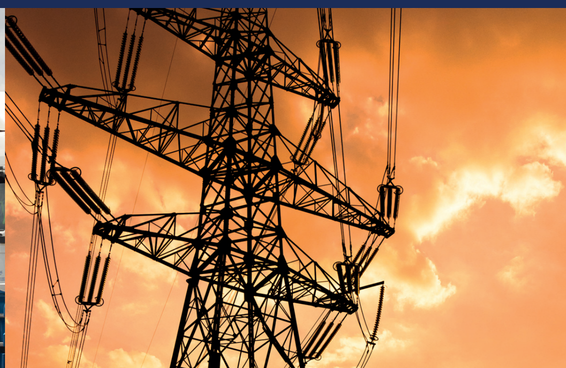
TransCentury

Investing in Africa



2013

ANNUAL REPORT

TransCentury

Investing in Africa

www.transcentury.co.ke

TABLE OF CONTENTS

Directors, Officers and Statutory Information

DIRECTORS
Zephaniah Mbugua (Chairman)
Joseph Karago
Peter Kanyago
Robin Kimotho
Ngugi Kiuna
Njeru Kirira
Gachao Kiuna
Carol Musyoka

SECRETARY
Virginia Ndunge
Kaplan & Stratton Advocates
9th Floor, Williamson House
4th Ngong Avenue
PO Box 40111,
00100 Nairobi GPO

AUDITORS
KPMG Kenya
8th Floor, ABC Towers
Waiyaki Way
PO Box 40612
00100 Nairobi GPO

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PO Box 61120
00200 Nairobi City Square

PRINCIPAL PLACE OF BUSINESS
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PO Box 42334
00100 Nairobi GPO

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4th Floor, West Wing, Capitol Hill Square
Off Chyulu Road, Upper Hill
PO Box 8418
00200 Nairobi City Square

Kaplan & Stratton Advocates
9th Floor, Williamson House
4th Ngong Avenue
PO Box 40111
00100 Nairobi GPO

SHARE REGISTRARS
Cooperative Bank of Kenya Limited
Share Registration Services
13th Floor, Cooperative Bank House
Haile Selassie Avenue
PO Box 48231
00100 Nairobi GPO

BANKERS
Citibank NA-Kenya Branches
PO Box 30711
00100 Nairobi GPO

Equity Bank Limited
Lavington Supreme
PO Box 75104
00200 Nairobi City Square

Chase Bank Kenya Limited
Riverside Mews
Riverside Drive
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Nairobi

Standard Chartered Bank Kenya Limited
48 Westlands Road
PO Box 30081
00100 Nairobi GPO

Standard Bank (Mauritius) Limited
Level 9, Tower A,
1 CyberCity,
Ebene,
Mauritius

Board of Directors

Mr. Zephaniah Gitau Mbugua - *Chairman of the Board*

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

Dr. Gachao Kiuna - *Chief Executive Officer and Managing Director*

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

Peter Kanyago, MBS, EBS - *Director*

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

Joseph Karago - *Director*

Mr. Karago holds a Bachelor of Architecture from the University of Nairobi. In his professional background, he has worked for Symbion International Architects (1987-1991) and later joined Plence International as Partner-in-charge of Design and Technical Co-ordination (1992-1995). His entrepreneurial interest saw him leave Plence International to set up his own practice, Karago & Associates Architects that he manages to date. Mr. Karago is chairman of Tanelec Ltd, Sajo Ltd and Mcensal Ltd and is very active in corporate social responsibility including acting as a member of the board of governors of Thomas Barnados Home and Chairman of the Adoptions Committee, Kenya Children's Home.

Board of Directors (continued)

Robin Kimotho - *Director*

Mr. Kimotho graduated from Makerere University with BA (Econ) First Class Honours and an MBA (Finance Major) from the University of Alberta. In 1986 he obtained a diploma in Investment Planning and Appraisal from the University of Bradford. In his professional career he has been a lecturer at the Faculty of Business Administration, Papua New Guinea University of Technology (1974 – 1979). Between 1979 and 1987 he worked for Kenya Commercial Bank as a consultant in the Business Advisory Services division, and as manager of the Economics and Planning division. In 1987, he moved to the Africa Project Development Facility (APDF) as an Investment Officer, where he worked in various countries in Eastern and Southern Africa up to 1995. Since then, he has worked as an independent financial consultant and manages his own farming and real estate enterprises.

Njeru Kirira - *Director*

Mr. Kirira graduated with a Masters degree in Public Administrations (MPA) from the University of Pittsburgh and BA (Hons) from Makerere University in Economics. He is trained and experienced in Fiscal Affairs and Tax Administration and is currently a managing Consultant with Global Economic Investment and Financial Consultancy Limited (GEIFIC Limited). In his professional career, he has been a long serving tax and fiscal policy administrator. He served in various capacities in the Treasury including, the Director of Fiscal & Monetary Affairs, and Economic Advisor to the Central Bank Of Kenya before his appointment as the Financial Secretary to the Treasury. He has consulted with various local and regional organisations on economic and public administration.

Ngugi Kiuna - *Director*

Mr. Kiuna graduated with a BSc Hons in Mechanical Engineering from the University of Portsmouth in the United Kingdom. He is currently the Managing Director of Maxam Limited, the distributor of Heineken across East Africa. His professional experience has involved working as a Managing Director of DiverseyLever East Africa. His other directorships include BOC Gases Kenya Ltd, Proctor & Allan (EA) Ltd, UBA Kenya Limited and X & R Technologies (Xerox).

Carol Musyoka - *Director*

Ms. Carol Musyoka has over 10 years of financial leadership including deal origination, structuring and execution, as well as credit risk and treasury management. She has extensive senior-level experience in banking and corporate finance, having previously been Chief Operating Officer of K-Rep Bank, Corporate Director of Barclays Bank and a Corporate Manager with Citibank Kenya. Carol received her Masters of Law degree from Cornell University, USA and holds a Bachelor of Law degree from the University of Nairobi. She is currently a director of BAT Kenya Ltd, BOC Gases Ltd and Alliance Capital Partners as well as a Trustee at SOS Children's Villages.

Corporate Governance

The Board of Directors of TransCentury Limited is committed to the highest level of corporate governance and is accountable to the shareholders, ensuring that the company complies with the law, enforcing the relevant corporate governance principles, policies and practices within the Group.

BOARD OF DIRECTORS

The Board consists of the Chairman, Z.G. Mbugua, six non-executive directors and the Chief Executive Officer (CEO), Dr. Gachao Kiuna. The directors' biographies appear on page 6 and 7. All non-executive directors on TransCentury's board are independent of management and have diverse skills, experience and competencies appropriate for effective management of the company's business.

The board meets at least on a quarterly basis during the year, with additional meetings when necessary. The directors are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. Except for the direction and guidance on general policy, the board has delegated authority for conduct of day to day business to the CEO.

The Board nonetheless retains responsibility in maintaining the company's overall internal control on financial, operational and compliance issues. All our directors have also attended various corporate governance courses organized by accredited institutions. All non-executive directors are subject to periodic reappointment in accordance with company's Article of Association which requires that one third of the longest serving directors (since their last election) retire by rotation every year and if eligible, their names are submitted for re-election at the Annual General Meeting.

The composition of the board and attendance during the year is as shown below.

Member	Attendance
Mr. Z. G. Mbugua Chairman	7/7
Dr. G. Kiuna Executive Director	7/7
Mr. P. T. Kanyago Non-executive Director	7/7
Mr. J. Karago Non-executive Director	5/7
Mr. R. Kimotho Non-executive Director	6/7

Member	Attendance
Ms. C. Musyoka Non-executive Director	7/7
Mr. N. Kirira Non-executive Director	6/7
Mr. N. Kiuna Non-executive Director	6/7
Ms. V. Ndunge Company Secretary	7/7

COMMITTEES OF THE BOARD

The following standing committees assist the Board in the discharge of its duties. These committees meet regularly under the terms of reference set by the board.

Audit and Risk Committee

The board has constituted an audit and risk committee which meets at least quarterly. It includes four non-executive directors Carol Musyoka, Peter Kanyago, Robin Kimotho and Ngugi Kiuna and the CEO. Its responsibilities include review of financial and operating information, in particular half year and annual financial statements, compliance with accounting standards, liaison with external auditors, remuneration of external auditors and maintaining oversight on internal control systems. Other responsibilities are to receive and consider the company's annual budget. The committee is guided by a charter from the board which outlines its mandate. The Head of Corporate Finance and Strategy, Head of Finance and Group internal auditor are regularly invited.

The members of the audit committee, together with a record of their attendance at scheduled meetings during the year are set out below.

Corporate Governance (continued)

Member	Attendance
Ms. C. Musyoka Chairman	6/6
Dr. G. Kiuna Executive Director	6/6
Mr. N. Kiuna Non-executive Director	5/6
Mr. R. Kimotho Non-executive Director	5/6
Mr. P. Kanyago Non-executive Director	6/6

Strategy and Investment Committee

Membership of this committee comprises of two non-executive directors Ngugi Kiuna and Zephaniah Gitau Mbugua and the CEO. The Head of Corporate Finance and Strategy, and the Head of Finance are regularly invited.

The main responsibility of the committee is to chart the strategy of the company and to oversee implementation of strategic decisions of the Board which include product and or geographical diversification, strategic partnerships and also review proposals involving capital expenditure.

The committee's attendance during the year is as shown below.

Member	Attendance
Mr. N. Kiuna Chairman	3/3
Mr. Z. G. Mbugua Non-executive Director	3/3
Dr. G. Kiuna Executive Director	3/3

Nominations and Remuneration Committee

The committee meets at least quarterly and includes, three non-executive directors Njeru Kirira, Joseph Karago, Zephaniah Gitau Mbugua and the CEO. The main responsibilities of the committee are to nominate TCL and subsidiary companies board members, appointment of TCL and subsidiary CEO's and succession planning. The committee also determines the company's remuneration policy for employees, management and non-executive directors. The committee submits its findings and recommendations at the quarterly board meetings.

The committee's attendance during the year is as shown below.

Member	Attendance
Mr N. Kirira Chairman	3/3
Mr. J. Karago Non-executive Director	3/3
Mr. Z. G. Mbugua Non-executive Director	3/3
Dr. G. Kiuna Executive Director	3/3

Corporate Governance (continued)

COMMUNICATION WITH SHAREHOLDERS

TransCentury is committed to ensuring that shareholders and the financial markets are provided with full and timely information about its performance. In the year, the company accomplished this objective through website updates, publications and distribution of its Annual Report and release of notices in the national press. The company also holds statutory meetings as required.

In this regard, the company complies with the obligations contained in the Nairobi Securities Exchange's Listing Rules, the Capital Markets Authority Act and Kenyan Companies Act.

DIRECTORS EMOLUMENTS AND LOANS

The aggregate amounts of emoluments paid to the directors for services rendered during this financial year ended 31 December 2013 are disclosed in the financial statements. Neither at the end of the financial year nor at any time during the year did there exist any arrangement to which the company is a party, whereby a director might acquire benefits by means of acquisition of the company's shares. All business transactions with the directors or related parties are carried out at arm's length. Such transactions have been disclosed.

RISK MANAGEMENT CONTROLS

The board recognizes that managing risk to ensure an optimal mix between risk and return is an integral part of achieving corporate goals. The Board has put in place processes for identifying, assessing, managing and monitoring risks to ensure that the company's business objectives are achieved and risks mitigated. The company has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. They cover systems for obtaining authority for major transactions and for ensuring compliance with the laws and regulations that have significant financial implications. The Board approves company policies and procedures whereas the management implements the Board's risk management policy. Procedures are also in place to mitigate investment risks and manage the risk profile of the investment portfolio.

A comprehensive management accounting system is in place providing financial and operational performance measurement indicators. Regular senior management meetings are held to monitor performance and to agree on measures to drive improvement.

EMPLOYMENT EQUITY

The company is committed to provide equal opportunity to all employees and applicants on the basis of merit. Our practice is to create a meritocratic culture in all our businesses across the African continent.

BUSINESS ETHICS

The directors attach great importance to the need to conduct the business and operations of the company with integrity and in accordance with internationally developed principles on good governance. The company adopts the best principles of good corporate culture that requires the directors and all employees to maintain the highest personal and ethical standards and to act in good faith and in the interest of the company. The company has developed and implemented a code of conduct that sets out guidelines and rules, which are based on good governance principles of:

- Full compliance with the law
- Application of best accounting practices
- Application of best business practices
- Fair competition

Chairman's Statement

Zephaniah Gitau Mbugua
Chairman

Dear Stakeholders,

On behalf of the Board of Directors, it is my pleasure to present to you the audited financial statements for the year ended 31st December 2013.

Overview of Group performance

The Group continued its strategy of growing the Power and Engineering Divisions regionally and positioning itself as a key player in Infrastructure development in East Africa-particularly in the Power Generation, Transmission and Distribution, Oil & Gas and Mining sectors.

The Group's revenues and net profit for the year declined by 12% and 15% respectively mainly attributed to delayed execution of several major construction projects across the region. A change in business mix in our Engineering Division positively impacted margins while margins remained stable in our Power Division.

Overview of the Business Environment

In Kenya, general elections were held in March 2013 which resulted in reduced activity in the Group's Power and Engineering Divisions during the first quarter of the year. There was positive recovery in the economy with projects kicking off after the successful elections which strengthened the confidence of both local and international investors. Overall, the GDP grew by 4.7% in 2013, holding steady from 2012. Inflation however increased from 4.6 % in 2012 to 5.7% as at December 2013 with interest rates and exchange rates remaining relatively stable. The Kenyan economy is on a strong recovery path, and the medium term prospects are positive, predicated on a smooth transition towards a devolved governance system and continued implementation of the reform agenda as outlined in the Second Medium Term Plan (2013-2017) and Vision 2030.

The Tanzania economy maintained a healthy growth rate of 7% in 2013 with inflation declining to 6.2% in 2013 from 12.1% in 2012. Economic growth is expected to accelerate owing to recent discovery of significant off-shore gas deposits in the country.

In Uganda, GDP growth of 6.1% was recorded in 2013 compared to 2.8% in 2012. The inflation rate however increased to 8.4% as at December 2013 compared to 4.9% in 2012. The Uganda government remains focused on working with upstream oil companies to develop the oil production sector creating investment opportunities and driving growth in coming years.

South Sudan, an emerging market with growing demand for construction materials and engineering services from Kenya faced a set-back due to political instability witnessed towards the end of the year negatively impacting our Power Division exports and Construction and Engineering services. Efforts by the international community and regional governments have not as yet contained the situation but expectations are high that stability will resume in Africa's youngest nation.

Rwanda and Burundi also experienced positive economic growth in 2013 and their governments continue to develop and drive policies attracting investment and growth. Our Power Division continues to be a leading player in terms of imports to support electrification programs in the two countries and this continues to grow steadily owing to increased demand and improved efficiency and delivery times.

Lastly, it is noteworthy that there has been a lot of investor interest across the region due to positive developments in the Oil and Gas and Mining sectors in particular. These developments in new export-led sectors are synergistic with the growth being experienced in the underlying domestic economies. Infrastructure development across the region to support both export-led and domestic-led growth engines will continue to be critical to at least sustain and where possible accelerate growth.

The business outlook is positive for our core Power and Engineering businesses with a strong pipeline of projects underway in regional electrification, urban and industrial development, mining and oil and gas. The Group will continue to play a key role in the Oil & Gas, Power Generation and Mining sectors by focusing on building strategic relationships with key stakeholders. In the Power business, the Group will focus on further regional penetration and product development to expand its revenue base and enhance the capacity and efficiency of its manufacturing operations as well as enter into the Power Generation space as an Independent Power Producer (IPP).

