20 Share Index was down 6.6% in May 2022, while the All-Share index shed 14.3%.

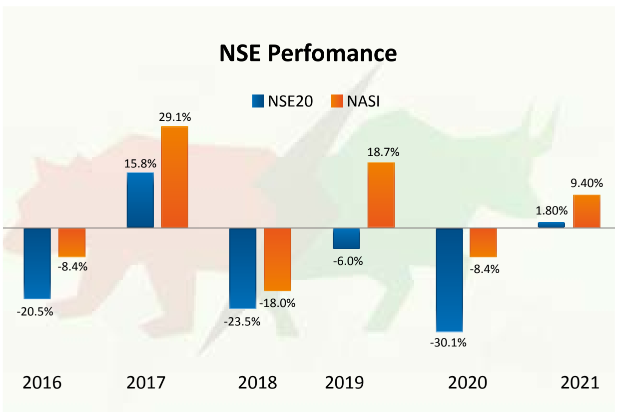
Foreign investors are expected to continue selling out of the NSE as further interest rate hikes by the Federal Reserve and other central banks make dollar denominated assets more attractive than frontier and emerging markets. Further, the current fiscal deficit and increased imports into the country means that the Kenyan Shilling will continue to depreciate against other major world currencies such as the dollar thereby exacerbating foreign exits from the local market. Local investors on the other hand will continue adopting a wait-and-see approach as they remain jittery over the continued decline of the NSE and election related risks. In light of the foregoing, the NSE performance is expected to continue declining for the rest of 2022.

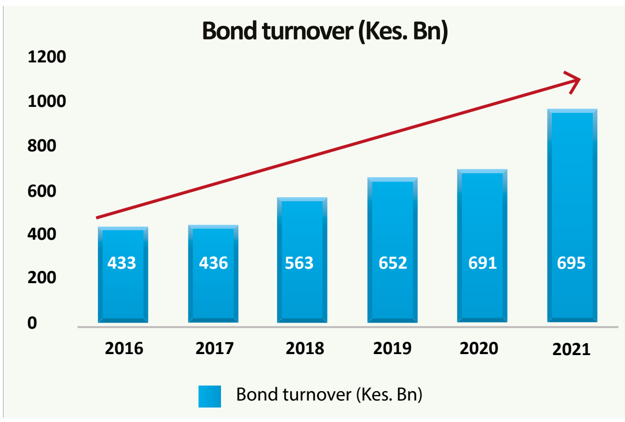
Despite this, numerous stocks within the bourse will continue to post record profits, thereby showing their significant undervaluation hence investors who adopt a longer term investment strategy of at least 3 – 5 years will enjoy good returns once the market ceases pricing stocks on account of poor market sentiment and replaces this with robust company fundamental values.

3.6.2 Fixed Income Securities

High subscription for fixed income securities was recorded in 2021 especially in months where IFB's were issued (January, April and September) due to their high yields and risk free status. Consequently, bond turnover increased 38.4% to KES.965Bn compared to KES.691Bn in 2020. The most traded bonds in the secondary market were the Infrastructure Bonds - IFB1/2021/21, IFB1/2021/18 and IFB1/2021/16 driven by tax free status and IFB's history of capital appreciation. The CBK's bond issuance strategy was skewed towards medium and long-term tenors in an effort to lengthen the average term to maturity of the public debt, with the short-term tenors majorly financed by local banks, resulting in crowding out of the private sector during the period

It is expected that bond subscription will be elevated in 2022 due to rising yields, increased domestic borrowing target and elevated political risk with CBK's focusing on re-opening medium and long-term bonds rather than new issues. Demand for government debt by banks will also depend on the approval of credit pricing formula which will create competition for bank capital between private sector and the Government. By May 2022, only six banks had gotten CBK's approval for their risk-based loan pricing.





Source Nairobi Securities Exchange

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Kenyan Economic Outlook

Kenya's economy rebounded in 2021 from the economic slump of 2020.

Real GDP growth for 2022 is projected at 5.6%.

Manufacturing and infrastructure are the key drivers of the economy moving forward.

TransCentury is positioned for growth through robust structure built, regional presence, expertise and relevant experience in sectors of operation.

Geographical diversification will help TransCentury remain resilient to disproportionate shocks in the region.

- The Kenyan economy is expected to grow at 5.4% in 2022 while the country's macroeconomic environment is expected to remain stable despite the likelihood of a rise in inflation, weakening of the Kenyan Shilling against its major trading currencies and significant rise in energy prices. The electioneering period slowed down economic activities with investors inclined to building savings rather than expanding businesses. The projected growth will be catalysed by the sectors such as hospitality, tourism, trade and manufacturing that are likely to continue on a growth trajectory after the successful containment of the COVID-19 pandemic.
- The outlook for the Kenyan economy is positive and is expected to be supported by macro-economic stability and heavy investment in infrastructural development leading to:
  - *Increased regional and global competitiveness;*
  - *Improved business environment;*
  - *Balanced regional development; and*
  - *Competitive and sound financial sector*
- Key downside risks that could affect the attainment of robust economic growth in 2022 include:
  - *Unfavourable factors affecting agricultural production e.g. extreme weather patterns*
  - *Uncertainty around the resurgence of the pandemic;*
  - *Geopolitical tension emanating from the Russia-Ukraine war and the ensuing supply chain disruptions; and*
  - *Uncertainty on the pace of the global economic recovery.*
- The medium to long term macroeconomic outlook points to a favourable business environment for TransCentury to grow and expand its businesses. This will aid TransCentury's robust structures, business

Section 11: Infrastructure Sector Overview

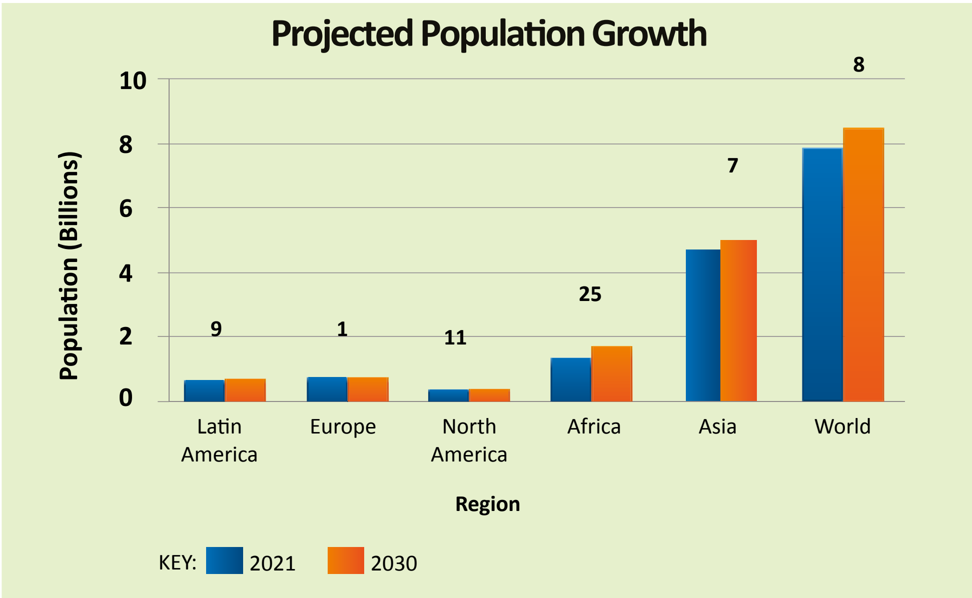
1. Infrastructure Sector Overview

Africa, and especially Sub-Saharan Africa, has over the last decade presented a favorable environment for investment. This was only disrupted by the COVID – 19 pandemic though not as negatively as the rest of the world. Africa's growth has been accompanied by general infrastructure expansion and rapid urbanization in most African countries. Eastern Africa has particularly been impressive in this respect, with rail, road, air and port infrastructure being modernized and expanded significantly.

These developments, including general regional stability, have not escaped the attention of investors with private equity investors increasing their participation in funding the regions' development as evidenced by increased capital commitments to Africa.

Africa's population is expected to grow at a rate of 25% to about 1.7 billion by 2030, with business and consumer spending projected to reach about USD 6.7 Trillion, further supporting the drive to invest in the continent.

Growth in Africa is visible in the expansion of physical infrastructure (roads, ports, energy, telecoms, water and sanitation), as well as financial services, education, and healthcare.



Source: UN Population Division

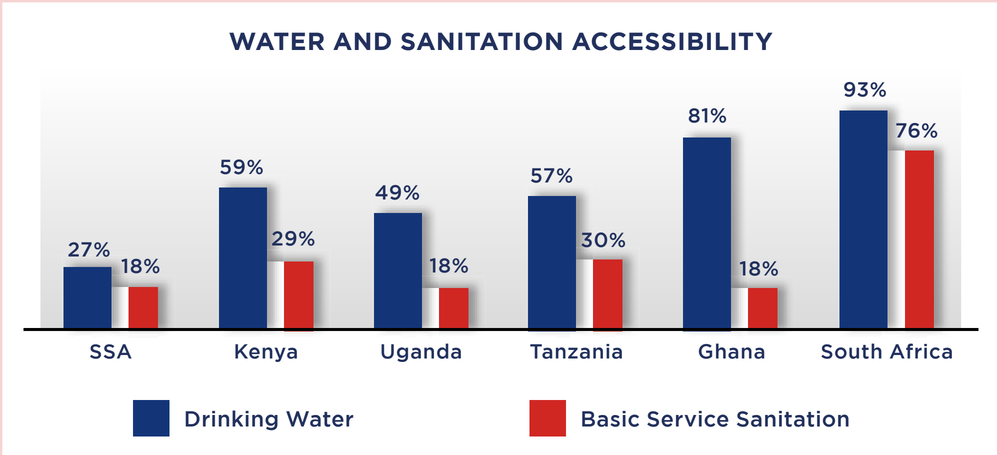
1.1 Water and Sanitation Overview

The water and sanitations access rate has doubled over the past decade albeit it remains significantly lower than in other developing and developed markets. Today, 2 billion people lack access to safely managed drinking water services and 3.6 billion people lack safely managed sanitation services. Unsafe hygiene practices are widespread, compounding the effects on people's health. The impact on child mortality rates is devastating with more than 297,000 children under five who die annually from diarrhea due to poor sanitation, poor hygiene, or unsafe drinking water. According to Organization for Economic Cooperation and Development, 2019, 42% of people in Sub-Saharan Africa live without basic water supply and 72% without basic sanitation. Further, an analysis by WHO/UNICEF, 2021, estimates water and sanitation access rate at 27% and 18% respectively. Approximately 50 litres of water per person per day are needed to ensure that most basic needs are met while keeping public health risks at a low level. Achieving universal access to safely managed sanitation by 2030 will require a four-fold increase in current rates of progress and investments.

Investment in water and sanitation services generates a quantifiable, positive return on investment through saved medical costs and increased productivity. Further, Urban basic drinking water, Urban sanitation, Rural basic drinking water and Rural basic sanitation is said to offer returns; USD 3, USD 2.5, USD 7 and USD 5 respectively for every USD 1 invested.

As a result, TransCentury's newest focus is likely to yield high returns for investors in the medium to long term while improving the standards of living for individuals in underserved areas. In addition, the Kenya government set aside KShs.6.9Bn to improve environment, water and sanitation facilities under the economic stimulus package, indicating increased demand due to the pandemic. As most governments and developmental agencies work towards the attainment of SDG 6, clean water and sanitation, there will be enormous opportunities present for TransCentury and other investors to leverage on in areas such as dam construction, reticulation of sewerage systems and supply of equipment to enhance access, consumption levels and efficiency in the water sector.

Section 11: Infrastructure Sector Overview

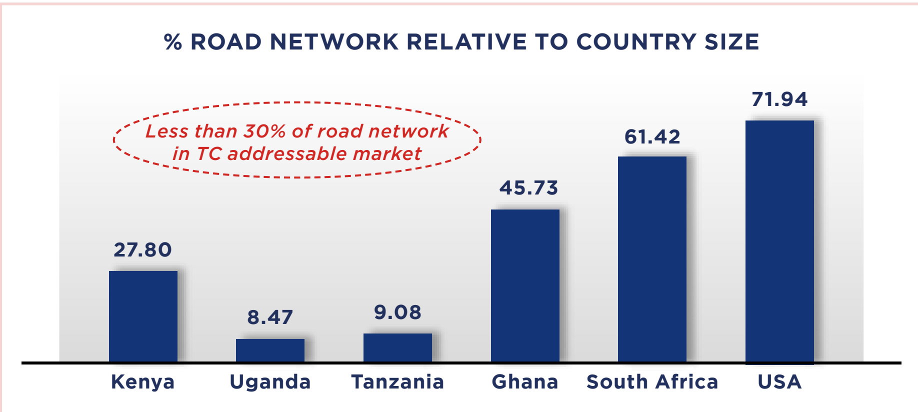


Source: Global Water Organization report, 2020

1.2 Transportation Infrastructure Overview

Population growth rate in Africa has constantly exceeded 2.45% from 2000 onwards and peaked at 2.62% between 2012 and 2014. In 2021, the continent had over 1.36 billion inhabitants with approximately 31 kilometers of paved road per 100 square kilometers of land in comparison to 134 kilometers of paved road in other low-income countries. Governments in SSA are likely to focus on infrastructure development over the next decade in a bid to overcome a significant gap in transport infrastructure access and quality. Rail and ports development will be the primary focus of investment. Sub-Saharan Africa's rail infrastructure project pipeline is driven by high import demand and the need for improved export logistics, as well as by the belt and road initiative in the region. The region's port infrastructure pipeline benefits from markets vying to be the regional gateway and shipment hubs. TC is well position to take advantage of this development across markets and will grow its infrastructure business significantly in the medium term.

There lies a great opportunity for transport infrastructure investment as countries in the region move to develop all round infrastructure that will support economic growth and development. Compared to other regions, TransCentury's addressable market is seen to lag in terms of road network relative to the countries' sizes at less than 30% connection level while developed countries like the USA have connection levels above 70%. TransCentury is thus strategically placed to benefit from the huge pipeline of road projects that will be implemented in the near future as regional governments continue to focus on increasing the connection level.

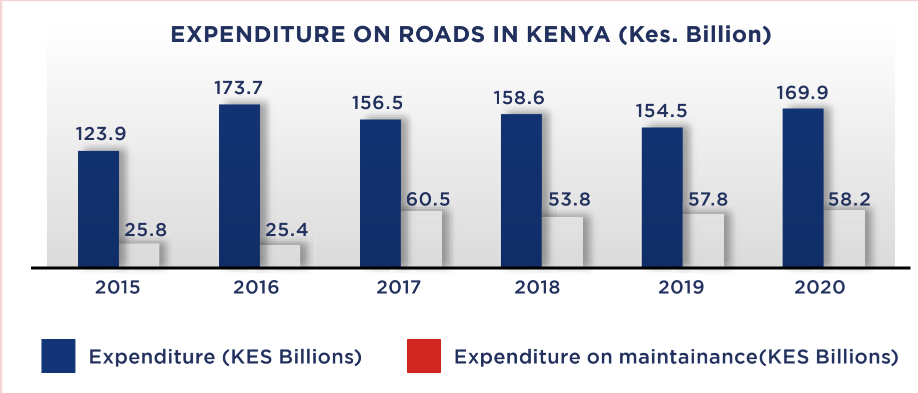


Source: World Bank National Accounts Data

As policy makers in the region remain wary of public debt levels, the focus will be to stimulate the economies through capital and labour intensive projects that provided some reprieve to the low employment rates in the region.

The Kenyan Government has in the past decade focused on infrastructure development, and this has continued to grow year on year to support the growing demand driven by:

- Increase in passenger traffic through airports from circa 8.7million in 2011 to 12.1million in 2019;
- Increased number of ships docking on Kenyan ports;
- Doubling of the number of containers handled in the ports;
- Increased volumes of the pipeline throughput from 4.26Million to 7.02million cubic meters in 2011 and 2012 respectively;
- Growth in rail freight by more than 300% from 1.6million tonnes in 2011 to 4.8million tonnes in 2019; and
- Government investment on both new roads construction and old roads maintenance as indicated on the table below.



Source: Nation Master Transport data

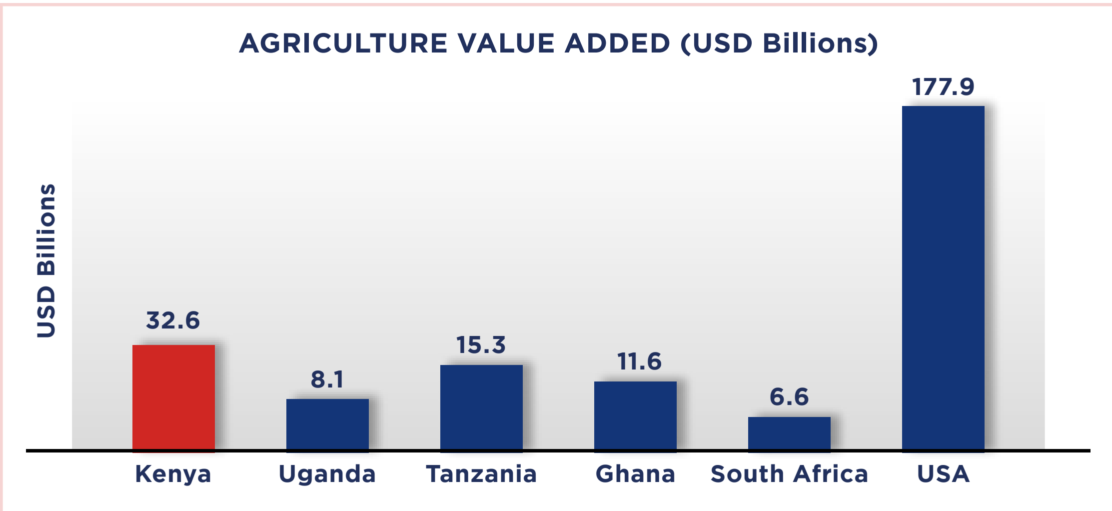
1.3 Agriculture and Industrial Overview

Agriculture remains one of the most important sectors in the economy. According to World Bank, in 2020 the Agriculture sector accounted for 30% of total GDP in Sub-Saharan Africa and a majority of the continent's population is employed in the sector. The sector also generates a large percentage of earnings, contributes the largest share of government revenue and contributes to more growth than any other sectors in the economy.

The relative size of the sector compared to the total economy has been gradually declining over the past decade. In 2010, agriculture accounted for 18.9% of the total GDP of Sub-Saharan Africa, declining. According to projections by the Food and Agriculture Organization ("FAO"), this figure will fall to 13% by 2029, even as agricultural trade and production are expected to increase over the same period. It is however expected that agricultural mechanization and industrialization will take the center stage as countries adopt agricultural innovations, science and technology thus leading to increased value-added agriculture.

Value-added agriculture generally focuses on production or manufacturing processes, marketing or services that increase the value of primary agricultural commodities (agriculture, forestry and fishing), perhaps by increasing appeal to the consumer and the consumer's willingness to pay a premium over similar but undifferentiated products.

In Sub-Saharan Africa, the yields of the main cereal crops have stagnated at less than 25% of potentially attainable yields, while the per capita food production has continued to decrease over the last 5 decades. In many parts of SSA cereal crop yields are estimated < 1.5 ton/ha while the actual potential is more than 5 tons/ha. These low crop yields have led to increased food insecurity, poverty and malnutrition in most parts of SSA, which are likely to worsen as the population continues to grow. There is potential in reducing the yield gap of most crops through technology and mechanization which can improve farming practices. TC is well positioned to invest in this sector through the provision and installation of agricultural machinery and implements that aid in farm mechanization across the region as both institutional and individual farmers embrace innovative ways of agriculture.



Source: World Bank National Accounts Data

2. Power Sector Overview

Kenya's power sector has advanced in electricity generation, transmission, distribution and access arising from implementation of various reforms over the years. The most recent remarkable reform has been The Energy Act 2019 that has inter alia mandated the Cabinet Secretary, in collaboration with other stakeholders to develop an Integrated National Energy Plan ("INEP") in respect of coal, renewable energy and electricity so as to ensure delivery of reliable energy services at least cost. Further, this plan attempts to restructure the power plants generation sequence in a manner that closely matches the demand forecast to ensure that the demand supply balance is not skewed towards supply as to leave the sector with idle generation investments and high system attendant costs.

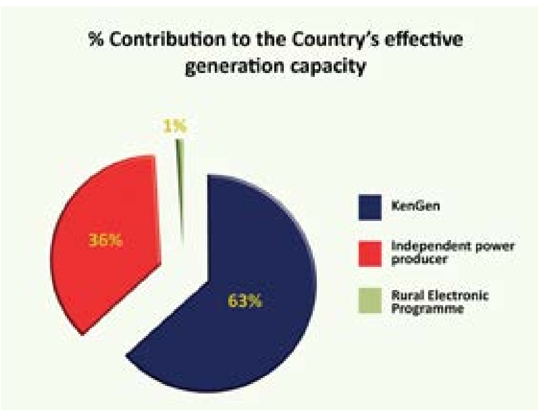
2.1.1 Electricity Supply

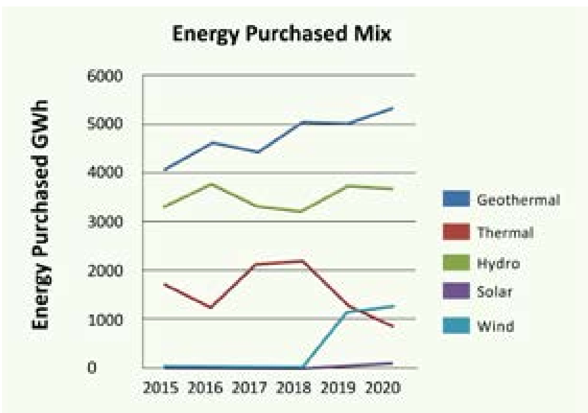
- Data from Kenya power shows that Kenya's installed generation capacity had increased from 2,299MW in FY 2014/15 to 2,712MW in FY 2018/19, a CAGR of 3.36%, over the last five years with the total installed capacity of 2,752MW as at FY 2019/20.
- The peak demand also grew in tandem with the installed capacity from 1,512MW in FY 2014/15 to 1,882MW FY 2018/19, a CAGR of 4.48%.
- As at June 2020, the effective capacity mix was as demonstrated on the table below with Hydro, Geothermal and thermal leading at 30.18%, 28.77% and 24.72% respectively.
- Historically, Kenya has relied heavily on hydro power which is quite capital intensive to install and is susceptible to weather pattern changes hence instability in the power supply.
- The alternative to hydro had been Thermal power which is an expensive source of power. Notable over the last five years is the increase in the geothermal installed capacity as projects initiated earlier were completed.
- This is a trend likely to persist as Kenya is said to have a 10,000MW geothermal power potential that KenGen together with IPPs are currently exploring. Transcentury through AEA Limited, will leverage its experience in this segment to fund or directly invest in the proposed geothermal projects hence increasing the group's participation in the energy sector.
- With the governments deliberated push for renewable energy, Wind and solar energy is expected to contribute more in the nation power generation mix

Installed and Effective Capacity as at June 2020

Installed MW	Installed Capacity (MW)	% Installed capacity(MW)	Effective Capacity MW	%Effective capacity
Hydro	833.9	29.94%	805.1	30.18%
Geothermal	811.14	29.12%	767.56	28.77%
Thermal (MSD)	689.53	24.76%	659.48	24.72%
Thermal (GT)	60	2.15%	56	2.10%
Biomass	2	0.07%	2	0.07%
Solar	52.51	1.89%	52.18	1.96%
Wind	336.05	12.07%	325.5	12.20%
Imports		0%		0%
Total	2785.13	100%	2667.82	100%

Source: Kenya power annual reports



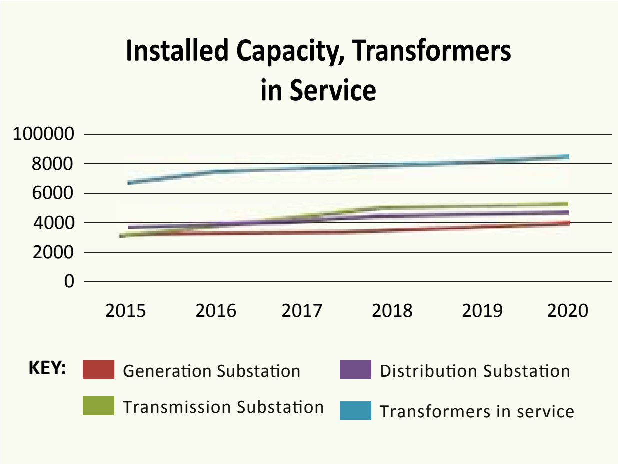


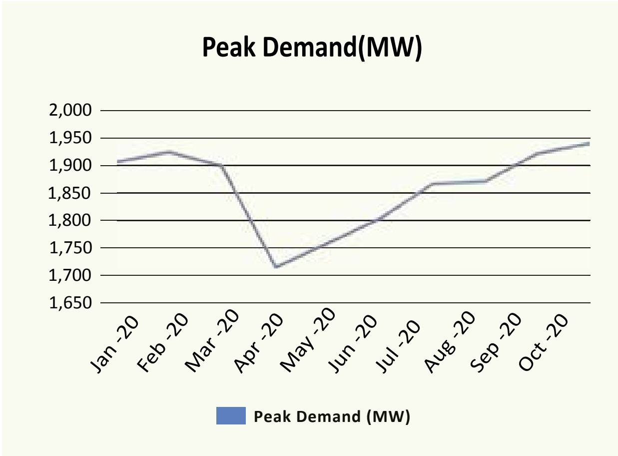
Source: Kenya Power annual reports

Section 11: Infrastructure Sector Overview

2.1.2 Electricity transmission and distribution

- As the country's power generation has increased gradually over the past 6 years, so has the generation substations, transmission substations and distribution substations. This trend is expected to persist in the medium term hence validating TransCentury group's proposition to focus on power generation and infrastructure.

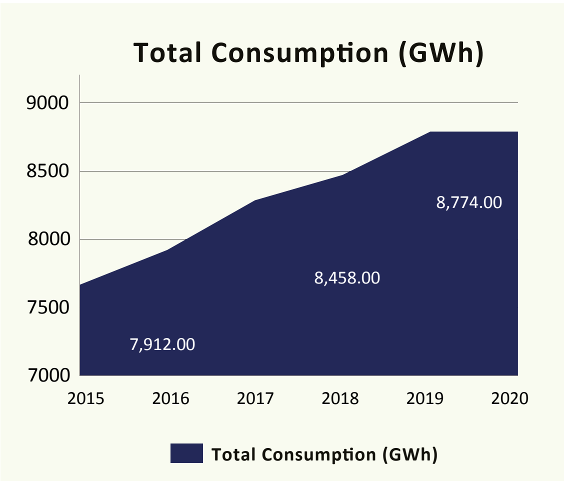


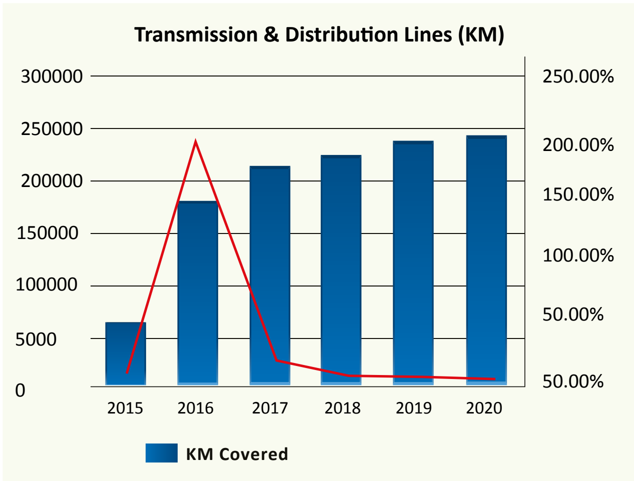


Source: KPLC annual reports

2.1.3 Electricity demand

Kenya's electricity demand has expanded to 1,938 MW compared to 1,767 MW attained in April 2020 according to data from KPLC. The KenGen management are said to be keen to continue with the implementation of the projects they had in their pipeline pre-pandemic as the power demand is expected to continue growing as per their earlier projections. The demand will be impacted by the increased activity in the manufacturing and construction sector coupled by the push by the government to attain universal access and affordable power coverage. EAC and Tanelec, leading companies in the manufacture of products that go in Power transmission and distribution are set for growth as increased Power demand will directly impact the demand for ancillary power products hence positively impacting TC's revenue growth.





Source: KPLC annual reports

2.2 Regional Power Outlook

Power demand and supply will be influenced by a number of key factors in the medium to long term.

2.2.1 Interconnection with neighboring countries: The Kenyan national grid is connected to a number of neighboring countries in a bid to provide additional sources of energy and power, ancillary services and an overall higher security of supply. This in turn leads to lower costs from sharing of generation back-up capacity or combining complementary generation systems.

2.2.2 The East Africa Power Pool: The Eastern African Power Pool ("EAPP") is an intergovernmental organization established in 2005 with the objective of providing an efficient framework for pooling electricity resources and to promote power exchanges in Eastern Africa. EAPP currently has ten member states including, Burundi, Democratic Republic of Congo, Egypt, Ethiopia, Kenya, Libya, Rwanda, Sudan, Tanzania and Uganda. The organization has identified major interconnection projects and planning criteria to support inter-regional power exchange and a phased interconnection plan for the EAPP countries has been developed. A regional master plan study for the EAPP region shows that Interconnections with neighboring countries provide mutual benefits such as purchasing energy from neighboring countries at a lower price and receiving additional security of supply.

2.2.3 Kenya is actively pursuing various interconnections with the notable ones being:

2.2.3.1 Interconnection with Ethiopia: The construction of a high voltage direct current overhead transmission line between Ethiopia and Kenya is already under development. The 500 KV line is constructed from Welayta Sodo in Ethiopia to Suswa in Kenya resulting in a total length of approximately 1,045 km with a power transmission capacity of up to 2,000 megawatts. The interconnection is expected to allow preferential use of the most efficient and low-carbon plants, increase in the security of supply and the reliability of electric services, and reduction of greenhouse gases on the Kenyan network.

2.2.3.2 Interconnection with Uganda: It is planned to interconnect Kenya, Uganda and Rwanda on 400 kV level with the objective of enabling regional power trade. The interconnector between Kenya and Uganda is under construction. The project involves the construction of a 400 kV double circuit overhead line between Lessos in Kenya and Tororo in Uganda. The transmission line is designed for a capacity of 1,700 MW. The objective of this line is to support the market for power exchange within the EAPP.

2.2.3.3 Interconnection with Tanzania: A 400 kV double circuit transmission line with a total length of 507.5 km between Tanzania and Kenya is underway. 93 km of the line will be located in Kenya and 415 km in Tanzania. The overhead line originates from Isinya substation in Kenya, and will pass Namanga and Arusha to terminate at Singida substation in Tanzania. The interconnector is designed for a capacity of 1,700 MW. On the Kenyan side, this project also includes the extension of the existing Isinya substation. The objective of this line is to support the market for power exchange within the EAPP as well as the interconnection with the Southern Africa Power Pool through Zambia. According to the government of Kenya, an additional interconnection from Rongai through Kilgoris to complete the Lake Victoria Ring (through Tanzania to Rwanda) is being evaluated.

3. Regional Infrastructure Outlook

The future points to increased activities in the infrastructure sector that TransCentury operates in and have overtime demonstrated capacity and capability to operate efficiently in. Below are some of the factors that will enhance the said growth in the next decade.

3.1 Regional demographic changes and urbanization: According to OECD, Africa's Urbanization Dynamics 2020, African population is expected to double by 2050 with approximately 60% of the population expected to be in the urban areas. The region is expected to continue to urbanize at a rapid rate, thus policymakers are expected to enact policies that will encourage economic development and poverty eradication, key among them being access to safe and affordable power. This is expected to gradually increase the regional power consumption and connectivity level.

3.2 GDP growth: Directly impacts on household's income and activity of the productive sector translated into electricity consumption of commercial and industrial customers. The sub-Saharan region economy is expected to growth at an average annual rate of 4.4% in the medium term.

3.3 Key infrastructure projects: the region envisages massive upgrading and extension of infrastructure over the medium term. These projects will have an impact on GDP growth and contribute to demand growth based on their specific load requirements. The projects that are expected to be realized within the medium and long term periods will gradually increase each country's power load in the intermediate period.

3.4 Big four agenda: In 2018, the Government of Kenya announced an ambitious development agenda dubbed 'the Big 4' that aims to address issues related to affordable housing, universal healthcare, growing manufacturing and food security. On affordable housing, the Government's goal is to build 500,000 homes over a period of 5years that would begin to address the 2million housing deficit in the country. This among the other three key agenda will lead to increased number of individuals and commercial and industrial customer connected to the grid.

3.5 Innovative ways of project financing such as Public Private Partnerships and Private Equity financing. According to Infrastructure consortium for Africa, a total of USD 100.8 Bn was committed to Africa's infrastructure operations in 2018. This was a substantial increase (24%) over the level committed in 2017 (USD 81.6 Bn) and a 38% increase over the USD 75.8 Bn average of the three previous years. Notable in this development was that almost half of the USD 19.2 Bn increase observed in 2018 resulted from the inclusion, for the first time, of stand-alone commitments made by the private sector, particularly in the ICT and energy sectors while in previous years, commitments by the private sector were only gathered in the context of PPPs.

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.

AHIDI +32%

Achieve together

TransCentury

Impacting Africa

1. Company Overview

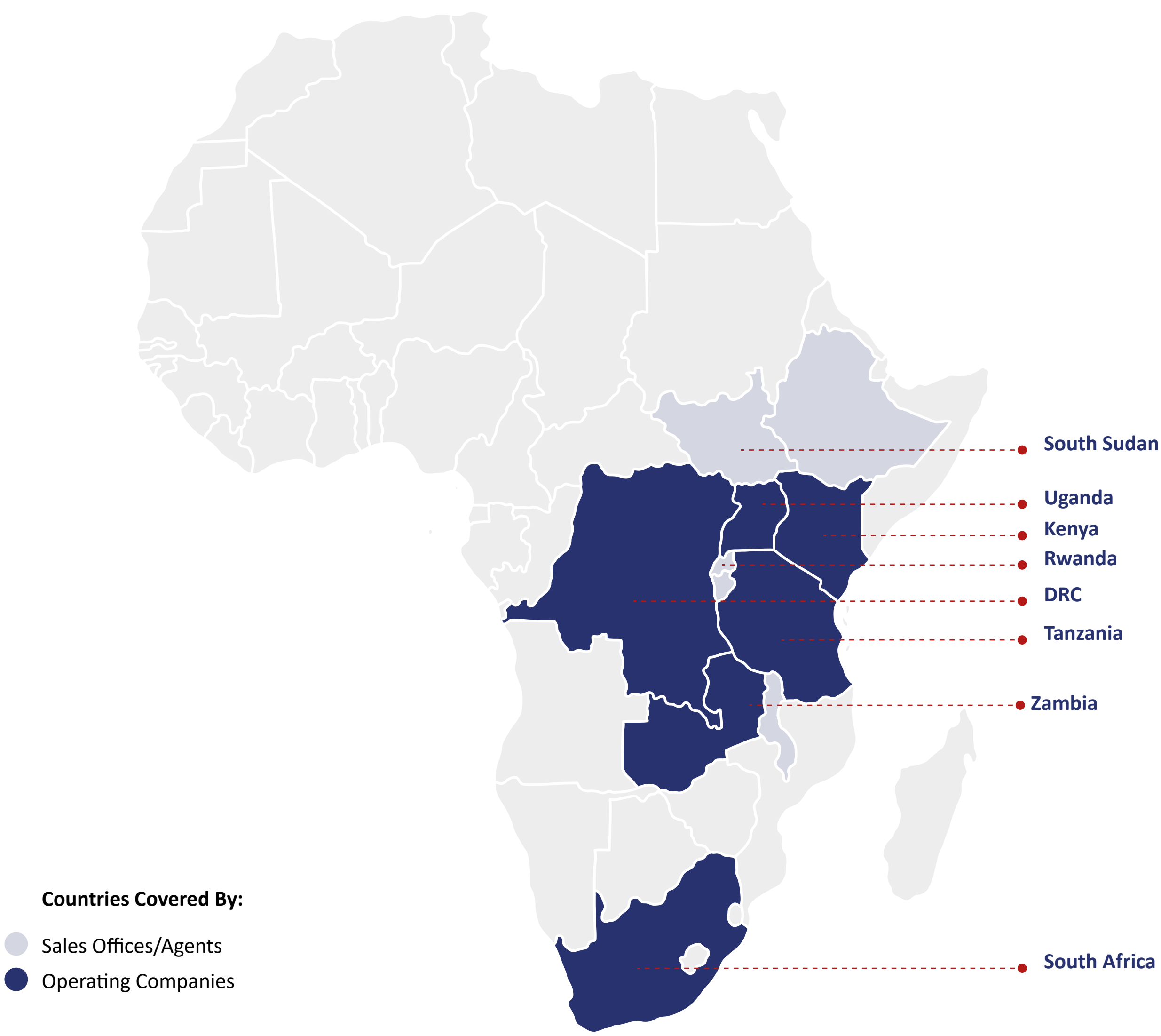
1.1 Introduction

TransCentury is an Investment Holding company, headquartered in Kenya with a focus on Infrastructure in the following sectors: Energy, Transport, Water & Sanitation, Agriculture and Industrial. The company has a presence across East, Central & Southern Africa with operations and distribution channels in twelve countries. From its inception in 1997, TransCentury has endeavoured to identify and solve Africa's infrastructural deficiencies and operates primarily as an active lead investor in businesses that we invest in, adding value through:

- Deploying patient capital at competitive rates for growth
- Providing strategic support and deploying in house technical capabilities to provide long term sustainable solutions
- Offering a robust and unmatched platform established with set structures and systems for tapping synergies and accelerating growth to investee companies

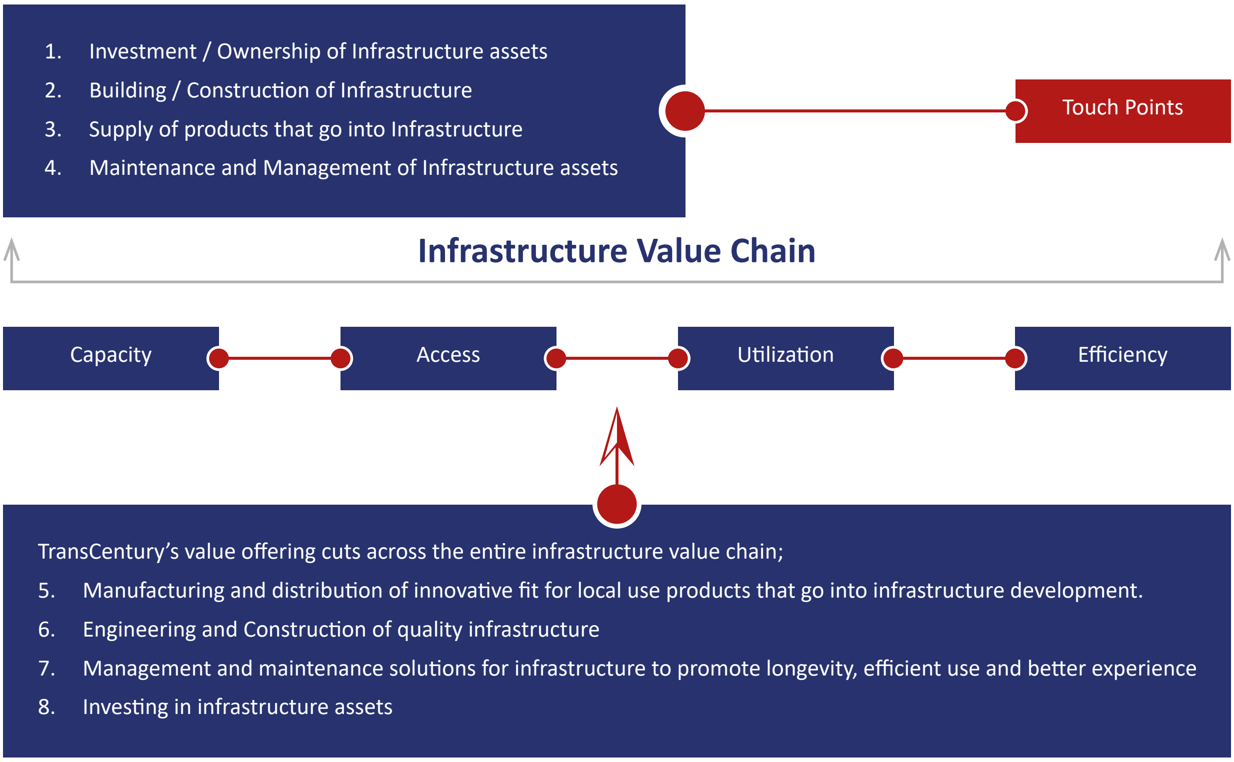
1.2 TransCentury Geographical Focus

TransCentury's focus on Infrastructure is informed by the low infrastructure penetration (low access, low utilization per capita and inefficiency) in Africa. TC is an Africa focused Group that invests in companies and projects within this space with the belief that growth in African economies will be greatly enhanced by infrastructure development and this can already be seen in countries/regions where accelerated infrastructure development and efficient utilization of infrastructure are a priority.



1.3 Our view on Infrastructure

Infrastructure has four key focus areas:



TransCentury's involvement in the entire infrastructure value chain is informed by;

- Strong link between investing in infrastructure assets, engineering and construction, opportunities to supply products and long term maintenance and management contracts.
- Shift in demand from one touch point to another depending on prevailing state of the infrastructure and government policy is common, therefore being involved in all creates stability and diversification of revenues.
- Opportunities are likely to be in different value touchpoints at different times therefore diversification and versatility gives us an edge.
- Government level of involvement in funding infrastructure project e.g., in the instances when governments chooses to invests in infrastructure as opposed to private sector, could reduce the opportunities for equity investments but increase opportunities to build, manage, maintain or supply products.
- On the contrary, less government involvement increases opportunity for private investors to fund projects but may reduce the number of projects especially those that have a social benefit drive and therefore reduce demand for products and construction.
- When there is excess capacity in one area then opportunities also shift to other areas.
- Ability to take advantage of other infrastructure sectors that might not be current priority for governments but displaying under penetration. Such projects might not have funding allocation by the government but TransCentury mobilizes funds and invests on a PPP (Public Private Partnership) basis and therefore creating opportunities for supply, construction, management and maintenance.
- Demand within sectors also follows natural cycles and TransCentury's wide range of offering allows us to anticipate and participate.
- Value creation: Increase Capacity, Access, Utilization (consumption). TransCentury also believes that capacity can be enhanced cheaply through increasing efficiency, good maintenance and management of infrastructure. Additional capacity without new investment drives down investment cost and therefore it is an important value proposition for owners of infrastructure.

1.4 Licensing

TransCentury is incorporated as a limited company in Kenya under the Kenyan Companies Act, is domiciled in Kenya and has all requisite licenses for all its businesses, both local and regional.

1.5 Shareholding Structure as of 27 October 2022

1.5.1 Major Shareholders

Name of Shareholder	Shareholder Position	No of Shares Held	% Holding
KURAMO AFRICA OPPORTUNITY KENYAN VEHICLE LTD	1	93,776,173	25%
STANBIC NOMINEES LIMITED NR7522171	2	30,700,494	8%
ANNE PEARL KARIMI GACHUI	3	21,140,990	6%
STANDARD CHARTERED NOM A/C KE 11993	4	17,353,617	5%
PETER TIRAS KANYAGO	5	14,140,354	4%
ROBIN MUNYUA KIMOTHO	6	10,851,510	3%
MICHAEL GITAU WAWERU	7	10,622,540	3%
MICHAEL GITAU WAWERU	8	10,593,840	3%
NAIROBI NOMINEES LTD. A/C J.S. DONOVAN	9	10,579,560	3%
STEPHEN NJOROGE WARUHIU	10	9,862,971	3%
GITAU ZEPHANIAH MBUGUA	11	9,505,752	3%
SUB-TOTAL		**239,127,801**	**64%**
OTHERS	2,200	136,074,965	36%
TOTAL ISSUED SHARES		**375,202,766**	**100%**

1.5.2 Shareholders' Profile

Shares range	Number of Shareholders	No. of Shares held	% Shareholding
1 – 500	995	192,627	0.05%
501 - 5,000	767	1,629,720	0.43%
5,001 - 10,000	145	1,173,287	0.31%
10,001 - 100,000	222	7,110,801	1.90%
100,001 - 1,000,000	53	16,324,187	4.35%
Above 1,000,000	28	348,772,144	92.96%
TOTAL	**2,210**	**375,202,766**	**100%**

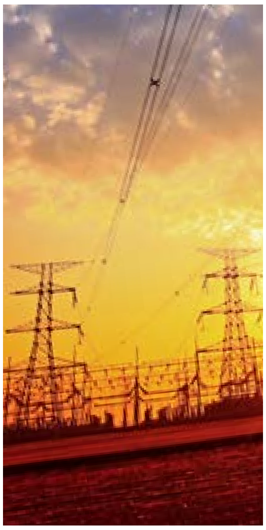
1.5.3 Range of Shareholding

TransCentury's issued and fully paid share capital consists of 375,202,766 ordinary shares of KShs 0.50 each and authorised but unissued share capital consisting of 824,797,234 ordinary shares of KShs 0.50 each.

The Company shareholders have authorised the issuance of two billion (2,000,000,000) new ordinary shares which will be allotted by the directors under the Rights Issue.

Domicile	No. of shareholders	No. of shares held	% Shareholding
Local individuals	2,051	198,826,667	53%
Local institutions	131	26,397,095	7%
East African individuals	5	34,200	0%
Foreign individuals	15	374,900	0%
Foreign institutions	8	149,569,904	40%
TOTAL	**2,210**	**375,202,766**	**100%**

TransCentury's Operating Subsidiaries



East African Cables
Total peace of mind

Manufacturer of products that go into key infrastructure including; electrical cables & conductors, transformers and switchgears.

- Leading manufacturer of electrical cables and conductors
- 2 factories in Nairobi, 1 factory in Dar es Salaam

AEA LIMITED

civicon

Construction of infrastructure projects and provision of solutions that enhance infrastructure efficiency and sustainability.

- Leading supplier of industrial products including weighing equipment, generators and coding equipment. Also offers project management services
- Offices based in Nairobi

TANELEC

TANELEC ZAMBIA
Power solutions for Africa

TRANSFORMCO
POWER SERVICES LTD
TRANSFORMATIVE POWER SOLUTIONS

- Leading manufacturer of distribution transformers and low and medium voltage switchgear
- 1 factory in Tanzania and another in Zambia

TransCentury's issued and fully paid share capital consists of 375,202,766 ordinary shares of KShs 0.50 each and authorised but unissued share capital consisting of 824,797,234 ordinary shares of KShs 0.50 each.

The Company shareholders have authorised the issuance of two billion (2,000,000,000) new ordinary shares which will be allotted by the directors under the Rights Issue.

1.6 TransCentury PLC Operating Subsidiaries and Offering

TransCentury has invested in 7 operating businesses across East, Central and Southern Africa. The Group offerings are; Infrastructure products, Engineering and construction, Manage and Maintenance of infrastructure assets and Investment in Infrastructure Assets

1.6.1 Infrastructure Products

Manufacture and supply of products that go into key infrastructure including; electrical cables and conductors, transformers and switchgears.

Our investments; East African Cables, East African Cables

Tanzania, Tanelec, Tanelec Zambia, Transformco.

With presence across East, Central and South African Regions, TC Group has over the years been instrumental in the development of the power and energy subsectors regionally.

1.6.1.1 EAST AFRICAN CABLES

East African Cables ("EAC") is an electrical cable manufacturer with footprint that spreads across East and Central Africa. The company has four manufacturing facilities: two in Nairobi, Kenya, one in Dar es Salaam Tanzania and one in Eastern DRC. In addition, EAC is present in Uganda, Rwanda, Burundi, Southern Sudan and Ethiopia, through a distribution Network.

EAC manufactures an extensive range of cables for applications in domestic and Industrial lighting, as well as transmission and distribution of electricity.

Its product portfolio includes:

- Copper electrical cables and conductors for domestic as well as industrial applications-PVC and XLPE based products.
- Aluminum conductors and cables used for power distribution and transmission over national grid lines- AAC, ACS Rand ABC Products.
- Telecommunication and data cables: LAN cables, Related accessories

1.6.1.2 TANELEC

Established in 1981, Tanelec is a leading power transmission equipment manufacturer based in the East African region. 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.

1.6.2 Engineering and Construction

Construction of infrastructure projects and provision of solutions that enhance infrastructure efficiency and sustainability.

Our Investments: Civicon and AEA.

1.6.2.1 CIVICON

Civicon Limited was founded in 1975 and offers mechanical engineering, civil engineering, logistics and contracting services in East and Central Africa. The company provides EPC and turnkey solutions relative to their key core competencies that include:

- Mechanical engineering,
- Civil engineering,
- Heavy earth works,
- Specialized transport,
- Cranage and erection

Through these core competencies, Civicon is able to serve the following sectors:

- Power Generation
- Power Transmission
- Transport Infrastructure
- Water Infrastructure
- Mining
- Oil and Gas
- Specialized Transport and Logistics

1.6.2.2 AEA LIMITED

AEA Limited is a Pan African company that was incorporated 1970. The company was initially established primarily with a focus on the supply, manufacture and maintenance of industrial and domestic weighing scales. AEA has consistently remained the largest supplier of weighing equipmentin East Africa to date.

Over the years, the company has continuously diversified its product offerings due to the strong aftermarket support with a key focus on power and infrastructure.

AEA provides key products in coding equipment, power generation equipment, industrial products (bearings & related power transmission for production plants) and power infrastructure projects like substations and power plants. The company's product and service offerings include:

- Weighing solutions – weighing scales, systems and weigh bridges
- Supplies and services Videojet Technologies Ink coding machines. The machines include: small and large

character inkjet systems, laser marking systems, label applicator systems, thermal transfer printing systems and industrial graphics and addressing systems
- Integrated generators and power solutions for various applications with capacities between 10KVA-3,000KVA
- Industrial Products including ball bearings, conveyor belts and motors
- Weighbridge management and sub-station projects
- Velocity Patching i.e. fast and efficient road patching technology
- Engineering, procuring and construction solutions

1.6.3 Infrastructure Investments

This involves the development and investment in infrastructure projects that support key pillars of the domestic and export economy. TransCentury Plc operates in this segment.

1.6.3.1 TRANSCENTURY

TransCentury leverages its deep market knowledge and understanding of the local market operations to be on the forefront in addressing major inefficiencies in the region thus investing in;

- Finding solutions to funding challenges for African infrastructure.
- Construction of quality infrastructure.
- Manufacturing and distribution of innovative, fit for local use products that go into infrastructure development;
- World-class management and maintenance solutions for infrastructure to promote longevity and efficient use.

Infrastructure has four key focus areas:

TransCentury's involvement in the entire infrastructure value chain is informed by;

- Strong link between investing in infrastructure assets, engineering and construction, opportunities to supply products and long term maintenance and management contracts.
- Shift in demand from one touch point to another depending on prevailing state of the infrastructure and government policy is common, therefore being involved in all creates stability and diversification of revenues.
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- On the contrary, less government involvement increases opportunity for private investors to fund projects but may reduce the number of projects especially those that have a social benefit drive and therefore reduce demand for products and construction.
- When there is excess capacity in one area then opportunities also shift to other areas.

1.7 Consolidated Financial Results

1.7.1 Consolidated Statement of Comprehensive Income 2021

	Audited 31.12.2016 KShs'000	Audited 31.12.2017 KShs'000	Audited 31.12.2018 KShs'000	Audited 31.12.2019 KShs'000	Audited 31.12.2020 KShs'000	Reviewed 31.5.2021 KShs'000
Revenue	**8,177,350**	**5,659,260**	**4,247,258**	**5,703,904**	**5,322,483**	**2,144,404**
Cost of sales	(7,109,323)	(5,018,062)	(3,364,961)	(3,882,786)	(3,552,410)	(1,560,591)
Gross profit	**1,068,027**	**641,198**	**882,297**	**1,821,118**	**1,770,073**	**583,813**
Other income	2,064,969	52,883	435,424	1,505,523	1,128,173	21,331
Operating expenses	(2,591,643)	(1,915,543)	(2,217,154)	(1,804,832)	(1,508,950)	(554,195)
Operating Income	**541,353**	**(1,221,462)**	**(899,433)**	**1,521,809**	**1,389,296**	**50,949**
Contract liability expense	-	(1,512,163)	-	-	-	
Impairment losses	(724,202)	(272,663)	(599,938)	(3,175,300)	(278,021)	33,953
Depreciation and amortisation	(719,184)	(636,940)	(601,897)	(468,482)	(435,144)	(164,524)
Earnings before Interest expenses	**(902,033)**	**(3,643,228)**	**(2,101,268)**	**(2,121,973)**	**676,131**	**(79,622)**
Exchange losses	(94,012)	(11,418)	(358,095)	(106,210)	(543,308)	(737)
Interest expenses	(619,056)	(1,067,012)	(1,198,772)	(957,260)	(1,131,097)	(446,760)
Net finance costs	**(713,068)**	**(1,078,430)**	**(1,556,867)**	**(1,063,470)**	**(1,674,405)**	**(447,497)**
Loss before income tax	(1,615,101)	(4,721,658)	(3,658,135)	(3,185,443)	(998,274)	(527,119)
Income tax (expense)/credit	751,211	390,376	155,512	(750,086)	(617,250)	(38,875)
Loss for the year	**(863,890)**	**(4,331,282)**	**(3,502,623)**	**(3,935,529)**	**(1,615,524)**	**(565,994)**
Total Other Comprehesive Income	229,219	503,869	378,640	55,126	(83,566)	247,722
Total Items that are or may be reclassified to profit or loss	(223,769)	(82,200)	156,290	50,255	(90,083)	0
Total other comprehensive income net of income tax	**5,450**	**421,669**	**534,930**	**105,381**	**(173,649)**	**247,722**
Total comprehensive income for the year	**(858,440)**	**(3,909,613)**	**(2,967,693)**	**(3,830,148)**	**(1,789,173)**	**(318,272)**
Loss after tax is attributable to:						
Equity holders of the Company	(440,135)	(3,598,187)	(2,982,676)	(3,979,470)	(1,193,347)	(430,306)
Non-controlling interest (NCI)	(423,755)	(733,095)	(519,947)	43,941	(422,177)	(135,688)
Loss for the year	**(863,890)**	**(4,331,282)**	**(3,502,623)**	**(3,935,529)**	**(1,615,524)**	**(565,994)**
Ne Losse attributable to:						
Equity holders of the Company	(487,215)	(3,269,877)	(2,579,821)	(3,897,282)	(1,451,576)	(225,078)
Non-controlling interest	(371,225)	(639,736)	(387,872)	67,134	(337,597)	(93,194)
Total comprehensive income for the year	**(858,440)**	**(3,909,613)**	**(2,967,693)**	**(3,830,148)**	**(1,789,173)**	**(318,272)**

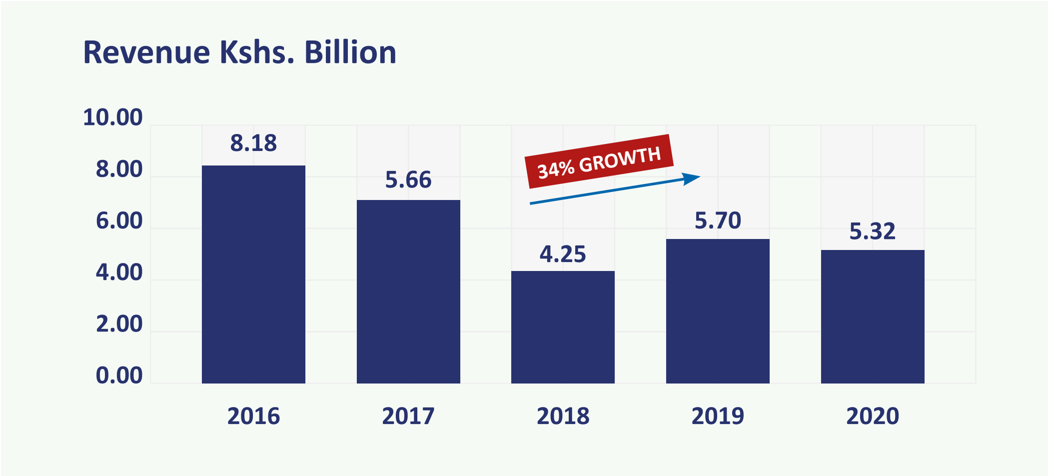
1.7.2 Consolidated Statement of Financial Position

	Audited 31.12.2016 KShs'000	Audited 31.12.2017 KShs'000	Audited 31.12.2018 KShs'000	Audited 31.12.2019 KShs'000	Audited 31.12.2020 KShs'000	Reviewed 31.5.2021 KShs'000
ASSETS						
Non-current assets						
Property, plant and equipment	7,557,934	7,629,624	6,198,145	4,416,670	4,029,788	4,015,652
Investment property	115,000	-	400,245	220,291	220,272	231,769
Right-of-use assets	-	-	-	3,598,935	3,761,738	3,589,260
Prepaid operating lease rentals	1,668,419	1,398,446	2,468,946	-	-	-
Intangible assets	2,853,305	2,865,469	2,839,961	69,593	69,529	67,394
Quoted investments	165	175	199	240	251	240
Unquoted investments	364,285	340,608	313,342	365,534	283,002	365,826
Deferred tax asset	630,215	702,138	666,640	134,711	95,717	67,404
	13,189,323	**12,936,460**	**12,887,478**	**8,805,974**	**8,460,297**	**8,337,545**
Current assets						
Inventories	1,265,223	1,159,177	1,026,307	1,004,457	965,518	1,259,553
Trade and other receivables	3,734,610	3,358,131	2,050,620	2,191,618	3,237,024	2,192,710
Contract Assets	-	-	-	147,675	332,282	115,269
Tax recoverable	352,741	382,619	419,169	438,224	242,057	120,289
Assets held for sale	245,626	639,704	28,628	122,529	121,108	-
Cash and bank balances	124,029	264,873	255,979	296,007	330,710	463,941
	5,722,229	**5,804,504**	**3,780,703**	**4,200,510**	**5,228,699**	**4,151,762**
TOTAL ASSETS	**18,911,552**	**18,740,964**	**16,668,181**	**13,006,484**	**13,688,996**	**12,489,307**
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	140,713	187,601	187,601	187,601	187,601	187,601
Share premium	621,177	1,873,089	1,873,089	1,873,089	1,873,089	1,873,089
Revenue reserves	(1,499,203)	(5,132,661)	(8,695,074)	(13,405,520)	(15,074,580)	(14,938,642)
Translation reserve	(77,341)	(105,583)	448,953	1,208,295	1,003,745	615,990
Fair value reserve	142,303	120,677	93,251	145,940	63,489	145,940
Revaluation reserve	1,698,847	2,112,296	2,411,631	2,412,764	2,314,565	2,629,161
Total equity attributable to equity holders	**1,026,496**	**(944,581)**	**(3,680,549)**	**(7,577,831)**	**(9,632,091)**	**(9,486,861)**
Non-controlling interest	1,472,284	832,549	375,963	443,097	675,910	649749
Convertible loan	1,331,086	-	-	-	-	
Total equity	**3,829,866**	**(112,032)**	**(3,304,586)**	**(7,134,734)**	**(8,956,181)**	**(8,837,112)**
LIABILITIES						
Non-current liabilities						
Deferred tax liability	703,319	654,681	546,433	614,057	878,761	627,540
Lease Liability	-	-	-	10,978	83,691	15,227
Liability for staff gratuity	41,871	41,127	45,023	42,607	52,375	53,395
Preference shares	718,630	723,861	909,056	1,015,458	1,213,502	1,244,343
Bond – non-current portion	1,232,332	553,117	672,184	-	708,713	525,645
Long term loan – non-current portion	1,023,449	2,543,182	2,859,585	3,360,083	3,950,146	4,031,822
	3,719,601	**4,515,968**	**5,032,281**	**5,043,183**	**6,887,188**	**6,497,972**
Current liabilities						
Bank overdraft	320,144	300,315	87,549	70,518	14,931	-
Tax payable	27,017	25,472	11,858	140,502	57,589	48,429
Trade and other payables	4,900,924	6,770,970	7,276,258	7,381,386	8,551,411	8,196,932
Contract liabilities			-	592,271	27,005	-
Lease liability – current portion	-	-	-	8,333	44,389	-
Unclaimed dividends	244	952	952	952	952	952
Long term loan – current portion	5,292,164	5,385,479	5,668,156	4,055,852	4,393,637	3,804,209
Bond – current portion	821,592	1,465,830	1,196,692	1,623,338	720,534	806,934
Shareholder loan	-	388,011	699,021	1,224,883	1,947,541	1,970,991
	11,362,085	**14,337,029**	**14,940,486**	**15,098,035**	**15,757,989**	**14,828,447**
Total liabilities	**15,081,686**	**18,852,997**	**19,972,767**	**20,141,218**	**22,645,177**	**21,326,419**
TOTAL EQUITY AND LIABILITIES	**18,911,552**	**18,740,965**	**16,668,181**	**13,006,484**	**13,688,996**	**12,489,307**

1.7.3 Revenue

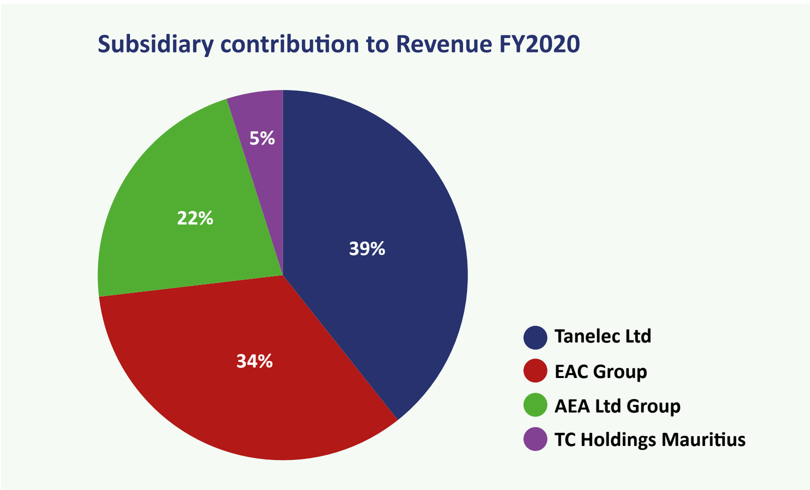
TransCentury has experienced declining revenue in financial year 2016, 2017 and 2018 majorly attributable to:

- Lack of working capital for the groups subsidiaries; and
- Tough business operating environments in regions of operations.



