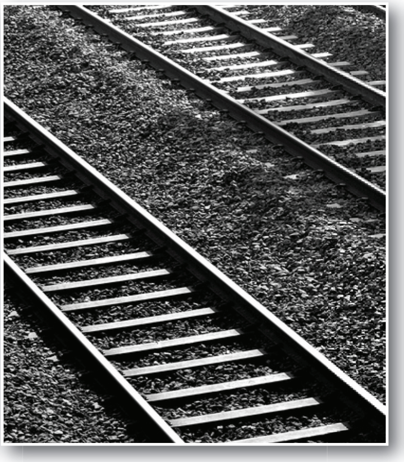

TransCentury

Investing in Africa

2009 ANNUAL REPORT AND FINANCIAL STATEMENTS

TransCentury
Investing in Africa

OUR MISSION

TCL is an investment group that pools resources and ideas and participates in existing and emerging opportunities. It exists to create wealth and boost value for its shareholders by the judicious and systematic application of sound investment principles.

OUR VISION

Guided by its core values at all times, TCL will be Sub-Saharan Africa's foremost investment group, in terms of portfolio size, corporate reputation and investor returns.

OUR CORE VALUES

- **Professionalism:**
  TCL is founded on sound investment and management principles; all our work is conducted transparently and utilises the best expertise.

- **Adding value:**
  TCL seeks to enhance the value of its investments through active participation and managerial insight. TCL brings something unique to the table: a hard-working and capable team that boosts intrinsic value.

- **Role model:**
  TCL sets a new type of example for others to follow – unquestionable integrity in all its dealings combined with intelligent application of investment insight.

- **Team spirit:**
  TCL is greater than the sum of its parts. It works with a spirit of inclusiveness and belonging, and is focused on the performance of the team.

- **Social responsibility:**
  TCL is about more than just shareholder wealth. It is a responsible corporate citizen that upholds equal opportunity, environmental protection and accountability in all its dealings. It promotes wider social and economic development through its investments.

TRANS-CENTURY LIMITED

2009

ANNUAL REPORT AND FINANCIAL STATEMENTS

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

Contents	Pages

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company will be held at Serena Hotel, Nairobi on 16 July, 2010 at 11.00 a.m. to conduct the following business:

AGENDA

ORDINARY BUSINESS

1. To read the notice convening the meeting and determine if a quorum is present;

2. To receive, consider and if approved, adopt the Chairman's statement, reports of the Directors and Auditors and audited financial statements for year ended 31st December, 2009;

3. To Declare payment of a first and final Dividend recommended by the Board of Kshs 13,146,213/= (Kshs 0.05/= per share) for the year ended 31st December, 2009 to the shareholders in the Register of Members as at 19th July, 2010;

4. To elect Directors in accordance with the Company's Articles of Association;

   In accordance with the Company's Articles of Association, Messrs. Peter T. Kanyago, Robin Kimotho and Zephaniah Mbugua retire by rotation from the office as Directors of the Company and being eligible, they all offer themselves for re-election;

5. To approve the Directors' Remuneration;

6. To note that Messrs. KPMG Kenya Certified Public Accountants (K) having expressed willingness continue in office as the Auditors by virtue of section 159 (2) of the Companies' Act Cap 486 and to authorize the Directors to fix their remuneration;

SPECIAL BUSINESS

7. To consider and if approved pass the following special resolution;

   "That the Articles of Association of the Company be amended as follows:

   Article no. 145

   Article 145 shall be deleted in its entirety and replaced with the following;

   a) Method of payment of dividends

      i. Any dividend or other money payable in cash or on respect of shares may be paid by direct debit, bank transfer or other automated system of bank transfer, electronic or mobile money transfer system (for example and not by way of limitation via mobile money transfer system) transmitted to such bank or electronic or mobile telephone address as shown in the share register of the Company or

      ii. By cheque or warrant payable at such place of business as the Company shall specify in writing, sent by post to the address of the member or person entitled to it as shown in the share register of the Company or if two or more persons are registered as joint holders of the shares, to the registered address of the joint holder who is first named in the share register of the Company or in the case of two or more persons being entitled thereto in consequence of the death or bankruptcy of the holder, to any one such persons at such address as the persons being entitled to receive payment may in writing direct.

   b) Every such cheque or warrant or funds transfer shall be made payable to or to the order of the person to whom it is sent or to such persons who may be entitled to the same (as described in Article no.145 (a) aforesaid). Payment of the cheque or warrant, if purporting to be endorsed or enfaced, by the addressee or as the case may be, confirmation of payment having been made by the transmitting entity to the addressee of a direct debit, bank transfer or other automated system of bank transfer or via a mobile phone money transfer system, shall in each case be a good discharge to the Company. Every such payment whether by cheque or warrant or electronic funds transfer or mobile money payment system shall be sent at the risk of the person entitled to the money represented by it.

   Article no. 155

   By inserting the following proviso at the end of the Article:

   "The accounts may be sent or otherwise made available by electronic means and not by post. This Article shall not require a copy of the accounts to be sent or otherwise made available by electronic means to any person of whose electronic or postal address the Company is not aware nor to more than the first named of any joint holders of any shares or debentures.

The Company may also send the Accounts to all persons entitled thereto by publishing the Accounts on the Company's official website provided that the Company shall send to every member or publish a summary of the financial statements and Auditors report in two daily newspapers with national circulation for two consecutive days drawing attention to the website on which the accounts in full may be read and the address to which a request for a printed copy of the Accounts may be submitted to the Company Secretary and upon any such publication the Accounts shall be deemed to have been sent to every member or other person entitled to receive a copy of the Accounts."

Article no. 61

By inserting the following proviso at the end of the Article:

"Such notice may also be given by publishing a notice in at least two local daily newspapers with national circulation for at least two consecutive days. Where a notice is published in a daily newspaper, it shall be deemed to be served on the day on which it is first published."

8. To transact any other business whose due notice has been given;

BY ORDER OF THE BOARD

EMU REGISTRARS

Secretaries

Date

EMU REGISTRARS

SECRETARIES

NB: In accordance with section 136(2) of the Companies Act (Cap.486) every member entitled to attend and vote at the above meeting is entitled to appoint proxy to attend and vote on his behalf. A proxy need not be a member. A form of proxy is enclosed and should be returned to the secretaries, P.O. Box 61120 00200 Nairobi, to arrive not later than 48 hours before the meeting or any adjournment thereof.

Date: 14th Day of June, 2010
P.O. Box 61120 00200 NAIROBI

Directors profile

1

James Gachui - Chairman of the Board

A seasoned oil business executive, having worked at the Mombasa Oil Refinery moving on to being an executive of Total International for several years in Kenya, France and Cote D'Ivoire during his professional life. He retired to Co-found Galana Petroleum. Currently Chairman of Wananchi Group Holdings Ltd and Jimana Ltd. Director of Rift Valley Railways (Pty) Ltd., East Africa Cables Ltd., Chase Bank Kenya Ltd., Kewberg Cables and Braids and Metal Fabricators of Zambia Plc; Holds First Class Honours in Chemical Engineering. Highly involved in leading community development through the Rotary Club (currently Assistant Governor for Kenya Central) and Chairman of Enablis East Africa.

2

Zephaniah Gitau Mbugua - Vice Chairman of the Board

A very successful serial entrepreneur developing businesses and partnerships across Africa for the last 30 years. Co-founder and CEO of Abcon Group of Companies; Chairman of East African Cables (K) Ltd., and East African Cables (TZ) Ltd. Director of Proctor & Allan EA Ltd., Flashcom Ltd., Law Africa, and Zeniki Investment Ltd.; Holds a Bsc in Chemistry and Mathematics. Currently Chairman of Friends of Strathmore University.

3

Ngugi Kiuna - Non-Executive Director

Involved in managing large multinational institutions within Africa. Formerly Managing Director at Holman Bros EA (John Deere) & Managing Director at Diversey (Unilever); Director of BOC Kenya Ltd, Proctor & Allan E.A. Ltd, Avery East Africa Ltd, Flashcom Ltd, Chai Bora Ltd, Zeniki Investments Ltd, Karitie Ltd, Kzanaka Kenya Ltd, UBA Bank (Kenya) Ltd and X & R Technologies; Holds Bsc Honors in Mechanical Engineering.

4

Peter Kanyago MBS - Non-Executive Director

Wide range of experience in business through his professional life and business interests. Chairman of East African Courier Ltd , East African Elevator Co. Ltd (OTIS) & Ecobank Kenya Ltd. Board member of Corporate Insurance Company Ltd, East African Cables Ltd, Kenya Tea Development Agency (KTDA), number of tea factories and Kenya Tea Packers (KETEPA) Ltd. Fellow of the Certified Public Accountants of Kenya, member of the Institute of Certified Public Secretaries of Kenya and holds an MBA in Industrial Management. Currently serving as the Chairman of the Board of Governors of Gathera Secondary School. Awarded Moran of the order of the Burning Spear (MBS) of the Republic of Kenya.

5

Njeru Kirira - Non-Executive Director

Extensive experience in Public Financial Management & government operations; Managing Consultant with Global Economic Investment & Financial Consultancy Limited; Previously Chief Executive of the Kenya Association of Hotelkeepers & Caterers, Director of Fiscal & Monetary Affairs, Economic Advisor to the Central Bank of Kenya & Financial Secretary to the Treasury. Consulted also with various local & regional organizations on economics and public administration; Corporate social responsibilities include serving as a council member for Inoorero University, Nairobi, Kenya.

Robin Kimotho - Non-Executive Director

Vast experience in consultancy and lecturing in business advisory services. Highly involved in numerous economics, planning and investment activities across Eastern and Southern Africa; Holds an MBA (Finance Major), BA (Econ) First Class Honors and a diploma in Investment Planning and Appraisal.

Joseph Karago - Non-Executive Director

Highly accomplished in architecture, design and technical coordination and manages his own practice, Karago & Associates Architects. Significant International experience in his professional life . Currently Chairman of Sajo Ltd. and Mcensal Ltd.. Board member of Tanelec Ltd, Arusha, Tanzania. Holds a Bachelor of Architecture degree. Corporate social responsibilities include serving as a Board member of Thomas Barnados Children's Home and Chairman of the Adoptions Committee, Kenya Children's Home.

Carol Musyoka - Non-Executive Director

Over 10 years of financial leadership & legal experience in Kenya & USA in deal origination, structuring, execution, credit risk & treasury management and extensive senior-level experience in banking & corporate finance; Previously Chief Operating Officer of K-Rep Bank, Corporate Director of Barclays Bank ,Corporate Manager with Citibank Kenya, Project Officer with the Modern Africa Fund and an associate with Oraro & Co.; Board member of Enablis East Africa. Holds a Master of Law degree and a Bachelor of Law. Corporate social responsibilities include serving on the Board of Trustees for SOS Children's Village.

Dr. Gachao Kiuna - CEO and Managing Director

Over 5 years advisory experience with McKinsey & Company in corporate finance & strategy, operational excellence and organizational effectiveness. Sector expertise in economic development and power infrastructure . Holds a PhD in Biotechnology from the University of Cambridge and a first Class Honors in Biochemistry from Imperial College London.

