TRANSCENTURY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

AT

31 DECEMBER 2014

TRANSCENTURY LIMITED

CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Contents

TRANSCENTURY LIMITED

DIRECTORS, OFFICERS AND STATUTORY INFORMATION

DIRECTORS

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

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

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

REGISTERED OFFICE
7th Floor, Longonot Place
Kijabe Street
PO Box 42334
00100 Nairobi GPO

PRINCIPAL PLACE OF BUSINESS
7th Floor, Longonot Place
Kijabe Street
PO Box 42334
00100 Nairobi GPO

ADVOCATES
Muthaura Mugambi Ayugi & Njonjo Advocates
4th Floor, West Wing, Capitol Hill Square
Off Chyulu Road, Upper Hill
PO Box 8418
00200 Nairobi City Square

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

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

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

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 of Limited
PO Box 30081
00100 Nairobi GPO
National Industrial Credit Bank Limited
PO Box 44599
00100 Nairobi GPO

Standard Bank (Mauritius) Limited
6th Floor, Medine Mews Building
La Chaussee Street
Port Louis, Mauritius

(Continued on Page 2)

DIRECTORS, OFFICERS AND STATUTORY INFORMATION (CONTINUED)

BANKERS

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

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

Chase Bank Kenya Limited
Riverside clause
Junction of Ring Road Riverside
Westlands
PO Box 66015 - 00800
Nairobi

UBA Kenya Bank Limited
Apollo Centre
1st Floor Ring Road
PO Box 34154
00100 Nairobi GPO

TRANSCENTURY LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2014

The directors have pleasure in submitting their report together with the audited group annual financial statements for the year ended 31 December 2014, which disclose the state of affairs of the company and the group.

1. **Activities**

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

2. **Results**

The results for the year are set out on pages 7 and 8.

3. **Dividends**

The directors do not recommend the payment of a dividend (2013 – KShs 0.40 per share; KShs 109,580,114).

4. **Directors**

The directors of the company who served since 1 January 2014 are set out on page 1.

5. **Auditors**

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

6. **Approval of financial statements**

The financial statements were approved at a meeting of the directors held on 23 April 2015

BY ORDER OF THE BOARD

VIRGINIA M. NDUNGE
CPS No. 1531
P. O. Box 40111 - 00100
NAIROBI, KENYA.
KAPLAN & STRATTON ADVOCATES

Secretary

Date: 23 April 2015

TRANSCENTURY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and fair presentation of the consolidated and company financial statements of TransCentury Limited set out on pages 7 to 70 which comprise the consolidated and company statements of financial position at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

Approval of the financial statements

The consolidated and company financial statements, as indicated above, were approved by the Board of Directors on 23 April 2015 and were signed on its behalf by:

Director

Director

KPMG

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TRANSCENTURY LIMITED

We have audited the financial statements of TransCentury Limited set out on pages 7 to 70 which comprise the consolidated and company statements of financial position at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

As stated on page 4, the directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of consolidated and company financial position of TransCentury Limited at 31 December 2014, and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

KPMG

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
TRANSCENTURY LIMITED (CONTINUED)

Report on other legal requirements

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

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

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

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

The Engagement Partner responsible for the audit resulting in this independent auditors' report is FCPA Eric Aholi - P/1471.

KPMG Kenya

Date: 23 April 2015

TRANSCENTURY LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 KShs'000	2013 KShs'000
Revenue	5(a)	10,249,593	11,807,576
Cost of sales	5(c)	(7,668,666)	(8,248,302)
Gross profit		**2,580,927**	**3,559,274**
Other income	5(b)	285,276	1,208,111
Operating expenses	5(c)	(2,556,420)	(2,509,021)
Loss on sale of investment	27	(1,035,015)	-
(Loss)/profit before depreciation and finance costs		**(725,232)**	**2,258,364**
Depreciation and amortisation	6	(679,365)	(723,315)
Results from operating activities	6	**(1,404,597)**	**1,535,049**
Finance income	7	47,111	59,166
Finance costs	7	(756,716)	(735,625)
Net finance costs		**(709,605)**	**(676,459)**
(Loss)/profit before income tax		**(2,114,202)**	**858,590**
Income tax expense	8(a)	(163,727)	(232,158)
(Loss)/profit for the year		**(2,277,929)**	**626,432**
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation of property, plant and equipment	9	77,140	-
Revaluation of prepaid operating lease rentals	11	-	268,161
Related tax	8(a)	17,715	(81,716)
		94,855	**186,445**
Items that are or may be reclassified to profit or loss			
Net change in fair value of available-for-sale financial assets		90,626	42,594
Exchange differences on translation of foreign subsidiaries		109,875	(63,058)
		200,501	**(20,464)**
Other comprehensive income net of income tax		**295,356**	**165,981**
Total comprehensive income for the year		**(1,982,573)**	**792,413**

The notes set out on pages 17 to 70 form an integral part of these financial statements.

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TRANSCENTURY LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

	Note	2014 KShs'000	2013 KShs'000
(Loss)/profit after tax is attributable to:			
Equity holders of the company		(2,362,677)	291,295
Non-controlling interest		84,748	335,137
(Loss)/profit for the year		**(2,277,929)**	**626,432**
Total comprehensive income for the year attributable to:			
Equity holders of the company		(2,069,737)	404,017
Non-controlling interest		87,164	388,396
Total comprehensive income for the year		**(1,982,573)**	**792,413**
BASIC EARNINGS PER SHARE - (KShs)	**21(a)**	**(8.53)**	**1.06**
DILUTED EARNINGS PER SHARE - (KShs)	**21(a)**	**(8.53)**	**1.06**

The notes set out on pages 17 to 70 form an integral part of these financial statements.