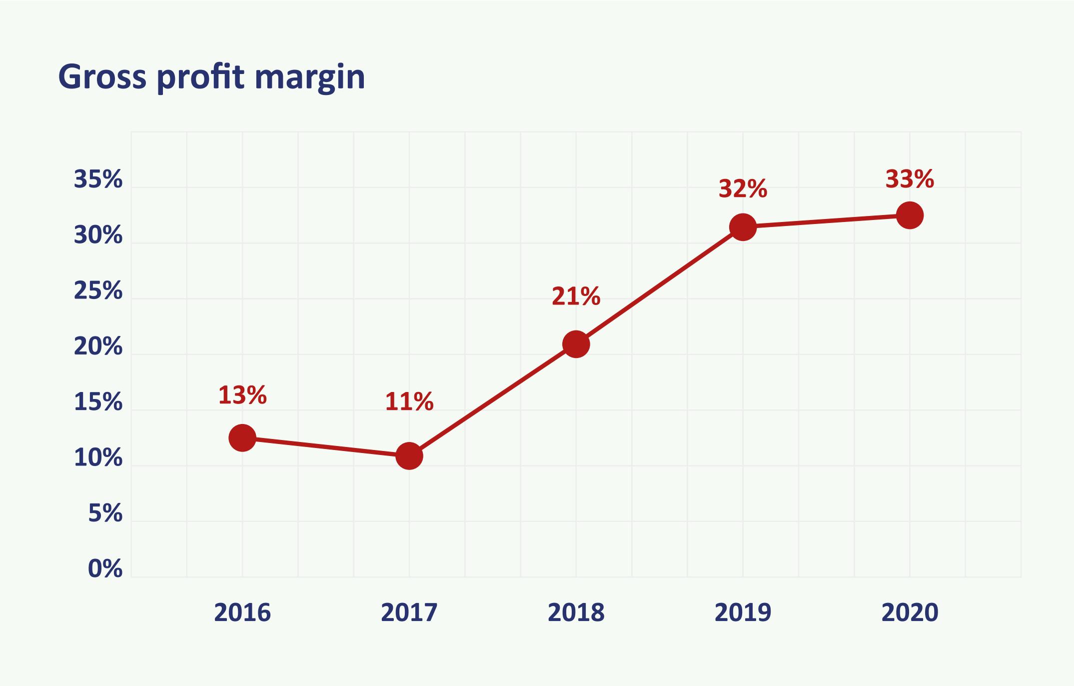
However, the decline has since reversed with a 34% growth in the group revenue reported in 2019. The 34% Growth in top line are as a result of the benefits of the Ahidi strategic plan which encompasses the turnaround plan put in place by the management in 2018.

- Robust executable order book in portfolio businesses especially in Tanelec Tanzania and Zambia, and AEA.
- Successful debt re-profiling at the subsidiary level to match cash flows
- Reduction in commercial bank debt and USD 55m restructured in 3 years
- Innovative working capital financing that accelerated execution; and
- Concerted commercial efforts tapping into opportunities in line with TC strategic plan through diversification of products, services and geographical reach.



1.7.4 Gross profit margin

The group gross profit margin has exponentially increased from a low of 11% in 2017 to the current 33% as witnessed in 2020. This is attributable to the improved efficiency in the project delivery at the Group and subsidiary level.



1.7.5 Working Capital

The group's subdued performance in recent years has been on account of inadequate working capital to fund core business operations. About Ksh 10Bn in working capital is required by the group to effectively service its order book. Without sufficient working capital, the group is unable to procure optimal quantities of requisite inputs necessary to fulfil its order book.

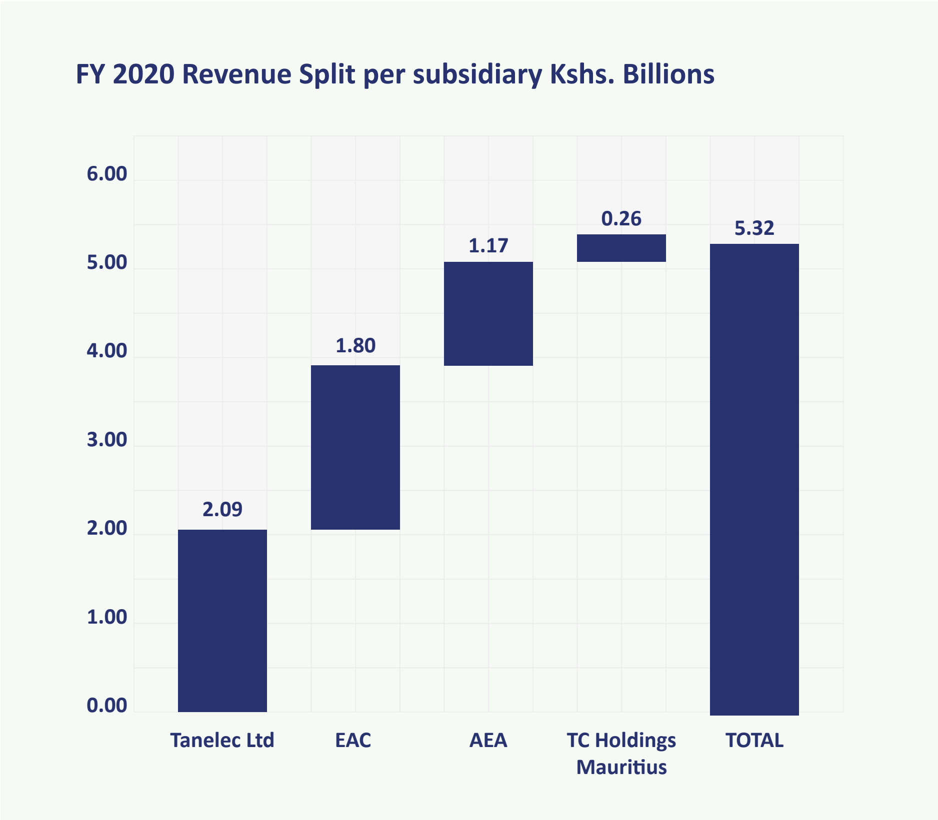
The present rights issue is meant to raise permanent capital to plug this perennial funding deficit, with Ksh 1Bn in rights proceeds earmarked for working capital support. The retirement of Ksh 1Bn in bank loans will make the group's subsidiaries eligible for bank lines of credit which can be tapped to further improve their respective working capital positions.

The group's subsidiaries are at present sitting on latent potential in the form of excess installed capacity, with EAC for instance operating at about 15% of its installed capacity. Once the company's working capital position is enhanced, it can then procure more inputs to better optimize on its installed capacity. This holds for EAC as well as the rest of the group's subsidiaries including Tanelec and AEA.

1.8 Portfolio Operations Overview

EAC Kenya reported improved revenue generation as a result of;

- Improved cash conversion cycle on copper business leading to increased volumes in 2020 compared to 2019.
- Innovative funding
- EAC TZ revenue declined as a result of working capital constraints and disruption in supplies from the restrictive measures taken to curb the spread of Covid-19 virus.
- Tanelec TZ reported increased revenue in 2020 from 2019 from the completion of a profitable three year contract.
- AEA Limited also reported improved revenue from Kshs. 1.06B in 2019 to Kshs.1.17B through availability of working capital loan and concerted commercial efforts leading to increased revenue in the fourth quarter of 2020.



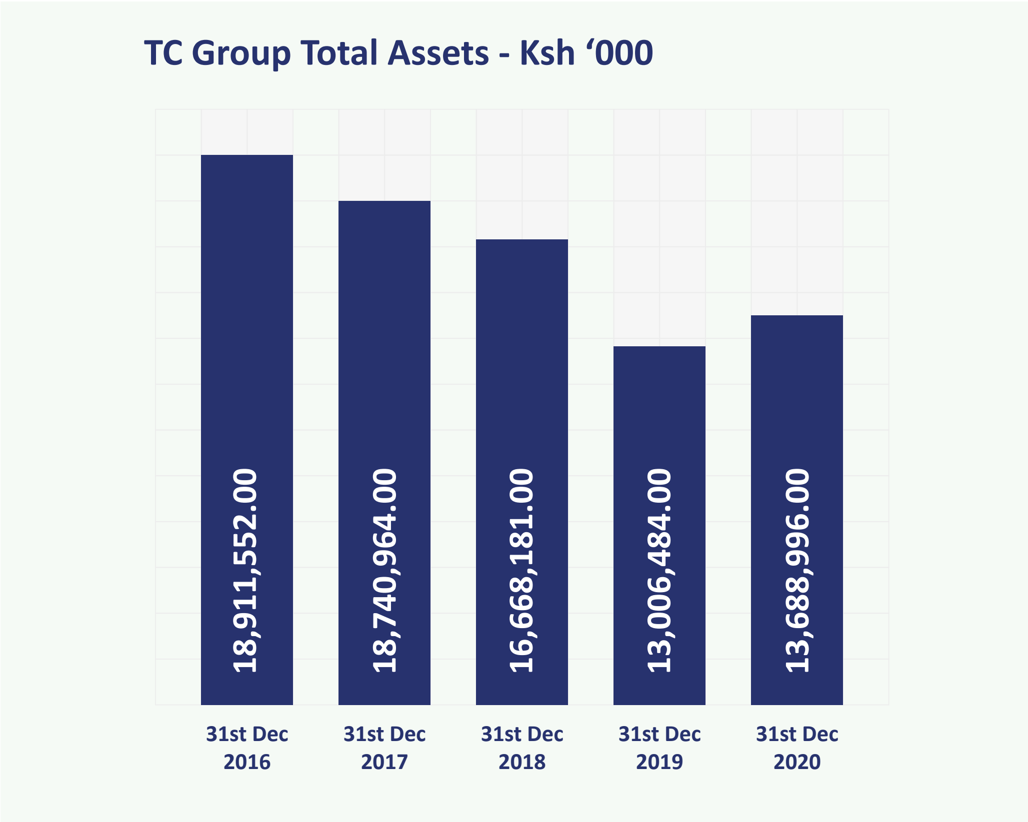
1.9 Analysis of the Financial position of the Group

1.9.1 Assets

- Total assets have been declining as a result of the concerted effort by the management to internally fund the business through disposal of property, plant and equipment that are not revenue generating and that do not contribute to the core business of the company
- In 2020, assets marginally increased by Kshs.75M as a result of: increase in receivables by Kshs.335M, Translation gain on leasehold and investment property and the net effect of depreciation and amortization.

1.9.2 Equity

- The Group equity deteriorated further as a result of operating losses reported in all the investee companies save for AEA & Tanelec TZ which posted profit after tax of Kshs. 308M and Kshs. 21M respectively. The net loss attributable to the shareholders for the year was Kshs. 1.7B while the total equity attributable to equity holders of the company was (Kshs. 9.6B) as at 31st December 2020.
- Further, the negative equity position was exacerbated by the additional shareholder loans taken to settle convertible bond and to fill the working capital gaps in the Group.


TC Group Total Assets - Ksh '000
18,911,552.00
18,740,964.00
16,668,181.00
13,006,484.00
13,688,996.00
31st Dec 2016
31st Dec 2017
31st Dec 2018
31st Dec 2019
31st Dec 2020

1.10 Summary of Debt facilities as at 31st May 2021

ENTITY NAME	FINANCIER	TYPE	PURPOSE	AMOUNT AUTHORIZED	AMOUNT ISSUED TO DATE	AMOUNT OUTSTANDING TO DATE	TENOR	CCY	INTEREST	REPAYMENT	MATURITY DATE
				KShs M	KShs M	KShs M					
TC Holding Company	Equity Bank	Term Loans	16% additional shareholding acquisition in CAGL & Take over debt from CITI bank	2,159	3,028	3,028	4 years	USD	6-month USD LIBOR + 8 % (Min 10 %)	Revolving	31-Mar-22
	Bond holders	Convertible Bond	Acquisition of 62% of CAGL and investment in RVR	1,332	1,332	1,331.6	1 year	USD	8.00%	Monthly	30-Jun-22
	Kuramo Capital	Preference shares	Bond repayment	1,249	1,249						
	Kuramo Capital	Shareholder Loan	Bond repayment	2,101	2,101	-	1 year	USD	7.00%	Non-Revolving	30-Jun-20
	Sub-total TC			**6,840.3**	**7,709**	**4,359**		.			
Civicon Kenya & Uganda	Equity Bank	Term Loans	Asset Finance	1,096.4	23	22.8	24 months	USD	13.00%	Monthly	12-Aug-17
	Equity Bank	Business Loan	Funding gap/Working capital		1,332	1,332.4	84 months	KES	13.00%	Monthly	27-Dec-25
	Equity Bank	IPF	Insurance Finance		30	29.9	24 months	USD	13.00%	Monthly	15-Nov-17
	Equity Bank	Trade Loans	Guarantees	1,296.8	1,297	1,296.8	1 year	USD/KES	Commissions: BB-	Non-Revolving	27-Dec-19
	Sub-total Civicon			**2,393.2**	**2,682**	**2,682**					
AEA	SBM Bank	Term Loans	Term loan and restructure	325	339	14.2	48 months	KES	16%	Monthly	30-May-26
	Sidian Bank	Asset Finance	Working capital	2	2	-	36 months	USD	13.5%	Revolving	19-Apr-22
	Sidian Bank	Asset Finance	Company Crane truck	0	0	-	36 months	USD	13.5%	Revolving	19-Apr-22
	Sidian Bank	Trade Loans	Post import repayment	37	37		n/a	USD			
	Sidian Bank	Performance Bond	Working Capital	157	157	-	n/a	KES	n/a		31-Dec-21
	Sidian Bank	Letters of credit	Working Capital	314	314	-		USD	n/a		
	Kingdom Bank	Advance payment guarantee	Working Capital	89	1	-		USD	n/a		
	Kingdom Bank	Performance Bond	Guarantees	44	44	-		USD	n/a		

1.10 Summary of Debt facilities as at 31st May 2021 *continued*

ENTITY NAME	FINANCIER	TYPE	PURPOSE	AMOUNT AUTHORIZED	AMOUNT ISSUED TO DATE	AMOUNT OUTSTANDING TO DATE	TENOR	CCY	INTEREST	REPAYMENT	MATURITY DATE
	Mazel	Performance Bond	Guarantees	6	6	-		USD	n/a		07-Mar-22
	Mazel	Performance Bond	Guarantees	48	48	-		USD	n/a		31-Aug-21
	Sub-total AEA			**1,022**	**949**	**14.2**					
EAC KE	Equity Bank	Trade Loans	Term loan	1,290	1,426	136	120 Months (24 months principal moratorium and a 6 months interest moratorium)	USD/KES	13% per annum	Reducing balance	29-Nov-28
	Equity Bank	Trade Loans	Guarantees	-	-	-					
	SBM Bank	Trade Loans	Working capital	292	293	1	180 days	KES	16.00%	Revolving	24-Apr-16
	Ecobank	Term Loans	Capex	169	169	-	5 years	KES	>16% or (Tbill+5.87%)	Quaterly	06-Mar-20
	Sidian	Trade Loans	LCs	2,374.9	22	-		USD	0.3% per quarter	Quaterly	
		Trade Loans	Guarantees		-	-		USD		Quaterly	
	Sub-total EAC			**4,126**	**1,910**	**137.4**					
EAC TZ	Equity Bank	Term Loans	Term loan	343	382	42	10 years	USD	13.00%	Reducing balance	29-Nov-28
	Sub-total EAC			**343**	**382**	**42.0**					
TANELEC	TIB	Term Loans	Takeover Facility from Standard Chartered Bank	252	192	-	5 years	USD	USD Base Rate i.e. 9%	Monthly	17-May-23
	TIB	Overdraft	Working capital	86	-	-	1 year	USD	USD Base Rate i.e. 9%	Revolving	01-Jun-20
	TIB	Multi option facility	Trade loans	723	390	-	1 year	USD	TZS base rate minus 2.5% i.e. 16.5%	Revolving	01-Jun-20
	TIB	Trade Loans	Guarantees		50	-	1 year	USD	4.04%	On demand but not exceeding 12 months from the date the amounts are drawn	18-Oct-18
	TIB	Trade Loans	LC's		236	-					
	Sub-total Tanelec			**1,061**	**868**	**-**					
Total Loan Facilities				**15,786**	**14,500**	**7,235**					

1.11 Performance outlook

The statements in this forecast relate to future events and expectations and are forward-looking statements and numbers. The information given is as of the date of this Information Memorandum.TC Group's actual results may differ materially from those described or implied in our forecast based on a number of factors including but not limited to delay in receiving monies from the rights issue and failure to realize the target amount. Prospective investors should carefully consider the risks and uncertainties described in this Information Memorandum and the information incorporated herein by reference, along with their personal circumstances before making any investment decision.

Forecast consolidated statement of comprehensive income for the 12 months' period ending 31 December 2022 and 2023

INCOME STATEMENT	2022 Annualized KES M	Projected 2023 KES M
Revenues	5,922	9,863
Cost of sales	(4,382)	(7,127)
Gross profit	**1,540**	**2,735**
	26%	28%
Other income	122	-
Operating expenses	(1,437)	(1,132)
Earnings before interest, tax, depreciation and amortization	**224**	**1,604**
	4%	16%
Impairment losses	-	-
Depreciation and amortization	(332)	(462)
Operating profit/ loss	**(108)**	**1,142**
Forex gains / (losses)	-	-
Interest expense	(1,151)	(760)
Net finance cost	**(1,151)**	**(760)**
Profit/ loss before income tax	**(1,260)**	**382**
Income tax (expense)/credit	127	(114)
Profit/ loss for the year	**(1,132)**	**267**

Forecast consolidated statement of financial position-12 months' period ending 31 December 2022 and 2023

	2022 KES M	2023 KES M
Assets		
Non-current assets		
Property Plant and Equipment	7,624	7,685
Intangible assets	69	72
Other non-current assets	285	565
Non-current assets	**7,978**	**8,322**
Inventories	1,265	1,091
Trade and other receivables	3,412	2,009
Cash and cash equivalents	145	-
Shareholder equity writeback		-
Other current assets	300	55
Current assets	**5,121**	**3,154**
Total assets	**13,099**	**11,476**
Equity and liabilities		
Equity reserves and provisions	5,056	5,403
Additional capital	-	2,200
Retained earnings	(17,322)	(11,164)
Convertible bond/loan	-	-
Non-controlling Interest	484	559
Total equity	**(11,782)**	**(3,002)**
Non-current liabilities		
Long term debt (third party)	3,412	2,412
Convertible bond – non-current	-	-
Convertible loan / Pref shares	1,553	1,522
Other non-current liabilities	583	809
Non-current liabilities	**5,549**	**4,743**
Current liabilities		
Short term portion of borrowings	6,015	2,051
Trade and other payables	9,088	7,491
Other payables	-	-
Convertible bond - current	923	-
Shareholder loan	3,245	-
Overdraft	49	55
Shareholder equity writeback	-	-
Other short-term liabilities	13	138
Current liabilities	**19,333**	**9,735**
Total liabilities	**24,881**	**14,478**
Total equity and liabilities	**13,099**	**11,476**

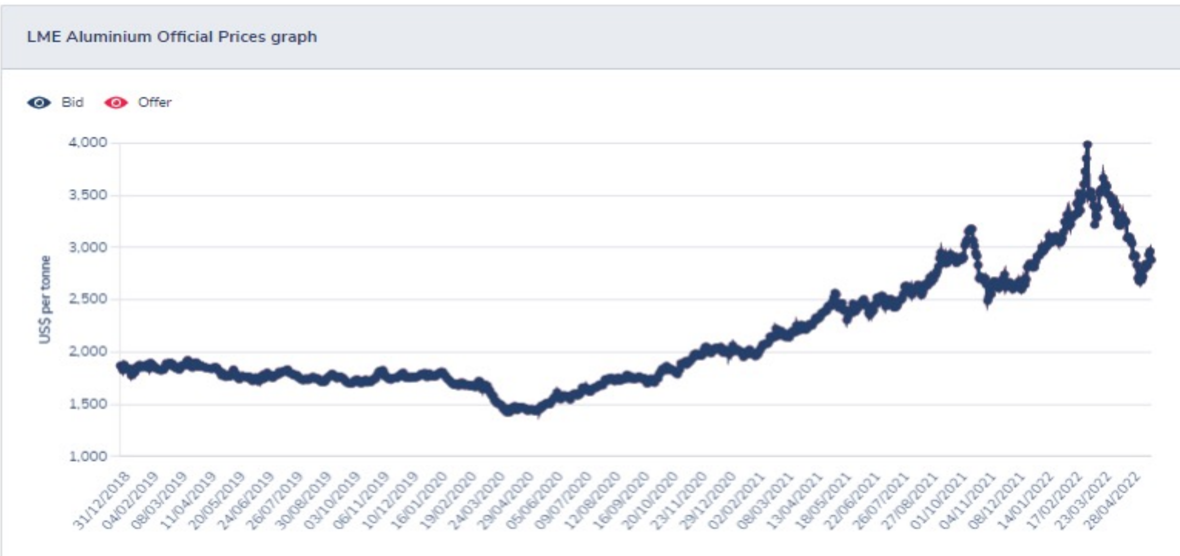
i. The group financials for the period ending 30th May 2021 have been reviewed by KPMG and are included in the reporting Accountants reports in section 15 of this Information Memorandum.

ii. The unaudited Management accounts for the period ending 31st December 2021 have been availed at the Issuer's office for inspection.

The group financial projections for FY2022 and FY2023 provided in Section 12 of this Information Memorandum are based on management's estimates. Please refer to the disclaimer statement on the financial projections section of this Information Memorandum.

1.11.1 EAST AFRICAN CABLES

- EAC recorded a marginal (2.7%) growth in sales from Ksh 1,800 Mn realized in 2020 to Ksh 1,848 Mn earned in 2021.
- The company's YTD revenue at the close of April 2022 stood at Ksh 798 Mn, a positive improvement from revenue earned in a similar period last year. Going by this run rate, the company is poised to generate circa Ksh 2,394 Mn in revenue at close of the year. This will be a staggering 29.6% Y.o.Y improvement in revenue realized from 2021.
- These results are against a backdrop of rising global base metal prices, more so Aluminium and Copper, which are the key inputs in the manufacture of electrical cables and conductors. Aluminium and Copper prices at the London Metal Exchange (LME) have continued to rally for the second consecutive year due to global supply chain constraints induced by Covid-19 coupled with the heightened demand for base metals for the implementation of the ambitious infrastructure plans unrolled by the EU and the US.
- Aluminium trading opened the year 2021 at USD 1,980 per metric ton, clocked a high of USD 3,180 in October and closed the year at USD 2,805. Copper trading similarly opened the year 2021 at USD 7,750 per metric ton, clocked a high USD 10,715 in May and closed the year at USD 9,700. The price has been on a consistent upward trend from early 2020 and seems to be establishing a new equilibrium price around the USD 10,000 per metric ton mark.



- A mix of transient and potentially long-term factors have been behind the sustained rise in global metal prices, including:
  a) Faster recovery in the Manufacturing sector, especially in China, which is a large consumer of industrial metals.
  b) Disruption of global supply chains due to effects of the COVID-19 pandemic which has caused a backlog in key ports. This has resulted in a sharp increase in freight rates due to longer clearing time.
  c) The transition to more environment friendly forms of energy, coupled with ambitious infrastructure plans in the US and the EU have fuelled a rally in metal prices as markets anticipate heightened demand for metals.
  d) Ease of storage of metals - Most metals do not require specialized storage, hence their prices tend to be very forward looking and sensitive to changes in interest rates.
- Higher base metal prices coupled with insufficient working capital hampers EAC capacity to procure the required metal inputs for production. This results in lower processed throughput and therefore suppressed revenues. The company has however neutered the rising metal prices by improving its cash conversion cycle (CCC) from 270 days in 2016 to 135 days in 2021 through better receivables management. Management is keen to further shorten the CCC of the business to about 90 days by the end of 2022. A shorter cash conversion cycle allows the company to recycle its capital more efficiently in a way that allows the business to unlock optimum returns from fixed cash resources. During 2021, the business was also able to recover bad debts amounting to Ksh 158 Mn which have since been ploughed back into business operations, further improving the business' cash position.
- The company's operating trading position (EBIT) improved to Ksh (119.85Mn) in 2021 however it still remains in the loss domain. This marked an improvement from the EBIT of Ksh (256.74Mn) registered by the business in 2020.
- The projected increases in monthly throughput production for both copper and aluminium is on account of the expected inflow of funds to EAC from two sources (i) partial proceeds from the rights issue conducted by the parent company TransCentury, earmarked for working capital support of its portfolio companies, and (ii) the prospective expansion of existing working capital lines with the firm's partner banks. A number of banks have given tentative commitments to extend new working capital facilities as well as expand existing funding depending on the success of the ongoing rights issue. Access to these funding sources will significantly improve the liquidity position of the company enabling it to source larger input consignments and consequently process larger monthly throughput hence better utilization of its production capacity.
- With a projected monthly average Copper throughput of 125 mT in 2022 and 150 mT in 2023, as well as Aluminium throughput of 50 mT in 2022 and 60 mT 2023, management forecasts that the company will book revenues of Kshs. 3.16 Bn and Kshs. 3.80 Bn in 2022 and 2023 respectively. The projected revenues are based on applying the company's margins to the current selling price per ton for copper and aluminium products at the LME which have risen significantly as discussed earlier in this section.
- For the projections period, management expects that the company's margins will be protected from the volatility in global metal prices, specifically Cu (copper) and Al (aluminium), as the input costs will be fully passed through to the final consumers. Additionally, any shocks in input costs are not expected to distort local market dynamics as they largely affect all players across the board. Even as the company scales its monthly throughput, business expenses are not expected to change significantly given current underutilization of capacity. Most business expenses, more so the administrative and distribution costs are projected to grow by the projected inflation rate, with the exception of direct input costs which are directly tied to the factory throughput. The projected finance costs have been maintained at the level of the company's financing facilities as at April 2022 given that the quantum of new financing is not definite. With the foregoing, the company expects to post an EBITDA of Kshs. 402 Mn and Kshs. 554 Mn in 2022 and 2023 respectively.
- These bullish projections are reflective of the level of confidence management has in the turn-around plans currently being implemented at company level. All systems are in place for EAC to grow its market share in Kenya, where universal demand for cables is approximated at between 1,000 – 1,500mT per month. The projections are therefore achievable given the company's turn-around track record, its intimate knowledge of market dynamics, strong brand equity, as well as existing underutilized production capacity.
- Copper is the key input in the manufacture of electric cables and conductors for the retail and contractor market, while aluminium is the main input in the production of overhead electric cables and conductors used in the transmission and distribution of power. Copper throughput is expected to grow at a faster rate than of aluminium since its output is focused towards the fast-growing retail and contractor market, which operates on a cash to near cash basis. On the other hand, aluminium is targeted at institutional clients, more so regional utility companies which operate on standard credit terms. Increased sales of copper products will therefore allow the company to shorten its cash conversion cycle, improve its liquidity position, and ultimately process more throughput production.

1.11.2 TANELEC

- Tanelec has achieved remarkable growth over the last five years from FY2017 through to FY2021. Over this period of review, the company's revenues have grown three-fold from Ksh 664.48 Mn to Ksh 2,183.30 Mn. This growth trend has been largely supported by favourable government policies that championed the expansion of local manufacturing capacity in Tanzania, the company's primary operations base and core market. As the most established transformer, switchgear and related electrical components manufacturer in Tanzania, Tanelec supplies Tanesco, the country's main electricity distribution company as well as other regional power utility providers. The favourable operating environment sustained through government goodwill has seen the company post a compound annual revenue growth of about 34% over the last five years with an average EBITDA margin of about 39% for the period.

- Tanzania has historically had a low national electricity connectivity rate which stood at about 39.9% at the close of 2020, according to the World Bank. The government, cognizant of the importance of power as a catalyst for economic growth, commissioned the construction of the Julius Nyerere hydro-power dam on river Rufiji in 2018. This dam, with a generation capacity of 2,115MW, is expected to be completed in the course of 2022, at which point it is expected to more than double the country's total power output from the current 1,513MW to 3,626MW.
- The commissioning of the Julius Nyerere dam is expected to create huge opportunities for the supply of electric power transmission equipment, as more households and enterprises get connected to the grid. Tanelec being the leading local manufacturer of electrical components in Tanzania is well placed to secure a good amount of this prospective business. The company projects the good run in electric transformer demand to persist with an indicative aggregate order of 4,186 units in 2022 and projected demand of 5,126 units in 2023. This output is well within the company's installed production capacity of about 15,000 transformer units annually.
- Switchgears are an equally important component in power connectivity, more so given their critical role in the regulation of electric voltage for safe usage by consumers. With the projected expansion in power output, and subsequent need for its transmission and connectivity to final consumers, the company projects strong demand for switchgear units, to keep up with the expected growth in demand for transformers and associate electrical equipment. Thus, Tanelec forecasts demand for switchgear units grow by 150% in 2022 and 30% thereafter in 2023.
- From the foregoing expansion, the company projects to earn about Tzsh 53.7 Bn and Tzsh 69.0 Bn in revenue for the years 2022 and 2023 respectively. It recently invested in expanding the capacity and efficiency of its main manufacturing plant hence it is currently operating at excess capacity. This capacity will come in handy in meeting the forecast growth in demand from which the company expects to enjoy scale economies at it ramps up production. As such operating expenses are expected to grow at a modest rate, just matching the prevailing rate of inflation for the period. The company therefore projects to post an EBITDA of Tzsh 6 Bn and Tzsh 11.5 Bn for the years 2022 and 2023 respectively.
- Tanelec has taken steps to expand its regional footprint by opening subsidiaries in Kenya, Malawi and Uganda. This is meant to improve the firm's sight of opportunities, as well as enhance its local appeal to attract more business within those jurisdictions. Through these new offices, the company expects to be in close proximity to its clients which will enable it to improve its responsiveness and turnaround times, hence achieve better customer experience. Once these satellite operations build a firm operating foothold, they are expected to positively contribute to the company's bottom-line.
- The company is also expected to benefit from a successful rights issue by its parent company TransCentury as it will receive partial proceeds to bolster its working capital position, allowing it to handle larger throughput and ultimately improve its order turn-around time. This will send a positive signalling effect to the market enabling the company to attract more business and effectively expand its client base across the region.

1.11.3 AEA

- AEA has posted strong growth in the last three years. This positive growth momentum was further bolstered in FY2021 where the firm earned KShs.1.67Bn, representing a 31% YoY growth from 2020 revenue which stood at KShs.1.22Bn. The company profits after tax also rose by 18% from 27.7Mn in FY2020 to 32.6Mn in FY2021.
- This growth in revenue is on the back of profitable construction contracts secured by the company through collaborative partnership with other contractors. The newly acquired construction capabilities are expected to further boost the company's earnings and significantly lift profits well into the future.
- In Addition to the construction business line, the company projects growth in its other business lines, including installation, management and maintenance of weigh bridges along major highways on behalf of the Kenya National Highways Authority (KeNHA).
- Notably, the company has secured contracts for the Construction of Uganda road and Dogoye Bridge with a total value of USD 15Mn and OCC Housing project in DRC with an estimated value of USD 250 million. This is projected to generate good revenues for the firm in the coming years.
- Management expects the company to sustain its growth momentum into FY2022 and FY2023 with projected revenues of Kshs.3.58Bn and Kshs.5.51Bn respectively and EBITDA equivalents of Kshs.863Mn and Kshs.1.5 Bn.

> The ingenuity in which the teams across the Group innovated and diversified was quite commendable and is testament of the resilient spirit that makes TransCentury...

Nganga Njiinu, during the Covid 19 pandemic period.

Section 13: Corporate Governance, Board of Directors and Senior Management

1. Corporate Governance

Corporate governance deals with the way companies are led and managed, the role of the Board of Directors and a framework of internal controls. The Board of TransCentury PLC is committed to upholding high standards of corporate governance.

The Board as a whole provides strategic input and leadership through oversight, review and counsel. It is the primary decision-making body for all matters significant to the Company. The Board is responsible for the overall management of the Company including the approval of the Company's long-term strategy. It oversees the Company's compliance with statutory and regulatory obligations and the capital and corporate structure. The Board also reviews performance in light of the Company's strategy and objectives.

All the directors have access to the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable laws and regulations are complied with. The Board is also entitled to seek independent professional advice.

2. The Board

2.1 Board Composition

2.2.1 The Board is made up of four executive directors and five non-executive directors, four of whom are independent non-executive directors, including the Chairman. The Board considers all of the non-executive directors to be independent and free of any business relationship or other circumstances that could materially interfere with the exercise of objective or independent judgment. In determining their independence, the Board reviews all directors' interests which may give rise to a potential or perceived conflict.

2.2.2 The Board is aware of the other commitments of the individual non-executive directors and is satisfied that these do not conflict with their duties and time commitments as directors of the Company.

2.2 Chairman and Chief Executive Officer

2.2.1 The roles of the Chairman and the Chief Executive Officer are clearly defined in written role descriptions which have been approved by the Board.

2.2.2 Except for direction and guidance on general policy, the Board has delegated the authority for the conduct of day to day business to the Chief Executive Officer and the Management Committee.

2.3 Board Committees

The Board has four Committees with specific delegated authorities. Each committee is responsible for the review and oversight of the activities within its defined terms of reference.

2.3.1 Board Nomination and Governance Committee

The Committee's mandate is to review regularly the structure, size and composition of the Board, make recommendations to the Board on suitable candidates to fill Board vacancies, conduct, review and recommend the remuneration of the non-executive directors. Responsible for Corporate Governance, director's appointment, and evaluation of the Board's effectiveness.

2.3.2 Board Audit, Risk and Compliance Committee

Responsible for 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.

2.3.3 Board Finance and Strategy Committee

Review of financial objectives, policies, capital structure and financing requirement and to oversee the development and implementation of long-term strategy.

2.3.4 Board Human Resource and Remuneration Committee

Responsible for establishment, maintenance, compensation, and administration of Human Resources management.

2.4 Directors' Shareholding 2020

Name	No. of shares held
Shaka Kariuki*	Nil
Wale Adeosun *	Nil
Kamal Pallan *	Nil
Kariithi Njogu	12,520,370
Ann Mutahi	Nil
Wanjuki Muchemi	3,912,670

2.5 Conflicts of Interest

All directors are under a duty to avoid conflicts of interest. This entails not engaging, directly or indirectly in any business that competes or conflicts with the Company's business. The Company has established a robust process requiring directors to disclose proposed outside business interests before they are entered into. Any potential or actual conflicts of interest are reported to the Company Secretary.

2.6 Relations with Shareholders

2.6.1 The Board recognises the importance of good communications with all shareholders. This is done through the AGM as well as the published annual report together with the periodic quarterly, half-yearly and full-year results.

2.6.2 The Board has engaged the services of a professional Registrar to allow for quick responses to all shareholder queries and smooth transfer of shares.

Section 13: Corporate Governance, Board of Directors and Senior Management

2.7 Board of Directors

Shaka Kariuki - Chairman

Shaka Kariuki serves as Co-CEO of Kuramo Capital Management, LLC.

Previously, Shaka served in several leadership roles at the USD 9Bn Deseret Mutual Benefit Administrators (DMBA), most recently as Head of Global Equity Markets, Fixed Income, and Portfolio Manager of Global Private Equity. Shaka also headed the investments of DMBA affiliates in Developed and Emerging Markets (UK, Canada, New Zealand, Australia, Philippines, Samoa), including Africa.

Prior to DMBA, Shaka was a senior member of the Global Finance team at Agilent Technologies where he managed finance teams in Asia, Europe, Japan and USA. Prior to Agilent, Shaka was an Associate in the Investment Banking Division of First Security Van Kasper. Shaka also worked at Choice Hotels International in the mergers & acquisitions department.

He is the former Chairman of Deseret First Credit Union. He currently serves as Executive Chairman of NAS Foods in Ethiopia and is on the Board of Leon Business Solutions in Zimbabwe, Solo in Nigeria, Sepfluor in South Africa and the Marriott School of Management at Brigham Young University.

Shaka holds a B.S. in Economics, an MBA with an emphasis in Finance from Brigham Young University, and a Masters in Government from Harvard University. He is a member of the CFA Institute.

Nganga Njiinu, CFA - Group CEO

Nganga Njiinu has over 20 years' experience in investments, strategy implementation and operations. Since joining TransCentury Group in 2008 Njiinu has held various leadership roles in corporate finance, portfolio management, business development as well as originating and developing opportunities in the infrastructure space. In addition, Njiinu has had deep experience in developing infrastructure projects in the areas of mining, energy, rail, and roads. Since taking up the CEO role in 2016, Njiinu has led the Group through an extensive restructure that has led to reduction of debt by USD55m and the restructure of USD 52m of debt, in addition to a Groupwide organisation redesign reflecting Group's strategic direction. Under his leadership, the Group has attracted over USD50m of additional funds into the business and successfully exited infrastructure projects and portfolio investments.

Prior to joining TransCentury, Njiinu worked for Coldwell Banker Residential Brokerage in the USA for 7 years, where he oversaw strategic initiatives, financial planning, and analysis as well as evaluation and integration of acquisitions.

Njiinu holds an MBA in Finance and Investment Management from the University of Dallas in Irving, Texas and a Bachelor of Science in International Business from United States International University. He is also a CFA Charter holder.

Anne Wanjiku Mutahi - Independent Director

Anne Wanjiku Mutahi is a reputable SME Specialist, and has a wealth of experience in the SME and financial services sector.

She has worked in several regulated financial institutions (Middle East Bank, ABN-Amro Bank & Citibank) providing innovative solutions to the Corporate & SME sector, as well as providing wholesale financing to front line micro lenders through a micro finance wholesaler.

Anne has interacted with policy makers in providing an enabling environment for MSME's, especially in the provision of financial services. In addition, Anne has worked closely with women through the Women Enterprise Fund in providing women with well tailored financial and non financial solutions.

Anne also has extensive governance experience having served on several Nairobi Stock Exchange listed companies., including being a Past Chair to the Board of Standard Chartered Bank Kenya.

An alumni, of the University of Cape Town (EMBA), Anne has also managed a retail market and a factor house, providing supplier credit to the retail sector. Anne recently served as the Senior Advisor on SME Development to the 4th President of the Republic of Kenya.

Anne is proudly East African (Kenyan) and is fluent in Kikuyu, Swahili, English, and has a working knowledge of the French language. She is a proud mother of 3 boys and one daughter and is a supportive spouse to a busy man.

Her hobbies include socializing, reading, organic farming, swimming, and walking.

Section 13: Corporate Governance, Board of Directors and Senior Management

Wale Adeosun, CFA - Director

He is the Founder and Chief Executive of Kuramo Capital Management.

Previously, Walé was Treasurer and CIO at Rensselaer Polytechnic Institute (RPI), where he oversaw $850 million in endowment and pension assets. He led RPI's increased investment in alternative investments, spearheading RPI's investment effort in emerging frontier markets, including Africa.

From 1999 to 2004, Wale was a Managing Director in the Investments Group of The MacArthur Foundation in Chicago. Walé served as former Chair of the Investment Advisory Committee for the $180 Billion New York State Common Retirement Fund. He also serves as President of the Nigeria Higher Education Foundation (NHEF).

Walé was awarded the Chartered Financial Analyst designation in 1995 and is a member of the CFA Institute. He was also appointed to President Obama's Presidential Council on Doing Business in Africa.

Walé received his MBA from John M. Olin School of Business at Washington University in Saint Louis, MO with a concentration in Finance, and his BA in Economics and Business Administration from Coe College, Cedar Rapids, IA.

Kamal Pallan - Director

Partner and Chief Operating Officer, Kuramo Capital Management.

Previously, Kamal served in a number of different executive roles at JPMorgan, most recently as Managing Director for the Global Custody business in the Americas. He was also a Product Executive in JPMorgan's ADR business where he led the issuance of GDRs and ADRs for companies from emerging and frontier markets.

Prior to JPMorgan, Kamal was an Engagement Manager in the New York office of McKinsey & Company, serving global corporations in financial services, media, and entertainment. He has also worked in business development at GE Capital and as an investment analyst at the International Finance Corporation (IFC) where he focused on equity and debt investments in the Oil, Gas & Mining sector, including initiatives in Africa.

Kamal Pallan received his MBA from the Wharton School of the University of Pennsylvania and a BSE in Chemical Engineering summa cum laude from the University of Pennsylvania.

Wanjuki Muchemi – Independent Director

CBS, LL.B. (Hons), MBA (Nbi), FCIArb. (U.K), CPS (K).

Mr. Muchemi is a senior legal practitioner with a wealth of experience in International Commercial Law, Arbitration, Alternative Dispute Resolution, Multilateral and Bilateral Finance negotiations. He is the currently serving as a non- Executive Director in the Boards of several listed and private companies including Trans-Century PLC., East African Cables PLC, Cable Holdings (Kenya) Limited, Energy and Petroleum Regulatory Authority (EPRA), Sonar Imaging Centre Limited, Kenya Diabetes Management and Information (DMI) Centre and Mount Kenya Academy Schools Limited.

Previously, Mr. Muchemi served in the Public Service as the Solicitor-General of the Republic of Kenya and as the Principal Assistant to the Attorney-General for ten (10) years from 2003 to 2013. During his tenure, he was awarded the Chief of the Order of the Burning Spear (CBS) (First Class) by His Excellency, President Mwai Kibaki, for his dedicated service. In addition, he also served as a Director in several State Corporations including Kenya Revenue Authority (KRA), Kenya Pipeline Company (KPC), Salaries and Remuneration Commission (SRC), Kenya National Audit Office (KENAO), Kenya Ports Authority (KPA), as well as at the Centre for Corporate Governance where he served for 10 years.

He holds a Master of Business Administration (MBA) degree in Strategic Management and a Bachelor of Laws (LL.B. Hons.) degree from the University of Nairobi. He is an Advocate of the High Court of Kenya, Fellow of The Chartered Institute of Arbitrators, London, U.K. (FCI Arb.), Member of The Institute of Certified Public Secretaries of Kenya (CPS (K)), and The Law Society of Kenya. He has taken part in many Strategic Management and Professional courses in topical and current practices.

Section 13: Corporate Governance, Board of Directors and Senior Management

Kariithi Njogu, HCS - Independent Director

Kariithi Njogu has vast experience in management of public resources in the Kenyan economic environment and in consultancy and advisory activities.

He sits in the board of LSG Sky Chefs Kenya Ltd, the 2nd inflight Catering Company in Kenya as well as in the board of Old Mutual Investment Services. Between 2006 and 2012, Mr. Kariithi served as a director at the Communication Commission of Kenya (CCK) now Communication Authority (CA), where he was also a member and Chair of the Finance Matters Committee for more than 4 years. In 2009, Mr Kariithi was appointed by the then Minister of Planning to serve as a member of National Governing Council for preparation of a second government review by African Peer Review Mechanism (APRM) programme.

Mr. Njogu is a founding member of TransCentury Group and also served as an honorary secretary, during the formative years.

He holds a M.Sc. Degree in Management and Organizational Development from United States International University as well as a M.Sc. Degree in human biology from Loughborough University of Technology in Leicestershire, England.

Virginia Ndunge – Company Secretary.

Virginia Ndunge is a Certified Public Secretary and a member of the Institute of the Certified Public Secretaries of Kenya (ICPSK). She holds a Bachelor of Commerce degree in Finance and Diploma in Project Management. She has substantial experience in Company Secretarial services having worked with Emu Registrars, Certified Public Secretaries for over thirteen (13) years, and Kaplan and Stratton Advocates for six (6) years as the head of their Company Secretarial Division

Section 13: Corporate Governance, Board of Directors and Senior Management

2.8 Board Skills and Qualifications

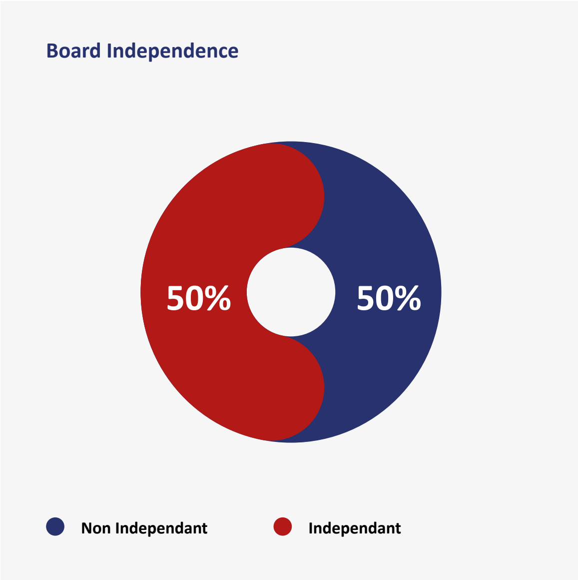
In line with the company's core business and its strategy, each director skills are critical, and the Board ensures that collectively all requisite skills and experience is available for the board to discharge its roles and responsibilities objectively and effectively. The nomination and governance committee 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.

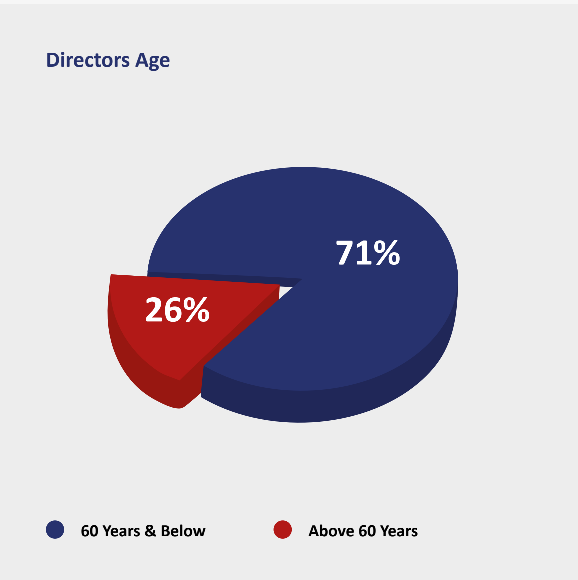
Key Skills	S.Kariuki	K.Pallan	W.Adeosun	A.Mutahi	K.Njogu	W.Muchemi	N.Njiinu
Corporate Governance	√	√	√	√	√	√	√
Business Management	√	√	√	√	√	√	√
Financial skills	√	√	√	√	√	X	√
Public Affairs	√	√	√	√	√	√	√
Strategy	√	√	√	√	√	√	√
Risk management	√	√	√	√	√	√	√
Information Technology	√	X	X	X	√	X	√
Commercial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

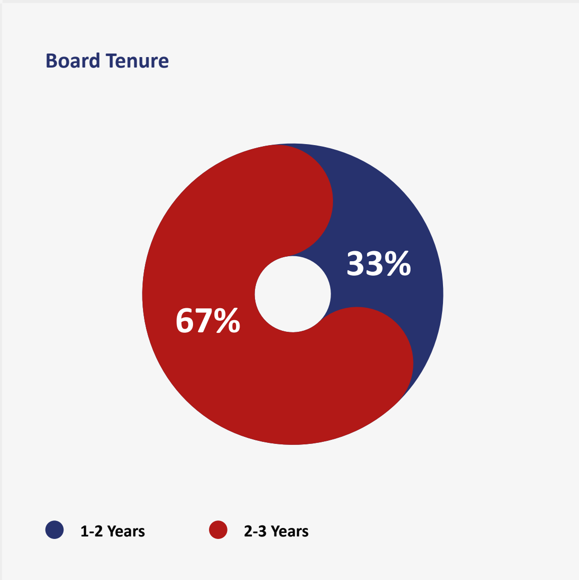
Section 13: Corporate Governance, Board of Directors and Senior Management

2.9 Board Diversity

TransCentury PLC embraces diversity and are taking the intentional journey of building an all-inclusive company. They believe in added value in the contributions of people from diverse backgrounds and experiences.







2.10 Board Committees

To facilitate the effective delivery of the strategy, management of risks, financial performance and reporting, the Board has established Board Committees. The committee 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 ended December 2020.

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, Nganga Njiinu, Anne Mutahi
Key Role	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.	Responsible for 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.
2019 Activities	• Compliance with Corporate Governance Guidelines and policies Directors recruitment, selection and development Board Evaluation Closure of Legal, compliance and Governance Audit findings	• Compliance with HR Policies and processes • Roll out and implementation of the Group Organization structure • Review of the performance for the senior management	• Monitoring of the Ahidi Strategy • Review of the 2019 financial plans and budget • Review of the investment polices	• Review of the financial statements • Review of the Risk management framework • Review of the Internal Audit Plan and Audits undertaken within the year
2020 Focus	• Review of Corporate Governance documents • Director's evaluation and development	• Review of compensation and benefits programs • Review of Staff establishment and development	• Fundraising • Review of the investment policy and plans	• Review of Business Continuity Plan • Review of Risk Framework • Review of Internal Audit plan

Section 13: Corporate Governance, Board of Directors and Senior Management

3.0 Senior Management at TransCentury PLC

Nganga Njiinu, CFA – Group CEO

Appointed Executive Director & Chief Executive Officer in 2016

Over 15 years In-depth experience in operations and investments – has held leadership roles in portfolio management, business transformation, corporate finance and strategy, and infrastructure projects development.

Since taking up the CEO role in 2016, Njiinu has led the Group through extensive restructure that has led to reduction of debt by USD55m and the restructure of USD 52m of debt.

Under his leadership Group has attracted over USD 50m of additional funds into the business and successfully exited infrastructure projects and portfolio investments.

Prior to joining TransCentury, he worked for Coldwell Banker in the US in strategy, financial planning and analysis & mergers and acquisitions

Trevor Okoth – Ag. Group Chief Finance Officer

Joined the Group in 2015

Responsible in planning, development, execution and management of risk, compliance and internal audit.

Good understanding of business operations having worked in one of the subsidiary business, as the head of internal audit.

Previously worked at KPMG Kenya, in the audit and risk advisory services department.

Holds a Bcom (Accounting Major from the University of Nairobi and a BSc in Applied Accounting (First Class Honors) from Oxford Brookes. University – UK and is a qualified ACCA member.

Phyllis Gachau – Group Head of Strategy, Corporate Affairs & Investor Relations

Joined the Group in 2011

Over 15 years' experience in brand marketing, public relations and investor relations

Driving the Groups internal and external stakeholder engagement strategy

Experienced in Group's business operations having held key positions in subsidiary companies including Head of Marketing and Customer Care at East Africa Cables

Chairperson Kenya Association of Manufacturers (KAM) Energy, Electric and Electronics Sector Board

Holds a BSc in International Business from United States International University

Section 13: Corporate Governance, Board of Directors and Senior Management

Florence Murerwa – Group Head of Human Resources

Joined the Group in 2017

Over 15 years' experience in Human Resource Management cutting across manufacturing, oil and banking industries.

Driving the TC Organization redesign and change management

Previous engagements include Bank of Africa as Head of Human Resources Kenya

Holds a BA in Sociology from Kenyatta University and is a member of Kenya Institute of Management

Anthony Gichini, CFA – Investment Manager

Joined the Group in 2021

Over 10 years' experience in financial analysis and Private Equity investments.

Experienced in business advisory, sourcing and structuring private equities transactions across East Africa.

Chartered Financial Analyst (CFA) and Certified Public Accountant (CPA)

Graduated from the University of Nairobi with a BCom degree and a Masters in Business Administration

Gladys Njigo – Ag. Group Head of Internal Audit, Risk & Compliance.

Joined the Group in March 2022

Responsible in Planning, Development, Execution and Management of Risk, Compliance and Internal Audit.

Has an extensive wealth of knowledge and experience in Internal Controls, Risk, Financial and Operational Management.

Previously worked at The Kenya Scouts Association in charge of Internal Audit and Risk (4 years), prior to that she worked at The Equity Bank Group for over 10 years as a Senior Internal Auditor and a Senior Accountant among other positions.

Holds a BCom (Finance) from KCA University, an MSc Finance from JKUAT University and CPA(K). She is a member of ICPAK and IIA Kenya.

Section 14: Risk factors

Overview of the Risk Factors

1. Risk Management Approach

TransCentury believes that great risk management starts with the right conversations to drive better business decisions hence an approach to risk management that covers all types of strategic, financial, operational, reputational, environmental and compliance risks. The approach is holistic and integrated, with risk and compliance programmes that bring together risk management, internal controls, and compliance and ethics, ensuring that activities across this agenda focus on the risks that could have the greatest impact.

Accountability for managing risk is embedded into the management structures. Each subsidiary and function undertakes. an annual risk assessment, establishes mitigation plans and monitors risk on a continual basis. Similarly, the Executive annually assesses risk and the Board independently reviews the assessment. TransCentury's Executive Audit & Risk Committee receive regular reports on the risks faced across the business and the effectiveness of the actions taken to mitigate these risks.

Data is used to monitor risks and to make proactive interventions. TransCentury has also established cross-functional working groups internal audit which are necessary to ensure significant risks are effectively managed, and where appropriate, escalate these to the Executive and Board for consideration. They also conduct horizon-scanning activities to identify potential disruptive forces that could alter the risk profile for the business and adapt mitigation plans accordingly.

a) Risk appetite

The risk appetite of the Group is considered in relation to the principal risks and their impact on the ability to meet its strategic objectives. The Board assesses the Group risk appetite, which is set to balance opportunities for business development and growth in principal areas, whilst maintaining reputation and high levels of stakeholder satisfaction. Within the context of risk management, the Board communicates the principal risks appetite and tolerance through the Group strategy planning process.

b) Minimizing risk

TransCentury uses a risk management system to help minimize risks across the business, achieve strategic objectives and create sustainable value for the stakeholders. They have identified the potential risks that relate to achieving the suitable development goal's and incorporated them into their risk management system. There are targets that are relevant to the business and to which we can contribute.

TransCentury's robust risk management framework therefore considers sustainability, ensuring that risks are appropriately identified, assessed against tolerance levels, and managed from a Group-wide perspective.

2. Risk Management Principles

TransCentury Group maintain a robust and sustainability-conscious risk management framework, which ensures that risks are properly identified, assessed against tolerance levels, and appropriately managed across the Group. Risk management system is designed to minimize the potential threats to achieving strategic objectives. The process is underpinned by a bottom-up approach and examined from a top-down perspective, ensuring adequate involvement of the Board and executive management, and alignment with the Group's strategy.

The global and local markets, in which TransCentury operate in, remain volatile with shifting commodity prices and exchange rates, macroeconomic instability and unpredictable climatic conditions. The Board is responsible for carrying out a thorough assessment of the principal risks facing the Company, including those threatening stakeholders, values, the business model, operations, social and environmental issues, future performance, solvency, or liquidity. This is done through;

2.1. Risk identification and documentation:

TransCentury's policy is to identify and assess risks at the earliest possible stage and to implement an appropriate risk response and internal controls in advance. Our risk management procedures are designed to delegate the responsibility for risk identification while avoiding gaps and duplications, and are embedded into accounting and documentation systems to identify information on potential risk triggers. Risk identification system considers not only single, mutually exclusive risks, but also multiple linked and correlated risk.

2.2 Risk assessment:

Once identified, potential risk factors are assessed to consider the quantitative and qualitative impact that they might have on the business and the likelihood of the event

Together these create a risk profile. Risk matrices and heat maps are used to record, prioritise and track each risk through the risk management process.

2.3 Development and implementation of risk mitigation strategies:

When the appropriate ranking has been identified, a response to each risk is formulated and implemented. Management assesses the effects of a risk's likelihood and impact, as well as the costs and benefits of possible mitigating actions. A response is then determined and implemented to bring the risk within acceptable tolerance levels.

2.4 Monitoring and reporting:

Ongoing monitoring processes are embedded in TC PLC business operations. Risk matrices and assurance maps are used to re-evaluate and adjust controls in response to changes in the Company's objectives, its business and the external environment. Management is responsible for the implementation of effective follow-up procedures to ensure appropriate actions occur in response to changes in risk and control assessments.

3. Risk governance framework

3.1 The board

TransCentury's board role in risk management and control entails governance and oversight at corporate level. This is done through;

- Setting the tone on risk management culture
- Maintenance of sound and effective risk management and internal control system
- Defining risk appetite and approval of risk management

policies, guidelines, and processes

- Principal risks identification and ongoing monitoring of the Group's risk exposure to ensure that material matters are managed in alignment with strategic objectives

3.2 The board committees

- They assist the board by monitoring and review key risks and procedures in place to mitigate these risks. To achieve this objective, the audit and risk committee will;
- On behalf of the Board, reviews the effectiveness of the risk management process and develops and oversees implementation of risk management strategies.
- Through the help of the Safety and Sustainability Committee, the Audit and Risk Committee will measure the impact of the Company's initiatives and help manage sustainability risks.

3.3 Internal audit

The internal audit function is to support the Audit and Risk Committee in evaluating the Group's risk profile and internal controls implemented by management. This function covers;

- Defining and monitoring the risk management process and mitigation tools and actions
- Plans and executes assurance activities to ensure there are policies and procedures in place to support the effectiveness of the Group's internal control system
- Prepare regular risk and internal control reports for approval by the Audit and Risk Committee and maintain the Risk Assurance Map
- Perform risk analysis on growth projects, detailing the specific conditions and risks faced by the new project

3.4 Operational manager

They manage operating risk across Group operations though;

- Embedding risk awareness into day-to- day operations
- Performance of daily risks identification and assessment across business operations.
- Implementation of risk mitigation programmers and operational monitoring of internal controls

4. Risk Factors

Investing in the securities of any entity entails some investment risks. In considering the purchase of TransCentury's ordinary shares offered under this Rights Issue, prospective investors should carefully consider the following potential risks, including any other relevant information contained in this Information Memorandum. Greater detail of how specific risks are managed is also provided in the Reporting Accountants Report, Section 15 of this Information Memorandum.

Principal risk	Key controls and mitigating factors
1. Health and Safety Risk The group has operated potentially hazardous sites. The operation of these site exposes employees to variety of health and safety	• Risk assessment of individual workplaces and the use of safety equipment for the protection of employees. • Reinforcement on the need for individual responsibility for personal safety and risk awareness and developed additional security measures to ensure strict compliance with safety requirements by employees. • A proactive and well-functioning Group's Health and Safety Policy, which serves as the basis for the Occupational Health and Safety Management System (OHSMS). The Group follows industry's global best practices in managing these risks and ensuring safe working conditions for our employees. Our OHSMS ensures compliance with international, national, and local regulatory requirements and is based on modern standards. • The existence of strong safety procedures across all its operating mines and implementation of additional measures to ensure proper enforcement of these stricter safety standards. We have intensified training programmes, with a focus on high-risk functions, and implemented several other measures, including a change in underground mining methods at certain sites. • Continuous detailed review of the sources of risk and further improving the shift risk assessment system, as well as conducting an internal audit of health and safety
2. Environmental Risk Major pollution arising from operations include air and water pollution, land contamination. Potential impacts include fines and penalties, statutory liability for environmental redemption and other financial consequences that might be significant.	• The Group operates an environmental management system that meets the local standards and is audited for compliance. • Implementation of several initiatives to monitor and limit the impact of the group operations on the environment, including an assessment of the pollution generated and adopting industry best practice for corporate and manufacturing level policies and procedures. • The Group has designed and is in the process of implementing a climate risk management system to ensure the sustainable development of the group compliance with legal requirements and investors' expectations

Section 14: Risk factors

Principal risk	Key controls and mitigating factors
3. Liquidity Risk The inability to raise sufficient funds to meet current operating or ongoing financial needs or to develop new projects and growth. Inadequate cash management in terms of cash flow forecast, available resources, and future requirements.	• The Group's Finance function is responsible for ensuring that there are sufficient funds in place, including loan facilities, cash flow from operating activities and cash on hand to meet short-term business requirements. Long-term credit lines and borrowings are used to finance new projects and organic growth. • The Group risks ensures that significant undrawn committed facilities are in place to cover any funding gaps • Strict expenditure plans • Negotiating with lenders - Moratoriums for favourable terms.
4. Legal Risk TransCentury operations in different countries and jurisdictions in East and South Africa involve the risk that changes in tax and other legislation may occur from time to time. The most sensitive areas are regulation of foreign investments, private property, environmental protection, regulatory policies, and taxation. The governments in various countries have become more consistent regarding the introduction of new regulations and taxes, demonstrating an awareness of investment climate issues. As a result of changes in laws and regulations, certain types of transactions and technologies may become unavailable to the Group or the costs of compliance may be increased.	• TC Plc has a successful track record of operating in East and South Africa having developed well-structured compliance team in corporate, tax, licensing, and other legal areas. Corporate and operating management teams are responsible for meeting the legal requirements in their operating activities. Head office and on-site legal teams guarantee appropriate controls over compliance issues. • The Group's policy is to ensure strict legal compliance in all jurisdictions where Group companies operate. The Group's internal auditor and Compliance teams monitor current legislation and proposed changes, and incorporate these into the practice, involving leading external experts where appropriate.
5. Currency Risk The risk arises from Company's receipts from goods sold and foreign currency denominated payables and receivables, as well as the foreign currency denominated cost of imported raw materials goods and consumables.	• Revenue is matched with US Dollar-denominated debt. Flexible budgeting is used to monitor the effect of exchange rate fluctuations on the Group's financial results. • The Group has determined critical exchange rates levels for its operations and is monitoring risk against these levels. • During 2020, there was significant volatility of the various local currency exchange rates against foreign currencies. The Group believes that material re-appreciation of these currencies is unlikely
6. Interest Rate Risk The Group is exposed to the interest rate risk as the significant part of the Group's debt portfolio is US Dollar- denominated floating rate borrowings.	• The Group monitors the interest rates on USD dominated financing although market interest rates continued to increase during the past 12 months, the magnitude of risk remains low due to the comfortable leverage position of the Group and the low share of interest costs in total expenditures. • Management proactively negotiates interest rates with banks for potential financing deals include assessment of their fixed versus floating and stress testing against various market rates dynamics
7. Construction and Development Risk Inability to achieve target return on capital for large investment projects, such as building new roads and processing facilities or extension/refurbishment of existing ones, due to delay in commissioning or capital expenditure overruns. This may have a negative impact on the Group's financial performance and cash flows.	• The Group applies global best practices in project management. The Group's technical personnel oversee the project's capital expenditure, including project support, supply chain management and permitting process. • A significant share of projects is developed by the in-house engineering company Civicon, which has vast experience and a successful track record of design and construction. • Continuous improvement of the construction risk management systems and employing leading world-class consultants in applicable areas

Principal risk	Key controls and mitigating factors
8. Political Risk Operating in various countries and jurisdictions involves some risk of political instability, which may include changes in government, negative policy shifts and civil unrest. Increased political tensions and economic instability; there is a risk that further sanctions could impact the Group's ability to operations. In addition, there is a risk that due to the deterioration of the macroeconomic situation, governments may consider imposing currency controls and limitations on capital flows. These factors are not expected to affect the Group's operating performance yet may have a negative impact on the ability of the Group to secure external financing. These factors may have an adverse effect on the Group's market value and operating environment.	• The Group actively monitors political developments on an ongoing basis. They aim to maintain open working relationships with local authorities in the countries where they operate. • The Group has designed and implemented a Sanctions Monitoring Policy, aimed at preventing violations of any applicable sanctions regime in the Group's operations.

transcentury.co.ke

OUR VALUE

COLLABORATIVE

We have come this far on the wheels of collaboration, we recognize we cannot go this journey alone and need each other, we are a team, we value each other, and we leverage on our collective genius to succeed. Together we can achieve more.