Management Team

Name	Position	Profile
Dr. Gachao Kiuna	CEO and Managing Director	Over 5 year's advisory experience with McKinsey & Company in corporate finance & strategy, operational excellence and organizational effectiveness. Sector expertise in economic development and power infrastructure. Holds a PhD in Biotechnology from the University of Cambridge and a first Class Honors in Biochemistry from Imperial College London.
Yida Kemoli	Senior Investment Officer	Sound experience in investment banking, private equity, acquisition financing, project financing, securitizations and derivatives. Previous work experience at JP Morgan (Investment Banking) and Actis (Private Equity). Holds MEng in Chemical Engineering from Imperial College, London.
Allan Munyua	Investment Officer	Over 9 years experience in financial analysis and project management; Holds a Masters in Infrastructure Development, a Bachelor of Architecture (First Class Honors)
Okomboli Ong'ong'a	Investment Officer	Holds an MBA (Stanford Business School) and BA Economics. Key skills in strategic planning, investment analysis, mergers and acquisitions; Previous work experience with Praxair, a large global industrial gases manufacturer.
Wambua Kimeu	Financial Controller	Over 6 years in external audit, accounting and finance; Holds a Bachelor of Commerce (Finance), is a CPA (K), has passed Level 1 of the CFA program & is currently pursuing an MBA
Diana Njoki Njuguna	Investment Analyst	Holds a Bachelor of Commerce in Finance (First Class Honors), a BSc Honors in Applied Accounting (First Class Honors), is an ACCA affiliate and a Level 2 candidate for the CFA designation
Ng'ang'a Njiinu	Investment Analyst	Holds an MBA in Finance and Investment Management, a BSc in International Business, CFA Charter holder. Over 5 years in the financial services industry.
Mumo Muthengi	Investment Analyst	Holds an MBA (Harvard Business School) and Business Administration degree. Previous work experience with Development Partners International (Private Equity), Charterhouse Group (Private Equity) and Deutsche Bank Securities (Investment Banking)
Josephine Wangiri	HR Coordinator/Executive Assistant	Over 10 years experience in PA and HR work; Holds a degree in HR and an Advanced Diploma in Business Administration.
Janet Wanjiku	Accountant	2 years experience in Accounting, Finance and Internal Audit. Holds a Bachelor of Commerce degree (Finance) from Catholic University of Eastern Africa, and a CPA (K).
Evelyne Wanjiku	Office Administrator	Over 10 years experience in general office management, customer and client relations. Holds a Bachelors degree in Business Administration. Currently pursuing French at Alliance Françoise.

CORPORATE GOVERNANCE

The Board of Directors of Trans-Century Limited is responsible for the governance of the company and is accountable to the shareholders, ensuring that the company complies with the law, the highest standards of corporate governance, and business ethics.

BOARD OF DIRECTORS

The Board consists of nine directors of which eight are non executive (including the board chairman and vice chairman) and one is executive (the chief executive officer). All non-executive directors on Trans-Century'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 four times a year, with additional meetings when required. 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 Articles of Association.

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

EQUAL EMPLOYMENT OPPORTUNITIES AND COMMITMENT TO OUR PEOPLE

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.

COMMITTEES OF THE BOARD

The board has three standing committees which meet regularly under the terms of reference set by the board.

Audit Committee

The board has constituted an audit committee which meets at least quarterly. It includes four non-executive directors: Ngugi Kiuna, Peter Kanyago, Robin Kimotho and Carol Musyoka (non-executive independent director). Its responsibilities include review of financial 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 CEO, Senior Investment Officer (SIO) and the Financial Controller are regularly invited.

Investment Committee

The committee meets regularly, typically bi-monthly, and it includes four non-executive directors: Zephaniah Gitau Mbugua, James Gachui, Njeru Kirira and Ngugi Kiuna. The main responsibility of the committee is to chart the investment strategy of the company and to oversee implementation of strategic decisions of the board which include investment strategy, investment reviews and approval transactions within the deal pipeline. The CEO, SIO and the Investment Officers are regularly invited.

Nominations and Remuneration Committee

The committee meets at least quarterly and includes four non-executive directors: James Gachui, Zephaniah Gitau Mbugua, Joseph Karago and Njeru Kirira. 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 CEO is regularly invited.

The committees submit their findings and recommendations at the quarterly board meetings.

DIRECTORS EMOLUMENTS AND LOANS

The aggregate amounts of emoluments paid to the directors for services rendered during this financial year ended 2009 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 AND 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.

CHAIRMAN'S STATEMENT FOR THE FINANCIAL YEAR ENDING 2009

To the Shareholders of Trans-Century Limited:

INTRODUCTION

It gives me great pleasure to present to you the Annual Report and Audited Financial Statements for the year ended 31 December 2009.

The group performance was below the levels achieved in the previous year. However, this is attributable to the fact that 2009 was a year of consolidation as the company focused on strengthening its existing businesses in order to unlock their latent growth potential. This entailed investing significantly to de-bottleneck our manufacturing plants in Kenya, Tanzania and South Africa; building onto our distribution systems to improve our market presence and seeing through the restructuring of Rift Valley Railways. These initiatives, which are for the most part completed, mean that Trans-Century is now well placed to grow significantly. Our plants will no longer suffer from constrained capacity, our products will be more accessible to our customers, and RVR is positioned for a successful turnaround.

OVERVIEW OF THE BUSINESS ENVIRONMENT

The financial year 2009 was a difficult one, picking up from the financial meltdown experienced in 2008. The recession in the Organisation for Economic Co-operation and Development (OECD) countries had spill-over effects that were felt in some sectors of our local economy, particularly in the arena of credit and the interest rates levied by the banks. Tightening up of access to capital resulted in a slowing down of investment activity, especially industrial expansion in the first half of the year, with signs of moderation and recovery appearing later in the year.

Kenya's GDP growth rate recovered marginally from 1.7% in 2008 to 2.5% in 2009 and is further projected to grow by 4% in 2010. Most of the other economic indicators ended the year on a weak note (refer to the table below), with the exception of the foreign exchange reserves which grew marginally. Bearish activity at the Nairobi Stock Exchange (NSE) continued to prevail in the year, with the NSE index dropping from 3,521.18 to 3,247.44 points in the year 2009. This had a negative impact on our investments in publicly quoted companies.

Table 1: Key Economic Indicators

Metric	Dec-09	Dec-08
Average annual inflation	9.25%	26.24%
NSE index	3,247.44	3,521.18
Foreign exchange reserves (USD mn)	5,062.4	4,640.8
Months of imports	4.15	2.90
Exchange rate (KShs/USD)	75.82	77.71

Source: Central Bank of Kenya, various Monthly Economic Review publications.

SUMMARY OF INVESTMENT ACTIVITIES

A total of KShs 50 million was invested by your company in 2009, which followed on from the KShs 1.066 billion invested in 2008. The decline was occasioned by lower availability of capital within the company. The table below breaks down the investment made in 2009.

Table 2: Breakdown of investments made in FY 2009, KShs '000

Investments	Dec-09	Dec-08
Purchase of quoted shares		118,085
Investment in funds	82,615	52,629
Acquisition of subsidiaries		
Chai Bora (Tanzania)		338,161
Purchase of unquoted shares*		320,742
Purchase of other investments	1,314	2,200
Loans to subsidiaries	30,439	595,485
Loans from subsidiaries	(64,684)	(361,522)
TOTAL INVESTMENTS	**49,684**	**1,065,780**

*Investment in Rift Valley Railways (RVR)

We continued to disburse against investment commitments made to private equity and venture capital funds in 2009.

RVR Investments (Proprietary) Limited

Your company played a key role and continues to support the restructuring of Rift Valley Railways (RVR) in order to help secure a successful turnaround of the business. Although RVR has not lived up to expectations, the fundamentals of the business are compelling. The volumes at the port of Mombasa grew to 19 million tonnes in 2009 and are expected to grow further. Unfortunately RVR was only able to capture a fraction of the volumes, moving only about 1.6 million tonnes in 2009. This is despite having achieved 4.8 million tonnes per annum in the 1980's.

We are highly confident that the performance of RVR will be reversed based on the continuing restructuring efforts and the new shareholding structure which was approved by the RVR board on 21 May 2010. As noted under Note 13 (b), the shareholding structure of RVR has been significantly rationalized seeing the company increase its shareholding to 34% from 20%. Together with our fellow anchor shareholder, Citadel Capital and a strong technical partner, America Latina Logistica, we believe RVR has a far brighter future ahead.

Câbleries Du Congo

In March 2010, Trans-Century Limited (TCL) started up its newest acquisition in the electrical and power cable manufacturing sector, Câbleries du Congo SPRL, in Kinshasa, the capital of the Democratic Republic of Congo (DRC). Câbleries du Congo is the only manufacturer of cable in Congo. In addition to meeting increasing demand for high quality and trusted electrical and power cables from the national utility the Société Nationale d'Électricité (SNEL), the company will also serve industrial customers and retail customers in Kinshasa. The recently refurbished facility positions the Trans-Century electricals platform to supply distributors in the DRC and growing markets of Cameroon and parts of Angola. Trans-Century plans to invest significantly in increasing the capacity of the plant to meet the highly under-served demands of the customers in the region.

HOW YOUR COMPANY PERFORMED

The group turnover and profit before tax declined 16% and 45% respectively. The overall decline in turnover was attributable to our cable businesses, mainly East African Cables Group and Kewberg Cables & Braids Pty Ltd. The overall decline in turnover was attributable to the reduction in average global metal prices (LME) in the year and significant reduction in aluminium business with the utilities.

Expenses increased as the group invested significantly in improving its distribution platform to serve the private sector market, in anticipation of new capacity coming online across our plants. As new capacity will only be in place in 2010, this negatively impacted our operating profits in 2009. However, these initiatives are key pre-requisites to the growth of your company, which is now well positioned to capture the fast growing COMESA market.

Although our business with utilities reduced, our business to private sector consumers posted strong growth leading to significant capacity constraints in our plants. We have therefore invested significantly to meet the growing demand in the private sector which will continue to make our business even less dependent on the procurement patterns of the regional utilities.

Table 3: Highlights of Group financial performance

Area	Performance
Revenue	Down 16% to KShs 5.41 bn
Operating profit	Down 41% to KShs 796mn
Expenses	Up 48% to KShs 1.17 bn
Finance costs	Down 32% to KShs 269mn
Pretax profit	Down 45% to KShs 527mn
Profit after tax	Down 61% to KShs 234mn

At the company level, TCL made limited disposals and relied heavily on investment income generated from subsidiaries (refer to table 4). The investment income was up 19% from KShs 267 million to KShs 319 million as a result of increased dividend income generated from, and management fees charged to subsidiaries. The profit before tax declined 52% from KShs 70 million to KShs 34 million mainly as a result of the increased finance costs and limited disposals.

Table 4: Highlights of Company financial performance

Area	Performance
Investment income	Up 19% to 319mn
Expenses	Up 13% to 115 mn
Finance costs	Up 78% to KShs 169mn
Pretax profit	Down 52% to 34mn
Profit after tax	Down 51% to 34mn

Due to the bearish nature of the market, your company did not make any significant disposals hence there was limited realization of profits from exits at the company level. This significantly reduced profitability at the company level, which was primarily driven by dividend flows and management fees.

TRANS-CENTURY SUBSIDIARY COMPANIES

East African Cables (subsidiary of Cable Holdings Ltd)

Table 5: Snapshot of East African Cables' financial performance, KShs millions

KShs Millions	2009	2008
Turnover	2,812	3,929
Profit from operations	**545**	**777**
Net finance (cost)/income	(19)	(107)
Profit before taxation	**526**	**670**
Income tax	(230)	(207)
Net profit after tax	**296**	**463**

The group turnover and profit before tax declined by 28% and 22% respectively. However, the company's turnover declined by 19%. The overall decline in turnover is attributable to the reduction in average global metal prices (LME) in the year and a significant reduction in aluminium business. It's important to note that group recorded organic growth of 23 % in the Copper segment mostly consumed by the private sector while the aluminium segment sales, mostly consumed by utilities declined by 75%. East African Cables continues to execute the strategy of increasing the non-utility contribution to the sales of the business. In addition, the group is restructuring the activities of the Tanzania operation which will result in increased productivity and efficiency while placing more focus on the private and export market to boost growth and to cushion against dependency on purchases by the local utility.

Capacity Expansion

We invested KShs. 441 million in new plant in 2009. The last batch of equipment is currently under installation. The plant will result in increased capacity, efficiency and new production capabilities. This will put us in a more competitive position to execute our market expansion program which includes establishing a solid market presence in 12 countries by 2012. The board has considered the suitability of new equipments based on their flexibility and adaptability to pave way for innovative multimaterial products, such as revolutionary extrusion concepts that insulate and jacket cables with different materials on just one machine. We should see the positive results of this investment in 2010.