Chairman's Statement (continued)

Post Balance Sheet Events: Sale of Stake in Rift Valley Railways

The Group sold its entire 34% shareholding in KU Railways Holdings Limited ("KURH"), the lead investor in Rift Valley Railways ("RVR") to Africa Railways Limited, a subsidiary of Citadel Capital on 31st March 2014 by exercising a Put Option. The decision to sell was driven by the delayed turnaround of RVR, which meant that this investment failed to meet return targets set by the Group.

The Group realized USD 43.7m (KES 3.8bn) from the sale of its stake in RVR, hence recovering its entire cash investment in RVR. The cash realized from the disposal of RVR will be redeployed towards other higher return investment opportunities that will improve both the financial position and future profitability of the Group.

Outlook

The growth outlook across the Power and Engineering Divisions remains positive, driven by the deployment of the funds realized from the sale of our RVR stake and strong fundamentals in the infrastructure space across the region:

- ***Power Division***

  Our Power division will benefit from:

  - The regional governments' efforts to rehabilitate the existing grids, increase new connections and enhance power generation capacity. Specifically;
    - The government of Kenya set out to increase power generation capacity from the current 1,664MW to 5,108MW by 2017
    - In Tanzania, the government has also outlined the 2012-2016 strategic plan seeking to double power generation capacity from 1,100MW to 2,780MW
    - In Uganda, the government through the National Planning Authority has also identified key projects for funding to boost economic growth
  - General positive economic growth providing for expenditure on electrical installation, by consumers, industry and governments, which should act as a driver for our market leading electrification products
  - Under supply of power coupled with strong commitments from KENGEN and Independent Power Producers (IPPs) providing an opportunity to participate towards closing the power generation gap

- ***Engineering Division***

  - The recent regional Oil & Gas and Mining finds open numerous opportunities for infrastructure development and local engineering services
  - General growth of the economy is driving capital expenditure within the industrial and the infrastructure sector
  - Strong pipeline of transformative projects such as Base Titanium in Kwale, Mombasa (which our Engineering Division successfully completed in 2013) and similar projects in Turkana, Northern Kenya such as the Lake Turkana Wind Power Project and Tullow Oil Exploration Field Development

Our operating divisions will continue to build strategic relationships with long term partners to best enable the regional economy improve its infrastructure, drive regional competitiveness and create value for our investors.

Appreciation

As we look forward to the strengthening of the Group's performance, I would like to thank all the investors of TransCentury for their continued support throughout the year. I would also like to thank my fellow directors for their continued dedication towards achievement of TransCentury's objectives. To all our stakeholders including our business partners, customers and our highly dedicated members of staff, I say thank you for your contribution and dedication in serving the Group.

Zephaniah Gitau Mbugua

Chairman

Chief Executive's Statement

Dr. Gachao Kiuna
Chief Executive Officer and Managing Director

Dear Investors,

The 2013 financial year saw the Group continue to focus on its key strategy of infrastructure investment, across three operating platforms being (1) Power Infrastructure (2) Transport Infrastructure and (3) Engineering and Construction.

The Power Infrastructure division benefited from a higher level of integration with the various cable and transformer manufacturing plants across East, Central and Southern Africa now reporting to a common Group CEO and management team responsible for all operations. This integration is expected to lead to cost rationalization, economies of scale benefits, commercial synergies and improved oversight as the Power Division rolls out a common Enterprise Resource Planning (ERP) system across all manufacturing plants.

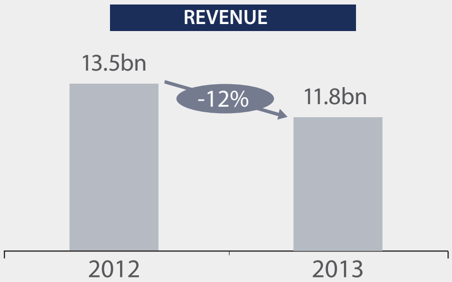
In an effort by TransCentury to maximize shareholder value, subsequent to year-end, the Company disposed of its entire 34% shareholding in KU Railways Holdings Limited ("KURH"), the lead investor in Rift Valley Railways ("RVR"). The decision was made due to the delayed turnaround of RVR, which meant that this investment failed to meet return targets set by the Group. The delayed turnaround resulted from long delays in debt funding for the project and delayed execution of the rehabilitation program.

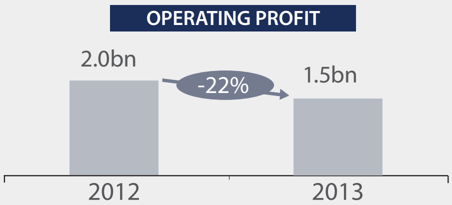
The disposal of RVR means that the Group can re-deploy the funds towards supporting growth of the Power and Engineering Divisions and executing on other higher return opportunities within our pipeline of investments. For example, the Group is in advanced stages of negotiating a Power Purchase Agreement ("PPA") within a consortium of investors to build, own and operate a new Geothermal Power Plant in Menengai, Kenya which represents one such new opportunity that the Group is considering in place of its historical investment in RVR.

The Engineering Division continues to be involved in key transformative infrastructure projects across the region particularly in Oil and Gas, Mining, Roads, Bridges, Industrial and Urban Development. In 2013, Civicon, a subsidiary of our Engineering Division successfully completed the construction of a new titanium mine in Kwale, Mombasa Kenya for Base Titanium, which has been a transformative investment for the South Coast Mombasa, which historically solely relied on Tourism to drive growth of GDP, Jobs and Foreign Exchange. Following the successful completion of this project, we are already seeing a growing pipeline of similar projects in Mombasa. The Division also continues to be actively involved in providing its services to other mining projects across the region.

Group Performance

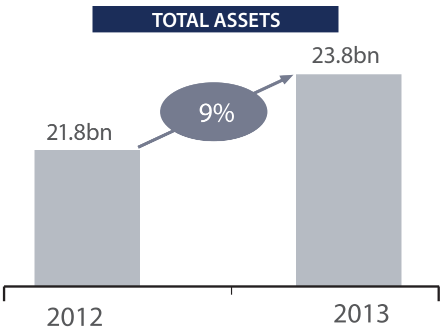
The Group recorded reduced business activity, which was largely due to delays in the execution of major infrastructure projects in the first half of the year. Group revenues and operating profit decreased by 12% and 22% respectively. The decline was largely due to a drop in the Engineering Division revenues impacted by project delays although a shift in focus to more specialized projects improved margins.

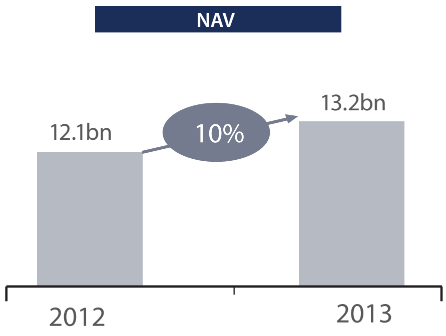




The Group's total assets grew from KShs 21.8 billion in 2012 to KShs 23.8 billion in 2013. The increase in the Asset Base was mainly due to increased investment in RVR through additional capital injection in 2013 as TransCentury fully paid up its pro rata portion of the USD 82 million equity requirement ahead of schedule in an attempt to curb the impact of delayed debt funding on the operations of the business. The increased investment in RVR was the main driver to increases in the total assets and NAV of the Group in 2013.

Chief Executive's Statement (continued)





Performance by Division

POWER

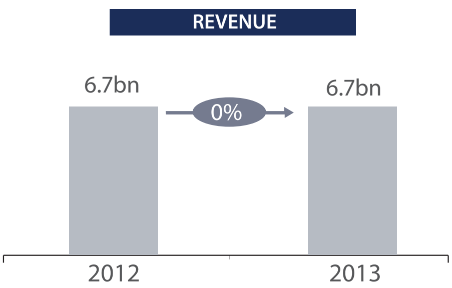
Power: Business Overview

TransCentury's Power Division is a leading manufacturer of cables and Transmission & Distribution Equipment in East, Central and Southern Africa, with a broad customer base that includes retail outlets, large & small electrical contractors, large projects and utilities. The product range includes:

- Cables: Low and medium voltage cables, Copper winding wires, Overhead conductors, Data & Communication cables & Specialty cables
- Transformers: Distribution transformers, Power transformers, Special transformers as well as Onsite repair and maintenance
- Switchgear: Low and medium voltage switchgear, as well as installation and commissioning and maintenance
- Generators: Backup power as well as large power plants
- Turnkey Projects: substations, distribution & transmission lines as well as other turnkey solutions

Power Financial Performance

The Division's revenues remained stable at KShs 6.7 billion for both financial year 2012 and 2013 and operating profit declined marginally by 2%. This was due to slow business activity in Kenya within the first half of the year over the general election period where the Division recorded subdued business activity. However, activity picked up in the second half of the year allowing the Power Division to recover from the first half of the year.



Power: Growth Opportunities

In order to fully capture the commercial opportunities from electrification activities across the region, our Power Division continues to invest in upgrading the manufacturing facilities to improve efficiency and capacity. In our cable manufacturing units in Kenya and South Africa in particular, extensive refurbishments of the factories are underway and are expected to be complete within the first half of 2014. Enhanced capacity in the transformer manufacturing and repair units in Tanzania and Zambia is also expected to boost the power division in 2014 and 2015.

In 2013, the Division invested KShs 280 million in capital expenditure, which was similar to the KShs 277 million invested in 2012 with an aim to enhancing capacity in our production plants. Investment in efficiency will aid our production facilities to continue growing into the new capacity that we are continuously investing in. The Power Division will focus on regional diversification and product development to expand its revenue base and enhance the capacity and efficiency of its manufacturing operations.

Chief Executive's Statement (continued)

TRANSPORT

Transport: Business Overview

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

Transport: Financial Performance

In 2013, RVR continued with its planned turnaround plan and by the year-end the following had been achieved;

- USD 82 million equity injection into the business by the shareholders of the company meaning that the entire equity funding was fully paid up
- Completion of the first phase of the rehabilitation of 500 kilometers of rail that links Kenya with Tororo in Eastern Uganda and Gulu in the North
- Rehabilitation of over 1000 Wagons and 11 Locomotives and replacement of 9 Culverts

However, RVR continued to face severe challenges owing to delays in debt funding with the remaining USD 70m of debt funding not being made available to the Company in 2013 thereby leading to the capital investment program stalling just at the time that RVR had achieved EBITDA break-even. The stalling of the capital investment program severely impacted expected equity returns for the project, which relied on a holistic capital expenditure program being fully realised with entire debt and equity funds committed.

ENGINEERING

Engineering: Business Overview

TransCentury's Engineering Division is the region's leading Mechanical and Civil Engineering and Contracting firm in East and Central Africa. The Division provides the following solutions:

- Mechanical Engineering
- Civil Engineering
- Logistics Services
- Cranage and Erection Services
- Sale and Service of Industrial Equipment
- Backup Power and Power Plants

The Engineering Division expects to enhance its presence in the various infrastructure projects across the region as the demand for Engineering continues to grow, driven by the following:

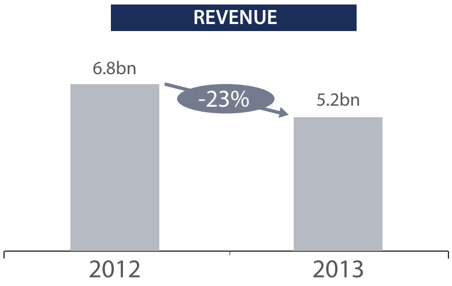
- Development of Power generation, transmission and distribution facilities in the region
- Investment by the private sector infrastructure concessions across the region (e.g. Fuel storage facilities)
- Exploration for oil and gas in the region - particularly in Northern Kenya, Uganda and Tanzania
- Development of mining in the DRC and Tanzania
- Development of urban and industrial infrastructure (e.g. new manufacturing plants)
- Development of water and sanitation facilities (e.g. new dams and water ways)
- Development in transport infrastructure (roads, rail & ports)

Engineering: Financial Performance

Revenues for the Engineering Division decreased by 23% from KShs 6.8 billion in 2012 to KShs 5.2 billion in 2013 while Operating Profit decreased by 11% from 771 million in 2012 to KShs 688 million in 2013. The decline was due to delays in execution of major construction projects in the first half of the year, which was cushioned by improved margins due to a change in business mix and a focus on more specialised projects. The Engineering Division however continues to be very active in the infrastructure development across the region going forward. In 2013, the Division was involved the following major projects:

- Power Generation Projects
- Oil and Gas; upstream and downstream
- Mining services
- Transport infrastructure projects
- Specialised logistics and lifting
- Large scale industrial equipment projects

Chief Executive's Statement (continued)



Engineering: Growth Opportunities

The Engineering Division will continue to pursue a diversified strategy of participating across the key growth sectors in the industry being Engineering and Contracting services for clients in Oil and Gas, Mining, Power Generation, Transportation, Urban and Industrial development. These sectors will in the next few years, be the basis for generating a portfolio of business activities in the region. The potential in this sector is large and our Engineering Division is positioning itself to take advantage of the opportunities available to steer the region into the next level of economic growth, which will undoubtedly be investment led. The Engineering Division will continue to build strategic relationships with key stakeholders in order to secure its position as the leading local provider of engineering and contracting services.

During the year, the Division invested KShs 350 million, which went towards new heavy equipment to support projects in Kenya, Uganda, South Sudan and DRC. The investment is aimed at boosting the Division's growth areas, including mining services, which was the most significant contributor to the Division's profitability in 2013.

Appreciation

I would like to thank all the investors of TransCentury for their continued support throughout the year. I would also like to thank the Board of Directors of TransCentury for their guidance and strategic support. Our accomplishments would not have been possible without the dedication and expertise of our employees, to whom I wish to extend my sincere appreciation. Lastly, I wish to thank our clients and our partners, many of who have held long-term relationships with the Group, which we look forward to maintaining and nurturing.

I look forward to working together to achieve our set objectives and targets for 2014.

Yours Sincerely,

Dr Gachao Kiuna
Chief Executive Officer

Report of the Directors

The directors have pleasure in submitting their report together with the audited Group annual financial statements for the year ended 31 December 2013, which disclose the state of affairs of the company and the Group.

1. Activities

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

2. Results

The results for the year are set out on page 20.

3. Dividends

The directors recommend the payment of a first and final dividend of KShs 0.40 (2012 – KShs 0.40) per share which amounts to KShs 109,580,114 (2012 – KShs 109,580,114).

4. Directors

The directors of the company who served since 1 January 2013 are set out on pages 6 and 7.

5. Auditors

The auditors of the company, KPMG Kenya, continue in office in accordance with Section 159(2) of the Kenyan Companies Act.

6. Approval of financial statements

The financial statements were approved at a meeting of the directors held on 15 April 2014.

BY ORDER OF THE BOARD

Virginia Ndunge
Secretary

Date: 15 April 2014

Statement of Directors' Responsibilities

The Directors are responsible for the preparation and fair presentation of the consolidated and company financial statements of Trans-Century Limited set out on pages 20 to 75 which comprise the consolidated and company statements of financial position at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

Under the Kenyan Companies Act the Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the company as at the end of the financial year and of the operating results of the group for that year. It also requires the Directors to ensure the group keeps proper accounting records which disclose with reasonable accuracy the financial position of the group and the company.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in compliance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the group and the company and of the group operating results.