AHIDI +32%

Achieve together

TransCentury

Impacting Africa

KPMG Kenya
Certified Public Accountants
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Fax +254-20-2215695
Email: info@kpmg.co.ke
Web: www.kpmg.com/eastafrica

1 Reporting Accountant's Report

To the Directors
Trans-century PLC
West End Towers, 8th Floor, Wing A
Waiyaki Way, Nairobi

Introduction

At your request, we submit our Reporting Accountant's Report in respect of the public offer for a rights issue of shares in Trans-century PLC as required by The Capital Markets (Securities) (Public Offers, Listing And Disclosures) Regulations, 2002.

Responsibilities of the Directors

The Directors of Trans-century PLC are responsible for the preparation and accuracy of the consolidated and separate financial statements of Trans-century PLC for the years ended 31 December 2020, 31 December 2019, 31 December 2018, 31 December 2017 and 31 December 2016 and interim un-audited five-month period ended 31 May 2021.

The statutory financial statements for the years ended 31 December 2020, 31 December 2019, 31 December 2018, 31 December 2017 and 31 December 2016 were audited by KPMG Kenya and received unmodified audit opinions which also included a material uncertainty related to going concern.

Our responsibilities as reporting accountants

Our responsibilities are detailed in our engagement letter. These included compiling a Reporting Accountant's Report that includes the following:

(a) A compilation report in accordance with the requirements of the Third Schedule of the The Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002 and the International Standard on Related Services applicable to compilation engagements (ISRS) 4410 *Compilation Engagements* set out on page 84; and

(b) A report on the interim financial information for the five-month period ended 31 May 2021 including a review conclusion in accordance with International Standard on Review Engagements (ISRE) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* set out on page 221.

Consent

We as the Reporting Accountants confirm that we have given, and have not, prior to the date of the Prospectus, withdrawn our written consent to the inclusion of the Reporting Accountant's Report in the Information Memorandum in the form and context in which it appears.

The engagement partner responsible for the engagement resulting in this Reporting Accountants ' Report is CPA Stephen Obock, Practicing Number 2384.

For and on behalf of:

KPMG Kenya
Certified Public Accountants
PO Box 40612 – 00100, Nairobi

Date: 15th November 2022

KPMG

REPORTING ACCOUNTANT'S COMPILATION REPORT
TO THE DIRECTORS OF TRANS-CENTURY PLC

We have compiled the accompanying consolidated and separate financial statements of Trans-century PLC ("the Group and Company") on pages 4 to 138, based on information you have provided. These financial statements comprise the consolidated and Company statements of financial position of Trans-century PLC as at 31 December 2020, 31 December 2019, 31 December 2018, 31 December 2017 and 31 December 2016, and the consolidated and Company statements of profit or loss and other comprehensive income, consolidated and Company statements of changes in equity and consolidated and Company statements of cash flows for the years then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), *Compilation Engagements.*

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These consolidated and separate financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these consolidated and separate financial statements. Accordingly, we do not express an audit opinion or a review conclusion on the consolidated and separate financial statements.

The engagement partner responsible for the compilation engagement resulting in this practitioner's compilation report is CPA Stephen Obock, Practicing Number 2384.

For and on behalf of:

KPMG Kenya
Certified Public Accountants
PO Box 40612 – 00100, Nairobi

Date: 15th November 2022

2 Statements of profit or loss and other comprehensive income

2.1 Consolidated statement of profit or loss and other comprehensive income

	Note	12-months to 31.12.2020 KShs'000 Audited	12-months to 31.12.2019 KShs'000 Audited	12-months to 31.12.2018 KShs'000 Audited	12-months to 31.12.2017 KShs'000 Audited	12-months to 31.12.2016 KShs'000 Audited
Revenue	6.5.1	5,322,483	5,703,904	4,247,258	5,659,260	8,177,350
Cost of sales	6.5.3	(3,552,410)	(3,882,786)	(3,364,961)	(5,018,062)	(7,109,323)
Gross profit		**1,770,073**	**1,821,118**	**882,297**	**641,198**	**1,068,027**
Other income	6.5.2	1,128,173	1,505,523	435,424	52,883	2,064,969
Operating expenses	6.5.3	(1,508,950)	(1,804,832)	(2,217,154)	(1,915,543)	(2,591,643)
Loss before depreciation, impairment, contract liability expense and finance costs		**1,389,296**	**1,521,809**	**(899,433)**	**(1,221,462)**	**541,353**
Contract liability expense		-	-	-	(1,512,163)	-
Impairment losses	6.5.5	(278,021)	(3,175,300)	(599,938)	(272,663)	(724,202)
Depreciation and amortisation	6.6	(435,144)	(468,482)	(601,897)	(636,940)	(719,184)
Operating loss		**676,131**	**(2,121,973)**	**(2,101,268)**	**(3,643,228)**	**(902,033)**
Exchange losses	6.7.1	(543,308)	(106,210)	(358,095)	(11,418)	(94,012)
Interest expenses	6.7.2	(1,131,097)	(957,260)	(1,198,772)	(1,067,012)	(619,056)
Net finance costs		**(1,674,405)**	**(1,063,470)**	**(1,556,867)**	**(1,078,430)**	**(713,068)**
Loss before income tax		**(998,274)**	**(3,185,443)**	**(3,658,135)**	**(4,721,658)**	**(1,615,101)**
Income tax (expense)/credit	6.8.2	(617,250)	(750,086)	155,512	390,376	751,211
Loss for the year		**(1,615,524)**	**(3,935,529)**	**(3,502,623)**	**(4,331,282)**	**(863,890)**

2 Statement of profit or loss and other comprehensive income (Continued)

2.1 Consolidated statement of profit or loss and other comprehensive income (continued)

	Note	12-months to 31.12.2020 KShs' Audited	12-months to 31.12.2019 KShs'000 Audited	12-months to 31.12.2018 KShs'000 Audited	12-months to 31.12.2017 KShs'000 Audited	12-months to 31.12.2016 KShs'000 Audited
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Financial instruments at FVOCI – net change in fair value	16.4.4	(82,451)	52,689	(27,426)	-	-
Re-measurement gain on retirement benefit plan		(1,593)	3,482	1,903	-	-
Deferred tax effect		478	(1,045)	(571)	-	-
Revaluation of property, plant and equipment and prepaid operating lease rental		-	-	571,169	720,645	327,688
Related tax	6.8.1	-	-	(166,435)	(216,776)	(98,469)
		(83,566)	**55,126**	**378,640**	**503,869**	**229,219**
Items that are or may be reclassified to profit or loss						
Net change in fair value of available-for-sale financial assets		-	-	-	(21,626)	(171,764)
Exchange differences on translation of foreign subsidiaries		(90,083)	50,255	156,290	(60,574)	(52,005)
		(90,083)	**50,255**	**156,290**	**(82,200)**	**(223,769)**
Total other comprehensive income net of income tax		**(173,649)**	**105,381**	**534,930**	**421,669**	**5,450**
Total comprehensive income for the year		**(1,789,173)**	**(3,830,148)**	**(2,967,693)**	**(3,909,613)**	**(858,440)**
Loss after tax is attributable to:						
Equity holders of the Company		(1,193,347)	(3,979,470)	(2,982,676)	(3,598,187)	(440,135)
Non-controlling interest (NCI)	6.14.5	(422,177)	43,941	(519,947)	(733,095)	(423,755)
Loss for the year		**(1,615,525)**	**(3,935,529)**	**(3,502,623)**	**(4,331,282)**	**(863,890)**

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2 Statement of profit or loss and other comprehensive income (Continued)

2.1 Consolidated statement of profit or loss and other comprehensive income (continued)

	Note	12-months to 31.12.2020 KShs' Audited	12-months to 31.12.2019 KShs'000 Audited	12-months to 31.12.2018 KShs'000 Audited	12-months to 31.12.2017 KShs'000 Audited	12-months to 31.12.2016 KShs'000 Audited
Total comprehensive income for the year is attributable to:						
Equity holders of the Company		(1,451,576)	(3,897,282)	(2,579,821)	(3,269,877)	(487,215)
Non-controlling interest		(337,597)	67,134	(387,872)	(639,736)	(371,225)
Total comprehensive income for the year		**(1,789,173)**	**(3,830,148)**	**(2,967,693)**	**(3,909,613)**	**(858,440)**
BASIC AND DILUTED EARNINGS PER SHARE (KSHS)	6.22.1	**(3.18)**	**(10.61)**	**(7.95)**	**(10.23)**	**(1.56)**

The consolidated and separate statements of profit or loss and other comprehensive income are to be read in conjunction with the notes to and forming part of the Accountant's Report set out on pages 105 to 263.

2 Statements of profit or loss and other comprehensive income (Continued)

2.2 Company statement of profit or loss and other comprehensive income

	Note	12-months to 31.12.2020 KShs'000 Audited	12-months to 31.12.2019 KShs'000 Audited	12-months to 31.12.2018 KShs'000 Audited	12-months to 31.12.2017 KShs'000 Audited	12-months to 31.12.2016 KShs'000 Audited
Income						
Revenue	6.5.1	221,668	180,267	177,790	207,947	261,145
Other income	6.5.2	-	-	181,852	(125)	400
		221,668	**180,267**	**359,642**	**207,822**	**261,545**
Operating expenses	6.5.3	(265,709)	(310,492)	(280,151)	(318,844)	(318,371)
(Loss)/profit before depreciation, impairment and finance costs		**(44,041)**	**(130,225)**	**79,491**	**(111,022)**	**(56,826)**
Impairment losses	6.5.5	(483,317)	(1,909,335)	(114,693)	(620,611)	(262,303)
Depreciation and amortisation	6.6	(561)	(690)	(1,362)	(3,745)	(4,411)
Operating loss		**(527,919)**	**(2,040,250)**	**(36,564)**	**(735,378)**	**(323,540)**
Foreign exchange gain/(loss)	6.7.2	(141,148)	5,909	(73,780)	79,106	53,876
Finance cost	6.7.2	(290,791)	(237,157)	(80,912)	(76,181)	(54,119)
Net finance cost		**(431,939)**	**(231,248)**	**(154,692)**	**2,925**	**(243)**
Loss before income tax		**(959,858)**	**(2,271,498)**	**(191,256)**	**(732,453)**	**(323,783)**
Income tax credit	6.8.2	(189)	337	11,255	(23,100)	(11,377)
Loss for the year		**(960,047)**	**(2,271,161)**	**(180,001)**	**(755,553)**	**(335,160)**
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Financial instruments at FVOCI – net change in Fair value	6.14.4	(94,996)	(3,949,191)	(2,691,451)	(350,745)	987,702
Other comprehensive income		**(94,996)**	**(3,949,191)**	**(2,691,451)**	**(350,745)**	**987,702**
Total comprehensive income for the year		**(1,055,043)**	**(6,220,352)**	**(2,871,452)**	**(1,106,298)**	**652,542**

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3 Statements of financial position

3.1 Consolidated statements of financial position

	Note	As at 31.12.2020 KShs'000 Audited	As at 31.12.2019 KShs'000 Audited	As at 31.12.2018 KShs'000 Audited	As at 31.12.2017 KShs'000 Audited	As at 31.12.2016 KShs'000 Audited
ASSETS						
Non-current assets						
Property, plant and equipment	6.9	4,029,788	4,416,670	6,198,145	7,629,624	7,557,934
Investment property	6.10	220,272	220,291	400,245	-	115,000
Right-of-use assets	6.12.1	3,761,738	3,598,935	-		
Prepaid operating lease rentals	6.12.2	-	-	2,468,946	1,398,446	1,668,419
Intangible assets	6.13	69,529	69,593	2,839,961	2,865,469	2,853,305
Quoted investments	6.14.1	251	240	199	175	165
Unquoted investments	6.14.2	283,002	365,534	313,342	340,608	364,285
Deferred tax asset	6.24.1	95,717	134,711	666,640	702,138	630,215
		8,460,297	8,805,974	12,887,478	12,936,460	13,189,323
Current assets						
Inventories	6.16	965,518	1,004,457	1,026,307	1,159,177	1,265,223
Trade and other receivables	6.17(a)	3,237,024	2,191,618	2,050,620	3,358,131	3,734,610
Contract asset	6.17(b)	332,282	147,675	-	-	-
Tax recoverable	6.8.4	242,057	438,224	419,169	382,619	352,741
Assets held for sale	6.11	121,108	122,529	28,628	639,704	245,626
Cash and bank balances	6.18.1	330,710	296,007	255,979	264,873	124,029
		5,228,699	4,200,510	3,780,703	5,804,504	5,722,229
TOTAL ASSETS		**13,688,996**	**13,006,484**	**16,668,181**	**18,740,964**	**18,911,552**
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	6.19	187,601	187,601	187,601	187,601	140,713
Share premium	6.20	1,873,089	1,873,089	1,873,089	1,873,089	621,177
Revenue reserves	6.21.1	(15,074,580)	(13,405,520)	(8,695,074)	(5,132,661)	(1,499,203)
Translation reserve	6.21.2	1,003,745	1,208,295	448,953	(105,583)	(77,341)
Fair value reserve	6.21.3	63,489	145,940	93,251	120,677	142,303
Revaluation reserve	6.21.4	2,314,565	2,412,764	2,411,631	2,112,296	1,698,847

3 Statements of financial position (Continued)

3.1 Consolidated statements of financial position (continued)

	Note	As at 31.12.2020 KShs'000 Audited	As at 31.12.2019 KShs'000 Audited	As at 31.12.2018 KShs'000 Audited	As at 31.12.2017 KShs'000 Audited	As at 31.12.2016 KShs'000 Audited
Total equity attributable to equity holders of the Company		(9,632,091)	(7,577,831)	(3,680,549)	(944,581)	1,026,496
Non-controlling interest	6.14.5	675,910	443,097	375,963	832,549	1,472,284
Convertible loan	6.23.3	-	-	-	-	1,331,086
Total equity		(8,956,181)	(7,134,734)	(3,304,586)	(112,033)	3,829,866
LIABILITIES						
Non-current liabilities						
Deferred tax liability	6.24.2	878,761	614,057	546,433	654,681	703,319
Lease Liability	6.12.3	83,691	10,978	-	-	-
Liability for staff gratuity	6.25	52,375	42,607	45,023	41,127	41,871
Preference shares	6.23.2	1,213,502	1,015,458	909,056	723,861	718,630
Bond – non-current portion	6.23.1	708,713	-	672,184	553,117	1,232,332
Long term loan – non-current portion	6.26	3,950,146	3,360,083	2,859,585	2,543,182	1,023,449
		6,887,188	5,043,183	5,032,281	4,515,968	3,719,601
Current liabilities						
Bank overdraft	6.18.1	14,931	70,518	87,549	300,315	320,144
Tax payable	6.8.4	57,589	140,502	11,858	25,472	27,017
Trade and other payables	6.27(a)	8,551,411	7,381,386	7,276,258	6,770,970	4,900,924
Contract liabilities	6.27(b)	27,005	592,271	-	-	-
Lease liability – current portion	6.12.3	44,389	8,333	-	-	-
Unclaimed dividends		952	952	952	952	244
Long term loan – current portion	6.26	4,393,637	4,055,852	5,668,156	5,385,479	5,292,164
Bond – current portion	6.23.1	720,534	1,623,338	1,196,692	1,465,830	821,592
Shareholder loan	6.23.4	1,947,541	1,224,883	699,021	388,011	-
		15,757,998	15,098,035	14,940,486	14,337,029	11,362,085
Total liabilities		22,645,177	20,141,218	19,972,767	18,852,997	15,081,686
TOTAL EQUITY AND LIABILITIES		13,688,996	13,006,484	16,668,181	18,740,964	18,911,552

The consolidated and separate statements of profit or loss and other comprehensive income are to be read in conjunction with the notes to and forming part of the Accountant's Report set out on pages 105 to 220.

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3 Statements of financial position (Continued)

3.2 Company statements of financial position

ASSETS	Note	As at 31.12.2020 KShs'000 Audited	As at 31.12.2019 KShs'000 Audited	As at 31.12.2018 KShs'000 Audited	As at 31.12.2017 KShs'000 Audited	As at 31.12.2016 KShs'000 Audited
Non-current assets						
Property and equipment	6.9	198	452	917	1,519	4,804
Right-of-use-asset	6.12.1	366	672	-	-	-
Quoted investments	6.14.1	251	240	199	175	165
Unquoted investments	6.14.2	283,002	360,803	286,814	330,236	272,269
Investment in subsidiaries	6.14.3	3,026,040	3,043,246	7,066,468	9,714,521	10,123,245
Loans to subsidiaries	6.15	586,636	517,924	480,436	394,917	856,720
Deferred tax asset	6.24.1	2,412	2,601	2,264	2,161	1,722
		3,898,905	3,925,938	7,837,098	10,443,529	11,258,925
Current assets						
Trade and other receivables	6.17(a)	671,679	579,699	2,094,669	2,006,683	650,612
Tax recoverable	6.8.4	14,482	12,108	9,612	-	2,087
Cash and bank balances	6.18.1	573	1,940	32	1,906	1,182
		686,734	593,747	2,104,313	2,008,589	653,881
TOTAL ASSETS		**4,585,639**	**4,519,685**	**9,941,411**	**12,452,118**	**11,912,806**
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	6.19	187,601	187,601	187,601	187,601	140,713
Share premium	6.20	1,873,089	1,873,089	1,873,089	1,873,089	621,177
Revenue reserves	6.21.1	(4,773,599)	(3,813,553)	(1,542,392)	(1,362,391)	(606,838)
Fair value reserve	6.21.3	1,548,225	1,643,222	5,592,413	8,283,864	8,634,609
Total equity		**(1,164,684)**	**(109,641)**	**6,110,711**	**8,982,163**	**8,789,661**

3 Statements of financial position (Continued)

3.2 Company statements of financial position (continued)

	Note	As at 31.12.2020 KShs'000 Audited	As at 31.12.2019 KShs'000 Audited	As at 31.12.2018 KShs'000 Audited	As at 31.12.2017 KShs'000 Audited	As at 31.12.2016 KShs'000 Audited
Non-current liabilities						
Long term intercompany loans	6.26	576,073	576,073	576,073	576,073	576,073
Bank loans	6.26	-	-	763,846	1,023,490	-
Lease liability	6.12.3	100	403	-	-	-
		576,173	**576,476**	**1,339,919**	**1,599,563**	**576,073**
Current liabilities						
Trade and other payables	6.27(a)	935,097	837,210	744,012	643,829	528,537
Lease liability	6.12.3	309	298	-	-	-
Unclaimed dividends		952	952	952	952	244
Bank loans	6.26	3,015,361	2,632,184	1,662,161	1,788,100	2,594,364
Tax payable	6.8.4	-	-	-	13,584	-
Shareholder loan	6.23.4	1,222,431	582,206	83,656	-	-
		5,174,150	4,052,850	2,490,781	2,446,465	3,123,145
Total liabilities		**5,750,323**	**4,629,326**	**3,830,700**	**3,469,955**	**3,123,145**
TOTAL EQUITY AND LIABILITIES		**4,585,639**	**4,519,685**	**9,941,411**	**12,452,118**	**11,912,806**

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4 Statements of changes in equity

4.1 Consolidated statements of changes in equity

2020: Audited	Share capital KShs'000	Share premium KShs'000	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 2020	187,601	1,873,089	2,412,764	1,208,295	145,940	(13,405,520)	(7,577,831)	443,097	(7,134,734)
Total comprehensive income for the year net of tax									
Loss for the year	-	-	-	-	-	(1,193,347)	(1,193,347)	(422,177)	(1,615,524)
Other comprehensive income									
Remeasurement of defined benefit plan	-	-	-	-	-	(1,089)	(1,089)	(504)	(1,593)
Deferred tax on remeasurement	-	-	-	-	-	327	327	151	478
Exchange differences	-	-	-	(175,016)	-	-	(175,016)	84,931	(90,085)
Net change in fair value of Equity instruments at FVOCI	-	-	-	-	(82,451)	-	(82,451)	-	(82,451)
Transfer from revaluation*	-	-	(98,199)	(30,167)	-	128,366	-	-	-
Total other comprehensive income	**-**	**-**	**(98,199)**	**(205,183)**	**(82,451)**	**127,604**	**(258,229)**	**84,578**	**(173,651)**
Total comprehensive income	**-**	**-**	**(98,199)**	**(205,183)**	**(82,451)**	**(1,065,743)**	**(1,451,576)**	**(337,599)**	**(1,789,175)**
Transactions with owners of the Company									
Acquisition of NCI (Note 15(c))	-	-	-	633	-	(603,317)	(602,684)	570,412	(32,272)
Total transactions with owners of the company	**-**	**-**	**-**	**633**	**-**	**(603,317)**	**(602,684)**	**570,412**	**(32,272)**
Balance at 31 December 2020	**187,601**	**1,873,089**	**2,314,565**	**1,003,745**	**63,489**	**(15,074,580)**	**(9,632,091)**	**675,910**	**(8,956,181)**

* Relates to transfer of revaluation surplus to revenue reserves after impairment of assets

The notes set out on pages 105 to 220 form an integral part of the consolidated and separate financial statements.

4 Statements of changes in equity (Continued)

4.2 Consolidated statements of changes in equity (continued)

2019: Audited	Share capital KShs'000	Share premium KShs'000	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 2019	187,601	1,873,089	2,411,631	448,953	93,251	(8,695,074)	(3,680,549)	375,963	(3,304,586)
Total comprehensive income for the year net of tax									
Loss for the year	-	-	-	-	-	(3,979,470)	(3,979,470)	43,941	(3,935,529)
Other comprehensive income									
Remeasurement of defined benefit plan	-	-	-	-	-	2,381	2,381	1,101	3,482
Deferred tax on remeasurement	-	-	-	-	-	(715)	(715)	(330)	(1,045)
Exchange differences	-	-	-	27,833	-	-	27,833	22,422	50,255
Net change in fair value of Equity instruments at FVOCI	-	-	-	-	52,689	-	52,689	-	52,689
Transfer to translation reserves*	-	-	-	732,642	-	(732,642)	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**760,475**	**52,689**	**(730,976)**	**82,188**	**23,193**	**105,381**
Total comprehensive income	**-**	**-**	**-**	**760,475**	**52,689**	**(4,710,446)**	**(3,897,282)**	**67,134**	**(3,830,148)**
Transactions with owners of the Company									
Transfer from revaluation*	-	-	1,133	(1,133)	-	-	-	-	-
Total transactions with owners of the Company	**-**	**-**	**1,133**	**(1,133)**	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2019	**187,601**	**1,873,089**	**2,412,764**	**1,208,295**	**145,940**	**(13,405,520)**	**(7,577,831)**	**443,097**	**(7,134,734)**

* Relates to transfer of revaluation surplus to revenue reserves after impairment of assets
The notes set out on pages 105 to 220 form an integral part of the consolidated and separate financial statements.

4 Statements of changes in equity (Continued)

4.1 Consolidated statements of changes in equity (continued)

2018: Audited	Share capital KShs '000	Share premium KShs '000	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 2018	187,601	1,873,089	2,112,296	(105,583)	120,677	(5,288,808)	(1,100,728)	763,835	(336,893)
Total comprehensive income for the year net of tax									
Loss for the year	-	-	-	-	-	(2,982,676)	(2,982,676)	(519,947)	(3,502,623)
Other comprehensive income									
Remeasurement of defined benefit plan	-	-	-	-	-	293	293	1,610	1,903
Deferred tax on remeasurement	-	-	-	-	-	(87)	(87)	(484)	(571)
Revaluation of leases, property, plant and equipment	-	-	414,679	-	-	-	414,679	156,490	571,169
Deferred tax on revaluation	-	-	(121,651)	-	-	-	(121,651)	(44,784)	(166,435)
Exchange differences	-	-	-	137,047	-	-	137,047	19,243	156,290
Net change in fair value of Equity instruments at FVOCI	-	-	-	-	(27,426)	-	(27,426)	-	(27,426)
Transfer to translation reserves*	-	-	-	423,796	-	(423,796)	-	-	-
Total other comprehensive income	**-**	**-**	**293,028**	**560,843**	**(27,426)**	**(423,590)**	**402,855**	**132,075**	**534,930**
Total comprehensive income	**-**	**-**	**293,028**	**560,843**	**(27,426)**	**(3,406,266)**	**(2,579,821)**	**(387,872)**	**(2,967,693)**
Transactions with owners of the Company									
Transfer from revaluation*	-	-	6,307	(6,307)	-	-	-	-	
Total transactions with owners of the Company	**-**	**-**	**6,307**	**(6,307)**	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2018	**187,601**	**1,873,089**	**2,411,631**	**448,953**	**93,251**	**(8,695,074)**	**(3,680,549)**	**375,963**	**(3,304,586)**

4 Statements of changes in equity (Continued)

4.1 Consolidated statements of changes in equity (continued)

2017: Audited	Share capital KShs '000	Share premium KShs '000	Revaluation reserves KShs '000	Translation reserve KShs '000	Available for sale reserve KShs '000	Revenue reserves KShs '000	Total KShs'000	Non-controlling interest KShs '000	Total equity KShs'000
Balance at 1 January 2017	140,713	621,177	1,698,847	(77,341)	142,303	(1,499,203)	1,026,496	1,472,284	2,498,780
Total comprehensive income for the year net of tax									
Loss for the year	-	-	-	-	-	(3,598,187)	(3,598,187)	(733,095)	(4,331,282)
Other comprehensive income									
Revaluation of leases, property, plant and equipment	-	-	582,172	-	-	-	582,172	138,473	720,645
Deferred tax on revaluation	-	-	(178,048)	-	-	-	(178,048)	(38,728)	(216,776)
Exchange differences	-	-	-	(54,188)	-	-	(54,188)	(6,386)	(60,574)
Net change in fair value of available-for-sale financial assets	-	-	-	-	(21,626)	-	(21,626)	-	(21,626)
Transfer from translation reserves	-	-	-	35,536	-	(35,536)	-	-	-
Transfer from revaluation reserve	-	-	-	-	-	-	-	-	-
Total other comprehensive income	**-**	**-**	**404,124**	**(18,652)**	**(21,626)**	**(35,536)**	**328,310**	**93,359**	**421,669**
Total comprehensive income	**-**	**-**	**404,124**	**(18,652)**	**(21,626)**	**(3,633,723)**	**(3,269,877)**	**(639,736)**	**(3,909,613)**
Transactions with owners of the Company									
Issue of additional shares	46,888	-	-	-	-	-	46,888	-	46,888
Share premium from issue of shares	-	1,251,912	-	-	-	-	1,251,912	-	1,251,912
Transfer from revaluation	-	-	9,325	(9,590)	-	265	-	-	-
Total transactions with owners of the Company	**46,888**	**1,251,912**	**9,325**	**(9,590)**	**-**	**265**	**1,298,800**	**-**	**1,298,800**
Balance at 31 December 2017	**187,601**	**1,873,089**	**2,112,296**	**(105,583)**	**120,677**	**(5,132,661)**	**(944,581)**	**832,548**	**(112,033)**

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4 Statements of changes in equity (Continued)

4.1 Consolidated statements of changes in equity (continued)

2016: Audited	Share capital KShs '000	Share premium KShs '000	Revaluation reserves KShs '000	Translation reserve KShs '000	Available for sale reserve KShs '000	Revenue reserves KShs '000	Total KShs'000	Non-controlling interest KShs '000	Total equity KShs'000
Balance at 1 January 2016	140,142	565,101	1,538,394	(77,814)	314,067	(1,015,597)	1,464,293	2,081,477	3,545,770
Total comprehensive income for the year net of tax									
Loss for the year	-	-	-	-	-	(440,135)	(440,135)	(423,755)	(863,890)
Other comprehensive income									
Revaluation of leases, property, plant and equipment	-	-	229,381	-	-	-	229,381	98,307	327,688
Deferred tax on revaluation	-	-	(68,928)	-	-	-	(68,928)	(29,541)	(98,469)
Exchange differences	-	-	-	(35,768)	-	-	(35,768)	(16,237)	(52,005)
Net change in fair value of available-for-sale financial assets	-	-	-	-	(171,764)	-	(171,764)	-	(171,764)
Transfer from translation reserves	-	-	-	36,241	-	(36,241)	-	-	-
Transfer from revaluation reserve	-	-	-	-	-	-	-	-	-
Total other comprehensive income	**-**	**-**	**160,453**	**473**	**(171,764)**	**(36,241)**	**(47,079)**	**52,529**	**5,450**
Total comprehensive income	**-**	**-**	**160,453**	**473**	**(171,764)**	**(476,376)**	**(487,214)**	**(371,226)**	**(858,440)**
Transactions with owners of the Company									
Issue of new shares on bond Conversion	571	56,076	-	-	-	-	56,647	-	56,647
Acquisition of NCI without change in control	-	-	-	-	-	(7,230)	(7,230)	(237,967)	(245,197)
Total transactions with owners of the Company	**571**	**56,076**	**-**	**-**	**-**	**(7,230)**	**49,417**	**(237,967)**	**(188,550)**
Balance at 31 December 2016	**140,713**	**621,177**	**1,698,847**	**(77,341)**	**142,303**	**(1,499,203)**	**1,026,496**	**1,472,284**	**2,498,780**

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4 Statements of changes in equity (Continued)

4.3 Company statements of changes in equity

2020: Audited	Share capital KShs '000	Share premium KShs '000	Fair value reserve KShs '000	Revenue reserves KShs '000	Total KShs'000
Balance at 1 January 2020	187,601	1,873,089	1,643,222	(3,813,553)	(109,641)
Loss for the year	-	-	-	(960,046)	(960,046)
Other comprehensive income for the year					
Total comprehensive income	**-**	**-**	**-**	**(960,046)**	**(960,046)**
Transactions with owners of the company					
Net change in fair value of available-for-sale financial assets	-	-	(94,996)	-	(94,996)
Total transactions with owners of the company	**-**	**-**	**(94,996)**	**-**	**(94,996)**
Balance as at 31 December 2020	**187,601**	**1,873,089**	**1,548,226**	**(4,773,599)**	**(1,164,683)**

2019: Audited	Share capital KShs '000	Share premium KShs '000	Fair value reserve KShs '000	Revenue reserves KShs '000	Total KShs'000
Balance at 1 January 2019	187,601	1,873,089	5,592,413	(1,542,392)	6,110,711
Loss for the year	-	-	-	(2,271,161)	(2,271,161)
Other comprehensive income for the year					
Net change in equity instruments at FVOCI	-	-	(3,949,191)	-	(3,949,191)
Total comprehensive income	**-**	**-**	**(3,949,191)**	**-**	**(3,949,191)**
Balance as at 31 December 2019	**187,601**	**1,873,089**	**1,643,222**	**(3,813,553)**	**(109,641)**

4 Statements of changes in equity (Continued)

4.2 Company statements of changes in equity (continued)

2018: Audited	Share capital KShs '000	Share premium KShs '000	Fair Value reserve KShs '000	Revenue reserves KShs '000	Total KShs'000
Balance at 1 January 2018	187,601	1,873,089	8,283,864	(1,362,391)	8,982,163
Loss for the year	-	-	-	(180,001)	(180,001)
Other comprehensive income for the year					
Net change in equity instruments at FVOCI	-	-	(2,691,451)	-	(2,691,451)
Total comprehensive income	**-**	**-**	**(2,691,451)**	**-**	**(2,691,451)**
Balance as at 31 December 2018	**187,601**	**1,873,089**	**5,592,413**	**(1,542,392)**	**6,110,711**

2017: Audited	Share capital KShs '000	Share premium KShs '000	Available for sale reserve KShs '000	Revenue reserves KShs '000	Total KShs'000
Balance at 1 January 2017	140,713	621,177	8,634,609	(606,838)	8,789,661
Loss for the year	-	-	-	(755,553)	(755,553)
Other comprehensive income for the year					
Net change in fair value of available-for-sale financial assets	-	-	(350,745)	-	(350,745)
Total comprehensive income	**-**	**-**	**(350,745)**	**-**	**(350,745)**
Transactions with owners of the Company					
Issuance of new shares/conversion of bond	46,888	1,251,912	-	-	1,298,800
Balance as at 31 December 2017	**187,601**	**1,873,089**	**8,283,864**	**(1,362,391)**	**8,982,163**

4 Statements of changes in equity (Continued)

4.2 Company statements of changes in equity (continued)

2016: Audited	Share capital KShs '000	Share premium KShs '000	Available for sale reserve KShs '000	Revenue reserves KShs '000	Total KShs'000
Balance at 1 January 2016	140,142	565,101	7,646,907	(271,678)	8,080,472
Total comprehensive income for the year					
Loss for the year	-	-	-	(335,160)	(335,160)
Other comprehensive income for the year					
Net change in fair value of available-for-sale financial assets	-	-	987,702	-	987,702
Total comprehensive income	**-**	**-**	**987,702**	**(335,160)**	**652,542**
Transactions with owners of the Company					
Issuance of new shares/conversion of bond	571	56,076	-	-	56,647
Balance as at 31 December 2016	**140,713**	**621,177**	**8,634,609**	**(606,838)**	**8,789,661**

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5 Statements of cash flows

5.1 Consolidated statements of cash flows

	Note	12-months to 31.12.2020 KSHs'000 Audited	12-months to 31.12.2019 KShs'000 Audited	12-months to 31.12.2018 KShs'000 Audited	12-months to 31.12.2017 KShs'000 Audited	12-months to 31.12.2016 KShs'000 Audited
Net cash flows from operating activities						
Loss before taxation		(998,274)	(3,185,443)	(3,658,135)	(4,721,658)	(1,615,101)
Adjustment for non-cash items	6.18.2	1,842,286	2,574,377	1,910,373	834,570	(1,233,886)
Operating loss before working capital changes		**(844,012)**	**(611,066)**	**(1,747,762)**	**(3,887,088)**	**(2,848,987)**
Working capital changes:						
Trade and other receivables		(1,313,592)	(422,661)	726,690	376,479	2,657,167
Contract assets		(184,607)	(147,675)	-	-	-
Inventories		38,939	18,527	126,815	106,046	634,540
Trade and other payables		214,380	1,310,448	505,288	1,870,042	382,039
Provision for staff gratuity		-	-	7,314	(744)	(3,836)
Contract liabilities		(565,266)	(592,271)	-	-	-
Cash used in operations		**(966,134)**	**(444,316)**	**(381,655)**	**(1,535,265)**	**820,923**
Income tax paid	6.8.4	(3,605)	(12,277)	(42,737)	(28,676)	(153,872)
Gratuity paid	6.25	-	(2,895)	(2,086)	708	-
Lease interest paid		-	-	-	-	-
Net cash flows used in operating activities		**(969,739)**	**(459,488)**	**(426,477)**	**(1,563,233)**	**667,051**
Cash flows from investing activities						
Purchase of property, plant and equipment	6.9	(17,724)	(63,874)	(94,085)	(129,411)	(518,559)
Purchase of intangible assets	6.13	-	-	(2,042)	(299)	(6,383)
Proceeds from disposal of current assets held for sale		-	44,300	-	-	-
Proceeds from disposal of property, plant and equipment		90,920	45,846	97,803	46,221	33,514
Net cash flows from investing activities		**73,196**	**26,272**	**1,676**	**(83,489)**	**(491,428)**

5 Statements of cash flows (Continued)

5.1 Consolidated statements of cash flows (continued)

	Note	12-months to 31.12.2020 KShs'000 Audited	12-months to 31.12.2019 KShs'000 Audited	12-months to 31.12.2018 KShs'000 Audited	12-months to 31.12.2017 KShs'000 Audited	12-months to 31.12.2016 KShs'000 Audited
Cash flows from financing activities						
Proceeds from loans and borrowing	6.26	2,599,713	2,520,656	1,371,617	2,631,303	3,107,349
Repayment of loans and borrowing	6.26	(1,671,865)	(2,131,834)	(772,537)	(1,018,255)	(3,131,383)
Shareholder loan proceeds	6.23.4	538,763	504,963	283,614	388,011	-
Shareholder loan payments	6.23.4	-	(20,565)	-	-	-
Lease liability payments	6.12.5	(27,187)	(1,867)	-	-	-
Interest paid on convertible bond	6.23.1	-	-	-	(40,634)	-
Proceeds from convertible	6.23.3	-	-	-	723,861	2,049,716
Partial settlement of convertible bond	6.23.1	(436,687)	(380,012)	(253,226)	(153,030)	(1,994,709)
Lease interest paid	6.12.5	(16,965)	(1,084)	-	-	-
Net cash flows from financing activities		**985,772**	**490,257**	**629,468**	**1,807,395**	**30,973**
Net increase in cash and cash equivalents		**89,229**	**57,059**	**204,666**	**160,673**	**206,596**
IFRS 9-Day 1 adjustment in cash and bank balances		-	-	(794)	-	-
Cash and cash equivalents at 1 January		225,489	168,430	(35,442)	(196,115)	(402,711)
Cash and cash equivalents at 31 December	**6.18.1**	**315,779**	**225,489**	**168,430**	**(35,442)**	**(196,115)**

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5 Statements of cash flows (Continued)

5.2 Company statements of cash flows

	Note	12-months to 31.12.2020 KShs'000 Audited	12-months to 31.12.2019 KShs'000 Audited	12-months to 31.12.2018 KShs'000 Audited	12-months to 31.12.2017 KShs'000 Audited	12-months to 31.12.2016 KShs'000 Audited
Net cash flows from operating activities						
Loss before taxation		(959,858)	(2,271,498)	(191,256)	(732,453)	(323,783)
Adjustment for non-cash items	6.18.2	60,772	198,346	41,209	28,123	7,817
Operating loss before working capital changes		**(899,086)**	**(2,073,152)**	**(150,047)**	**(704,330)**	**(315,966)**
Working capital changes:						
Trade and other receivables		(91,980)	1,514,970	(87,986)	(57,271)	323,710
Trade and other payables		97,887	93,198	100,183	115,292	180,607
Loans to related parties		-	-	-	461,803	(48,705)
Cash used in operations		**(893,197)**	**(464,984)**	**(137,850)**	**(184,506)**	**139,646**
Income tax paid	6.8.4	(2,374)	(2,496)	(12,044)	(7,867)	(8,501)
Net cash flows used in operating activities		**(895,553)**	**(467,480)**	**(149,894)**	**(192,373)**	**131,145**
Cash flows from investing activities						
Purchase of property and equipment	6.9	-	-	(760)	(590)	(467)
Interest received		41,289	39,553	-	-	-
Proceeds from disposal of property and equipment		-	-	-	5	806
Loans to related parties		(68,712)	(37,488)	(85,519)	-	-
Net cash flows used in investing activities		**(27,423)**	**(2,065)**	**(86,279)**	**(585)**	**339**

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5 Statements of cash flows (Continued)

5.2 Company statements of cash flows (continued)

	Note	12-months to 31.12.2020 KShs'000 Audited	12-months to 31.12.2019 KShs'000 Audited	12-months to 31.12.2018 KShs'000 Audited	12-months to 31.12.2017 KShs'000 Audited	12-months to 31.12.2016 KShs'000 Audited
Cash flows from financing activities						
Share holder loans advanced	6.23.4	538,763	498,550	83,656	217,226	(134,207)
Bank loans received	6.26	383,177	206,177	190,490	-	-
Lease principal paid	6.12.5	(292)	(196)	-		
Interest paid	6.7.2	-	(237,157)	(80,912)	(76,181)	(54,119)
lease interest paid	6.12.4	(39)	(51)	-	708	-
Net cash flows generated from financing activities		**921,609**	**467,323**	**193,234**	**141,753**	**(188,326)**
Net increase/(decrease) in cash and cash equivalents		**(1,367)**	**1,908**	**(1,874)**	**724**	**(6,531)**
Cash and cash equivalents at 1 January	6.18.1	1,940	32	1,906	1,182	7,713
Cash and cash equivalents at 31 December	6.18.1	**573**	**1,940**	**32**	**1,906**	**1,182**

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6 Notes to the consolidated and separate financial statements

6.1 Reporting entity

Trans-century PLC is a limited liability Company incorporated in Kenya under the Kenyan Companies Act, 2015 and is domiciled in Kenya. The address of its registered office is as follows:

8th Floor, West End Towers
Off Waiyaki Way
PO Box 42334
00100 Nairobi GPO

The consolidated financial statements of the Company as at and for the years ended 31 December 2020, 31 December 2019, 31 December 2018, 31 December 2017 and 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group"). The separate financial statements are the unconsolidated Company financial statements.

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".

6.2 Basis of preparation and accounting

6.2.1 Statement of compliance

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

For Kenyan Companies Act, 2015 reporting purposes in these financial statements, the profit and 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 6.4

6.2.2 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.

6.2.3 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.

6.2.4 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.

6 Notes to the consolidated and separate financial statements (Continued)

6.2 Basis of preparation (continued)

6.2.4 Use of judgments and estimates – continued

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

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:

6.2.4.1 Consolidation

Judgement is required on whether the group has de facto control over an investee (Note 6.3.2). Judgement is also made during acquisition of subsidiaries where fair value is measured on a provisional basis.

6.2.4.2 Lease classification and determination of lease term

As lessees the Group and Company recognize a right-of-use asset and a lease liability at the lease commencement date. The Group and Company have elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases and instead recognized as an expense on a straight-line basis over the lease term. Further details on leases are captured under note 6.4.6. 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.

6.2.4.3 Employee benefits

Certain assumptions are made when estimating employee benefits liabilities under gratuity schemes (Note 6.4.9).

6.2.4.4 Taxation

Recognition of deferred tax assets requires assessment of future taxable profits against which carry forward tax losses can be used (Note 6.3.10).

6.2.4.5 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 6.4.1, 6.5.5, 6.9, 6.13, 6.14.2,6.14.3, 6.17).

6.2.4.6 Recognition and measurement of contingencies

Key assumptions are made about the likelihood and magnitude of an outflow of resources (Note 6.33).

6.2.4.7 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. 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.

6 Notes to the consolidated and separate financial statements (Continued)

6.2 Basis of preparation (continued)

6.2.5 Measurement of fair values

A number of the Group's and Company'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 directly (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
- 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 is listed on the Nairobi Securities Exchange. Thus, NAV in this case represents the market price on EAC Plc shares as at 31st Dec 2020. 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 to book net assets ratio and then assessing the appropriate price to book net assets multiple 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.

6 Notes to the consolidated and separate financial statements (Continued)

6.2 Basis of preparation (continued)

6.2.5 Measurement of fair values (continued)

Valuation of quoted investments

For quoted instruments, the fair value is determined by reference to their value weighted average 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. 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.

6.2.6 Going concern

The Group and Company incurred a loss of KShs 1,615 million and KShs 960 million respectively during the period ended 31 December 2020 and as of that date, the Group's and Company's current liabilities exceeded its current assets by KShs 10,529 million and KShs 4,487 million respectively. In addition, the Group's and Company's total liabilities exceeded their total assets by KShs 8,956 million and KShs 1,164 million respectively.

The Group and Company had breached their loan covenants with lenders and the carrying amount of loans breached as at 31 December 2020 was KShs 3,314 million and KShs 3,015 million respectively. The breach had not been remedied as at the date of approval of these financial statements.

Covid-19 affects the Group and Company results. The effect of the pandemic on TransCentury Plc business has been significant. Widespread national lockdowns saw large parts of the portfolio scaling down operations including our manufacturing businesses – hit by sudden and very dramatic falls in sales. Across the year, we saw similarly unprecedented swings in consumer demand across geographical markets, as well as in the use of channels.

Responding to these sudden and dramatic fluctuations in demand during a global pandemic has required a herculean effort on the part of our teams, and especially from our, production, supply chain and field sales colleagues, who kept our products reaching the shelves while having to observe strict safety protocols. The potential future effects are subject to significant levels of uncertainty.

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

The Group through its subsidiaries signed facility agreements with its lenders to restructure debt facilities amounting to KShs 590 million which were current as of 31 December 2020 to a term of between 1 and 5 years. These were successfully restructured.

Post- year end, East African Cables negotiated and signed an enhanced facility of KShs 100 million. The facility is utilised in issuance of letters of credit to the supplier of primary raw material. The company has intensified collection of long outstanding receivables to improve the liquidity in the business, a total of KShs 158 million of delinquent debt had been collected and released into the operations in year 2021.

6 Notes to the consolidated and separate financial statements (Continued)

6.2 Basis of preparation (continued)

6.2.6 Going concern – continued

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 1,948 million on 22nd April 2022 to extend the maturity of the loans to 31 December 2022. On 2 September 2022, the shareholder extended the subordination to 30 September 2023.

(i) Equity raising initiatives

The Group has now embarked on a fundraising initiative to raise KShs 4.4 billion (USD 40 million) by way of Rights Issue process. In November 2020, the Group appointed a legal team and transaction advisor to drive the process. The Capital Markets Authority (CMA) granted TransCentury PLC approval in May 2022 to proceed with the rights issue process where existing shareholders have a chance to take up the offer on the basis of five (5) new ordinary shares for everyone (1) existing share as approved in the last shareholder meeting held on 10th June 2021.

(ii) Debt restructure and working capital funding

The Group is currently engaged with its lender on a debt settlement plan which involves partial payment of the debt from the proceeds of Rights Issue process at the Company level to unlock the requisite working capital facilities for its subsidiaries and thereafter restructuring the debt balance to longer tenures to match the cashflows. The working capital funding is dependent on the successful completion of rights issue, will be in form of non-funded facility for issuance of letters of credit to suppliers of raw materials. This process is expected to be completed following the conclusion of the Rights Issue process and is subject to lender's credit approval process. The group, in May 2022 received an approval for their rights issue placement from the Capital Markets Authority.

(iii) 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. During the period from January 2020 to December 2021, the Group has reduced these facilities from KShs 1 billion to KShs 789 million, following recoveries from commissions due to Civicon on the assigned projects.

The Group has assigned running projects and expects that the remaining facilities will be reduced through recoveries from commissions on the ongoing assigned projects.

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 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.

However, if the Group and Company are unable to successfully complete the Rights Issue and planned disposal of assets above within twelve (12) months, a material uncertainty exist which may cast significant doubt about the Group and the Company's ability to continue as a going concern and therefore that the Group and Company may be unable to realize their assets and discharge their liabilities in the normal course of business.

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6 Notes to the consolidated and separate financial statements (Continued)

6.2 Basis of preparation (continued)

6.2.6 Going concern – continued

(iv) Disposal of non- operating assets

The Group is in the process of disposing some of its non-operating 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	700	Valuation process completed; awaiting sale offers following conclusion of the exercise
2	Properties in Uganda	400	No sale offer received
	Total	**1,100**	

The directors having considered the initiatives above and information at hand, have concluded that the going concern assumption is appropriate in the preparation of these consolidated and separate financial statements. However if the Group and company are unable to successfully complete the rights issue and planned disposal of assets above within the next twelve months a material uncertainty exist which may cast significant doubt about the group and the company's ability to continue as a going concern and, therefore that the Group and Company may be unable to realise their assets and discharge their liabilities in the normal course of business.

6 Notes to the consolidated and separate financial statements (Continued)

6.3 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:

6.3.1 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 applied 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 Company satisfied 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 Company's performance as the Company performs; or The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company 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.

When the Company 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.

6.3.2 Basis of consolidation

6.3.2.1 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.

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.

6 Notes to the consolidated and separate financial statements (Continued)

6.3 Significant accounting policies (continued)

6.3.2 Basis of consolidation – continued

6.3.2.1 Subsidiaries

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.

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

Subsidiary	Country of incorporation	2021 %	2020 %	2019 %	2018 %	2017 %	2016 %
Cable Holdings Limited	Kenya	100	100	100	100	100	100
East African cables PLC	Kenya	68.4	68.4	68.4	68.4	68.4	68.4
East African Cables Tanzania Limited	Tanzania	35.2	35.2	35.2	35.2	35.2	35.2
AEA Limited	Kenya	94.4	94.4	94.4	94.4	94.4	94.4
Trans-century Holdings (Pty) Limited	South Africa	100	100	100	100	100	100
Kewberg Cables & Braids Proprietary South Africa Limited	South Africa	100	100	100	100	100	100
Tanelec Limited	Zambia	56	56	56	56	56	56
Tanelec Limited	Tanzania	70	70	70	70	70	76
Crystal Limited	Tanzania	100	100	100	100	100	100
TC Mauritius Holdings Limited	Mauritius	100	100	100	100	100	100
Cable Holdings Mauritius Limited	Mauritius	100	100	100	100	100	100
TC Engineering and Contracting Limited	Mauritius	100	100	100	100	100	100
TC Railway Holdings Limited	Mauritius	100	100	100	100	100	100
Safari Rail Company Limited	Mauritius	100	100	100	100	100	100
Civicon Africa Group Limited	Mauritius	100	100	83.5	83.5	83.5	83.5
Civicon DRC Holdings Limited	Mauritius	100	100	100	100	100	100
Cableries du Congo SARL	Democratic Republic of Congo	100	100	100	100	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*0.51=0.34884).

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.

(i) Transactions eliminated on consolidation

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

(ii) 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.

6 Notes to the consolidated and separate financial statements (Continued)

6.3 Significant accounting policies (continued)

6.3.3 Translation of foreign currencies

6.3.3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities 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, except for differences arising on the retranslation of foreign subsidiaries.

6.3.3.2 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 income statements 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.

6.3.4 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

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:

6 Notes to the consolidated and separate financial statements (Continued)

6.3 Significant accounting policies (continued)

6.3.4 Property, plant and equipment – continued

— 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.

6.3.5 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

6.3.6 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 in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company and Group use the definition of a lease in IFRS 16.

6.3.6.1 As a lessee

At commencement or on modification of a contract that contains a lease component, the Company and Group 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 Company and Group 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.

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.

6 Notes to the consolidated and separate financial statements (Continued)

6.3 Significant accounting policies (continued)

6.3.6 Leases – continued

6.3.6.1 As a lessee – continued

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.

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.

6.3.6.2 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.

6 Notes to the consolidated and separate financial statements (Continued)

6.3 Significant accounting policies (continued)

6.3.6 Leases – continued

6.3.6.2 As a lessor – continued

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 and Company apply 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 and Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'oher 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.

6.3.7 Impairment

6.3.7.1 Non-derivative financial assets

Financial instruments and contract assets

The Group and Company recognises loss allowances for Expected Credit Losses (ECLs) on financial 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 has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. 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 Company is exposed to credit risk.

6 Notes to the consolidated and separate financial statements (Continued)

6.3 Significant accounting policies (continued)

6.3.7 Impairment – continued

6.3.7.2 Non-derivative financial assets

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 calculates the allowance for credit losses for trade and other receivables 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 carried at amortised cost and debt securities at Fair Value Through Other Comprehensive Income (FVOCI) are credit impaired.

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 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

6.3.7.3 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.

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6 Notes to the consolidated and separate financial statements (Continued)

6.3 Significant accounting policies (continued)

6.3.7 Impairment – continued

6.3.7.3 Non-financial assets – continued

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.

6.3.8 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.

6.3.9 Employee benefits

6.3.9.1 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.

6.3.9.2 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 of actuarial gains and losses are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings though 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.

6 Notes to the consolidated and separate financial statements (Continued)

6.3.9 Employee benefits (continued)

6.3.9.3 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 a payable.

6.3.9.4 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.

6.3.10 Taxation

Tax on the operating results for the year comprises current tax and change in deferred tax. Current tax and deferred tax is 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 taxation 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; 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.

6.3.11 Cash and cash equivalents

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.

6.3.12 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.

6.3.13 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.

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6 Notes to the consolidated and separate financial statements (Continued)

6.3 Significant accounting policies (continued)

6.3.14 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.

6.3.15 Dividends

Dividends are recognised as a liability in the period in which they are declared. Proposed dividends are treated as a separate component of equity.

6.3.16 Financial instruments

Financial instruments include balances with banks, trade and other receivables, balances due from and to related parties and trade and other payables.

6.3.16.1 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.

6.3.16.2 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.

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;

6 Notes to the consolidated and separate financial statements (Continued)

6.3 Significant accounting policies (continued)

6.3.16 Financial instruments – continued

6.3.16.2 Classification and subsequent measurement – continued

- 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).

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.

6 Notes to the consolidated and separate financial statements (Continued)

6.4 Significant accounting policies (continued)

6.3.16 Financial instruments – continued

6.3.16.2 Classification and subsequent measurement – continued

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.

6.3.17 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 generally the assets or disposal group are 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.

6.3.18 Intangible assets

6.3.18.1 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. 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.

6.3.18.2 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 straightline basis over the expected useful lives.

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6 Notes to the consolidated and separate financial statements (Continued)

6.3 Significant accounting policies (continued)

6.3.19 Comparatives

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

6.3.20 Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are 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 6.30).

6.3.21 New standards, amendments and interpretations

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 31 May 2021 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
— Interest rate benchmark reform-phase 2 (Amendments to IFRS 9, IAS 39, IFRS 9, IFRS 4 and IFRS 16)	1 January 2021
— COVID-19-Related Rent Concessions – (Amendment to IFRS 16)	1 June 2021
— 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
— 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
— Interest rate benchmark reform-phase 2 (Amendments to IFRS 9, IAS 39, IFRS 9, IFRS 4 and IFRS 16)	1 January 2021

6 Notes to the consolidated and separate financial statements (Continued)

6.4 Financial risk management objectives and policies

Overview

The Group and Company has 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.

6.4.1 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 assets represents the maximum exposure to credit risk:

Consolidated	**12-months to 31.12.2020 KShs '000 Audited**	**12-months to 31.12.2019 KShs '000 Audited**	**12-months to 31.12.2018 KShs '000 Audited**	**12-months to 31.12.2017 KShs '000 Audited**	**12-months to 31.12.2016 KShs '000 Audited**
Trade receivables (Note 6.17)	2,596,300	1,841,794	1,450,781	2,358,042	2,186,771
Staff debtors (Note 6.17)	1,925	9,052	7,655	5,613	5,108
Bank balances (Note 6.18.1)	330,450	294,886	253,718	264,873	124,029
Contract assets (Note 17(b))	-	332,282	147,675	-	-
Sundry receivables	499,371	173,510	-	-	-
	3,760,328	**2,466,917**	**1,712,154**	**2,628,528**	**2,315,908**
Company					
Loans to subsidiaries (Note 6.15)	586,636	517,924	480,436	394,917	856,720
Sundry receivables	55,697	52,264	114,700	-	-
Staff debtors (Note 6.17)	109	303	-	342	393
Due from related parties (Note 6.28.7)	615,873	527,132	1,979,969	2,067,705	622,446
Bank balances (Note 6.18.1)	513	1,685	32	1,906	1,182
	1,258,315	**1,099,308**	**2,575,137**	**2,464,870**	**1,480,741**

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6 Notes to the consolidated and separate financial statements (Continued)

6.4 Financial risk management objectives and policies (continued)

6.4.1 Credit risk – continued

Impairment losses

Trade receivables & intercompany receivables

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

Consolidated	12-months to 31.12.2020 KShs '000 Audited	12-months to 31.12.2019 KShs '000 Audited	12-months to 31.12.2018 KShs '000 Audited	12-months to 31.12.2017 KShs '000 Audited	12-months to 31.12.2016 KShs '000 Audited
Trade receivables					
Not past due	570,726	889,148	639,349	834,172	625,806
Past due 0 – 90 days	521,933	728,390	450,661	375,665	492,782
Past due 91 – 365 days	1,405,642	344,655	298,134	546,485	812,332
More than one year	2,126,643	1,903,639	2,033,111	2,116,942	1,571,926
	4,624,944	3,865,832	3,421,255	3,873,264	3,502,846
Net impairment	(2,028,644)	(2,024,038)	(1,970,474)	(1,515,222)	(1,316,075)
	2,596,300	**1,841,794**	**1,450,781**	**2,358,042**	**2,186,771**
Company					
Intercompany receivables					
Not past due	156,434	566,878	200,561	103,292	96,816
Past due 0 – 90 days	136,680	135,222	126,406	13,148	61,123
Past due 91 – 365 days	279,169	176,068	49,662	1,295,417	35,272
More than one year	3,435,516	2,555,906	2,600,947	577,677	691,538
	4,006,102	3,434,074	2,977,576	1,989,534	884,749
Net impairment	(3,390,229)	(2,906,942)	(997,607)	(358,991)	(262,303)
	615,873	**527,132**	**1,979,969**	**1,630,543**	**622,446**

6 Notes to the consolidated and separate financial statements (Continued)

6.4 Financial risk management objectives and policies (continued)

6.4.1 Credit risk – continued

Management believes that 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 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 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 to KShs 221,630 was recorded in the year (2019 – KShs 241,947) while the Company impairment loss of KShs 483,317 was recorded in the year (2019 – KShs 1,909,335)..

Cash and cash equivalents

The Group and Company held cash and bank balances of KShs 330,710,000 and KShs 573,000 respectively (2018 – Group – KShs 296,007,000 and Company KShs 1,940,000). 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 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

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

	12-months to 31.12.2020 KShs '000 Audited	12-months to 31.12.2019 KShs '000 Audited	12-months to 31.12.2018 KShs '000 Audited	12-months to 31.12.2017 KShs '000 Audited	12-months to 31.12.2016 KShs '000 Audited
Consolidated					
Balance at 1 January	2,024,038	1,970,474	1,515,222	1,316,075	612,466
Impairment losses					
- trade and other receivables	221,630	241,947	261,149	272,663	724,202
- due from related parties	-	-	-	-	-
- intercompany loans	-	-	-	-	-
Sub-total	**221,630**	**241,947**	**261,149**	**272,663**	**724,202**
Day 1 IFRS 9	-	-	319,671	-	-
Bad debt write back	(217,024)	(188,383)	(125,568)	(73,516)	(20,593)
Balance at 31 December	**2,028,644**	**2,024,038**	**1,970,474**	**1,515,222**	**1,316,075**

6 Notes to the consolidated and separate financial statements Continued)

6.4 Financial risk management objectives and policies (continued)

6.4.1 Credit risk – continued

	12-months to 31.12.2020 KShs '000 Audited	12-months to 31.12.2019 KShs '000 Audited	12-months to 31.12.2018 KShs '000 Audited	12-months to 31.12.2017 KShs '000 Audited	12-months to 31.12.2016 KShs '000 Audited
Company					
Balance at 1 January	2,906,912	997,607	882,914	262,303	-
Impairment losses					
- trade and other receivables	-	-	14,773	-	-
- due from related parties	483,317	1,909,335	95,636	96,688	262,303
- intercompany loans	-	-	4,284	523,923	-
Sub-total	**483,317**	**1,909,335**	**114,693**	**620,611**	**262,303**
Day 1 IFRS 9	-	-	-	-	-
Bad debt write back	-	-	-	-	-
Balance at 31 December	**3,390,229**	**2,906,942**	**997,607**	**882,914**	**262,303**

6.4.2 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 has 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 strives 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 holds a portfolio of liquid assets as part of its liquidity risk management strategy.

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

6 Notes to the consolidated and separate financial statements Continued)

6.4 Financial risk management objectives and policies (continued)

6.4.2 Liquidity risk – continued

Consolidated

2020: Audited	**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	5,198,375	429,917	329,243	2,386,248	8,343,783
Interest payable on term loans, bonds, shareholders loan and lease liability	466,093	198,939	552,697	1,430,481	2,648,210
Preference shares				1,571,763	1,571,763
Bond			720,534	708,713	1,429,247
Bank overdraft	14,931	-	-	-	14,931
Shareholder Loan			1,947,541		1,947,541
Lease liability			44,389	83,691	128,080
Unclaimed dividends	952				952
Trade payables	8,551,411	-	-	-	8,551,411
Total financial liabilities	**14,231,762**	**628,856**	**3,594,404**	**6,180,896**	**24,635,918**

2019: Audited	**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	-	3,470,367	585,485	3,360,083	7,415,935
Interest payable on loans	490,311	31,699	164,644	926,889	1,613,543
Preference shares	-	-	-	1,015,458	1,015,458
Bond	-	-	1,623,338	-	1,623,338
Bank overdraft	70,518	-	-	-	70,518
Shareholder loan	-	-	1,224,883	-	1,224,883
Trade and other payables	7,381,386	-	-	-	7,381,386
Lease liabilities	-	1,103	3,308	31,468	35,879
Unclaimed dividends	952	-	-	-	952
Total financial liabilities	**7,943,167**	**3,503,169**	**3,601,658**	**5,333,898**	**20,381,892**

2018: Audited	**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	-	5,396,470	271,686	2,859,585	8,527,741
Interest payable on loans	370,934	93,430	205,341	1,053,178	1,722,883
Preference shares	-	-	-	909,056	909,056
Bond	-	-	1,196,692	672,184	1,868,876
Bank overdraft	87,549	-	-	-	87,549
Shareholder loan	-	-	699,021	-	699,021
Trade and other payables	7,276,258	-	-	-	7,276,258
Unclaimed dividends	952	-	-	-	952
Total financial liabilities	**7,735,693**	**5,489,900**	**2,372,740**	**5,494,003**	**21,092,336**

6 Notes to the consolidated and separate financial statements (Continued)

6.4 Financial risk management objectives and policies (continued)

6.4.2 Liquidity risk – continued

Consolidated - continued

2017: Audited	**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	-	4,093,233	1,292,246	2,543,182	7,928,661
Preference shares	-	-	-	723,861	723,861
Bond	-	-	1,465,830	553,117	2,018,947
Bank overdraft	300,315	-	-	-	300,315
Shareholder loan	-	-	388,011	-	388,011
Trade and other payables	6,770,970	-	-	-	6,770,970
Total financial liabilities	**7,071,285**	**4,093,233**	**3,146,087**	**3,820,160**	**18,130,765**

2016: Audited	**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	-	3,550,822	1,741,342	1,023,449	6,315,613
Preference shares	-	-	-	718,630	718,630
Bond			821,592	1,232,332	2,053,924
Bank overdraft	320,144	-	-	-	320,144
Trade and other payables	4,900,924	-	-	-	4,900,924
Total financial liabilities	**5,221,068**	**3,550,822**	**2,562,934**	**2,974,411**	**14,309,235**

Company

2020: Auidted	**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	3,015,361	-	-	-	3,015,361
Shareholder loan	-	-	1,222,431	-	1,222,431
Interest payable on loans	466,093	54,230	156,084	101,908	778,315
Trade and other payables	470,406	-	-	-	470,406
Lease liability	-	-	309	100	409
Unclaimed dividends	952	-	-	-	952
Total financial liabilities	**3,952,812**	**54,230**	**1,378,824**	**102,008**	**5,487,873**

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6.4 Financial risk management objectives and policies (continued)

6.4.2 Liquidity risk – continued

Company - continued

2019: Audited	**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	-	2,632,184	-	576,073	3,208,257
Shareholder loan	-	-	582,206	-	582,206
Interest payable on loans	429,269	25,181	76,523	94,428	625,401
Trade and other payables	837,210	-	-	-	837,210
Lease liability	-	82	248	468	798
Unclaimed dividends	952	-	-	-	952
Total financial liabilities	**1,267,431**	**2,657,447**	**658,977**	**670,969**	**5,254,824**

2018: Audited	**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	-	1,662,161	-	1,339,919	3,002,080
Shareholder loan	-	-	83,656	-	83,656
Interest payable on loans	301,891	50,909	77,777	180,585	611,162
Trade and other payables	744,012	-	-	-	744,012
Unclaimed dividends	952	-	-	-	952
Total financial liabilities	**1,046,855**	**1,713,070**	**161,433**	**1,520,504**	**4,441,862**

2017: Audited	**2018 KShs'000**	**Due on demand KShs'000**	**1 - 3 months KShs'000**	**3 - 12 months KShs'000**	**1 - 5 years KShs'000**
Liabilities:					
Long term loans	576,073	1,212,027	-	1,023,490	2,811,590
Trade and other payables	643,829	-	-	-	643,829
Total financial liabilities	**1,219,902**	**1,212,027**	**-**	**1,023,490**	**3,455,419**

2016: Audited	**2018 KShs'000**	**Due on demand KShs'000**	**1 - 3 months KShs'000**	**3 - 12 months KShs'000**	**1 - 5 years KShs'000**
Liabilities:					
Long term loans	576,073	2,018,291	-	-	2,594,364
Trade and other payables	528,537	-	-		528,537
Total financial liabilities	**1,104,610**	**2,018,291**	**-**	**-**	**3,122,901**

6.4.3 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.