Avery East Africa Ltd

Table 6: Snapshot of Avery East Africa Ltd's financial performance, KShs millions

KShs Millions	**2009**	**2008**
Turnover	226	252
Profit from operations	**22**	**23**
Net finance (cost)/income	(1)	(2)
Profit before taxation	**21**	**21**
Income tax	(6)	(10)
Net profit after tax	**15**	**11**

- Revenue for the company dropped by 10% due to weak sales in our generator business but better cost management during the year helped the company record a 36% rise in net profit to KShs. 14.9 million.
- During the year 2009, Avery recorded success in penetrating the market for the new line of business which sells industrial products including bearings, pulleys and belts to industrial customers.
- In the current year, the company started constructing distribution sub-stations for the national utility, KPLC. Currently Avery and its partners are in the process of constructing 2 sub-stations, which will see the business grow dramatically.
- In 2010, Avery will be opening branch offices in both Tanzania and Uganda in line with its regional expansion strategy. The company has also been exploring business opportunities in Rwanda and Southern Sudan with some orders already being processed.

Tanelec Ltd

Table 7: Snapshot of Tanelec Ltd's financial performance, KShs millions

KShs Millions	2009	2008
Turnover	772	1,005
Profit from operations	**153**	**246**
Net finance (cost)/income	(20)	(24)
Profit before taxation	**133**	**222**
Income tax	(35)	(95)
Net profit after tax	**98**	**127**

- Tanesco (Tanzanian utility), Tanelec's principal customer, cut back on their investment plans resulting in a decline in orders and revenues for the company in 2009. The financial performance was further negatively impacted by the depreciation of the Tanzania Shilling. Overall financial performance was commendable in light of the prevailing economic conditions.

- During the year, Tanelec made significant investments in critical plant and machinery that is expected to be fully operational in 2010. The capital expenditure shall triple the company's production capacity, improve production efficiency and reduce production lead-times hence improving delivery to customers and economies of scale making Tanelec even more competitive.

- The company continued to undertake initiatives to improve staff productivity; strengthen its regional marketing team and expand its distribution channels to grow sales outside of Tanzania and further reduce dependence on Tanesco.

- The company is now very well positioned to benefit from the anticipated increased spend by utilities in the region as utilities strengthen their distribution networks to support new power generating capacity. Tanelec has significantly diversified its customer base in 2010, with a growing order book from utilities outside of Tanzania for both its repair and OEM business.

Kewberg Cables and Braids

Table 8: Snapshot of Kewberg Cables and Braids' financial performance, KShs millions

KShs Millions	2009	2008
Turnover	781	1,002
Profit from operations	**61**	**129**
Net finance (cost)/income	(17)	(23)
Profit before taxation	**44**	**106**
Income tax	(19)	(27)
Net profit after tax	**25**	**79**

- In 2009, despite it being an exceptionally difficult time for the general cable industry in South Africa (which on average experienced year-on-year declines in volumes of over 30 percent, resulting in both layoffs and furloughs) Kewberg's specialty cable business experienced only a 6% reduction in volumes. This volume reduction was fully mitigated by an improvement in Kewberg's product mix as it focused on higher value products.

- However, despite the plant maintaining a strong order book and improved margins, the revenues declined significantly due to a 31% reduction in material prices.

- Given the anticipated future growth, Kewberg did not make any layoffs and met its wage increase commitments resulting in an increase in fixed costs. This had a negative impact on the profitability given the decline in revenues.

- Kewberg continues to invest in increasing its capacity in 2010 to meet the growing order book and anticipated growth in exports in to the SADC region. This will significantly grow volumes will maintaining overheads and staff numbers at current levels.

Chai Bora Ltd

Table 9: Snapshot of Chai Bora's financial performance, KShs millions

KShs Millions	**2009**	**2008***
Turnover	714	272
Profit from operations	**33**	**30**
Net finance (cost)/income	(62)	(61)
Profit before taxation	**(29)**	**(31)**
Income tax	(1)	(1)
Net profit after tax	**(30)**	**(32)**

*Chai Bora was acquired in August 2008. For this reason, only the last five months of 2008 are relevant to TCL.

- In 2009 revenues grew 20% over full year 2008 driven by a 9% volume growth as well as higher price realization as the company built out its distribution system. However, increased distribution and management costs, as well as an increase in production costs, due to record high tea prices, resulted in lower operating profit margins.

- The company instituted a price increase at the end of the year which should improve margins going forward, particularly if tea prices return to historical levels.

- Management plans to continue expanding its distribution system to more aggressively penetrate the Tanzanian market, as well as begin a push to expand regionally. This approach allows greater control of the supply channel and facilitates better planning due to direct access to the end market.

- The company's debt levels increased due to the need to hold higher raw tea inventory to secure supplies and to finance the expansion of the distribution system. As the business continues to turnaround and tea inventories reduce, the company will endeavor to reduce its debt as a key priority going forward.

MANAGEMENT TEAM

During 2009, there were changes at both the board and management levels. Caroline Musyoka was appointed to the board as an independent non-executive director of the board. At the management level, the new CEO, Gachao Kiuna was recruited to replace Tony Wainaina from April 2009. The management team was also strengthened through the recruitment of a new senior manager, Yida Kemoli; one manager Okomboli Ong'ong'a, two analysts, Mumo Muthengi and Ng'ang'a Njiinu, an accountant, Janet Wanjiku and an office administrator, Evelyne Wanjiku.

THE FUTURE

As earlier noted, 2009 was a year of consolidation for Trans-Century and its group companies. As a result of our efforts during the year, our manufacturing plants have been de-bottlenecked and sales and distributions strengthened to meet growing demand for our products. Also, our businesses continue to increase their presence across East, Central and Southern Africa. The group has also ventured into new markets and continues to actively invest across the African continent in keeping with our vision 'to be Africa's foremost investment group.' We continue to be a long term value investor as demonstrated by our sustained commitment to see through the turnaround at RVR and continued follow on investments in our existing businesses.
Raising fresh capital for investment will be a priority for the company as will our continued focus on generating cash within our existing businesses. Management continues to focus on growing the scale of our businesses to better penetrate the nascent markets within sub-Saharan Africa; improve the efficiency of our operations and capture revenue and cost synergies across the group.

We continue to have a strong pipeline of highly attractive investment opportunities across East, Central and Southern Africa that we will continue to build upon to make Trans-Century a truly unrivaled Pan-Africa focused Investment Company. Our future areas of investment will continue to be centered around infrastructure, in particular:

- Power Infrastructure
- Transport Infrastructure and
- Specialised Engineering

THANKS AND ACKNOWLEDGEMENTS

I thank you, the shareholders, most sincerely for your continued support and commitment to the company. To the founding 29 shareholders, I thank you for your continued dedication towards achieving the challenging goals we set ourselves in 1997. To our new shareholders, who joined the Company in this financial year, we extend a warm welcome and thank you for the confidence you have shown in our company and look forward scaling even greater heights together.

To my fellow board members, you have always given considerable time and added real value to board and committee meeting deliberations. For this, I extend my sincere gratitude to you all.

God Bless You All

JAMES GACHUI
CHAIRMAN

June 14, 2010

DIRECTORS, OFFICERS AND ADMINISTRATION

DIRECTORS

J.M. Gachui	(Chairman)
Z. Mbugua	(Vice Chairman)
J. Karago	
P. Kanyago	
R. Kimotho	
N. Kiuna	
N. Kirira	
G. Kiuna	(Appointed 1 April 2009)
C. Musyoka	(Appointed 1 April 2009)
A. Wainaina	(Resigned 1 April 2009)

SECRETARY

Emu Registrars
4th Floor, Britak Centre
Cnr. Ragati and Mara Roads
Upper Hill
PO Box 61120
00200 Nairobi City Square

AUDITORS

KPMG Kenya
16th Floor, Lonrho House
Standard Street
PO Box 40612
00100 Nairobi GPO

REGISTERED OFFICE

Emu Registrars
4th Floor, Britak Centre
Cnr. Ragati and Mara Roads
Upper Hill
PO Box 61120
00200 Nairobi City Square

PRINCIPAL PLACE OF BUSINESS

Longonot Place
Kijabe Street
PO Box 42334
00100 Nairobi GPO

ADVOCATES

Denton Wilde Sapte LLP One Fleet Place London EC4M 7MS United Kingdom	Kaplan & Stratton Advocates 9th Floor, Williamson House 4th Ngong Avenue PO Box 40111 00100 Nairobi GPO	Muthaura Mugambi Ayugi & Njonjo Advocates PO Box 8418 00200 Nairobi City Square Nairobi

BANKERS

Commercial Bank of Africa Limited PO Box 30437 00100 Nairobi GPO	Co-operative Bank of Kenya Limited PO Box 48231 00100 Nairobi GPO	Kenya Commercial Bank Limited PO Box 30081 00100 Nairobi GPO

National Industrial Credit Bank Limited PO Box 44599 00100 Nairobi GPO	Standard Bank of South Africa 7th Floor, 3 Simmonds Street Johannesburg 2001 PO Box 61029 Marshalltown 2107 SOUTH AFRICA

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2009

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2009, which disclose the state of affairs of the company and the group.

1. Activities

The group's principal activity is that of making investments.

2. Results

The results for the year are set out on page 21.

3. Dividends

The directors recommend the payment of a first and final dividend of KShs 0.05 (2008 - KShs 0.05) per share which amounts to KShs 13,146,213 (2008 – KShs 13,146,213).

4. Directors

The directors who served since 1 January 2009 are set out on page 5-6.

5. Auditors

The auditors, KPMG Kenya, have indicated their willingness to 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 21 May 2010.

BY ORDER OF THE BOARD

Secretary

Date: 21 May 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and fair presentation of the group and company financial statements of Trans-Century Limited set out on pages 21 to 59 which comprise the statements of financial position at 31 December 2009, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The Directors responsibility includes: determining that the basis of preparation of financial statements described in Note 2 is an acceptable basis for preparing and presenting the financial statements in the circumstances; designing, implementing and maintaining internal controls relevant to the preparation and presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 conformity 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 group and the company's ability to continue as a going concern and have no reason to believe the group and the company 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 financial statements, as indicated above, were approved by the Board of Directors on 21 May 2010 and were signed on its behalf by:

Director	Director

KPMG Kenya
Certified Public Accountants
16th Floor, Lonrho House
Standard Street
PO Box 40612 00100 GPO
Nairobi, Kenya

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TRANS-CENTURY LIMITED

We have audited the group and company financial statements of Trans-Century Limited set out on pages 21 to 59 which comprise the statements of financial position at 31 December 2009, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

As stated on page 19, the directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Kenyan Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 the consolidated and separate financial position of Trans-Century Limited at 31 December 2009, and of the consolidated and separate financial performance and consolidated and separate 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.

KPMG Kenya

Date: 21 May 2010

CONSOLIDATED AND COMPANY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

		Group		Company	
		2009	2008	2009	2008
	Note	KShs'000	KShs'000	KShs'000	KShs'000
Revenue		5,414,887	6,442,438	-	-
Cost of sales		(3,444,669)	(4,298,738)	-	-
Gross profit		**1,970,218**	**2,143,700**	**-**	**-**
Net other income	5	126,428	303,401	318,654	267,419
Distribution expenses		(312,446)	(173,344)	-	-
Administration, factory and operating expenses		(988,131)	(925,422)	(115,427)	(101,968)
Profit from operations		**796,069**	**1,348,335**	**203,227**	**165,451**
Finance income	6	130,596	100,827	39,418	35,446
Finance cost	6	**(400,040)**	**(499,688)**	**(208,638)**	**(130,460)**
Net finance cost		**(269,444)**	**(398,861)**	**(169,220)**	**(95,014)**
Profit before income tax	**7**	**526,625**	**949,474**	**34,007**	**70,437**
Income tax expense	8	(292,128)	(343,990)	103	(640)
Profit after income tax		**234,497**	**605,484**	**34,110**	**69,797**
Other comprehensive income					
Revaluation of property, plant and equipment, net of deferred tax		329,276	-	-	-
Net change in fair value of available-for-sale financial assets		(81,435)	(267,337)	(573,009)	(713,306)
Available-for-sale released on disposal of quoted shares		(3,624)	(64,172)	(3,624)	(64,172)
Exchange differences on translation of foreign subsidiaries		26,190	42,092	-	-
Other comprehensive income net of income tax		**270,407**	**(289,417)**	**(576,633)**	**(777,478)**
Total comprehensive income/(expense) for the year		**504,904**	**316,067**	**(542,523)**	**(707,681)**
Profit after tax is attributable to:					
Equity holders of the company		91,903	342,428	34,110	69,797
Non-controlling interest		142,594	263,056	-	-
Profit for the year		**234,497**	**605,484**	**34,110**	**69,797**
Total comprehensive income/(expense) for the year attributable to:					
Equity holders of the company		293,832	149,971	(542,523)	(707,681)
Non-controlling interest		211,072	166,096	-	-
		504,904	**316,067**	**(542,523)**	**(707,681)**