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

The Directors have made an assessment of the company and its subsidiaries ability to continue as a going concern and have no reason to believe the company and its subsidiaries will not be a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The consolidated and company financial statements, as indicated above, were approved by the Board of Directors on 15 April 2014 and were signed on its behalf by:

Director

Director

Date: 15 April 2014

Report of the Independent Auditors

to the members of TransCentury Limited

KPMG Kenya
Certified Public Accountants
8th Floor, ABC Towers
Waiyaki Way
PO Box 40612
00100 Nairobi GPO

Telephone +254 20 2806000
Fax: +254 20 2215695
Email: info@kpmg.co.ke
Website: www.kpmg.co.ke

We have audited the financial statements of Trans-Century Limited set out on pages 20 to 75 which comprise the consolidated and company statements of financial position at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

As stated on page 18, the directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of consolidated and company financial position of Trans-Century Limited at 31 December 2013, and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

Report on other legal requirements

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

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

(ii) In our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books; and

(iii) The statement of financial position of the company is in agreement with the books of account.

The Engagement Partner responsible for the audit resulting in this independent auditor's report is CPA Jacob Maina Gathecha – P/1610.

KPMG Kenya

Date: 15 April 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

	Note	2013 KShs'000	2012 KShs'000
Revenue	30	11,807,576	13,487,229
Cost of sales		(8,248,302)	(9,814,036)
Gross profit		**3,559,274**	**3,673,193**
Net other income	5	1,208,111	1,233,280
Operating expenses		(2,509,021)	(2,293,137)
Profit before depreciation and finance cost		**2,258,364**	**2,613,336**
Depreciation and amortisation	6	(723,315)	(643,904)
Results from operating activities	6	**1,535,049**	**1,969,432**
Finance income	7	59,166	159,167
Finance cost	7	(735,625)	(902,126)
Net finance cost		**(676,459)**	**(742,959)**
Profit before income tax		**858,590**	**1,226,473**
Income tax expense	8	(232,158)	(490,368)
Profit from continuing operations		**626,432**	**736,105**
Discontinued operations			
Profit from discontinued operations (net of tax)	29	-	4,542
Profit for the year		**626,432**	**740,647**
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation of property, plant and equipment	11	268,161	491,164
Related tax	24 (b)	(81,716)	(138,349)
		186,445	352,815
Items that are or may be reclassified to profit or loss			
Net change in fair value of available-for-sale financial assets		42,594	10,913
Available-for-sale reserve released on disposal of quoted shares		-	(47,979)
Exchange differences on translation of foreign subsidiaries		(63,058)	(45,122)
		(20,464)	(82,188)
Other comprehensive income net of income tax		**165,981**	**270,627**
Total comprehensive income for the year		**792,413**	**1,011,274**
Profit after tax is attributable to:			
Equity holders of the company		291,295	455,056
Non-controlling interest		335,137	285,591
Profit for the year		**626,432**	**740,647**
Total comprehensive income for the year attributable to:			
Equity holders of the company		404,017	532,484
Non-controlling interest		388,396	478,790
		792,413	**1,011,274**
BASIC EARNINGS PER SHARE - (KShs)	**22(a)**	**1.06**	**1.66**
DILUTED EARNINGS PER SHARE - (KShs)	**22(a)**	**1.06**	**1.66**

The notes set out on pages 29 to 75 form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2013

	Note	2013 KShs'000	2012 KShs'000
ASSETS			
Non current assets			
Property, plant and equipment	9	6,630,211	6,865,850
Investment property	10	282,868	285,125
Prepaid operating lease rentals	11	446,703	149,918
Intangible assets	12	2,457,864	2,429,592
Quoted investments	13(a)	316	281
Unquoted investments	13(b)	5,237,133	4,210,650
Investments in funds	14	-	393,996
Deferred tax asset	24(a)	944	575
		15,056,039	14,335,987
Current assets			
Inventory	16	1,540,428	1,593,541
Trade and other receivables	17	6,843,673	5,603,701
Tax receivable		38,938	38,109
Cash and cash equivalents	18	361,195	274,416
		8,784,234	7,509,767
TOTAL ASSETS		**23,840,273**	**21,845,754**
EQUITY AND LIABILITIES			
Capital and reserves (Pages 24 - 25)			
Share capital	19	136,975	136,975
Share premium	20	379,717	379,717
Revenue reserves	21(a)	3,286,015	3,102,831
Translation reserve	21(b)	112,139	182,489
Available-for-sale reserve	21(c)	240,187	197,593
Revaluation reserve	21(d)	932,787	793,778
Proposed dividends	22(b)	109,580	109,580
Total equity attributable to equity holders of the company		5,197,400	4,902,963
Non-controlling interest		2,888,986	2,591,078
Convertible bond	23	5,132,002	4,574,554
Total equity		**13,218,388**	**12,068,595**
LIABILITIES			
Non current liabilities			
Deferred tax liability	24(b)	884,418	717,438
Liability for staff gratuity		43,673	34,402
Long term loan – non-current portion	25	3,786,665	3,179,169
		4,714,756	3,931,009

The notes set out on pages 29 to 75 form an integral part of the financial statements.

Consolidated Statement of Financial Position (continued)

As at 31 December 2013

	Note	2013 KShs'000	2012 KShs'000
Current liabilities			
Bank overdraft	18	491,348	335,405
Long term loan – current portion	25	1,833,357	1,397,958
Trade and other payables	26	3,562,072	3,883,406
Tax payable		20,108	194,127
Unclaimed dividends		244	324
Aureos Fund – other members	14	-	34,930
		5,907,129	5,846,150
Total liabilities		**10,621,885**	**9,777,159**
TOTAL EQUITY AND LIABILITIES		**23,840,273**	**21,845,754**

The financial statements on pages 20 to 75 were approved by the Board of Directors on 15 April 2014 and were signed on its behalf by:

Director: ____________________________ Director: ____________________________

The notes set out on pages 29 to 75 form an integral part of these financial statements.

Company Statement of Financial Position

As at 31 December 2013

	Note	2013 KShs'000	2012 KShs'000
ASSETS			
Non current assets			
Property, plant and equipment	9	4,866	6,622
Quoted investments	13(a)	316	281
Unquoted investments	13(b)	341,543	253,200
Investment in subsidiaries	13(c)	10,727,600	9,138,670
Investments in funds	14	-	393,996
Loans to subsidiaries	15	500,197	493,275
Deferred tax asset	24(a)	944	575
		11,575,466	10,286,619
Current assets			
Trade and other receivables	17	1,678,540	1,252,356
Tax receivables		4,329	4,329
Cash and bank balances	18	30,096	-
		1,712,965	1,256,685
TOTAL ASSETS		**13,288,431**	**11,543,304**
EQUITY AND LIABILITIES			
Capital and reserves (Pages 26 - 27)			
Share capital	19	136,975	136,975
Share premium	20	379,717	379,717
Revenue reserves	21(a)	114,563	342,436
Available-for-sale reserve	21(c)	9,496,942	7,865,416
Proposed dividends	22(b)	109,580	109,580
Total equity		**10,237,777**	**8,834,124**
Non current liabilities			
Long term loan – non-current portion	25	2,388,031	1,853,113
Current liabilities			
Bank overdraft	18	-	100,245
Long term loan – current portion	25	576,073	576,073
Trade and other payables	26	86,306	144,496
Unclaimed dividends		244	323
Aureos Fund – other members	14	-	34,930
		662,623	856,067
Total liabilities		**3,050,654**	**2,709,180**
TOTAL EQUITY AND LIABILITIES		**13,288,431**	**11,543,304**

The financial statements on pages 20 to 75 were approved by the Board of Directors on 15 April 2014 and were signed on its behalf by:

Director: ____________________ Director: ____________________

The notes set out on pages 29 to 75 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended December 2012

2012:	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	Proposed dividends KShs'000	Total KShs'000	Non-controlling interest KShs '000	Total KShs'000
Balance at 1 January 2012 As previously stated	136,975	379,717	620,572	241,201	234,659	2,757,355	68,488	4,438,967	2,580,702	7,019,669
Prior period adjustments: Prior year adjustment (Note 28)	-	-	-	-	-	-	-	-	(387,043)	(387,043)
Balance at 1 January 2012 As restated	**136,975**	**379,717**	**620,572**	**241,201**	**234,659**	**2,757,355**	**68,488**	**4,438,967**	**2,193,659**	**6,632,626**
Total comprehensive income for the year net of tax										
Net profit after tax	-	-	-	-	-	455,056	-	455,056	285,591	740,647
Other comprehensive income										
Revaluation of property, plant and equipment net of deferred tax	-	-	173,206	-	-	-	-	173,206	179,609	352,815
Exchange adjustment	-	-	-	(58,960)	-	-	-	(58,960)	13,838	(45,122)
Net change in fair value of available-for-sale financial assets	-	-	-	-	10,913	-	-	10,913	-	10,913
Release on disposal of quoted shares	-	-	-	-	(47,979)	-	-	(47,979)	-	(47,979)
Transfer from translation reserves	-	-	-	248	-	-	-	248	(248)	-
Total other comprehensive income	**-**	**-**	**173,206**	**(58,712)**	**(37,066)**	**-**	**-**	**77,428**	**193,199**	**270,627**
Total comprehensive income	**-**	**-**	**173,206**	**(58,712)**	**(37,066)**	**455,056**	**-**	**532,484**	**478,790**	**1,011,274**
Transactions with owners of the group, recorded directly in equity Contributions by and distributions to owners of the group										
Dividend paid	-	-	-	-	-	-	(68,488)	(68,488)	(81,371)	(149,859)
Proposed dividends	-	-	-	-	-	(109,580)	109,580	-	-	-
Total transactions with owners, recorded directly in equity	**-**	**-**	**-**	**-**	**-**	**(109,580)**	**41,092**	**(68,488)**	**(81,371)**	**(149,859)**
Balance at 31 December 2012	**136,975**	**379,717**	**793,778**	**182,489**	**197,593**	**3,102,831**	**109,580**	**4,902,963**	**2,591,078**	**7,494,041**

The notes set out on pages 29 to 75 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity (continued)

For the year ended December 2013

2013:	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	Proposed dividends KShs'000	Total KShs'000	Non-controlling interest KShs '000	Total KShs'000
Balance at 1 January 2013	**136,975**	**379,717**	**793,778**	**182,489**	**197,593**	**3,102,831**	**109,580**	**4,902,963**	**2,591,078**	**7,494,041**
Total comprehensive income for the year net of tax										
Net profit after tax	-	-	-	-	-	291,295	-	291,295	335,137	626,432
Other comprehensive income										
Revaluation of property, plant and equipment net of deferred tax	-	-	130,512	-	-	-	-	130,512	55,933	186,445
Exchange adjustment	-	-	-	(63,176)	-	-	-	(63,176)	118	(63,058)
Net change in fair value of available-for-sale financial assets	-	-	-	-	42,594	-	-	42,594	-	42,594
Release on disposal of quoted shares	-	-	-	-	-	-	-	-	-	-
Transfer to revaluation reserve	-	-	8,497	-	-	(8,497)	-	-	-	-
Transfer from translation reserves	-	-	-	(7,174)	-	9,966	-	2,792	(2,792)	-
Total other comprehensive income	**-**	**-**	**139,009**	**(70,350)**	**42,594**	**1,469**	**-**	**112,722**	**53,259**	**165,981**
Total comprehensive income	**-**	**-**	**139,009**	**(70,350)**	**42,594**	**292,764**	**-**	**404,017**	**388,396**	**792,413**
Transactions with owners of the group, recorded directly in equity contributions by and distributions to owners of the group										
Dividend paid	-	-	-	-	-	-	(109,580)	(109,580)	(90,488)	(200,068)
Proposed dividends	-	-	-	-	-	(109,580)	109,580	-	-	-
Total transactions with owners, recorded directly in equity	**-**	**-**	**-**	**-**	**-**	**(109,580)**	**-**	**(109,580)**	**(90,488)**	**(200,068)**
Balance at 31 December 2013	**136,975**	**379,717**	**932,787**	**112,139**	**240,187**	**3,286,015**	**109,580**	**5,197,400**	**2,888,986**	**8,086,386**

The notes set out on pages 29 to 75 form an integral part of the financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2012

2012:	Share capital KShs '000	Share premium KShs '000	Available for sale reserve KShs '000	Revenue reserves KShs '000	Proposed dividends KShs'000	Total KShs'000
Balance at 1 January 2012	136,975	379,717	7,530,266	577,831	68,488	8,693,277
Total comprehensive income for the year net of tax						
Loss for the year	-	-	-	(125,815)	-	(125,815)
Other comprehensive income for the year						
Net change in fair value of available-for-sale financial assets	-	-	383,176	-	-	383,176
Available-for-sale reserve released on disposal of quoted shares	-	-	34,678	-	-	34,678
Available-for-sale reserve released on disposal of Funds of funds investments	-	-	(82,704)	-	-	(82,704)
Total other comprehensive expense	**-**	**-**	**335,150**	**-**	**-**	**335,150**
Total comprehensive income	**-**	**-**	**335,150**	**(125,815)**	**-**	**209,335**
Transactions with owners, recorded directly in equity Contributions by and distributions to owners of the company						
Dividend paid	-	-	-	-	(68,488)	(68,488)
Proposed dividends	-	-	-	(109,580)	109,580	-
Total transactions with owners for the year	**-**	**-**	**-**	**(109,580)**	**109,580**	**-**
Balance as at 31 December 2012	**136,975**	**379,717**	**7,865,416**	**342,436**	**109,580**	**8,834,124**

The notes set out on pages 29 to 75 form an integral part of the financial statements.

Company Statement of Changes in Equity (continued)

For the year ended 31 December 2013

2013:	**Share capital KShs '000**	**Share premium KShs '000**	**Available for sale reserve KShs '000**	**Revenue reserves KShs '000**	**Proposed dividends KShs'000**	**Total KShs'000**
Balance at 1 January 2013	136,975	379,717	7,865,416	342,436	109,580	8,834,124
Total comprehensive income for the year net of tax						
Loss for the year	-	-	-	(118,293)	-	(118,293)
Other comprehensive income for the year						
Net change in fair value of available-for-sale financial assets	-	-	1,677,309	-	-	1,677,309
Available-for-sale reserve released on disposal of quoted shares	-	-	-	-	-	-
Available-for-sale reserve released on disposal of Funds of funds investments	-	-	(45,783)	-	-	(45,783)
Total other comprehensive expense	**-**	**-**	**1,631,526**	**-**	**-**	**1,631,526**
Total comprehensive income	**-**	**-**	**1,631,526**	**(118,293)**	**-**	**1,513,233**
Transactions with owners, recorded directly in equity Contributions by and distributions to owners of the company						
Dividend paid	-	-	-	-	(109,580)	(109,580)
Proposed dividends	-	-	-	(109,580)	109,580	-
Total transactions with owners for the year	**-**	**-**	**-**	**(109,580)**	**-**	**(109,580)**
Balance as at 31 December 2013	**136,975**	**379,717**	**9,496,942**	**114,563**	**109,580**	**10,237,777**

The notes set out on pages 29 to75 form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	Note	2013 KShs'000	2012 KShs'000
Net cash flows from operating activities			
Profit before taxation		858,590	1,226,473
Adjustment for non-cash items		1,224,027	302,627
Operating profit before working capital changes		**2,082,617**	**1,529,100**
Increase in trade and other receivables		(1,239,972)	(869,682)
Decrease/(Increase) in inventories		53,113	(50,326)
(Decrease)/ Increase in Aureos Fund - Other members		(34,930)	5,575
Decrease in trade and other payables		(321,414)	(1,759,713)
Increase in provision for staff gratuity		9,271	15,710
Cash generated from/(used in) operations		**548,685**	**(1,129,336)**
Income tax paid		(418,576)	(689,919)
Dividends paid to shareholders of the company		(109,580)	(68,488)
Dividend paid to non-controlling interest		(90,488)	(81,371)
Net cash flows used in operating activities		**(69,959)**	**(1,969,114)**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(633,840)	(1,464,306)
Purchase of intangible assets	12	-	(6,975)
Investments in subsidiaries, funds and other investments		(915,337)	(797,413)
Proceeds from disposal of investments		279,579	1,315,579
Proceeds from disposal of property, plant and equipment		3,965	203,517
Proceeds from disposal of quoted shares		-	83,657
Net cash flows used in investing activities		**(1,265,633)**	**(665,941)**
Cash flows from financing activities			
Net movement in loans and borrowing		1,042,895	341,059
Net proceeds from issue of convertible bond	23	517,858	-
Interest paid on convertible bond	23	(294,325)	(262,396)
Net cash flows from financing activities		**1,266,428**	**78,663**
Net decrease in cash and cash equivalents		**(69,164)**	**(2,556,392)**
Cash and cash equivalents at the end of the year	18	(130,153)	(60,989)
Cash and cash equivalents at the beginning of the year	18	(60,989)	2,495,403
Net decrease in cash and cash equivalents		**(69,164)**	**(2,556,392)**

The notes set out on pages 29 to75 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1. REPORTING ENTITY

TransCentury Limited is a limited liability company incorporated in Kenya under the Kenyan Companies Act, and is domiciled in Kenya. The consolidated financial statements of the company as at and for the year ended 31 December 2013 comprise the company and its subsidiaries (together referred to as the "Group"). The address of its registered office is as follows:

The Greenhouse
3rd Floor, Suite 8, East wing
Ngong Road
PO Box 61120
00200 Nairobi City Square

Where reference is made in the accounting policies to Group it should be interpreted as being applicable to the consolidated or company financial statements as the context requires.