6 Notes to the consolidated and separate financial statements (Continued)

6.4 Financial risk management objectives and policies (continued)

6.4.3 Market risk – continued

6.4.3.1 Currency risk

The Group and Company is 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 US dollars:

	12-months to 31.12.2020 KShs '000 Audited	12-months to 31.12.2019 KShs '000 Audited	12-months to 31.12.2018 KShs '000 Audited	12-months to 31.12.2017 KShs '000 Audited	12-months to 31.12.2016 KShs '000 Audited
Consolidated					
Cash and bank balances	22,829	294,886	7,314	264,873	124,029
Unquoted investments	283,002	397,198	313,342	340,608	364,285
Due from related parties	-	-	-	-	-
Due to related parties	-	-	-	-	-
Preference shares	(1,213,502)	(1,015,458)	(909,056)	(723,861)	(718,630)
Bond	(1,429,247)	(1,623,338)	(1,868,876)	(2,018,947)	(2,053,924)
Bank overdraft	(3,838)	(70,518)	(87,549)	(300,315)	(320,144)
Bank loans	(5,186,220)	(7,415,935)	(8,527,741)	(7,928,661)	(6,315,613)
Net statement of financial position exposure	**(7,526,976)**	**(9,433,165)**	**(11,072,566)**	**(10,366,303)**	**(8,919,997)**

Company	12-months to 31.12.2020 KShs '000 Audited	12-months to 31.12.2019 KShs '000 Audited	12-months to 31.12.2018 KShs '000 Audited	12-months to 31.12.2017 KShs '000 Audited	12-months to 31.12.2016 KShs '000 Audited
Loans to subsidiaries	586,636	517,924	480,436	394,917	856,720
Cash and bank balances	-	1,940	32	1,906	1,182
Unquoted investments	283,002	422,029	286,814	330,236	272,269
Due from related parties	615,873	2,333,583	1,802,834	2,067,705	622,446
Due to related parties	(464,690)	(460,383)	(425,762)	(428,228)	(384,383)
Preference shares	-	-	-	-	-
Bond	-	-	-	-	-
Bank overdraft	-	-	-	-	-
Bank loans	(3,591,434)	(2,632,185)	(2,426,007)	(2,235,517)	(2,018,291)
Net statement of financial position exposure	**(2,570,613)**	**182,908**	**(281,653)**	**131,019**	**(650,057)**

The following significant exchange rates applied during the year:

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6.4 Financial risk management objectives and policies (continued)

6.4.3 Market risk – continued

6.4.3.1 Currency risk – continued

Closing rate

…………	12-months to 31.12.2020 KShs '000 Audited	12-months to 31.12.2019 KShs '000 Audited	12-months to 31.12.2018 KShs '000 Audited	12-months to 31.12.2017 KShs '000 Audited	12-months to 31.12.2016 KShs '000 Audited
USD	109.17	101.34	101.85	103.23	102.49
TShs	21.24	22.68	22.58	21.54	21.25
UShs	33.38	36.17	36.46	-	-
ZAR	7.46	7.19	7.08	8,35	13.87

Average rate

USD	110.59	102.01	101.29	103.40	101.52
TShs	20.97	22.63	22.48	21.70	21.56
UShs	33.16	36.32	36.81	-	-
ZAR	7.41	7.06	7.69	7.77	14.65

Sensitivity analysis

A 10 percent strengthening of the Kenya Shilling against the US Dollar , TShs, UShs and ZAR would have decreased profit or (loss) by amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2020:

	Profit or loss	
	Consolidated KShs'000	Company KShs'000
At 31 December 2020	752,698	257,061
At 31 December 2019	943,317	18,290
At 31 December 2018	1,107,257	28,165
At 31 December 2017	1,036,630	13,102
At 31 December 2016	891,999	65,006

6.4.3.2 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 Company does not have any significant interest rate risk exposures as currently all interest bearing borrowings and advances are at a fixed rate.

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6.4 Financial risk management objectives and policies (continued)

6.4.3 Market risk – continued

6.5.3.2 Interest rate risk – continued

The table below summarizes the interest rate profile of the Group's interest-bearing financial assets and liabilities:

Consolidated	Effective interest rate (%) 2020	2019	31.12.2020 KShs'000 Audited	31.12.2019 KShs'000 Audited
Bank loans	10.61%	10.65%	8,343,783	7,415,935
Bond	8.00%	8.00%	1,429,4247	1,623,338
Bank overdraft	9.0%	9.21%	14,931	70,518
Shareholder loan	7.0%	7.0 %	1,947,541	1,224,883
Preference shares	4.9%	4.9 %	1,213,50	1,015,458
			12,949,004	**11,350,132**

	Effective interest rate (%) 2018	2017	31.12.2018 KShs'000 Audited	31.12.2017 KShs'000 Audited
Bank loans	10.51%	12.11%	8,527,741	7,928,662
Bond	8.00%	Nil	1,868,876	-
Bank overdraft	10.14%	8.00%	87,549	2,018,947
Shareholder loan	7.0%	11.64%	699,021	300,315
			11,183,187	**10,247,924**

Consolidated	Effective interest rate (%) 2016	31.12.2016 KShs'000 Audited
Bank loans	10.73%	6,315,613
Convertible loan	Nil	718,630
Bond	8.00%	2,053,924
Bank overdraft	11.27%	320,144
		9,408,311

Company	Effective interest rate (%) 2020	2019	31.12.2020 KShs'000 Audited	31.12.2019 KShs'000 Audited
Bank loans	10.0%	10.0	3,015,361	2,632,184
Shareholder loan	7.0%	7.0 %	1,222,431	582,206
			4,237,792	**3,214,390**

6 Notes to the consolidated and separate financial statements (Continued)

6.4 Financial risk management objectives and policies (continued)

6.4.3 Market risk – continued

6.4.3.2 Interest rate risk – continued

Company	**Effective interest rate (%) 2018**	**2017**	**31.12.2018 KShs'000 Audited**	**31.12.2017 KShs'000 Audited**
Bank loans	10.0%	10.0	3,002,080	2,235,517
Shareholder loan	7.0%	-	83,656	-
			3,085,736	**2,235,517**

	Effective interest rate (%) 2016	**31.12.2016 KShs'000 Audited**
Bank loans	10%	**2,018,291**

Sensitivity analysis for variable interest-bearing liabilities

An increase of 10 percentage point 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	**31.12.2020 KShs'000 Audited**	**31.12.2019 KShs'000 Audited**	**3012.2018 KShs'000 Audited**	**31.12.2017 KShs'000 Audited**	**31.12.2016 KShs'000 Audited**
Bank loans	835,871	748,645	852,774	96,015	67,788
Others	459,029	386,368	265,545	3,496	3,608
	1,294,900	**1,135,013**	**1,118,319**	**99,511**	**71,396**

Effect in Kenya Shillings (KShs)	**Statement of profit or loss and other comprehensive income**				
Company	**31.12.2020 KShs'000 Audited**	**31.12.2019 KShs'000 Audited**	**3012.2018 KShs'000 Audited**	**31.12.2017 KShs'000 Audited**	**31.12.2016 KShs'000 Audited**
Bank loans	301,536	263,218	300,208	22,355	20,183
Others	122,243	58,221	8,366	-	-
	423,779	**321,439**	**308,574**	**22,355**	**20,183**

A decrease of 10 percentage point in interest rates at the reporting date would have had an equal but opposite effect on the profit and 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.

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6.4 Financial risk management objectives and policies (continued)

6.4.3 Market risk – continued

6.4.3.3 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 10 percentage point increase of prices at the NSE would have increased equity by KShs 18,795 (2019 – KShs 16,800) net of tax. There would be no impact to profit or loss as fair value changes are recognized in other comprehensive income.

6.4.4 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.

6.4.5 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 has not disclosed the fair values of long term loans as the carrying amounts are a reasonable approximation of fair values.

The Group has not disclosed the fair values for short-term financial instruments such as trade receivables, cash and bank balances, overdrafts, convertible bond, and trade payables as their carrying amounts are a reasonable approximation of fair values.

6.4.6 Valuation hierarchy

The fair value of financial assets and liabilities measured at fair values was 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: — 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 (2019,0.63x)	— 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.

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6.4 Financial risk management objectives and policies (continued)

6.4.6 Valuation hierarchy – continued

The fair value for the financial assets as at, 31 December 2020, 31 December 2019,31 December 2018, 31 December 2017 and 31 December 2016 is as follows (these have been disclosed at Note 6.15):

Consolidated 31 December 2020	Level 1 KShs'000 Audited	Level 2 KShs'000 Audited	Level 3 KShs'000 Audited	Total KShs'000 Audited
Quoted investments	251	-	-	251
Unquoted investments	-	-	283,002	283,002
Total assets	**251**	**-**	**283,002**	**283,253**

Consolidated 31 December 2019:	Level 1 KShs'000 Audited	Level 2 KShs'000 Audited	Level 3 KShs'000 Audited	Total KShs'000 Audited
Quoted investments	240	-	-	240
Unquoted investments	-	-	365,534	365,534
Total assets	**240**	**-**	**365,534**	**365,774**
31 December 2018: Audited				
Quoted investments	199	-	-	199
Unquoted investments	-	-	313,342	313,342
Total assets	**199**	**-**	**313,342**	**313,541**

31 December 2017:	Level 1 KShs'000 Audited	Level 2 KShs'000 Audited	Level 3 KShs'000 Audited	Total KShs'000 Audited
Quoted investments	175	-	-	175
Unquoted investments	-	340,608	-	340,608
Total assets	**175**	**340,608**	**-**	**340,783**
31 December 2016:				
Quoted investments	165	-	-	165
Unquoted investments	-	364,285	-	364,285
Total assets	**165**	**364,285**	**-**	**364,450**

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6.4.6 Valuation hierarchy (continued)

Company	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
31 December 2020: Audited				
Quoted investments	251	-	-	251
Unquoted investments	-	-	283,002	283,002
Investment in subsidiaries	-	-	3,026,040	3,026,040
Total assets	**251**	**-**	**3,309,042**	**3,309,293**

	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
31 December 2019: Audited				
Quoted investments	240	-	-	240
Unquoted investments	-	-	360,803	360,803
Investment in subsidiaries	-	-	3,043,246	3,043,246
Total assets	**240**	**-**	**3,404,049**	**3,404,289**
31 December 2018: Audited				
Quoted investments	199	-	-	199
Unquoted investments	-	286,814	7,066,468	286,814
Investment in subsidiaries	-	-		7,066,468
Total assets	**199**	**286,814**	**7,066,468**	**7,353,481**

Company	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
31 December 2017: Audited				
Quoted investments	175	-	-	175
Unquoted investments	-	330,236	-	330,236
Total assets	**175**	**330,236**	**-**	**330,411**
31 December 2016: Audited				
Quoted investments	165	-	-	165
Unquoted investments	-	272,269	-	272,269
Total assets	**165**	**272,269**	**-**	**272,434**

The valuation techniques and fair value hierarchy for non-financial assets has been disclosed in Note 6.11.

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6.5 Revenue, other income and expenses

6.5.1 Revenue

Consolidated	12-months to 31.12.2020 KShs '000 Audited	12-months to 31.12.2019 KShs '000 Audited	12-months to 31.12.2018 KShs '000 Audited	12-months to 31.12.2017 KShs '000 Audited	12-months to 31.12.2016 KShs '000 Audited
Sale of goods	3,991,663	3,853,957	3,192,582	3,502,375	4,897,386
Rendering of services	1,028,648	780,986	308,452	421,364	637,251
Construction contract revenue	302,172	1,068,961	746,224	1,735,521	2,642,713
	5,322,483	**5,703,904**	**4,247,258**	**5,659,260**	**8,177,350**

Company	12-months to 31.12.2020 KShs '000 Audited	12-months to 31.12.2019 KShs '000 Audited	12-months to 31.12.2018 KShs '000 Audited	12-months to 31.12.2017 KShs '000 Audited	12-months to 31.12.2016 KShs '000 Audited
Sale of goods	-	-	-	-	-
Rendering of services	-	-	-	-	-
Construction contract revenue	-	-	-	-	-
Dividends	30,442	27,862	12,724	-	3
Interest income (Note 6.29.3)	41,289	39,553	41,065	51,929	50,311
Technical fees (Note 6.29.4)	149,937	112,852	124,001	156,018	210,831
	221,668	**180,267**	**177,790**	**207,947**	**261,145**

Revenue is measured based on the consideration specified in a contract with a customer. The Group and Company recognises 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.

The geographic information below analyses the Group's revenue by the Group and subsidiaries' country of domicile.

Revenue	2020 KShs '000 Audited	2019 KShs '000 Audited	2018 KShs '000 Audited	2017 KShs '000 Audited	2016 KShs '000 Audited
Kenya	3,065,220	3,401,481	2,421,394	4,212,163	5,077,211
Tanzania	2,100,389	2,163,327	1,649,304	968,683	1,034,118
Uganda	104,900	33,268	56,426	287,244	905,784
Rwanda	-	-	-	-	125,018
South Sudan	-	-	-	3,164	27,018
South Africa	-	-	691	3,572	41,171
DR Congo	-	-	48,478	127,209	908,222
Zambia	51,974	105,828	70,965	57,225	58,808
	5,322,483	**5,703,904**	**4,247,258**	**5,659,260**	**8,177,350**

6 Notes to the consolidated and separate financial statements (Continued)

6.5 Revenue, other income and expenses (continued)

6.5.1 Revenue – continued

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: — 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: — 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. Advances received are included in contract liabilities.
Rendering of services Services rendered include: — 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.
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.

6 Notes to the consolidated and separate financial statements (Continued)

6.5 Revenue, other income and expenses (continued)

6.5.1 Revenue – continued

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 332,282,000 (2019 – 147,675,000).

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 27,005,000 (2019 – KShs 592,271,000).

The amount of KShs 565,266,000 included in contract liabilities at 31 December 2019 has been recognised as revenue in 2020 (2019 – KShs 445,270,000).

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 2020 or at 31 December 2019 that have an original expected duration of one year or less, as allowed by IFRS 15.

6.5.2 Other income/loss

Consolidated	12-months to 31.12.2020 KShs '000 Audited	12-months to 31.12.2019 KShs '000 Audited	12-months to 31.12.2018 KShs '000 Audited	12-months to 31.12.2017 KShs '000 Audited	12-months to 31.12.2016 KShs '000 Audited
Gain/(loss) on sale of property	67,677	(21,581)	8,023	(5,377)	19,878
Gain on sale of AFS	-	20,029	-	-	-
Divestiture income	-	-	127,308	-	-
Reversal of bad debt provision	-	-	125,568	-	-
Fair value of investment property	3,000	(71,941)	54,100	-	-
Sale of scrap	8,472	6,340	3,571	3,898	8,755
Rental income	36,472	9,977	11,309	15,407	-
Reversal of accruals	955,644	-	54,300	-	-
Sundry income	56,908	62,071	51,245	-	-
Other income	-	-	-	38,955	60,693
Discount on convertible bond	-	-	-	-	1,975,643
Loan forgiven (Note 27)	-	1,500,628	-	-	-
	1,128,173	**1,505,523**	**435,424**	**52,883**	**2,064,969**
Company					
(Loss)/gain on sale of property	-	-	244	(125)	400
Gain on sale of AFS	-	-	-	-	-
Divestiture income	-	-	127,308	-	-
Reversal of accruals	-	-	54,300	-	-
	-	**-**	**181,852**	**(125)**	**400**

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6.5.3 Expenses by nature

Consolidated	12-months to 31.12.2020 KShs '000 Audited	12-months to 31.12.2019 KShs '000 Audited	12-months to 31.12.2018 KShs '000 Audited	12-months to 31.12.2017 KShs '000 Audited	12-months to 31.12.2016 KShs '000 Audited
Cost of sales:					
Raw materials	2,283,202	2,593,796	2,429,079	3,601,932	4,674,076
Direct staff costs	264,982	576,522	586,087	877,519	1,447,868
Licenses, insurance and permits	6,021	156,596	65,680	89,667	138,630
Equipment hire	3,273	12,259	32,152	79,677	467,151
Subcontracting	131,991	44,581	108,859	253,524	162,831
Service costs	775,078	18,280	67,093	46,145	75,579
Freight	38,751	-	20,450	-	15,258
Machinery repairs and Maintenance	25,226	22,381	13,928	5,240	4,803
Utility expenses	15,001	-	11,498	9,620	11,941
Project set up costs	-	-	3,398	4,596	60,502
Manufacturing and packaging	1,540	-	8,288	6,001	12,283
Interest on trade loans	-	18,449	44,141	38,401	
Inventory obsolescence	7,345	6,646	-	-	-
Others	-	451,725	-	-	-
	3,552,410	**3,882,786**	**3,364,961**	**5,018,062**	**7,109,323**
Operating expenses:					
Staff costs	640,037	700,738	726,171	736,275	943,641
Legal and professional fees	159,562	398,250	242,532	272,417	688,437
Office expenses	359,464	466,907	522,566	486,138	343,685
Establishment and site expenses	103,269	10,038	202,868	51,556	81,834
Directors fees	74,660	71,798	61,018	37,183	44,824
Travel expense	16,869	28,964	42,862	55,098	57,898
Utility fees	73,053	57,662	122,095	79,448	106,755
Distribution expenses	28,860	19,643	35,545	38,443	37,877
Audit fees	33,466	31,230	39,415	41,802	44,610
Repairs and maintenance	19,710	14,306	182,536	69,099	155,087
Facility and arrangement fee	-	5,296	33,490	38,302	86,995
Stock obsolescence	-	-	6,056	9,782	-
	1,508,950	**1,804,832**	**2,217,154**	**1,915,543**	**2,591,643**

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6 Notes to the consolidated and separate financial statements (Continued)

6.5 Revenue, other income and expenses (continued)

6.5.3 Expenses by nature - continued

Consolidated	12-months to 31.12.2020 KShs '000 Audited	12-months to 31.12.2019 KShs '000 Audited	12-months to 31.12.2018 KShs '000 Audited	12-months to 31.12.2017 KShs '000 Audited	12-months to 31.12.2016 KShs '000 Audited
Operating expenses:					
Staff costs	166,849	181,051	179,416	180,360	147,046
Legal and professional fees	9,583	30,848	9,998	40,935	63,196
Office expenses	60,277	61,698	52,954	56,197	72,567
Establishment and site expenses	-	-	-	-	-
Directors fees	17,360	17,840	15,610	7,857	7,093
Travel expense	2,307	7,249	7,575	15,857	12,141
Utility fees	-	-	-	-	-
Distribution expenses	-	-	-	-	-
Audit fees	9,333	6,414	5,859	6,893	5,015
Repairs and maintenance	-	96	-	-	30
Facility & arrangement fee	-	5,296	8,739	10,713	11,283
Stock obsolescence	-	-	-	-	-
	265,709	**310,492**	**280,151**	**318,844**	**318,371**

6.5.4 Staff costs

Consolidated	12-months to 31.12.2020 KShs '000 Audited	12-months to 31.12.2019 KShs '000 Audited	12-months to 31.12.2018 KShs '000 Audited	12-months to 31.12.2017 KShs '000 Audited	12-months to 31.12.2016 KShs '000 Audited
Wages and salaries	853,908	1,245,740	1,230,469	1,560,674	2,166,759
Social security contributions	21,388	2,624	25,878	18,048	52,227
Contribution to defined contribution	28,771	28,481	27,963	18,131	38,386
Other staff costs	952	415	17,952	16,941	-
Termination benefits	-	-	9,996	-	134,237
	905,019	**1,277,260**	**1,312,258**	**1,613,794**	**2,391,609**
Presented in profit or loss as follows:					
Cost of sales	264,982	576,522	586,087	877,519	1,447,868
Operating expenses	640,037	700,738	726,171	736,275	943,641
	905,019	**1,277,260**	**1,312,258**	**1,613,794**	**2,391,509**

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6.5 Revenue, other income and expenses (continued)

6.5.4 Staff costs – continued

Company	**12-months to 31.12.2020 KShs '000 Audited**	**12-months to 31.12.2019 KShs '000 Audited**	**12-months to 31.12.2018 KShs '000 Audited**	**12-months to 31.12.2017 KShs '000 Audited**	**12-months to 31.12.2016 KShs '000 Audited**
Wages and salaries	157,055	170,844	169,033	172,648	139,334
Social security contributions	51	52	53	43	43
Contribution to defined contribution	9,743	10,155	10,330	7,669	7,669
Other staff costs	-	-	-	-	-
Termination benefits	-	-	-	-	-
	166,849	**181,051**	**179,416**	**180,360**	**147,046**
Presented in profit or loss as follows:					
Cost of sales	-	-	-	-	-
Operating expenses	166,849	181,051	179,416	180,360	147,076
	166,849	**181,051**	**179,416**	**180,360**	**147,076**

6.5.5 Impairment losses

Consolidated					
Prepayments	-	39,716	-	-	-
Financial instruments (Note 6.5.1)	221,630	241,947	261,149	-	-
Fair value loss on investment property	14,282	-	-	-	-
Inventory (Note (6.6.1)	-	-	6,056	-	-
Property plant and equipment (Note 6.10)	42,109	123,453	328,112	-	-
Intangible assets (Note 6.14)	-	2,770,184	4,621	-	-
	278,021	**3,175,300**	**599,938**	-	-
Company					
Prepayments	-	-	-	-	-
Financial instruments (Note 6.5.1)	483,317	1,909,335	114,693	-	-
Inventory (Note 6.6.3)	-	-	-	-	-
Property plant and equipment (Note 6.10)	-	-	-	-	-
Intangible assets (Note 6.14)	-	-	-	-	-
	483,317	**1,909,335**	**114,693**	-	-

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6.6 Operating loss

Consolidated	12-months to 31.12.2020 KShs '000 Audited	12-months to 31.12.2019 KShs '000 Audited	12-months to 31.12.2018 KShs '000 Audited	12-months to 31.12.2017 KShs '000 Audited	12-months to 31.12.2016 KShs '000 Audited
Operating loss is arrived at after charging/(crediting):					
Depreciation (Note 6.10)	299,675	375,983	556,454	597,710	677,220
Amortisation of prepaid operating lease	-	-	-	-	-
rentals (Note 6.13)	-	-	36,098	32,061	32,508
Amortisation of ROU	131,545	88,100	-	-	-
Amortisation of intangible assets (Note 6.14)	3,924	4,399	9,345	7,169	9,456
	435,144	468,482	601,897	636,940	719,184
Directors' emoluments (Note 6.29.1)	135,964	107,453	96,493	-	-
Auditors remuneration					
- Current year	31,608	31,230	39,415	-	-
- Prior year	1,858				
(Loss)/(gain) on disposal of property, plant and equipment	-	(21,581)	8,023	-	-
Loan forgiven	-	(1,500,628)	-	-	-
Impairment losses:					
– Trade and other receivables	221,630	241,947	261,149	-	-
– Inventory	1,493	3,323	6,056	-	-
– Due from related parties	-	-	-	-	-
– Intercompany loan	-	-	-	-	-

Company

Operating loss is arrived at after charging/(crediting):					
Depreciation (Note 6.10)	254	465	1,362	3,745	4,411
Amortisation of prepaid operating lease	-	-	-	-	
	-				
Rentals (Note 6.13)	-	-	-	-	-
Amortisation of ROU	307	225	-	-	-
Amortisation of intangible assets (Note 6.14)	-	-	-	-	-
	561	690	1,362	3,745	4,411
Directors' emoluments (Note 6.29.1)	52,835	53,315	51,085	-	-
Auditors remuneration					
- Current Year	7,475	6,414	5,859	-	-
- Prior Year	1,858	-	-	-	-
(Loss)/(gain) on disposal of property, plant and equipment	-	-	244	-	-
Loan forgiven	-	-	-	-	-
Impairment losses:					
– Trade and other receivables	-	-	-	-	-
– Inventory	-	-	-	-	-
Due from related parties	483,317	1,909,335	114,693	96,688	262,303

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6 Notes to the consolidated and separate financial statements (Continued)

6.7 Net finance costs

6.7.1 Exchange losses

Consolidated	12-months to 31.12.2020 KShs '000 Audited	12-months to 31.12.2019 KShs '000 Audited	12-months to 31.12.2018 KShs '000 Audited	12-months to 31.12.2017 KShs '000 Audited	12-months to 31.12.2016 KShs '000 Audited
(Loss)/gain on exchange	(543,308)	(106,210)	(358,095)	(11,418)	(94,012)

6.7.2 Finance costs

Interest on convertible bond	(118,605)	(143,825)	(130,925)	(143,654)	(39,894)
Interest on leases	(6,820)	(1,084)	-	-	-
Interest on loans	(1,005,672)	(812,351)	(1,067,847)	(923,358)	(579,162)
	(1,131,097)	(957,260)	(1,198,772)	(1,067,012)	(619,056)
Net finance costs	**(1,674,405)**	**(1,063,470)**	**(1,556,867)**	**(1,078,430)**	**(713,068)**
Company					
Exchange losses					
Gain/(loss) on exchange	(141,148)	5,909	(73,780)	79,106	53,876
Finance costs					
Interest on convertible bond	-	-	-	-	-
Interest on leases	(39)	(51)	-	-	-
Interest on loans	(290,752)	(237,106)	(80,912)	(76,181)	(54,119)
	(290,791)	(237,157)	(80,912)	(76,181)	(54,119)
Net finance costs (a+b)	**(431,939)**	**(231,248)**	**(154,692)**	**2,925**	**(243)**

6.8 Income tax

6.8.1 Income tax (credit)/expense

Consolidated	12-months to 31.12.2020 KShs '000 Audited	12-months to 31.12.2019 KShs '000 Audited	12-months to 31.12.2018 KShs '000 Audited	12-months to 31.12.2017 KShs '000 Audited	31.12.2016 KShs '000 Audited
Amount recognized in profit or loss					
Current tax:					
Charge for the year at (25% - 2020) 30%	379,640	178,386	6,402	20,587	13,975
Prior over provision	-	-	(11,152)	(12,679)	-
	379,640	178,386	(4,750)	7,908	13,975
Deferred tax (credit)/expense:					
Current year	165,864	552,000	(132,936)	(395,659)	(755,982)
Prior year under/(over) provision	71,746	19,701	(17,826)	(2,627)	(9,204)
	237,610	571,701	(150,762)	(398,286)	(765,186)
	617,250	**750,086**	**(155,512)**	**390,376**	**(751,211)**

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6 Notes to the consolidated and separate financial statements (Continued)

6.8 Income tax (continued)

6.8.1 Income tax (credit)/expense – continued

Consolidated	**12-months to 31.12.2020 KShs '000 Audited**	**12-months to 31.12.2019 KShs '000 Audited**	**12-months to 31.12.2018 KShs '000 Audited**	**12-months to 31.12.2017 KShs '000 Audited**	**12-months to 31.12.2016 KShs '000 Audited**
Amounts recognised in other comprehensive income					
Arising from defined benefits	(478)	1,045	571	-	-
Revaluation of prepaid operating lease rentals	-	-	-	-	-
Revaluation of property, plant and equipment	-	-	166,435	216,776	98,469
	(478)	**1,045**	**157,006**	**216,776**	**98,469**
Company					
Amounts recognised in profit or loss					
Current tax:					
Charge for the year at 30%	-	-	-	15,626	11,619
Prior over provision	-	-	(11,152)	7,913	-
	-	-	(11,152)	23,539	11,619
Deferred tax (credit)/expense:					
Current year	189	(337)	(103)	(439)	(242)
Prior year under/(over) provision	-	-	-	-	-
	189	(337)	(103)	(439)	(242)
	189	**(337)**	**(11,255)**	**23,100**	**11,377**

6 Notes to the consolidated and separate financial statements (Continued)

6.8 Income tax (continued)

6.8.2 Reconciliation of effective tax rate

Consolidated

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

	2020 Rate	2020 KShs'000 Audited	2019 Rate	2019 KShs '000 Audited
Accounting loss before tax	-	(998,274)	-	(3,073,176)
Tax at the domestic rate of 30%	25%	(257,742)	30%	(921,953)
Prior years' under provision:				
- Current tax		-	-	-
- Deferred tax	7%	71,746	(1%)	19,701
Effect of taxes in foreign jurisdictions*	(28%)	336,629	(1%)	22,575
Movement in deferred tax not Recognised (Note 6.9.1)	(32%)	326,911	(22%)	713,344
Tax effect of non-deductible expenses	(21%)	(211,871)	(18%)	581,537
Effect of change in tax rates**	(3%)	(37,060)	(3%)	94,377
Income tax expense	**26%**	**617,250**	**18%**	**750,086**

	2018 Rate	2018 KShs'000	2017 Rate	2017 KShs '000
Accounting loss before tax	-	(3,658,135)	-	(4,721,658)
Tax at the domestic rate of 30%	30%	(1,097,441)	30%	(1,416,497)
Prior years' under provision:				
- Current tax	-	(11,152)		(28,780)
- Deferred tax	-	(17,826)	-	(2,625)
Effect of taxes in foreign jurisdictions*	-	(14,338)	7%	351,759
Movement in deferred tax not recognised	(6%)	232,943	(18%)	869,926
Tax effect of non-deductible expenses	(18%)	(658,595)	3%	(145,030)
Tax effect of non-taxable income	(3%)	93,707	-	(19,129)
Income tax expense	**4%**	**(155,512)**	**8%**	**390,376**

	2016 Rate	2016 KShs'000 Audited
Accounting loss before tax		(2,956,073)
Tax at the domestic rate of 30%	30%	(484,530)
Prior years' under provision:		
- Current tax		-
- Deferred tax	1%	(9,204)
Effect of taxes in foreign jurisdictions*	6%	351,759
Movement in deferred tax not recognised	(10%)	160,675
Tax effect of non-deductible expenses	-	(2,237)
Tax effect of non-taxable income	20%	(317,304)
Income tax expense	**47%**	**(751,211)**

6 Notes to the consolidated and separate financial statements (Continued)

6.8 Income tax (continued)

6.8.2 Reconciliation of effective tax rate – continued

Consolidated

* Trans-century Holdings Proprietary Limited and Kewberg & Braids Proprietary South Africa Limited operate in South Africa where corporate taxes are 28%. Trans-century 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 Trans-century Mauritius Limited operate in South Sudan where tax bands range between 10% and 25%.

** Civicon Limited Mauritius and Truckoil Limited operates in South Sudan. The applicable tax rate in South Sudan was 25% (2018 – 25%).

Company

	2020 Rate	**31.12.2020 KShs'000 Audited**	**2019 Rate**	**31.12.2019 KShs'000 Audited**
Accounting loss before tax		**(959,858)**		**(2,271,498)**
Tax at the domestic rate of	25%	(239,964)	30%	(681,449)
Prior years' under provision:				
- Current tax				
Effect on changes in tax rates	(2%)	17,268	-	-
Movement in deferred tax not recognised (Note 6.9.3)	(20%)	188,457	(15%)	345,373
Tax effect of non-deductible expenses	(4%)	34,428	(15%)	335,739
Income tax expense	**-**	**189**	**-**	**337**

	2018 Rate	**31.12.2018 KShs'000 Audited**	**2017 Rate**	**31.12.2017 KShs '000 Audited**
Accounting loss before tax		**(191,256)**		**(732,453)**
Tax at the domestic rate of 30%	30%	(57,377)	30%	(219,736)
Prior years under provision:				
- Current tax	6%	(11,152)	-	(7,913)
Movement in deferred tax not recognised	(47%)	89,599	(34%)	247,101
Tax effect of non-deductible expenses	17%	(32,325)	-	3,648
Tax effect of non-taxable income	-	-	-	-
Income tax expense	**(6%)**	**11,255**	**(4%)**	**23,100**

	2016 Rate	**31.12.2016 KShs'000 Audited**
Accounting loss before tax		**(323,783)**
Tax at the domestic rate of 30%	30%	(97,135)
- Current tax	-	-
Movement in deferred tax not recognised	(33%)	105,892
Tax effect of non-deductible expenses	1%	2,623
Tax effect of non-taxable income	(4%)	(3)
Income tax expense	**-**	**(11,377)**

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.

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6 Notes to the consolidated and separate financial statements (Continued)

6.8 Income tax (continued)

6.8.3 Movement in unrecognised deferred tax

Consolidated

2020: Audited	At 1 January KShs'000	Prior year under/over provision of unrecognised deferred tax KShs'000	Movement in unrecognized deferred tax KShs'000	At 31 December KShs'000
Arising from:				
Property, plant and equipment	(30,516)	3,047	15,213	(12,256)
Unrealised exchange loss	45,569	2,019	205,523	253,112
Provisions	787,210	(6,563)	(7,932)	772,715
Tax losses	1,180,692	(8,221)	123,825	1,296,295
	1,982,955	**(9,718)**	**336,629**	**2,309,866**

2019 – Audited	At 1 January KShs'000	Prior year under/over provision of unrecognised deferred tax KShs'000	Movement in unrecognized deferred tax KShs'000	At 31 December KShs'000
Arising from:				
Property plant and equipment	736	-	(31,252)	(30,516)
Unrealised exchange loss	(35,329)	1	80,898	45,569
Provisions	456,534	8	330,668	787,210
Tax losses	847,670	(1)	333,022	1,180,692
	1,269,611	**8**	**713,336**	**1,982,955**

2018 – Audited	At 1 January KShs'000	Prior year under/over provision of unrecognised deferred tax KShs'000	Movement in unrecognized deferred tax KShs'000	At 31 December KShs'000
Arising from:				
Property plant and equipment	-	(820)	1,556	736
Unrealised exchange loss	180,497	(196,165)	(19,661)	(35,329)
Provisions	81,833	494,739	(120,038)	456,534
Tax losses	1,014,033	(537,449)	371,086	847,670
	1,276,363	**(239,695)**	**232,943**	**1,269,611**

2017 – Audited	At 1 January KShs'000	Prior year under provision of unrecognised deferred tax KShs'000	Movement in unrecognized deferred tax KShs'000	At 31 December KShs'000
Arising from:				
Tax losses	437,685	-	660,859	1,098,545
Provision	90,124	-	200,348	290,472
Unrealised exchange loss	(19,074)	-	8,719	(10,355)
	508,735	**-**	**869,926**	**1,378,662**

6 Notes to the consolidated and separate financial statements (Continued)

6.8 Income tax (continued)

6.8.3 Movement in unrecognised deferred tax – continued

Consolidated

2016 – Audited	**At 1 January KShs'000**	**Prior year under provision of unrecognised deferred tax KShs'000**	**Movement in unrecognized deferred tax KShs'000**	**At 31 December KShs'000**
Arising from:				
Tax losses	437,685	-	660,859	1,098,545
Provision	90,124	-	200,348	290,472
Unrealised exchange loss	(19,074)	-	8,719	(10,355)
	508,735	**-**	**869,926**	**1,378,662**

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

Tax losses in Kenya expire within 10 years (Uganda, Mauritius and Sudan expire within 5 years). Under the current tax regulations, the expiry dates of tax losses carried forward at 31 May 2021 was as follows:

Amount (KShs'000)	**Year of origin**	**Year of expiry**
330,314	2010	No expiry
21,737	2011	No expiry
145,741	2012	No expiry
593,566	2013	No expiry
125,342	2014	No expiry
221,827	2015	No expiry
573,475	2016	2021
284,565	2017	2022
503,823	2018	2023
238,290	2019	2024
131,043	2020	2025
3,169,723		

Company

2020 - Audited	**At 1 January KShs'000**	**Prior year under provision of unrecognised deferred tax KShs'000**	**Movement in unrecognized deferred tax KShs'000**	**At 31 December KShs'000**
Arising from:				
Tax losses	347,744	-	39,313	387,057
Provision	589,283	8	150,058	739,349
Unrealised exchange loss	(41,422)	-	(922)	(42,344)
	895,605	**8**	**188,449**	**1,084,062**

6 Notes to the consolidated and separate financial statements (Continued)

6.8 Income tax (continued)

6.8.3 Movement in unrecognised deferred tax – continued

Company

2019 – Audited	**At 1 January**	**Prior year under provision of unrecognised deferred tax**	**Movement in unrecognized deferred tax**	**At 31 December**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**
Arising from:				
Tax losses	276,258	(1)	71,487	347,744
Provision	309,304	8	279,971	589,283
Unrealised exchange loss	(35,330)	1	(6,093)	(41,422)
	550,232	**8**	**345,365**	**895,605**

2018 – Audited	**At 1 January**	**Prior year under provision of unrecognised deferred tax**	**Movement in unrecognize deferred tax**	**At 31 December**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**
Arising from:				
Tax losses	195,589	(8,366)	89,035	276,258
Provision	289,082	-	20,222	309,304
Unrealised exchange loss	(29,429)	13,757	(19,658)	(35,330)
	455,242	**5,391**	**89,599**	**550,232**

2017 – Audited	**At 1 January**	**Prior year under provision of unrecognised deferred tax**	**Movement in unrecognized deferred tax**	**At 31 December**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**
Arising from:				
Tax losses	239,978	-	40,122	280,100
Provision	89,536	-	198,260	287,796
Unrealised exchange loss	(19,074)	-	8,719	(10,355)
	310,440	**-**	**247,101**	**557,541**

2016 – Audited				
Arising from:				
Tax losses	115,316	(2,329)	126,991	239,978
Provision	10,824	-	78,712	89,536
Unrealised exchange loss	110,529	(29,791)	(99,812)	(19,074)
	236,669	**(32,120)**	**105,891**	**310,440**

6 Notes to the consolidated and separate financial statements (Continued)

6.8 Income tax (continued)

6.8.3 Movement in unrecognised deferred tax – continued

Deferred tax assets have not been recognized in respect of tax losses for 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 May 2021 was as follows:

Amount (KShs'000)	Year of origin
27,685	2013
127,111	2014
221,827	2015
184,673	2016
97,599	2017
261,959	2018
238,290	2019
131,043	2020
1,290,187	

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6 Notes to the consolidated and separate financial statements (Continued)

6.8 Income tax (continued)

6.8.4 Tax recoverable/payable account

Consolidated	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited	As at 31.12.2018 KShs '000 Audited	As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
Balance as at 1 January	297,722	407,311	357,147	325,724	174,141
Current tax charge	(379,640)	(178,386)	(6,402)	20,587	(13,975)
Prior year over/(under) provision	-	-	11,152	(12,679)	-
Paid during the year	3,605	12,277	42,737	28,676	153,872
Foreign exchange translation differences	262,781	56,520	2,677	(5,161)	11,686
Balance as at 31 December	**184,468**	**297,722**	**407,311**	**357,147**	**325,724**
Comprising:					
Current tax recoverable	242,057	438,224	419,169	382,619	352,741
Current tax payable	(57,589)	(140,502)	(11,858)	(25,472)	(27,017)
Balance as at 31 December	**184,468**	**297,722**	**407,311**	**357,147**	**325,724**

Company	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited	As at 31.12.2018 KShs '000 Audited	As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
Balance as at 1 January	12,108	9,612	(13,584)	2,087	5,205
Current tax charge		-	-	(15,626)	(11,619)
Prior year over/(under) provision		-	11,152	(7,913)	
Paid during the year	2,374	2,496	12,044	7,866	8,501
Foreign exchange translation differences	-	-	-	-	-
Balance as at 31 December	**14,482**	**12,108**	**9,612**	**(13,586)**	**2,087**
Comprising:					
Current tax recoverable	**14,482**	12,108	9,612	-	2,087
Current tax payable	-	-	-	(13,584)	-
Balance as at 31 December	**14,482**	**12,108**	**9,612**	**(13,584)**	**2,087**

6 Notes to the consolidated and separate financial statements (Continued)

6.9 Property, plant and equipment

Consolidated 2020: Audited	Heavy commercial vehicles KShs'000	Free hold land and buiding KShs'000	Plant and machinery KShs'000	Furniture, fittings and Vehicles KShs'000	Work in equipment KShs'000	progress KShs'000	Total KShs'000
Cost/valuation:							
At 1 January 2020	2,306,655	2,631,923	3,326,424	464,111	302,973	243,195	9,275,281
Additions	-	997	7,949	1,209	5,073	2,496	17,724
Transfer from WIP	-	3,097	47,788	-	97	(50,982)	-
Disposals	(98,999)	-	(28,375)	(5,573)	(556)	-	(133,503)
Write offs	-	-	(19,218)	-	(9,155)	-	(28,373)
Exchange differences	112,680	126,498	105,353	28,927	14,106	5,776	393,340
At 31 December 2020	**2,320,336**	**2,762,515**	**3,439,921**	**488,674**	**312,538**	**200,485**	**9,524,469**
Depreciation:							
At 1 January 2020	2,168,330	347,492	1,833,276	513,279	(18,199)	4,432	4,858,610
Impairment	-	-	134,137	4,377	3,586	-	142,100
Charge for the year	24,593	50,883	183,723	28,937	11,539	-	299,675
Disposals	(90,319)	-	(14,737)	(4,648)	(556)	-	(110,260)
Exchange differences	132,071	53,878	88,008	20,016	6,053	4,530	304,556
At 31 December 2020	**2,234,675**	**452,253**	**2,224,407**	**561,961**	**2,423**	**8,963**	**5,494,681**
Carrying value:							
At 31 December 2020	**85,661**	**2,310,262**	**1,215,514**	**(73,287)**	**310,115**	**191,523**	**4,029,788**

6 Notes to the consolidated and separate financial statements (Continued)

6.9 Property, plant and equipment (continued)

Consolidated **2019: Audited**	**Heavy commercial vehicles KShs'000**	**Free hold land and buildings KShs'000**	**Plant and machinery KShs'000**	**Vehicles KShs'000**	**Furniture, fittings and equipment KShs'000**	**Work in progress KShs'000**	**Total KShs'000**
Cost/valuation:							
At 1 January 2019	2,382,933	3,995,765	3,382,020	473,712	303,678	271,352	10,809,460
Adjustment on initial application of IFRS16	-	(1,342,226)	-	-	-	-	(1,342,226)
Adjusted balance at 1 January 2019	2,382,933	2,653,539	3,382,020	473,712	303,678	271,352	9,467,234
Additions	-	7,936	22,952	25,182	4,302	3,502	63,874
Transfer to asset held for sale	-	(17,667)	-	-	-	-	(17,667)
Write offs	-	-	(62)	(5,510)	-	(34,925)	(40,497)
Disposals	(66,687)	-	(71,735)	(26,411)	(3,118)	-	(167,951)
Exchange differences	(9,591)	(11,885)	(6,751)	(2,862)	(1,889)	3,266	(29,712)
At 31 December 2019	**2,306,655**	**2,631,923**	**3,326,424**	**464,111**	**302,973**	**243,195**	**9,275,281**
Depreciation:							
At 1 January 2019	2,198,094	425,265	1,511,061	497,851	(25,681)	4,725	4,611,315
Adjustment on initial application of IFRS16	-	(134,420)	-	-	-	-	(134,420)
Adjusted balance at 1 January 2019	2,198,094	290,825	1,511,061	497,851	(25,681)	4,725	4,476,895
Charge for the year	41,435	67,960	212,561	41,376	12,651	-	375,983
Impairment	-	-	123,453	-	-	-	123,453
Transfer to assets held for sale	-	(2,138)	-	-	-	-	(2,138)
Disposals	(62,650)	-	(10,554)	(23,974)	(3,346)	-	(100,524)
Exchange differences	(8,549)	824	(3,245)	(1,974)	(1,823)	(291)	(15,058)
At 31 December 2019	**2,168,330**	**357,491**	**1,833,276**	**513,279**	**(18,199)**	**4,434**	**4,858,611**
Carrying value:							
At 31 December 2019	**138,325**	**2,274,432**	**1,493,148**	**(49,168)**	**321,172**	**238,761**	**4,416,670**

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6 Notes to the consolidated and separate financial statements (Continued)

6.9 Property, plant and equipment (continued)

2018: Audited	Heavy commercial vehicles KShs'000	Free hold land and buildings KShs'000	Lease hold land and buildings KShs'000	Plant and machinery KShs'000	Vehicles KShs'000	Furniture, fittings and equipment KShs'000	Work in progress KShs'000	Total KShs'000
Cost/valuation:								
At 1 January 2018	2,583,657	749,084	4,201,657	4,563,494	485,274	324,508	300,821	13,208,495
Additions	-	-	1,392	11,119	72,284	7,776	1,514	94,085
Transfers from work in progress	-	-		20,387	-	(20,387)	(27,012)	(27,012)
Transfer from assets held for sale	-	-	65,000	-	-	-	-	65,000
Transfer to asset held for sale	-	(32,198)	-	-	-	-	-	(32,198)
Transfer to prepaid operating lease	-	-	(679,886)	-	-	-	-	(679,886)
Impairment	-	-	(16,239)	(901,697)	(36,317)	(1,653)	-	(955,906)
Disposals	(150,778)	-	(42,282)	(95,086)	(38,448)	(544)	-	(327,138)
Revaluation adjustment	-	-	(100,650)	(111,200)	2,089	-	-	(209,761)
Exchange differences	(49,946)	(150,113)	-	(104,997)	(11,170)	(6,022)	(3,971)	(326,219)
At 31 December 2018	2,382,933	566,773	3,428,992	3,382,020	473,712	303,678	271,352	10,809,460
Cost	2,382,933	274,693	883,296	774,332	102,310	71,355	184,270	4,673,189
Valuation	-	292,080	2,545,696	2,607,688	371,402	232,323	87,082	6,136,271
	2,382,933	566,773	3,428,992	3,382,020	473,712	303,678	271,352	10,809,460
Depreciation:								
At 1 January 2018	2,286,634	114,692	301,470	2,082,495	517,351	270,734	5,495	5,578,871
Charge for the year	82,565	19,804	98,167	289,433	46,425	20,060	-	556,454
Impairment	-	(1,210)	-	(287,642)	(28,091)	(310,851)	-	(627,794)
Revaluation adjustment	-	-	(59,365)	(464,158)	-	-	-	(523,523)
Transfer to prepaid operating leases	-	-	(22,966)	-	-	-	-	(22,966)
Transfer from assets held for sale	-	2,383	-	-	-	-	-	2,383
Transfer to assets held for sale	-	(3,571)	-	-	-	-	-	(3,571)
Disposals	(143,140)	-	-	(61,179)	(29,347)	(3,692)	-	(237,358)
Exchange differences	(27,965)	(14,040)	(10,099)	(47,888)	(8,487)	(1,932)	(770)	(111,181)
At 31 December 2018	2,198,094	118,058	307,207	1,511,061	497,851	(25,681)	4,725	4,611,315
Carrying value								
At 31 December 2018	**184,839**	**448,715**	**3,121,785**	**1,870,959**	**(24,139)**	**329,359**	**266,627**	**6,198,145**

6 Notes to the consolidated and separate financial statements (Continued)

6.9 Property, plant and equipment (continued)

Group 2017: Audited	Heavy commercial vehicles KShs'000	Free hold land and buildings KShs'000	Lease hold land and buildings KShs'000	Plant and machinery KShs'000	Vehicles KShs'000	Furniture, fittings and equipment KShs'000	Work in progress KShs'000	Total KShs'000
Cost/valuation:								
At 1 January 2017	2,599,574	727,594	3,635,290	4,601,964	453,949	295,489	263,101	12,576,961
Additions	-	-	418	16,211	37,007	38,024	37,751	129,411
Transfer to prepaid operating lease	-	-	(65,000)	-	-	-	-	(65,000)
Disposals	(28,077)	(44,318)	(18,547)	(5,971)	(5,332)	(10,022)	(56)	(112,323)
Revaluation adjustment	-	71,149	649,496	-	-	-	-	720,645
Exchange differences	12,160	6,805	-	(48,710)	(350)	1,017	25	(29,053)
At 31 December 2017	2,583,657	761,230	4,201,657	4,563,494	485,274	324,508	300,821	13,220,641
Cost	2,583,657	398,001	905,815	1,844,606	115,961	92,185	213,739	6,153,964
Valuation	-	363,229	3,295,842	2,718,888	369,313	232,323	87,082	7,066,677
	2,583,657	761,230	4,201,657	4,563,494	485,274	324,508	300,821	13,220,641
Depreciation:								
At 1 January 2017	2,173,755	103,498	218,595	1,800,340	465,599	251,821	5,419	5,019,027
Charge for the year	127,122	20,008	88,186	279,678	55,126	27,514	76	597,710
Disposals	(27,519)	(4,627)	-	(14,181)	(4,637)	(9,761)	-	(60,725)
Exchange differences	13,276	7,959	(5,311)	16,658	1,263	1,160	-	35,005
At 31 December 2017	2,286,634	126,838	301,470	2,082,495	517,351	270,734	5,495	5,591,017
Carrying value:								
At 31 December 2017	**297,023**	**634,392**	**3,900,187**	**2,480,999**	**(32,077)**	**53,774**	**295,326**	**7,629,624**

6 Notes to the consolidated and separate financial statements (Continued)

6.9 Property, plant and equipment (continued)

Group **2016:Audited**	**Heavy commercial vehicles KShs'000**	**Free hold land and buildings KShs'000**	**Lease hold land and buildings KShs'000**	**Plant and machinery KShs'000**	**Vehicles KShs'000**	**Furniture, fittings and equipment KShs'000**	**Work in progress KShs'000**	**Total KShs'000**
Cost/valuation:								
At 1 January 2016	2,522,166	705,071	3,431,798	4,654,220	483,072	307,284	144,862	12,248,473
Prior year adjustment	-	-	-	-	-	(1,618)	-	(1,618)
Additions	5,821	-	27,187	132,218	8,116	11,443	333,774	518,559
Transfer from work in progress	-	-	214,972	-	-	-	(214,972)	-
Disposals	(48,779)	-	-	(23,748)	(15,110)	(16,567)	(1,184)	(105,388)
Exchange differences	120,366	22,523	(38,667)	(160,726)	(22,129)	(5,053)	621	(83,065)
At 31 December 2016	2,599,574	727,594	3,635,290	4,601,964	453,949	295,489	263,101	12,576,961
Comprising:								
Cost	2,599,574	435,514	988,944	1,883,076	84,636	63,166	176,019	6,230,929
Valuation	-	292,080	2,646,346	2,718,888	369,313	232,323	87,082	6,346,032
	2,599,574	727,594	3,635,290	4,601,964	453,949	295,489	263,101	12,576,961
Depreciation:								
At 1 January 2016	2,017,493	98,134	137,269	1,484,130	438,131	231,279	5,419	4,411,855
Charge for the year	199,766	-	91,223	320,832	41,655	23,744	-	677,220
Disposals	(48,505)	-	(11,287)	(16,389)	(10,735)	(4,837)	-	(91,753)
Exchange differences	5,001	5,364	1,390	11,767	(3,452)	1,635	-	21,705
At 31 December 2016	2,173,755	103,498	218,595	1,800,340	465,599	251,821	5,419	5,019,027
Carrying value:								
At 31 December 2016	**425,819**	**624,096**	**3,416,695**	**2,801,624**	**(11,650)**	**43,668**	**257,682**	**7,557,934**

6 Notes to the consolidated and separate financial statements (Continued)

6.9 Property, plant and equipment (continued)

Company - Furniture, fittings and equipment

	12-months to 31.12.2020 KShs '000 Audited	12-months to 31.12.2019 KShs '000 Audited	12-months to 31.12.2018 KShs '000 Audited	12-months to 31.12.2017 KShs '000 Audited	12-months to 31.12.2016 KShs '000 Audited
Cost or valuation:					
At 1 January	14,604	14,778	14,018	16,420	30,181
Additions	-	-	760	590	467
Disposals	-	(174)	-	(2,992)	(14,228)
At 31 December	14,604	14,604	14,778	14,018	16,420
Depreciation:					
At 1 January	14,152	13,861	12,499	11,616	21,027
Charge for the year	254	465	1,362	3,745	4,411
Disposals	-	(174)	-	(2,862)	(13,822)
At 31 December	14,406	14,152	13,861	12,499	11,616
Carrying amount at 31 December	**198**	**452**	**917**	**1,519**	**4,804**

Fully depreciated assets' value amounted to 2020- KShs 1,123,917,051, 2019 – KShs 1,054,713,774, 2018 – KShs 1,050,918,538, 2017 – KShs 1,591,955,505 and 2016 KShs – 1,075,654,166) with a notional depreciation of 2021 KShs 270,460,000 (2020 – KShs 40,827,000, 2019 – KShs 357,026,612, 2018 – KShs 198,780,742, 2017 - KShs 388,538,725 and 2016 - KShs 257,630,618. 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-18
AEA Limited	Lloyd Masika Limited	31-Dec-19
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
Tanelec Limited-Zambia	T.P. Chibwe & Co	31-Dec-18
Kewberg Cables & Braids Proprietary Limited	Chris van Rooyen	31-Dec-14

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 2018. 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, Lloyd Masika Limited, on 31 December 2019 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.

6 Notes to the consolidated and separate financial statements (Continued)

6.9 Property, plant and equipment (continued)

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.

Freehold land and property, plant and equipment of one of the subsidiaries, Kewberg Cables & Braids Proprietary Limited were last revalued on 31 December 2014 by an independent valuer, Chris van Rooyen, a professional valuer of Chris van Rooyen Property Valuers CC. The property valuation was performed using the income capitalisation method assuming (a) a capitalisation rate of between 10.50% and 11% and (b) market related rentals. The plant and machinery valuation was performed using the replacement value approach assuming (a) a willing seller and a willing buyer exists, (b) the equipment will be freely exposed to the market, (c) a reasonable time would be allowed for the sale at a static price and (d) all values as indicated are net of removal costs, to determine the current value.

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

Consolidated **At 31 December 2020: Audited**	**Freehold land KShs 000**	**Buildings KShs 000**	**Plant and machinery KShs 000**	**Totals KShs 000**
Cost	257,026	895,326	733,631	1,885,983
Accumulated depreciation	-	(406,451)	(628,583)	(1,035,034)
Carrying value	**257,026**	**488,875**	**105,048**	**850,949**

Consolidated **At 31 December 2019: Audited**				
Cost	257,026	891,232	725,487	1,873,745
Accumulated depreciation	-	(356,667)	(325,460)	(682,127)
Carrying value	**257,026**	**534,565**	**400,027**	**1,191,618**

At 31 December 2018 – Audited			
Cost	915,847	1,821,900	2,737,747
Accumulated depreciation	(268,083)	(1,806,827)	(2,074,910)
Carrying value	**647,764**	**15,073**	**662,837**

At 31 December 2017 – Audited			
Cost	905,815	1,844,606	2,750,421
Accumulated depreciation	(224,415)	(1,596,855)	(1,821,270)
Carrying value	**681,400**	**247,751**	**929,151**

At 31 December 2016 – Audited			
Cost	988,944	1,883,076	2,872,020
Accumulated depreciation	(141,540)	(1,314,700)	(1,456,240)
Carrying value	**847,404**	**568,376**	**1,415,780**

6 Notes to the consolidated and separate financial statements (Continued)

6.9 Property, plant and equipment (continued)

Valuation techniques and significant unobservable inputs

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

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	***Market approach:*** 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.	***Freehold and leasehold land*** 1. Property prices in the locality. 2. Infrastructure developments. ***Plant and machinery*** 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. 2. Age, obsolesces, repair and maintenance condition of plant and machinery.

6.10 Investment property

	Consolidated As at 31.12.2020 KShs '000 Audited	Consolidated As at 31.12.2019 KShs '000 Audited	Company As at 31.12.2020 KShs '000 Audited	Company As at 31.12.2019 KShs '000 Audited	Company As at 31.12.2018 KShs '000 Audited
Valuation					
At 1 January	220,291	400,245	-	-	-
Transfer to assets held for sale (Note 6.12)	-	(107,000)	-	-	-
Transfer from assets held for sale (Note 6.12)	-	-	-	-	-
Fair value change	(14,282)	(71,941)	-	-	-
Exchange differences	14,263	(1,013)	-	-	-
At 31 December	**220,272**	**220,291**	-	-	-

	Consolidated As at 31.12.2018 KShs '000 Audited	Consolidated As at 31.12.2017 KShs '000 Audited	Consolidated As at 31.12.2016 KShs '000 Audited	Company As at 31.12.2017 KShs '000 Audited	Company As at 31.12.2016 KShs '000 Audited
Valuation					
At 1 January	-	115,000	362,252	-	-
Transfer to assets held for sale(Note 6.12)	-	(115,000)	(245,626)	-	-
Transfer from assets held for sale (Note 6.12)	346,145				
Fair value change	54,100	-	-	-	-
Exchange differences	-	-	(1,626)	-	-
At 31 December	**400,245**	-	**115,000**	-	-

Measurement of fair values

Investment properties comprise of residential houses 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 in December 2015 by Lloyd Masika Limited on the basis of open market value for existing use.

6 Notes to the consolidated and separate financial statements (Continued)

6.10.1 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	*Market approach:* 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.

6.10.2 Level 3 fair values

Reconciliation of level 3 fair values

The following analysis shows reconciliation from the opening balances to the closing balances for level 3 fair values.

	As at 31.12.2018 KShs '000 Audited	As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
Balance at 1 January	-	115,000	362,252
Transfer to assets held for sale (Note 6.12)	346,145	(115,000)	(245,626)
Fair value changes	54,100		(1,626)
Balance at 31 December	400,245	-	115,000

6.11 Asset held for sale

	Consolidated			Company		
	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited	As at 31.12.2018 KShs '000 Audited	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited	As at 31.12.2018 KShs '000 Audited
Balance as at 1 January	122,529	28,628	639,704	-	-	-
Disposals	-	(24,271)	-	-	-	-
Transfers:						
– from property, plant & equipment (Note 6.10)	-	15,529	28,628		-	-
– from Investment property (Note 6.11)	-	107,000	-	-	-	-
– to Investment property (Note 6.11)	-	-	(346,145)	-	-	-
– to leasehold land (Note 6.13)	-	-	(221,521)	-	-	-
– to property plant and equipment (Note 6.10)	-	-	(62,617)	-	-	-
Exchange differences	(1,421)	(4,357)	(9,421)	-	-	-
Balance as at 31 December	**121,108**	**122,529**	**28,628**	-	**-**	**-**

6 Notes to the consolidated and separate financial statements (Continued)

6.11 Asset held for sale (continued)

	Group		**Company**	
	As at 31.12.2017 KShs '000 Audited	**As at 31.12.2016 KShs '000 Audited**	**As at 31.12.2017 KShs '000 Audited**	**As at 31.12.2016 KShs '000 Audited**
Balance as at 1 January	245,626	-	-	-
Transfers:				
– from property, plant and equipment (Note 6.10)	65,000	-	-	-
– from leasehold land (Note 6.13)	221,521	-		-
– from Investment property (Note 6.11)	115,000	245,626	-	-
Exchange differences	(7,443)	-	-	-
Balance as at 31 December	**639,704**	**245,626**	**-**	**-**

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

Property description	**Carrying value 2020 KShs '000 Audited**	**Carrying value 2019 KShs '000 Audited**	**Carrying value 2018 KShs '000 Audited**	**Fair value 2020 Audited**	**Fair value 2019 Audited**	**Fair value 2018 Audited**
LR. No. 3734/126, on Elmolo Drive, Lavington, Nairobi, Kenya.	107,000	107,000	-	107,000	107,000	-
Buildings in Plot No. 7344, Nyerere Road, Light Industrial Area, Kitwe, Zambia	14,108	15,529	28,628	14,108	15,529	28,628
Total	**121,108**	**122,529**	**28,628**	**121,108**	**122,529**	**28,628**

Property description	**Carrying value 2017 KShs '000 Audited**	**Carrying value 2016 KShs '000 Audited**	**Fair value 2017 Audited**	**Fair value 2016 Audited**
LR No. 6982/2, on Addis Ababa Road, Industrial Area, Nairobi, Kenya	284,138	-	300,000	-
LR. No. 3734/126, on Elmolo Drive, Lavington, Nairobi, Kenya	115,000	-	115,000	-
LR No. 21707, Plot 581 on Malik Road, Upanga West, Dar es salaam, Tanzania	240,566	245,626	302,646	306,775
Total	**639,704**	**245,626**	**717,646**	**306,775**

6 Notes to the consolidated and separate financial statements (Continued)

6.12 Right of use assets

6.12.1 Right-of-use-assets

	Consolidated 2020 KShs '000 Audited	Consolidated 2019 KShs '000 Audited	Company 2020 KShs '000 Audited	Company 2019 KShs '000 Audited
Carrying value as at 1 Jan	3,598,935	-	672	-
Adjustment on initial application of IFRS16				
-from PPE and prepaid lease	-	3,676,752	-	-
Additions	135,863	21,022	-	897
Depreciation charge for the year	(131,545)	(88,100)	(306)	(225)
Exchange adjustment	158,485	(10,739)	-	-
Balance as at 31 Dec	**3,761,738**	**3,598,935**	**366**	**672**

Right of use assets shown above have as classified as below: 2020	**Leasehold land KShs'000**	**Buildings KShs'000**	**Motor vehicles KShs'000**	**Other equipment KShs'000**	**Total KShs'000**
At 1 January	3,580,267	17,996	-	672	3,598,935
Additions	-	-	135,863	-	135,863
Amortisation for the year	(88,955)	(3,477)	(38,805)	(306)	(131,543)
Exchange adjustments	157,411	1,072	-	-	158,483
At 31 December	**3,648,723**	**15,591**	**97,058**	**366**	**3,761,738**

2019: Audited	**Leasehold land KShs'000**	**Buildings KShs'000**	**Motor vehicles KShs'000**	**Other equipment KShs'000**	**Total KShs'000**
At 1 January	-	-	-	-	-
Additions	-	20,125	-	897	21,022
Adjustment on initial application of IFRS16					-
-from PPE and prepaid lease	3,676,752	-	-	-	3,676,752
Amortisation for the year	(85,746)	(2,129)	-	(225)	(88,100)
Exchange adjustments	(10,739)	-	-	-	(10,739)
At 31 December	**3,580,267**	**17,996**	**-**	**672**	**3,598,935**

6 Notes to the consolidated and separate financial statements (Continued

6.12 Right of use assets (continued)

6.12.2 Prepaid operating lease rentals

Consolidated	**As at 31.12.2020 KShs'000 Audited**	**As at 31.12.2019 KShs'000 Audited**	**As at 31.12.2018 KShs'000 Audited**
At 1 January	-	2,468,946	1,398,446
Transfer from asset held for sale (Note 6.12)	-	-	221,521
Transfer from property plant and equipment	-	-	656,920
Amortisation for the year	-	-	(36,098)
Revaluation surplus	-	-	248,485
Exchange differences	-	(7,034)	(20,328)
Transfer to ROU Assets (Note 6.13.1)	-	(2,461,912)	-
At 31 December	**-**	**-**	**2,468,946**

	As at 31.12.2017 KShs'000 Audited	**As at 31.12.2016 KShs'000 Audited**
At 1 January	1,668,419	1,409,032
Transfer to asset held for sale (Note 11)	(221,521)	-
Amortisation for the year	(32,061)	(32,508)
Revaluation surplus	-	327,688
Exchange differences	(16,391)	(35,793)
At 31 December	**1,398,446**	**1,668,419**

If the prepaid operating rentals were stated on the historical cost basis, the carrying amount would be as follows:

Group	**As at 31.12.2017 KShs'000 Audited**	**As at 31.12.2016 KShs'000 Audited**
Carrying value of leasehold land at 1 January	511,361	579,662
Transfer to assets held for sale	(221,521)	-
Amortisation for the year	(32,061)	(32,508)
Exchange adjustment	(16,391)	(35,793)
Balance at 31 December	**241,388**	**511,361**

Valuation techniques and significant unobservable inputs

Type	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Prepaid operating leases	***Market approach:*** 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.