The notes set out on pages 30 to 59 form an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

		Group		Company	
		2009	2008	2009	2008
ASSETS	**Note**	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**
Non current assets					
Property, plant and equipment	9	2,580,388	1,808,579	9,557	7,515
Investment property	10	205,000	132,000	145,000	132,000
Prepaid operating lease rentals	11	167,415	174,607	-	-
Intangible assets	12	373,319	378,494	212	194
Quoted investments	13(a)	321,822	423,843	143,796	185,950
Unquoted investments	13(b)	788,113	800,262	788,113	800,262
Investment in subsidiaries	13(c)	-	-	5,429,240	5,985,932
Other investments	13(d)	3,505	2,200	3,514	2,200
Investments in funds	14	598,223	531,858	598,223	531,858
Loans to subsidiaries	15	-	-	760,815	730,376
Deferred tax asset	23(a)	1,587	1,326	29	-
		5,039,372	4,253,169	7,878,499	8,376,287
Current assets					
Stocks	16	1,472,136	1,431,168	-	-
Debtors and prepayments	17	1,707,900	1,793,486	347,192	60,911
Tax recoverable		31,472	21,665	4,147	3,981
Loans to subsidiaries	15	-	-	124,235	188,919
Cash and bank balances	18	278,723	583,767	80,824	67,265
Short term bank deposits	18	203,728	5,819	-	-
		3,693,959	3,835,905	556,398	321,076
TOTAL ASSETS		**8,733,331**	**8,089,074**	**8,434,897**	**8,697,363**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	19	131,462	131,012	131,462	131,012
Share premium	20	106,684	63,244	106,684	63,244
Revenue reserves		2,119,394	2,020,448	577,435	556,516
Translation reserve	21	55,331	6,539	-	-
Available for sale reserve	21	(27,580)	27,750	4,991,337	5,567,970
Revaluation reserve	21	237,637	29,170	-	-
Proposed dividends	22	13,146	13,101	13,146	13,101
Total equity attributable to equity holders of the company		2,636,074	2,291,264	5,820,064	6,331,843
Non-controlling interest		881,771	798,945	-	-
Total equity		**3,517,845**	**3,090,209**	**5,820,064**	**6,331,843**

The notes set out on pages 30 to 59 form an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009 CONTINUED

		Group		Company	
		2009	2008	2009	2008
	Note	KShs'000	KShs'000	KShs'000	KShs'000
Non current liabilities					
Deferred tax liability	23(b)	381,964	245,415	-	74
Provision for staff gratuity		21,663	15,459	-	-
Long term loan – non current portion	24	2,764,918	2,550,179	1,952,622	2,014,835
		3,168,545	2,811,053	1,952,622	2,014,909
Current liabilities					
Bank overdraft	18	181,353	97,100	1,854	20,500
Long term loan – current portion	24	927,539	899,510	532,793	205,338
Creditors and accruals	25	816,316	946,449	91,809	99,789
Tax payable		84,488	218,088	-	-
Unclaimed dividends		1,656	1,681	166	-
Aureos Fund – other members	14	35,589	24,984	35,589	24,984
		2,046,941	2,187,812	662,211	350,611
Total liabilities		**5,215,486**	**4,998,865**	**2,614,833**	**2,365,520**
TOTAL EQUITY AND LIABILITIES		**8,733,331**	**8,089,074**	**8,434,897**	**8,697,363**

The financial statements on pages 21 to 59 were approved by the Board of Directors on 21 May 2010 and were signed on its behalf by:

Director: ____________________________ Director: ____________________________

The notes set out on pages 30 to 59 form an integral part of the financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2009

		Group		Company	
		2009	2008	2009	2008
	Note	KShs'000	KShs'000	KShs'000	KShs'000
Net cash flows from operating activities					
Profit before taxation		526,625	949,474	34,007	70,437
Depreciation		169,346	138,746	2,007	1,429
Amortisation of prepaid operating lease rentals		4,695	4,682	-	-
Amortisation of intangibles		9,439	10,592	82	43
Gain on disposal of shares quoted		722	(67,721)	722	(67,721)
Fair value gain of investment property		(59,945)	(12,000)	(13,000)	(12,000)
Loss/(gain) on sale of property, plant and equipment		2,098	(4,740)	3	-
Gain on disposal of intangible assets		(826)	-	-	-
Gain on sale of shares in subsidiaries		(742)	(130,527)	-	-
Exchange losses/(gains)		4,909	81,389	-	-
Operating profit/(loss) before working capital changes		**656,321**	**969,895**	**23,821**	**(7,812)**
Decrease/(increase) in debtors		85,586	158,145	(286,281)	84,282
(Increase)/decrease in stocks		(40,968)	237,460	-	-
Increase in Aureos Fund					
- Other member		622	2,730	622	2,730
(Decrease)/increase in creditors		(130,133)	(49,122)	(7,814)	7,965
Increase in provision for staff gratuity		6,204	4,813	-	-
Cash generated from operations		**577,632**	**1,323,921**	**(269,652)**	**87,165**
Income tax paid		(422,123)	(350,566)	(164)	(7,221)
Dividends paid to shareholders of the company		(13,146)	(29,478)	(13,146)	(29,478)
Dividends paid to minority interest		(137,698)	(119,368)	-	-
Net cash flows from operating activities		**4,665**	**824,509**	**(282,962)**	**50,466**

The notes set out on pages 30 to 59 form an integral part of the financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2009 CONTINUTED

		Group		Company	
		2009	2008	2009	2008
	Note	KShs'000	KShs'000	KShs'000	KShs'000
Cash flows from investing activities					
Purchase of fixed assets		(429,022)	(181,079)	(4,257)	(649)
Purchase of intangible assets		(6,065)	(6,099)	(100)	(237)
Purchase of quoted shares		-	(118,085)	-	(118,085)
Investment in funds		(82,615)	(52,629)	(82,615)	(52,629)
Proceeds from disposal of property, plant and equipment		3,002	7,898	205	-
Proceeds from disposal of quoted shares		59,871	134,990	59,871	134,990
Proceeds from disposal of intangible assets		7,370	-	-	-
Acquisition of subsidiary during the year net of cash acquired:					
- Crystal Limited	26	-	(309,740)	-	-
Proceeds from sale of shares in subsidiaries		2,183	150,505	-	-
Purchase of unquoted shares		-	(320,690)	-	(320,742)
Purchase of other investments		-	(27,981)	(1,314)	(2,200)
Loans to subsidiaries		(12,216)	-	(30,439)	(595,485)
Loans from subsidiaries		-	-	64,684	361,522
Net cash flows from investing activities		**(457,492)**	**(722,910)**	**6,035**	**(593,515)**
Cash flows from financing activities					
Net movement in loans and borrowing		217,549	169,991	265,242	550,272
Proceeds from issue of shares		45,000	-	45,000	-
Cost of issuing new capital		(1,110)	-	(1,110)	-
Net cash flows from financing activities		**261,439**	**169,991**	**309,132**	**550,272**
Net increase in cash and cash equivalents		**(191,388)**	**271,590**	**32,205**	**7,223**
Bank balance at the end of the period	18	301,098	492,486	78,970	46,765
Bank balance at the beginning of the period	18	492,486	220,896	46,765	39,542
Net increase in cash and cash equivalents		**(191,388)**	**271,590**	**32,205**	**7,223**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

2008	Share capital KShs '000	Share premium KShs '000	Revaluation reserves KShs '000	Translation reserve KShs '000	Available for sale reserve KShs '000	Retained earnings KShs '000	Proposed dividends KShs'000	Total KShs'000	Non-controlling interest KShs '000	Total KShs'000
Balance at 1 January 2008	98,259	63,244	29,170	(30,604)	257,350	1,723,874	29,478	2,170,771	729,848	2,900,619
Total comprehensive income for the year										
Net profit after taxation	-	-	-	-	-	342,428	-	342,428	263,056	605,484
Other comprehensive income										
Exchange differences on translation of foreign subsidiaries	-	-	-	37,143	-	-	-	37,143	4,949	42,092
Net change in fair value of available for sale financial assets	-	-	-	-	(165,428)	-	-	(165,428)	(101,909)	(267,337)
Available-for-sale reserve Release on disposal of quoted shares	-	-	-	-	(64,172)	-	-	(64,172)	-	(64,172)
Total other comprehensive income	**-**	**-**	**-**	**37,143**	**(229,600)**	**-**	**-**	**(192,457)**	**(96,960)**	**(289,417)**
Total comprehensive income	**-**	**-**	**-**	**37,143**	**(229,600)**	**342,428**	**-**	**149,971**	**166,096**	**316,067**
Transactions with owners, recorded directly in equity										
Bonus shares issued	32,753	-	-	-	-	(32,753)	-	-	-	-
Dividend paid – 2007 final	-	-	-	-	-	-	(29,478)	(29,478)	(116,977)	(146,455)
Proposed dividends	-	-	-	-	-	(13,101)	13,101	-	-	-
Release on acquisition to minority interest		-	-	-	-	-	-	-	19,978	19,978
Total transactions with owners for the year	**32,753**	**-**	**-**	**-**	**-**	**(45,854)**	**(16,377)**	**(29,478)**	**(96,999)**	**(126,477)**
Balance as at 31 December 2008	**131,012**	**63,244**	**29,170**	**6,539**	**27,750**	**2,020,448**	**13,101**	**2,291,264**	**798,945**	**3,090,209**

The notes set out on pages 30 to 59 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

2009	Share capital KShs '000	Share premium KShs '000	Revaluation reserves KShs '000	Translation reserve KShs '000	Available for sale reserve KShs '000	Retained earnings KShs '000	Proposed dividends KShs'000	Total KShs'000	Non-controlling interest KShs '000	Total KShs'000
Balance at 1 January 2009	131,012	63,244	29,170	6,539	27,750	2,020,448	13,101	2,291,264	798,945	3,090,209
Total comprehensive income for the year										
Net profit after taxation	-	-	-	-	-	91,903	-	91,903	142,594	234,497
Other comprehensive income										
Revaluation of property, plant and equipment in subsidiaries net of deferred tax	-	-	208,467	-	-	-	-	208,467	120,809	329,276
Exchange differences on translation of foreign subsidiaries	-	-	-	48,792	-	-	-	48,792	(22,602)	26,190
Net change in fair value of available for sale financial assets	-	-	-	-	(51,706)	-	-	(51,706)	(29,729)	(81,435)
Available-for-sale reserve Release on disposal of quoted shares	-	-	-	-	(3,624)	-	-	(3,624)	-	(3,624)
Total other comprehensive income	**-**	**-**	**208,467**	**48,792**	**(55,330)**	**-**	**-**	**201,929**	**68,478**	**270,407**
Total comprehensive income	**-**	**-**	**208,467**	**48,792**	**(55,330)**	**91,903**	**-**	**293,832**	**211,072**	**504,904**
Transactions with owners, recorded directly in equity										
Prior year tax adjustment by subsidiary	-	-	-	-	-	20,234	-	20,234	8,011	28,245
Dividend paid - 2008 final	-	-	-	-	-	(45)	(13,101)	(13,146)	(137,698)	(150,844)
Proposed dividend	-	-	-	-	-	(13,146)	13,146	-	-	-
New shares issued during the year for cash	450	44,550	-	-	-	-	-	45,000	-	45,000
Cost of issuing new shares	-	(1,110)	-	-	-	-	-	(1,110)	-	(1,110)
Release on disposal to minority interest	-	-	-	-	-	-	-	-	1,441	1,441
Total transactions with owners for the year	**450**	**43,440**	**-**	**-**	**-**	**7,043**	**45**	**50,978**	**(128,246)**	**(77,268)**
Balance as at 31 December 2009	**131,462**	**106,684**	**237,637**	**55,331**	**(27,580)**	**2,119,394**	**13,146**	**2,636,074**	**881,771**	**3,517,845**