2. BASIS OF PREPARATION

(a) 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.

For Kenyan Companies Act reporting purposes in these financial statements, the balance sheet is presented by the statement of financial position and the profit and loss account is presented by the statement of profit or loss and other comprehensive income.

(b) Basis of measurement

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

- Available-for-sale financial assets are measured at fair value;
- Investment property is measured at fair value;
- Property and equipment are measured at revalued amounts; and
- Investments in subsidiaries (company financial statements) are measured at fair value

(c) Functional and presentation currency

These financial statements are presented in Kenya shillings (KShs), which is the company's functional currency. All financial information presented has been rounded to the nearest thousand except where otherwise indicated.

(d) Use of estimates and judgments

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

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

The key areas of judgement in applying the entities accounting policies are dealt with in the respective accounting policy note or/and disclosure note.

Notes to the Consolidated Financial Statements

2. BASIS OF PREPARATION (continued)

(e) Determination of fair value

A number of the Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. 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 equity instruments for which no active market exists, the Group uses the price of a recent investment or the earnings multiple to estimate the fair value of these investments. Management uses estimates based on historical data relating to earnings of the investee company and other market based multiples in arriving at the fair value.

The primary assumption in employing the earnings multiple method is that the market has assigned an appropriate value to the benchmark company. The methodology and assumptions used for arriving at the market based multiples are reviewed and compared with other methodologies to ensure there are no material variances.

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 marketvalue basis.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Revenue income recognition

(i) Goods sold and services

Sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods.

Revenue from services rendered is recognised in the statement of comprehensive income in proportion to the stage of completion of the transaction at the reporting date.

The revenue is stated net of Value Added Tax (VAT).

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue income recognition

(ii) Dividends

Dividend income is recognised in the statement of comprehensive income on the date that the Group's right to receive payment is established.

(iii) Interest on deposits with financial institutions

Interest on deposits with financial institutions is accounted for on a time proportion basis in profit or loss using the effective interest method.

(iv) Discount on treasury bills

Discount on treasury bills is credited to profit or loss on a straight line basis over the maturity period of the investment.

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group controls an investee 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.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

(i) Subsidiaries (continued)

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

Subsidiary	Country of incorporation	2013 %	2012 %
Cable Holdings Limited*	Kenya	94.8	94.8
East African Cables Limited	Kenya	64.3	64.3
East African Cables Tanzania Limited	Tanzania	32.8	32.8
Avery (East Africa) Limited	Kenya	94.4	94.4
Trans-Century Holdings (Pty) Limited	South Africa	100.0	100.0
Tanelec Limited	Tanzania	70.0	70.0
Crystal Limited	Tanzania	100.0	100.0
TC Mauritius Holdings Limited	Mauritius	100.0	100.0
Cable Holdings Mauritius Limited	Mauritius	100.0	100.0
TC Engineering and Contracting Limited	Mauritius	100.0	100.0
TC Railway Holdings Limited*	Mauritius	100.0	100.0
Safari Rail Company Limited*	Mauritius	100.0	100.0
Civicon Africa Group Limited	Mauritius	62.0	62.0
Civicon DRC Holdings Limited	Mauritius	69.6	69.6
Cableries du Congo Sprl	Democratic Republic of Congo	100.0	100.0

* Refer to Note 33 for post balance sheet events

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

(ii) Non-controlling interests

Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

(iii) Venture capital

Investment in Rift Valley Railways Investments Pty Limited ("RVR") has been accounted for as a financial asset with its fair value gains/losses being recognised in profit or loss in the period in which they occur. The investment in RVR is held through Safari Rail Company Limited, a company incorporated in Mauritius.

Refer to note 33(a) for post balance sheet event on the investment in RVR.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

(iv) Transactions eliminated on consolidation

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

(c) Translation of foreign currencies

(i) 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 available-for-sale equity instruments.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Kenya Shillings at exchange rates at the reporting date. Foreign currency differences are recognised directly in equity.

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.

(d) Property, plant and equipment

Items of property, plant and equipment are stated initially at historical cost and subsequently at historical costs, in the case of heavy commercial vehicles, or valuation, less accumulated depreciation and impairment.

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 is expensed as incurred.

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

• Freehold buildings	2% – 5%
• Leasehold 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	12.5%

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.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) 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 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.

(f) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(g) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) Non-financial assets

The carrying amounts of the Group'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. If any such indication exists then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment (continued)

***(ii) Non-financial assets* (continued)**

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 if there has been a change in the estimates used to determine the recoverable amount. 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.

(h) Inventories

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

(i) Trade and other receivables

Trade and other receivables are stated at amortised cost less an estimate made for doubtful receivables based on a review of all outstanding amounts at year end.

(j) Employee benefits

(i) Defined contribution plans

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

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

(ii) Staff gratuity

Unionisable staff for one of the subsidiaries are eligible to gratuity upon retirement based on 23 days pay for each completed year of service at current salary. A liability is made in the financial statements for the estimated liability of such gratuity payable. Movements in the liability are accounted for in profit or loss.

(iii) Leave accrual

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

(iv) Termination benefits

Termination benefits are recognised as an expense when the Group 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.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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.

(l) 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.

(m) Related party transactions

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

(n) Dividends

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

(o) Financial instruments

(i) Classification

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability of another enterprise. These are classified as follows:

Financial assets at fair value through profit or loss: This category has two subcategories; financial assets held for trading, and those designated at fair value through profit or loss at inception. Financial instruments reclassified in this category are those that the Group holds principally for the purpose of short-term profit taking.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through profit or loss or available-for-sale. Loans and receivables comprise trade and other receivables, cash and cash equivalents and balances due from Group companies.

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that the Group has positive intent and ability to hold to maturity. Were the Group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

Available-for-sale assets are the non-derivative financial assets that are designated as available for sale or are not classified as held for trading purposes, loans and receivables or held to maturity. These include quoted and unquoted investments and investments in funds.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Financial instruments (continued)

(i) Classification (continued)

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities include loans, bank overdrafts, trade and other payables and Aureos Fund.

(ii) Recognition

The Group recognises financial assets held for trading and available-for-sale assets on the date it commits to purchase the assets. From this date any gains and losses arising from changes in fair value of the assets are recognised.

Held-to-maturity, loans and receivables are recognised on the date they are transferred to the Group.

(iii) Measurement

Financial instruments are measured initially at fair value, including transaction costs.

Subsequent to initial recognition all instruments measured at fair value through profit or loss and all available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

Loans and receivables and held-to-maturity assets are measured at amortised cost less impairment losses. Amortised cost is calculated on the effective interest method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Gains and losses arising from a change in the fair value of available-for-sale assets are recognised in other comprehensive income and presented within equity until the instrument is derecognised or impaired, at which time the cumulative gain or loss is recognised in profit or loss and trading instrument gains or losses are recognised in profit or loss in the period they arise.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(v) Derecognition

A financial asset is derecognised when the Group loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished.

(p) Intangible assets

(i) Goodwill/Premium on acquisition

All business combinations are accounted for by applying the acquisition method when control is transferred to the group. Goodwill represents the difference between the consideration transferred and the fair value of the net identifiable assets acquired.

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.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Intangible assets (continued)

(ii) Computer software

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

(iii) Brand

Acquired assets are capitalised and are measured at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over estimated useful life. The estimated useful life of the brand for the current and comparative periods is 20 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(q) Provisions

A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cashflows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specifics to the liability.

(r) Comparatives

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

(s) Standards and amendments adopted in 2013

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards with the date of initial application of 1 January 2013:

- Disclosures – Offsetting of financial assets and financial liabilities (amendments to IFRS 7).This standard introduces disclosures about the impact of netting arrangements on an entity's financial position. The amendments are effective for annual periods beginning on or after 1 January 2013 and interim period within those annual periods.

- IAS 1 Presentation of Items of Other Comprehensive Income (effective from 1 July 2012). This amendment requires that an entity present separately the items of other comprehensive income (OCI) that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss; and change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles. IAS 1 was adopted for the first time for the year ending 31 December 2013. There is no significant impact on the financial statements other than additional disclosure.

- IFRS 10 Consolidated Financial Statements (effective from 1 January 2013). This standard introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees. An investor controls an investee when it is exposed or has rights to variable returns from its involvement with that investee, it has the ability to affect those returns through its power over that investee and there is a link between power and returns. Control is reassessed as facts and circumstances change. IFRS 10 supersedes IAS 27 (2008) and SIC-12 Consolidation — Special Purpose Entities. IFRS 10 was adopted for the first time for the year ending 31 December 2013. The Group reassessed the control conclusion for its investees as at 1 January 2013 and concluded that there is no significant impact on the financial statements.

- IFRS 11 Joint Arrangements (effective from 1 January 2013). This standard focuses on the rights and obligations of joint arrangements, rather than the legal form (as is currently the case). It distinguishes joint arrangements between joint operations and joint ventures, and always requires the equity method for jointly controlled entities that are now called joint ventures. IFRS 11 supersedes IAS 31 and SIC-13 Jointly Controlled Entities-Non-Monetary Contributions by Venturers. IFRS 11 was adopted for the first time for the year ending 31 December 2013. The Group has no joint arrangements and consequently there is no significant impact on the financial statements.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Standards and amendments adopted in 2013 (continued)

- IFRS 12 Disclosure of Interests in Other Entities (effective from 1 January 2013). This standard combines, in a single standard, the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities. The required disclosures aim to provide information to enable users to evaluate the nature of, and risks associated with, an entity's interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows. As a result of the adoption of the new standard, the Group has increased the level of disclosure provided for the entity's interests in subsidiaries.

- IFRS 13 Fair Value Measurement (effective 13 January 2013). This standard introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value as 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, establishing a framework for measuring fair value and setting out disclosures requirements for fair value measurements. In accordance with the transitional provisions for IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosure. Notwithstanding the above, the change has no significant impact on the measurement of the Group's assets and liabilities.

- IAS 19 Employee Benefits (effective 1 January 2013). The amendment requires that actuarial gains and losses are recognized immediately in OCI. This change removes the corridor method and eliminates the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19. Furthermore, the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. IAS 19 was adopted for the first time for the year ending 31 December 2013 and will be applied retrospectively. The Group has no defined benefits plans and consequently there is no significant impact on the financial statements.

- IAS 27 Separate Financial Statements (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. This standard has had no significant impact to these financial statements.

- IAS 28 Investments in Associates and Joint Ventures (2011) supersedes IAS 28 (2008) and is effective for year-ends commencing on or after 1 January 2013. IAS 28 (2011) makes the following amendments: (i) IFRS 5 applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and (ii) on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not remeasure the retained interest. This standard has had no significant impact to these financial statements.

(t) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2013, and have not been applied in preparing these consolidated financial statements. These are summarised below and are not expected to have a significant impact on the consolidated financial statements of the Group:

- ***Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), (effective 1 January 2014)***

This disclosure requires investment entities to account for their investments in subsidiaries at fair value through profit or loss in accordance with IAS 39, with limited exceptions. In addition, one of the criteria for qualifying as an investment entity is that investments in associates and joint ventures are accounted for at fair value through profit or loss in accordance to IAS 39. For venture capital organizations and similar entities that do not qualify as investment entities, the exemption from equity accounting remains an accounting policy choice.

- ***Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32), (effective 1 January 2014)***

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the group by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases offsetting may no longer be achieved. In other cases contracts may have to be negotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) New standards and interpretations not yet adopted (continued)

- ***Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32), (effective 1 January 2014) (continued)***

The amendments also clarify the application of the IAS 32 offsetting criteria of settlement systems (such as the central clearing house system) which apply gross settlement mechanisms that are simultaneous. Offsetting on the grounds of simultaneous settlement is particularly relevant for the bank as to where it engages in large numbers of sale and repurchase transactions currently, transactions settled through clearing systems are, in most cases, deemed to achieve simultaneous settlement. While many settlement systems are expected to meet the new criteria, some may not. Any changes in offsetting are expected to impact leverage ratios, regulatory capital requirements, etc. As the impact of the adoption depends on the bank's examination of the operational procedures applied by the central clearing houses and settlement systems it deals with to determine if they meet the new criteria, it is not practical to quantify the effects.

- ***Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36), (effective 1 January 2014)***

The objective is to amend the disclosure requirements in IAS 36 Impairment of Assets with regard to the measurement of the recoverable amount of impaired assets that were made as a consequence of issuing IFRS 13 Fair Value Measurement in May 2011.

- ***IFRIC 21 Levies (effective 1 January 2014)***

The International Accounting Standards Board issued IFRIC Interpretation 21 Levies, which was developed by the IFRS Interpretations Committee. The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached.

- ***Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective 1 January 2014)***

The IASB has amended IAS 39 to provide relief from discontinuing hedge accounting when, as a consequence of laws or regulations or their introduction, an entity changes the immediate counterparty of a hedging instrument to achieve clearing with a central counter party. The amendment covers novations to central counterparties, as well as to intermediaries such as clearing members, or clients of the latter that are themselves intermediaries.

- ***IFRS 9 'Financial Instruments' (effective 1 January 20**18)

IFRS 9 is a new standard on financial instruments that will eventually replace IAS 39. The published standard introduces changes to the current IAS 39 rules for classification and measurement of financial assets. Under IFRS 9 there will be two measurement bases for financial assets: amortized cost and fair value. Financial assets at fair value will be recorded at fair value through profit or loss with a limited opportunity to record changes in fair value of certain equity instruments through other comprehensive income. Financial liabilities are excluded from the scope of the standard. The standard also differs from existing requirements for accounting for financial assets in various other areas, such as embedded derivatives and the recognition of fair value adjustments in other comprehensive income. The standard will be applied retrospectively (subject to the standard's transitional provisions). The directors have assessed the relevance of these amendments and interpretations with respect to the Group's operations and have concluded that they are unlikely to have a significant impact to the Group.

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.

Notes to the Consolidated Financial Statements

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

This note presents information about the Group and company's exposure to each of the above risks, the Group and company's objectives, policies and processes for measuring and managing risk, and the Group and company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements. The board of directors has overall responsibility for the establishment and oversight of the Group and company's risk management framework. The finance department identifies, evaluates and hedges financial risks. The Board of Directors oversees how management monitors compliance with the Group and company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group and company.