6 Notes to the consolidated and separate financial statements (Continued)

6.12 Right of use assets (continued)

6. 12.3 Lease liability

	Consolidated		Company	
	As at 31.12.2020 KShs '000 Audited	**As at 31.12.2019 KShs '000 Audited**	**As at 31.12.2020 KShs '000 Audited**	**As at 31.12.2019 KShs '000 Audited**
Opening balance as at 1 January	19,311	-	701	-
Additions	135,863	21,178	-	897
Lease payments made - Interest	(16,965)	(1,084)	(39)	(51)
Lease payments made - Principle	(27,187)	(1,867)	(292)	(196)
Exchange differences	93	-	-	-
Interest expense	16,965	1,084	-	-
Balance as at 31 Dec	**128,080**	**19,311**	**409**	**701**
The carrying amount of lease liabilities are payable as follows:				
Within one year	44,389	8,333	100	403
After one year	83,691	10,978	309	298
Balance as at 31 Dec	**128,080**	**19,311**	**409**	**701**

6.12.4 Amounts recognised in the statement of profit or loss

Amortisation charge for the year	(131,543)	(88,100)	(306)	(225)
Interest expense	16,965	1,084	39	51

6.12.5 Amounts recognised in the statement of cashflows

Amortisation charge for the year	(131,543)	(88,100)	(306)	(225)
Lease payments made - Interest	(16,965)	(1,084)	(39)	(51)
Lease payments made - Principle	(27,187)	(1,867)	(292)	(196)

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6.13 Intangible assets

Consolidated

2020: Audited	**Software KShs '000**	**Goodwill KShs '000**	**Brand KShs '000**	**Total KShs '000**
Cost				
At 1 January	131,556	2,791,691	32,358	2,955,605
Exchange differences	5,961	215,279	1,207	222,447
At 31 December	137,517	3,006,970	33,565	3,178,052
Amortisation				
At 1 January	97,513	2,756,141	32,358	2,886,012
Amortisation	3,924	-	-	3,924
Exchange differences	4,449	212,931	1,207	218,587
At 31 December	105,886	2,969,072	33,565	3,108,523
Carrying value				
At 31 December	**31,631**	**37,898**	**-**	**69,529**

2019: Audited	**Software KShs '000**	**Goodwill KShs '000**	**Brand KShs '000**	**Total KShs '000**
Cost				
At 1 January	131,450	2,805,672	31,849	2,968,971
Exchange differences	106	(13,981)	509	(13,366)
At 31 December	131,556	2,791,691	32,358	2,955,605
Amortisation				
At 1 January	92,909	4,252	31,849	129,010
Amortisation	4,399	-	-	4,399
Impairment loss	-	2,770,184	-	2,770,184
Exchange differences	205	(18,295)	509	(17,581)
At 31 December	97,513	2,756,141	32,358	2,886,012
Carrying value				
At 31 December	**34,043**	**35,550**	**-**	**69,593**

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6.13 Intangible assets (continued)

2018: Audited	Software KShs '000	Goodwill KShs '000	Brand KShs '000	Total KShs '000
Cost				
At 1 January	98,029	2,855,488	37,580	2,991,097
Additions	2,042	-	-	2,042
Transfer from PPE (Note 10)	27,012	-	-	27,012
Exchange differences	4,367	(49,816)	(5,731)	(51,180)
At 31 December	131,450	2,805,672	31,849	2,968,971
Amortisation				
At 1 January	88,048	-	37,580	125,628
Amortisation	9,345	-	-	9,345
Impairment loss	-	4,252	-	4,252
Exchange differences	(4,484)	-	(5,731)	(10,215)
At 31 December	**92,909**	4,252	31,849	129,010
Carrying value				
At 31 December	**38,541**	**2,801,420**	**-**	**2,839,961**

2017: Audited	Software KShs '000	Goodwill KShs '000	Brand KShs '000	Total KShs '000
Cost				
At 1 January	94,165	2,835,435	33,231	2,962,831
Additions	299	-	-	299
Exchange differences	3,565	20,053	4,349	27,967
At 31 December	98,029	2,855,488	37,580	2,991,097
Amortisation				
At 1 January	76,295	-	33,231	109,526
Amortisation	7,169	-	-	7,169
Exchange differences	4,584	-	4,349	8,933
At 31 December	88,048	-	37,580	125,628
Carrying value				
At 31 December	**9,981**	**2,855,488**	**-**	**2,865,469**

2016: Audited	Software KShs '000	Goodwill KShs '000	Brand KShs '000	Total KShs '000
Cost				
At 1 January	84,751	2,830,464	29,585	2,944,800
Additions	6,383	-	-	6,383
Exchange differences	3,031	4,971	3,646	11,648
At 31 December	94,165	2,835,435	33,231	2,962,831
Amortisation				
At 1 January	63,870	-	29,585	93,455
Amortisation	9,456	-	-	9,456
Exchange differences	2,969	-	3,646	6,615
At 31 December	76,295	-	33,231	109,526
Carrying value				
At 31 December	**17,870**	**2,835,435**	**-**	**2,853,305**

6 Notes to the consolidated and separate financial statements (Continued)

6.13 Intangible assets (continued)

Goodwill comprises of:	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited	As at 31.12.2018 KShs '000 Audited	As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
Civicon Africa Group Limited	-	-	2,765,660	2,803,286	2,783,031
Tanelec Limited	37,898	35,550	35,760	37,218	38,001
Trans-century Holdings Pty Limited	-	-	-	14,984	14,403
	37,898	**35,550**	**2,801,420**	**2,855,488**	**2,835,435**

6.13.1 Goodwill on acquisition of Civicon Group and 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. The businesses were acquired on 30 September 2011 and 31 May 2011 for Civicon Group and Pende Group respectively 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 assets and forecast sales of the products.

6.13.2 Brand

In accordance with IFRS 3 – Business Combinations, an impairment assessment on the brand was carried out and the brand is fully impaired in these financial statements.

6.13.3 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.

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6.13 Intangible assets (continued)

16.13.4 Goodwill Impairment testing – continued

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 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 in 2020 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.

6.14 Investments

6.14.1 Quoted shares

	Consolidated As at 31.12.2020 KShs '000 Audited	Consolidated As at 31.12.2019 KShs '000 Audited	Consolidated As at 31.12.2018 KShs '000 Audited	Company As at 31.12.2020 KShs '000 Audited	Company As at 31.12.201 KShs '000 Audited
Movement during the year:					
At 1 January	240	199	175	240	199
Fair value gain/(loss) in the year	11	41	24	11	41
At 31 December	**251**	**240**	**199**	**251**	**240**
Comprising:					
Cost	18,006	18,006	18,006	18,006	18,006
Cumulative fair value change	(17,755)	(17,766)	(17,807)	(17,755)	(17,766)
	251	**240**	**199**	**251**	**240**

6 Notes to the consolidated and separate financial statements (Continued)

6.14 Investments (continued)

6.14.1 Quoted shares – continued

	Consolidated As at 31.12.2017 KShs '000 Audited	Consolidated As at 31.12.2016 KShs '000 Audited	Company As at 31.12.2018 KShs '000 Audited	Company As at 31.12.2017 KShs '000 Audited	Company As at 31.12.2016 KShs '000 Audited
Movement during the year:					
At 1 January	165	239	175	165	239
Fair value gain/(loss) in the year	10	(74)	(24)	10	(74)
At 31 December	**175**	**165**	**199**	**175**	**165**

Comprising:

Consolidated	Consolidated As at 31.12.2017 KShs '000	Consolidated As at 31.12.2016 KShs '000	Company As at 31.12.2018 KShs '000	Company As at 31.12.2017 KShs '000	Company As at 31.12.2016 KShs '000
Cost	18,006	18,006	18,006	18,006	18,006
Cumulative fair value change	(17,831)	(17,841)	(17,807)	(17,831)	(17,841)
	175	**165**	**199**	**175**	**165**

6.14.2 Unquoted shares

Consolidated

	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited	As at 31.12.2018 KShs '000 Audited	As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
Development Bank of Kenya Limited:					
Cost	78,689	78,689	78,689	78,689	78,689
Cumulative fair value gain	204,313	282,114	208,125	251,547	193,580
	283,002	**360,803**	**286,814**	**330,236**	**272,269**
Mwangaza Limited:					
Cost	101,764	101,764	101,764	101,764	101,764
Forex exchange	16,468	16,398	16,854	16,670	18,774
Cumulative fair value loss	(118,232)	(113,431)	(92,090)	(108,062)	(28,522)
	-	4,731	26,528	10,372	92,016
	283,002	**365,534**	**313,342**	**340,608**	**364,285**

Company

	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited	As at 31.12.2018 KShs '000 Audited	As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
Development Bank of Kenya Limited:					
Cost	78,689	78,689	78,689	78,689	78,689
Cumulative fair value gain	204,313	282,114	208,125	251,547	193,580
	283,002	**360,803**	**286,814**	**330,236**	**272,269**
Mwangaza Limited:					
Cost	-	-	-	-	-
Forex exchange	-	-	-	-	-
Cumulative fair value loss	-	-	-	-	-
	283,002	**360,803**	**286,814**	**330,236**	**272,269**

6 Notes to the consolidated and separate financial statements (Continued)

6.14 Investments (continued)

6. 14.3 Investment in subsidiaries – fair value

	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited	As at 31.12.2018 KShs '000 Audited	As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
Cable Holdings (Kenya) Limited:					
Cost	460,232	460,232	460,232	460,232	460,232
Cumulative fair value gain	344,047	538,708	577,687	1,051,149	1,145,437
	804,279	998,940	1,037,919	1,511,381	1,605,669
AEA Limited (formerly Avery East Africa Limited)					
Cost	49,853	49,853	49,853	49,853	49,853
Cumulative fair value gain	628,788	467,635	664,195	528,719	462,917
	678,641	517,488	714,048	578,572	512,770
Tanelec Limited					
Cost	78,720	78,720	78,720	78,720	78,720
Cumulative fair value gain	1,464,348	1,361,014	1,469,877	758,909	638,110
	1,543,068	1,439,734	1,548,597	837,629	716,830
Trans-century Holdings Pty Limited:					
Cost	122,167	122,167	122,167	122,167	122,167
Cumulative fair value gain	(122,167)	(35,135)	190,753	285,727	457,517
	-	87,032	312,920	407,894	579,684
Crystal Limited					
Cost	52	52	52	52	52
Cumulative fair value gain	-	-	-	-	-
	52	52	52	52	52

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6 Notes to the consolidated and separate financial statements (Continued)

6.14 Investments (continued)

6.14.3 Investment in subsidiaries – fair value – continued

	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited	As at 31.12.2018 KShs '000 Audited	As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
TC Mauritius Holdings Limited					
Cost	973,103	973,103	973,103	973,103	973,103
Cumulative fair value gain	(973,103)	(973,103)	2,479,829	5,405,890	5,735,137
	-	-	3,452,932	6,378,993	6,708,240
Total investment in subsidiaries	**3,026,040**	**3,043,246**	**7,066,468**	**9,714,521**	**10,123,245**
Movement during the year:					
At 1 January	3,043,246	7,066,468	9,714,521	10,123,245	8,979,295
Fair value loss in the year	(17,206)	(4,023,222)	(2,648,053)	(408,724)	1,143,950
At 31 December	**3,026,040**	**3,043,246**	**7,066,468**	**9,714,521**	**10,123,245**
Comprising of:					
Cost	1,684,127	1,684,127	1,684,127	1,684,127	1,684,127
Cumulative fair value gain	1,341,913	1,359,119	5,382,341	8,030,394	8,439,118
Total investment in subsidiaries	**3,026,040**	**3,043,246**	**7,066,468**	**9,714,521**	**10,123,245**

6 Notes to the consolidated and separate financial statements (Continued)

6.14 Investments (continued)

6.14.3 Investment in subsidiaries – fair value – continued

Fair value of investment in subsidiaries is determined based on the Group's fair value policy per Note 6.2.5.

Acquisition of NCI

On 15 December 2020, the Group acquired an additional 16.5% shareholding in Civicon Africa Group Limited(CAGL) a company incorporated in Mauritius. The additional investment increased the Group's shareholding to 100%. The carrying amount of CAGL's net assets in the Group's consolidated financial statements on the date of the acquisition was negative 3,457,030 thousand

	31 December 2020 KShs'000
Carrying amount of NCI acquired (Negative 3,457,030 ('000) x 16.5%)	(570,412)
deposit paid for land that was forfeited to the former shareholders.*	(32,272)
A decrease in equity attributable to owners of the Company	(602,684)

The decrease in equity attributable to owners of the Company comprised:
-a decrease in retained earnings of 603,317 ('000); and
-an increase in the translation reserve of 633 ('000).

*For purposes of the cash flow statement, the forfeited deposit of KShs 32,274 ('000) to NCI is a non-cash flow item since it relates to deposit paid for land that was forfeited to the former shareholders.

6.14.4 Change in fair value of investments

Consolidated

	As at 31.12.2020 KShs '000 Audited	**As at 31.12.2019 KShs '000 Audited**	**As at 31.12.2018 KShs '000 Audited**	**As at 31.12.2017 KShs '000 Audited**	**As at 31.12.2016 KShs '000 Audited**
Quoted shares	11	41	24	10	(74)
Unquoted shares	(82,462)	52,648	(27,450)	(21,636)	(171,690)
Investment in subsidiaries (Note 6.15.3)	-	-	-	-	-
	(82,451)	**52,689**	**(27,426)**	**(21,626)**	**(171,764)**

Company

	As at 31.12.2020 KShs '000 Audited	**As at 31.12.2019 KShs '000 Audited**	**As at 31.12.2018 KShs '000 Audited**	**As at 31.12.2017 KShs '000 Audited**	**As at 31.12.2016 KShs '000 Audited**
Quoted shares	11	41	24	10	(74)
Unquoted shares	(77,801)	73,990	(43,422)	57,969	(156,174)
Investment in subsidiaries (Note 14(c))	(17,206)	(4,023,222)	(2,648,053)	(408,724)	1,143,950
	(94,996)	**(3,949,191**	**(2,691,451)**	**(350,745)**	**987,702**

6 Notes to the consolidated and separate financial statements (Continued)

6.14 Investments (continued)

6.14.4 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 2020 and 31 December 2019

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: — Cable Holdings (K) Ltd – Valued using the Adjusted net assets method.	Fair values of net assets in the balance sheet	— Increase/ (decrease) in fair value of net assets will result to an increase/decrease in the fair value of the investment.
		— AEA Limited– Valued using Discounted Cash Flow (DCF) method	Weighted Average Cost of Capital (WACC) of 26% (2019; 21%). Marketability discount of 10% (2019, 10%) Terminal value of KShs 4.3 Million (2019, KShs 1.7 Million)	— 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.
		— Tanelec Limited – Valued using DCF method	Weighted Average Cost of Capital (WACC) of 17.9% (2019, 18.7%). Marketability discount of 15% (2019, 10%) Terminal value of KShs 7.1 Million (2019, KShs 4.4 Million)	— 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.

6 Notes to the consolidated and separate financial statements (Continued)

6.14 Investments (continued)

6.14.4 Change in fair value of investments – continued

Measurement of fair values – continued

Valuation techniques and significant unobservable inputs – continued

Financial assets measured at fair value at 31 December 2018 and 31 December 2017

Fair value hierarchy	Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Level 3	Investment in subsidiaries	Trans-century PLC has investments in the following subsidiaries: — Cable Holdings (K) Ltd – Valued using the Net assets method.	Fair values of net assets in the balance sheet	— Increase/(decrease) in fair value of net assets will result to an increase/decrease in the fair value of the investment.
		— AEA Limited– Valued using Discounted Cash Flow (DCF) method	Weighted Average Cost of Capital (WACC) of 21% (2017; 16.2%). Marketability discount of 10% (2017; 10.3%)	— 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.
		— Tanelec Limited – Valued using DCF method	Weighted Average Cost of Capital (WACC) of 17.9% (2017; 17.9%). Marketability discount of 15% (2017, 12.6 %)	— 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.
		— Trans-century Holdings Pty Ltd/ Kewberg Cables & Braids – valued using the net asset value method.	2018: Fair values of net assets in the balance sheet 2017 Weighted average cost of capital 11.1% & Marketability discount of 7.6%	— Increase/(decrease) in fair value of net assets will result to an increase/(decrease) in the fair value of the investment.
		— TC Mauritius Holdings - valued using the net assets method	Fair values of net assets in the balance sheet	— Increase/(decrease) in fair value of net assets will result to an increase/(decrease) in the fair value of the investment.

6 Notes to the consolidated and separate financial statements (Continued)

6.14 Investments (continued)

6.14.4 Change in fair value of investments – continued

Measurement of fair values – continued

Valuation techniques and significant unobservable inputs – continued

Financial assets measured at fair value at 31 December 2016

Fair value hierarchy	Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Level 2	Investment in subsidiaries	Trans-century PLC has investments in the following subsidiaries: — Cable Holdings (K) Ltd – Valued using the Net assets method.	Fair values of net assets in the balance sheet	— Increase/(decrease) in fair value of net assets will result to an increase/decrease in the fair value of the investment.
		— AEA Limited (formerly Avery East Africa Limited) – Valued using Discounted Cash Flow (DCF) method	Weighted Average Cost of Capital (WACC) of 13.9%. Marketability discount of 10%.	— 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.
		— Tanelec Limited – Valued using DCF method	Weighted Average Cost of Capital (WACC) of 21.4%. Marketability discount of 15%.	— 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.
		— Trans-century Holdings Pty Ltd – Valued using a blended average of DCF method and the EV/ Revenue multiple	Weighted average cost of capital (WACC) of 11.5%. Marketability discount of 10%.	— 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.
		— TC Mauritius Holdings - Valued using the Net assets method	Fair values of net assets in the balance sheet	— Increase/(decrease) in fair value of net assets will result to an increase/ (decrease) in the fair value of the investment.

6 Notes to the consolidated and separate financial statements (Continued)

6.14 Investments (continued)

6.14.5 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 2020: Audited

In Kshs'000	Tanelec Ltd	EAC Plc	AEA Ltd	TC Mauritius Holdings Ltd	Total
NCI percentage	30.00%	31.63%	5.59%	0.1%	
Non-current assets	1,161,398	4,832,425	312,782	1,785,752	
Current assets	1,610,091	1,099,957	1,106,703	1,934,311	
Non-current liabilities	(629,593)	(3,013,831)	(413,835)	(3,702,924)	
Current liabilities	(1,074,900)	(1,525,979)	(874,300)	(10,567,405)	
Net assets excluding underlying NCI	1,066,996	1,392,572	131,350	(10,550,266)	
Underlying NCI	(120,057)	76,219	-	479	
Net assets including underlying NCI	985,362	1,316,353	131,350	(10,550,745)	
Carrying amount of NCI	175,551	492,532	7,348	479	**675,910**
Revenue	2,092,703	1,800,061	1,276,811	261,392	
Profit	139,353	(753,221)	27,006	(337,457)	
OCI	162,000	6,985	(20,470)	(108,441)	
Total comprehensive income	301,353	(746,236)	6,536	(445,898)	
Profit allocated to NCI	(43,090)	(381,127)	1,510	530	**(422,177)**
OCI allocated to NCI	83,164	2,562	(1,148)	-	**84,578**
Cash flows from operating activities	(57,408)	1,863,988	36,157	(151,777)	
Cash flows from investment activities	(13,809)	(3,895)	(37,145)	(11,747)	
Cash flows from financing activities	69,955	(1,912,937)	13,358	424,859	
Net increase (decrease) in cash and cash equivalents	**(1,262)**	**(52,844)**	**12,370**	**261,335**	

* Underlying non-controlling interest at Civicon Africa Group Limited

6 Notes to the consolidated and separate financial statements (Continued)

6.14 Investments (continued)

6.14.5 Non-controlling Interest (NCI)

31 December 2019: Audited *In Kshs'000*	**Tanelec Ltd**	**EAC Plc**	**AEA Ltd**	**TC Mauritius Holdings* Ltd**	**Total**
NCI percentage	**30%**	**31.63%**	**5.59%**	**16.50%**	
Non-current assets	1,053,757	5,020,678	278,092	1,823,905	
Current assets	1,359,707	1,254,199	809,538	1,262,106	
Non-current liabilities	(645,531)	(2,397,641)	(76,920)	(2,743,220)	
Current liabilities	(1,048,323)	(1,747,731)	(885,841)	(10,206,158)	
Net assets excluding underlying NCI	**719,610**	**2,129,505**	**124,869**	**(9,863,367)**	
Underlying NCI	**(128,267)**	**275,929**	**-**	**(552,129)**	
Net assets including underlying NCI	**847,877**	**1,853,576**	**124,869**	**(9,320,643)**	
Carrying amount of NCI	**126,096**	**862,145**	**6,985**	**(553,954)**	**443,097**
Revenue	2,054,067	1,585,203	1,056,583	1,008,051	
Profit	154,820	630,971	22,926	(4,198,493)	
OCI	48,890	(1,354)	(7,816)	42,219	
Total comprehensive income	**203,710**	**629,617**	**15,110**	**(4,156,274)**	
Profit allocated to NCI	24,162	167,301	1,282	(148,804)	**43,941**
OCI allocated to NCI	24,832	(1,199)	(440)	-	**23,193**
Cash flows from operating activities	19,217	87,196	(108,075)	(1,585,070)	
Cash flows from investment activities	(10,103)	(2,725)	(16,250)	23,962	
Cash flows from financing activities	(107,878)	(30,367)	119,896	1,569,149	
Net increase (decrease) in cash and cash equivalents	**(98,765)**	**(54,104)**	**(4,429)**	**8,041**	

* Underlying non-controlling interest at Civicon Africa Group Limited

6 Notes to the consolidated and separate financial statements (Continued)

6.14 Investments (continued)

6.14.5 Non-controlling Interest (NCI) – continued

31 December 2018: Audited

In Kshs'000	Tanelec Ltd	EAC Plc	AEA Ltd	TC Mauritius Holdings Ltd	Total
NCI percentage	**30.00%**	**31.63%**	**5.59%**	**16.50%***	
Non-current assets	1,085,317	5,469,517	250,857	4,516,971	
Current assets	958,404	1,134,145	747,316	2,156,337	
Non-current liabilities	(710,876)	(702,011)	-	(3,619,712)	
Current liabilities	(823,183)	(4,400,382)	(888,361)	(8,759,979)	
Net assets excluding Underlying NCI	**509,662**	**1,501,269**	**109,812**	**(5,706,383)**	
Underlying NCI	**(110,167)**	**324,481**	**-**	**(402,616)**	
Net assets including underlying NCI	**619,829**	**1,176,788**	**109,812**	**(5,303,767)**	
Carrying amount of NCI	**75,782**	**696,654**	**6,143**	**(402,616)**	**375,963**
Revenue	1,318,715	1,631,058	556,967	740,228	
Profit	(23,671)	(568,384)	(46,947)	(3,213,195)	
OCI	48,420	319,150	72,139	59,221	
Total comprehensive income	**24,749**	**(249,234)**	**25,192**	**(3,153,974)**	
Profit allocated to NCI	(34,242)	(236,005)	(2,625)	(247,075)	**(519,947)**
OCI allocated to NCI	24,477	101,989	5,609	-	**132,075**
Cash flows from operating activities	(53,998)	1,863,988	36,157	(141,592)	
Cash flows from investment activities	(12,988)	(3,895)	(37,145)	(10,959)	
Cash flows from financing activities	65,800	(1,912,937)	13,358	396,350	
Net increase (decrease) in cash and cash equivalents	**(1,186)**	**(52,844)**	**12,370**	**243,799**	

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

6 Notes to the consolidated and separate financial statements (Continued)

6.14 Investments (continued)

6.14.5 Non-controlling Interest (NCI) – continued

31 December 2017: Audited

In Kshs'000	Tanelec Ltd	EAC Plc	AEA Ltd	TC Mauritius Holdings Ltd	Total
NCI percentage	**30.00%**	**31.63%**	**5.59%**	**16.50%**	
Non-current assets	1,250,298	4,661,862	127,627	5,955,218	
Current assets	714,636	2,337,050	697,893	3,072,161	
Non-current liabilities	(389,282)	(1,193,076)	-	(2,630,776)	
Current liabilities	(1,129,409)	(3,927,035)	(697,034)	(8,900,532)	
Net assets excluding Underlying NCI	**446,243**	**1,878,801**	**128,486**	**(2,503,929)**	
Underlying NCI	**(81,667)**	**448,157**	**-**	**(151,960)**	
Net assets including underlying NCI	**527,910**	**1,430,644**	**128,486**	**(2,351,969)**	
Carrying amount of NCI	**76,706**	**900,615**	**7,188**	**(151,960)**	**832,549**
Revenue	669,419	2,345,086	765,382	1,876,705	
Profit	(42,662)	(662,835)	(1,739)	(3,511,222)	
OCI	27,476	(1,416)	12,264	479,792	
Total comprehensive income	**(15,186)**	**(664,251)**	**10,525**	**(3,031,430)**	
Profit allocated to NCI	(16,951)	(275,363)	(97)	(440,684)	**(733,095)**
OCI allocated to NCI	17,975	(319)	686	75,017	**93,359**
Cash flows from operating activities	125,299	129,649	14,460	(489,350)	
Cash flows from investment activities	29,315	(78,328)	(4,222)	(13,222)	
Cash flows from financing activities	(121,989)	445,739	(2,173)	477,748	
Net increase (decrease) in cash and cash equivalents	**32,625**	**497,060**	**8,065**	**(24,824)**	

* Underlying non-controlling interest at Civicon Africa Group Limited

6 Notes to the consolidated and separate financial statements (Continued)

6.14 Investments (continued)

6.14.5 Non-controlling Interest (NCI) – continued

31 December 2016: Audited *In KShs'000* **NCI percentage**	Tanelec Ltd 30%	EAC PLC 31.6%	AEA s Ltd 6%	TC Mauritius Holdings Ltd 16.5%*	Total
Non-current assets	1,227,169	5,318,844	137,946	5,643,684	
Current assets	551,139	2,229,561	503,539	3,409,058	
Non-current liabilities	(205,977)	(1,672,873)	(43,927)	(3,538,354)	
Current liabilities	(1,120,860)	(3,319,126)	(479,597)	(5,000,014)	
Net assets including underlying NCI	**451,471**	**2,556,406**	**117,961**	**514,374**	
Underlying NCI	**85,694**	**(557,457)**	**-**	**(200,580)**	
Net assets excluding underlying NCI	**537,165**	**1,998,949**	**117,961**	**313,794**	
Net assets attributable to NCI	**75,456**	**1,189,649**	**6,599**	**200,580**	**1,472,284**
Revenue	725,171	3,650,451	733,417	3,036,178	
Loss	(57,004)	(582,602)	(18,498)	(8,178)	
OCI	179,872	82,249	-	53,207	
Total comprehensive income	**122,868**	**(500,353)**	**(18,498)**	**45,029**	
(Loss)/profit allocated to NCI	(15,455)	(184,255)	(1,035)	(223,010)	**(423,755)**
OCI allocated to NCI	53,963	(1,433)	-	-	**52,530**
Cash flows from operating activities	183,406	597,071	132,251	305,283	
Cash flows from investment activities	(1,705)	(409,766)	(28,740)	(290,237)	
Cash flows from financing activities	(6,271)	(53,300)	(59,796)	(116,340)	
Net increase/(decrease) in cash and cash equivalents	**175,430**	**134,005**	**43,715**	**(101,294)**	

6 Notes to the consolidated and separate financial statements (Continued)

6.14 Investments (continued)

6.14.16 Acquisition of NCI

In 2016, the Group acquired an additional 5.5% interest in Civicon Africa Group Limited for KShs 245 million, increasing its ownership from 78% to 83.5%. The Group recognised a decrease in NCI of KShs 238 million, a decrease in retained earnings of KShs 7 million.

The impact of the change is as below:

	2017 KShs'000 Audited	2016 KShs'000 Audited
Amount of NCI acquired	-	237,967
Consideration paid to NCI	-	(245,197)
A decrease in equity attributable to owners of the group	**-**	**(7,230)**

6.15 Loans to subsidiaries

	Consolidated As at 31.12.2020 KShs '000 Audited	Consolidated As at 31.12.2019 KShs '000 Audited	Company As at 31.12.2018 KShs '000 Audited	Company As at 31.12.2019 KShs '000 Audited	Company As at 31.12.2018 KShs '000 Audited
Payable after 12 months:					
East Africa Cables Limited	-	-	-	-	-
	-	-	-	-	-
Movement during the year:					
At 1 January	-	-	-	-	-
Impaired	-	-	-	-	-
Issued/accrued interest during the year	-	-	-	-	-
Repaid during the year	-	-	-	-	-
At 31 December (Note 29(e))	**-**	**-**	**-**	**-**	**-**

	Company As at 31.12.2020 KShs '000 Audited	Company As at 31.12.2019 KShs '000 Audited	Company As at 31.12.2018 KShs '000 Audited	Company As at 31.12.2017 KShs '000 Audited	Company As at 31.12.2016 KShs '000 Audited
Payable after 12 months:					
East Africa Cables Limited	586,636	517,924	480,436	517,924	480,436
	586,636	**517,924**	**480,436**	**517,924**	**480,436**
Movement during the year:					
At 1 January	517,924	480,436	446,271	480,436	446,271
Impaired	-	(2,065)	(4,850)	(2,065)	(4,850)
Foreign exchange gain	27,423				
Issued/accrued interest during the year	41,289	39,553	39,015	39,553	39,015
Repaid during the year	-	-	-	-	-
At 31 December (Note 29(e))	**586,636**	**517,924**	**480,436**	**517,924**	**480,436**

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6 Notes to the consolidated and separate financial statements (Continued)

6.15 Loans to subsidiaries (continued)

East African cables PLC

Trans-century PLC advanced USD 4,000,000 to East African Cables PLC in April 2014. The Facility was to be utilised to fund the working capital needs of the business. Interest on the loan is charged at a rate of 11% per annum.

	Consolidated As at 31.12.2020 KShs '000 Audited	Consolidated As at 31.12.2019 KShs '000 Audited	Consolidated As at 31.12.2018 KShs '000 Audited	Consolidated As at 31.12.2017 KShs '000 Audited	Consolidated As at 31.12.2016 KShs '000 Audited
Payable after 12 months:					
Trans-century Holdings Proprietary Limited - South Africa	-	-	-	-	466,422
East Africa Cables Limited	-	-	-	361,311	358,700
Cableries Du Congo	-	-	-	1,887	-
Tanelec Limited	-	-	-	31,719	31,598
	-	-	-	**394,917**	**856,720**
Movement during the year:					
At 1 January	-	-	-	856,720	808,015
Impaired	-	-	-	(528,267)	-
Issued during the year	-	-	-	66,464	89,630
Repaid during the year	-	-	-	-	(40,925)
At 31 December	-	-	-	**394,917**	**856,720**

	Company As at 31.12.2020 KShs '000 Audited	Company As at 31.12.2019 KShs '000 Audited	Company As at 31.12.2018 KShs '000 Audited	Company As at 31.12.2017 KShs '000 Audited	Company As at 31.12.2016 KShs '000 Audited
Payable after 12 months:					
Trans-century Holdings Proprietary Limited - South Africa	-	-	466,422	-	-
East Africa Cables Limited	586,636	517,924	-	361,311	358,700
Cableries Du Congo	-	-	-	1,887	-
Tanelec Limited	-	-	-	31,719	31,598
	586,636	**517,924**	-	**394,917**	**856,720**
Movement during the year:					
At 1 January	-	-	856,720	808,015	-
Impaired	(586,295)	(569,144)	-	(528,267)	-
Issued during the year	-	-	-	66,464	89,630
Repaid during the year	-	-	-	-	(40,925)
Foreign exchange gain	27,423	-	-	-	-
Issued/accrued interest during the year	41,289	39,553	-	-	-
At 31 December	**586,636**	**517,924**	-	**394,917**	**856,720**

Kewberg Cables & Braids Proprietary Limited

In May 2011 and June 2012, Trans-century PLC advanced USD 300,000 and USD 130,000 respectively to Kewberg Cables & Braids Proprietary Limited. The facilities were to be utilised solely to finance the working capital requirements. The USD 300,000 was interest free and the USD 130,000 facility is charged at a rate of 3.5%.

6 Notes to the consolidated and separate financial statements (Continued)

6.15 Loans to subsidiaries (continued)

In September 2012 and October 2012 Trans-century PLC advanced ZAR 910,000 and ZAR 12,502,503 to Kewberg Cables & Braids Limited. The facilities were to be utilised solely to finance the working capital and capacity expansion requirements. Interest on both loans is charged at a rate of 8.5% semi-annually.

In 2015, Trans-century PLC advanced loan amounting to USD 570,000 to Kewberg Cables & Braids Limited. The facility was to be utilised solely to finance the working capital and capacity expansion requirements. Interest on the loan is charged at a rate of 3.25%.

In 2016, Trans-century PLC advanced a loan amounting to USD 560,000 to Kewberg Cables & Braids Limited. The facility was to be utilised solely to finance the working capital and capacity expansion requirements. Interest on the loan is charged at a rate of 3.25%.

In 2017, Trans-century PLC advanced a loan amounting to USD 199,214 to Kewberg Cables & Braids Limited. The facility was to be utilised solely to finance the working capital and capacity expansion requirements. Interest on the loan is charged at a rate of 3.25%.

6.16 Inventories

Inventories of KShs 945,873 (2020 – KShs 2,393,868) were recognised as an expense during the year and included in cost of sales.

Consolidated	**As at 31.12.2020 KShs '000 Audited**	**As at 31.12.2019 KShs '000 Audited**	**As at 31.12.2018 KShs '000 Audited**	**As at 31.12.2017 KShs '000 Audited**	**As at 31.12.20186 KShs '000 Audited**
Raw materials	448,472	472,285	485,898	426,774	409,421
Finished goods	118,479	127,099	152,081	287,449	286,133
Work in progress	75,004	75,412	37,180	68,823	113,705
Goods in transit	160,562	85,975	91,513	55,535	7,151
Spares and lubricants	115,402	129,584	153,526	104,125	116,429
Machines	78,369	74,399	59,788	135,617	184,313
Consumables	3,522	76,707	71,869	106,479	167,850
Provision for obsolescence and slow-moving stocks	(34,292)	(37,004)	(25,548)	(25,625)	(19,779)
	965,518	**1,004,457**	**1,026,307**	**1,159,177**	**1,265,223**

Inventories of KShs KShs 2,289,028 (2019 – KShs 2,593,796) were recognised as an expense during the year and included in cost of sales.

Company	**As at 31.12.2020 KShs '000 Audited**	**As at 31.12.2019 KShs '000 Audited**	**As at 31.12.2018 KShs '000 Audited**	**As at 31.12.2017 KShs '000 Audited**	**As at 31.12.20186 KShs '000 Audited**
Raw materials	-	-	-	-	-
Finished goods	-	-	-	-	-
Work in progress	-	-	-	-	-
Goods in transit	-	-	-	-	-
Spares and lubricants	-	-	-	-	-
Machines	-	-	-	-	-
Consumables	-	-	-	-	-
Provision for obsolescence and slow moving stocks	-	-	-	-	-
	-	-	-	-	-

Inventories of KShs 3,601,932,000 (2016 – KShs 4,674,076,000) were recognised as an expense during the year and included in cost of sales.

6 Notes to the consolidated and separate financial statements (Continued)

6.17 (a) Trade and other receivables

	Consolidated As at 31.12.2020 KShs '000 Audited	Consolidated As at 31.12.2019 KShs '000 Audited	Consolidated As at 31.12.2018 KShs '000 Audited	Consolidated As at 31.12.2017 KShs '000 Audited	Consolidated As at 31.12.2016 KShs '000 Audited
Trade receivables	4,624,944	3,865,832	3,421,255	3,873,264	3,502,846
Bad debts provision (Note 6.5.1)	(2,028,644)	(2,024,038)	(1,970,474)	(1,515,222)	(1,316,075)
	2,596,300	1,841,794	1,450,781	2,358,042	2,186,771
Prepayments	139,428	167,262	-	-	-
Sundry receivables	499,371	173,510	592,184	994,476	1,542,731
Staff receivables	1,925	9,052	7,655	5,613	5,108
Due from related parties (Note 6.29)	-	-	-	-	-
	3,237,024	2,191,618	2,050,620	3,358,131	3,734,610

(b) Contract assets

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Contract assets	332,282	147,675	-	-

Company	Consolidated As at 31.12.2020 KShs '000 Audited	Consolidated As at 31.12.2019 KShs '000 Audited	Company As at 31.12.2018 KShs '000 Audited	Company As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
Trade receivables	-	-	-	-	-
Bad debts provision (Note 6.5.1)	-	-	-	-	-
	-	-	-	-	-
Prepayments					
Sundry receivables	55,697	52,264	114,700	16,808	27,773
Staff receivables	109	303	-	342	393
Due from related parties (Note 6.29)	615,873	527,132	1,979,969	1,989,533	622,446
	671,679	579,699	2,094,669	2,006,683	650,612

6.18 Cash and bank

6.18.1 Cash and cash equivalents

	Consolidated As at 31.12.2020 KShs '000 Audited	Consolidated As at 31.12.2019 KShs '000 Audited	Consolidated As at 31.12.2018 KShs '000 Audited	Consolidated As at 31.12.2017 KShs '000 Audited	Consolidated As at 31.12.2016 KShs '000 Audited
Bank balances	330,450	294,886	253,718	264,873	124,029
Cash at hand	260	1,121	2,261	-	-
Cash and bank	**330,710**	**296,007**	**255,979**	**264,873**	**124,029**
Bank overdraft	(14,931)	(70,518)	(87,549)	(300,315)	(320,144)
Total cash and cash equivalents	**315,779**	**225,489**	**168,430**	**(35,442)**	**(196,115)**

6 Notes to the consolidated and separate financial statements (Continued)

6.18 Cash and bank (continued)

6.18.1 Cash and cash equivalents – continued

In 2018 Tanelec Limited, a subsidiary of Trans-century PLC took an overdraft facility with TIB Development Bank Limited. The interest on the overdraft is 9% per annum.

The overdraft is secured by:

- Specific debenture over the Company's assets registered to cover TZS 6,031,654,663 (KShs 287 million) being 125% of the facilities. Its also secured by a legal mortgage over property located on plot35 Themi Industrial Area, Arusha city valued at TZS 9,256,056,000 (KShs 44 million).
- Cash lien of TZS 900,000,000 (KShs 43 million) over the Company's accounts held with the bank.
- Corporate guarantee and indemnity by Trans-century Ltd registered for TZS 6,031,654,663 (KShs 287 million) to cover the credit facility by 125%.

Civicon Limited, a subsidiary of Trans-century PLC has an overdraft facility with a commercial bank The interest on the overdraft was 10% per annum (2016 10%).

	Company As at 31.12.2020 KShs '000 Audited	Company As at 31.12.2019 KShs '000 Audited	Company As at 31.12.2018 KShs '000 Audited	Company As at 31.12.2017 KShs '000 Audited	Company As at 31.12.2016 KShs '000 Audite
Bank balances	513	1,685	32	1,906	1,182
Cash at hand	60	255	-	-	-
Cash and bank	**573**	**1,940**	**32**	**1,906**	**1,182**
Bank overdraft	-	-	-	-	-
Total cash and cash equivalents	**573**	**1,940**	**32**	**(1,906)**	**(1,182)**

6 Notes to the consolidated and separate financial statements (Continued)

6.18 Cash and bank (continued)

6.18.2 Notes to the statement of cash flows

	Consolidated 12-months to 31.12.2020 KShs '000 Audited	Consolidated 12-months to 31.12.2019 KShs '000 Audited	Consolidated 12-months to 31.12.2018 KShs '000 Audited	Company 12-months to 31.12.2019 KShs '000 Audited
Depreciation expense	299,675	375,983	556,454	465
Interest received	-	-	-	(39,553)
Interest expense	-	-	-	237,157
Depreciation of ROU Assets (Note 6.7)	131,545	88,100	36,098	225
Amortisation of intangibles	3,924	4,399	9,345	-
Fair value gain of available for sale assets	82,451	(52,689)	-	-
(Gain)/loss on sale of property, plant and equipment	(67,677)	1,552	(8,023)	-
Impairment of goodwill (Note 6.6.5)	2,770,184	4,621	-	-
Impairment of inventory (Note 6.6.5)	-	3,323	6,056	-
Impairment of prepayments (Note 6.6.5)	39,716	-	-	-
Impairment of financial instruments (Note 6.6.5)	235,912	241,947	261,149	-
Impairment of property, plant & equipment	142,100	123,453	328,112	-
Write-off of project costs	28,373	40,497	-	-
Lease interest charge	16,965	1,084	-	51
Shareholder loan interest	89,481	46,716	26,964	-
Exchange losses	(321,370)	137,579	373,477	1
Interest accrued on preference shares	119,529	106,402	185,195	-
Interest accrued on convertible bond	117,081	143,825	130,925	-
Provision for staff gratuity	8,653	2,916		
Loan forgiven (Note 6.6.2)	-	(1,500,628)	-	-
Reversal of accrual (Note 6.6.2)	955,644	-	-	-
Total	**1,842,286**	**2,574,359**	**1,910,373**	**198,346**

	As at 21.12.2017 KShs '000
Group:	
Movement in trade and other payables	1,870,042
Acquisition of non-controlling interest included under payables	-
	1,870,042
Company:	
Movement in trade and other receivables	(1,298,800)
Receivable due to issuance of shares against convertible bond at subsidiary	1,356,071
	57,271

6 **Notes to the consolidated and separate financial statements (Continued)**

6.19 **Share capital**

Consolidated and Company	As at 31.12.2020 KShs Audited	As at 31.12.2019 KShs Audited	As at 31.12.2018 KShs Audited
Authorised			
At 1 January and 31 December			
1,200,000,000 ordinary shares of KShs 0.50 each	600,000	600,000	600,000

	Units					
	2020 KShs'000 Audited	2019 KShs'000 Audited	2018 KShs'000 Audited	2017 KShs'000 Audited	2016 KShs'000 Audited	202(KShs'00(Auditec
Issued and fully paid ordinary shares of KShs 0.50 each						
At 1 January	375,203	375,203	375,203	281,426	280,284	187,60
Issued during the year	-	-	-	93,776	1142	
At 31 December	**375,203**	**375,203**	**375,203**	**375,202**	**281,426**	**187,60**

The shareholders are entitled to dividends as declared from time to time and are entitled to one vote per share at general r equally with regards to the Company's residual assets.

In 2016, new shares were issued through conversion of the bond as disclosed under Note 23(a). The conversion had no ir an increase in share premium by KShs 56 million (Note 20).

In 2017, new shares were issued through allocation of 93,776,173 ordinary shares of KShs 0.50 each to Kuramo Africa C 23(b).

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6 Notes to the consolidated and separate financial statements (Continued)

6.20 Share premium

	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited	As at 31.12.2018 KShs '000 Audited	As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
Consolidated					
At 1 January	1,873,089	1,873,089	1,873,089	621,177	565,101
Issued during the year*	-	-	-	1,251,912	56,076
At 31 December	**1,873,089**	**1,873,089**	**1,873,089**	**1,873,089**	**621,177**
Company					
At 1 January	1,873,089	1,873,089	1,873,089	621,177	565,101
Issued during the year*	-	-	-	1,251,912	56,076
At 31 December	**1,873,089**	**1,873,089**	**1,873,089**	**1,873,089**	**621,177**

6.21 Reserves

6.21.1 Revenue reserves

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

6.21.2 Translation reserve

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

6.21.3 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.

6.21.4 Revaluation reserve

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

6.21.5 Available for sale reserve

The available for sale reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised.

6.22 Proposed dividends and earnings per share

6.22.1 Basic and diluted earnings per share

The calculation of basic earnings per share at 31 Dec 2020 was based on the loss attributable to ordinary shareholders of KShs 31 December 2020 – loss of KShs 1,193,347 and a weighted average number of ordinary shares outstanding as at 31 Dec 2020 of 2020 – 375,202,766

6 Notes to the consolidated and separate financial statements (Continued)

6.23 Proposed dividends and earnings per share (continued)

6.23.1 Basic and diluted earnings per share - continued

The calculation of basic earnings per share at 31 December 2017 was based on the loss attributable to ordinary shareholders of KShs 3,598,187 (2016 – loss of KShs 440,135,000) and a weighted average number of ordinary shares outstanding during the year of 375,202,766 (2016 – 281,426,593).

	31.12.2020 KShs"000 Audited	31.12.2019 KShs '000 Audited	31.12.2018 KShs '000 Audited	As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
Loss attributable to ordinary shareholders	1,193,347	(3,979,470)	(2,982,676)	(3,598,187)	(440,135)
Basic and diluted earnings per share (KShs)	(3.18)	(10.61)	(7.95)	(10.23)	(1.56)

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.

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.

The calculation of diluted earnings per share at 31 December 2017 was based on the loss attributable to ordinary shareholders of KShs 3,598,187 (2016 – loss of KShs 428,955) and a weighted average number of ordinary shares outstanding after adjustment for all the effects of all dilutive potential ordinary shares of 351,758,723 (2016 – 280,284,476).

6.23.2 Weighted average number of ordinary shares

	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited	As at 31.12.2018 KShs '000 Audited	As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
Issued ordinary shares as at 1 January	375,202,766	375,202,706	375,202,706	281,426,593	280,284,476
Weighted effect of shares issued in the year	-	-	-	93,776,173	1,142,117
As at 31 December	375,202,766	375,202,706	375,202,706	375,202,766	281,426,593

6.22.3 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 (2020, 2019, 2018, 2017 and 2016 – Nil).

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6 Notes to the consolidated and separate financial statements (Continued)

6.23 Bond, preference shares and shareholder loan

6.23.1 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 2020. On 1 October 2020, the Group reached an agreement with the bondholders to extend the maturity of the bond from 30 June 2020 to 15 July 2022.

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

	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited	As at 31.12.2018 KShs '000 Audited	As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
At 1 January	1,623,388	1,868,876	2,018,947	2,053,924	6,083,468
Interest accrued	117,081	143,825	130,925	143,654	39,894
Interest paid		-	-	(40,634)	-
Conversion during the year (Note 6.19 & 6.20)		-	-	-	(56,647)
Settlement discount		-	-	-	(1,975,643)
Settlement to bondholders	(436,687)	(380,012)	(253,226)	(153,030)	(1,994,709)
Forex losses	125,515	(9,351)	(27,770)	15,033	(42,439)
At 31 December	**1,429,247**	**1,623,338**	**1,868,876**	**2,018,947**	**2,053,924**

Presented in the statement of financial position as follows:

	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited	As at 31.12.2018 KShs '000 Audited	As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
Current	720,534	1,623,338	1,196,692	1,465,830	821,592
Non-current	708,713	-	672,184	553,117	1,232,332
At 31 December	**1,429,247**	**1,623,338**	**1,868,876**	**2,018,947**	**2,053,924**

On 1 October 2020, the Group reached an agreement with the bondholders to extend the maturity of the bond from 30 June 2020 to 15 July 2022.

On 24 March 2016, the Group signed an agreement with the bondholders to amend the terms and conditions of the convertible bond. The amendments reduced the convertible bond debt that was payable on 25 March 2016 from USD 59 million to USD 40 million as the final and full settlement of the liability. This resulted into a reduction of the liability recognised at 31 December 2017 by USD 19.4 million (KShs 1.9 billion).

6.23.2 Preference shares

On 3 April 2017, the Group issued to Kuramo Capital Management 70,120 preference shares of USD 7 million in TC Mauritius Holdings Limited 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 from the completion date at 4.9% coupon and 1.75 times of the par value.

6 Notes to the consolidated and separate financial statements (Continued)

6.23.2 Preference shares (continued)

	31.12.2020 KShs '000 Audited	31.12.2019 KShs '000 Audited	31.12.2018 KShs '000 Audited	31.12.2017 KShs '000 Audited	31.12.2016 KShs '000 Audited
Interest and redemption premium on preference shares	489,641	291,597	185,195	-	-
Preference shares	723,861	723,861	723,861	723,861	718,630
	1,213,502	**1,015,458**	**909,056**	**723,861**	**718,630**

6.23.3 Convertible loan

The investment by Kuramo Capital Management on 20 September 2016 saw the USD 20 million (KShs 2 billion) convertible loan in TC Mauritius Holdings Limited extinguished in exchange for the issuance and allotment of 93,776,173 ordinary shares for USD 13 million (KShs 1.3 billion) in the Company at a par value of KES 0.50 each and 70,120 preference shares of USD 7 million (KShs 718 million) in TC Mauritius Holdings Limited at a par value of USD 100 each. The preference shares are non-convertible and only redeemable after 7 years with a 4.9% coupon and 1.75 times redemption value.

The transaction was completed on 3rd April 2017 resulting in Kuramo Capital Management's acquisition of 24.99% shareholding in the Group.

	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited	As at 31.12.2018 KShs '000 Audited	As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
Convertible to equity*	-	-	-	-	1,331,086
Preference shares	-	-	-	723,861	718,630
	-	-	-	**723,861**	**2,049,716**

6.23.4 Shareholder loan

	As at 12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited	As at 31.12.2018 KShs '000 Audited	As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
Consolidated					
Shareholder loans	**1,947,541**	**1,224,883**	**699,021**	-	-
Company					
Shareholder loans	**1,222,431**	**582,206**	**83,656**	**388,011**	-

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6 Notes to the consolidated and separate financial statements (Continued)

6.23.4 Shareholder loan (continued)

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

	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited	As at 31.12.2018 KShs '000 Audited	As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
Consolidated					
At 1 January	1,224,883	699,021	388,011	-	-
Interest accrued	89,481	46,716	26,964	-	-
Loan advanced	538,763	504,963	283,614	388,011	-
Repayment		(20,565)	-	-	-
Forex losses	94,414	(5,252)	432	-	-
At 31 December	**1,947,541**	**1,224,883**	**699,021**	**388,011**	**-**
Company					
At 1 January	582,206	83,656	-	2,594,364	2,728,571
Interest accrued	56,740	17,472	2,179	-	-
Loan advanced	538,763	498,550	80,600	217,226	-
Repayment		-	-	-	(134,207)
Forex losses	44,722	(3,482)	877	-	-
At 31 December	**1,222,431**	**582,206**	**83,656**	**2,811,590**	**2,594,364**

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 is payable in December 2020. TC Mauritius Holdings is a wholly owned subsidiary of the Company.

Kuramo Africa Opportunity Kenya Vehicle Limited has advanced the following loans to Trans-century PLC, Company:

- USD 800,000 in November 2018 at annual interest rate of 7% payable in March 2022
- USD 4,750,000 during the year ended 31 December 2019 at an annual interest of 7% payable in March 2022
- USD 4,935,000 during the year ended 31 December 2020 at an annual interest of 7% payable in March 2022
- USD 1,475,000 during the year ended 31 March 2021 at an annual interest of 7% payable in March 2022

6 **Notes to the consolidated and separate financial statements (Continued)**

6.24 **Deferred tax (asset)/liability**

6.24.1 **Deferred tax asset**

Consolidated

2020: Audited	As at 1 Jan KShs '000	Recognised through P&L KShs '000	Exchange rate diff KShs '000	As at 31 Dec KShs '000
Property, plant and equipment	(54,260)	(5,541)	(1,348)	(61,149)
Accruals	35,959	3,671	53	39,683
Tax losses	103,004	(43,239)	(21,816)	37,949
Unrealised exchange losses	55,591	(2,708)	(784)	52,099
Lease liability	(5,583)	32,718	-	27,135
	134,711	**(15,099)**	**(23,895)**	**95,717**

2019:Audited Consolidated	As at 1 Jan KShs '000	Day 1 IFRS 9 adjustment KShs '000	Recognised through P&L KShs '000	Prior year under/over provision KShs '000	Recognised in equity KShs '000	Exchange rate diff KShs '000	As at 31 KShs
Property plant and equipment	(90,818)	-	35,898	-	-	660	(54
Provisions	100,615	-	(64,754)	-	-	98	3
Tax losses	597,737	-	(503,866)	-	-	9,133	10
Unrealised exchange losses	59,106	-	(11,779)	-	-	2,681	5
Lease liability	-	-	(5,583)	-	-	-	(5
	666,640	**-**	**(550,084)**	**-**	**-**	**12,572**	**13**

6 Notes to the consolidated and separate financial statements (Continued)

6.24 Deferred tax (asset)/liability (continued)

6.24.1 Deferred tax asset - continued

2018: Audited Consolidated	As at 1 Jan KShs '000	Day 1 IFRS 9 adjustment KShs '000	Recognised through P&L KShs '000	Prior year under/over provision KShs '000	Recognised in equity KShs '000	Exchange rate diff KShs '000	As at 31 Dec KShs '000
Property plant and equipment	(61,013)	-	(2,564)	1	(28,129)	887	(90,818)
Provisions	70,698	-	(21,949)	-	-	29,498	78,247
Tax losses	655,284	-	(35,222)	-	-	(22,325)	597,737
Unrealised exchange losses	37,169	-	25,070	(3,018)	-	22,253	81,474
	702,138	**44,608**	**(34,665)**	**(3,017)**	**(28,129)**	**30,313**	**666,640**

2017: Audited Consolidated	At 1 January KShs '000	Reclassification KShs '000	Recognised through profit or loss KShs '000	Prior year (over)/under provision KShs '000	Recognised in equity KShs '000	Exchange rate Difference KShs '000	At 31 December KShs '000
Property, plant and equipment	27,232	-	(93,258)	591	-	4,422	(61,013)
Other provisions and accruals	52,540	-	10,992	(151)	-	7,317	70,698
Tax losses	532,401	-	133,266	3,236	-	(13,619)	655,284
Unrealised exchange losses	18,042	-	14,603	1,648	-	2,876	37,169
	630,215	-	**65,603**	**5,324**	-	**996**	**702,138**

6 Notes to the consolidated and separate financial statements (Continued)

6.24 Deferred tax (asset)/liability (continued)

6.24.1 Deferred tax asset - continued

2016: Audited Consolidated	**At 1 January KShs '000**	**Reclassification KShs '000**	**Recognised through profit or loss KShs '000**	**Prior year (over)/under provision KShs '000**	**Recognised in equity KShs '000**	**Exchange rate Difference KShs '000**	**At 31 December KShs '000**
Property, plant and equipment	(69,832)	-	2,428	-	-	94,636	27,232
Other provisions and accruals	49,706	-	2,696	-	-	138	52,540
Tax losses	109,471	-	490,602	9,204	-	(76,876)	532,401
Unrealised exchange losses	19,393	-	193	-	-	(1,544)	18,042
	108,738	-	**495,919**	**9,204**	-	**16,354**	**630,215**

Company	**At 1 January KShs '000**	**Reclassification KShs '000**	**Recognised through profit or loss KShs '000**	**Prior year (over)/under provision KShs '000**	**Recognised in equity KShs '000**	**Exchange rate Difference KShs '000**	**At 31 December KShs '000**
2020: Audited							
Property, plant and equipment	**2,601**	-	**(189)**	-	-	-	**2,412**
2019: Audited							
Property, plant and equipment	**2,264**	-	**337**	-	-	-	**2,601**
2018: Audited							
Property, plant and equipment	**2,161**	-	**103**	-	-	-	**2,264**
2017: Audited							
Property, plant and equipment	**1,722**	-	**439**	-	-	-	**2,161**
2016: Audited							
Property, plant and equipment	**1,480**	-	**242**	-	-	-	**1,722**

6 Notes to the consolidated and separate financial statements (Continued)

6.24 Deferred tax (asset)/liability (continued)

6.24.2 Deferred tax liability

2020: Audited	As at 1 Jan KShs '000	Recognised through profit or loss KShs '000	Prior year over/under provision KShs '000	Recognised in equity KShs '000	Exchange rate diff KShs '000	As at 31 Dec KShs '000
Staff gratuity provision	(11,104)	(2,342)	(656)	(478)	(433)	(15,013)
Accruals	(523,314)	6,149	150,245		(8,970)	(375,890)
Tax loss	(505,254)	164,762	(24,641)		-	(365,133)
Unrealised exchange gain	40,543	19,208	(13,675)		1,643	47,719
Property plant and equipment	1,467,650	(66,390)	(38,378)		45,728	1,408,610
ECL		1,263	-		(788)	475
Revaluation	140,137	(281)	(1,149)		5,491	144,198
Right of use asset	5,399	28,396	-		-	33,795
	614,057	**150,764**	**71,746**	**(478)**	**42,672**	**878,761**

2019: Audited	As at 1 Jan KShs '000	Day 1 IFRS 9 KShs '000	Recognised through profit or loss KShs '000	Prior year over/under provision KShs '000	Recognised in equity KShs '000	Exchange rate diff KShs '000	As at 31 Dec KShs '000
Staff gratuity provision	(9,161)	-	(2,110)	(883)	1,045	5	(11,104)
Other provisions and accruals	(438,263)	-	(85,461)	-	-	410	(523,314)
Tax loss	(694,829)	-	168,372	20,104	-	1,099	(505,254)
Unrealised exchange gain	(4,573)	-	3,565	-	-	41,551	40,543
Property plant and equipment	1,550,839	-	(81,872)	480	-	(1,797)	1,467,650
Revaluation	142,420	-	(394)	-	-	(1,889)	140,137
Lease liability	-	-	5,399	-	-	-	5,399
	546,433	**-**	**7,499**	**19,701**	**1,045**	**39,379**	**614,057**

6 Notes to the consolidated and separate financial statements (Continued)

6.24 Deferred tax (asset)/liability (continued)

6.24.2 Deferred tax liability – continued

2018: Audited	**As at 1 Jan KShs '000**	**Day 1 IFRS 9 KShs '000**	**Recognised through profit or loss KShs '000**	**Prior year over/under provision KShs '000**	**Recognised in equity KShs '000**	**Exchange rate diff KShs '000**	**As at 31 Dec KShs '000**
Staff gratuity provision	(8,964)	-	(896)	-	571	128	(9,161)
Other provisions and accruals	(382,494)	-	(7,423)	-	-	8,217	(381,700)
Tax loss	(601,838)	-	(101,465)	(1,371)	-	9,845	(694,829)
Unrealised exchange gain	(5,933)	-	1,256	-	-	104	(4,573)
Property plant and equipment	1,502,183	-	(61,986)	(13,660)	142,616	(18,314)	1,550,839
IFRS 9 day 1 provision	-	(50,997)	207	(5,812)	-	39	(56,563)
Revaluation	151,677	-	2,706	-	(4,308)	(7,655)	142,420
	654,631	**(50,997)**	**(167,601)**	**(20,843)**	**138,879**	**(7,636)**	**546,433**

6 Notes to the consolidated and separate financial statements (Continued)

6.24 Deferred tax (asset)/liability (continued)

6.24.2 Deferred tax liability – continued

2017: Audited	At 1 January KShs '000	Recognised through profit or loss KShs '000	Prior year (over)/under provision KShs '000	Recognised in other comprehensive income (Note 8(a)(ii)) KShs '000	Exchange differences KShs '000	At 31 December KShs '000
Staff gratuity liability	(8,414)	(621)	-	-	71	(8,964)
Other provisions and accruals	(342,759)	(68,737)	6,701	-	3,528	(401,267)
Unrealised exchange gain	(46,919)	3,222	38,470	-	(702)	(5,934)
Tax losses	(462,294)	(210,167)	18,716	-	70,680	(583,065)
Property, plant and equipment	1,563,705	(53,753)	(55,936)	215,891	(15,996)	1,653,911
	703,319	**(330,056)**	**7,951**	**215,891**	**57,581**	**654,681**
2016: Audited						
Staff gratuity liability	(6,942)	(1,461)	-	-	(11)	(8,414)
Other provisions and accruals	(194,581)	(140,437)	-	-	(2035)	(337,053)
Unrealised exchange gain	(46,126)	(126,375)	-	-	(769)	(173,270)
Tax losses	(335,113)	(2,410)	-	-	(5,713)	(343,236)
Property, plant and equipment	1,462,235	10,620	-	98,469	(6,032)	1,565,292
	879,473	**(260,063)**	**-**	**98,469**	**(14,560)**	**703,319**

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6.24 Deferred tax (asset)/liability (continued)

6.24.3 Deferred tax movement through profit or loss is as follows:

Consolidated	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited	As at 31.12.2018 KShs '000 Audited	As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
Current year					
Deferred tax asset	15,099	544,501	34,665	(65,603)	(495,919)
Deferred tax liability	150,765	7,499	(167,601)	(330,056)	(260,063)
	165,864	**552,000**	**(132,936)**	**(395,659)**	**(755,982)**
Prior year under provision					
Deferred tax asset		-	3,017	(5,324)	(9,204)
Deferred tax liability	71,746	19,701	(20,843)	7,951	-
	71,476	**19,701**	**(17,826)**	**2,627**	**(9,204)**
Company					
Current year					
Deferred tax asset	189	337	103	(438)	(242)
Deferred tax liability	-	-	-	-	-
	189	**337**	**103**	**(438)**	**(242)**
Prior year under provision					
Deferred tax asset	-	-	-	-	-
Deferred tax liability	-	-	-	-	-
	-	-	-	-	-

6.25 Staff gratuity

Consolidated

Note	As at 31.12.2020 KShs'000 Audited	As at 31.12.2019 KShs'000 Audited	As at 31.12.2018 KShs'000 Audited	As at 31.12.2017 KShs'000 Audited	As at 31.12.2016 KShs'000 Audited
Balance at 1 January	42,607	45,023	41,127	41,871	45,707
Payments made in the year		(2,895)	(2,086)	(5,392)	(8,671)
Remeasurement of gratuity	1,115	(2,437)	(1,332)	-	-
Accrual for the year	8,653	2,916	7,314	4,648	4,835
Balance at 31 December	**52,375**	**42,607**	**45,023**	**41,127**	**41,871**

Unionisable staff at 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. 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.