The notes set out on pages 30 to 59 form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITYFOR THE YEAR ENDED 31 DECEMBER 2008

2008:	Share capital KShs '000	Share premium KShs '000	Proposed dividends KShs '000	Available for sale reserve KShs '000	Retained earnings KShs'000	Total KShs'000
Balance at 1 January 2008	98,259	63,244	29,478	6,345,448	532,573	7,069,002
Total comprehensive income for the year						
Net profit after taxation	-	-	-	-	69,797	69,797
Other comprehensive income						
Net change in fair value of available for sale financial assets	-	-	-	(713,306)	-	(713,306)
Available-for-sale released on disposal of quoted shares	-	-	-	(64,172)	-	(64,172)
Total other comprehensive expense	**-**	**-**	**-**	**(777,478)**	**-**	**(777,478)**
Total comprehensive (expense)/ income	**-**	**-**	**-**	**(777,478)**	**69,797**	**(707,681)**
Transactions with owners, recorded directly in equity						
Bonus shares issued	32,753	-	-	-	(32,753)	-
Dividend paid - 2007 Final			(29,478)	-	-	(29,478)
Proposed dividends	-	-	13,101	-	(13,101)	-
Total transactions with owners for the year	32,753	-	(16,377)	-	(45,854)	(29,478)
Balance as at 31 December 2008	**131,012**	**63,244**	**13,101**	**5,567,970**	**556,516**	**6,331,843**

The notes set out on pages 30 to 59 form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009 CONTINUED

2009:	Share capital KShs '000	Share premium KShs '000	Proposed dividends KShs '000	Available for sale reserve KShs '000	Retained earnings KShs'000	Total KShs'000
Balance at 1 January 2009	131,012	63,244	13,101	5,567,970	556,516	6,331,843
Total comprehensive income for the year						
Profit for the year	-	-	-	-	34,110	34,110
Other comprehensive income for the year						
Net change in fair value of available for sale financial assets	-	-	-	(573,009)	-	(573,009)
Available-for-sale reserve released on disposal of quoted shares	-	-	-	(3,624)	-	(3,624)
Total other comprehensive expense	**-**	**-**	**-**	**(576,633)**	**-**	**(576,633)**
Total comprehensive (expense)/ income	**-**	**-**	**-**	**(576,633)**	**34,110**	**(542,523)**
Transactions with owners, recorded directly in equity						
New shares issued during the year for cash	450	44,550	-	-	-	45,000
Cost of issuing new shares	-	(1,110)	-	-	-	(1,110)
Dividend paid - 2008 Final	-	-	(13,101)	-	(45)	(13,146)
Proposed dividends	-	-	13,146	-	(13,146)	-
Total transactions with owners for the year	**450**	**43,440**	**45**	**-**	**(13,191)**	**30,744**
Balance as at 31 December 2009	**131,462**	**106,684**	**13,146**	**4,991,337**	**577,435**	**5,820,064**

The notes set out on pages 30 to 59 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1. REPORTING ENTITY

Trans-Century 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 2009 comprise the company and its subsidiaries (together referred to as the "Group"). The address of its registered office is as follows:

Emu Registrars
PO Box 61120
00200 Nairobi

2. BASIS OF PREPARATION

(i) Changes in accounting policies

Starting 1 January 2009, the Group has changed its accounting policies in the following areas:

- Presentation of financial statements
  The Group applies revised IAS 1 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Group presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

  Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(ii) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

(iii) Basis of measurement

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

- Available-for-sale financial assets are measured at fair value; and
- Investment property is measured at fair value.

(iv) Functional and presentation currency

These consolidated financial statements are presented in Kenya shillings (KShs), which is the group's functional currency.

(v) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards 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 in the respective accounting policy note or/and disclosure note.

(vi) 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 market value basis.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

(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).

(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 an accrual basis.

(iv) Discount on treasury bills

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

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. 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 accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

The consolidated financial statements include the company and its subsidiaries, Cable Holdings Limited in which the group holds 94.8113% (2008 – 94.8113%) of the voting rights, East African Cables Limited in which the Group effectively holds 63.3108% (2008 – 63.3108%) of the voting rights, Avery (East Africa) Limited in which 94.4058% (2008 – 94.4058%) of voting rights are held, Trans-Century Holdings Pty Limited which is 100% owned, Tanelec Limited in which 70% of the voting rights are held and Crystal Limited which is 100% owned. Crystal Limited was incorporated in 2008 and owns 95% (2008 - 97.5%) of Chai Bora Limited.

(ii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

(iii) Venture capital

Investment in Rift Valley Railways (RVR) Investments Pty Limited, has been accounted for as a financial asset with its fair value gains/losses being recognised in profit and loss in the period in which they occur.

Investment in Metal Fabrication of Zambia Plc (ZAMEFA), has been accounted for as an available-for-sale financial asset.

(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 the statement of comprehensive income, 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 at historical cost or valuation less accumulated depreciation and impairment.

Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. The annual rates of depreciation used are as follows:

• Freehold Land	Nil
• 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%

The assets' residual values and useful lives are reviewed and adjusted as appropriate at each statement of financial position date.

(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 statement of comprehensive income.

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. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to statement of comprehensive income.

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, 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.

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

Impairment losses recognised in respect of cash-generating units reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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

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

(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 stocks is based on the weighted average principle.

If the purchase or production cost is higher than net realisable value, stocks 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 debtors

Trade and other debtors 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 plan

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 statement of comprehensive income as incurred.

(ii) Staff gratuity

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

(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.

(k) Taxation

Tax on the operating results for the year comprises of both current and change in deferred tax.
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 provided using the statement of financial position liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.
Deferred tax is calculated on the basis of the tax rates currently enacted.

(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

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability of another enterprise. Financial instruments held by the group include term deposits and receivables arising from day to day sale of goods and services and cash and bank balances.

Management determines the appropriate classification of its financial instruments at the time of purchase and re-evaluates its portfolio every statement of financial position date to ensure that all financial instruments are appropriately classified.

The quoted investments, unquoted investments and investments in subsidiaries are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, including foreign exchange gains and losses on non-monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the statement of comprehensive income.

Loans and receivables which include term deposits and receivables arising from day to day sale of goods and services, are measured at amortised cost less impairment losses. Amortised cost is calculated on the effective interest rate method. 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 purchase method. Goodwill represents the difference between the cost of acquisition and the fair value of the net identifiable assets acquired.
Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment.
Negative goodwill arising on an acquisition is recognised directly in statement of comprehensive income.

(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 the basis of the expected useful lives.

(iii) Brand

Acquired assets are capitalised and stated 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 is 20 years.

(q) **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 amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(r) **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.

(s) **Comparatives**

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

(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 2009, and have not been applied in preparing these consolidated financial statements as follows:

- Revised IFRS 3 Business Combinations (2008) incorporates the following changes:

  – the definition of a business has been broadened, which may result in more acquisitions being treated as business combinations.
  – contingent consideration will be measured at fair value, with subsequent changes in fair value recognised in the statement of comprehensive income.
  – transaction costs, other than share and debt issue costs, will be expensed as incurred.
  – any pre-existing interest in an acquiree will be measured at fair value, with the related gain or loss recognised in the statement of comprehensive income.
  – any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis.

  Revised IFRS 3, which becomes mandatory for the Group's 2010 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statements.

- Amended IAS 27 Consolidated and Separate Financial Statements (2008) requires accounting for changes in ownership interests in a subsidiary that occur without loss of control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in the statement of comprehensive income. The amendments to IAS 27, which become mandatory for the Group's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendments will become mandatory for the Group's 2010 consolidated financial statements, with retrospective application required. The Group is currently in the process of evaluating the potential effect of this amendment.

- IFRS 9 Financial Instruments, published on 12 November 2009 as part of phase 1 of the IASB's comprehensive project to replace IAS 39, deals with classification and measurement of financial assets. The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets; amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to the statement of comprehensive income at a later date. However, dividends on such investments are recognised in the statement of comprehensive income, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognised in the statement of comprehensive income.

The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.

The standard is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted.

The Group is currently in the process of evaluating the potential effect of this standard. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Group has exposure to the following risks from its use of financial instruments:

(a) Credit risk;

(b) Liquidity risk; and

(c) Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group'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's risk management framework. The finance department identifies, evaluates and hedges financial risks.

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

(a) Credit risk

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

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

	2009	2008
	KShs'000	KShs'000
Receivables	1,707,900	1,793,486
Bank balances	278,723	583,767
Short term bank deposits	**203,728**	**5,819**

(b) Liquidity risk

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

The company does not have access to a diverse funding base. Funds are raised mainly from its shareholders, banks and its own internal resources.

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

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

In addition the company holds a portfolio of liquid assets as part of its liquidity risk management strategy.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk continued

The table below shows the contractual maturity of financial liabilities:

2009: KShs'000	Due on demand	1 - 3 months	3 - 12 months	1 - 5 years	Total
Liabilities:					
Bank loans	-	-	927,539	2,764,918	3,692,457
Bank overdraft	181,353	-	-	-	181,353
Tax payable	-	-	85,066	-	85,066
Creditors and accruals	-	-	816,316	-	816,316
Aureos Fund – other members	-	-	-	35,589	35,589
Minority interest loan to subsidiary	-	-	-	224,255	224,255
Total financial liabilities	**181,353**	**-**	**1,828,921**	**3,024,762**	**5,035,036**
2008:					
Liabilities:					
Bank loans	-	-	899,510	2,317,112	3,216,622
Bank overdraft	97,100	-	-	-	97,100
Tax payable	-	-	218,088	-	218,088
Creditors and accruals	-	390,786	101,675	453,988	946,449
Aureos Fund – other members	-	-	-	24,984	24,984
Minority interest loan to subsidiary	-	-	-	233,067	233,067
Total financial liabilities	**97,100**	**390,786**	**1,219,273**	**3,029,151**	**4,736,310**

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company'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 company is exposed to currency risk through transactions in foreign currencies. The company's transactional exposures give rise to foreign currency gains and losses that are recognised in the statement of comprehensive income.

In respect of monetary assets and liabilities in foreign currencies, the company ensures that its net exposure is kept to an acceptable level by buying foreign currencies at spot rates to enable the company to meet its obligations. The Company's exposure to foreign currency risk was as follows based on notional amounts in US dollars:

	2009 KShs'000	2008 KShs'000
Cash and bank balances	70,701	1,275
Investments in funds	598,223	531,858
Unquoted investments	643,033	643,033
Bank overdraft	(2)	(5)
Bank loan	(379,100)	(397,888)
Shareholders loans	811,340	845,585
Net statement of financial position exposure	**1,744,195**	**1,623,858**

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	
	2009	**2008**	**2009**	**2008**
	KShs	**KShs**	**KShs**	**KShs**
USD	**75.82**	**77.71**	**77.34**	**68.00**

Sensitivity analysis

A 10 percent strengthening of the Kenya shilling against the following currencies would have decreased profit, loss and/or equity 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 2009:

	Profit or loss
	KShs'000
At 31 December 2009:	
USD	**(174,420)**
At 31 December 2008:	
USD	**(162,386)**

4. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES Continued**

(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 optimizing 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 2009:	Effective interest rate	On demand	Due between 3 and 12 months	Due between 1 and 5 years	Non interest bearing	Total
	%	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Assets						
Quoted investments	-	-	-	-	143,796	143,796
Unquoted investments	-	-	-	-	788,113	788,113
Other investments	-	-	-	-	181,531	181,531
Investments in funds	-	-	-	-	598,223	598,223
Debtors and prepayments	-	-	-	-	1,707,900	1,707,900
Cash and bank balances	-	-	-	-	278,723	278,723
Short term deposits	5% - 8%	-	203,728	-	-	203,728
Tax receivable	-	-	-	-	30,155	30,155
		-	**203,728**	**-**	**3,728,441**	**3,932,169**
Liabilities:						
Bank loans	10% - 15%	-	927,539	2,764,918	-	3,692,457
Bank overdraft	13% - 14%	181,353	-	-	-	181,353
Tax payable	-	-	-	-	85,066	85,066
Creditors and accruals	-	-	-	-	816,316	816,316
Aureos Fund – other members	-	-	-	-	35,589	35,589
		181,353	**927,539**	**2,764,918**	**936,971**	**4,810,781**
Interest rate sensitivity gap		**(181,353)**	**(723,811)**	**(2,764,918)**	**(2,791,470)**	**(878,612)**
Assets						
Quoted investments	-	-	-	-	185,950	185,950
Unquoted investments	-	-	-	-	800,262	800,262
Other investments	-	-	-	-	240,093	240,093
Investments in funds	-	-	-	-	531,858	531,858
Debtors and prepayments	-	-	-	-	1,793,486	1,793,486
Cash and bank balances	-	-	-	-	583,767	583,767
Short term deposits	5%-7%	-	5,819	-	-	5,819
Tax receivable	-	-	-	-	21,665	21,665
		-	**5,819**	**-**	**4,157,081**	**4,162,900**
Liabilities:						
Bank loans	10%-13%	-	899,510	2,550,179	-	3,449,689
Bank overdraft	13%	97,100	-	-	-	97,100
Tax payable	-	-	-	-	218,088	218,088
Creditors and accruals	-	-	-	-	946,449	946,449
Aureos Fund – other members	-	-	-	-	24,984	24,984
		97,100	**899,510**	**2,550,179**	**1,189,521**	**4,736,310**
Interest rate sensitivity gap		**(97,100)**	**(893,691)**	**(2,550,179)**	**2,967,560**	**(573,410)**

4. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES Continued**

(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 company nor any of its subsidiaries are subject to externally imposed capital requirements.