(a) Credit risk

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

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

	2013 KShs'000	**2012 KShs'000**
Trade receivables	4,771,979	3,944,987
Cash and bank balances	361,195	274,416
	5,133,174	**4,219,403**

Impairment losses

The ageing of trade receivables at the reporting date was:

	2013 KShs'000	**2012 KShs'000**
Not past due	994,781	1,148,465
Past due 0-90 days	1,085,683	965,083
Past due 90-365 days	2,463,537	1,044,648
More than one year	495,242	1,078,234
	5,039,243	4,236,430
Net impairment	(267,264)	(291,443)
	4,771,979	**3,944,987**

(b) Liquidity risk

Liquidity risk is the risk that the Group 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 does not have access to a diverse funding base. Funds are raised mainly from its shareholders, banks and its own internal resources.

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

The Group 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 holds a portfolio of liquid assets as part of its liquidity risk management strategy.

Notes to the Consolidated Financial Statements

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

The table below shows the contractual maturity of financial liabilities:

2013:

KShs'000

	Due on demand	1 - 3 months	3 - 12 months	1 - 5 years	Total
Liabilities:					
Long term loans	-	590,332	1,243,025	3,786,665	5,620,022
Bank overdraft	247,160	244,188	-	-	491,348
Trade and other payables	3,491,192	33,103	37,777	-	3,562,072
Total financial liabilities	**3,738,352**	**867,623**	**1,280,802**	**3,786,665**	**9,673,442**

2012:

	Due on demand	1 - 3 months	3 - 12 months	1 - 5 years	Total
Liabilities:					
Long term loans	9,601	492,418	895,939	3,179,169	4,577,127
Bank overdraft	172,243	163,162	-	-	335,405
Trade and other payables	2,165,497	1,667,474	50,435	-	3,883,406
Aureos Fund – other members	34,930	-	-	-	34,930
Total financial liabilities	**2,382,271**	**2,323,054**	**946,374**	**3,179,169**	**8,830,868**

(c) Market risk

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

(i) Currency risk

The Group 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:

	2013 KShs'000	2012 KShs'000
Cash and bank balances	361,195	209,985
Investments in funds	-	393,996
Unquoted investments	4,895,590	3,957,450
Bank overdraft	(491,348)	(335,405)
Bank loan	(3,997,328)	(3,699,378)
Net statement of financial position exposure	**768,109**	**526,648**

Notes to the Consolidated Financial Statements

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Market risk (continued)

(i) Currency risk (continued)

The following significant exchange rates applied during the year:

	Closing rate		Average rate	
	2013 KShs	2012 KShs	2013 KShs	2012 KShs
USD	86.31	86.03	86.12	84.52
TShs	18.62	18.42	18.79	18.78
ZAR	8.27	10.14	8.95	10.31

Sensitivity analysis

A 10 percent strengthening of the Kenya shilling against the following currency 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 2012:

	Profit or loss KShs'000
At 31 December 2013	**(76,811)**
At 31 December 2012	**(52,685)**

(ii) Interest rate risk

The Group'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 reprice 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.

The table below summarizes the contractual maturity periods and interest rate profile of the Group's financial assets and liabilities:

As at 31 December 2013:	Effective interest rate %	On demand KShs '000	Due between 3 and 12months KShs '000	Due between 1 and 5 years KShs '000	Non interest bearing KShs '000	Total KShs '000
Assets						
Quoted investments	-	-	-	-	316	316
Unquoted investments	-	-	-	-	5,237,133	5,237,133
Trade receivables	-	-	-	-	4,771,979	4,771,979
Cash and cash equivalents	-	-	-	-	361,195	361,195
		-	**-**	**-**	**10,370,623**	**10,370,623**
Liabilities:						
Bank loans	7.5-18%	-	590,332	1,243,025	3,786,665	5,620,022
Bank overdraft	6-16%	491,348	-	-		491,348
Trade and other payables	-	-	-	-	3,562,072	3,562,072
Aureos Fund – other members	-	-	-	-	-	-
		491,348	**590,332**	**1,243,025**	**7,348,737**	**9,673,442**
Interest rate sensitivity gap		**(491,348)**	**(590,332)**	**(1,243,025)**	**3,021,886**	**697,181**

Notes to the Consolidated Financial Statements

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

As at 31 December 2013:	Effective interest rate %	On demand KShs '000	Due between 3 and 12months KShs '000	Due between 1 and 5 years KShs '000	Non interest bearing KShs '000	Total KShs '000
Assets						
Quoted investments	-	-	-	-	281	281
Unquoted investments	-	-	-	-	4,210,650	4,210,650
Investments in funds	-	-	-	-	393,996	393,996
Trade receivables	-	-	-	-	3,944,987	3,944,987
Cash and cash equivalents	-	-	-	-	274,416	274,416
		-	**-**	**-**	**8,824,330**	**8,824,330**
Liabilities:						
Bank loans	10-18%	502,019	895,939	3,179,169	-	4,577, 127
Bank overdraft	8-22%	335,405	-	-	-	335,405
Trade and other payables	-	-	-	-	3,883,406	3,883,406
Aureos Fund – other members	-	-	-	-	34,930	34,930
		837,424	**895,939**	**3,179,169**	**3,918,336**	**8,830,868**
Interest rate sensitivity gap		**(837,424)**	**(895,939)**	**(3,179,169)**	**4,905,994**	**(6,538)**

(d) Capital management

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

The board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year.

Neither the Group nor any of its subsidiaries are subject to externally imposed capital requirements.

Notes to the Consolidated Financial Statements

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Accounting classifications and fair values for financial assets and liabilities

The table below sets out the carrying amounts of each class of financial assets and liabilities, and their fair values:

31 December 2013:	Loans and receivables KShs'000	Available -for-sale KShs'000	Other liabilities KShs'000	Total carrying amount KShs'000	Fair value KShs'000
Assets					
Quoted investments	-	316	-	316	316
Unquoted investments	-	5,237,133	-	5,237,133	5,237,133
Trade receivables	4,771,979	-	-	4,771,979	4,771,979
Cash and bank balances	361,195	-	-	361,195	361,195
Total assets	**5,133,174**	**5,237,449**	**-**	**10,370,623**	**10,370,623**
Liabilities					
Bank overdraft	-	-	491,348	491,348	491,348
Long term loan	-	-	5,620,022	5,620,022	5,620,022
Trade payables	-	-	3,042,092	3,042,092	3,042,092
Total liabilities	**-**	**-**	**9,153,462**	**9,153,462**	**9,153,462**

31 December 2012:	Loans and Receivables KShs'000	Available -for-sale KShs'000	Other liabilities KShs'000	Total carrying amount KShs'000	Fair Value KShs'000
Assets					
Quoted investments	-	281	-	281	281
Unquoted investments	-	4,210,650	-	4,210,650	4,210,650
Investment in funds	-	393,996	-	393,996	393,996
Trade receivables	3,944,987	-	-	3,944,987	3,944,987
Cash and bank balances	274,416	-	-	274,416	274,416
Total assets	**4,219,403**	**4,604,927**	**-**	**8,824,330**	**8,824,330**
Liabilities					
Bank overdraft	-	-	335,405	335,405	335,405
Long term loan	-	-	4,577,127	4,577,127	4,577,127
Trade payables	-	-	3,251,594	3,251,594	3,251,594
Aureos Fund - other members	-	-	34,930	34,930	34,930
Total liabilities	**-**	**-**	**8,199,056**	**8,199,056**	**8,199,056**

The fair values for financial instruments such as trade receivables and prepayments, cash and bank balances, and trade payables carrying amounts are a reasonable approximation of fair values.

Notes to the Consolidated Financial Statements

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Valuation hierarchy

The fair value of financial assets and liabilities is 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
Un Quoted investments	The entity's unquoted investments include investments in: • Rift valley Railways – An average fair value is obtained from the discounted cash flows, entity cash-flow and precedent transaction techniques. • Development bank of Ken-ya – The Price to Book multiple approach valuation technique was used. • Mwangaza Limited – The invest-ment is held at cost.	None	Not applicable
Investment in Fund of Funds	Transcentury Limited had invest-ments in Aureos funds which were fair valued by the fund managers using fair valuation techniques ap-propriate to the fund investments.	None	Not applicable

The fair value for the financial assets and liabilities as at 31 December 2013 and 31 December 2012 is as follows:

31 December 2013:	**Level 1 KShs'000**	**Level 2 KShs'000**	**Level 3 KShs'000**	**Total KShs'000**
Assets				
Quoted investments	316	-	-	316
Unquoted investments	-	5,237,133	-	5,237,133
Total assets	**316**	**5,237,133**	**-**	**5,237,449**
31 December 2012:				
Assets				
Quoted investments	281	-	-	281
Unquoted investments	-	4,210,650	-	4,210,650
Investments in funds	-	393,996	-	393,996
Total assets	**281**	**4,604,646**	**-**	**4,604,927**

Notes to the Consolidated Financial Statements

5. NET OTHER INCOME	2013 KShs '000	2012 KShs '000
Group:		
Gain/(loss) on sale of other quoted securities and dividend from other investments	-	17,755
Gain on sale of property	425	97,036
Change in fair value of investment property	-	102,430
Sale of scraps	7,315	4,803
Other income	1,200,371	1,011,256
	1,208,111	**1,233,280**

6. RESULTS FROM OPERATING ACTIVITIES

Group

Results from operating activities are arrived at after charging/(crediting):		
Depreciation	709,434	630,231
Amortisation of prepaid operating lease rentals	4,617	4,617
Amortisation of intangible assets	9,264	9,056
	723,315	643,904
Impairment of intangible assets	10,746	15,146
Provision for inventory	7,004	10,298
Debtors impairment (gain)/loss	(24,179)	86,699
Directors' emoluments -Fees – Group	27,839	29,708
-Others – Group	3,734	7,857
-Company – Fees	12,457	15,085
Auditors' remuneration -Group and subsidiaries	35,610	32,171
-Company – Current year	3,705	3,342
Gain on sale of other quoted securities and dividends from other investments	-	(52,524)
(Profit)/loss on disposal of property, plant and equipment	(425)	97,036

7. NET FINANCE COSTS

Group

(a) Finance income		
Interest income	26,398	74,902
Gain on exchange	32,768	84,265
	59,166	159,167
(b) Finance costs		
Interest paid	(529,288)	(893,088)
Loss on exchange	(206,337)	(9,038)
	(735,625)	(902,126)
Net finance cost	**(676,459)**	**(742,959)**

Notes to the Consolidated Financial Statements

8. INCOME TAX

	2013 KShs '000	2012 KShs '000
Current tax:		
Charge for the year @ 30%	243,728	477,842
Prior years under provision	-	6,805
	243,728	484,647
Deferred tax credit:		
Current year (Note 24)	(11,631)	5,190
Prior year under provision (Note 24)	61	531
	(11,570)	5,721
	232,158	**490,368**

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

	2013 KShs'000	2012 KShs '000
Accounting profit before tax	**858,590**	**1,226,473**
Tax at the domestic rate of 30%	257,577	367,942
Previous years under provision		
- Current tax	-	7,456
- Deferred tax	61	531
Effect of taxes in foreign jurisdictions*	(74,231)	(95,327)
Deferred tax not recognised	77,813	23,638
Tax effect of non-deductible expenses and non-taxable income	(29,062)	186,128
Income tax expense	**232,158**	**490,368**

* TransCentury Holdings Proprietary Limited operates in South Africa where corporate taxes are 28%. TransCentury Mauritius Limited, Cable Holding Mauritius Limited, TC Railway Holdings Limited and Safari Rail Company Limited operate in Mauritius where the corporate tax rate is 15%.

Notes to the Consolidated Financial Statements

9. PROPERTY, PLANT AND EQUIPMENT

Group

2013:	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 2013	1,792,051	568,772	2,674,929	3,584,257	406,066	257,670	190,920	9,474,665
Additions	126,379	81,722	25,900	182,341	45,880	42,936	128,682	633,840
Transfers	-	-	1,884	128,441	-	-	(130,325)	-
Disposals	-	-	(392)	-	10,712)	(1,043)	-	(12,147)
Exchange differences	8,194	(47,537)	(38,997)	(75,227)	(1,153)	(11,405)	808	(165,317)
At 31 December 2013	1,926,624	602,957	2,663,324	3,819,812	440,081	288,158	190,085	9,931,041
Comprising:								
Cost	1,926,624	417,309	396,802	1,754,708	134,724	135,511	181,097	4,946,776
Valuation	-	185,648	2,266,521	2,065,104	305,357	152,647	8,988	4,984,265
	1,926,624	602,957	2,663,323	3,819,812	440,081	288,158	190,085	9,931,041
Depreciation:								
At 1 January 2013	1,134,451	66,287	133,415	879,392	240,466	154,645	159	2,608,815
Charge for the year	266,626	11,954	16,345	231,214	138,735	39,238	5,322	709,434
Disposals / write offs	-	-	-	-	(4,261)	(4,346)	-	(8,607)
Exchange differences	3,646	(3,375)	(154)	(4,439)	(1,490)	(2,938)	(62)	(8,812)
At 31 December 2013	1,404,723	74,866	149,606	1,106,167	373,450	186,599	5,419	3,300,830
Carrying value:								
At 31 December 2013	**521,901**	**528,091**	**2,513,718**	**2,713,645**	**66,631**	**101,559**	**184,666**	**6,630,211**

Notes to the Consolidated Financial Statements

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

2012:	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 2012	1,326,689	573,665	2,436,594	3,181,480	378,681	208,318	110,034	8,215,461
Reclassifications	77,830	-	(76,156)	(3,996)	(3,056)	3,411	1,967	-
Additions	309,620	-	7,048	850,136	87,620	46,613	163,269	1,464,306
Transfers	261,209	-	59,176	(205,255)	(1,310)	-	(83,055)	30,765
Disposals	(196,658)	-	(1,393)	(5,510)	(15,008)	(1,493)	(2,442)	(222,504)
Released on disposal of subsidiary	-	-	(53,140)	(63,104)	(46,468)	-	-	(162,712)
Revaluation - subsidiaries	-	-	279,516	(188,616)	501	(441)	-	90,960
Exchange differences	13,361	(4,893)	23,284	19,122	5,106	1,262	1,147	58,389
At 31 December 2012	1,792,051	568,772	2,674,929	3,584,257	406,066	257,670	190,920	9,474,665
Comprising:								
Cost	1,792,051	383,124	408,408	1,519,153	100,709	105,023	181,932	4,490,400
Valuation	-	185,648	2,266,521	2,065,104	305,357	152,647	8,988	4,984,265
	1,792,051	568,772	2,674,929	3,584,257	406,066	257,670	190,920	9,474,665
Depreciation:								
At 1 January 2012	922,318	59,501	162,297	907,556	216,728	128,852	-	2,397,252
Reclassifications	19,634	(4,992)	(14,451)	(12,061)	10,722	337	811	-
Charge for the year	207,650	13,764	58,799	273,589	54,334	22,095	-	630,231
Disposals / write offs	(102,648)	-	(76)	(611)	(12,268)	(420)	-	(116,023)
Released on disposal of subsidiary	-	-	(8,032)	(30,491)	(24,759)	-	-	(63,282)
Revaluation - subsidiaries	-	-	(96,684)	(286,891)	(15,053)	(1,576)	-	(400,204)
Exchange differences	87,497	(1,986)	31,562	28,301	10,762	5,357	(652)	160,841
At 31 December 2012	1,134,451	66,287	133,415	879,392	240,466	154,645	159	2,608,815
Carrying value:								
At 31 December 2012	**657,600**	**502,485**	**2,541,514**	**2,704,865**	**165,600**	**103,025**	**190,761**	**6,865,850**

Notes to the Consolidated Financial Statements

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Company - Furniture, fittings and equipment	**2013 KShs'000**	**2012 KShs'000**
Cost or valuation:		
At 1 January	17,170	17,386
Additions	1,130	959
Disposals/write offs	(172)	(1,175)
At 31 December	18,128	17,170
Depreciation:		
At 1 January	10,548	8,360
Charge for the year	2,865	3,084
Disposals/write offs	(151)	(896)
At 31 December	13,262	10,548
At 31 December	**4,866**	**6,622**

Revaluation

The buildings and plant and machinery of one of the subsidiaries, East African Cables Limited, were revalued in December 2012 by Lloyd Masika Limited, a firm of professional valuers on the basis of open market value for existing use. The increase in net carrying value as a result of the revaluation was credited to a revaluation reserve account.