6 Notes to the consolidated and separate financial statements (Continued)

6.26 Loans payable

Consolidated	**As at 31.12.2020 KShs '000 Audited**	**As at 31.12.2019 KShs '000 Audited**	**As at 31.12.2018 KShs '000 Audited**	**As at 31.12.2017 KShs '000 Audited**	**As at 31.12.2016 KShs '000 Audited**
Bank loans					
- Long term	3,950,146	3,360,083	2,859,585	2,543,182	1,023,449
- Short term	4,393,637	4,055,852	5,668,156	5,385,479	5,292,164
Loans from subsidiaries	-	-	-	-	-
	8,343,783	**7,415,935**	**8,527,741**	**7,928,661**	**6,315,613**
Payable after 12 months	3,950,146	3,360,083	2,859,585	2,543,182	1,023,449
Payable within 12 months	4,393,637	4,055,852	5,668,156	5,385,479	5,292,164
	8,343,783	**7,415,935**	**8,527,741**	**7,928,661**	**6,315,613**
Company					
Bank loans					
- Long term		-	763,846	1,023,490	-
- Short term	3,015,361	2,632,184	1,662,161	1,212,027	2,018,291
Loans from subsidiaries	576,073	576,073	576,073	576,073	576,073
	3,591,434	**3,208,257**	**3,002,080**	**2,811,590**	**2,594,364**
Payable after 12 months	576,073	576,073	1,339,919	1,023,490	-
Payable within 12 months	3,015,361	2,632,184	1,662,161	1,788,100	2,594,364
	3,591,434	**3,208,257**	**3,002,080**	**2,811,590**	**2,594,364**

Movement in the loans is as shown below:

Consolidated	**As at 31.12.2020 KShs '000 Audited**	**As at 31.12.2019 KShs '000 Audited**	**As at 31.12.2018 KShs '000 Audited**	**As at 31.12.2017 KShs '000 Audited**	**As at 31.12.2016 KShs '000 Audited**
Balance at 1 January	7,415,935	8,527,741	7,928,661	6,315,613	6,339,647
Received during the year	2,599,713	2,520,656	1,371,617	2,631,303	3,107,349
Repaid during the year	1,671,865	(2,131,834)	(772,537)	(1,018,255)	(3,131,383)
Loan forgiven*	-	(1,500,628)	-	-	-
Balance at 31 December	**8,343,783**	**7,415,935**	**8,527,741**	**7,928,661**	**6,315,613**
Company					
Balance at 1 January	3,208,257	3,002,080	2,811,590	2,594,364	2,728,571
Received during the year	383,177	206,177	190,490	217,226	-
Repaid during - the year	-	-	-	-	(134,207)
Loan forgiven*	-	-	-	-	-
Balance at 31 December	**3,591,434**	**3,208,257**	**3,002,080**	**2,811,590**	**2,594,364**

* On 20 December 2018, East African Cables PLC, a subsidiary of the Group, reached an agreement with Standard Chartered Bank Kenya Limited and Standard Chartered Bank Tanzania Limited for a discounted full and final settlement of all credit facilities outstanding to the bank. The settlement was completed on 20 May 2019. Loans forgiven refers to the resulting gain from the transaction.

6 Notes to the consolidated and separate financial statements (Continued)

6.26 Loans payable (continued)

The major loans at 31 December 2020 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 (2019 – KShs 600 million) and debentures over all assets of East African Cables Plc and East African Cables (Tanzania) Limited for KShs 1.7 billion (2019 - KShs 1.7 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 9 million. The USD denominated facilities have an interest rate of 9% and the TZS denominated facilities have an interest rate of 16.5%. 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 2.7m and a cash lien of USD 405,000.

A subsidiary, AEA Limited, has bank facilities with SBM Bank (Kenya) Limited for KShs 328million (2019 – KShs 299 million) and Sidian Bank Limited for KShs 77 million (2019 KShs 103 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% (2019 – 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 2019 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 2020 the Group and Company had breached loan repayments with respect to the lenders listed below and amounts detailed below.
Group:

Lender	**Defaulted or overdue repayments KShs 000' Audited**	**Long-term portion that became due on demand due to default KShs 000' Audited**	**Total amounts due on demand at 31 December 2020 KShs 000' Audited**
SBM Bank	17,572	281,428	299,000
Equity Bank Kenya Limited	2,742,432	272,929	3,015,361
Total	**2,760,004**	**554,357**	**3,314,361**

6 Notes to the consolidated and separate financial statements (Continued)

6.26 Loans payable (continued)

Breach of loan covenants – continued

Company:

Lender	Defaulted or overdue repayments KShs 000' Audited	Long-term portion that became due on demand due to default KShs 000' Audited	Total amounts due on demand at 31 December 2020 KShs 000' Audited
Equity Bank Kenya Limited	2,742,432	272,929	3,015,361

Remediation of the breaches

Lender	Remediation status
Equity Bank Kenya Limited	— The breach on the facility at Company level has not been remedied as at the date of approval of the financial statements. — The Company has however submitted a proposal to the Bank on the planned remediation measures which include a private placement with subsequent rights issue that shall be implemented in 2022.
SBM Bank Kenya Limited	— 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.

6.27 (a) Trade and other payables

	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited	As at 31.12.2018 KShs '000 Audited	As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
Consolidated					
Trade payables	2,597,406	2,790,218	2,558,432	3,568,426	3,621,850
Sundry creditors	5,943,190	4,577,986	4,717,826	3,202,544	1,279,074
Due to related parties (Note 6.29.8)	10,815	13,182	-	-	-
	8,551,411	7,381,386	7,276,258	6,770,970	4,900,924

(b) Contract liabilities -Audited

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Contract liabilities	27,005	592,271	-	-

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

6 Notes to the consolidated and separate financial statements (Continued)

6.27 Trade and other payables (continued)

Company	**As at 31.12.2020 KShs '000 Audited**	**As at 31.12.2019 KShs '000 Audited**	**As at 31.12.2018 KShs '000 Audited**	**As at 31.12.2017 KShs '000 Audited**	**As at 31.12.2016 KShs '000 Audited**
Trade payables	-	-	-	-	-
Sundry creditors	459,592	371,401	312,824	215,601	144,154
Due to related parties (Note 6.29.8)	475,505	465,809	431,188	428,228	384,383
	935,097	**837,210**	**744,012**	**643,829**	**528,537**

6.28 Related parties 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:

6.28.1 Directors emoluments

	12 months to 31.12.2020 KShs '000 Audited	**12 months to 31.12.2019 KShs '000 Audited**	**12 months to 31.12.2018 KShs '000 Audited**	**12 months to 31.12.2017 KShs '000 Audited**	**12 months to 31.12.2016 KShs '000 Audited**
Consolidated					
Directors' emoluments	136,267	107,453	96,493	71,693	48,551
Directors' emoluments comprise:					
As executives	61,607	35,475	35,475	34,510	5,967
As non-executives	74,660	71,978	61,018	37,183	42,584
	136,267	**107,453**	**96,493**	**71,693**	**48,551**
Company					
Directors' emoluments	52,835	53,315	51,085	42,367	13,060
Directors' emoluments comprise:					
As executives	35,475	35,475	35,475	34,510	5,967
As non-executives	17,360	17,840	15,610	7,857	7,093
	52,835	**53,315**	**51,085**	**42,367**	**13,060**

6.28.2 Inter-Company sales-Group

	12 months to 31.12.2020 KShs '000 Audited	**12 months to 31.12.2019 KShs '000 Audited**	**12 months to 31.12.2018 KShs '000 Audited**	**12 months to 31.12.2017 KShs '000 Audited**	**12 months to 31.12.2016 KShs '000 Audited**
From AEA Limited to Civicon Limited	108	-	116	126	8,663
From AEA Limited to East African Cables PLC	-	-	285	777	405
	108	**-**	**401**	**903**	**9,068**

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6.28.3 Interest income from subsidiaries - Company

	12 months to 31.12.2020 KShs '000 Audited	12 months to 31.12.2019 KShs '000 Audited	12 months to 31.12.2018 KShs '000 Audited	12 months to 31.12.2017 KShs '000 Audited	12 months to 31.12.2016 KShs '000 Audited
East African Cables PLC	41,289	39,553	38,966	32,579	32,039
Tanelec Limited	-	-	2,099	2,254	4,323
Cablerie Du Congo	-	-	-	47	-
Kewberg Cables and Braid (Pty) Limited	-	-	-	17,049	13,949
	41,289	**39,553**	**41,065**	**51,929**	**50,311**

6.28.4 Technical fees from subsidiaries – Company

	12 months to 31.12.2019 KShs '000 Audited	12 months to 31.12.2019 KShs '000 Audited	12 months to 31.12.2018 KShs '000 Audited	12 months to 31.12.2017 KShs '000 Audited	12 months to 31.12.2016 KShs '000 Audited
Tanelec Limited – Tanzania	60,010	33,680	37,070	21,294	31,874
AEA Limited	34,275	21,623	15,018	17,913	16,419
Civicon Kenya Limited	1,650	7,108	19,299	-	-
East African Cables PLC	54,002	47,476	48,932	62,573	39,859
Tanelec Zambia	-	2,965	2,198	1,512	8,664
Civicon DRC Holdings Limited	-	-	1,484	52,726	114,015
	149,937	**112,852**	**124,001**	**156,018**	**210,831**

6.28.5 Loans to subsidiaries – Company

	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited	As at 31.12.2018 KShs '000 Audited	As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
Payable after 12 months:					
Trans-century Holdings (Proprietary) Limited – South Africa	581,703	564,882	528,266	528,267	466,422
East African Cables PLC	586,636	517,924	480,436	361,311	358,700
Cableries Du Congo (CDC)	4,592	4,262	4,285	1,887	-
Tanelec Limited – Tanzania	-	-	-	31,719	31,598
	1,172,931	**1,087,068**	**1,012,987**	**923,184**	**856,720**
Impairment loss on Trans-Century Holdings (Proprietary) & CDC loans	- (586,295)	- (569,144)	- (532,551)	- (528,267)	-
	586,636	**517,924**	**480,436**	**394,917**	**856,720**

6 Notes to the consolidated and separate financial statements (Continued)

6.28 Related parties transactions (continued)

6.28.6 Loan from subsidiary – Company

	As a 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited	As at 31.12.2018 KShs '000 Audited	As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
Cable Holdings (Kenya) Limited (Note 6.27)	576,073	576,073	576,073	576,073	576,073

6.28.7 Due from subsidiaries – Company

Subsidiary	**Amt Due 2020 KShs '000 Audited**	**Impairment 2020 KShs '000 Audited**	**Net 2020 KShs '000 Audited**
Cable Holdings (Kenya) Limited	9,860	-	9,860
TC Mauritius Holdings	2,929,037	(2,929,037)	-
AEA Limited	136,680	-	136,680
East African cables PLC	154,737	-	154,737
Crystal Limited	30,067	(30,067)	-
Tanelec Limited	279,169	-	279,169
Kewberg Cables and Braid (Pty) Limited	290,888	(290,888)	-
TC Railway Holdings Mauritius	4,804	(4,804)	-
Safari Rail Company Limited	4,364	(4,364)	-
Tanelec Zambia Limited	35,427	-	35,427
Cableries du Congo	131,099	(131,099)	-
Total (Note 18)	**4,006,132**	**(3,390,259)**	**615,873**

Subsidiary	**Amt due 2019 KShs '000 Audited**	**Impairment 2019 KShs '000 Audited**	**Net 2019 KShs '000 Audited**
Cable Holdings (Kenya) Limited	9,395	-	9,395
AEA Limited	87,383	-	87,383
TC Mauritius Holdings	2,468,011	(2,468,011)	-
East African cables PLC	116,486	-	116,486
Crystal Limited	29,223	(29,223)	-
Tanelec Limited	280,779	-	280,779
Kewberg Cables and Braid (Pty) Limited	280,631	(280,631)	-
TC Railway Holdings Mauritius	4,225	(4,225)	-
Safari Rail Company Limited	3,815	(3,815)	-
Tanelec Zambia Limited	33,088	-	33,088
Cableries du Congo	121,058	(121,057)	1
Total (Note 18)	**3,434,094**	**(2,906,942)**	**527,132**

6 Notes to the consolidated and separate financial statements (Continued)

6.28 Related parties transactions (continued)

6.28.7 Due from subsidiaries – Company – continued

2018 **Subsidiary**	**Amt Due** **2018** **KShs '000** **Audited**	**Impairment** **2018** **KShs '000** **Audited**	**Net** **2018** **KShs '000** **Audited**
Cable Holdings (Kenya) Limited	8,608	-	8,608
AEA Limited	74,490	-	74,490
TC Mauritius Holdings	1,507,843		1,507,843
East African cables PLC	94,033	-	94,033
Crystal Limited	28,303	28,303	-
Tanelec Limited	262,603	-	262,603
Kewberg Cables and Braid (Pty) Limited	302,524	302,524	-
Cable Holdings Mauritius Limited	2,097	-	2,097
TC Railway Holdings Mauritius	3,614	3,614	-
Safari Rail Company Limited	2,476	2,476	-
Tanelec Zambia Limited	30,291	-	30,291
Cableries du Congo	117,714	117,710	4
Total (Note 6.18)	**2,434,596**	**454,627**	**1,979,969**

Audited 2017 & 2018	**2017** **KShs '000**	**2016** **KShs '000**
Cable Holdings (Kenya) Limited	7,812	6,850
AEA Limited	87,368	55,559
TC Mauritius Holdings	1,330,689	35,272
East African cables PLC	144,559	76,386
Crystal Limited	28,204	27,578
Tanelec Limited	230,006	212,525
Kewberg Cables and Braid (Pty) Limited	78,172	53,820
Cable Holdings Mauritius Limited	5,038	5,002
TC Railway Holdings Mauritius	3,402	3,377
Safari Rail Company Limited	2,096	2,081
Tanelec Zambia Limited	31,657	29,927
Cableries du Congo	118,702	114,069
	2,067,705	**622,446**
Impairment loss on Kewberg receivables	(78,172)	-
Total (Note 6.17)	**1,989,533**	**622,446**

6.28.8 Due to subsidiaries - Company

	As at **31.12.2020** **KShs '000** **Audited**	**As at** **31.12.2019** **KShs '000** **Audited**	**As at** **31.12.2018** **KShs '000** **Audited**	**As at** **31.12.2017** **KShs '000** **Audited**	**As at** **31.12.2016** **KShs '000** **Audited**
Cable Holdings (Kenya) Limited	5,426	5,426	5,426	5,426	5,426
Cable Holdings (Mauritius) Limited	40,111	37,837	-	-	-
TC Holdings Pty Limited		3,740	4,344	-	3,776
Civicon DRC Holdings Limited	258,770	242,171	244,767	242,076	203,577
Civicon Limited	160,383	180,375	180,995	180,726	171,604
	464,690	**469,549**	**435,532**	**428,228**	**384,383**
Writeback of Kewberg payables	-	(3,740)	(4,344)	-	-
Total (Note 6.28)	**464,690**	**465,809**	**431,188**	**428,228**	**384,383**

6 Notes to the consolidated and separate financial statements (Continued)

6.28 Related parties transactions (continued)

6.28.9 Key management compensation

Consolidated	12 months to 31.12.2020 KShs '000 Audited	12 months to 31.12.2019 KShs '000 Audited	12 months to 31.12.2018 KShs '000 Audted	12 months to 31.12.2017 KShs '000 Audted	12 months to 31.12.2016 KShs '000 Audted
Short-term employee benefits	268,620	311,014	350,167	286,683	243,758
Post-employment benefits	15,525	151,488	19,483	165,317	17,488
	284,145	**462,502**	**369,650**	**452,000**	**261,246**

Company	12 months to 31.12.2020 KShs '000 Audited	12 months to 31.12.2019 KShs '000 Audited	12 months to 31.12.2018 KShs '000 Audited	12 months to 31.12.2017 KShs '000 Audited	12 months to 31.12.2016 KShs '000 Audited
Short-term employee benefits	61,771	61,771	61,771	85,872	55,562
Post-employment benefits	4,671	4,671	4,671	5,866	4,146
	66,442	**66,442**	**66,442**	**91,738**	**59,708**

6.28.10 Key management transactions

Directors control 3.34% 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

6.28.11 Borrowings from shareholders

	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited	As at 31.12.2018 KShs '000 Audited	As at 31.12.2017 KShs '000 Audited	As at 31.12.2016 KShs '000 Audited
Consolidated					
Preference shares - Note 6.24.2	1,213,502	1,015,458	909,056	-	-
Shareholder loans - Note 6.24.4	1,947,541	1,224,883	699,021	-	-
	3,161,043	**2,240,341**	**1,608,077**	**-**	**-**
Company					
Preference shares - Note 6.24.2		-	-	-	-
Shareholder loans - Note 6.24.4	1,222,431	-	83,656	-	-
	1,222,431	**-**	**83,656**	**-**	**-**

6 Notes to the consolidated and separate financial statements (Continued)

6.29 Segment information

6.29.1 Basis of segmentation

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

— Power;
— Engineering; and

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, cranage & erection and logistic services. Also includes installation of weigh bridges, generators, bearings and sub-stations

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

6.29.2 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.

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6 Notes to the consolidated and separate financial statements (Continued)

6.29 Segment information (continued)

6.29.2 Information about reportable segments – continued

Year ended 31 December 2020	**Power KShs'000**	**Engineering KShs'000**	**Others KShs'000**	**Intra-group adjustments KShs'000**	**Total KShs'000**
Segment revenue	**3,892,764**	**1,538,203**	**-**	**(108,484)**	**5,322,483**
Profit/(loss) before depreciation, impairment, and finance costs	**542,131**	**915,433**	**(68,268)**	**-**	**1,389,296**
Finance costs	(636,700)	(376,169)	(661,536)	-	(1,674,405)
Income tax expenses	(245,648)	(233,896)	(137,706)	-	(617,250)
Loss for the year	**(757,903)**	**85,310**	**(942,931)**	**-**	**(1,615,524)**
Attributable to:					
Equity holders	(333,685)	83,269	(942,931)		(1,193,347)
Non-controlling interest	(424,218)	2,041	-		(422,177)
Other information:					
Segment assets	8,827,899	5,558,848	(774,032)	-	13,612,715
Segment liabilities	8,632,913	10,426,722	3,509,261	-	22,568,896
Reversal of accruals (Note 6(b))	-	-	955,644	-	955,644
Depreciation and amortization	(314,182)	(120,401)	(561)	-	(435,144)

6 Notes to the consolidated and separate financial statements (Continued)

6.29 Segment information (continued)

6.29.2 Information about reportable segments – continued

Year ended 31 December 2019: Audited	**Power KShs'000**	**Engineering KShs'000**	**Others KShs'000**	**Intra-group adjustments KShs'000**	**Total KShs'000**
Segment revenue	**3,639,270**	**2,064,634**	**-**	**-**	**5,703,904**
Profit/(loss) before depreciation, impairment and finance costs	**1,747,927**	**(51,164)**	**(171,631)**	**-**	**1,525,132**
Finance costs	(450,800)	(193,810)	(418,860)	-	(1,063,470)
Income tax expenses	(167,718)	(582,705)	337	-	(750,086)
Loss for the year	**466,344**	**(1,003,745)**	**(3,398,128)**	**-**	**(3,935,529)**
Attributable to:					
Equity holders	290,249	(785,239)	(3,484,480)	-	(3,979,470)
Non-controlling interest	176,095	(129,154)	-	-	43,941
Other information:					
Segment assets	8,986,759	4,352,097	(332,372)	-	13,006,484
Segment liabilities	8,032,683	9,096,045	3,012,490	-	20,141,218
Depreciation and amortization	355,075	112,717	690	-	468,482

6 Notes to the consolidated and separate financial statements (Continued)

6.29 Segment information (continued)

6.29.2 Information about reportable segments - continued

Year ended 31 December 2018: Audited	Power KShs'000	Engineering KShs'000	Others KShs'000	Intra-group adjustments KShs'000	Total KShs'000
Segment revenue	**2,951,405**	**1,267,842**	**28,011**	**-**	**4,247,258**
Profit/(loss) before depreciation, impairment and finance costs	**240,795**	**(1,157,677)**	**17,449**	**-**	**(899,433)**
Finance costs	(836,320)	(309,417)	(411,130)	-	(1,556,867)
Income tax expenses	144,667	(410)	11,255	-	155,512
Loss for the year	(861,809)	(3,020,948)	(980,567)	1,360,701	**(3,502,623)**
Attributable to:					
Equity holders	(591,563)	(1,410,546)	(980,567)	-	(2,982,676)
Non-controlling interest	(270,246)	(249,701)	-	-	(519,947)
Other information:					
Segment assets	9,220,120	4,959,608	2,488,453	-	16,668,181
Segment liabilities	8,771,237	8,728,250	2,473,280	-	19,972,767
Depreciation and amortization	(405,379)	(198,316)	1,798	-	(601,897)

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.

6 Notes to the consolidated and separate financial statements (Continued)

6.29 Segment information (continued)

6.29.2 Information about reportable segments - continued

Year ended 31 December 2017: Audited	**Power KShs'000**	**Engineering KShs'000**	**Others KShs'000**	**Intra-group adjustments KShs'000**	**Total KShs'000**
Segment revenue	**3,030,791**	**2,629,373**	**(904)**	**-**	**5,659,260**
Operating profit/(loss)	**(579,026)**	**(2,874,267)**	**(189,935)**	**-**	**(3,643,228)**
Finance costs	(557,688)	(453,595)	(67,147)	-	(1,078,430)
Income tax expenses	388,374	25,531	(23,529)	-	390,376
Loss for the year	**(748,340)**	**(3,302,331)**	**(280,611)**	**-**	**(4,331,282)**
Attributable to:					
Equity holders	(456,027)	(2,861,549)	(280,611)	-	(3,598,187)
Non-controlling interest	(292,313)	(440,782)	-	-	(733,095)
Other information:					
Segment assets	9,718,806	6,802,579	2,219,579	-	18,740,964
Segment liabilities	(8,824,104)	(8,161,984)	(1,866,909)	-	(18,852,997)
Depreciation and amortization	378,758	254,437	(3,745)	-	636,940

6 Notes to the consolidated and separate financial statements (Continued)

6.29 Segment information (continued)

6.29.2 Information about reportable segments - continued

Year ended 31 December 2016: Audited	Power KShs'000	Engineering KShs'000	Others KShs'000	Intra-group adjustments KShs'000	Total KShs'000
Segment revenue	**4,427,633**	**3,758,755**	**-**	**(9,038)**	**8,177,350**
Operating profit/(loss)	**(854,389)**	**(1,860,681)**	**1,813,037**	**-**	**(902,033)**
Finance costs	(255,425)	(503,111)	45,468	-	(713,068)
Income tax expenses	256,025	506,780	(11,594)	-	751,211
Loss for the year	(853,789)	(1,857,012)	1,846,911	**-**	**(863,890)**
Attributable to:					
Equity holders	(614,117)	(1,672,930)	1,846,912	-	(440,135)
Non-controlling interest	(239,672)	(184,083)	-	-	(423,755)
Other information:					
Segment assets	10,099,142	6,838,282	1,974,128	-	18,911,552
Segment liabilities	8,223,500	5,318,031	1,540,155	-	15,081,686
Capital expenditure	411,607	106,465	487	-	518,559
Depreciation and amortisation	341,459	373,314	4,411	-	719,184

Segment assets comprise primarily property, plant and equipment, intangible assets, inventories, receivables and operating cash. They exclude tax and certain intra-group receivables. Segment liabilities comprise operating liabilities. They exclude tax and certain corporate borrowings. Capital expenditure comprises additions to property, plant and equipment and intangible assets.

6 Notes to the consolidated and separate financial statements (Continued)

6.30 Geographic information

The geographic information below analyses the Group's revenue and non-current assets by the Group and subsidiaries' country of domicile.

6.30.1 Revenue

	12 months to 31.12.2020 KShs '000 Audited	12 months to 31.12.2019 KShs '000 Audited	12 months to 31.12.2018 KShs '000 Audited	12 months to 31.12.2017 KShs '000 Audited	12 months to 31.12.2016 KShs '000 Audited
Kenya	3,065,220	3,401,481	2,421,394	4,212,163	5,077,211
Tanzania	2,100,389	2,163,327	1,649,304	968,683	1,034,118
Uganda	104,900	33,268	56,426	287,244	905,784
Rwanda	-	-	-	-	125,018
South Sudan	-	-	-	3,164	27,018
South Africa	-	-	691	3,572	41,171
DR Congo	-	-	48,478	127,209	908,222
Zambia	51,974	105,828	70,965	57,225	58,808
	5,322,483	**5,703,904**	**4,247,258**	**5,659,260**	**8,177,350**

6.30.2 Non-current assets

	12 months to 31.12.2020 KShs '000 Audited	12 months to 31.12.2019 KShs '000 Audited	12 months to 31.12.2018 KShs '000 Audited	12 months to 31.12.2017 KShs '000 Audited	12 months to 31.12.2016 KShs '000 Audited
Kenya	5,627,662	5,971,795	10,816,661	10,090,696	9,074,769
Tanzania	2,480,524	2,413,736	1,353,883	1,394,548	1,878,955
Uganda	24,248	36,073	22,983	100,437	116,981
South Sudan		-	-	15,668	9,082
South Africa	89,533	209,860	421,843	552,451	527,808
Mauritius	678	26,395	26,528	10,372	743,357
DR Congo	-	50,668	108,590	484,112	650,382
Zambia	161,371	97,447	136,990	288,176	187,989
	8,384,016	**8,805,974**	**12,887,478**	**12,936,460**	**13,189,323**

6.31 Capital commitments

During 2017, the Group entered into a contract for purchase of property, plant and equipment in its subsidiary, East African cables PLC for KShs 87,000,000 (2016 – KShs 29,000,000).

6.32 Contractual lease commitments

The Group leases a number of office facilities under operating leases. The leases typically run for a period of six years, with an option to renew the lease after that date. Some leases contain escalation clauses that are based on changes in market prices.

In 2017, an amount of KShs 14,161,505 (2016 – KShs 11,623,961) was recognised in profit or loss for operating lease payments.

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6 Notes to the consolidated and separate financial statements (Continued)

6.32 Contractual lease commitments (continued)

At 31 December, the Group's minimum lease payments under operating leases fall due as follows:

	12 months to 31.12.2020 KShs '000	12 months to 31.12.2019 KShs '000	12 months to 31.12.2018 KShs '000 (IFRS 16)	12 months to 31.12.2017 KShs '000 (IAS 17)	12 months to 31.12.2016 KShs '000
	Audited	Audited	Audited	Audited	Audited
Consolidated					
Less than one year	60,260	4,411	19,195	-	-
Between one and five years	101,086	31,468	39,190	-	-
	161,346	**35,879**	**58,385**	**-**	**-**
Company					
Less than one year	330	330	15,114	-	-
Between one and five years	138	468	8,190	-	-
	468	**798**	**23,304**	**-**	**-**
Consolidated and Company					
Less than one year		-	-	14,784	14,162
Between one and five years		-	-	14,784	29,568
More than five years		-	-	-	-
		-	**-**	**29,568**	**43,730**

See disclosure under note 6.3 for transition to IFRS 16

6.33 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 1,494,546,000 as at 31 December 2019 (2018 – KShs 2,878,281,000). Letters of credit amounted to KShs 217,927,650 as at 31 December 2019 (2018 – KShs 117,680,248) whose related liabilities have been accrued in the financial statements as appropriate for the supplies.

Guarantees with the bankers amounted to KShs 60,975,845 as at 31 December 2017 (2016 – KShs 195,450,115). Letters of credit amounted to KShs 201,801,391 as at 31 December 2017 (2016 – KShs 565,631,475) whose related liabilities have been accrued in the financial statements as appropriate for the supplies.

6.34 Events after the reporting date

6.34.1 Debt restructure

On 2 March 2020, the Group through its subsidiary, East African Cables PLC signed a facility agreement with its lender to restructure the debt facilities amounting to KShs 313.4 million to a term of ten (10) years effective April 2020. A similar loan facility was signed with a commercial bank in June 2020 resulting to restructure of the outstanding debt amounting to KShs 189.6 million to a term of six (6) years with effect from July 2020.

6 Notes to the consolidated and separate financial statements (Continued)

6.34 Events after the reporting date (continued)

6.34.1 Debt restructure - continued

On 6 February 2020, the Group through its subsidiary, AEA Limited signed a facility agreement with a commercial bank to restructure the debt amounting to KShs 313.1 million to a tenor of seven (7) years effective March 2020.

On 1 October 2020, the Group through its shareholder, Kuramo Africa Opportunity Kenyan Vehicle Limited entered into a restructuring Standstill Agreement with the bondholders to reschedule the bond maturity payments as follows; Year 2020 (USD, 2,500,000); Year 2021 (USD 5,600,000); Year 2022 (USD 4,000,000).

On 30 April 2021, the principal shareholder, Kuramo Africa Opportunity Kenyan Vehicle Limited agreed and signed amended terms to the shareholder loan extending the maturity date of the shareholder loans advanced to the Group amounting to KShs 1.2 billion from 31 December 2020 to 31 December 2022.

6.34.2 Working capital facilities

On 9 November 2020, the Group through its subsidiary, AEA Limited signed new working capital facilities amounting to KShs 504 million which will be utilised to fund the short-term working capital needs of the business.

In March 2020, the Group through its subsidiary, Tanelec Limited, enhanced its banking facilities by signing a facility agreement with a commercial bank amounting to KShs 1.2 billion (USD 11 million). The facility is utilised to fund the working capital needs for procurement of raw materials and business operations.

On 6 April 2020, Tanelec was granted additional banking facilities by CRDB Bank amounting to~ KShs 200m (USD 2m) thereby increasing its available working capital facilities to KShs 1.3b (USD 13m).

6.34.3 Debt waivers

On 2 March 2020, the Group through its subsidiaries, Civicon Limited incorporated in Kenya and Civicon Limited incorporated in Mauritius signed a settlement deed with two (2) creditors namely; Kivuwatt Limited, a Company incorporated in Rwanda and BNY Mellon Corporate Trustee Services Limited , a Company incorporated in England and Wales. The settlement deed relates to the final award of KShs 1.5 billion (*USD 12.9 million and GBP 1.8 million*) delivered on 17 October 2017 by the International Chamber of Commerce for the arbitration dispute commenced in April 2013.The dispute in arbitration arose from breaches in construction contracts entered by the Civicon entities and Kivuwatt Limited. The parties agreed for a full and final settlement of KShs 709 million (*USD 7 million*) which shall be paid by way of fourteen (14) instalments payable every six (6) months amounting to KShs 51 million (USD 500,000 each). This resulted into a discount of KShs 810 million (*USD 8 million*) which shall be accounted for in the year ending 31 December 2020.

On 8 October 2020, the Group through its subsidiary, TC Engineering and Contracting received a full and final settlement offer of KShs 56 million from a major creditor for the total debt owed amounting to KShs 1.77 billion. This forgiveness releases KShs 1.72 billion debt that was due on demand.

6.34.4 COVID-19 Pandemic

The containment measures effected by the Government of Kenya and other countries globally to reduce the spread of the Covid-19 pandemic have impacted the business environment. These measures, which include movement restriction and reduced working hours have affected the Group's supply chain process, productivity, and access to the market. The risks arising from this pandemic could include market contraction, services and supply chain disruptions, unavailability of key people resources, locations being quarantined, among others. The directors note that demand for our products and services will be affected.

6 Notes to the consolidated and separate financial statements (Continued)

6.34 Events after the reporting date (continued)

6.34.5 Changes in tax laws

On 25 April 2020, the Kenyan government enacted the Tax Laws (Amendment) Act, 2020 which includes but is not limited to the below amendments:

(i) Reduction of the corporate tax rate from 30% to 25%. This decrease does not affect the amounts of current or deferred income taxes recognised as at 31 December 2019 as it applies to the 2020 year of income. However, this change will decrease the Group and Company's future current tax charge accordingly.

(ii) If the new tax rate were applied to calculate taxable and deductible temporary differences as at 31 December 2019, the effect would be the net deferred tax liability disclosed at would decrease by KShs 80m for Group and KShs 0.5m for Company.

Introduction of minimum tax based on 1% of turnover, effective from 1 January 2021. Given that the Group and Company have been recording tax losses, this change will have an impact on their future current tax charge from 1 January 2021.

On 23 December 2020, the Kenyan government enacted the Tax Laws (Amendment) Bill 2020 which reversed the Corporate tax rate from 25% back to 30% effective 1 January 2021. The amendment reverses the impact of the changes made on 25 April 2020 with respect to corporate tax rate described above.

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INDEPENDENT REPORTING ACCOUNTANT'S REVIEW REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TRANS-CENTURY PLC

Introduction

We have reviewed the accompanying condensed consolidated and separate financial information of Trans-century PLC ("the Group and Company") set out on pages 105 to 263, which comprise the condensed consolidated and Company statements of financial position as at 31 May 2021, and the condensed consolidated and Company statements of profit or loss and other comprehensive income, condensed consolidated and Company statements of changes in equity and condensed consolidated and Company statement of cash flows for the five-month period ended 31 May 2021, and notes to the condensed consolidated and separate financial information, including a summary of significant accounting policies (collectively the "**historical financial information**").

Directors responsibility for the historical financial information

The Directors are responsible for the preparation and presentation of the historical financial information in accordance with International Financial Reporting Standards (IFRSs) including IAS 34:*Interim Financial Reporting,* and for such internal control as Directors determine is necessary to enable the preparation of the historical financial information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility for the historical financial information

Our responsibility is to express a conclusion on this historical financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the historical financial information

Based on our review, nothing has come to our attention that causes us to believe that the historical financial information does not fairly present, in all material respects, the consolidated and separate financial position of Trans-century PLC as at 31 May 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the five-month period ended 31 May 2021 in accordance with the requirements of International Financial Reporting Standards including IAS 34:*Interim Financial Reporting*.

INDEPENDENT REPORTING ACCOUNTANT'S REVIEW REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TRANS-CENTURY PLC (CONTINUED)

Restriction on use

This reporting accountant's report has been prepared for the purpose of satisfying the requirements of the Capital Markets (Securities) (Public Offers, Listing And Disclosures) Regulations, 2002 and for no other purpose.

The engagement partner responsible for the review resulting in this independent auditor's report on review of financial information is CPA Stephen Obock Practicing Number 2384.

For and on behalf of:

KPMG Kenya
Certified Public Accountants
PO Box 40612 – 00100 GPO
Nairobi

Date: 15th November 2022

7 Statement of profit or loss and other comprehensive income

7.1 Condensed consolidated statement of profit or loss and other comprehensive income

	Note	5 mths to 31.5.2021 KShs'000 Reviewed	5 mths to 31.5.2020 KShs'0000 Unaudited	12-months to 31.12.2020 KShs'000 Audited	12-months to 31.12.2019 KShs'000 Audited
Revenue	11.4.1	2,144,404	1,576,991	5,322,483	5,703,904
Cost of sales	11.4.2	(1,560,591)	(1,145,594)	3,552,410	(3,882,786)
Gross profit		**583,813**	**431,397**	**1,770,073**	**1,821,118**
Other income		21,331	46,541	1,128,173	1,505,523
Operating expenses	11.4.2	(554,195)	(540,300)	(1,508,950)	(1,804,832)
Loss before depreciation, impairment and finance costs		**50,949**	**(62,362)**	**1,389,296**	**1,521,809**
Impairment losses		33,953	(79,454)	**(278,021)**	**(3,175,300)**
Depreciation and amortisation		(164,524)	(182,394)	(435,144)	(468,482)
Operating loss		**(79,622)**	**(324,210)**	**676,131**	**(2,121,973)**
Net finance costs		(447,497)	(847,274)	(1,674,405)	(1,063,470)
Loss before income tax		**(527,119)**	**(1,171,484)**	**(998,274)**	**(3,185,443)**
Income tax (expense)/credit		(38,875)	(18,281)	(617,250)	(750,086)
Loss for the year		**(565,994)**	**(1,189,765)**	**(1,615,524)**	**(3,935,529)**
Total other comprehensive income net of income tax		**247,722**	**259,074**	**(173,649)**	**105,381**
Total comprehensive income for the year		**(318,272)**	**(930,691)**	**(1,789,173)**	**(3,830,148)**
Loss after tax is attributable to:					
Equity holders of the Company		(430,306)	(989,474)	(1,193,347)	(3,979,470)
Non-controlling interest (NCI)		(135,688)	(200,291)	(422,177)	43,941
Loss for the year		**(565,994)**	**(1,189,765)**	**(1,615,524)**	**(3,935,529)**

7 Statement of profit or loss and other comprehensive income (Continued)

7.1 Condensed consolidated statement of profit or loss and other comprehensive income (continued)

	Note	5-months to 31.5.2021 KShs'000 Reviewed	5-months to 31.5.2020 KShs'0000 Unaudited	12-months to 31.12.2020 KShs'000 Audited	12-months to 31.12.2019 KShs'000 Audited
Total comprehensive income for the year is attributable to:					
Equity holders of the Company		(225,078)	(917,578)	(1,451,576)	(3,897,282)
Non-controlling interest		(93,194)	(13,113)	337,597	67,134
Total comprehensive income for the year		**(318,270)**	**(930,691)**	**(1,789,173)**	**(3,830,148)**
Basic and diluted earnings per share (KShs)	11.14.1	**(1.20)**	**(1.20)**	**(3.18)**	**(10.61)**

The statements of profit or loss and other comprehensive income are to be read in conjunction with the notes to and forming part of the Accountant's Report set out on pages 105 to 263.

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7 Statement of profit or loss and other comprehensive income (Continued)

7.2 Condensed Company statement of profit and other comprehensive income

	Note	5 mths to 31.5.2021 KShs'000 Reviewed	5 mths to 31.5.2020 KShs'0000 Unaudited	12-months to 31.12.2020 KShs'000 Audited	12-months to 31.12.2019 KShs'000 Audited
Income					
Revenue	11.4.1	61,365	44,646	221,668	180,267
Other income	11.4.2	17,027	13,334	-	-
		78,392	**57,980**	**221,668**	**180,267**
Operating expenses	11.4.2	(105,500)	(83,934)	(265,709)	(310,492)
(Loss) before depreciation, impairment and finance costs		**(27,108)**	**(25,954)**	**(44,041)**	**(130,225)**
Impairment losses		-	-	(483,317)	(1,909,335)
Depreciation and amortisation		(97)	(106)	(561)	(690)

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8 Statement of financial position

8.1 Condensed consolidated statement of financial position

	Note	As at 31.5.2021 KShs'000 Reviewed	As at 31.12.2020 KShs'000 Audited	As at 31.12.2019 KShs'000 Audited
ASSETS				
Non-current assets				
Property, plant and equipment	11.5	4,015,652	4,029,788	4,416,670
Investment property		231,769	220,272	220,291
Right-of-use assets		3,589,260	3,761,738	3,598,935
Prepaid operating lease rentals		-	-	-
Intangible assets		67,394	69,529	69,593
Quoted investments		240	251	240
Unquoted investments		365,826	283,002	365,534
Deferred tax asset		67,404	95,717	134,711
		8,337,545	8,460,297	8,805,974
Current assets				
Inventories	11.6	1,259,553	965,518	1,004,457
Trade and other receivables	11.7	2,192,710	3,237,024	2,191,618
Tax recoverable		115,269	242,057	438,224
Assets held for sale		120,289	121,108	122,529
Contract asset		-	332,282	122,529
Cash and bank balances		463,941	330,710	296,007
		4,151,762	5,228,699	4,200,510
TOTAL ASSETS		**12,489,307**	**13,688,996**	**13,006,484**
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	11.11	187,601	187,601	187,601
Share premium	11.12	1,873,089	1,873,089	1,873,089
Revenue reserves	11.13.1	(14,938,642)	(15,074,580)	(13,405,520)
Translation reserve	11.13.2	615,990	1,003,745	1,208,295
Fair value reserve	11.13.3	145,940	63,489	145,940
Revaluation reserve	11.13.4	2,629,161	2,314,565	2,412,764
Total equity attributable to equity holders of the Company		**(9,486,861)**	**(9,261,782)**	**(7,577,831)**
Non-controlling interest		649,749	675,910	443,097
Convertible loan		-	-	-
Total equity		**(8,837,112)**	**(9,956,181)**	**(7,134,734)**
LIABILITIES				
Non-current liabilities				
Deferred tax liability		627,540	878,761	614,057
Lease liability		15,227	83,691	10,978
Liability for staff gratuity		53,395	52,375	42,607
Preference shares		1,244,343	1,213,502	1,015,458
Bond – non-current portion		525,645	708,713	-
Long term loan – non-current portion	11.9	4,031,822	3,950,146	3,360,083
		6,497,972	6,887,188	5,043,183

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8 Statement of financial position (Continued)

8.1 Condensed consolidated statement of financial position (continued)

LIABILITIES	**Note**	**As at 31.5.2021 KShs'000 Reviewed**	**As at 31.12.2020 KShs'000 Audited**	**As at 31.12.2019 KShs'000 Audited**
Current liabilities				
Bank overdraft		-	14,931	70,518
Tax payable		48,429	57,589	140,502
Trade and other payables	11.10	8,196,932	8,551,141	7,973,657
Contract liability		-	27,005	592,271
Lease liability – current portion		-	44,389	8,333
Unclaimed dividends		952	952	952
Long term loan – current portion	11.9	3,804,209	4,393,637	4,055,852
Bond – current portion		806,934	720,534	1,623,338
Shareholder loan	11.4.2	1,970,991	1,945,541	1,224,883
		14,828,447	15,757,989	15,098,035
Total liabilities		**21,326,419**	**22,645,177**	**20,141,218**
TOTAL EQUITY AND LIABILITIES		**12,489,307**	**13,612,715**	**13,006,484**

The statements of financial position are to be read in conjunction with the notes to and forming part of the Accountant's Report set out on pages 105 to 263.

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8 Statement of financial position (Continued)

8.2 Condensed Company statement of financial position

ASSETS	Note	As at 31.5.2021 KShs'000 Reviewed	As at 31.12.2020 KShs'000 Audited	As at 31.12.2019 KShs'000 Audited
Non-current assets				
Property and equipment	11.5	101	198	452
Right-of-use-asset		672	366	672
Quoted investments		240	251	240
Unquoted investments		360,803	383,002	360,803
Investment in subsidiaries	11.8	3,043,246	3,026,040	3,043,246
Loans to subsidiaries		622,909	586,636	517,924
Deferred tax asset		4,527	2,412	2,601
		4,032,498	3,898,905	3,925,938
Current assets				
Trade and other receivables	11.7	1,316,736	671,679	579,699
Tax recoverable		12,785	14,482	12,108
Cash and bank balances		(619)	573	1,940
		1,328,902	686,734	593,747
TOTAL ASSETS		**5,361,400**	**4,585,639**	**4,519,685**
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	11.11	187,601	187,601	187,601
Share premium	11.12	1,873,089	1,873,089	1,873,089
Revenue reserves	11.13.1	(4,259,672)	(4,773,600)	(3,813,553)
Fair value reserve	11.13.3	1,643,222	1,548,266	1,643,222
Total equity		**(555,760)**	**(1,164,684))**	**(109,641)**
Non-current liabilities				
Long term intercompany loans		576,073	576,073	576,073
Bank loans		-	-	-
Lease liability		701	100	403
		576,774	**576,173**	**576,476**
Current liabilities				
Trade and other payables	11.10	1,018,823	935,097	837,210
Lease liability		-	309	298
Unclaimed dividends		952	952	952
Long term loan – current portion	11.9	3,077,492	3,015,361	2,632,184
Tax payable		-	-	-
Shareholder loan		1,243,119	1,222,431	582,206
		5,340,386	5,174,150	4,052,850
Total liabilities		**5,917,160**	**5,750,323**	**4,629,326**

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9 Statement of changes in equity

9.1 Condensed consolidated statement of changes in equity

May 2021:	**Share capital KShs'000**	**Share premium KShs'000**	**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	2,638,682	353,606	145,940	(14,460,701)	(9,261,783)	742,941	(8,518,842)
Total comprehensive income for the year net of tax									
Loss for the year	-	-	-	-	-	(449,628)	(449,628)	(116,366)	(565,994)
Other comprehensive income	-	-	-	252,863	-	(28,313)	224,550	23,174	247,724
Total comprehensive income	**-**	**-**	**-**	**252,863**	**-**	**(477,941)**	**(225,078)**	**(93,192)**	**(318,270)**
Transactions with owners of the Company									
Transfer from revaluation*	-	-	(9,521)	9,521	-	-	-	-	-
Balance at 31 May 2021	**187,601**	**1,873,089**	**2,629,161**	**615,990**	**145,940**	**(14,938,642)**	**(9,486,861)**	**649,749**	**(8,837,112)**

9 Statement of changes in equity (Continued)

9.1 Condensed consolidated statement of changes in equity (continued)

May 2020:	Share capital KShs '000	Share premium KShs '000	Revaluation reserves KShs '000	Translation reserve KShs '000	for sale reserve KShs '000	Retained earnings KShs '000	Proposed dividends KShs'000	Total KShs'000	Minority interest KShs '000	Total KShs'000
Per consolidation	187,601	1,873,089	2,416,396	1,218,128	93,293	(13,105,121)	-	(7,316,614)	443,705	(6,872,909)
Impact of IFRS 9										
Day 1 adjustment	-	-	-	-	-	-	-	-	-	-
Tax impact	-	-	-	-	-	-	-	-	-	-
Restated balance as at 1 January 2020	**187,601**	**1,873,089**	**2,416,396**	**1,218,128**	**93,293**	**(13,105,121)**	**-**	**(7,316,614)**	**443,705**	**(6,872,909)**
Retained earnings acquired during the year	-	-	-	-	-	-	-	-	-	-
Net profit after taxation	-	-	-	-	-	(989,474)	-	(989,474)	(200,291)	(1,189,765)
	-	**-**	**-**	**-**	**-**	**(989,474)**	**-**	**(989,474)**	**(200,291)**	**(1,189,765)**
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Re-measurement gain/loss on defined benefit plan	-	-	-	-	-	-	-	-	-	-
Deferred tax effect	-	-	-	-	-	-	-	-	-	-
Revaluation of PPE net of deferred tax	-	-	-	-	-	-	-	-	-	-
Transfer to deferred asset	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign subs	-	-	-	(77,960)	-	-	-	(77,960)	100,710	22,750
Net change in FV of AFS reserve	-	-	-	-	-	-	-	-	-	-
AFS release on disposal of quoted shares	-	-	-	-	-	-	-	-	-	-

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9 Statement of changes in equity (Continued)

9.1 Condensed consolidated statement of changes in equity (continued)

	Share capital KShs '000	Share premium KShs '000	Revaluation reserves KShs '000	Translation reserve KShs '000	for sale reserve KShs '000	Retained earnings KShs '000	Proposed dividends KShs'000	Total KShs'000	Minority interest KShs '000	Total KShs'000
Transfer from translation reserve	-	-	-	241,512	-	(241,512)	-	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**163,552**	**-**	**(241,512)**	**-**	**(77,960)**	**100,710**	**22,750**
Total comprehensive income	**-**	**-**	**-**	**163,552**	**-**	**(1,230,986)**	**-**	**(1,067,434)**	**(99,581)**	**(1,167,015)**
Transactions with owners, Recorded directly in equity										
Dividend paid/transferred to divided payable	-	-	-	-	-	-	-	-	-	-
Proposed dividends	-	-	-	-	-	-	-	-	-	-
Issue of additional shares	-	-	-	-	-	-	-	-	-	-
Share premium from issue of shares	-	-	-	-	-	-	-	-	-	-
Release on disposal of subsidiary	-	-	-	-	-	-	-	-	-	-
Transfer from revaluation reserve	-	-	6,191	(6,191)	-	-	-	-	-	-
Transfer to/from NCI	-	-	-	-	-	-	-	-	-	-
Total transactions with owners, recorded directly in equity	**-**	**-**	**6,191**	**(6,191)**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 May 2020	**187,601**	**1,873,089**	**2,422,587**	**1,375,489**	**93,293**	**(14,336,107)**	**-**	**(8,384,048)**	**344,124**	**(8,039,924)**

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9 Statement of changes in equity (Continued)

9.1 Condensed consolidated statement of changes in equity (continued)

2020:	Share capital KShs'000	Share premium KShs'000	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 2020	187,601	1,873,089	2,412,764	1,208,295	145,940	(13,405,520)	(7,577,831)	443,097	(7,134,734)
Total comprehensive income for the year net of tax									
Loss for the year	-	-	-	-	-	(1,193,347)	(1,193,347)	(422,177)	(1,615,524)
Other comprehensive income									
Remeasurement of defined benefit plan	-	-	-	-	-	(1,089)	(1,089)	(504)	(1,593)
Deferred tax on remeasurement	-	-	-	-	-	327	327	151	478
Exchange differences	-	-	-	(175,016)	-	-	(175,016)	84,931	(90,085)
Net change in fair value of Equity instruments at FVOCI	-	-	-	-	(82,451)	-	(82,451)	-	(82,451)
Transfer from revaluation*	-	-	(98,199)	(30,167)	-	128,366	-	-	-
Total other comprehensive income	**-**	**-**	**(98,199)**	**(205,183)**	**(82,451)**	**127,604**	**(258,229)**	**84,578**	**(173,651)**
Total comprehensive income	**-**	**-**	**(98,199)**	**(205,183)**	**(82,451)**	**(1,065,743)**	**(1,451,576)**	**(337,599)**	**(1,789,175)**
Transactions with owners of the Company									
Acquisition of NCI (Note 15(c))	-	-	-	633	-	(603,317)	(602,684)	570,412	(32,272)
Total transactions with owners of the company	**-**	**-**	**-**	**633**	**-**	(603,317)	(602,684)	**570,412**	**(32,272)**
Balance at 31 December 2020	**187,601**	**1,873,089**	**2,314,565**	**1,003,745**	**63,489**	**(15,074,580)**	**(9,632,091)**	**675,910**	**(8,956,181)**

* Relates to transfer of revaluation surplus to revenue reserves after impairment of assets

The notes set out on pages 105 to 263 form an integral part of the consolidated and separate financial statements.

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9 Statement of changes in equity (Continued)

9.1 Condensed consolidated statement of changes in equity (continued)

2019:	Share capital KShs'000	Share premium KShs'000	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 2019	187,601	1,873,089	2,411,631	448,953	93,251	(8,695,074)	(3,680,549)	375,963	(3,304,586)
Total comprehensive income for the year net of tax									
Loss for the year	-	-	-	-	-	(3,979,470)	(3,979,470)	43,941	(3,935,529)
Other comprehensive income	-	-	-	760,475	52,689	(730,976)	82,188	23,193	105,381
Total comprehensive income	**-**	**-**	**-**	**760,475**	**52,689**	**(4,710,446)**	**(3,897,282)**	**67,134**	**(3,830,148)**
Transactions with owners of the Company									
Transfer from revaluation*	-	-	1,133	(1,133)	-	-	-	-	-
Balance at 31 December 2019	**187,601**	**1,873,089**	**2,412,764**	**1,208,295**	**145,940**	**(13,405,520)**	**(7,577,831)**	**443,097**	**(7,134,734)**

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

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9 Statement of changes in equity (Continued)

9.2 Condensed Company statement of changes in equity

2021:	Share capital KShs '000	Share premium KShs '000	Fair value reserve KShs '000	Revenue reserves KShs '000	Total KShs'000
Balance at 1 January 2021	187,601	1,873,089	1,643,223	(4,151,501)	(447,588)
Loss for the year	-	-	-	(110,098)	(110,098)
Balance as at 31 May 2021	**187,601**	**1,873,089**	**1,643,223**	**(4,261,599)**	**(557,686)**
May 2020:					
Balance at 1 January 2020	187,601	1,873,089	1,643,223	(3,813,553)	(109,640)
Loss for the year	-	-	-	(337,948)	(337,948)
Balance as at 31 December 2020	**187,601**	**1,873,089**	**1,643,223**	**(4,151,501)**	**(447,588)**

2020:	Share capital KShs '000	Share premium KShs '000	Fair value reserve KShs '000	Revenue reserves KShs '000	Total KShs'000
Balance at 1 January 2020	187,601	1,873,089	1,643,222	(3,813,553)	(109,641)
Total comprehensive income					
Loss for the year	-	-	-	(960,047)	(960,047)
Other comprehensive income for the year					
Net change in fair value of equity instruments at FVOCI	-	-	(94,996)	-	(94,996)
Total comprehensive income for the year	**-**	**-**	**(94,996)**	**(960,047)**	**(1,055,043)**
Balance as at 31 December 2020	**187,601**	**1,873,089**	**1,548,226**	**(4,773,600)**	**(1,164,684)**

9 Statement of changes in equity (Continued)

9.2 Condensed Company statement of changes in equity (continued)

2019	Share capital KShs '000	Share premium KShs '000	Fair value reserve KShs '000	Revenue reserves KShs '000	Total KShs'000
Balance at 1 January 2019	187,601	1,873,089	5,592,413	(1,542,392)	6,110,711
Loss for the year	-	-	-	(2,271,161)	(2,271,161)
Other comprehensive income for the year					
Net change in equity instruments at FVOCI	-	-	(3,949,191)	-	(3,949,191)
Total comprehensive income	**-**	**-**	**(3,949,191)**	**-**	**(3,949,191)**
Balance as at 31 December 2019	**187,601**	**1,873,089**	**1,643,222**	**(3,813,553)**	**(109,641)**

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10 Statement of cash flows

10.1 Condensed consolidated statement of cashflows

	5-months to 31.5.2021 KShs'000 Reviewed	5-months to 31.5.2020 KShs'000 Unaudited	12-months to 31.12.2020 KShs'000 Audited	12-months to 31.12.2019 KShs'000 Audited
Net cash flows from operating activities				
Loss before taxation	(527,119)	(1,171,484)	(998,274)	(3,185,443)
Adjustment for non-cash items	274,340	282,583	1,842,286	2,574,377
Operating loss before working capital changes	**(252,779)**	**(888,901)**	**844,012**	**(611,066))**
Working capital changes:				
Trade and other receivables	581,212	(13,339)	(1,313,592)	(422,661)
Contract Asset	-	-	(184,607)	(147,675)
Inventories	(289,699)	1,621	38,939	18,527
Trade and other payables	(123,228)	516,634	(350,886)	718,577
Contract Asset	-	-	(565,266)	(592,271)
Provision for staff gratuity	(783)	(349)	-	-
Cash used in operations	**(85,277)**	**(384,334)**	**(966,134)**	**(444,316))**
Income tax paid	(2,901)	(1,372)	(3,605)	(12,277)
Gratuity paid	-	-	-	(2,895)
Lease interest paid	(51)	-	-	-
Net cash flows used in operating activities	**88,229**	**(385,706)**	**(969,739)**	**(459,488)**
Cash flows from investing activities				
Purchase of property, plant and equipment	(17,666)	(19,949)	(17,724)	(63,874)
Proceeds from disposal of current assets held for sale	-	-	-	44,300
Proceeds from disposal of property, plant and equipment	851	18,733	90,920	45,846
Net cash flows from investing activities	**(16,815)**	**(1,216)**	**73,196**	**26,272**
Cash flows from financing activities				
Proceeds from loans and borrowing	475,675	54,496	2,599,713	2,520,656
Repayment of loans and borrowing	(275,526)	-	(1,671,865)	(2,131,834)
Shareholder loan proceeds	185,595	-	538,763	504,963
Shareholder loan payments	-		-	(20,565)
Lease liability payments	(2,248)	-	(27,187)	(1,867)
Debt from Kuramo	-	201,494	-	-
Partial settlement of convertible bond	(118,350)	(26,736)	(436,687)	(380,012)
Lease Interest paid	-	-	(16,965)	(1,084)
Net cash flows from financing activities	**265,146**	**229,254**	**985,772**	**490,257**
Net increase/decrease in cash and cash equivalents	**160,102**	**(157,668)**	**89,229**	**57,059**
Cash and cash equivalents at 1 January	303,839	250,454	225,489	168,430
Cash and cash equivalents at 31 December	**463,941**	**(92,786)**	**315,779**	**225,489**

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10 Statements of cash flows (Continued)

10.2 Company statements of cash flows

	5-months to 31.5.2021 KShs'000 Reviewed	5-months to 31.5.2020 KShs'000 Unaudited	12-months to 31.12.2020 KShs'000 Audited	12-months t 31.12.201 KShs'00 Audite
Net cash flows from operating activities				
Loss before taxation	(110,098)	(201,360)	(959,858)	(2,271,49
Adjustment for non-cash items	(44,431)	156,794	60,772	198,34
Operating loss before working capital changes	**(154,529)**	**(44,566)**	**(899,086)**	**(2,073,15**
Working capital changes:				
Trade and other receivables	(61,365)	(281,530)	(91,980)	1,514,97
Trade and other payables	103,918	32,373	97,887	93,19
Loans to related parties	-	-	-	
Cash used in operations	**(111,976)**	**(293,723)**	**(893,179)**	**(464,98**
Lease interest paid	-	-	-	
Income tax paid	-	(282)	(2,374)	(2,49
Net cash flows used in operating activities	**(111,976)**	**(294,005)**	**(895,553)**	**(467,48**
Cash flows from investing activities				
Purchase of property and equipment	-	-	-	
Loans to related parties	(19,122)	(35,776)	(68,712)	(37,48
Interest received	17,027	7,168	41,289	39,55
Net cash flows used in investing activities	**(19,122)**	**(35,776)**	**(27,423)**	**(2,06**
Cash flows from financing activities				
Share holder loans advanced	185,595	213,113	538,763	498,55
Bank loans received	62,131	159,657	383,177	206,17
Lease principle paid	-	-	(292)	(19
Interest paid	(135,238)	(50,478)	-	(237,15
Net cash flows generated from financing activities	**129,515**	**329,460**	**921,609**	**467,32**
Net increase/(decrease) in cash and cash equivalents	**(1,583)**		**(1,367)**	**1,90**
Cash and cash equivalents at 1 January	964	1,619	1,940	3
Cash and cash equivalents at 31 December	**(619)**	**1,619**	**573**	**1,94**

11 Notes to the condensed consolidated and separate financial information

11.1 Reporting entity

Trans-century PLC is a limited liability Company incorporated in Kenya under the Kenyan Companies Act, 2015 and is domiciled in Kenya. The address of its registered office is as follows:

8th Floor, West End Towers
Off Waiyaki Way
PO Box 42334
00100 Nairobi GPO

The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the “Group”). The separate financial statements are the unconsolidated Company financial statements.

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

11.2 Basis of preparation and accounting

11.2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) including IAS 34 *Interim Financial Reporting*.

11.2.2 Basis of measurement

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

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

The accounting policies used in preparation of the interim financial statements for the five-month period ended 31 May 2021 and 12-month period ended 31 December 2020 are the same as those used in the Group’s annual report and financial statements for the year ended 31 December 2019.

11.2.3 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.

11 Notes to the condensed consolidated and separate financial information (Continued)

11.2 Basis of preparation (continued)

11.2.4 Going concern

The Group and Company incurred a loss of KShs 565 million and KShs 110 million respectively during the period ended 31 May 2021 and as of that date, the Group's and Company's current liabilities exceeded its current assets by KShs 10,677 million and KShs 4,090 million respectively. In addition, the Group's and Company's total liabilities exceeded their total assets by KShs 8,837 million and KShs 556 million respectively.

The Group and Company had breached their loan covenants with lenders and the carrying amount of loans breached at 31 May 2021 was KShs 4,561 million and KShs 2,152 million respectively.

Covid-19 affects the Group and Company and results in certain uncertainties for the future financial position and performance of the Group and Company. The Covid-19 pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of this report, the Group's and Company's operations had resumed to normal. The potential future effects are subject to significant levels of uncertainty.

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

- The Group through its subsidiaries signed facility agreements with its lenders to restructure debt facilities amounting to KShs 816 million which were current as at 31 December 2019 to a term of between 6 and 7 years.

- The loan facilities of East African Cables advanced by a commercial bank were enhanced in June 2021 from KShs 100 million to KShs 170 million. The additional facility line will improve the liquidity and support the growth of the business beyond the achieved growth of the business beyond the 19% achieved as of 31 December 2020

- A shareholder of the Company agreed to subordinate all shareholder loans and signed amended terms for shareholder loans amounting to KShs 1,200 million to extend the maturity of the loans to 31 December 2022.

Initiatives implemented subsequent to 31 May 2021 to mitigate liquidity risks

- The bond which was due on demand with a carrying amount of KShs 1,333 million was restructured and repayment spread over three years to 15 July 2022.

- The Group through its subsidiaries is expecting to obtain a combined working capital facility of KShs 1,904 million to support working capital requirements and expects increased production and activity in the subsidiaries.

Initiatives planned to raise funds to meet liquidity requirements going forward

- ***Equity raising initiatives***

  The Group has embarked on a fundraising initiative to raise KShs 4.4 billion (USD 40 million) by way of Rights Issue process which was approved by the shareholders during the Annual General Meeting (AGM) held on 10 June 2020.

  The Group has appointed advisors to assist in the process who comprise of lead transaction adviser, legal advisors, reporting accountants, sponsoring brokers, public relations agency and share registrars to drive the process. The Rights Issue process is subject to regulatory approvals and is expected to be completed by 31 December 2021.

11 Notes to the condensed consolidated and separate financial information (Continued)

11.2 Basis of preparation (continued)

11.2.4 Going concern – continued

— ***Equity raising initiatives – continued***

Kuramo Capital Management LLC, on behalf of its advised funds, has indicated through a letter of intent, their willingness to support the fundraising process by subscribing to its pro-rata 25% rights up to an amount of KShs 1.1 billion (USD 10 million) subject to the regulatory approvals. The other shareholders are expected to follow their rights based on their voting of 87% to support the process during the AGM.

— ***Debt restructure and working capital funding***

The Group is currently engaged with its lender on a debt settlement plan which involves partial payment of the debt from the proceeds of Rights Issue process at the Company level to unlock the requisite working capital facilities for its subsidiaries and thereafter restructuring the debt balance to longer tenures to match the cashflows. The working capital funding is dependent on the successful completion of rights issue, will be in form of non-funded facility for issuance of letters of credit to suppliers of raw materials. This process is expected to be completed following the conclusion of the Rights Issue process and is subject to lender's credit approval process.

— ***Disposal of non-operating assets***

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

#	Asset	Expected proceeds (KShs M)	Status
1	Property and assets in Mombasa, Kenya	700	Valuation process completed; awaiting sale offers following conclusion of the exercise
2	Properties in Uganda	400	No sale offer received
	Total	**1,100**	

— ***Assignment of projects***

The Group through its subsidiary, Civicon Limited has banking facilities held at a commercial bank comprising of performance bonds and advance payment guarantees issued for construction projects. During the period from January 2020 to May 2021, the Group has reduced these facilities from KShs 2.5 billion to KShs 1.2 billion as of 31 May 2021 following recoveries from commissions due to Civicon on the assigned projects. The Group has assigned running projects and expects that the remaining facilities of KShs 1 billion will be reduced through recoveries from commissions on the ongoing assigned projects.

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 reviewed consolidated and separate financial statements. The reviewed consolidated and separate financial statements have therefore been prepared on the basis of accounting policies applicable to a going concern which presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business. However, if the Group and Company are unable to successfully complete the Rights Issue and planned disposal of assets above within twelve (12) months, a material uncertainty exist which may cast significant doubt about the Group and the Company's ability to continue as a going concern and therefore that the Group and Company may be unable to realise their assets and discharge their liabilities in the normal course of business.