5. **NET OTHER INCOME**

	Consolidated 2009 KShs '000	Consolidated 2008 KShs '000	Company 2009 KShs '000	Company 2008 KShs '000
Gain on sale of other quoted securities and dividend from other investments	31,004	104,998	5,367	67,701
Gain on sale of quoted shares in East African Cables Limited	-	126,220	-	-
Change in fair value of investment property	59,945	12,000	13,000	12,000
Sale of scraps	5,618	12,810	-	-
Dividends receivable from subsidiaries	-	-	216,872	154,752
Other income	29,861	47,373	4,336	32,966
Management fees from subsidiaries	-	-	79,079	-
	126,428	**303,401**	**318,654**	**267,419**

6. **NET FINANCE COSTS**

	Consolidated 2009 KShs '000	Consolidated 2008 KShs '000	Company 2009 KShs '000	Company 2008 KShs '000
(a) Finance income				
Interest income	10,228	14,055	39,418	35,446
Gain on exchange	120,368	86,772	-	-
	130,596	100,827	39,418	35,446
(b) Finance costs				
Interest paid	(371,003)	(350,541)	(237,973)	(217,232)
Loss/gain on exchange	(29,037)	(149,147)	(29,335)	86,772
	(400,040)	(499,688)	(208,638)	(130,460)
Net finance expense	**(269,444)**	**(398,861)**	**(169,220)**	**(95,014)**

7. PROFIT BEFORE TAX

Group		2009 KShs '000	2008 KShs'000
Profit before tax is arrived at after charging (/crediting):			
Depreciation		161,346	138,746
Amortisation of prepaid operating lease rentals		4,695	4,682
Amortisation of intangible assets		9,439	10,592
Directors emoluments:	- Fees – Group	30,873	33,430
	- Other – Group	32,595	18,653
	- Company – Fees	10,431	11,607
	- Company – Other	14,194	9,091
Auditors remuneration:	- Group and subsidiaries	15,505	16,214
	- Company – Current year	2,000	2,605
	– Prior year under provision	-	280
And after crediting:			
Loss/gain on disposal of property, plant and equipment		**2,098**	**(4,740)**

8. INCOME TAX

	Group 2009 KShs '000	Group 2008 KShs '000	Company 2009 KShs '000	Company 2008 KShs '000
Current tax:				
Charge for the year @ 30%	241,577	363,657	-	-
Prior years under provision	67,623	8,037	-	616
	309,200	371,694	-	616
Deferred tax expense/credit Note 23	(17,072)	(27,704)	103	24
	292,128	**343,990**	**103**	**640**

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

	Group 2009 KShs '000	Group 2008 KShs '000	Company 2009 KShs '000	Company 2008 KShs '000
Accounting profit before tax	526,625	948,604	34,007	70,437
Tax at the domestic rate of 30%	157,988	284,581	10,232	21,131
Previous years under provision	67,623	8,037	-	616
Effect of taxes in foreign jurisdictions*	(174)	(2,713)	-	-
Tax effect of non-deductible expenses and non-taxable income	66,691	54,085	(10,335)	(21,107)
Income tax expense	**292,128**	**343,990**	**(103)**	**640**

* Trans-Century Holdings (Proprietary) Limited operates in South Africa where corporate taxes are 28% (2008 – 28%).

9. PROPERTY, PLANT AND EQUIPMENT

Group 2009:	Freehold land and buildings KShs'000	Leasehold buildings KShs'000	Plant and machinery KShs'000	Motor vehicles KShs'000	Furniture, fittings and equipment KShs'000	Work in progress KShs'000	Total KShs'000
Cost or valuation:							
At 1 January 2009	394,664	558,960	1,009,225	74,658	67,833	103,003	2,208,343
Additions	1,449	5,141	220,519	35,506	18,304	148,103	429,022
Transfers	778	4,887	242,021	-	-	(247,686)	-
Transfer to investment							
property - Subsidiary (Note 10)	(14,331)	-	-	-	-	-	(14,331)
Disposals	-	145	799	(12,790)	(1,947)	(4,099)	(17,892)
Prior years adjustment - Subsidiary	-	93	(146)	(634)	(346)	-	(1,033)
Revaluation - Subsidiary	-	268,246	88,308	(4,301)	-	-	352,253
Exchange differences	17,841	7,667	41,965	613	367	330	68,783
At 31 December 2009	400,401	845,139	1,602,691	93,052	84,211	(349)	3,025,145
Comprising:							
Cost	393,754	401,995	1,428,923	93,463	75,020	(349)	2,392,806
Valuation	6,647	443,144	173,768	(411)	9,191	-	632,339
	400,401	845,139	1,602,691	93,052	84,211	(349)	3,025,145
Depreciation:							
At 1 January 2009	29,581	25,087	276,503	36,444	32,149	-	399,764
Charge for the year							-
Total charge	9,751	18,876	109,681	18,726	12,312	-	169,346
Total write offs	-	-	516	(11,376)	(1,932)	-	(12,792)
Transfer to investment							
property - Subsidiary (Note 10)	(1,276)	-	-	-	-	-	(1,276)
Prior year adjustment - Subsidiary	-	94	(179)	(601)	(264)		(950)
Revaluation - Subsidiary	-	(17,265)	(91,654)	(9,222)	-	-	(118,141)
Exchange differences	1,181	(62)	4,456	1,911	1,320	-	8,806
At 31 December 2009	39,237	26,730	299,323	35,882	43,585	-	444,757
Net book value:							
At 31 December 2009	**361,164**	**818,409**	**1,303,368**	**57,170**	**40,626**	**(349)**	**2,580,388**

9. **PROPERTY, PLANT AND EQUIPMENT Continued**

Group - continued

2008:	**Freehold land and buildings KShs'000**	**Leasehold buildings KShs'000**	**Plant and machinery KShs'000**	**Motor vehicles KShs'000**	**Furniture, fittings and equipment KShs'000**	**Work in progress KShs'000**	**Total KShs'000**
Cost or valuation:							
At 1 January 2008	392,671	489,537	906,927	46,622	56,456	51,819	1,944,032
Additions	2,032	25,824	59,695	24,151	17,307	52,070	181,079
Acquisition of subsidiary	-	44,450	48,242	4,612	-	-	97,304
Transfers	-	-	824	-	5	829	-
Disposals	-	2,932	8,419	1,248	6,144	-	18,743
Foreign exchange difference	39	2,081	1,956	521	209	57	4,671
At 31 December 2008	394,664	558,960	1,009,225	74,658	67,833	103,003	2,208,343
Cost	388,017	378,326	923,765	70,769	58,641	103,003	1,922,521
Valuation	6,647	180,634	85,460	3,889	9,192	-	285,822
	394,664	558,960	1,009,225	74,658	67,833	103,003	2,208,343
Depreciation:							
At 1 January 2008	12,525	8,866	196,215	28,670	27,993	-	274,269
Charge for the year	16,947	15,950	87,051	8,805	9,993	-	138,746
On disposal	-	-	8,350	1,248	5,987	-	15,585
Foreign exchange difference	109	271	1,587	217	150	-	2,334
At 31 December 2008	29,581	25,087	276,503	36,444	32,149	-	399,764
Net book value							
At 31 December 2008	**365,083**	**533,873**	**732,722**	**38,214**	**35,684**	**103.003**	**1,808,579**

9. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

Company

2009:	**Furniture, fittings and equipment KShs'000**	**Total KShs'000**
Cost or valuation:		
At 1 January 2009	10,019	10,019
Additions	4,257	4,257
Disposals	(390)	(390)
At 31 December 2009	13,886	13,886
Depreciation:		
At 1 January 2009	2,504	2,504
Charge for the year	2,007	2,007
Disposals	(182)	(182)
At 31 December 2009	4,329	4,329
Net book value		
At 31 December 2009	**9,557**	**9,557**
2008:		
Cost or valuation:		
At 1 January 2008	9,370	9,370
Additions	649	649
At 31 December 2008	10,019	10,019
Depreciation:		
At 1 January 2008	1,075	1,075
Charge for the year	1,429	1,429
At 31 December 2008	2,504	2,504
Net book value		
At 31 December 2008	**7,515**	**7,515**

Revaluation

The buildings of one of the subsidiaries, East African Cables Limited, was revalued in December 2009 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.

All the property, plant and equipment of a subsidiary, East African Cables (Tanzania) Limited, were revalued in January 2006 by Gimco Limited, a firm of professional valuers on the basis of open market value for existing use and were used to determine fair values of these assets at the date of acquisition.

The properties, plant and equipment of a subsidiary, Tanelec Limited – Tanzania were revalued in August 2007 by Lloyd Jones Limited, a firm of professional valuers on the basis of open market value for existing use and were used to determine fair values of these assets at the date of acquisition.

10. INVESTMENT PROPERTY

	Consolidated 2009 KShs '000	Consolidated 2008 KShs '000	Company 2009 KShs '000	Company 2008 KShs '000
Cost/valuation				
At 1 January	132,000	120,000	132,000	120,000
Transfer from property, plant and equipment Note 9	13,055	-	-	-
Fair value changes	59,945	12,000	13,000	12,000
At 31 December	**205,000**	**132,000**	**145,000**	**132,000**

Revaluation

The company acquired a piece of freehold land in 2006 at KShs 46,309,000 for investment purposes. The land was valued at KShs 145 million in 2009 by Property World Limited, a firm of professional valuers on the basis of open market value for existing use.

The investment property of the subsidiary, East African Cables Limited, comprises of a residential property that has been leased to a third party. The property has been transferred from property, plant and equipment (Note 9) to investment property, since the building was no longer used by the Group and as such it was decided that the building would be leased to a third party. The property has been valued by Lloyd Masika at 31 December 2009 at KShs 60 million.

The property is leased on a renewable annual lease.