The buildings and plant and machinery of a subsidiary, East African Cables (Tanzania) Limited, were revalued in December 2012 by Lloyd Masika Limited, a firm of professional valuers on the basis of open market value for existing use.

The property, plant and equipment of a subsidiary, Tanelec Limited – Tanzania were revalued in 2013 by Lloyd Jones Limited, a firm of professional valuers on the basis of depreciated replacement cost.

The land and buildings of one of the subsidiaries, Avery (East Africa) Limited were revalued in December 2011 by an independent valuer, Lloyd Masika Limited, from a firm of professional valuers on the basis of open market value for existing use. The resulting surplus was credited to revaluation reserve.

The property, plant and equipment of one of the subsidiaries, Kewberg Cables & Braids Proprietary Limited were revalued on 1 August 2011 and 13 October 2011, respectively, 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 11.50% 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.

Security

At 31 December 2013, properties of subsidiaries have been charged to secured banking facilities per Note 18.

Notes to the Consolidated Financial Statements

10. INVESTMENT PROPERTY

	Consolidated 2013 KShs '000	Consolidated 2012 KShs '000	Company 2013 KShs '000	Company 2012 KShs '000
Valuation				
At 1 January	285,125	474,003	-	265,000
Transfer to property, plant and equipment (Note 9)	-	(30,765)	-	-
Fair value changes	-	102,430	-	-
Disposals	-	(265,000)	-	(265,000)
Currency changes	(2,257)	4,457	-	-
At 31 December	**282,868**	**285,125**	**-**	**-**

Revaluation

The company acquired a piece of freehold land in 2006 at KShs 46,309,000 for investment purposes. The land was carried at Directors valuation of KShs 265 million based on prevailing market prices at 31 December 2011. The investment property was disposed during the year ended 31 December 2012.

The investment property of the subsidiary, East African Cables Limited, comprises of residential properties that have been leased to a third party which were revalued by Lloyd Masika Limited (Kenya and Tanzania) in 2012.

The properties are leased on a renewable annual lease.

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment Property	The investment properties of parent company and of the subsidiary, East African Cables (Tanzania) Limited, were revalued in December 2012 by Lloyd Masika Limited, a firm of independent professional valuers on the basis of open market value for existing use. The open market value for existing use method is used for valuation of the Tanzania property and current replace cost for the Nairobi property.	The properties in Tanzania are residential houses are located close to the Central Business District. Due to their prime location, they have high chances of being fully let out most of the time. The property owned by East African cables Kenya is located in the Lavington area approximately 15kms from Nairobi City Centre.	For both properties, the rent charged is high due to the location and the market value of the property is bound to go up due to the prime location.

Notes to the Consolidated Financial Statements

10. INVESTMENT PROPERTY (continued)

Measurement of fair values (continued)

(ii) Level 3 fair values

Reconciliation of level 3 fair values

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

	2013 KShs'000	2012 KShs'000
Balances at 1 January	285,125	178,238
Total gains or losses in fair value	(2,257)	106,887
Balances at 31 December	**282,868**	**285,125**

11. PREPAID OPERATING LEASE RENTALS

	Consolidated 2013 KShs '000	Consolidated 2012 KShs '000	Company 2013 KShs '000	Company 2012 KShs '000
At 1 January	149,918	157,904	-	-
Amortisation for the year	(4,617)	(4,617)	-	-
Revaluation surplus	268,161	-	-	-
Exchange adjustment	33,241	(3,369)	-	-
At 31 December	**446,703**	**149,918**	**-**	**-**

Notes to the Consolidated Financial Statements

12. INTANGIBLE ASSETS

(a) Group

2013:	Software KShs '000	Goodwill KShs '000	Brand KShs '000	Total KShs '000
Cost				
At 1 January	55,807	2,357,661	75,209	2,488,677
Additions	-	-	-	-
Impairment loss	-	-	(9,926)	(9,926)
Exchange differences	(18,790)	44,412	(7,481)	18,141
At 31 December	37,017	2,402,073	57,802	2,496,892
Amortisation				
At 1 January	31,924	1,930	25,231	59,085
Amortisation	5,598	-	3,666	9,264
Exchange differences	(22,468)	(1,930)	(4,923)	(29,321)
At 31 December	15,054	-	23,974	39,028
Carrying value				
At 31 December	**21,963**	**2,402,073**	**33,828**	**2,457,864**
2012:				
Cost				
At 1 January				
-as previously stated	48,637	1,963,593	84,794	2,097,024
Prior year adjustment	-	607,216	-	607,216
Restated-1 January	48,637	2,570,809	84,794	2,704,240
Released on disposal of subsidiary	-	(256,627)	(7,559)	(264,186)
Additions	6,975	-	-	6,975
Exchange differences	195	43,479	(2,026)	41,648
At 31 December	55,807	2,357,661	75,209	2,488,677
Amortisation				
At 1 January	20,980	(832)	22,682	42,830
Amortisation	4,789	-	4,267	9,056
Impairment of goodwill	-	15,146	-	15,146
Released on disposal of subsidiary	-	(12,384)	(1,134)	(13,518)
Exchange differences	6,155	-	(584)	5,571
At 31 December	31,924	1,930	25,231	59,085
Carrying value				
At 31 December	**23,883**	**2,355,731**	**49,978**	**2,429,592**

Notes to the Consolidated Financial Statements

12. INTANGIBLE ASSETS (continued)

(b) Company – Software	2013 KShs '000	2012 KShs '000
Cost		
At 1 January and 31 December	337	337
Amortisation		
At 1 January	337	306
Amortisation during the year	-	31
At 31 December	337	337
Carrying value at 31 December	**-**	**-**

(c) Goodwill on acquisition of Trans-Century Holdings Pty Limited

The goodwill recognised represents the excess of the business combination over the acquired business' fair value of the identifiable assets and liabilities.

The business was acquired at 7 September 2007 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.

(d) Goodwill on acquisition of Crystal Limited

The goodwill recognised represents the excess of the business combination over the acquired business fair value of the identifiable assets and liabilities.

Given the proximity of the year end to the acquisition of the business at 31 July 2008, the fair values determined at that date were relied upon to support the carrying value of the goodwill recognised. 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.

The goodwill was released as at 31December 2012 on disposal of Chai Bora Limited per Note 29 below.

(e) Goodwill on acquisition of Civicon Group and 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.

(f) Brand

In accordance with IFRS 3 – Business Combinations, a valuation of the brand acquired was performed. This valuation was calculated as the present value of profits and KShs 1.122 billion (120 million Rand) turnover for 2008 and using 5% growth in revenues from 2009. The useful life of the brand has been assessed over 20 years. The discount rate of 20.6% was used.

Notes to the Consolidated Financial Statements

13. INVESTMENTS

(a) Quoted shares	Consolidated 2013 KShs '000	Consolidated 2012 KShs '000	Company 2013 KShs '000	Company 2012 KShs '000
Movement during the year:				
At 1 January	281	50,135	281	50,135
Disposals	-	(49,854)	-	(49,854)
Fair value gain in the year	35	-	35	-
At 31 December	**316**	**281**	**316**	**281**
Comprising:				
Cost	18,006	18,006	18,006	18,006
Cumulative fair value change	(17,690)	(17,725)	(17,690)	(17,725)
	316	**281**	**316**	**281**
(b) Unquoted shares				
RVR Investments (PTY) Limited (RVR) (Registered in Mauritius):				
Opening balance	3,855,686	2,820,837	-	-
Additional investment	924,367	739,846	-	-
Fair value gain	13,773	295,003	-	-
Closing balance	**4,793,826**	**3,855,686**	**-**	**-**
Comprising of:				
Cost	3,765,146	2,753,844	-	-
Cumulative fair value gain	1,028,680	1,101,842	-	-
	4,793,826	**3,855,686**	**-**	**-**
Development Bank of Kenya Limited:				
Cost	78,689	78,689	78,689	78,689
Cumulative fair value gain	262,854	174,511	262,854	174,511
	341,543	253,200	341,543	253,200
Mwangaza Limited:				
Cost	101,764	101,764	-	-
Cumulative fair value gain	-	-	-	-
	101,764	101,764	-	-
	5,237,133	**4,210,650**	**341,543**	**253,200**

Notes to the Consolidated Financial Statements

13. INVESTMENTS (continued)

(b) Unquoted shares (continued)

Trans-Century Limited initially entered into a subscription agreement to acquire 20% of shares in RVR Investments (Proprietary) Limited (RVR) in 2006, a company organised under the Laws of Mauritius. The total investment for the initial 20% stake in RVR was US$ 9 million that has been paid in full. By 2011 the company had made additional investments in RVR beyond the initial US$ 9 million thereby increasing its shareholding in RVR from its initial 20% to 34%.

In 2010, a new lead investment Company was established, named KU Railways Holdings (KURH) in place of the initial lead investor Sheltam Rail Company (SRC) and under the amended concession agreements, the shareholders of RVR swopped their shares in RVR for shares in KURH in order to take up shareholding in the new lead investor. The Company therefore owns 34% of KURH, through its subsidiary undertaking Safari Rail Company Limited, a company organised under the Laws of Mauritius which is a wholly owned subsidiary of the Company. KURH (new lead investor) currently owns 100% of RVR (Concession Holding Company, through which the Company initially invested).

In 2011, RVR kicked off the turnaround effort aimed at increasing capacity of the railway, with the following being the key milestones; (a)Signing and first drawdown by RVR of the $164 million debt package in December 2011 (b) Injection of USD82 million capital injection by the shareholders and (c) Final appointments of key management positions. The key activities are on course with the first projects being track improvement, wagon refurbishment, locomotive refurbishment and systems upgrades.

In 2012, RVR embarked on its planned turnaround plan after receiving its first debt drawdown in December 2011. By end of 2012, over USD 100 million has been invested in the turnaround programme with the following impact; (a) Rehabilitation of over 50% of the dilapidated track between Mombasa and Nairobi and replaced 5 out of 9 culverts in Uganda (b) Refurbishment and overhaul of over 350 wagons (c) Launch of the locomotive rehabilitation and overhaul programme (d) Installation of a new ERP system.

The investment in KURH/RVR is carried at fair value through profit or loss. The fair value as at 31 December 2012 and 31 December 2013 was estimated through a valuation technique designed by the directors which assumed a blended average of various valuation methods namely; the Precedent transactions analysis, Discounted Cash Flows (DCF) analysis, Internal Rate of Return (IRR) analysis and the comparable companies analysis. The concession agreement signed between RVR and the Governments of Kenya and Uganda remains in place and forms the basis of operation of RVR. Based on the foregoing factors, the directors believe that the value of the investment in RVR is fairly stated.

In 2013, RVR continued with its planned turnaround plan and by the year end the following had been achieved; (a) $82m equity injection into the business by the shareholders of the company (b) 2nd debt drawdown amounting to $45m (c) Completion of the first phase of the rehabilitation of 500 kilometers of rail that links Kenya with Tororo in Eastern Uganda and Gulu in the north (d) Rehabilitation of over 1000 wagons and 11 Locomotives and replacement of 9 culverts (e) The railway is now backed by world-class technology and rehabilitated rolling stock as part of an ongoing reconditioning program with the entire network now managed through a state-of-the-art GPS-based control room from the company's headquarters in Nairobi.

Refer to note 33 (a) for post balance sheet event on the RVR investment.

Notes to the Consolidated Financial Statements

13. INVESTMENTS (continued)

(c) Investment in subsidiaries – Fair value

	Consolidated 2013 KShs '000	Consolidated 2012 KShs '000	Company 2013 KShs '000	Company 2012 KShs '000
Cable Holdings (Kenya) Limited* 94.8113% (2012 – 94.8113%):				
Cost	-	-	271,681	271,681
Cumulative fair value gain	-	-	3,033,104	2,212,973
	-	-	3,304,785	2,484,654
Avery Kenya Limited 94.4058% (2012 – 94.4058%):				
Cost	-	-	49,853	49,853
Cumulative fair value gain	-	-	566,300	602,496
	-	-	616,153	652,349
Tanelec Limited 70% (2012 – 70%):				
Cost	-	-	78,720	78,720
Cumulative fair value gain	-	-	748,452	876,742
	-	-	827,172	955,462
Trans-Century Holdings Pty Limited 100% (2012 – 100%):				
Cost	-	-	122,167	122,167
Cumulative fair value gain	-	-	1,074,119	791,453
	-	-	1,196,286	913,620
Crystal Limited 100% (2012 – 100%):				
Cost	-	-	52	52
Cumulative fair value gain	-	-	-	-
	-	-	52	52
Trans-Century Mauritius Holdings Limited (100%)				
Cost	-	-	973,103	973,103
Cumulative fair value gain	-	-	3,810,049	3,159,430
	-	-	4,783,152	4,132,533
Total investment in subsidiaries	**-**	**-**	**10,727,600**	**9,138,670**

* Refer to Note 33 (b) on the post balance sheet events on shareholding in Cable Holdings (Kenya) Limited.

Notes to the Consolidated Financial Statements

13. INVESTMENTS (continued)

(c) Investments in subsidiaries – Fair value (continued)

The company holds 94.8113% as at 31 December 2013 (2012 – 94.8113%) shareholding in Cable Holdings Limited which leads to an effective shareholding of 64.3614% (2012 – 64.3614%) of East Africa Cables Limited (A company listed on the Nairobi Securities Exchange).

In the year 2005, the company acquired 94.4058% shareholding in Avery (East Africa) Limited.

In year 2007, the company acquired 70% shareholding in Tanelec Limited. The company holds 100% shareholding in Crystal Limited which was acquired in 2008. Crystal Limited in turn had a shareholding of 95% in Chai Bora Limited which was disposed off 31 December 2012.

The company holds 100% shareholding in Trans-Century Mauritius Holdings, a company incorporated in Mauritius. The company was set up in 2009.

Fair value determined based on fair value policy per Note 2(e).