11 Notes to the condensed consolidated and separate financial information (Continued)

11.3 Financial risk management objectives and policies

Overview

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

i. Credit risk;
ii. Liquidity risk; and
iii. 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 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.

11.3.1 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 assets represents the maximum exposure to credit risk:

Consolidated	**As at 31.5.2021 KShs'000 Reviewed**	**As at 31.12.2020 KShs'000 Audited**	**As at 31.12.2019 KShs'000 Audited**
Trade receivables	1,040,606	2,596,300	1,841,794
Staff debtors	2,823	1925	9,052
Bank balances	463,943	330,450	294,886
Contract assets	-	332,282	147,675
Sundry receivables	-	499,371	173,510
	1,507,372	**3,760,328**	**2,466,917**
Company			
Loans to subsidiaries	517,924	586,636	517,924
Sundry receivables	55,265	55,697	52,264
Staff debtors	303	109	303
Due from related parties	527,132	615,873	527,132
Bank balances	1,685	513	1,685
	1,102,309	**1,258,315**	**1,099,308**

Impairment losses

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11 Notes to the condensed consolidated and separate financial information (Continued)

11.3 Financial risk management objectives and policies (continued)

11.3.1 Credit risk – continued

Impairment losses – continued

Trade receivables & intercompany receivables

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

Consolidated	As at 31.05.2021 KShs '000 Reviewed	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited
Trade receivables			
Not past due	101,988	570,726	889,148
Past due 0 – 90 days	773,230	521,993	728,390
Past due 91 – 365 days	319,651	1,405,642	344,655
More than one year	1,907,237	2,126,643	1,903,639
	3,102,106	4,624,944	3,865,832
Net impairment	(2,061,513)	(2,028,644)	(2,024,038)
	1,040,593	**2,596,300**	**1,841,794**

Company	As at 31.05.2021 KShs '000 Reviewed	As at 31.12.2020 KShs '000 Reviewed	As at 31.12.2019 KShs '000 Audited
Intercompany receivables			
Not past due	156,434	156,434	566,878
Past due 0 – 90 days	136,680	136,680	135,222
Past due 91 – 365 days	279,169	279,169	176,068
More than one year	3,433,849	3,433,849	2,555,906
	4,006,132	4,006,132	3,434,074
Net impairment	(3,390,259)	(3,390,259)	(2,906,942)
	615,873	**615,873**	**527,132**

Cash and cash equivalents

The Group and Company held cash and bank balances of KShs 330,710,000 and KShs 573,000 respectively (2019 – Group – KShs 296,007,000 and Company KShs 1,940,000). 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 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

11 Notes to the condensed consolidated and separate financial information (Continued)

11.3 Financial risk management objectives and policies (continued)

11.3.1 Credit risk – continued

Impairment losses – continued

Cash and cash equivalents – continued

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

Consolidated	As at 31.05.2021 KShs '000 Reviewed	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited
Balance at 1 January	2,028,644	2,024,038	1,970,474
Impairment losses			
- trade and other receivables	33,953	221,630	241,947
- due from related parties	-	-	-
- intercompany loans	-	-	-
Sub-total	**33,953**	**221,630**	**241,947**
Day 1 IFRS 9	-	-	-
Bad debt write back	(1,084)	(217,024)	(188,383)
Balance at 31 December	**2,061,513**	**2,028,644**	**2,024,038**

Company	As at 31.05.2021 KShs '000 Reviewed	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited
Balance at 1 January	3,390,259	2,906,942	997,607
Impairment losses			
- trade and other receivables	-	-	-
- due from related parties	-	483,317	1,909,335
- intercompany loans	-	-	-
Sub-Total	**-**	**-**	**1,909,335**
Day 1 IFRS 9	-	-	-
Bad debt write back	-	**483,317**	-
Balance at 31 December	**3,390,259**	**3,390,259**	**2,906,942**

11.3.2 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 has access to a diverse funding base. Funds are raised mainly from its shareholders, strategic investors, banks and its own internal resources.

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11 Notes to the condensed consolidated and separate financial information (Continued)

11.3 Financial risk management objectives and policies (continued)

11.3.2 Liquidity risk – continued

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

Consolidated

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	-	2,581,244	1,222,965	4,031,822	7,836,031
Interest payable on loans	573,852	117,266	104,178	928,355	1,723,651
Preference shares	-	-	-	1,244,343	1,244,343
Bond	-	-	806,934	525,645	1,332,579
Shareholder loan	-	-	1,970,991	-	1,970,991
Trade and other payables	8,196,932	-	-	-	8,196,932
Lease liabilities	-	-	3,203	12,024	15,227
Unclaimed dividends	952	-	-	-	952
Total financial liabilities	**8,771,736**	**2,698,510**	**4,108,271**	**6,742,189**	**22,320,706**

2020:	**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	5,198,375	429,917	329,243	2,386,248	8,343,783
Interest payable on term loans, bonds, shareholders loan and lease liability	466,093	198,939	552,697	1,430,481	2,648,210
Preference shares				1,571,763	1,571,763
Bond			720,534	708,713	1,429,247
Bank overdraft	14,931	-	-	-	14,931
Shareholder Loan			1,947,541		1,947,541
Lease liability			44,389	83,691	128,080
Unclaimed dividends	952				952
Trade payables	8,551,411	-	-	-	8,551,411
Total financial liabilities	**14,231,762**	**628,856**	**3,594,404**	**6,180,896**	**24,635,918**

Consolidated

2019:	**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	-	3,470,367	585,485	3,360,083	7,415,935
Interest payable on loans	490,311	31,699	164,644	926,889	1,613,543
Preference shares	-	-	-	1,015,458	1,015,458
Bond	-	-	1,623,338	-	1,623,338
Bank overdraft	70,518	-	-	-	70,518
Shareholder loan	-	-	1,224,883	-	1,224,883
Trade and other payables	7,381,386	-	-	-	7,381,386
Lease liabilities	-	1,103	3,308	31,468	35,879
Unclaimed dividends	952	-	-	-	952

11 Notes to the condensed consolidated and separate financial information (Continued)

11.3 Financial risk management objectives and policies (continued)

11.3.2 Liquidity risk – continued

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	-	2,313,647	-	763,846	3,077,493
Shareholder loan	-	1,243,119	-	-	1,243,119
Interest payable on loans	459,130	26,914	60,999	100,926	647,969
Trade and other payables	542,808	-	-	-	542,808
Unclaimed dividends	952	-	-	-	952
Total financial liabilities	**1,002,890**	**3,583,680**	**60,999**	**864,772**	**5,512,341**

2020	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	3,015,361	-	-	-	3,015,361
Shareholder loan	-	-	1,222,431	-	1,222,431
Interest payable on loans	466,093	54,230	156,084	101,908	778,314
Trade and other payables	470,406	-	-	-	470,406
Lease liability	-	-	309	100	409
Unclaimed dividends	952	-	-	-	952
Total financial liabilities	**3,952,812**	**54,230**	**1,378,824**	**102,008**	**5,487,873**

2019	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	-	2,632,184	-	576,073	3,208,257
Shareholder loan	-	-	582,206	-	582,206
Interest payable on loans	429,269	25,181	76,523	94,428	625,401
Trade and other payables	837,210	-	-	-	837,210
Lease liability	-	82	248	468	798
Unclaimed dividends	952	-	-	-	952
Total financial liabilities	**1,267,431**	**2,657,447**	**658,977**	**670,969**	**5,254,824**

11.3.3 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.

11.3.3.1 Currency risk

The Group and Company is 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 US dollars:

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Consolidated	As at 31.05.2021 KShs '000 Reviewed	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited
Cash and bank balances	464,813	22,829	294,886
Unquoted investments	365,833	283,002	397,198
Due from related parties	-	-	-
Due to related parties	-	-	-
Preference shares	(1,244,343)	(1,213,502)	(1,015,458)
Bond	(1,332,579)	(1,429,247)	(1,623,338)
Bank overdraft	-	(3,838)	(70,518)
Bank loans	(7,836,031)	(5,186,220)	(7,415,935)
Net statement of financial position exposure	**(9,582,307)**	**(7,526,976)**	**(9,433,165)**

Company			
Loans to subsidiaries	622,909	586,636	517,924
Cash and bank balances	(619)	-	1,940
Unquoted investments	422,029	283,002	422,029
Due from related parties	2,333,583	615,873	2,333,583
Due to related parties	(460,383)	(464,690)	(460,383)
Preference shares	-	-	-
Bond	-	-	-
Bank overdraft	-	-	-
Bank loans	(2,632,185)	(3,591,434)	(2,632,185)
Net statement of financial position exposure	**285,334**	**(2,570,613)**	**182,908**

The following significant exchange rates applied during the year:

Closing rate

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11 Notes to the condensed consolidated and separate financial information (Continued)

11.3 Financial risk management objectives and policies (continued)

11.3.3 Market risk – continued

11.3.3.1 Currency risk – continued

The following significant exchange rates applied during the year:

Closing rate

	31.05.2021 KShs Reviewed	31.12.2020 KShs Audited	31.12.2019 KShs Audited
USD	107.59	109.17	101.34
TShs	21.55	21.24	22.68
UShs	32.94	33.38	36.17
ZAR	7.77	7.46	7.19

Average rate

	31.05.2021 KShs Reviewed	31.12.2020 KShs Audited	31.12.2019 KShs Audited
USD	108.94	110.59	102.01
TShs	21.28	20.97	22.63
UShs	33.42	33.16	36.32
ZAR	7.42	7.41	7.06

Sensitivity analysis

A 10 percent strengthening of the Kenya Shilling against the US Dollar would have decreased profit or (loss) by amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2018:

	Profit or loss	
	Consolidated KShs'000	Company KShs'000
At 31 May 2021	958,231	28,533
At 31 December 2020	752,698	257,061
At 31 December 2019	943,317	18,290

11 Notes to the condensed consolidated and separate financial information (Continued)

11.3 Financial risk management objectives and policies (continued)

11.3.3 Market risk – continued

11.3.3.2 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 Company does not have any significant interest rate risk exposures as currently all interest bearing borrowings and advances are at a fixed rate.

11 Notes to the condensed consolidated and separate financial information (Continued)

11.3 Financial risk management objectives and policies (continued)

11.3.3 Market risk – continued

11.3.3.2 Interest rate risk – continued

The table below summarizes the interest rate profile of the Group's interest-bearing financial assets and liabilities:

Consolidated	Effective interest rate (%) 2021	2020	2019	31.05.2021 KShs'000 Reviewed	31.12.2020 KShs'000 Audited	31.12.2019 KShs'000 Audited
Bank loans	10.63%	10.61%	10.65%	7,836,032	8,343,783	7,415,935
Bond	8.0%	8.0%	8.0%	1,332,579	1,429,247	1,623,338
Bank overdraft	-	9.0%	9.21%	-	14,931	70,518
Preference shares	4.9%	4.9%	4.9%	1,244,343	1,213,502	1,015,458
Shareholder loan	7.0%	7.0%	7.0%	1,970,991	1,947,541	1,224,883
				12,383,945	12,949,004	11,350,132

Company	Effective interest rate (%) 2021	2020	2019	31.05.2021 KShs'000 Reviewed	31.12.2020 KShs'000 Audited	31.12.2019 KShs'000 Audited
Bank loans	10%	10%	10.0%	3,077,492	3,015,361	2,632,184
Shareholder loan	7%	7%	7.0%	1,243,119	1,222,431	582,206
				4,320,611	4,237,792	3,214,390

Sensitivity analysis for variable interest-bearing liabilities

An increase of 10 percentage point 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.

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11 Notes to the condensed consolidated and separate financial information (Continued)

11.3 Financial risk management objectives and policies (continued)

11.3.3 Market risk – continued

11.3.3.2 Interest rate risk – continued

Effect in Kenya Shillings (KShs)	**Statement of profit or loss and other comprehensive income**		
Consolidated	**31.05.2021 KShs Reviewed**	**31.12.2020 KShs Audited**	**31.12.2019 KShs Audited**
Bank loans	783,603	835,871	741,594
Others	330,357	459,029	291,873
	1,113,960	**1,294,900**	**1,033,467**

Effect in Kenya Shillings (KShs)	**Statement of profit or loss and other comprehensive income**		
Company	**31.05.2021 KShs Reviewed**	**31.12.2020 KShs Audited**	**31.12.2019 KShs Audited**
Bank loans	307,749	301,536	263,218
Others	124,312	122,243	58,221
	432,061	**423,779**	**321,439**

A decrease of 10 percentage point in interest rates at the reporting date would have had an equal but opposite effect on the profit and 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.

11.3.3.3 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 10 percentage point increase of prices at the NSE would have increased equity by KShs 16,800 (2018 – KShs 13,930) net of tax. There would be no impact to profit or loss as fair value changes are recognized in other comprehensive income.

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11 Notes to the condensed consolidated and separate financial information (Continued)

11.4 Revenue, other income and expenses

11.4.1 Revenue

Consolidated	5-months to 31.5.2021 KShs'000 Reviewed	5-months to 31.5.2020 KShs'000 Unaudited	12-months to 31.12.2020 KShs'000 Audited	12-months to 31.12.2019 KShs'000 Audited
Sale of goods	1,392,299	1,207,700	3,991,663	3,853,957
Rendering of services	751,589	369,291	3,991,663	780,986
Construction contract revenue	516	-	302,172	1,068,961
	2,144,404	**1,576,991**	**5,322,483**	**5,703,904**

Company	5-months to 31.5.2021 KShs'000 Reviewed	5-months to 31.5.2020 KShs'000 Unaudited	12-months to 31.12.2020 KShs'000 Reviewed	12-months to 31.12.2019 KShs'000 Audited
Dividends	-	399	30,442	27,862
Interest income	17,027	13,334	41,289	39,553
Technical fees	61,365	44,646	149,937	112,852
	78,392	**58,379**	**221,668**	**180,267**

Revenue is measured based on the consideration specified in a contract with a customer. The Group and Company recognises 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.

11.4.2 Expenses by nature

Consolidated	5-months to 31.5.2021 KShs'000 Reviewed	5-months to 31.5.2020 KShs'000 Unaudited	12-months to 31.12.2020 KShs'000 Audited	12-months to 31.12.2019 KShs'000 Audited
Cost of sales:				
Raw materials	945,873	714,414	2,283,202	2,593,796
Direct staff costs	56,153	159,510	264,982	576,522
Licenses, insurance and permits	2,540	15,267	6,021	156,596
Equipment hire	-	2,892	3,273	12,259
Subcontracting	-	-	131,991	44,581
Service costs	512,134	31,503	775,078	18,280
Freight	11,963	-	38,751	-
Machinery repairs and maintenance	10,086	5,469	25,226	22,381
Utility expenses	5,543		15,001	-
Project set up costs	-		-	-
Manufacturing and packaging	7,538	6,503	1,540	-
Interest on trade loans	8,761	2,286	-	-
Inventory obsolescence	-	-	7,345	6,646
Others	-	207,750	-	451,725
	1,560,591	**1,145,594**	**3,552,410**	**3,882,786**

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11.4 Revenue, other income and expenses (continued)

11.4.2 Expenses by nature – continued

Consolidated	5-months to 31.5.2021 KShs'000 Reviewed	5-months to 31.5.2020 KShs'000 Unaudited	12-months to 31.12.2020 KShs'000 Audited	12-months to 31.12.2019 KShs'000 Audited
Operating expenses:				
Staff costs	293,522	225,118	640,037	700,738
Legal and professional fees	47,787	44,801	159,562	398,250
Office expenses	61,925	113,926	359,464	466,907
Establishment and site expenses	4,404	9,980	103,269	10,038
Directors fees	17,058	19,490	74,660	71,798
Travel expense	8,958	6,611	16,869	28,964
Utility fees	20,430	17,028	73,053	57,662
Distribution expenses	81,774	32,494	28,860	19,643
Audit fees	8,202	9,629	33,466	31,230
Repairs and maintenance	3,971	11,273	19,710	14,306
Facility and arrangement fee	6,164	500	-	5,296
Rent	-	13,614	-	-
Advertising and public relations	-	4,468	-	-
Security	-	7,259	-	-
Telephone expenses	-	7,717	-	-
Insurances	-	14,461	-	-
Corporate services	-	181	-	-
Stock obsolescence	-	1,750	-	-
	554,195	**540,300**	**1,508,950**	**1,804,832**

Company	5-months to 31.5.2021 KShs'000 Reviewed	5-months to 31.5.2020 KShs'000 Unaudited	12-months to 31.12.2020 KShs'000 Audited	12-months to 31.12.2019 KShs'000 Audited
Cost of sales	-	-	-	-
Operating expenses:				
Staff costs	74,182	50,456	166,849	181,051
Legal and professional fees	3,315	4,403	9,583	30,848
Office expenses	10,310	5,789	60,277	61,698
Directors fees	6,120	5,440	17,360	17,840
Travel expense	570	768	2,307	7,249
Utility fees	9,382	1,131	-	-
Distribution expenses	-	-	-	-
Audit fees	1,527	2,250	9,333	6,414
Repairs and maintenance	34	-	-	96
Facility and arrangement fee	60	-	-	-
Rent	-	7,579	-	-
Telephone expenses	-	1,814	-	-
Insurances	-	4,305	-	5,296
Stock obsolescence	-	-	-	-
	105,500	**83,935**	**265,709**	**310,492**

11 Notes to the condensed consolidated and separate financial information (Continued)

11.5 Property, plant and equipment

Consolidated 2021:	Heavy commercial vehicles KShs'000	Freehold land and buildings KShs'000	Buildings KShs'000	Plant and machinery KShs'000	Vehicles KShs'000	Furniture, fittings and equipment KShs'000	Work in progress KShs'000	Total KShs'000
Cost/valuation:								
At 1 January 2021	2,295,973	517,160	1,167,703	4,550,879	488,674	317,914	196,135	9,534,438
Prior year adjustment	-	-	-	-	-	5	-	5
Additions	-	-	-	8,823	-	8,838	5	17,666
Disposals	-	-	-	-	(3,950)	(478)	-	(4,428)
Impairment	1,203	-	-	1,350	-	-	-	2,553
Exchange differences	(28,299)	12,079	(14,725)	(16,741)	(6,488)	(2,371)	(693)	(57,238)
At 31 May 2021	**2,268,877**	**529,239**	**1,152,978**	**4,544,311**	478,236	323,908	195,447	9,492,996
Cost	2,268,877	237,159	(1,493,368)	1,825,423	108,922	91,585	108,365	3,146,964
Valuation	-	292,080	2,646,346	2,718,888	369,314	232,323	87,082	6,346,032
	2,268,877	**529,239**	**1,152,978**	**4,544,311**	**478,236**	**323,908**	**195,447**	**9,492,996**
Depreciation:								
At 1 January 2021	2,234,929	200,835	281,797	2,112,405	565,607	(3,156)	8,963	5,401,380
Prior Year adjustment	-	-	(5)	-	-	-	-	(5)
Charge for the year	7,316	12,218	14,339	78,156	9,893	4,086	-	126,008
Disposals	-	-	-	-	(3,585)	(6,027)	-	(9,612)
Exchange differences	(24,554)	13,517	(2,734)	(19,981)	(4,955)	(776)	(944)	(40,427)
At 31 May 2021	2,217,691	226,570	293,397	2,170,580	566,960	(5,873)	8,019	5,477,344
Carrying value:								
At 31 May 2021	**51,186**	**302,669**	**859,580**	**2,373,731**	**(88,724)**	**329,781**	**187,428**	**4,015,652**

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11 Notes to the condensed consolidated and separate financial information (Continued)

11.5 Property, plant and equipment (continued)

Consolidated **2020:**	**Heavy commercial vehicles KShs'000**	**Free hold land and buiding KShs'000**	**Plant and machinery KShs'000**	**Furniture, fittings and Vehicles KShs'000**	**Work in equipment KShs'000**	**progress KShs'000**	**Total KShs'000**
Cost/valuation:							
At 1 January 2020	2,306,655	2,631,923	3,326,424	464,111	302,973	243,195	9,275,281
Additions	-	997	7,949	1,209	5,073	2,496	17,724
Transfer from WIP	-	3,097	47,788	-	97	(50,982)	-
Disposals	(98,999)	-	(28,375)	(5,573)	(556)	-	(133,503)
Write offs	-	-	(19,218)	-	(9,155)	-	(28,373)
Exchange differences	112,680	126,498	105,353	28,927	14,106	5,776	393,340
At 31 December 2020	**2,320,336**	**2,762,515**	**3,439,921**	**488,674**	**312,538**	**200,485**	**9,524,469**
Depreciation:							
At 1 January 2020	2,168,330	347,492	1,833,276	513,279	(18,199)	4,432	4,858,610
Impairment	-	-	134,137	4,377	3,586	-	142,100
Charge for the year	24,593	50,883	183,723	28,937	11,539	-	299,675
Disposals	(90,319)	-	(14,737)	(4,648)	(556)	-	(110,260)
Exchange differences	132,071	53,878	88,008	20,016	6,053	4,530	304,556
At 31 December 2020	**2,234,675**	**462,253**	**2,224,407**	**561,961**	**2,423**	**8,963**	**5,494,681**
Carrying value:							
At 31 December 2020	**85,661**	**2,300,262**	**1,215,514**	**(73,387)**	**310,115**	**191,523**	**4,029,788**

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11 Notes to the condensed consolidated and separate financial information (Continued)

11.5 Property, plant and equipment (continued)

Consolidated 2019:	Heavy commercial vehicles KShs'000	Free hold land and buildings KShs'000	Plant and machinery KShs'000	Vehicles KShs'000	Furniture, fittings and equipment KShs'000	Work in progress KShs'000	Total KShs'000
Cost/valuation:							
At 1 January 2019	2,382,933	3,995,765	3,382,020	473,712	303,678	271,352	10,809,460
Adjustment on initial application of IFRS16	-	(1,342,226)	-	-	-	-	(1,342,226)
Adjusted balance at 1 January 2019	2,382,933	2,653,539	3,382,020	473,712	303,678	271,352	9,467,234
Additions	-	7,936	22,952	25,182	4,302	3,502	63,874
Transfer to asset held for sale	-	(17,667)	-	-	-	-	(17,667)
Write offs	-	-	(62)	(5,510)	-	(34,925)	(40,497)
Disposals	(66,687)	-	(71,735)	(26,411)	(3,118)	-	(167,951)
Exchange differences	(9,591)	(11,885)	(6,751)	(2,862)	(1,889)	3,266	(29,712)
At 31 December 2019	**2,306,655**	**2,631,923**	**3,326,424**	**464,111**	**302,973**	**243,195**	**9,275,281**
Depreciation:							
At 1 January 2019	2,198,094	425,265	1,511,061	497,851	(25,681)	4,725	4,611,315
Adjustment on initial application of IFRS16	-	(134,420)	-	-	-	-	(134,420)
Adjusted balance at 1 January 2019	2,198,094	290,825	1,511,061	497,851	(25,681)	4,725	4,476,895
Charge for the year	41,435	67,960	212,561	41,376	12,651	-	375,983
Impairment	-	-	123,453	-	-	-	123,453
Transfer to assets held for sale	-	(2,138)	-	-	-	-	(2,138)
Disposals	(62,650)	-	(10,554)	(23,974)	(3,346)	-	(100,524)
Exchange differences	(8,549)	824	(3,245)	(1,974)	(1,823)	(291)	(15,058)
At 31 December 2019	**2,168,330**	**357,491**	**1,833,276**	**513,279**	**(18,199)**	**4,434**	**4,858,611**
Carrying value: **At 31 December 2019**	**138,325**	**2,274,432**	**1,493,148**	**(49,168)**	**321,172**	**238,761**	**4,416,670**

11 Notes to the condensed consolidated and separate financial information (Continued)

11.5 Property, plant and equipment (continued)

11.5.1 Lease liability

	Consolidated			Company		
	As at 31.05.2021 KShs '000 Reviewed	**As at 31.12.2020 KShs '000 Reviewed**	**As at 31.12.2019 KShs '000 Audited**	**As at 31.05.2021 KShs '000 Reviewed**	**As at 31.12.2020 KShs '000 Audited**	**As at 31.12.2019 KShs '000 Audited**
Opening balance as at 1 January	128,080	19,311	21,178	409	701	-
Additions	-	135,863	-	-	-	897
Interest expense	-	16,965	1,084	-	39	51
Lease payments made - Interest	-	(16,965)	(1,084)	-	(39)	(51)
Lease payments made - Principle	-	(27,187)	(1,867)	-	(292)	(196)
Exchange differences	-	93		-	-	-
Balance as at 31 Dec	**128,080**	**128,080**	**19,311**	**409**	**409**	**701**
The carrying amount of lease liabilities are payable as follows:						
Within one year	44,389	44,389	8,333	309	309	298
After one year	83,691	83,691	10,978	100	100	403
Balance as at 31 Dec	**128,080**	**128,080**	**19,311**	**409**	**409**	**701**

11 Notes to the condensed consolidated and separate financial information (Continued)

11.6 Inventories

	Consolidated 31.05.2021 KShs '000 Reviewed	Consolidated 31.12.2020 KShs '000 Audited	Consolidated 31.12.2019 KShs '000 Audited
Raw materials	54,396	448,472	472,285
Finished goods	215,337	118,479	127,099
Work in progress	69,760	75,004	75,412
Goods in transit	168,223	160,562	85,975
Spares and lubricants	141,952	115,402	129,584
Machines	96,529	78,369	74,399
Consumables	47,287	3,522	76,707
Provision for obsolescence and slow moving stocks	(33,941)	(34,292)	(37,004)
	1,259,553	**965,518**	**1,004,457**

Inventories of KShs 945,873 (2020– KShs 2,393,868) were recognised as an expense during the year and included in cost of sales.

11.7 Trade and other receivables

	Consolidated 31.5.2021 KShs '000 Reviewed	Consolidated 31.12.2020 KShs '000 Audited	Consolidated 31.12.2019 KShs '000 Audited	Company 31.5.2021 KShs '000 Reviewed	Company 2020 KShs '000 Audited	Company 2019 KShs '000 Audited
Trade receivables	3,058,503	4,624,944	3,865,832	-	-	-
Expected credit loss (Note 5(a))	(2,061,513)	(2,028,644)	(2,024,038)	-	-	-
	996,990	**2,596,300**	**1,841,794**	**-**	**-**	**-**
Prepayments	-	139,428	167,262	-	-	-
Sundry receivables	1,140,763	499,371	173,510	55,265	55,697	52,264
Staff receivables	2,824	1,925	9,052	217	109	303
Due from related parties (Note 29(g))	52153	-	-	1,264,254	615,873	527,132
	2,192,730	**3,237,024**	**2,191,618**	**1,319,736**	**671,679**	**579,699**

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11.8 Investment in subsidiaries – fair value

	As at 31.05.2021 KShs '000 Reviewed	As at 31.12.2020 KShs '0000 Audited	As at 31.12.2019 KShs '000 Audited
Cable Holdings (Kenya) Limited:			
Cost	460,232	460,232	460,232
Cumulative fair value gain	344,047	344,047	538,708
	804,279	804,279	998,940
AEA Limited (formerly Avery East Africa Limited)			
Cost	49,853	49,853	49,853
Cumulative fair value gain	628,788	628,788	467,635
	678,641	678,641	517,488
Tanelec Limited			
Cost	78,720	78,720	78,720
Cumulative fair value gain	1,464,348	1,464,348	1,361,014
	1,543,068	1,543,068	1,439,734
Trans-century Holdings Pty Limited:			
Cost	122,167	122,167	122,167
Cumulative fair value gain	(122,167)	(122,167)	(35,135)
	-	-	87,032
Crystal Limited			
Cost	52	52	52
Cumulative fair value gain	-	-	-
	52	52	52
TC Mauritius Holdings Limited			
Cost -	-	-	973,103
Cumulative fair value gain	-	-	(973,103)
	-	-	-
Total investment in subsidiaries	**5,734,040**	**5,734,040**	**3,043,246**
Movement during the year:			
At 1 January	3,043,246	3,043,246	7,066,468

Fair value loss in the year	-	-	(4,023,222)
At 31 December	**3,043,246**	**3,043,246**	**3,043,246**
Comprising of:			
Cost	1,684,127	1,684,127	1,684,127
Cumulative fair value gain	1,359,119	1,359,119	1,359,119
Total investment in subsidiaries	**3,043,246**	**3,043,246**	**3,043,246**

11.9 Loans payable

Consolidated	**As at 31.05.2021 KShs '000 Reviewed**	**As at 31.12.2020 KShs '0000 Audited**	**As at 31.12.2019 KShs '000 Audited**
Bank loans			
- Long term	4,031,822	3,950,146	3,360,083
- Short term	3,804,209	4,393,637	4,055,852
Loans from subsidiaries	-	-	-
	7,836,031	**8,343,783**	**7,415,935**
Payable after 12 months	4,031,822	3,950,146	3,360,083
Payable within 12 months	3,804,209	4,393,637	4,055,852
	7,836,031	**8,343,783**	**7,415,935**
Company			
Bank loans			
- Long term	-	-	-
- Short term	3,077,492	3,015,361	2,632,184
Loans from subsidiaries	576,073	576,073	576,073
	3,653,565	**3,591,434**	**3,208,257**
Payable after 12 months	3,077,492	576,073	576,073
Payable within 12 months	576,073	3,015,361	2,632,184
	3,653,565	**3,591,434**	**3,208,257**

Movement in the loans is as shown below:

Consolidated	**As at 31.05.2021 KShs '000 Reviewed**	**As at 31.12.2020 KShs '0000 Audited**	**As at 31.12.2019 KShs '000 Audited**
Balance at 1 January	6,898,907	7,415,935	8,527,741
Received during the year	1,215,289	2,599,713	2,520,656
Repaid during the year	(275,526)	(1,671,865)	(2,131,834)
Exchange differences	(2,671)	-	-
Loan forgiven*	32	-	(1,500,628)

Balance at 1 January	3,591,434	3,208,257	3,002,080
Received during the year	62,131	383,177	206,177
Repaid during - the year	-	-	-
Loan forgiven*	-	-	-
Balance at 31 December	**3,653,565**	**3,591,434**	**3,208,257**

* On 20 December 2018, East African Cables PLC, a subsidiary, reached an agreement with Standard Chartered Bank Kenya Limited and Standard Chartered Bank Tanzania Limited for a discounted full and final settlement of all credit facilities outstanding to the bank. The settlement was completed on 20 May 2019. Loss forgiven refers to the resulting gain from the transaction.

The major loans at 31 December 2020 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 (2019 – KShs 600 million) and debentures over all assets of East African Cables Plc and East African Cables (Tanzania) Limited for KShs 1.7 billion (2019 - KShs 1.7 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 9 million. The USD denominated facilities have an interest rate of 9% and the TZS denominated facilities have an interest rate of 16.5%. 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 2.7m and a cash lien of USD 405,000.

A subsidiary, AEA Limited, has bank facilities with SBM Bank (Kenya) Limited for KShs 328million (2019 – KShs 299 million) and Sidian Bank Limited for KShs 77 million (2019 KShs 103 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% (2019 – 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 2019 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 2020, the Group and Company had breached loan repayments with respect to the lenders listed below and amounts detailed below.

Lender	Defaulted or overdue repayments KShs 000'	Long-term portion that became due on demand due to default KShs 000'	Total amounts due on demand at 31 December 2020 KShs 000'
SBM Bank	17,572	281,428	299,000
Equity Bank Kenya Limited	2,742,432	272,929	3,015,361
Total	**2,760,004**	**554,357**	**3,314,361**

11.10 Trade and other payables

Consolidated	**As at 31.05.2021 KShs '000 Reviewed**	**As at 31.12.2020 KShs '000 Audited**	**As at 31.12.2019 KShs '000 Audited**
Trade payables	2,144,442	2,597,406	2,790,218
Sundry creditors	5,849,393	5,943,190	4,577,986
Due to related parties	203,097	10,815	13,182
	8,196,932	**8,551,411**	**7,381,386**
Company			
Trade payables	-	-	-
Sundry creditors	554,133	459,592	371,401
Due to related parties	464,690	475,505	478,991
	1,018,823	**935,097**	**837,210**

11.11 Share capital

Consolidated and Company	**As at 31.05.2021 KShs '000 Reviewed**	**As at 31.12.2020 KShs '000 Reviewed**	**As at 31.12.2019 KShs '000 Audited**
Authorised			
At 1 January and 31 December			
1,200,000,000 ordinary shares of KShs 0.50 each	600,000	600,000	600,000

	Units			**Values**		
	2021 KShs'000 Reviewed	**2020 KShs'000 Reviewed**	**2019 KShs'000 Audited**	**2021 KShs'000 Reviewed**	**2020 KShs'000 Reviewed**	**201 KShs'00 Audite**
Issued and fully paid ordinary shares of KShs 0.50 each						
At 1 January	375,203	375,203	375,203	187,601	187,601	187,60
Issued during the year	-	-	-	-	-	

At 31 December	**375,203**	**375,203**	**375,203**	**187,601**	**187,601**	**187,60**

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.

In 2016, new shares were issued through conversion of the bond as disclosed under Note 23(a). The conversion had no impact on the statements of cash flows and resulted into an increase in share premium by KShs 56 million (Note 20).

In 2017, new shares were issued through allocation of 93,776,173 ordinary shares of KShs 0.50 each to Kuramo Africa Opportunity Kenya Vehicle Ltd as disclosed under Note 23(b).

11.12 Share premium

Consolidated	As at 31.05.2021 KShs '000 Reviewed	As at 31.12.2020 KShs '000 Audited	As at 31.12.2019 KShs '000 Audited
At 1 January	1,873,089	1,873,089	1,873,089
Issued during the year*	-	-	-
At 31 December	**1,873,089**	**1,873,089**	**1,873,089**
Company			
At 1 January	1,873,089	1,873,089	1,873,089
Issued during the year*	-	-	-
At 31 December	**1,873,089**	**1,873,089**	**1,873,089**

11.13 Reserves

11.13.1 Revenue reserves

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

11.13.2 Translation reserve

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

11.13.3 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.

11.13.4 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.

11.13.5 Available for sale reserve

The available for sale reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised.

11.14 Proposed dividends and earnings per share

11.14.1 Basic and diluted earnings per share

The calculation of basic earnings per share at 31 May 2021 was based on the loss attributable to ordinary shareholders of KShs (449,628) (31 December 2020 – loss of KShs 1,061,572) and a weighted average number of ordinary shares outstanding as at 31 May 2021 of 375,202,766 (2020 – 375,202,766).

The calculation of basic earnings per share at 31 December 2019 was based on the loss attributable to ordinary shareholders of KShs 3,979,470 and a weighted average number of ordinary shares outstanding during the year of 375,202,766.

	5-months to 31.05.2021 KShs '000 Reviewed	12-months to 31.12.2020 KShs '000 Audited	12-months to 31.12.2019 KShs '000 Audited
Loss attributable to ordinary shareholders	(449,628)	(1,193,347)	(3,979,470)
Basic and diluted earnings per share (KShs)	(1.20)	(3.18)	(10.61)

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.

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.

11 Notes to the condensed consolidated and separate financial information (Continued)

11.4 Proposed dividends and earnings per share (continued)

11.4.1 Weighted average number of ordinary shares

	5-months to 31.05.2021 KShs '000 Reviewed	12-months to 31.12.2020 KShs '000 Audited	12-months to 31.12.2019 KShs '000 Audited
Issued ordinary shares as at 1 January	375,202,766	375,202,766	375,202,706
Weighted effect of shares issued in the year	-	-	-
As at 31 December	375,202,766	375,202,766	375,202,706

11.4.2 Borrowings from shareholders

	5 months to 31.5.2021 KShs '000 Reviewed	12 months to 31.12.2020 KShs '000 Reviewed	12 months to 31.12.2019 KShs '000 Audited

Consolidated			
Preference shares	1,244,343	1,213,502	1,015,458
Shareholder loans	1,970,991	1,947,541	1,224,883
	3,215,334	**1,213,502**	**2,240,341**
Company			
Preference shares	-	-	-
Shareholder loans	-	-	-
	-	-	-

11.5 Segment information

11.5.1 Basis of segmentation

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

- Power;
- Engineering; and

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, cranage & erection and logistic services. Also includes installation of weigh bridges, generators, bearings and sub-stations

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

11 Notes to the condensed consolidated and separate financial information (Continued)

11.5.2 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.

Period ended 31 May 2021	**Power KShs'000**	**Engineering KShs'000**	**Others KShs'000**	**Intra-group adjustments KShs'000**	**Total KShs'000**
Segment revenue	**1,371,843**	**783,983**	**-**	**-**	**2,155,826**
Profit/(loss) before depreciation, impairment and finance costs	**26,275**	**79,302**	**(54,628)**	**-**	**50,949**
Finance costs	(201,482)	(79,041)	(166,974)	-	(447,497)

Income tax expenses	(16,478)	(22,397)	-	-	(38,87
Loss for the period	**(191,685)**	**(22,136)**	**(221,602)**	**-**	**(435,4**
Attributable to:					
Equity holders	(157,219)	(69,175)	(223,234)	-	(499,6
Non-controlling interest	(119,290)	2,923	-	-	(116,3
Other information:					
Segment assets	8,615,434	4,542,263	(668,388)	-	12,489,
Segment liabilities	8,498,214	9,244,040	3,584,165	-	21,326,
Depreciation and amortization	(138,651)	(25,776)	(97)	-	(164,5

Year ended 31 December 2020	**Power KShs'000**	**Engineering KShs'000**	**Others KShs'000**	**Intra-group adjustments KShs'000**	**Tot KShs'0**
Segment revenue	**3,892,764**	**1,538,203**	**-**	**(108,484)**	**5,322,4**
Profit/(loss) before depreciation, impairment, and finance costs	**542,131**	**915,433**	**(68,268)**	**-**	**1,389,2**
Finance costs	(636,700)	(376,169)	(661,536)	-	(1,674,40
Income tax expenses	(245,648)	(233,896)	(137,706)	-	(617,25
Loss for the year	**(757,903)**	**85,310**	**(942,931)**	**-**	**(1,615,52**
Attributable to:					
Equity holders	(333,685)	83,269	(942,931)		(1,193,34
Non-controlling interest	(424,218)	2,041	-		(422,17
Other information:					
Segment assets	8,827,899	5,558,848	(774,032)	-	13,612,
Segment liabilities	8,632,913	10,426,722	3,509,261	-	22,568,
Reversal of accruals (Note 6(b))	-	-	955,644	-	955,
Depreciation and amortization	(314,182)	(120,401)	(561)	-	(435,1

11 Notes to the condensed consolidated and separate financial information (Continued)

11.5.3 Subsequent events

At the date of signing the report, the Directors are not aware of any other matter or circumstance arising since the end of the financial period, not otherwise dealt with in this report, which significantly affected the financial position of the Company and results of its operations.

STRATEGIC THEMES

DATA DRIVEN DECISION MAKING

FOCUS ON OUR CORE - INVESTMENTS

BUILD STRONG BRANDS

CULTURE OF EXECUTION AND ACCOUNTABILITY

AHIDI +32%

Achieve together

TransCentury

Impacting Africa

Section 16: Legal Opinion

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Confidential
The Directors
Trans-Century PLC
P.O. Box 42334–00100
Nairobi
KENYA

Your Reference
TBA
Our Reference
TRA-007-0005

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18 November 2022

Dear Sirs

LEGAL OPINION IN RESPECT OF THE PROPOSED ISSUE OF UP TO 1,876,013,830 ADDITIONAL ORDINARY SHARES BY WAY OF RIGHTS

We, Iseme, Kamau & Maema Advocates trading as DLA Piper Africa, Kenya (**IKM**), have acted as legal advisers to Trans-Century PLC (**Issuer**) in respect of the proposed issue of up to 1,876,013,830 additional ordinary shares (**Additional Shares**) with a par value of KES 0.50 each by way of rights (**Rights Issue**) in the ratio of five (5) new ordinary shares for every one (1) ordinary share held.

We are advocates of the High Court of Kenya, qualified and competent to advise the Issuer on Kenyan law and to render this legal opinion (**Legal Opinion**) for inclusion in the information memorandum (**Information Memorandum**) to be published by the Issuer pursuant to the Capital Markets (Securities) (Public Offers Listing and Disclosures) Regulations, 2002 for purposes of the Rights Issue.

1. **Addressee**

This Legal Opinion is addressed to the directors of the Issuer.

2. **Interpretation**

In this Legal Opinion:

2.1 Unless otherwise specifically stated, words and terms defined in the Information Memorandum have the same meanings in this Legal Opinion. Where the definition of a term in the Information Memorandum differs from the definition in this Legal Opinion, the definition of the term contained in this Legal Opinion shall prevail for purposes of the Legal Opinion;

2.2 Unless specifically stated otherwise, references to paragraphs are to paragraphs of this Legal Opinion;

2.3 Headings are for ease of reference only and shall not affect interpretation; and

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2.4 In this opinion the following words and expressions shall have the meanings assigned to them below:

a) **Companies Act** means the Companies Act (No. 17 of 2015), Laws of Kenya;

b) **Companies Registry** means the relevant companies or business registry where a Group Company has been incorporated or registered;

c) **KES** means Kenya Shillings, the legal tender of the Republic of Kenya;

d) **Land Registry** means the relevant land registry where any Property owned or leased by a Group Company has been registered;

e) **Properties** means the immovable properties listed in Appendix 2 to this Opinion, and **Property** means each of them as the context requires;

f) **TC Group** means the Issuer and the TC Subsidiaries and **Group Company** shall refer to any of them as the context may require;

g) **TC Subsidiaries** means the subsidiaries of the Issuer set out in Appendix 3 to this Opinion, and **TC Subsidiary** means any one of them as the context requires;

h) **TZS** means Tanzanian Shillings, the legal tender of the Republic of Tanzania; and

i) **USD** means United States Dollars, the legal tender of the United States of America.

3. Reviewed Documents

3.1 For the purpose of this Legal Opinion, we have examined and relied on the documents listed in Appendix 1 of this Legal Opinion (the **Reviewed Documents**).

3.2 Other than with respect to the Reviewed Documents, we express no opinion on any other documents even where such documents are referred to in the Reviewed Documents.

4. Assumptions

For the purposes of this Legal Opinion we have assumed that:

4.1 *Accuracy of information supplied*

All information provided to us by the Issuer and/or by their respective officers and advisers is true, accurate and up-to-date.

4.2 *Authenticity of documents*

All documents submitted to us as originals are authentic. All signatures, stamps and seals on the documents submitted to us are genuine and all documents submitted to us electronically or as copies conform to the original documents.

4.3 *Factual matters*

With respect to matters of fact, we have relied on the representations contained in the Reviewed Documents supplied to us and the representations of the Issuer, its officers and/or advisers. These representations of the Issuer, its officers and/or advisers are assumed to be valid.

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4.4 *Due Execution*

All relevant documents have been duly authorised, executed and delivered by the parties to those documents.

4.5 *Veracity of Resolutions*

The respective resolutions of the shareholders and board of directors of the Issuer were duly passed at properly convened meetings and the correct procedure was carried out at the meetings. The said resolutions have not been amended or rescinded and are in full force and effect.

4.6 *Appointment of Directors*

All directors of the Issuer are duly appointed.

4.7 *Materiality*

4.7.1 For purposes of Appendix 5 of this Legal Opinion, a material contract is any contract that could subject the Issuer or any TC Subsidiary to liability individually in excess of ten per cent (10%) of the total assets of the Issuer as at 31 December 2020, being KES 458,563,900.

4.7.2 For purposes of Appendix 6 of this Legal Opinion, material litigation is any proceeding that could subject the Issuer or any TC Subsidiary to liability individually in excess of ten per cent (10%) of the total assets of the Issuer as at 31 December 2020, being KES 458,563,900.

5. Opinion

Subject to the foregoing and to the reservations expressed herein we opine as follows:

5.1 *Status of the Issuer*

5.1.1 The Issuer is a public limited liability company duly incorporated in Kenya under the Companies Act with company registration number C.4/2009. The Issuer's registered office is situated on Land Reference Numbers 209/4497 and 209/4498, West End Towers Wing A, 8th Floor, Waiyaki Way, Nairobi, Kenya.

5.1.2 To the best of our knowledge, no order of winding-up has been made against the Issuer.

5.1.3 The Issuer is listed on the Alternative Investments Market Segment of the Nairobi Securities Exchange Limited.

5.2 *Power and Authority*

5.2.1 The Issuer has:

a) the power and authority to enter into and perform its obligations in relation to the Rights Issue; and

b) taken all necessary corporate actions in connection with the Rights Issue and the execution and the performance of its obligations under the Information Memorandum.

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5.2.2 All rights and obligations of the Issuer contemplated by the Rights Issue constitute valid and binding rights and obligations.

5.3 *Share Capital*

5.3.1 The existing share capital of the Issuer has been issued in accordance with the Companies Act and all other applicable laws.

5.3.2 The issued share capital of the Issuer is KES 187,601,383 made up of 375,202,766 ordinary shares of KES 0.50 each.

5.3.3 The shares to be issued pursuant to the Right Issue shall rank *pari passu* in all respects with the existing ordinary shares of the Issuer.

5.3.4 The Issuer has the necessary corporate approvals (from its board and shareholders) to issue the Additional Shares pursuant to the Rights Issue.

5.3.5 The Issuer has the necessary regulatory approval (from the Capital Markets Authority (**CMA**)) to issue the Additional Shares pursuant to the Rights Issue.

5.4 *No-Conflict*

The performance by the Issuer of its obligations under the Information Memorandum relating to the Rights Issue will not conflict with, violate or result in a breach of: (a) any applicable law, statute, rule or regulation of Kenya or (b) any provision of the Issuer's articles of association.

5.5 *Licences*

Unless otherwise subsequently required by regulators, authorities, and government agencies, and subject to the Reviewed Documents and other qualifications in this Legal Opinion, the Issuer has been issued with the necessary licences to undertake their core business.

5.6 *Ownership of Assets*

5.6.1 The Issuer leases office premises located on the Eighth Floor, Wing A of the building known as West End Towers erected on Land Reference Numbers 209/4497 and 209/4498 Kenya for the purposes of its business.

5.6.2 The Issuer indirectly owns the Properties listed in Part 1 of Appendix 2 to this Legal Opinion through the TC Subsidiary indicated alongside each such Property.

5.6.3 There are right of use assets of Civicon Limited (Uganda) carried in the audited annual report and financial statements of the TC Subsidiary and the Issuer's integrated report and financial statements for the year ended 31 December 2020, the basis of which we have not been provided with the documentation to enable us to ascertain.

5.6.4 The Issuer directly owns the specified shareholdings in each TC Subsidiary that is listed in Part 1 of Appendix 3 to this Legal Opinion.

5.6.5 The Issuer indirectly owns the specified shareholdings in each TC Subsidiary listed in Parts 2 and 3 of Appendix 3 to this Legal Opinion.

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5.6.6 AEA Limited, a TC Subsidiary incorporated in the Republic of Kenya, has registered branch offices in Uganda and Tanzania as set out under Part 4 of Appendix 3 to this Legal Opinion.

5.6.7 Subject to the qualification set out in paragraph 6.1.5 below, each TC Subsidiary listed in Appendix 3 to this Legal Opinion is a limited liability company, duly incorporated and validly existing under the laws of the country of its incorporation.

5.7 *Material Contracts*

5.7.1 Based on the information disclosed to us, the Issuer is party to the material contracts relating to debt finance transactions listed in Parts 1 and 2 of Appendix 5 of this Legal Opinion.

5.7.2 To the best of our knowledge as at the date of this Legal Opinion, save as listed above or disclosed at paragraph 5 of section 17 (Statutory and General Information) of the Information Memorandum, the Issuer has not entered into any related party contracts.

5.7.3 Based on the information disclosed to us, the TC Subsidiaries are party to the material contracts relating to debt finance transactions listed in Parts 1 and 3 of Appendix 5 to this Legal Opinion.

5.7.4 Based on the Reviewed Documents, the TC Subsidiaries have granted security interests over their assets pursuant to the documents listed in Part 4 of Appendix 5 to this Legal Opinion.

5.8 *Material Litigation*

5.8.1 Based on the Reviewed Documents, the material legal or arbitration proceedings involving the TC Group as at 12 October 2022 are as set out in Appendix 6 to this Legal Opinion.

5.8.2 Based on the Reviewed Documents, TC Group is party to several litigation actions or proceedings that are not material relating to:

a) claims by or against third parties;

b) employment disputes;

c) trade union disputes; and

d) taxation of advocate client bill of costs.

5.8.3 Save as disclosed in Appendix 6, to the best of our knowledge:

5.8.3.1 there is no other material litigation, prosecution or other civil or criminal legal action in which the Issuer is involved; and

5.8.3.2 none of the directors of the Issuer (whose details are set out in section 13 of the Information Memorandum (*Corporate Governance, Board of Directors and Senior Management*)) are involved in any material litigation, prosecution or other civil or criminal legal action.

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5.9 Agreements with respect to the Rights Issue

5.9.1 The Issuer has entered into a receiving bank agreement dated 3 February 2022 (Receiving Bank Agreement) with the Co-operative Bank of Kenya Limited (Receiving Bank) to provide for the receipt and holding of the Application Money by the Receiving Bank.

5.9.2 The Receiving Bank Agreement has been duly authorized and delivered by the Issuer and constitutes legal, valid and binding obligations of the Issuer enforceable in accordance with its terms and conditions.

6. Qualifications

The opinions which are expressed in this letter are subject to the following qualifications:

6.1 Ownership of Assets

6.1.1 We have applied for, and as at the date of this Legal Opinion are yet to receive the results of the official searches relating to the ownership of the Properties listed in Appendix 4 to this Legal Opinion due to delays at the Land Registry. Accordingly, our opinions in paragraph 5.6 (*Ownership of Assets*) are strictly limited to the Properties and TC Subsidiaries listed in Appendices 2 and 3.

6.1.2 The records of East Africa Cables (Tanzania) Limited at the Companies Registry are not up-to-date as a result of the ongoing registration of the records of the TC Subsidiary on the Company Registry's online registration system and non-registration of various forms submitted to the Companies Registry to make changes due to various anomalies. Our opinions in paragraph 5.6 (*Ownership of Assets*) are therefore based on the annual returns of the TC Subsidiary made up to 31 December 2016.

6.1.3 Based on the audited financial statements of East Africa Cables PLC for the year ended 31 December 2021, the Issuer indirectly owns the TC Subsidiary through Cable Holdings (Kenya) Limited, which is a top ten shareholder.

6.1.4 Based on the official searches of the records of the Properties:

a) the leasehold interests relating to the Properties listed in Part 2 of Appendix 2 have expired. We have not been provided with any documents relating to their renewal; and

b) the registered proprietor of Plot 53 -67 Kibira Road, Kampala, previously owned by Civicon Limited (Uganda), is Henley Property Developers Limited under instrument no. KCCA-00061604. Further, there is an order of attachment to maintain status quo under Miscellaneous Application No. 903 of 2018 (arising from HCCS No. 885 of 2018) registered on 29 November 2018 under instrument no. KCCA-00056460. We are advised by the Issuer that the legal action is pending before court.

6.1.5 Civicon Africa Group Limited, a TC Subsidiary incorporated in the Republic of Mauritius, (**CAGL**) through which the Issuer indirectly owns shareholdings in Civicon Limited (Mauritius), Civicon Limited (Kenya), Civicon Limited (Uganda), Civicon Limited (Rwanda), Civicon Limited (South Sudan) and Engserve Limited has been removed from the Register of Companies in Mauritius as a result of its failure to pay annual registration fees, and to file annual returns when due. The status of CAGL's legal

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personality and ownership of the shares in the above TC Subsidiaries is subject to Mauritius law.

6.1.6 We are advised by the Issuer that Trans-Century Holdings (PTY) Ltd, a TC Subsidiary incorporated in the Republic of South Africa, is a wholly owned subsidiary of the Issuer as the details of its share capital structure and shareholding are not publicly available information that can be obtained from an official search of the records of the TC Subsidiary at the Companies Registry.

6.1.7 Câbleries du Congo SARL and Civicon Congo SARL, both TC Subsidiaries incorporated in the Democratic Republic of Congo, have been dissolved and liquidated.

6.2 *Corporate Standing and Searches*

6.2.1 Our opinions in paragraphs 5.1 (Status of the Issuer), 5.2 (Power and Authority) 5.3 (Share Capital) 5.4 (No Conflict) 5.6 (Ownership of Assets), and 5.7 (Material Contracts) are subject to any information relating to the Issuer or any TC Subsidiary which we could not establish from the Reviewed Documents or the records at the Companies Registry.

6.2.2 The records at the Companies Registry may not be up to date as relevant notices filed or to be filed by or on behalf of the Issuer or the relevant TC Subsidiary (as applicable) may not have been filed with the Companies Registry immediately when passed or, when filed, may not have been promptly entered in the Issuer's or the relevant TC Subsidiary's relevant records at the Companies Registry

6.2.3 As a result of the foregoing, searches at the Companies Registry are not capable of conclusively revealing whether or not:

a) a winding up order has been made or a resolutions have been passed for the winding up of the Issuer or any TC Subsidiary;

b) a receiver or liquidator has been appointed with respect to the Issuer or any TC Subsidiary;

c) amendments have been made to the memorandum and articles of association of the Issuer or any TC Subsidiary; or

d) insolvency proceedings have been initiated against the Issuer or any TC Subsidiary before a court of law.

6.2.4 With respect to TC Subsidiaries incorporated outside Kenya and Properties in foreign jurisdictions, we have relied on the official corporate and property searches conducted in the respective registries in each such jurisdictions. The findings therein do not constitute our independent opinion on the ownership or compliance with any conditions or requirements validating ownership in such jurisdictions.

6.3 *Material Litigation*

Our opinions in paragraph 5.8 (Material Litigation) are subject to any information (including particulars of the case files) relating to the litigation proceedings that the Issuer or any TC Subsidiary is involved in which we could not establish from the Reviewed Documents.

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6.4 *Material Contracts*

Our opinion in paragraph 5.7.4 of this Legal Opinion is based on the official search of the records of the Issuer and TC Subsidiaries at the Companies Registry and a lawyer confirmation letter dated 2 June 2022 relating to among others security interests granted by Civicon Limited (Kenya) over its assets addressed to its auditors.

6.5 *Enforcement*

The terms legal, valid, binding and enforceable in this Legal Opinion means only that the obligations assumed by the Issuer under the Information Memorandum are of a type which the Kenyan courts may enforce. They do not mean that those specific obligations will necessarily be enforceable, or enforced, in all circumstances or in accordance with their terms or against third parties or that any particular remedy will be available. In addition, but without limitation:

6.5.1 the validity and enforceability of the Reviewed Documents may be limited by laws relating to bankruptcy, insolvency, liquidation, receivership, administrative receivership, administration, reorganisation, moratorium, court schemes and other laws and legal procedures of general application relating to or affecting the rights of creditors;

6.5.2 equitable remedies (such as orders for specific performance or injunctive relief) are in the discretion of the court and may not be available in all circumstances and in particular, where damages are considered an adequate remedy;

6.5.3 claims may become barred by limitation or lapse of time or may be or become subject to defences of set-off or counterclaim;

6.5.4 Kenyan courts may imply terms into an agreement or transaction document;

6.5.5 where an obligation is to be performed in or have an effect in a jurisdiction outside Kenya, it may not be enforceable under Kenyan Law to the extent that such performance or effect would be illegal, unenforceable or contrary to public policy or exchange control regulations under the laws of that jurisdiction;

6.5.6 any discretion may be required to be exercised reasonably and any determination may be required to be based on reasonable grounds;

6.5.7 any provision which requires amendments or waivers of a document to be in writing may not be effective insofar as it suggests that oral or other amendments or waivers could not effectively be agreed upon or granted by or between the parties or implied by the course of conduct of the parties;

6.5.8 failure to exercise a right may operate as a waiver of that right notwithstanding a provision to the contrary;

6.5.9 any document which is not properly stamped with duty pursuant to the Stamp Duty Act (Chapter 480 of the Laws of Kenya) may not be adduced in evidence in any proceedings;

6.5.10 the Kenyan courts will in certain circumstances decline to enforce rights or obligations which they regard as being contrary to public policy;

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6.5.11 the enforcement of the rights and obligations of the parties to the Reviewed Documents (including the Information Memorandum) may be limited by the principle of frustration of contracts;

6.6 *Representations and warranties*

With respect to matters of fact, we have relied on the representations of the Issuer, its officers and advisers. We have not investigated and, except as specifically stated in this Legal Opinion, make no comments with regard to any warranties, facts, opinions or representations in the Reviewed Documents (and particularly the Information Memorandum) or on their accuracy or adequacy. Therefore, we express no opinion as to the correctness of any representation or warranty given by the Issuer (express or implied) under or by virtue of the Reviewed Documents (including in particular the Information Memorandum), save if and insofar as the matters represented or warranted are the subject matter of a specific opinion herein.

6.7 *Tax, accounting and financial matters*

We express no opinion as to financial and accounting matters or the taxation consequences of the transactions contemplated by the Information Memorandum.

7 Applicable law; limitation of liability and reliance

7.1 *Kenyan law*

This Legal Opinion and the opinions given in it are governed by Kenyan law and relate only to Kenyan law as applied by the Kenyan courts as at the date of this Legal Opinion. We express no opinion on, and have taken no account of, the laws of any jurisdiction other than Kenya.

7.2 *Reliance*

7.2.1 This Legal Opinion is strictly limited to the matters addressed herein, does not extend to, and is not to be read as extending by implication to, any agreement or document referred to in the reviewed documents or otherwise and speaks only as of this date.

7.2.2 This Legal Opinion is given for the sole benefit of the persons to whom it is addressed in their respective capacities as stated and must be read in conjunction with the assumptions and qualifications set forth in this letter. It may not be relied on or, except as expressly provided in paragraph 8 (*Consent*) below distributed or disclosed to any other person.

8 Consent

This Legal Opinion may be included in the Information Memorandum in the form and context in which it appears and be disclosed to any professional advisor of the Issuer and any person to whom the opinion is required to be disclosed pursuant to any applicable law or regulation save that only the persons to whom it is addressed may place reliance upon it.

We confirm that we have not withdrawn our consent to the inclusion in the Information Memorandum of this legal opinion in the form and context in which it appears.

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We trust that the above is useful for your purposes but please do not hesitate to contact us if you require further clarification or wish to discuss.