11. PREPAID OPERATING LEASE RENTALS

	Consolidated 2009 KShs '000	Consolidated 2008 KShs '000	Company 2009 KShs '000	Company 2008 KShs '000
At 1 January	174,606	178,057	-	-
Amortisation for the year	(4,695)	(4,682)	-	-
Exchange Adjustment	(2,496)	1,232	-	-
At 31 December	**167,415**	**174,607**	**-**	**-**

12. INTANGIBLE ASSETS

(a) Group

2009:	Software KShs '000	Goodwill KShs '000	Brand KShs '000	Total KShs '000
Cost				
At 1 January	23,977	301,990	68,214	394,181
Additions	6,065	-	-	6,065
Disposals	-	(6,544)	-	(6,544)
Exchange differences	(101)	(9,272)	15,741	6,368
At 31 December	29,941	286,174	83,955	400,070
Amortisation				
At 1 January	8,673	-	7,014	15,687
Amortisation	4,851	-	4,588	9,439
Exchange differences	-	-	1,625	1,625
At 31 December	13,524	-	13,227	26,751
Net carrying value				
At 31 December	**16,417**	**286,174**	**70,728**	**373,319**

12. INTANGIBLE ASSETS (Continued)

Group

2008:	Software KShs '000	Goodwill KShs '000	Brand KShs '000	Total KShs '000
Cost				
At 1 January	9,928	29,549	76,553	116,030
On acquisition of subsidiary (Note 26)	8,208	266,062	-	274,270
Additions during the year	5,841	-	258	6,099
Exchange differences	-	6,379	(8,597)	(2,218)
At 31 December	23,977	301,990	68,214	394,181
Amortisation				
At 1 January	3,705	-	1,276	4,981
Amortisation during the year	4,709	-	5,883	10,592
Exchange differences	259	-	(145)	114
At 31 December	8,673	-	7,014	15,687
Net carrying value				
At 31 December	**15,304**	**301,990**	**61,200**	**378,494**

Company

2009:				
Cost				
At 1 January	237	-	-	237
Additions during the year	100	-	-	100
At 31 December	337	-	-	337
Amortisation				
At 1 January	43	-	-	43
Amortisation during the year	82	-	-	82
At 31 December	125	-	-	125
Net carrying value				
At 31 December	**212**	**-**	**-**	**212**
2008:				
Cost				
At 1 January	-	-	-	-
Additions during the year	237	-	-	237
At 31 December	237	-	-	237
Amortisation				
At 1 January	-	-	-	-
Amortisation during the year	43	-	-	43
At 31 December	43	-	-	43
Net carrying value				
At 31 December	**194**	**-**	**-**	**194**

12. **INTANGIBLE ASSETS (Continued)**

Useful lives

The expected useful life of the identified brand is 20 years.

(b) Goodwill on acquisition of Trans-Century Holdings (Proprietary) 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.

(c) 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.

(d) 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.

13. **INVESTMENTS**

	Consolidated 2009 KShs '000	Consolidated 2008 KShs '000	Company 2009 KShs '000	Company 2008 KShs '000
(a) Quoted shares				
Movement during the year:				
At 1 January	432,843	731,180	185,950	289,468
Additions	10,911	118,105	-	118,105
Disposals	(56,969)	(131,450)	(56,969)	(131,450)
Fair value (loss)/gain in the year	(55,963)	(293,992)	14,815	(90,173)
At 31 December	**321,822**	**423,843**	**143,796**	**185,950**
Comprising:				
Cost	578,344	629,321	176,016	237,904
Cumulative fair value loss	(256,522)	(205,478)	(32,220)	(51,954)
	321,822	**423,843**	**143,796**	**185,950**

13. **INVESTMENTS (Continued)**

(a) **Quoted shares (Continued)**

Included in the quoted investments is an investment in Metal Fabricators of Zambia Plc ("ZAMEFA") which is quoted on the Zambian Stock exchange (Note 3) (b) (iii). The investment in ZAMEFA comprises of:

	Consolidated 2009 KShs '000	Consolidated 2008 KShs '000	Company 2009 KShs '000	Company 2008 KShs '000
Metal Fabricators of Zambia Plc 20.11% (2008 - 18.89%):				
Cost	402,328	391,417	-	-
Cumulative fair value gain/(deficit)	(224,302)	(153,524)	-	-
Net company fair value	**178,026**	**237,893**	**-**	**-**

(b) **Unquoted shares**

	Consolidated 2009 KShs '000	Consolidated 2008 KShs '000	Company 2009 KShs '000	Company 2008 KShs '000
RVR Investments (PTY) Limited (RVR) (Registered in Mauritius):				
Cost	667,764	667,764	667,764	667,764
Cumulative fair value loss	(24,731)	(24,731)	(24,731)	(24,731)
	643,033	643,033	643,033	643,033
Development Bank of Kenya Limited				
Cost	78,689	78,689	78,689	78,689
Cumulative fair value gain	66,391	78,540	66,391	78,540
	145,080	157,229	145,080	157,229
	788,113	**800,262**	**788,113**	**800,262**

Trans-Century Limited entered into a subscription agreement to acquire 20% of shares in RVR Investments (Proprietary) Limited (RVR), a company organised under the Laws of Mauritius. The total investment was anticipated to be US$ 9 million payable on a tranche basis. As at 31 December 2008 and 31 December 2009, Trans-Century Limited had paid the subscription due of US$ 9 million (2007-US$ 5 million). The company has paid an additional US$ 900,000 as additional investment in RVR, bringing the total investment to US$ 9.9 million.

The shares in RVR Investments (Proprietary) Limited are allotted, issued and provided with the share certificates on payment of the subscription prices payable on the respective subscription dates.

The investment in RVR is carried at cost, which is a reflection of the most recent investment made in the company, which the directors believe is a reflection of the fair value. The concession agreement signed between RVR and the governments of Kenya and Uganda remains in place and forms the basis of operation of RVR. The investment is still in its formative stages and as such will require additional financing and there are ongoing discussions with relevant parties regarding additional equity and debt funding. Based on the foregoing factors the directors believe that the carrying value of the investment in RVR is fairly stated.

13. **INVESTMENTS Continued**

(c) **Investment in subsidiaries – Fair Value/Cost**

	Consolidated 2009 KShs '000	Consolidated 2008 KShs '000	Company 2009 KShs '000	Company 2008 KShs '000
Cable Holdings (Kenya) Limited 94.8113% (2008 – 94.8113%):				
Cost	-	-	271,681	271,681
Cumulative fair value gain	-	-	2,762,246	3,541,613
	-	-	3,033,927	3,813,294
Avery Kenya Limited 94.4058% (2008 – 94.4058%):				
Cost	-	-	49,853	49,853
Cumulative fair value gain	-	-	147,878	79,917
	-	-	197,731	129,770
Tanelec Limited 70% (2008 – 70%):				
Cost	-	-	78,720	78,720
Cumulative fair value gain	-	-	1,059,235	1,110,745
	-	-	1,137,955	1,189,465
Trans-Century Holdings Pty Limited 100% (2008 – 100%):				
Cost	-	-	122,167	122,167
Cumulative fair value gain	-	-	494,360	731,184
	-	-	616,527	853,351
Crystal Limited 97.5% (2008 – Nil):				
Cost	-	-	52	52
Cumulative fair value gain	-	-	443,048	-
	-	-	443,100	52
Total investment in subsidiaries	**-**	**-**	**5,429,240**	**5,985,932**

The company holds 94.8113% (2008 – 94.8113%) shareholding in Cable Holdings Limited which holds 63.3108% (2008 – 63.3108) of East Africa Cables Limited (A company listed in the Nairobi Stock Exchange).

In the year 2005, the company acquired 94.4058% shareholding in Avery Kenya Limited which holds 100% of Kenya Scale Limited at Group level.

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

(d) **Other investments – At fair value**

	Consolidated 2009 KShs '000	Consolidated 2008 KShs '000	Company 2009 KShs '000	Company 2008 KShs '000
Other investments	**3,505**	**2,200**	**3,514**	**2,200**

Other investments are in respect of set up costs incurred to incorporate companies in Mauritius.

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 reserves.

	2009 KShs '000	2008 KShs '000
Aureos East Africa (AEAF)	43,695	30,652
Aureos South Asia (ASAF)	93,636	78,710
Aureos China (ACF)	61,642	74,683
Business Partners International (BPI)	43,814	31,287
Helios Investors LP (Helios)	209,839	139,043
Helios Investors Kili Parallel LLP (KILI LLP)	145,597	177,483
	598,223	**531,858**

Aureos East Africa Fund:

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

	2009	2008
The investment at cost is allocated as follows:		
Total calls	43,695	30,652
Company portion	(8,106)	(5,668)
	35,589	**24,984**

Calls made to 31 December 2009 amounted to US$ 400,736 (2008 - US$ 394,437).

The fair value of the investment is KShs 43,695,000.

	ASAF USD'000	AEAF USD'000	ACF USD'000	BPI USD'000	Helios USD'000	KILI LLP USD'000	TOTAL USD'000
Commitment	2,500	500	2,000	1,500	2,500	2,000	11,000
% Holding	2.94%	1.25%	5.48%	10.64%	1.00%	1.56%	
Outstanding commitment:							
At 31 December 2008	1,487	106	1,039	974	1,132	-	4,738
At 31 December 2009	1,173	99	1,272	799	298	-	3,641

2008	**ASAF Kshs'000**	**AEAF Kshs'000**	**ACF Kshs'000**	**BPI Kshs'000**	**Helios Kshs'000**	**KILI LLP Kshs'000**	**TOTAL Kshs'000**
Valuation:							
At 1 January 2008	64,295	28,795	10,750	33,647	88,832	127,203	353,522
Additions/(redemptions) during the year	392	(3,544)	55,185	-	(848)	1,443	52,628
Fair value gain/(loss)	14,023	5,401	8,748	(2,360)	51,059	48,837	125,708
At 31 December 2008	**78,710**	**30,652**	**74,683**	**31,287**	**139,043**	**177,483**	**531,858**
2009							
Valuation:							
At 1 January 2009	78,710	30,652	74,683	31,287	139,043	177,483	531,858
Additions/(redemptions) during the year	24,050	475	(18,854)	13,785	63,159	-	82,615
Fair value gain/(loss)	(9,124)	12,568	5,813	(1,258)	7,637	(31,886)	(16,250)
At 31 December 2009	**93,636**	**43,695**	**61,642**	**43,814**	**209,839**	**145,597**	**598,223**

	Consolidated 2009 KShs '000	Consolidated 2008 KShs '000	Company 2009 KShs '000	Company 2008 KShs '000
15. LOANS TO SUBSIDIARIES				
Payable after 12 months:				
Trans-Century Holdings Proprietary Limited - South Africa	-	-	185,179	117,190
Crystal Ltd – Tanzania	-	-	388,753	399,684
Cable Holdings Kenya Limited	-	-	186,883	213,502
	-	**-**	**760,815**	**730,376**
Payable within 12 months:				
Chai Bora Ltd – Tanzania	-	-	73,710	73,710
Trans-Century Holdings Proprietary Limited	-	-	50,525	115,209
	-	**-**	**124,235**	**188,919**
16. STOCKS				
Machines	64,712	35,701	-	-
Finished goods	457,562	408,928	-	-
Work in progress	301,555	125,317	-	-
Raw materials	537,050	614,206	-	-
Spares and lubricants	127,846	122,770	-	-
Stationery and printing	2,188	2,123	-	-
Goods in transit	9,351	122,123	-	-
Provision for obsolete stocks	(28,128)	-	-	-
	1,472,136	**1,431,168**	**-**	**-**
17. DEBTORS AND PREPAYMENTS				
Trade debtors	1,123,062	1,332,454	-	-
Bad debts provision	(86,172)	(43,764)	-	-
Trade debtors – related parties	44,546	140,688	-	-
Sundry debtors and prepayments	624,289	363,502	347,192	60,911
Staff debtors	2,175	606	-	-
	1,707,900	**1,793,486**	**347,192**	**60,911**
18. CASH AND CASH EQUIVALENTS				
Cash and bank balances	278,723	583,767	80,824	67,265
Short term deposits	203,728	5,819	-	-
Bank overdraft	(181,353)	(97,100)	(1,854)	(20,500)
Total cash and cash equivalents	**301,098**	**492,486**	**78,970**	**46,765**

18. CASH AND CASH EQUIVALENTS (Continued)

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 4.7 billion) and 50% of Metal Fabricators of Zambia Limited shares through Cable Holdings (Kenya) Limited with continuing guarantee and indemnity of Cable Holdings (Kenya) Limited.

A subsidiary, East African Cables Limited, has also entered into a facility with a bank and is secured over certain land and buildings for KShs 870 million and a debenture over all assets of the company for KShs 870 million. The bank facility comprises of overdraft term loan, letter of credit, bonds/guarantee and foreign exchange dealing.

A subsidiary of Trans-Century Holdings (Proprietary) Limited, Kewberg Cables & Braids (Proprietary) Limited, has ceded and pledged to the Standard Bank of South Africa, all its rights in and to book debts and other debts and any claim, due or to become due to it. The loans at the subsidiary are secured over property, plant, equipment and current assets.