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

Financial assets measured at fair value at 31 December 2013 and 31 December 2012

Fair value hierarchy	Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Level 2	Investment in subsidiaries	Transcentury Limited has investments in the following subsidiaries: • Cable Holdings (K) Ltd – Valued using the Net assets method • Avery Kenya Limited – Valued using a blended average of DCF method, EV/EBITDA multiple and the EV/ Revenue multiple • Tanelec Limited – Valued using a blended average of DCF method, EV/EBITDA multiple and the EV/ Revenue multiple • Trans-Century Holdings Pty Ltd – Valued using a blended average of DCF method and the EV/ Revenue multiple • Trans-Century Mauritius Holdings - Valued using the Net assets method	None	Not applicable

13. INVESTMENTS (continued)

(d) 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 2013:

In Kshs'000	Tanelec Ltd	EAC Ltd	AEA (formerly Avery) Ltd	Cable Holdings Ltd	TC Mauritius Holdings Ltd	Intra-group eliminations	Total
NCI percentage	**30%**	**36%**	**6%**	**5%**	**32% and 31.6%***		
Non-current assets	942,748	3,226,080	104,103	3,485,573	9,868,429	-	-
Current assets	985,439	3,583,185	257,655	46,200	4,023,007	-	-
Non-current liabilities	(693,810)	(3,066,537)	(175,374)	(3,473,283)	(4,093,729)	-	-
Current liabilities	(841,230)	(2,746,110)	(176,702)	(50,472)	(3,778,937)	-	-
Net assets	**393,147**	**996,618**	**9,682**	**8,018**	**6,018,770**	**-**	**-**
Carrying amount of NCI	**186,063**	**1,513,858**	**9,811**	**10,156**	**1,169,098**	**-**	**2,888,986**
Revenue	915,404	4,502,964	449,883	-	5,301,886	-	-
Profit	(46,010)	398,201	(3,344)	169,601	663,244	-	-
OCI	238,289	(3,568)	-	874,009	(18,907)	-	-
Total comprehensive income	**192,279**	**394,633**	**(3,344)**	**1,043,610**	**644,337**	**-**	**-**
Profit allocated to NCI	(13,803)	141,913	(187)	8,800	233,138	(34,724)	335,137
OCI allocated to NCI	71,486	(1,271)	-	45,349	235,186	56,663	407,414
Cash flows from operating activities	77,723	(381,350)	8,897	170,714	785,401	-	-
Cash flows from investment activities	(43,842)	(189,056)	(3,154)	-	(1,274,880)	-	-
Cash flows from financing activities (dividends to NCI: nil)	(56,212)	490,928	(9,346)	(170,717)	359,199	-	-
Net increase (decrease) in cash and cash equivalents	**(22,332)**	**(79,478)**	**(3,603)**	**(3)**	**(130,280)**	**-**	**-**

Notes to the Consolidated Financial Statements

13. INVESTMENTS (continued)

(d) Non-controlling Interest (NCI) (continued)

31 December 2012:

In Kshs'000	Tanelec Ltd	EAC Ltd	AEA (formerly Avery) Ltd	Cable Holdings Ltd	TC Mauritius Holdings Ltd	Intra-group eliminations	Total
NCI percentage	**30%**	**36%**	**6%**	**5%**	**32% and 31.6%***		
Non-current assets	675,106	3,217,203	114,185	2,606,882	9,023,821	-	-
Current assets	937,010	3,031,439	233,185	50,691	3,264,709	-	-
Non-current liabilities	(80,594)	(791,387)	(11,275)	(7,992)	(5,727,958)	-	-
Current liabilities	(865,847)	(2,532,226)	(152,403)	(46,838)	(3,147,893)	-	-
Net assets	**665,675**	**2,925,029**	**183,692**	**2,602,743**	**3,412,679**	**-**	**-**
Carrying amount of NCI	**183,819**	**1,430,096**	**10,276**	**9,141**	**957,746**	**-**	**2,591,078**
Revenue	906,724	906,724	906,724	906,724	906,724	-	-
Proit	14,589	522,060	7,142	154,044	749,969	-	-
OCI	30,538	356,936	-	-	(73,120)	-	-
Total comprehensive income	**45,128**	**878,996**	**7,142**	**154,044**	**676,849**	**-**	**-**
Proit allocated to NCI	4,377	186,055	399	7,993	276,818	(190,051)	285,591
OCI allocated to NCI	9,161	127,207	-	-	162,986	179,436	478,790
Cash flows from operating activities	76,296	581,274	(27,237)	186,510	(1,449,755)	-	-
Cash flows from investment activities	(19,479)	(188,005)	(11,568)	-	(1,523,156)	-	-
Cash flows from financing activities (dividends to NCI: nil)	(125,520)	(338,575)	(10,520)	(186,506)	477,176	-	-
Net increase (decrease) in cash and cash equivalents	**(68,702)**	**54,694**	**(49,325)**	**4**	**(2,495,735)**	**-**	**-**

*Underlying non-controlling interest at Civicon Africa Group Limited and Civicon DRC Holdings Limited

Notes to the Consolidated Financial Statements

14. INVESTMENT IN FUNDS

Group and Company

The fund value has been disclosed at its fair value at the year end and fair value gains and losses have been accounted for through other comprehensive income.

	2012 KShs '000
Aureos East Africa (AEAF)	38,684
Aureos South Asia (ASAF)	180,180
Aureos China (ACF)	107,959
Business Partners International (BPI)	67,173
	393,996

Aureos East Africa Fund:

The company had committed to invest US$ 500,000 in the fund.

	2012 KShs '000
The investment at cost is allocated as follows:	
Total calls	38,684
Company portion	(3,754)
Attributable to other members	**34,930**

Calls made to 31 December 2013 amounted to US$ 114,378 (2012 - US$ 230,925).

The fair value of the investment is nil (2012 - KShs 38,684,000).

14. INVESTMENT IN FUNDS (continued)

	ASAF USD'000	AEAF USD'000	ACF USD'000	BPI USD'000	Helios USD'000	KILI LLP USD'000	TOTAL USD'000
Commitment :							
-31 December 2013	-	-	-	-	-	-	-
-31 December 2012	2,500	500	2,000	1,500	-	-	6,500
% holding:							
-31 December 2013	-	-	-	-	-	-	
-31 December 2012	2.94%	1.25%	5.48%	10.64%	-	-	
Outstanding commitment:							
At 31 December 2013	-	-	-	-	-	-	-
At 31 December 2012	302	5	560	427	-	-	1,294
2013							
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**
Valuation:							
At 1 January 2013	180,180	38,684	107,959	67,173	-	-	393,996
Additions/(redemptions) during the year	1,056	(11,318)	390	-	-	-	(9,872)
Disposals during the year	(181,236)	(27,366)	(108,349)	(67,173)	-	-	(384,124)
At 31 December 2013	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2012							
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**
Valuation:							
At 1 January 2012	172,196	35,485	137,138	62,156	194,447	166,131	767,553
Additions/(redemptions) during the year	27,166	-	1,845	(13,455)	10,500	-	26,056
Fair value gain/(loss)	(19,182)	3,199	(31,024)	18,472	2,286	1,876	(24,373)
Disposals during the year	-	-	-	-	(207,233)	(168,007)	(375,240)
At 31 December 2012	**180,180**	**38,684**	**107,959**	**67,173**	**-**	**-**	**393,996**

Notes to the Consolidated Financial Statements

15. LOANS TO SUBSIDIARIES

	Consolidated 2013 KShs '000	Consolidated 2012 KShs '000	Company 2013 KShs '000	Company 2012 KShs '000
Payable after 12 months:				
Trans-Century Holdings Proprietary Limited				
- South Africa	-	-	380,379	380,985
Crystal Ltd – Tanzania	-	-	91,336	91,038
Cable Holdings (Kenya) Limited	-	-	28,482	21,252
	-	**-**	**500,197**	**493,275**

16. INVENTORIES

	Consolidated 2013 KShs '000	Consolidated 2012 KShs '000	Company 2013 KShs '000	Company 2012 KShs '000
Raw materials	528,498	581,059	-	-
Finished goods	485,796	569,663	-	-
Work in progress	205,680	228,995	-	-
Goods in transit	27,134	48,991	-	-
Spares and lubricants	115,771	89,707	-	-
Machines	98,983	73,030	-	-
Consumables	94,984	25,618	-	-
Containers	1,599	1,499	-	-
Provision for obsolete and slow moving stocks	(18,017)	(25,021)	-	-
	1,540,428	**1,593,541**	**-**	**-**

17. TRADE AND OTHER RECEIVABLES

	Consolidated 2013 KShs '000	Consolidated 2012 KShs '000	Company 2013 KShs '000	Company 2012 KShs '000
Trade receivables	5,039,243	4,236,430	-	-
Bad debts provision	(267,264)	(291,443)	-	-
	4,771,979	3,944,987	-	-
Sundry receivables and prepayments	2,071,097	1,654,256	5,519	249,100
Staff receivables	597	4,458	599	5,629
Due from related parties (Note 27(h))	-	-	1,672,422	997,627
	6,843,673	**5,603,701**	**1,678,540**	**1,252,356**

18. CASH AND CASH EQUIVALENTS

	Consolidated 2013 KShs '000	Consolidated 2012 KShs '000	Company 2013 KShs '000	Company 2012 KShs '000
Cash and bank balances	361,195	274,416	30,096	-
Bank overdraft	(491,348)	(335,405)	-	(100,245)
Total cash and cash equivalents	**(130,153)**	**(60,989)**	**30,096**	**(100,245)**

Bank facilities

The Group has entered into facilities with various banks which are secured by pledge over various marketable listed stock exchange shares including East African Cables Limited shares equivalent to KShs 2.39 billion (2012 – KShs 1.9 billion).

A subsidiary, East African Cables Limited, has entered into a facility with a bank and is secured over certain land and buildings for KShs 870 million (2012 - KShs 870 million) and a debenture over all assets of the company for KShs 2.35 billion (2012 - KShs 2.25 billion). The bank facility comprises overdraft, term loan, letters of credit, bonds/guarantee and forex dealing.

Notes to the Consolidated Financial Statements

18. CASH AND CASH EQUIVALENTS (continued)

A subsidiary of East African Cables Limited, East African Cables (Tanzania) Limited, has a bank overdraft for working capital management and a short term post-import financing loan with Standard Bank (Tanzania) Limited. The facility is charged against the leasehold land and moveable assets of the subsidiary. The subsidiary also has a long term facility of KShs 44 million equivalent (2012 - KShs 44 million) with Kenya Commercial Bank Tanzania Limited for the purchase of machinery. The loan is secured by the machinery purchased.

A subsidiary of Trans-Century Holdings (Proprietary) Limited, Kewberg Cables & Braids (Proprietary) Limited, has an asset finance and working capital facility with Standard Bank of South Africa amounting to KShs 59.1million, The facility is secured by the plant and equipment and current debtors book.

A subsidiary, Tanelec Limited, has entered into a bank loan facility with Standard chartered bank, Tanzania Limited effective July 2013 amounting to USD 13.6 million. The facility has an interest rate of 6month LIBOR+5% p.a subject to a minimum interest of 6%. The facility is secured with first charge over Property located on Plot No. 35 Themi Industrial Area, Arusha City and a corporate guarantee by Trans Century Limited to cover the credit facility.

A subsidiary, Avery (East Africa) Limited, has a bank facility with Chase Bank (Kenya) Limited for KShs 100 million (2012 - KShs 100 million) secured by its leasehold land and building. Interest is charged at base lending rate minus 1%.

A subsidiary, Safari Rail Company Limited, has entered into an interest free loan facility agreement of USD 6 million (2012 – USD 6 million) with Ambience Rail Company (Pty) Limited. This loan can only be used for the purpose of meeting capital requirements in Rift Valley Railways Company Limited. The loan is unsecured and repayable only out of dividends received or from the proceeds of sale of the company's interest in the investee company.

19. SHARE CAPITAL

	2013 KShs '000	2012 KShs '000
Group and Company		
Authorised		
600,000,000 (2012 - 600,000,000) Ordinary shares of KShs 0.50 each	300,000	300,000
Issued and fully paid		
At 1 January and 31 December 273,950,284 Ordinary shares of KShs 0.50 each	136,975	136,975

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 rant equally with regards to the Company's residual assets.

20. SHARE PREMIUM

	Consolidated 2013 KShs '000	Consolidated 2012 KShs '000	Company 2013 KShs '000	Company 2012 KShs '000
At 1 January and 31 December	379,717	379,717	379,717	379,717

Notes to the Consolidated Financial Statements

21. RESERVES

(a) Revenue reserves

Revenue reserves relate to accumulated profits over the years.

(b) Translation reserve

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

(c) 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.

(d) Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment prior to its reclassification as investment property.

22. PROPOSED DIVIDENDS AND EARNINGS

(a) Basic and diluted earnings per share

The calculation of basic earnings per share at 31 December 2013 was based on the profit attributable to ordinary shareholders of KShs 291,295,000 (2012 – KShs 455,056,000) and a weighted average number of ordinary shares outstanding during the year of 273,950,284 (2012 – 273,950,284).

	2013 KShs '000	2012 KShs '000
Profit attributable to ordinary shareholders	**291,295**	**455,056**

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 2013 was based on the profit attributable to ordinary shareholders of KShs 581,146,336 (2012 – KShs 712,859,000) and a weighted average number of ordinary shares outstanding after adjustment for all the effects of all dilutive potential ordinary shares of 381,748,251 (2012 – 370,454,478).

(b) Proposed dividends	2013 KShs '000	2012 KShs '000
Balance brought forward	109,580	68,488
Final proposed for the year	109,580	109,580
Paid or transferred to liabilities in the year	(109,580)	(68,488)
	109,580	**109,580**

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 paid the 2012 final dividend of KShs 109,580,114 and recommend a final dividend of KShs. 0.40 per share amounting to KShs. I09, 580,114.

Notes to the Consolidated Financial Statements

23. CONVERTIBLE BOND

During the year ended 31 December 2011 the group issued a United States Dollar (USD) denominated convertible bond through one of its subsidiary, TC Mauritius Holdings Limited. The total amount of the convertible bond issued issued as at 31 December 2013 is USD 60,270,000 and some of the bond holders converted their portion of the bond to ordinary shares during the year ended 31 December 2011 amounting to USD 3,435,000. The movement in the bond during the year is as follows:

	2013 KShs '000	2012 KShs '000
At 1 January	4,574,554	4,452,798
Issued during the year	517,858	-
Interest accrued	318,967	329,275
Interest paid	(294,325)	(262,396)
Forex gains	14,948	54,877
At 31 December	**5,132,002**	**4,574,554**

The terms of the convertible bond are as follows:

- Term of bond: 5 year, maturing on 25 March 2016;
- Interest rate: 6% per annum cash coupon paid annually and 6% per annum payment in kind to be paid at the end of 5th year should the Bond not be converted. The payment in kind interest not accrued in the books amount to KShs 761million (2012: KShs 436 million).
- The company has reserved 150,929,616 ordinary shares to cater for conversion of the bond into shares, of which 6,912,194 was issued on conversion during the year ended 31 December 2011.
- The convertible bond is converted at a fixed conversion foreign exchange rate of 80.49135 to US$1.00.

24. DEFERRED TAX (ASSET) / LIABILITY

(a) Deferred tax asset

(i) Group

2013:	**At 1 January KShs'000**	**Recognised Through profit or loss KShs'000**	**At 31 December KShs'000**
Property, plant and equipment	**575**	**369**	**944**
2012:			
Property, plant and equipment	**74**	**501**	**575**

(ii) Company

2013:			
Property, plant and equipment	**575**	**369**	**944**
2012:			
Property, plant and equipment	**74**	**501**	**575**

24. DEFERRED TAX ASSET/(LIABILITY) (continued)

(b) Deferred tax liability

Group

2013:	At 1 January KShs '000	Eliminated/ acquired on disposal/ acquisition of subsidiary KShs '000	Recognised through income statement KShs '000	Prior year (over)/under provision	Recognised in equity KShs '000	Exchange difference KShs '000	At 31 December KShs '000
Staff gratuity liability	(4,236)	-	(1,116)	-	-	(67)	(5,419)
Other provisions and accruals	(81,970)	-	13,536	64	-	(85,195)	(153,565)
Unrealised exchange gain	26,366	-	(23,178)	-	-	(5,240)	(2,052)
Property, plant and machinery	777,278	-	(504)	(3)	81,716	186,967	1,045,454
Deferred tax liability	**717,438**	**-**	**(11,262)**	**61**	**81,716**	**96,465**	**884,418**
2012:							
Staff gratuity liability	(6,519)	-	2, 239	-	-	44	(4,236)
Other provisions and accruals	(105,593)	5,975	(30,546)	-	-	48,194	(81,970)
Unrealised exchange gain	45,215	-	655	-	-	(19,504)	26,366
Property, plant and machinery	685,110	(15,266)	33,343	531	138,349	(64,789)	777,278
Deferred tax liability	**618,213**	**(9,291)**	**5,691**	**531**	**138,349**	**(36,055)**	**717,438**

Notes to the Consolidated Financial Statements

25. LOANS

	Consolidated 2013 KShs '000	Consolidated 2012 KShs '000	Company 2013 KShs '000	Company 2012 KShs '000
Bank loans -Long term	3,786,665	2,252,075	2,388,031	1,853,113
-Short term	1,833,357	2,325,052	-	-
Loans from subsidiaries (Note 27(g))	-	-	576,073	576,073
	5,620,022	**4,577,127**	**2,964,104**	**2,429,186**
Payable after 12 months	3,786,665	3,179,169	2,388,031	1,853,113
Payable within 12 months	1,833,357	1,397,958	576,073	576,073
	5,620,022	**4,577,127**	**2,964,104**	**2,429,186**

The bank loans are granted under the bank facilities per Note 18 above.