Iseme Kamau Maema

ISEME, KAMAU & MAEMA ADVOCATES
KCM/NM

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APPENDICES

Appendix 1: Reviewed Documents

(1) a copy of the approved Information Memorandum as of 17 November 2022;

(2) a copy of a letter 11 November 2022 dated from the Capital Markets Authority approving the Rights Issue;

(3) a copy of the Issuer's certificate of incorporation dated 13 May 1997 and certificate of change of name dated 12 February 2018;

(4) a copy of the Issuer's memorandum and articles of association;

(5) an official search results relating to the Issuer issued by the Registrar of Companies through the online Business Registration Service portal on 26 September 2022;

(6) a copy of a letter from the company secretary of the Issuer dated 6 October 2022 confirming the shareholding, directorship, share capital and indebtedness of the Issuer;

(7) a copy of the annual returns of the Issuer made up to 14 July 2021 and corresponding filing receipt;

(8) a copy of the resolutions of the shareholders of the Issuer passed at a general meeting held on 10 June 2021 approving, among others, the Rights Issue;

(9) an extract of the resolutions of the board of the Issuer dated 14 May 2021 authorising *inter alia* the notice of the annual general meeting at which the Rights Issue was to be considered by the Issuer's shareholders;

(10) a copy of the single business permit in respect of the Issuer's premises valid up to 18 March 2023;

(11) a copy of the Issuer's register of charges as of August 2022;

(12) a copy of the Issuer's register of directors and secretaries as at 4 October 2022;

(13) a copy of the TC Group corporate structure chart as at 14 June 2021;

(14) a list of the TC Group properties as at 21 June 2021;

(15) an original Receiving Bank Agreement dated 3 February 2022 entered into between the Co-operative Bank of Kenya Limited and the Issuer;

(16) an official search of the records of Trans-Century Holdings (PTY) Ltd at the Companies Registry on 26 September 2022;

(17) an official search of the records of AEA Limited at the Companies Registry on 22 September 2022;

(18) an official search of the records of Development Bank of Kenya Limited at the Companies Registry on 22 September 2022;

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(19) an official search of the records of Crystal Limited at the Companies Registry on 24 September 2022;

(20) an official search of the records of Cable Holdings (Kenya) Limited at the Companies Registry on 22 September 2022;

(21) an official search of the records of Civicon Limited (Kenya) at the Companies Registry on 27 September 2022;

(22) an official search of the records of Civicon Limited (South Sudan) at the Companies Registry on 8 September 2022;

(23) an official search of the records of Tanelec Limited at the Companies Registry on 12 September 2022

(24) an official search of the records of Civicon Limited (Rwanda) at the Companies Registry on 30 August 2022;

(25) an official search of the records of Civicon Limited (Uganda) at the Companies Registry on 8 September 2022;

(26) an official search of the records of Avery East Africa Limited at the Companies Registry on 24 September 2022;

(27) an official search of the records of AEA Limited at the Companies Registry on 12 September 2022;

(28) an official search of the records of TransformCo Power Services Limited at the Companies Registry on 30 August 2022;

(29) an official search of the records of Tanelec Zambia Limited at the Companies Registry on 30 August 2022;

(30) an official search of the records of TCL Power Ltd at the Companies Registry on 13 September 2022;

(31) an official search of the records of TC Engineering and Contracting Ltd at the Companies Registry on 9 September 2022;

(32) an official search of the records of Civicon Africa Group Limited at the Companies Registry on 9 September 2022;

(33) an official search of the records of Civicon Limited (Mauritius) at the Companies Registry on 12 September 2022;

(34) an official search of the records of Civicon DRC Holdings Ltd at the Companies Registry on 12 September 2022;

(35) a personal search of the records of EngServe Limited at the Companies Registry on 29 September 2022;

(36) an official search of the records of TC Mauritius Holdings Ltd at the Companies Registry on 12 September 2022;

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(37) an official search of the records of TC Railways Holdings Ltd at the Companies Registry on 12 September 2022;

(38) an official search of the records of Safari Rail Company Ltd at the Companies Registry on 13 September 2022;

(39) an official search of the records of Cable Holdings Mauritius Ltd at the Companies Registry on 13 September 2022;

(40) an official search of the records of East African Cables (Tanzania) Limited at the Companies Registry on 29 September 2022;

(41) an official search of the records of Mwangaza Holdings Ltd at the Companies Registry on 13 September 2022;

(42) a personal search of the records of T.V. Africa Holdings Limited at the Companies Registry on 4 October 2022;

(43) an official search of the records of Plot 3 Mpanga Close, Kampala at the Land Registry on 6 September 2022;

(44) an official search of the records of Plot 53 -67 Kibira Road, Kampala at the Land Registry on 6 September 2022;

(45) an extract of the details of Plot 5 Mpanga Close, Kampala on the lands registry system;

(46) an official search of the records of Plot Number 2428/V/MN (C.R. No. 62958 (Kibarani Land)) at the Land Registry on 15 September 2022;

(47) an official search of the records of Plot Number 2695/V/MN (C.R. No. 65177 (Bonje Land)) at the Land Registry on 15 September 2022;

(48) an official search of the records of Plot Number 1883/V/MN (C.R. No. 32008 (Matano Land)) at the Land Registry on 15 September 2022;

(49) an official search of the records of Land Office Number 21707 Plot Number 581 Upanga Area Dar-es-salaam, Tanzania (CT No. 186171/1) at the Land Registry on 28 September 2022;

(50) an official search of the records of Land Office Number 153937 Plot Number 1316 Block A, Yombo Vituka Area Dar-es-salaam, Tanzania (CT No. 43316) at the Land Registry on 28 September 2022;

(51) an official search of the records of Land Office Number No. 44149 Plot Number 35 Themi Industrial Estate, Arusha, Tanzania (CT No. 4603) at the Land Registry on 27 September 2022;

(52) an official search of the records of Land Office Number 44354 Njiro, Arusha, Tanzania (CT No. 2604) at the Land Registry on 27 September 2022;

(53) a copy of a letter dated 27 April 2022 from the Capital Markets Authority approving the Rights Issue;

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(54) a copy of the resolutions passed at a meeting of the Issuer's directors approving the terms and conditions of the facility agreement entered between Tanelec Limited and Standard Chartered Bank Tanzania Limited dated 30 May 2017 and continuance in force of the guarantee dated 12 April 2013 and loan subordination agreement dated 29 April 2013;

(55) copies of documents relating to certain immaterial guarantees and contracts entered into by the Issuer and TC Subsidiaries;

(56) an extract of the resolutions passed at a meeting of the Issuer's board of directors held on 27 June 2016 approving the corporate guarantee and indemnity from the Issuer registered at USD 1,250,000 in favour of KCB Bank Tanzania Limited to secure the exposure of Tanelec Limited under a facility Agreement dated 19 February 2016;

(57) a copy of a lawyer's confirmation letter on Tanelec Limited dated 17 March 2022 addressed to its auditors;

(58) a copy of East Africa Cables Employee Court cases summary as at September 2022;

(59) a copy of Civicon Group of Companies Status Report as at 19 May 2022;

(60) a copy of a status report for all TransCentury PLC Matters as at 31 December 2020;

(61) a copy of a status report of legal cases against the Issuer as of October 2022;

(62) a copy of brief of matters between the Public Procurement Administrative Review Board, OJSC Power machines Limited, TransCentury Limited & Civicon Limited against KENGEN, Rentco E.A. Limited & Lantech Africa Limited;

(63) a copy of the ruling on taxation dated 10 September 2020 for Civil Appeal No.28 of 2016;

(64) a copy of Civicon Group of Companies Status Report as at January 2021;

(65) a copy of a lawyer confirmation letter on Civicon Limited (Kenya) summary of legal cases dated 18 November 2020 addressed to its auditors;

(66) a copy of a lawyer confirmation letter on Civicon Limited (Kenya) summary of legal cases dated 2 June 2022 addressed to its auditors;

(67) a copy of the ruling on taxation dated 22 February 2021 for Judicial Review Miscellaneous Application Number 284 of 2015;

(68) a copy of a summary of legal awards relating to the Kengen/Rentco case;

(69) a copy of a lawyer confirmation letter dated 29 January 2021 containing the status report for East Africa Cables Limited (**EAC**) as at 31 December 2020;

(70) a copy of a status report of EAC Employee Court cases as at November 2020;

(71) a copy of a lawyer confirmation letter dated 25th January 2021 relating to matters handled by the firm on behalf of EAC as at 31st December 2020;

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(72) a copy of a settlement deed dated 2 March 2020 entered into between Kivuwatt Limited, BNY Mellon Corporate Trustee Services Limited, Civicon Limited (Kenya) and Civicon Limited (Mauritius);

(73) a copy of the claimants and respondent's pleadings and list of issues for determination in ELRC No. 445 of 2019;

(74) copies of notices of taxation relating to advocate client costs between Transcentury Limited, TC Engineering & Contracting Limited and their advocates;

(75) a copy of a lawyer's confirmation on Tanelec Limited dated 25 February 2021 addressed to its auditors;

(76) material contracts listed in Appendix 5 of this Legal Opinion;

(77) an extract of the loan particulars and interest calculation in respect of Kuramo preference shares for the year ended 31 December 2022;

(78) a copy of a subscription agreement in respect of TC Mauritius Holdings entered into between TC Mauritius Holdings and Kuramo Africa Opportunity Kenyan Vehicle dated 16 September 2016;

(79) a copy of a circular to shareholders dated 15 September 2016 on the proposed allotment and issue of 93,776,173 new ordinary shares of Trans-Century Limited and 70,120 cumulative preference shares in TC Mauritius Holdings to Kuramo Africa Opportunity Kenyan Vehicle Ltd following an injection of USD 20 million and listing of the ordinary shares on the Nairobi Securities Exchange;

(80) a copy of the Issuer's integrated report and financial statements for the year ended 31 December 2020;

(81) a copy of East African Cables PLC annual reports and financial statements for the year ended 31 December 2021;

(82) a copy of the annual returns for East Africa Cables (Tanzania) made up to 31st December 2016 and the respective filing receipt dated 6 January 2017;

(83) a copy of a letter of offer dated 9 October 2012 in favour of Civicon DRC Holdings Ltd relating to a loan facility of USD 5,000,000 by Ecobank DRC SARL to finance acquisition of machinery;

(84) an official search of the records of East African Cables (Tanzania) Limited at the Companies Registry on 5 April 2019;

(85) a copy of a letter dated 4 October 2022 to TransCentury Limited in respect of outstanding advocate client costs;

(86) a copy of an application for annual returns of a company relating to East African Cables (Tanzania) Limited date 21 March 2019;

(87) a copy of email correspondence dated 18 October 2022 relating to the records of East African Cables (Tanzania) Limited at the Companies Registry;

(88) a copy of the Issuer's response to action points from the meeting held on 18 October 2022;

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(89) a copy of email correspondence dated 18 October 2022 relating to the right of use assets of Civicon Limited (Uganda) in respect of the leasehold land;

(90) a copy of page one of the valuation report prepared by mpg Associates Limited in respect of land, buildings and improvements at LRV 3634, Folio 08, Plot 05 Mpanga Close, Bugolobi, LRV 3248, Folio 25, Plot 03, Mpanga Close, Bugolobi and LRV 693, Folio 21, Plot 53-67, Kibira Road, Kampala as at 24 April 2016;

(91) a copy of a deed dated 27 April 2020 entered into by the Majority Bondholders, Kuramo Capital Management LLC, Kuramo Africa Opportunity Kenyan Vehicle Ltd; Kuramo Africa Opportunity Master Fund II, LP, Kuramo Africa Opportunity Master Co-Investment Vehicle II,LP and Kuramo Africa Opportunity II (Mauritius) LLC (together **Kuramo Entities**) to amend an agreement between the Majority Bondholders and the Kuramo Entities dated 17 April 2018;

(92) a copy of an agreement of sale between Max Limit (PTY) Ltd and Kewberg Cables and Braids (PTY) Ltd relating to the sale of ERF 117, Alberton signed on 10 December 2021;

(93) a copy of a letter of the Issuer to IKM dated 30 September 2022 relating to the TC Subsidiaries incorporated in the Republic of South Africa;

(94) a copy of an undated extract of the journal official de la république démocratique du congo;

(95) copies of documents relating to the liquidation of Civicon Congo SARL including minutes of an extraordinary general meeting of the company dated 22 December 2022;

(96) a copy of the annual report and financial statements of Civicon Limited (Uganda) for the year ended 31 December 2020;

(97) a copy of a deed dated 1 October 2020 entered into by the Majority Bondholders, Kuramo Capital Management LLC, Kuramo Africa Opportunity Kenyan Vehicle Ltd; Kuramo Africa Opportunity Master Fund II, LP, Kuramo Africa Opportunity Master Co-Investment Vehicle II,LP and Kuramo Africa Opportunity II (Mauritius) LLC (together **Kuramo Entities**) to amend an agreement between the Majority Bondholders and the Kuramo Entities dated 17 April 2018;

(98) a copy of a letter from the company secretary of the Issuer dated 31 October 2022 confirming that there are no material litigation involving the directors; and

(99) such other documents and such investigation as we have considered necessary for the purpose of giving this Legal Opinion.

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Appendix 2: Properties

1. Properties owned by the TC Group

	Property Description	Country	Owner	Tenure
1.	Plot Number 2428/V/MN (C.R. No. 62958 (Kibarani Land))	Kenya	Civicon Limited (Kenya)	Leasehold - 99 years from 1 August 2013
2.	Plot Number 2695/V/MN (C.R. No. 65177 (Bonje Land))	Kenya	Civicon Limited (Kenya)	Freehold
3.	Plot Number 1883/V/MN (C.R. No. 32008 (Matano Land))	Kenya	Civicon Limited (Kenya)	Freehold
4.	Land Office Number 21707 Plot Number 581 (C.T. No. 186171/1) Upanga Area	Tanzania	East African Cables (Tanzania) Limited	Leasehold – expires on 30 June 2063
5.	Land Office Number 153937 Plot Number 1316, Block "A" (C.T. No. 43316) Yombo Vituka Area	Tanzania	East African Cables (Tanzania) Limited	Leasehold – 99 years from 1 October 1991
6.	Land Office Number 44149 Plot No. 35 (C.T No. 4603) Themi Industrial Estate	Tanzania	Tanalec Limited (Tanzania)	Leasehold – 99 years from 1 July 1981
7.	Land Office Number 44354 (C.T. No. 2604) Njiro Area	Tanzania	Tanzania Electrical Goods Manufacturing Company Limited (Tanzania)	Leasehold – 99 years from 1 January 1983

2. Properties with expired leasehold interests

	Property Description	Country	Registered Owner	Tenure
1.	Plot 3 Mpanga Close, Kampala	Uganda	Civicon Limited (Uganda)	Leasehold - 15 years from 1 December 2003 (expired on 30 November 2018).
2.	Plot 5 Mpanga Close, Kampala	Uganda	Civicon Limited (Uganda)	Leasehold - 5 years from 1 June 2006 (expired on 1 July 2011).

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Appendix 3: Investments in TC Subsidiaries

1. Direct Investments in TC Subsidiaries

	Company	Registration Number	Country	Issuer's Shareholding
1.	Trans-Century Holdings (PTY) Ltd	2007/020829/07	South Africa	100%
2.	Cable Holdings (Kenya) Limited	C.88135	Kenya	99.5%
3.	Crystal Limited	65317	Tanzania	99%
4.	AEA Limited	C.9524	Kenya	94.4%
5.	Development Bank of Kenya Limited	C.5635	Kenya	10.7%
6.	TC Mauritius Holdings Ltd	C083427	Mauritius	100%
7.	Tanelec Limited	7552	Tanzania	70%

2. Indirect Investments in TC Subsidiaries

	Company	Registration Number	Country	Issuer's Shareholding (Indirect)
1.	TransformCo Power Services Limited	120040056980	Zambia	56%
2.	Tanelec Zambia Limited	119900022098	Zambia	56%
3.	Civicon Limited (Uganda)	43210	Uganda	94%
4.	Civicon Limited (Rwanda)	102050925	Rwanda	93.98%
5.	Civicon Limited (South Sudan)	172	South Sudan	93.06%
6.	Civicon Limited (Kenya)	C.13944	Kenya	93.97%
7.	East Africa Cables PLC	C.23/71	Kenya	68%
8.	Engserv Limited	CPR/2012/80283	Kenya	94%
9.	T.V Africa Holdings Limited	C.87032	Kenya	1.67%
10.	East Africa Cables (Tanzania) Limited	5711	Tanzania	34.68%

3. Dormant Companies

	Company	Registration Number	Country	Issuer's Shareholding (Indirect)
1.	TCL Power Ltd	C115139	Mauritius	100%
2.	TC Engineering and Contracting Ltd	C106030	Mauritius	100%
3.	Civicon Limited (Mauritius)	C073423	Mauritius	94%
4.	Civicon DRC Holdings Ltd	108400	Mauritius	100%
5.	TC Railways Holdings Ltd	C090661	Mauritius	100%
6.	Safari Rail Company Ltd	C095140	Mauritius	100%
7.	Cable Holdings Mauritius Ltd	C083419	Mauritius	100%
8.	Mwangaza Holdings Ltd	C106907	Mauritius	100%

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4. Foreign Companies – Branches of AEA Limited

	Company	Registration Number	Country
1.	AEA Limited	F.2124	Uganda
2.	Avery East Africa Limited	75790	Tanzania

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Appendix 4: Properties and entities for which search results have not been obtained at the time of issuing this legal opinion

1. **Properties**

	Property	**Registered Owner**
	KENYA	
1.	Land Reference Number 209/11480 Godown No. 23 off Likoni Road, Industrial Area, Nairobi.	AEA Limited
2.	Land Reference Number 209/1338/1 Factory Street, Industrial Area, Nairobi	AEA Limited
3.	Land Reference Number 209/8176 Addis Ababa Road, Industrial Area, Nairobi.	East Africa Cables Limited (Kenya)
4.	Land Reference Number 209/6982/1 Addis Ababa Road, Industrial Area, Nairobi.	East Africa Cables Limited (Kenya)
5.	Land Reference Number 209/4235 Kitui Road, Industrial Area, Nairobi.	East Africa Cables Limited (Kenya)
6.	Land Reference Number 209/6982/2 Kitui Road, Industrial Area, Nairobi.	East Africa Cables Limited (Kenya)
	TANZANIA	
7.	Land Office Number No.54633 (Plot No.31) Kiwalani Industrial Area, Dar-es-salaam, Tanzania.	East African Cables (Tanzania) Limited
8.	**UGANDA**	
9.	Plot 5 Mpanga Close, Kampala	Civicon Limited

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Appendix 5: Material Contracts

1. Agreements relating to the bonds issued by TC Mauritius Holdings Limited

1.	Guarantees dated 25 March 2011, 8 June 201, 29 July 2011, 9 November 2011, on or around 25 February 2013 and affirmed on 24 March 2016 (**Guarantees**) pursuant to which the Issuer agreed to guarantee TC Mauritius Holdings Limited (**TCM**)'s payment obligations relating to the following convertible bonds issued by TCM that were convertible into fully paid ordinary shares of the Issuer (together **Bonds**); (a) six percent (6%) convertible bonds due 2016 with a total aggregate principal amount of USD 1,100,000 on 25 March 2011; (b) six percent (6%) convertible bonds due 2016 with a total aggregate principal amount of USD 34,000,000 on 8 June 2011; (c) six percent (6%) convertible bonds due 2016 with a total aggregate principal amount of USD 8,170,000 on 29 July 2011; (d) six percent (6%) convertible bonds due 2016 with a total aggregate principal amount of USD 11,000,000 on 9 November 2011; and (e) six percent (6%) convertible bonds due 2016 with a total aggregate principal amount of USD 6,000,000 on 25 February 2013.
2.	A fiscal agency agreement dated 25 March 2011 entered into among the Issuer, TCM, Citibank N.A., London Branch, Citigroup Global Markets Deutschland AG, Mr. Darmalingum Gooriah and Mr. Rajeshwar Bucktowonsingh, which was amended and restated on 8 June 2011, 29 July 2011, 9 November 2011, 25 February 2013, 24 March 2016 and 23 September 2016 (**Fiscal Agency Agreement**) relating to the issuance of the Bonds.
3.	A deed of amendment to the Fiscal Agency Agreement dated 24 March 2016 relating to the terms and conditions of the USD 60,270,000 six percent (6%) guaranteed convertible bonds due 2016.
4.	a deed of amendment to the Fiscal Agency Agreement dated 23 September 2016 relating to the terms and conditions of the USD 39,296,208.32 six percent (6%) guaranteed convertible bonds due 2016.
5.	A loan note instrument dated 26 April 2016 issued by the Issuer constituting eight percent (8%) unsecured amortising loan notes due 2019 with a principal amount of USD 20,000,000 whose proceeds were to be applied towards repayment of the Bonds.
6.	A deed of covenant entered into by TC Mauritius Holdings dated 25 February 2013 relating to the USD 6,000,000 six percent (6%) guaranteed convertible bonds due 2016 pursuant to which any account holder with the relevant clearing systems which has bonds credited to its securities account will automatically acquire against TC Mauritius Holdings all those rights which the relevant account holder would have had, prior to the Global Certificate becoming void, if at the relevant time, it held and beneficially owned duly executed and authenticated definitive bond(s) n respect of each bond represented by the Global Certificate.
7.	A deed of covenant entered into by TC Mauritius Holdings dated 9 November 2011 relating to the USD 11,000,000 six percent (6%) guaranteed convertible bonds due 2016 pursuant to which any account holder with the relevant clearing systems which has bonds credited to its securities account will automatically acquire against TC Mauritius Holdings all those rights which the relevant account holder would have had, prior to the Global Certificate becoming void, if at the relevant time, it held and beneficially owned duly executed and authenticated definitive bond(s) n respect of each bond represented by the Global Certificate.

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8.	A deed of covenant entered into by TC Mauritius Holdings dated 8 June 2011 relating to the USD 34,000,000 six percent (6%) guaranteed convertible bonds due 2016 pursuant to which any account holder with the relevant clearing systems which has bonds credited to its securities account will automatically acquire against TC Mauritius Holdings all those rights which the relevant account holder would have had, prior to the Global Certificate becoming void, if at the relevant time, it held and beneficially owned duly executed and authenticated definitive bond(s) n respect of each bond represented by the Global Certificate.

2. Issuer Contracts

	Agreement/ Contract
1.	A letter of offer dated 2 May 2018 from Equity Bank (Kenya) Limited to Trancentury Limited relating to a term loan facility of USD 20,000,000.

3. TC Group Contracts

1.	A letter of guarantee and indemnity dated 11 November 2014 and made between Cable Holdings (Kenya) Limited and Equity Bank Limited to guarantee performance of the Issuer's payment obligations to the bank of a principal sum of USD 50,000,000.
2.	Guarantee by TC Mauritius Holdings dated 3 April 2013 in favour of Equity Bank Limited as security for the payment obligations of the Issuer not exceeding USD 50,000,000 together with all interests, costs, charges, commissions and accessories specified in the facility letter dated 3 April 2014.
3.	Letter of offer dated 21 January 2019 from Equity Bank (Kenya) Limited to East African Cables PLC and East African Cables (Tanzania) Limited relating to a term loan facility of KES 1,632,800,000.
4.	Letter of offer dated 12 June 2018 from TIB Corporate Bank Limited to Tanlec Limited relating to credit facilities of USD 9,000,000.

4. Security Documents

	Civicon Limited (Kenya)
1.	A debenture in favour of Equity Bank (Kenya) Limited to secure the sum of USD 47,010,000.
	Tanalec Limited
2.	A deed of assignment dated 26 June 2008, in favour of Stanbic Bank Tanzania Limited to secure the sum of USD 5,078,750 plus interest and other charges thereon.
3.	A mortgage deed dated 26 August 2008, in favour of Stanbic Bank Tanzania Limited to secure the sum of USD 5,078,750.
4.	A mortgage deed dated 29 April 2013, in favour of Standard Chartered Bank Tanzania Limited to secure the sum of TZS 17,734,160,000 plus interest and other charges thereon.
5.	A mortgage of right of occupancy dated 27 June 2018, in favour of TIB Corporate Bank Limited to secure the sum of USD 11,250,000 of the total facility only.

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6.	A debenture dated 27 June 2018, in favour of TIB Corporate Bank Limited to secure the sum of USD 9,000,000 only and securities to be registered to secure the sum of USD 11,250,000 only being 125% of the total facility.
7.	A deed of variation of a debenture dated 3 May 2011, in favour of KBC Bank Tanzania Limited to secure the sum of an over drafted facility of USD 1,000,000 only.
8.	A first deed of variation to vary debenture dated 18 August 2013, in favour of KBC Bank Tanzania Limited to secure the sum of a renewed overdraft facility of USD 1,000,000 and credit card limit of USD 10,000 to be stamped to secure USD 1,262,500 being 125% of the total facilities.
	T.V. Africa Holdings Limited
9.	A further composite debenture in favour of Commercial Bank of Africa Limited for KES 463,563,000.
	East Africa Cables PLC
10.	A charge dated 12 April 2019 to secure the sum of KES 965,475,000 over properties Land Reference Numbers 209/8176 and 209/6982/1 in favour of Equity Bank (Kenya) Limited.
11.	All asset debenture dated 18 March 2019 to secure the sum of KES 1,700,000,000 over the current and future assets in favour of Equity Bank (Kenya) Limited.

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Appendix 6: Material Litigation

Based on the Reviewed Documents, the following is a summary of the material litigation of TC Group as at 13 October 2022:

No.	Case	Nature of Claim/Cause of Action	Value/Potential Loss	Current Status
	ARBITRATION			
1.	ICC Arbitration Claim No(s) 19435/TO, 19436/TO & 19437/TO between KivuWatt Limited v Civicon Limited (Kenya) & Civicon Limited (Mauritius) (**Civicon**)	Alleged breaches of (i) a barge outfitting contract entered into between KivuWatt and Civicon Kenya dated 22 August 2011; (ii) a marine and PIV contract entered into between KivuWatt and Civicon Mauritius dated 22 August 2011; and (iii) a bridging agreement enterered into between KivuWatt and Civicon dated 22 August 2011.	USD 7,000,000	By the terms of the Settlement Deed between Kivuwatt Limited, Bny Mellon Corporate Trustees Services Limited, (together **Claimants**) Civicon Limited (Kenya) and Civicon Limited (Mauritius) dated 2 March 2020, Civicon agreed to pay the Claimants the settlement sum of USD 7 million.

Section 17: Statutory and General Information

1. Incorporation Details and History of the Issuer

The Issuer was incorporated on the 13th of May 1997 and was established by a group of leading Kenyan professionals and investors, who were appreciative of the opportunities to invest in growth sectors in Africa and provide such investments with the benefit of their corporate experiences. In April 2009, the company's shares became available to qualified investors in an over-the-counter exchange operated by Dyer & Blair Investment Bank, as part of the original shareholders aim to provide a broad base of shareholders with the access to the TransCentury PLC success story. Today TransCentury PLC is a publicly listed company on the Nairobi Securities Exchange.

2. The Registered Office of TransCentury

The Registered office of TransCentury is, 8th Floor, West End Towers, Wing A Waiyaki Way, P O Box 42334-00100 GPO

Nairobi, Kenya.

3. Authorized and Issued Share Capital

The authorized share capital of the Issuer is Kenya Shillings Six Hundred Million (KShs. 600,000,000) divided into one billion two hundred million (1,200,000,000) ordinary shares of Kenya Shillings fifty cents (KShs. 0.50) each. The issued share capital of the Issuer is Kenya Shillings One Hundred and Eighty Seven Million, Six Hundred and One Thousand, Three Hundred and Eighty Three (KShs 187,601,383) made up of Three Hundred and Seventy-Five Million, Two Hundred and Two Thousand, Seven Hundred and Sixty-Six (375,202,766) ordinary shares of Kenya Shillings Fifty Cents (KES 0.50) each.

The Issuer's shareholders have authorized the issuance of up to two billion (2,000,000,000) new ordinary shares which will be allotted by the directors under the Rights Issue.

The share capital of the Issuer is not divided into different classes of shares and all the ordinary shares carry equal rights and the New Shares, when issued, will rank equally in all respects with the Existing Shares and will qualify for dividends declared after completion of the Rights Issue.

4. Extracts from the Articles of Association

The following paragraphs are key extracts from the Articles of Association of TransCentury.

4.1 Share Capital and Variation of Rights

8. The share capital of the Company comprises ordinary shares with a par value of fifty cents (KShs 0.50) each.

9. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares, any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting. Return of capital or otherwise, as the Company by ordinary resolution determines, or if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine.

10. Subject to the provisions of Part XX (Redeemable Shares) of the Act, any preference shares may, with the sanction of a special resolution, be issued upon the terms that they are, or are liable, to be redeemed at the option of the Company on the terms and in the manner as the Company may by special resolution determine before the issue of the shares. Provided that, the Company may not issue redeemable shares if there are no issued shares of the Company that are not redeemable.

11. Without prejudice to Article 10, the Directors may determine the terms, conditions and manner of redemption of shares before the issue of the shares.

12. Any redeemable shares of the Company shall be redeemed only if they are fully paid- up.

13. Redemption of any redeemable shares of the Company shall be financed only through:

13.1 Distributable profits of the Company; or

13.2 The proceeds of a fresh issue of shares made for the purpose of financing the redemption.

14. If at any time, the share capital is divided into different classes of shares, any of the rights for the time being attached to any share or class of shares may, subject to the provisions of the Act and notwithstanding that the Company may be or is about to be in liquidation, be altered, abrogated or varied in such manner (if any) as may be provided in such rights, or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class duly convened and held in accordance with Article 15 (but not otherwise).

15. To every such separate general meeting of the holders of any class of shares, the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, mutatis mutandis, so far as applicable apply, subject to the following provisions, namely:

15.1 the necessary quorum at any such meeting, other than an adjourned meeting, shall be not less half the members holding shares of that class present in person or by proxy. If at any adjourned meeting of such holders such quorum as aforesaid is not present, those of such holders who are present shall be a quorum;

15.2 any holder of shares of the class present in person or by proxy may demand a poll;

15.3 every holder of the class in question present in person or by proxy shall be entitled on a poll to one vote for every share of that class held by him.

16. The rights or privileges attached to any shares shall not, unless otherwise expressly provided by the conditions of issue of such shares, be deemed to be altered, abrogated or varied by the creation or issue of any new shares ranking pari passu in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued or by the reduction of capital paid up on such shores.

4.2 Alteration of Capital

57. The Company may, from time to time, by ordinary resolution:

a. consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

b. sub-divide its shares or any of them into shares of smaller amount (subject, nevertheless, to the provisions of Division 1 (Alteration and Consolidation of Share Capital) of Part XV (Reorganisation of Company's Share Capital) of the Act; and/or

c. cancel any shares which, at the date of the passing of the resolution, have not been issued or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

4.3 General Meetings

61. The Company shall, in each year, hold a general meeting as its annual general meeting in addition to any other meetings in that year and shall specify the meeting as such in the notices calling it. The annual general meeting for each year shall be held within six (6) months from and including the day following the Company's accounting reference date. Annual and other general meetings shall be held at such times and places as the Board shall appoint. All general meetings, other than annual general meetings, shall be called extraordinary general meetings.

62. The Board may convene an extraordinary general meeting whenever it thinks fit.

63. Extraordinary general meetings shall also be convened on such requisition or, in default, may be convened by such requisitionists as provided by section 277 of the Act. At any meeting convened on such requisition or by such requisitionists, no business shall be transacted except that stated by the requisition or proposed by the Board.

4.4 Votes of Members

83. Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held, on a show of hands every member who is present in person, by proxy or (being a corporation) is present by a representative appointed in accordance with Article 98 shall have one vote. On a poll every member present in person or by proxy, or present by a representative appointed in accordance with Article 98, shall have one vote for each share of which he is the holder.

4.5 Dividends and Reserves

158. The Company may, in general meeting, declare dividends but without prejudice to the powers of the Company to pay interest on share capital, no dividend shall be payable except out of the profits of the Company, or in excess of the amount recommended by the Board.

159. The Board may, from time to time declare or pay to the members' interim dividends as appear to the Board to be justified by the profits of the Company.

160. No dividend shall be paid otherwise than out of profits available for that purpose, as determined in accordance with Part XVII (How Company's Assets are to be Distributed) of the Act.

161. The Company may only make a distribution if the amount of its net assets is not less than the aggregate of its called-up share capital and non-distributable reserves and if, and to the extent that, the distribution does not reduce the amount of those assets to less than that aggregate.

162. Subject to the rights of any persons entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividends are declared but no amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share. A dividend shall be apportioned and paid proportionately to the amounts paid or credited as paid up on the shares during any portion or portions of the period in respect of which the dividend is paid but, if any share is issued on terms providing that it shall rank for dividend or be entitled to dividends declared as from a particular date, such share shall rank for or be entitled to dividend accordingly.

163. The Board may deduct from any dividend payable on a share any sums of money presently payable by the person to whom the dividend is payable, to the Company on account of calls or otherwise.

164. The Board may retain any dividend or other money payable on or in respect of n share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

165. No dividend or other monies payable in respect of a share shall bear interest against the Company.

166. Subject to the provisions of Division 6 (Public Companies: Independent Valuation of Non-Cash Consideration) of Part XIV (Share Capital of Company) of the Act and with the sanction of a general meeting, any dividend may be paid wholly

or in part by the distribution of specific assets and, in particular, of paid-up shares or debentures of any other company or in any one or more of such ways. Where any difficulty arises in regard to such distribution, the Board may settle the same as it deems expedient and, in particular, may issue fractional certificates and fix the value for distribution of such specific assets or any part of them and may determine that cash payments shall be made to any member upon the rooting of the value fixed in order to adjust the rights of those entitled to participate in the dividend, and may vest any such specific assets in trustees upon trust for the members entitled to the dividend as may seem expedient to the Board.

167. (a) Method of payment of dividends:

(i) Any dividend or other money payable in cash or on respect of shares may be paid by direct debit, bank transfer or other automated system of bank transfer, electronic or mobile money transfer system (for example and not by way of limitation via mobile money transfer system) transmitted to such bank or electronic or mobile telephone address as shown in the share register of the Company or

(ii) By cheque or warrant payable at such place of business as the Company shall specify in writing, sent by post to the address of the member or person entitled to it as shown in the share register of registered address of the joint holder who is first named in the share register of the Company or in the case of two or more persons being entitled thereto in consequence of the death or bankruptcy of the holder, to any one such persons at such address as the persons being entitled to receive payment may in writing direct.

(b) Every such cheque or warrant or funds transfer shall be made payable to or to the order of the person to whom it is sent or to such persons who may be entitled to the same (as described in Article 167(a) aforesaid). Payment of the cheque or warrant, if purporting to be endorsed or enfaced, by the addressee or as the case may be, confirmation of payment having been made by the transmitting entity to the addressee of a direct debit, bank transfer or other automated system of bank transfer or via a mobile phone money transfer system, shall in each case be a good discharge to the Company. Every such payment whether by cheque or warrant or electronic funds transfer or mobile money payment system shall be sent at the risk of the person entitled to the money represented by it.

168. The Board may, before recommending any dividend, set aside out of the profits of the Company such sum as it thinks proper as a reserve which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied. Pending such application such sums may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company or its holding company, if any) as the Board may from time to time think fit. The Board may divide the reserve into such special funds as they think fit, and may consolidate into one fund any special funds or any pans of any special fund into which the reserve may have been divided. The Board may also, without placing the same to reserve, carry forward any profits which it may think prudent not to divide.

169. All unclaimed dividends, interest or other sums payable may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. All dividends unclaimed for a period of three years after having been declared shall be forfeited and cease to remain owing by the Company. The payment of any unclaimed dividend, interest or other sum payable by the Company on or in respect of any shares into separate account shall not constitute the Company a trustee in respect of it. If cheques, warrants or orders for dividends or other moneys payable in respect of a share sent by the Company to the person entitled to it are returned to the Company or left uncashed on two consecutive occasions, the Company shall not be obliged to send any dividends or other moneys payable in respect of that share due to that person until he notifies the Company of an address to be used for the purpose.

5. Material and Related Party Contracts

The Company has entered into contracts with related companies as listed in paragraph 8 below (Documents available for inspection). These contracts are entered into in the ordinary course of business and are at arm's length.

Apart from contracts entered into by the Company in the ordinary course of its business and the contracts listed in paragraph 8 below the Company has not entered into:

(a) any material contracts with third parties which contain any onerous covenants;

(b) any contracts that restrict the freedom of the Company to carry on its business as the Company deems fit or restrict the ability of the Company to transfer the whole or part of its business;

(c) any transaction otherwise than at arm's length; or

(d) any contracts of material capital commitments.

6. Material Litigation and Claims

Particulars of all material litigation in which the Company is involved are summarized in a document deposited at the registered office of the Company which document is available for inspection.

There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the preceding twelve months, which may have or have had in the recent past significant effects on the financial position or profitability of the Company and its subsidiaries nor is the Company aware that any such proceedings are pending or threatened.

7. Material Changes in the Financial or Trading Position of TransCentury

Save as disclosed in this Information Memorandum, there have been no material changes in the financial or trading position of the Company from 31 December 2020 to the date of this Information Memorandum.

8. Consents

TransCentury, IKM Advocates and KPMG Kenya have consented in writing to act in the capacity stated and to their names being used in this Information Memorandum and have not withdrawn their consent prior to the publication of this Information Memorandum and PAL.

9. Documents Available for Inspection

Copies of the following documents may be inspected at the registered office of the Company during normal working hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this Information Memorandum up to and including the Closing Date:

(a) A copy of this Information Memorandum and the Provisional Allotment Letter (PAL);

(b) A copy of the Memorandum and Articles of Association of the Company;

(c) A copy of the shareholders' and Board of Directors' resolution increasing the Company's authorised share capital to One billion six hundred million shillings Only;

(d) A copy of the shareholders' and Board of Directors' resolution approving the Rights Issue;

(e) The shareholders' register used to determine the Entitlement;

(f) A copy of the Legal Opinion from IKM;

(g) A signed copy of the Reporting Accountants Report from KPMG Kenya;

(h) Approval for the Rights Issue and listing of the New Shares from the Capital Markets Authority;

(i) Approval for Listing of the New Shares from the Committee of the Nairobi Stock Exchange;

(j) Audited accounts for the four years preceding the publication of the Information Memorandum, including all notes, reports or information required by the Companies Act;

(k) Unaudited financial statements of the Company for the five month period ended 31st May 2021;

(l) Limited review interim financial statements of the Company for the five month period ended 31st May 2021;

(m) Particulars of all material litigation in which the Company is involved.

Nairobi Securities Exchange Authorized Agents

Sterling Investment Bank Ltd 5th Floor, Delta Corner Annex Building, Ring Road, P.O. Box 45080, 00100, Nairobi. Tel : +25423153219/+2547 34219146 info@sterlingib.com	Francis Drummond & Company Ltd 2nd Floor, Hughes Building, Kenyatta Avenue P.O. Box 45465, 00100, Nairobi. Tel : 318690/318689 info@drummond.com	NCBA Investment Bank Limited 3rd Floor, NCBA Annex, Hospital Road, Upper Hill P.O. Box44599-00100, Nairobi Tel:+254202884444/+2547110564444 contact@ncbagroup.com
Dyer & Blair Investment Bank Ltd 7th Floor, Goodman Tower P.O. Box 45396, 00100, Nairobi. Tel : +2547 0993000 shares@dyerandblair.com	Suntra Investment Bank Ltd 7th Floor, Nation Centre, Kimathi Street P.O. Box 74016, 00200, Nairobi. Tel : 2870000/2223330 info@suntra.co.ke	Faida Investment Bank Ground Floor, Crawford Business Park, State House Road P.O. Box 45236, 00100, Nairobi. Tel : 243811-13 info@fib.co.ke
Genghis Capital Ltd 1st Floor, Purshottam Place Building, Westland Road, P.O Box 9959-00100, Nairobi. Tel : +254 709185000/+254 7301145000 info@genghis-capital.com	Kestrel Capital Investment Bank Ltd 2nd Floor, Orbit Place, Westlands, P.O Box 40005, 00100, Nairobi. Tel : 251758/225189 info@kestrelcapital.com	Renaissance Capital (Kenya) Ltd 6th Floor, Purshottam Place, Chiromo Road P.O. Box 40560-00100 Nairobi. Tel : 3682000/3754422 infokenya@rencap.com
Standard Investment Bank Ltd 16th Floor, ICEA Building, P.O. Box 13714, 00100, Nairobi. Tel : 2228963/2228967 info@standardstocks.com	Equity Investment Bank Limited Equity Center, Hospital Road, Upper Hill P.O. Box 75104-00200 Tel : +254 202262477/+254732112477	Old Mutual Securities Ltd 6th Floor, IPS Building P.O. Box 50338-00200 Tel: 2241379, 2241408 info.oms@oldmutualkenya.com
SBG Securities Ltd 58 Westlands Rd, CFC Stanbic Centre P.O. Box47198 – 00100 Tel: 3638900 sbgs@stanbic.com	Kingdom Securities Ltd 5th floor, Co-operative Bank House P.O. Box 48231 – 00100 Tel: 3276940/3276256/3276154 info@kingdomsecurities.co.ke	ABC Capital Ltd 5th Floor, IPS Building P.O. Box 34137 – 00100 Tel: 2246036/2245971 headoffice@abccapital.co.ke
KCB Capital 2nd Floor, Kencom House P.O. Box 48400 – 00100 Tel: +254 711 012 000/734 108 200 investmentbanking@kcb.co.ke	Absa Securities Limited Absa Headquarters, Waiyaki Way, P.O. Box 30120 – 00100 Tel: +254 732 130 120/ +254 722 130 120 absa.kenya@absa.africa	Securities Africa Kenya Limited 2nd Floor, The Exchange, Westlands P.O. Box 19018 – 00100 Tel: +254 735 571 530/ +254 714 646 406 infoke@securitiesafrica.com
AIB-AXYS Africa 5th Floor, The Promenade, General Mathenge Drive, Westlands P.O. Box 43676 – 00100 Tel: +254 020 7602525/ 020 2226440	EFG Hermes Kenya Limited 8th Floor, Orbit Place, Westlands Road P.O. Box 349 – 00623 Tel : +254 020 3743040	

APPENDICES

TransCentury
Impacting Africa

RIGHTS ISSUE PROVISIONAL ALLOTMENT LETTER (PAL)

USE BLOCK LETTERS TO COMPLETE THE FORM

OFFICIAL USE ONLY

DETAILS OF QUALIFYING SHAREHOLDER:		PAL SERIAL NUMBER
SHAREHOLDER ID/PASSPORT NUMBER	SHAREHOLDER MEMBER NUMBER	2ND JOINT SHAREHOLDER ID/PASSPORT NUMBER
BOX (1) Ordinary shares registered in your name as at 13th December, 2022	BOX (2) Number of New Shares provisionally allotted to you	BOX (3) Amount payable in full on acceptance by 3.00 p.m. on 23rd January, 2023

DO NOT WRITE HERE

Read carefully and complete ONLY ONE PART i.e. 'PART 1' OR 'PART 2'

"PART 1" A - FULL ACCEPTANCE OF NEW SHARES For use by a Qualifying Shareholder who is accepting all the New Shares as specified in Box (2) above. (i) I/We hereby accept in full, subject to this PAL and the Memorandum and Articles of Association of TransCentury PLC, the number of New Shares specified in Box (2) above and for the value set out in Box (3) above at **Ksh. 1.10** per New Share. B - APPLICATION FOR ADDITIONAL NEW SHARES (ii) Having accepted all the new shares in "PART 1A" above, I/We hereby apply for Additional New Shares, subject to this PAL and the Memorandum and Articles of Association of TransCentury PLC, the number of Additional New Shares specified in Box (6) and multiplied by **KSh1.10** per New Share giving the value set out in Box (7) herein, on the understanding that a lesser number or none of the Additional New Shares may be allotted to me/us and the refund amount sent to my account details. (iii) I/We have indicated herein the total number of New Shares in Box (8), comprising the Full Acceptance in Box (4) and Additional New Shares applied for, if any, in BOX (6). I/we have made the payment in full, shown in BOX (9).	BOX (4) Full acceptance of New Shares as per BOX (2)	BOX (5) Amount for full acceptance as per BOX (3)
	BOX (6) Additional New Shares (Optional)	BOX (7) Amount for Additional New Shares.
	BOX (8) TOTAL OF BOX (4) + BOX (6)	BOX (9) TOTAL OF BOX (5) + BOX (7)
"PART 2" PARTIAL ACCEPTANCE OF NEW SHARES For use by a Qualifying Shareholder with a provisional allotment of more than 1,000 New Shares, as specified in Box (2) above, who is accepting a portion of the New Shares subject to a minimum of 1,000 New Shares. 1. I/We hereby accept in part, subject to this PAL and the Memorandum and Articles of Association of TransCentury PLC, the number of New Shares specified in Box (10) above and multiplied by **Ksh. 1.10** per New Shares giving the value as set out in Box (11) above. 2. I/We have indicated herein the number of New Shares I/We wish to partially accept for which I/we have made the payment in full, shown in Box (11) above.	BOX (10) Partial Acceptance of New Shares	BOX (11) amount for Partial

PART 3: PAYMENT DETAILS		
	A/C Name: Trans - Century PLC Rights Issue 2022 Bank Name: The Co-operative Bank of Kenya Ltd. A/C Number: 01150098817500 Branch: Upper Hill Branch Swift Code: KCOOKENA	Mpesa Paybill Number: 400222 Account number: 9881# ID Number
1. BANKER'S CHEQUE/TRANSACTION NO./ BANK SLIP/EFT and RTGS	BANK & A/C NO.	AMOUNT (KSH)
2. MPESA PHONE NUMBER.	MPESA REFERENCE NO.	AMOUNT (KSH)
3. BANK GUARANTEE	BANK & A/C NO.	AMOUNT (KSH)

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ENDORSEMENT BY AUTHORISED SELLING AGENT: We confirm all the above details and sign as below

PAL FORM RECEIPT – TRANSCENTURY PLC RIGHTS ISSUE 2022			
ELIGIBLE SHAREHOLDER	PAL SERIAL NO.	NEW SHARES ACCEPTED	SALES AGENT STAMP & DATE

PART 4: QUALIFYING SHAREHOLDER(S) OR AUTHORIZED ATTORNEYS SIGNATURE(S) - (All joint holders must sign)

Signature 1: ID/PP Number: ______	Signature 2: ID/PP Number: ______
Date: ______	Date: ______ Rights Transferred (No. of Shares)
Partial rights Transferee: Name: ______ Email address: ______ Telephone No: ______ ID/PP Number: ______ Signature: ______	

INSTRUCTIONS

If you do not wish to take action on your Rights, do not submit this form to TransCentury PLC. Your rights will lapse. If you wish to take action on your Rights, please follow the steps below:

Please fill out EITHER Part 1 or Part 2

PART 1: FULL ACCEPTANCE AND OPTIONAL APPLICATION FOR ADDITIONAL NEW SHARES

This PART should ONLY be filled if you wish to accept all of your rights, and optionally apply for Additional New Shares

To Accept the Full Rights Allocation:

a. Enter the number of New Shares that you are accepting in Box (4). Copy the value exactly as indicated in Box (2)
b. Enter the amount to be paid for New Shares you are accepting in Box (5). Copy the value exactly as indicated in Box (3)

Please note the following:

i. The price per new rights issue share is **Ksh. 1.10**

To apply for Additional New Shares:

c. Fill in the box labelled Box (6), with the number of Additional New Shares that you would like to purchase.

Please note the following:

i. The price per new additional share above the qualifying rights is **Ksh. 1.10**
ii. Application for Additional New Shares must be in multiples of 100 ONLY.
iii. Shareholders may not receive the full amount of additional new shares which they applied for in the event of an oversubscription.
d. Fill in the amount to be paid for these Additional New Shares in Box (7). To calculate the amount to be paid for the Additional New Shares, multiply the number in Box (6) by **Kshs 1.10** per new share.

e. If you have chosen not to purchase Additional New Shares, write 0 in both Box (6) and Box (7)
f. Fill the Total Number of New Shares accepted/applied for in Box (8) by adding the values of Box (4) and Box (6) i.e. Box (8) = Box(4)+Box(6).
g. Fill the Total Value of New Shares accepted/applied for in Box (9) by adding the values of Box(5) and Box(7).i.e. Box (9) = Box(5) +Box(7).
h. Complete the box labeled payment details at the bottom of the form.
i. Please sign the form in the section provided. Please ensure that all joint shareholders sign the form.
j. You must ensure this PAL and payment is received by your Broker on or before Monday, January 23, 2023 at 3.00 p.m.

PART 2: PARTIAL ACCEPTANCE

This PART should be filled ONLY if you wish to accept a PORTION of the new shares to which you are entitled.

a. In this case, ignore PART 1 (Both Sections A & B).
b. Enter the Number of New Shares you wish to accept into Box (10) of the PAL. This number must be LESS than the number shown in Box (2) of the PAL. Application for Additional New Shares must be in multiples of 100 ONLY.
c. Enter the Amount Due for the New Shares in Box (11) on the PAL. To calculate this amount:
   i. Multiply the number of shares appearing in Box (10) on the PAL with **Kshs. 1.10**
   ii. Write the number calculated in (i) above in Box (11) on the PAL.
   iii. Complete the box labelled Payment Details at the bottom of the form.
d. Please sign the form in the section provided. Please ensure that all joint shareholders sign the form.
e. You must ensure this PAL and payment is received by your Broker on or before Monday, January 23, 2023 at 3.00 p.m.

PART 3: PAYMENT

1. All payments of the Application Money must be made in Kenya Shillings (KSH).
2. Section 9 part 1.8 of the Information Memorandum sets out details on Modes of Payment.
3. Complete payment details section with the funds transfer number or Banker's cheque number and name of remitting/paying bank.
4. For MPESA payments, use pay bill number **400222** and for account number, input 9881 **# your ID number**. .
5. If payment for Additional Shares is via Irrevocable Bank Guarantee, tick the box provided and attach the Bank Guarantee to the PAL.
6. If a bank is involved, complete section labelled 'Payment Details Section 3' by providing the CDS Form 5 Reference and bank's name and branch.
7. All Application Money must be paid in cleared funds on or before 3.00 PM on Monday 23rd January .

PART 4: EMAIL and/or MOBILE No.

A space in Part 4 has been provided to insert this information so that contact can be established if required.

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PAL RECEIPT. Eligible Shareholder must ensure that this tear of section is stamped by the sales agent and returned to the eligible shareholder for their safe custody together with the proof of payment.

The last date and time for acceptance and payment of the New Shares is on or before 3.00 PM on Monday 23rd January 2023.
If no action is taken on the Rights, they will lapse and be subject to Section 9 part 1.13 in the Information Memorandum.

FORM OF BANK GUARANTEE

[On the letterhead of Bank]

Date:

The Chief Executive Officer
xxxxxxxx Bank Kenya
P.O. Box xxxxx - 00100
Nairobi, Kenya

Dear Sirs,

TRANSCENTURY PLC – RIGHTS ISSUE:

IRREVOCABLE AND UNCONDITIONAL BANK GUARANTEE IN RESPECT OF PAYMENT FOR ALLOCATION OF SHARES TO [name of INVESTOR]

WHEREAS [name of investor] (the Investor) has by an application form dated [insert date] applied for [insert number] New Shares and [insert number] Additional Shares in the TransCentury Kenya PLC – Rights Issue as set out in the information memorandum dated [insert date] (the TransCentury IM). Capitalised terms used in this Irrevocable Bank Guarantee shall have the meaning and interpretation given to such terms in the TransCentury IM,

AND WHEREAS it has been stipulated by you in the TransCentury IM that the Investor shall furnish you with an irrevocable on demand guarantee for the full value of the price of the New Shares and the Additional Shares,

AND WHEREAS we [name of Guarantor] have agreed to give this Irrevocable and unconditional Bank Guarantee,

NOW at the request of the Investor and in consideration of your allocating to the Investor the New Shares and the Additional Shares or such lesser number as you shall in your absolute discretion determine, we hereby irrevocably and unconditionally undertake to pay you, promptly upon your first written demand (vide email, fax, hand delivered letter or SWIFT) and without delay or argument, such sum as may be demanded by you up to a maximum sum of Kenya Shillings ______________________________ without your

needing to prove or to show grounds or reasons for your demand or the sum specified therein by way of RTGS within 24 hours of the demand or before 3.00pm on [to insert] whichever occurs earlier.

This Irrevocable Bank Guarantee shall remain in force up to and including 5.00 p.m. on [to insert] and any demand in respect thereof should reach us not later than the above date and time.

This Irrevocable Bank Guarantee shall be governed and construed in accordance with the laws of Kenya. [due execution by authorized signatories]

FORM Z - POWER OF ATTORNEY

USE BLOCK LETTERS TO COMPLETE THE FORM

MEMBER NUMBER
AGENTS NAME:
AGENTS CODE:

AGENTS STAMP:

Details of the shareholder(s)
Name:

P. O. Box: Code: Town;

I/We hereby appoint ____
To be my/our attorneys in my name and in my/our behalf to effect sale/purchase/renunciation of the TransCentury PLC new ordinary shares provisionally allotted to me/us or any part thereof and/or obtain Provisional Allotment letter(S) on request , complete form Z and to do all acts which the attorney and to do all acts which they think fit with regard to any and all provisional Allotment Letters relating to the TransCentury PLC Rights Issue offer as per the Information Memorandum. I/We agree to ratify everything the attorney does or purport to do in accordance with this Power of Attorney and to indemnify TransCentury PLC and all its agents against all claims and liabilities arising out of anything lawfully done by the attorney.

Name (Signatory 1)	Name (Signatory 2)	Name of Witness (Authorized Agent)	COMPANY SEAL
Signature or Left Thumbprint	Signature or Left Thumbprint	Signature or Left Thumbprint	
ID/PP NO.	ID/PP NO.	ID/PP NO.	
Date:	Date:	Date:	
			Commissioner for Oaths to Witness and Stamp

For individual shareholders signatory 1 is main shareholder and Signatory 2 if the joint holder. Leave the company seal blank. For institutional shareholders Affix the company seal as required by the company's Articles of Association and have the form signed by two (2) Directors or a Director and the company secretary in Signatory 1 and Signatory 2 Respectively. Attach a certified copy of the ID/PP for the shareholders and the Appointed Attorney, as well as a certified copy of the share certificate or CDSC account statement for the shareholder. Also include a duly executed Power of Attorney, deposit a search fee of Ksh 3500/ to The Company Secretary A/C No. 01240000023127 at The Co-operative Bank of Kenya then attach the deposit slip.

TransCentury
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FORM R - RENUNCIATION FORM

USE BLOCK LETTERS TO COMPLETE THE FORM

THE RENUNCIATION FORM IS OF VALUE AND IS ISSUED PURSUANT TO THE INFORMATION MEMORANDUM DATED 11TH NOVEMBER 2022. PLEASE CONSULT YOUR ADVISER. READ NOTES ON THE REVERSE OF THIS RENUNCIATION FORM.

Sales Agent Stamp:	CDS A/C:

ELIGIBLE SHAREHOLDER. For NIL consideration, I/we the Eligible Shareholder hereby accept, subject to the terms of the Information Memorandum, my/our PAL, the Articles of Association of TransCentury PLC and requisite approvals from the regulator/s, to renounce my/our Rights as per my/our PAL in favour of person (s) named below in this Renunciation Form relating to such New Shares. Accordingly, I/we have signed below.

BOX 1 Eligible Shareholder Name	**BOX 2** PAL NUMBER	**BOX 4** New Shares provisionally renounced to the Renouncee (less than or equal to the New Shares provisionally allotted in PAL)	**BOX 5** Amount payable (KSH) (multiply figure in Box 4 by **KSH 1.10**)
	BOX 3 Shareholder Member No.		

SIGNATURE OF ELIGIBLE SHAREHOLDER OR AUTHORISED ATTORNEY

Signature:	Date:

RENOUNCEE

Renouncee	CDS A/C	Relationship to Eligible Shareholder
Name:	ID No./Passport No.	
Postal Address including Post Code, Email & Mobile No:		

PART 1A	**ACCEPTANCE IN FULL** I/We hereby accept in full, subject to the terms of the Information Memorandum, this Renunciation Form, the attached PAL and the Articles of Association of TransCentury PLC, the number of Rights specified in Box 4, and for the value in Box 5 above.		
PART 1B	**ADDITIONAL SHARES** Having accepted in full all the New Shares in PART 1A above, I/we hereby apply for Additional Shares, subject to the terms of the Information Memorandum, this Renunciation Form, the attached PAL and the Articles of Association of TransCentury PLC, the number of Additional Shares in Box 6 for the value in Box 7.	**BOX 6** **Number of Additional Shares**	**BOX 7** **Amount payable (multiply value in Box 6 by KSH 1.10)**
PART 1C	**TOTAL SHARES** Having accepted all the new shares in PART 1A above and applied for additional shares in PART 1B hereby apply for total new shares in Box 8 for the value of Box 9 herein.	**BOX 8** **Number of total New Shares (Box 4 + Box 6)**	**BOX 9** **Amount payable (KSH) (Box 5 + Box 7)**

PART 2 PAYMENT

Tick		1. Direct Amount Payment	KSH.		Chq/Transfer Ref No./ Deposit Ref No.	Bank Name & Branch
Tick		2. Mobile Money	KSH.		Mobile Number	Reference No.
Tick		3. Irrevocable Bank Guarantee	KSH.		**Financier Details**	
					CDS Form 5 Serial No.	Institution and Branch

PART 4: QUALIFYING SHAREHOLDER(S) OR AUTHORIZED ATTORNEYS SIGNATURE(S) - (All joint holders must sign)

Signature 1: ID/PP Number: ______	Signature 2: ID/PP Number: ______
Date: ______	Date: ______ Rights Transferred (No. of Shares)
Partial rights Transferee: Name: ______ Email address: ______ Telephone No: ______ ID/PP Number: ______ Signature: ______	

INSTRUCTIONS

If you do not wish to take action on your Rights, do not submit this form to TransCentury PLC. Your rights will lapse. If you wish to take action on your Rights, please follow the steps below:

Please fill out EITHER Part 1 or Part 2

PART 1: FULL ACCEPTANCE AND OPTIONAL APPLICATION FOR ADDITIONAL NEW SHARES

This PART should ONLY be filled if you wish to accept all of your rights, and optionally apply for Additional New Shares

To Accept the Full Rights Allocation:

a. Enter the number of New Shares that you are accepting in Box (4). Copy the value exactly as indicated in Box (2)
b. Enter the amount to be paid for New Shares you are accepting in Box (5). Copy the value exactly as indicated in Box (3)

Please note the following:

i. The price per new rights issue share is **Ksh. 1.10**

To apply for Additional New Shares:

c. Fill in the box labelled Box (6), with the number of Additional New Shares that you would like to purchase.

Please note the following:

i. The price per new additional share above the qualifying rights is **Ksh. 1.10**
ii. Application for Additional New Shares must be in multiples of 100 ONLY.
iii. Shareholders may not receive the full amount of additional new shares which they applied for in the event of an oversubscription.
d. Fill in the amount to be paid for these Additional New Shares in Box (7). To calculate the amount to be paid for the Additional New Shares, multiply the number in Box (6) by **Kshs 1.10** per new share.

e. If you have chosen not to purchase Additional New Shares, write 0 in both Box (6) and Box (7)
f. Fill the Total Number of New Shares accepted/applied for in Box (8) by adding the values of Box (4) and Box (6) i.e. Box (8) = Box(4)+Box(6).
g. Fill the Total Value of New Shares accepted/applied for in Box (9) by adding the values of Box(5) and Box(7).i.e. Box (9) = Box(5) +Box(7).
h. Complete the box labeled payment details at the bottom of the form.
i. Please sign the form in the section provided. Please ensure that all joint shareholders sign the form.
j. You must ensure this PAL and payment is received by your Broker on or before Monday, January 23, 2023 at 3.00 p.m.

PART 2: PARTIAL ACCEPTANCE

This PART should be filled ONLY if you wish to accept a PORTION of the new shares to which you are entitled.

a. In this case, ignore PART 1 (Both Sections A & B).
b. Enter the Number of New Shares you wish to accept into Box (10) of the PAL. This number must be LESS than the number shown in Box (2) of the PAL. Application for Additional New Shares must be in multiples of 100 ONLY.
c. Enter the Amount Due for the New Shares in Box (11) on the PAL. To calculate this amount:
   i. Multiply the number of shares appearing in Box (10) on the PAL with **Kshs. 1.10**
   ii. Write the number calculated in (i) above in Box (11) on the PAL.
   iii. Complete the box labelled Payment Details at the bottom of the form.
d. Please sign the form in the section provided. Please ensure that all joint shareholders sign the form.
e. You must ensure this PAL and payment is received by your Broker on or before Monday, January 23, 2023 at 3.00 p.m.

PART 3: PAYMENT

1. All payments of the Application Money must be made in Kenya Shillings (KSH).
2. Section 9 part 1.8 of the Information Memorandum sets out details on Modes of Payment.
3. Complete payment details section with the funds transfer number or Banker's cheque number and name of remitting/paying bank.
4. For MPESA payments, use pay bill number **400222** and for account number, input 9881 **# your ID number**. .
5. If payment for Additional Shares is via Irrevocable Bank Guarantee, tick the box provided and attach the Bank Guarantee to the PAL.
6. If a bank is involved, complete section labelled 'Payment Details Section 3' by providing the CDS Form 5 Reference and bank's name and branch.
7. All Application Money must be paid in cleared funds on or before 3.00 PM on Monday 23rd January .

PART 4: EMAIL and/or MOBILE No.

A space in Part 4 has been provided to insert this information so that contact can be established if required.

-------------------------------- TEAR OFF -- TEAR OFF --

PAL RECEIPT. Eligible Shareholder must ensure that this tear of section is stamped by the sales agent and returned to the eligible shareholder for their safe custody together with the proof of payment.

The last date and time for acceptance and payment of the New Shares is on or before 3.00 PM on Monday 23rd January 2023.
If no action is taken on the Rights, they will lapse and be subject to Section 9 part 1.13 in the Information Memorandum.

PART 2: PAYMENT

1. All payments of the Application Money must be made in Kenya Shillings (KSH).
2. Section 9 part 1.8 in the Information Memorandum sets out details on Modes of Payment.
3. Complete paragraph 1 with the funds transfer number or Banker's cheque number and name of remitting/paying bank.
4. Complete paragraph 2 with the mobile money reference number if this mode is used to make payment.
5. If payment for Additional Shares is via Irrevocable Bank Guarantee, tick the box provided and attach the Bank Guarantee to the PAL.
6. If a bank is involved, complete section labelled '4. Financier Details' by providing the CDS Form 5 Reference and bank's name and branch.
7. All Application Money must be paid in cleared funds on or before 5:00 P.M. on 9th January 2023.

PART 3 REFUND

1. A bank account is mandatory for eligible investors.
2. Please refer to Section 9 part 1.10 in the Information Memorandum for details on Refunds.
3. If you have applied for Additional Shares by filling Part 1B, please provide bank details or a mobile number registered to the shareholder for Mpesa in Part 3 that will be used in the event of a refund.

SIGNATURE OF RENOUNCEE

The Renunciation Form must be signed. For companies and legal entities, signatures can be affixed by authorised signatories.

ENDORSEMENTS BY SALES AGENT & REGULATOR

Renunciation by private transfer requires certain documentation to support this action by Eligible Shareholders. This section provides for the Sales Agent to confirm documentation is attached. Renunciation by private transfer requires private transfers to be approved by regulators. This section provides for the regulator to approve the transfer (if applicable).

SALES AGENTS CODE: .... or for assistance contact: ops@sterlingib.com

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RENUNCIATION FORM RECEIPT. Renouncee must ensure that this is stamped by the Sales Agent and kept in safe custody.
The last date and time for acceptance and payment of the New Shares is on or before 23rd January 2023. If no action is taken on the Rights, they will lapse and be subject to Section 9 part 1.12 (Untaken Rights) in the Information Memorandum.

RENUNCIATION FORM RECEIPT – TRANSCENTURY PLC RIGHTS ISSUE 2022			
ELIGIBLE SHAREHOLDER	RENUNCIATION FORM NO.	NEW SHARES ACCEPTED	SALES AGENT STAMP & DATE

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FORM E - FORM OF ENTITLEMENT

USE BLOCK LETTERS TO COMPLETE THE FORM

Agent stamp & Name	Agent code	FORM E SERIAL NUMBER

DETAILS OF THE APPLICANT(S)L NO

APPLICANTS CITIZENSHIP KINDLY TICK IN THE APPROPRIATE BOX BELOW							Tel. No.:
KENYA		UGANDA		TANZANIA		OTHER (INDICATE)	

Full Names:

CDS ACCOUNT DETAILS	CDA ID	Client Account Number (Discard the loading zeros)	Client Type

Read carefully and complete PART 1 or PART 2

FULL ACCEPTANCE OF ENTITLEMENT SHARES "PART 1A" I/ We hereby accept in full subject to the terms of the Information Memorandum, the Form E and the Memorandum and Articles of TransCentury PLC, the number of new shares specified in BOX (1) and for values set out in BOX (2).	BOX(1) NUMBER OF RIGHTS AVAILABLE IN YOUR CDS ACCOUNT	BOX (2) AMOUNT PAYABLE ON FULL ACCEPTANCE
APPLICATION FOR ADDITIONAL NEW SHARES "PART 1B" (Optional) Having accepted all the new shares in "PART 1A" Above, I/We hereby apply for additional New Shares, subject to the terms of the Information Memorandum, this Form E and the Memorandum and Articles of TransCentury PLC, the number of Additional New Shares specified in BOX (3) herein on the understanding that a lesser number or name of the Additional New Shares may be allocated to me/ us and any refund amount will be sent via the submitting authorized agent.	**BOX (3)** **I/WE wish to apply for additional new shares shown here below**	**BOX (4)** **Amount for purchase of additional new shares**
Total Payment Due (PART 1) I/We have indicated herein the total number of Shares in BOX (5) comprising the Full Acceptance in BOX(1) and Additional New Shares applied for, if any in BOX (3). i/ We have made the payment in full shown in BOX(6), to my/ our Authorized Agent.	**BOX (5)** **Total number of New Shares I/We are applying for (BOX1 + BOX 3)**	**BOX (6)** **Total Amount for New Shares (BOX 2 + BOX 4)**
PARTIAL ACCEPTANCE OF NEW SHARES "PART 2" For use by an Eligible Shareholder with a provisional allotment of more than 100 New Shares as specified in in BOX (1) above , who is accepting a portion of the New Shares . I/ We hereby accept in part , subject to the terms of the Information Memorandum, this form E and the Memorandum and Articles of Association of TransCentury PLC, the number of New shares specified in BOX (7) and multiplied by **KSH 1.10** per New Share giving the value set out in BOX (8) herein), to my/ our Authorized Agent.	**BOX (7)** **Partial Number of New Shares I/We are applying for**	**BOX (8)** **Total Amount for new shares in (BOX 7 * Ksh 1.10)**
	IMPORTANT! **IF YOU RECEIVED A PAL THEN PLEASE ENSURE THAT YOU HAVE SUBMITTED IT SINCE UNTAKEN RIGHTS ON YOUR PAL ARE NOT INCLUDED HERE**	

Qualifying Investor(s) or Authorized Attorneys signature(S). (All joint holders must sign)

Signature.. Signature..

ID/ PP No. .... ID/ PP No. ....
(Attach a copy) (Attach a copy)

Date: .... Date: .... Company Seal

-------------------------------- TEAR OFF -- TEAR OFF ---

FORM ENTITLEMENT RECEIPT – TRANSCENTURY PLC RIGHTS ISSUE 2022			
ELIGIBLE SHAREHOLDER	ENTITLEMENT FORM NO.	NEW SHARES ACCEPTED	SALES AGENT STAMP & DATE

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