A subsidiary of Crystal Limited, Chai Bora Limited, has secured a medium term facility from CRDB Bank Limited; a USD 1,150,000 term loan and a TShs 2 billion overdraft facility. The loan and bank overdraft facility is secured by legal mortgage over industrial buildings, fixed and floating debentures over all the assets of the company and cross company guarantee and indemnity from Trans-Century Limited.

A subsidiary, Tanalec Limited, has a bank loan facility with Stanbic Bank Tanzania Limited which is due on May 2013 and attracts interest at 7.5%p.a. and a finance lease with respect to asset financing at the rate of 7.5%. The facility is secured with first charge over certain company assets, with a carrying value of TShs 2,767,012,500 and a corporate guarantee by Trans-Century Limited to cover the credit facility by 125%.

A subsidiary, Avery (East Africa) Limited, does not have a bank overdraft facility but had overdrawn its account by KShs 4,214,000 as at 31 December 2009.

19. SHARE CAPITAL

	2009 KShs '000	2008 KShs '000
Group and Company		
Authorised		
400,000,000 ordinary shares of KShs 0.50 each	**200,000**	**200,000**
Issued and fully paid		
At 1 January 262,024,260 (2008 – 19,651,820) Ordinary shares of KShs 0.50 (2008 - KShs 5) each	131,012	98,259
Nil bonus issue (2008 - 6,550,606) of shares of KShs 5 each issued	-	32,753
New issue of 900,000 Ordinary shares of KShs 0.50 each (2008 – Nil)	450	-
At 31 December 262,924,260 (2008 – 262,024,260) Ordinary shares of KShs 0.50 each	**131,462**	**131,012**

19. **SHARE CAPITAL (Continued)**

Share split

A split of 10:1 was carried on 16 October 2008.

Issue of new share capital

In 2008, the company raised funds though a private placement. The Directors have allotted 900,000 shares in 2009 from the funds raised.

The holders of ordinary shares are entitled to receive dividends declared from time to time and are entitled to one vote per share at annual and general meetings of the company.

20. **SHARE PREMIUM**

	Consolidated 2009 KShs '000	Consolidated 2008 KShs '000	Company 2009 KShs '000	Company 2008 KShs '000
At 1 January	63,244	63,244	63,244	63,244
Premium on issue of 900,000 shares				
at KShs 0.50 each for cash	44,550	-	44,550	-
Cost of issuing new shares	(1,110)	-	(1,110)	-
At 31 December	**106,684**	**63,244**	**106,684**	**63,244**

21. **RESERVES**

(a) **Translation reserve**

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

(b) **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.

(c) **Revaluation reserve**

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

22. **PROPOSED DIVIDENDS**

	Consolidated 2009 KShs '000	Consolidated 2008 KShs '000	Company 2009 KShs '000	Company 2008 KShs '000
Balance brought forward	13,101	29,478	13,101	29,478
Dividends paid on new share issuance	45	-	45	-
Final proposed for the year	13,146	13,101	13,146	13,101
Paid in the year	(13,146)	(29,478)	(13,146)	(29,478)
	13,146	**13,101**	**13,146**	**13,101**

During the year the directors paid the 2008 final dividend of KShs 13,146,213 and recommends a final dividend of KShs 0.05 per share amounting to KShs 13,146,213.

23. DEFERRED TAX (ASSET)/LIABILITY

(a) Deferred tax asset

Group 2009:	At 1 January 2009 KShs'000	Recognised through statement of comprehensive income KShs'000	Recognised in other comprehensive income KShs '000	Exchange difference KShs'000	At 31 December 2009 KShs'000
Property, plant and equipment	(309)	(537)	-	-	(846)
Provisions	1,318	838	-	-	2,156
Unrealised exchange losses	317	40	-	-	277
	1,326	**261**	**-**	**-**	**1,587**

Group 2008:	At 1 January 2008 KShs'000	Recognised through statement of comprehensive income KShs'000	Recognised in other comprehensive income KShs '000	Exchange difference KShs'000	At 31 December 2008 KShs'000
Property, plant and equipment	12,781	(13,090)	-	-	(309)
Provisions	3,026	(1,708)	-	-	1,318
Unrealised exchange losses	(355)	672	-	-	317
	15,452	**(14,126)**	**-**	**-**	**1,326**

Company 2009:	At 1 January 2009 KShs '000	Recognised through income statement KShs '000	Recognised on acquisition of subsidiary KShs '000	Exchange difference KShs '000	At 31 December 2009 KShs '000
Property, plant and Equipment	**(74)**	**103**	**-**	**-**	**29**

(b) Deferred tax liability

Group 2009:	At 1 January 2009 KShs '000	Recognised through income statement KShs '000	Recognised in other comprehensive income KShs '000	Exchange difference KShs '000	At 31 December 2009 KShs '000
Staff gratuity provision	(3,479)	(2,874)	-	1,218	(5,135)
Other provisions & accruals	(15,693)	(33,975)	-	(24,867)	(74,535)
Prepayments	640	(789)	-	149	-
Unrealised exchange gain	3,310	(258)	-	45,692	48,744
Property, plant & machinery	260,637	21,085	141,118	(9,950)	412,890
Deferred tax liability	**245,415**	**(16,811)**	**141,118**	**12,242**	**381,964**

23. **DEFERRED TAX ASSET/(LIABILITY) (Continued)**

(b) **Deferred tax liability (Continued)**

Group **2008:**	**At 1 January 2008 KShs '000**	**Recognised through income statement KShs '000**	**Recognised on acquisition of subsidiary KShs '000**	**Exchange difference KShs '000**	**At 31 December 2008 KShs '000**
Staff gratuity provision	(1,856	(1,623)	-	-	(3,479)
Other provisions & accruals	(15,754)		-	61	(15,693)
Prepayments	-	640	-	-	640
Unrealised exchange gain	3,706	12,497	-	(12,893)	3,310
Property, plant & machinery	282,547	30,316	13,290	(65,516)	260,637
Deferred tax liability	**268,643**	**41,830**	**13,290**	**(78,348)**	**245,415**

Company **2008:**	**At 1 January 2008 KShs '000**	**Recognised through income statement KShs '000**	**Recognised on acquisition of subsidiary KShs '000**	**Exchange difference KShs '000**	**At 31 December 2008 KShs '000**
Property, plant & equipment	**50**	**24**	**-**	**-**	**74**

	Consolidated 2009 KShs '000	**Consolidated 2008 KShs '000**	**Company 2009 KShs '000**	**Company 2008 KShs '000**
24. LOANS				
Bank loans	3,468,202	3,216,622	1,938,013	1,672,771
Minority interest loan to subsidiary	224,255	233,067	-	-
Loans from subsidiaries	-	-	547,402	547,402
	3,692,457	**3,449,689**	**2,485,415**	**2,220,173**
Payable after 12 months	2,764,918	2,550,179	1,952,622	2,014,835
Payable within 12 months	927,539	899,510	532,793	205,338
	3,692,457	**3,449,689**	**2,485,415**	**2,220,173**

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

25. **CREDITORS AND ACCRUALS**

	Consolidated 2009 KShs '000	**Consolidated 2008 KShs '000**	**Company 2009 KShs '000**	**Company 2008 KShs '000**
Trade creditors	570,626	509,452	86,231	91,380
Sundry creditors	205,617	436,997	5,578	8,409
Payables to related parties	40,073	-	-	-
	816,316	**946,449**	**91,809**	**99,789**

26. **ACQUISITION OF SUBSIDIARIES**

In August 2008, the group incorporated Crystal Limited. Crystal Limited acquired 99.9% shareholding in Chai Bora Limited whose business is to blend tea. In December 2008, the Group disposed 2.5% of its shareholding in Chai Bora Limited. Crystal Limited and Chai Bora Limited are incorporated in the Republic of Tanzania. In December 2009, Crystal Limited disposed 2.5% of Chai Bora Limited.

The acquisition of Chai Bora by Crystal Limited had the following effect on the Group's assets and liabilities.

26. ACQUISITION OF SUBSIDIARIES (Continued)

Acquiree's net assets at the acquisition date:

	Crystal Limited		
	Carrying amounts KShs'000	**Fair value adjustments Kshs'000**	**Recognised values KShs '000**
Property, plant and equipment	34,413	62,891	97,304
Intangible assets - Software	43	8,165	8,208
Deferred tax asset	5,577	(5,577)	-
Inventories	188,067	-	188,067
Trade and other receivables	62,099	-	62,099
Corporation tax recoverable	13,886	-	13,886
Cash at bank and in hand	28,421	-	28,421
Retirement benefit obligations	2,783	-	(2,783)
Deferred tax liability	-	(13,290)	(13,290)
Trade and other payables	(59,265)	-	(59,265)
Borrowings	(250,548)	-	(250,548)
Net identifiable assets and liabilities	**19,910**	**52,189**	**72,099**
Goodwill on acquisition (Note 12(a) and (c)			266,062
Consideration satisfied in cash			338,161
Cash acquired			(28,421)
Net cash outflow			**309,740**

27. RELATED PARTIES TRANSACTIONS

The following transactions were carried out with related parties:

	2009 KShs'000	**2008 KShs'000**
(a) Directors and executive officers		
Directors emoluments – Group	30,873	33,430
Other Group	32,595	18,653
Company fees	10,431	11,607
Company other	14,194	9,091
	88,093	**72,781**
(b) Inter-company sales		
From East African Cables Limited to Tanelec	**23,667**	**15,726**
(c) Inter-company interest		
From East African Cables Kenya Limited to Cable Holdings Kenya Limited	-	6,600
From Tanelec to Trans-Century Limited	-	26,067
From Crystal Limited to Trans-Century Limited	18,840	4,177
From Cable Holdings Kenya Limited to Trans-Century Limited	-	5,196
	18,840	**42,040**

28. CAPITAL COMMITMENTS

	Consolidated 2009 KShs '000	Consolidated 2008 KShs '000	Company 2009 KShs '000	Company 2008 KShs '000
Authorised and contracted for	233,335	178,036	-	-

29. CONTINGENCIES

One of Trans Century Limited subsidiary, 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 Kenya Commercial Bank, Commercial Bank of Africa Limited, Co-operative Bank of Kenya Limited and NIC Bank Limited. The maximum exposure is KShs 4.7 billion 2008 - KShs 4.4 billion plus interest, charges and fees thereon.

30. POST BALANCE SHEET EVENTS

(a) RVR Investments Proprietary Limited

As noted under Note 13(b), Trans-Century Limited holds 20% of shares in RVR Investments (Proprietary) Limited.

Subsequent to 31 December 2009, the Company paid an additional US$ 2 million as an additional equity investment in RVR Investments (Proprietary) Limited as part of a US$ 10 million rights issue bringing the total investment to US$ 11 million for its initial 20% stake.

Further, on 21 May 2010, the Board of RVR Investments (Proprietary) Limited approved a new shareholding structure which significantly rationalized the shareholding of the Company. As part of the new shareholding structure in RVR Investments (Proprietary) Limited, Trans-Century Limited will own 34%.

(b) Câbleries Du Congo

In March 2010, Trans-Century Limited (TCL) started up its newest acquisition in the electrical and power cable manufacturing sector, Câbleries du Congo SPRL, in Kinshasa, the capital of the Democratic Republic of Congo (DRC). Câbleries du Congo is the only manufacturer of cable in Congo. In addition to meeting increasing demand for high quality and trusted electrical and power cables from the national utility the Société Nationale d'Électricité (SNEL), the company will also serve industrial customers and retail customers in Kinshasa. The recently refurbished facility positions the Trans-Century electricals platform to supply distributors in the DRC and growing markets of Cameroon and parts of Angola. Trans-Century plans to invest significantly in increasing the capacity of the plant to meet the highly under-served demands of the customers in the region.

TransCentury
Investing in Africa

TRANS-CENTURY LIMITED

TO: The Company Secretaries,
P.O. Box 61120 - 00200
NAIROBI

PROXY FORM

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 .... **16th July, 2010** ....

And at any adjournment thereof.

Signed/Sealed this .... Day of ………………………..……….…., 2010

....

....

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

Notes

TransCentury

Investing in Africa