26. TRADE AND OTHER PAYABLES

	Consolidated 2013 KShs '000	Consolidated 2012 KShs '000	Company 2013 KShs '000	Company 2012 KShs '000
Trade payables	3,042,092	3,251,594	-	-
Sundry creditors	519,980	631,812	86,306	144,496
	3,562,072	**3,883,406**	**86,306**	**144,496**

27. RELATED PARTIES TRANSACTIONS

The following transactions were carried out with related parties:

	2013 KShs'000	2012 KShs'000
(a) Directors and executive officers Group and Company		
Directors emoluments – Group	27,839	29,708
Others	3,734	7,857
Company fees	12,457	15,085
	44,030	**52,650**
(b) Inter-company sales – Group		
From East African Cables Ltd (EAC) to Tanelec Limited	11,673	30,286
From Avery (AEA) Limited to Civicon Limited	16,695	-
From Avery (AEA) Limited to EAC	1,095	327
From East African Cables Limited to Kewberg	27,545	-
From Kewberg to Cableries du Congo	38,390	-
	95,398	**30,613**
(c) Interest income - Company		
Chai Bora Limited	-	12,565
Tanelec	2,011	1,594
Kewberg Cables and Braid (Pty) Limited	13,019	-
Crystal Limited	843	3,509
	15,873	**17,668**

Notes to the Consolidated Financial Statements

27. RELATED PARTIES TRANSACTIONS (continued)

(d) Dividends receivable - Company	2013 KShs'000	2012 KShs'000
Cable Holdings (Kenya) Limited	162,915	146,630
Avery (East Africa) Limited	4,696	3,073
	167,611	**149,703**

(e) Technical fees - Company

Tanelec Limited – Tanzania	26,455	40,560
Civicon Limited	14,485	-
Avery (East Africa) Limited	9,983	9,737
Chai Bora Limited	-	28,672
	50,923	**78,969**

(f) Loans to subsidiaries - Company

Payable after 12 months:		
Trans-Century Holdings (Proprietary) Limited - South Africa	380,379	380,985
Crystal Ltd – Tanzania	91,336	91,038
Tanelec Limited – Tanzania	28,482	21,252
	500,197	**493,275**

(g) Loan from subsidiary - Company

Cable Holdings (Kenya) Limited	**576,073**	**576,073**

(h) Due from/(to) related parties - Company

Cable Holdings (Kenya) Limited	233,307	68,232
Avery (East Africa) Limited	38,486	37,652
Chai Bora Limited	21,217	21,217
East African Cables Limited	(204,060)	(158,644)
Crystal Limited	17,224	16,466
TC Holdings Pty Limited	1,958	1,958
Tanelec Limited	115,843	91,547
Kewberg Cables and Braid (Pty) Limited	105,710	118,242
TC Mauritius Holdings Limited	1,332,947	761,003
Cable Holdings Mauritius Limited	4,212	4,199
TC Railway Holdings Mauritius	2,844	2,835
Safari Rail Company Limited	1,753	1,747
Cableries du Congo	(6,630)	29,398
Civicon Limited	218	339
Tanelec Zambia Limited	7,393	1,436
	1,672,422	**997,627**

Notes to the Consolidated Financial Statements

28. BUSINESS COMBINATIONS

On 30 September 2011 the group through its subsidiary TC Holdings Mauritius obtained the control of Civicon Limited, a company involved in the provision of civil and mechanical engineering and transportation services by acquiring 62% of the shares and voting interests of the company.

On 31 May 2011 the group through its subsidiary Tanelec Limited also obtained the control of Pende Group by acquiring 80% of the shares and voting interest of the company. Pende Group is incorporated in Zambia and involved in the sale of electrical hardware and provision of engineering services as well as the manufacturing of transformers.

Taking control of the two companies is driven by the Group's belief in the long term growth prospects of the East, Central and Southern African regional infrastructure opportunity. The investment also positions the group to actively participate in infrastructure development across the region going forward. The above businesses acquired in 2011 contributed revenue of KShs 1.75 billion and Earnings Before Interest and Tax (EBIT) of KShs 677.6 million to the group results in the year ended 31 December 2011.

	As previously stated in 2011 KShs'000	Adjustments KShs'000	Total as restated in 2012 KShs'000
Property, plant and equipment	2,086,556	-	2,086,556
Intangible assets	14,671	-	14,671
Investment property	30,422	-	30,422
Inventories	27,672	-	27,672
Related party assets and liabilities	36,597	-	36,597
Trade and other receivables	1,499,973	86,993	1,586,966
Tax recoverable	77,008	-	77,008
Deferred tax liability	(32,006)	-	(32,006)
Tax payable	(254,278)	-	(254,278)
Trade and other payables	(523,411)	-	(523,411)
Borrowings	(614,296)	-	(614,296)
Other liabilities	-	(1,247,459)	(1,247,459)
Total net assets acquired during the year	**2,348,908**	**(1,160,466)**	**1,188,442**
Non controlling interest at acquisition	889,098	(387,043)	502,055
Majority interest at acquisition	1,459,810	(773,423)	686,387
Total net assets acquired during the year	**2,348,908**	**(1,160,466)**	**1,188,442**

2011:
During the year ended 31 December 2011, the fair value of property, plant and equipment, leases, intangible assets and liabilities had been determined provisionally pending completion of an independent verification exercise. The process of fair valuing the other assets and liabilities of the company is also still ongoing and if new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies any adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised in the following financial year.

2012:
The above exercise was completed and new information gathered indicating an increase in trade and other receivables and other liabilities as above.

29. DISCONTINUED OPERATIONS

In December 2012 the group sold Chai Bora Limited which was a 95% owned subsidiary of Transcentury Limited. The subsidiary was not a discontinued operation or classified as held for sale as at 31 December 2011 and the comparative statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations. Management committed to a plan to sell this segment early in 2012 following a strategic decision to place greater focus on the group's key competencies, being the power, transport and infrastructure industries.

Notes to the Consolidated Financial Statements

29. DISCONTINUED OPERATIONS (continued)

(a) Results of discontinued operation

	2012 KShs'000
Revenues	925,462
Expenses	(870,787)
Results from operating activities	**54,675**
Tax	-
Results from operating activities, net of tax	**54,675**
Gain on sale of discontinued operation	(21,255)
Tax on gain on sale of discontinued operation	(28,877)
Profit for the year	**4,542**

(b) Effect of disposal on the financial position of the group:

	2012 KShs'000
Property and equipment	(99,430)
Goodwill and trade marks	(250,668)
Inventories	(166,013)
Corporation tax recoverable	(24,497)
Trade and other receivables	(195,940)
Bank balances and cash	(22,294)
Borrowings	45,628
Retirement benefit obligations	10,786
Deferred tax liability	9,291
Trade and other payables	71,835
Bank overdraft	91,523
Intercompany balances	82,462
Borrowings – Current portion	21,537
Net assets and liabilities	**(425,781)**

Notes to the Consolidated Financial Statements

30. SEGMENT INFORMATION

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

- Power
- Transport
- Specialized engineering
- Consumer

For each of the strategic business units, the group Chief Executive Officer reviews internal management reports. Information regarding the results of each reportable segment is described below. Performance is measured based on each segment profit before tax as indicated in the internal management reports that are reviewed by the Group Chief Executive Officer.

Year ended 31 December 2013	Power KShs'000	Engineering KShs'000	Consumer KShs'000	Transport KShs'000	Affiliated investments KShs'000	Intra-group adjustments KShs'000	Total KShs'000
Sales	6,709,299	5,193,558	-	-	-	(95,398)	11,807,576
Operating profit	511,601	694,263	-	-	335,589	-	1,535,049
Finance costs	-	-	-	-	-	-	(676,459)
Income tax expenses	-	-	-	-	-	-	(232,158)
Profit from discontinued operations	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	626,432
Attributable to:							
Equity holders							291,295
Non-controlling interest							335,137

Notes to the Consolidated Financial Statements

30. SEGMENT INFORMATION (continued)

	Power KShs'000	Engineering KShs'000	Consumer KShs'000	Transport KShs'000	Affiliated investments KShs'000	Intra-group adjustments KShs'000	Total KShs'000
Year ended 31 December 2013							
Other information:							
Segment assets	10,102,547	6,145,677	-	-	7,592,049		23,840,273
Segment liabilities	1,346,655	3,253,594			6,021,636		10,621,885
Capital expenditure	282,634	350,248			958		633,840
Depreciation and amortisation	288,648	431,801			2,866		723,315
Year ended 31 December 2012							
Sales	**6,742,011**	**6,775,504**	**-**	**-**	**-**	**(30,286)**	**13,487,229**
Operating profit	**521,129**	**770,848**	**-**	**258,547**	**418,908**	**-**	**1,969,432**
Finance costs	-	-	-	-	-	-	(742,959)
Income tax expenses							(490,368)
Profit from discontinued operations	-	-	4,542	-	-	-	4,542
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**740,647**
Attributable to:							
Equity Holders	-	-	-	-	-	-	455,056
Non-controlling interest	-	-	-	-	-	-	285,591
Other information: Restated							
Segment assets	8,977,911	5,933,738	-	3,855,686	3,078,419	-	21,845,754
Segment liabilities	5,586,351	3,527,189	-	-	663,619	-	9,777,159
Capital expenditure	277,210	1,186,133	-	-	963	-	1,464,306
Depreciation and amortisation	255,089	385,109	-	-	2,906	-	643,104

Segment assets comprise primarily property, plant and equipment, intangible assets, inventories, receivables and operating cash. They exclude deferred 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.

Notes to the Consolidated Financial Statements

31. CAPITAL COMMITMENTS

	Consolidated 2013 KShs '000	Consolidated 2012 KShs '000	Company 2013 KShs '000	Company 2012 KShs '000
Authorised and contracted for	**120,487**	**250,000**	**-**	**-**

32. CONTINGENCIES

A subsidiary of Trans-Century Limited, Cable Holdings (Kenya) Limited, has given a guarantee and indemnity and supported a pledge of its shares in East African Cables Limited to secure borrowings by Trans-Century Limited, its parent from Equity Bank Limited. The maximum exposure is KShs 2.35 billion (2012 - KShs 1.9 billion) plus interest, charges and fees thereon.

A sub-subsidiary of Trans-Century Limited subsidiary, Civicon Limited, is a defendant in a legal claim filed by a customer, Kivuwatt Limited, related to work undertaken on a project in Rwanda. Kivuwatt Limited and the company have made claims and counterclaims respectively that are the subject of an ongoing arbitration process in the International Chamber of Commerce. Based on legal advice received, the directors do not expect the outcome of these cases to have a material effect on the financial position of the company.

33. EVENTS AFTER THE REPORTING PERIOD

(a) Investment in Rift Valley Railways Investments Pty Limited (Registered in Mauritius)

The Group through its wholly owned subsidiary, Safari Rail Company Limited ("Safari Rail"), disposed of its entire 34% shareholding in KU Railways Holdings Limited ("KURH"), the lead investor in Rift Valley Railways ("RVR") to Africa Railways Limited, a core subsidiary of Citadel Capital on 31 March 2014 by exercising a Put Option. As a result, the Group realised USD 43.7m (KShs 3.8 bn) from the sale, which saw it recover its entire cash investment in RVR. However, the sale proceeds were below the cumulative fair value of the investment. This disposal transaction whose financial impact is shown below occurred after the reporting period and will be reflected in the Group's financial statements for the year ending 31 December 2014:

	KShs'000	USD
As at 31 March 2014		
Fair value of investment	4,793,826	55,528,548
Less: Proceeds from disposal	(3,783,509)	(43,769,646)
Loss on disposal	**1,010,317**	**11,758,902**
Attributed to:		
Cumulative fair value gain at 31 March 2014	(1,010,317)	(11,758,902)
Loss on disposal	**(1,010,317)**	**(11,758,902)**

(b) Share swap with Aureos East African Fund LLC

The group and Aureos East African Fund LLC ("Aureos") have entered into a conditional sale and purchase agreement under which the group proposes to acquire all of the shares held by Aureos in Cable Holdings (Kenya) Limited ("CHK") in exchange for shares of Trans-Century Limited, by way of a share swap. Cable Holdings (Kenya) Limited presently controls 68.38% of the voting shares of East African Cables Limited, listed on the Nairobi Securities Exchange. The completion of the proposed transaction is stated to be conditional upon receipt of regulatory approvals from the Capital Markets Authority and the Nairobi Securities Exchange.

Principal Shareholders and Distribution of Shareholding

As at 31 December 2013

Name of Shareholder	No of Shares held	%
ANNE PEARL KARIMI GACHUI	21,253,190	7.76
MICHAEL GITAU WAWERU	21,216,380	7.74
PETER TIRAS KANYAGO	18,179,890	6.64
GITAU ZEPHANIAH MBUGUA	16,292,552	5.95
EPHRAIM KARIITHI NJOGU	13,520,170	4.94
EDWARD NJOROGE	12,428,626	4.54
JIMNAH MWANGI MBARU	11,984,368	4.37
STEPHEN NJOROGE WARUHIU	11,362,971	4.15
ROBIN MUNYUA KIMOTHO	10,851,510	3.96
JOSEPH MBUI MAGARI	9,625,630	3.51
SUB-TOTAL	**146,715,287**	**53.56**
OTHERS	**127,234,997**	**46.44**
TOTAL ISSUED SHARES	**273,950,284**	**100.00**

Distribution of Shareholding

Shares range	No. of Shareholders	No. of Shares held	% Shareholding
1 - 500	373	78,492	0.03%
501 - 5,000	421	944,744	0.34%
5,001 - 10,000	84	709,000	0.26%
10,001 - 100,000	124	4,507,475	1.65%
100,001 - 1,000,000	53	15,642,728	5.71%
Above 1,000,000	37	252,067,845	92.01%
TOTAL	**1,092**	**273,950,284**	**100.00%**

Proxy Form

TRANS-CENTURY LIMITED

TO: The Company Secretary,
P.O. Box 40111-00100
NAIROBI

I …………………………………………………………………………..………………………………………….…………………………

of ………

being a member/members of ……………………………………………………………………………………………………….

hereby appoint ……………………………………………………………………...……………………………………………………

of …………………………………………………………………………………….........…..…………………………………………………

or failing him ………………………………………………………………………..…………………………………………………………

of ……………………………………………………………………………………..……………………………………………………...

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting

Of the Company to be held on 29th May, 2014 ……………………………………..…………………………………………………………...

And at any adjournment thereof.

Signed/Sealed this …………. Day of ……………………………..…………..….., 2014

……………………………………

……………………………………..

NOTE: The proxy form should be completed and returned not later than 48 hours before the meeting or any adjournment thereof.
In case of a Corporation, the Proxy must be executed under the Common Seal.

Notes

TransCentury
Investing in Africa

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