TRANSCENTURY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

ASSETS	Note	2014 KShs'000	2013 KShs'000
Non-current assets			
Property, plant and equipment	9	7,363,528	6,630,211
Investment property	10	348,298	282,868
Prepaid operating lease rentals	11	432,406	446,703
Intangible assets	12	2,539,117	2,457,864
Quoted investments	13(a)	301	316
Unquoted investments	13(b)	539,353	5,237,133
Deferred tax asset	23(a)	5,992	944
		11,228,995	15,056,039
Current assets			
Inventory	15	1,860,008	1,540,428
Trade and other receivables	16	5,886,588	6,843,673
Tax receivable	8(d)	194,804	38,938
Cash and cash equivalents	17	293,263	361,195
		8,234,663	8,784,234
TOTAL ASSETS		19,463,658	23,840,273
EQUITY AND LIABILITIES			
Capital and reserves (Pages 12 - 13)			
Share capital	18	140,142	136,975
Share premium	19	565,101	379,717
Revenue reserves	20(a)	1,278,346	3,286,015
Translation reserve	20(b)	249,935	112,139
Available-for-sale reserve	20(c)	330,813	240,187
Revaluation reserve	20(d)	994,385	932,787
Proposed dividends	21(b)	-	109,580
Total equity attributable to equity holders of the company		**3,558,722**	**5,197,400**
Non-controlling interest	13(d)	2,536,003	2,888,986
Convertible bond	22	5,386,973	5,132,002
Total equity		**11,481,698**	**13,218,388**

The notes set out on pages 17 to 70 form an integral part of these financial statements.

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TRANSCENTURY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 (CONTINUED)

LIABILITIES	Note	2014 KShs'000	2013 KShs'000
Non-current liabilities			
Deferred tax liability	23(b)	962,155	884,418
Liability for staff gratuity		59,148	43,673
Long term loan – non-current portion	24	1,797,704	3,786,665
		2,819,007	4,714,756
Current liabilities			
Bank overdraft	17	748,023	491,348
Long term loan – current portion	24	1,725,750	1,833,357
Trade and other payables	25	2,669,275	3,562,072
Tax payable	8(d)	19,661	20,108
Unclaimed dividends		244	244
		5,162,953	5,907,129
Total liabilities		7,981,960	10,621,885
TOTAL EQUITY AND LIABILITIES		19,463,658	23,840,273

The financial statements on pages 7 to 70 were approved by the Board of Directors on 23 APRIL 2015 and were signed on its behalf by:

Director: ____________________ Director: ____________________

The notes set out on pages 17 to 70 form an integral part of these financial statements.

TRANSCENTURY LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	2014 KShs'000	2013 KShs'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	9,257	4,866
Quoted investments	13(a)	301	316
Unquoted investments	13(b)	432,184	341,543
Investment in subsidiaries	13(c)	9,382,670	10,727,600
Loans to subsidiaries	14	718,195	500,197
Deferred tax asset	23(a)	907	944
		10,543,514	11,575,466
Current assets			
Trade and other receivables	16	1,074,850	1,678,540
Tax receivables	8(d)	5,403	4,329
Cash and bank balances	17	9,775	30,096
		1,090,028	1,712,965
TOTAL ASSETS		11,633,542	13,288,431
EQUITY AND LIABILITIES			
Capital and reserves (Pages 14 - 15)			
Share capital	18	140,142	136,975
Share premium	19	565,101	379,717
Revenue reserves	20(a)	163,211	114,563
Available-for-sale reserve	20(c)	8,054,086	9,496,942
Proposed dividends	21(b)	-	109,580
Total equity		8,922,540	10,237,777
Non-current liabilities			
Long term loan – non-current portion	24	847,907	2,388,031
Current liabilities			
Long term loan – current portion	24	576,073	576,073
Trade and other payables	25	1,286,778	86,306
Unclaimed dividends		244	244
		1,863,095	662,623
Total liabilities		2,711,002	3,050,654
TOTAL EQUITY AND LIABILITIES		11,633,542	13,288,431

The financial statements on pages 7 to 70 were approved by the Board of Directors on 23 April 2015 and were signed on its behalf by:

Director: ______________________ Director: ______________________

The notes set out on pages 17 to 70 form an integral part of these financial statements.

TRANSCENTURY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

2014:	Share capital KShs '000	Share premium KShs '000	Revaluation reserves KShs '000	Translation reserve KShs '000	Available for sale reserve KShs '000	Revenue reserves KShs '000	Proposed dividends KShs'000	Total KShs'000	Non-controlling interest KShs '000	Total equity KShs'000
Balance at 1 January 2014	136,975	379,717	932,787	112,139	240,187	3,286,015	109,580	5,197,400	2,888,986	8,086,386
Total comprehensive income for the year net of tax										
Net profit after tax	-	-	-	-	-	(2,362,677)	-	(2,362,677)	84,748	(2,277,929)
Other comprehensive income										
Revaluation of property, plant and equipment net of deferred tax	-	-	77,140	-	-	-	-	77,140	-	77,140
Transfer to deferred tax	-	-	5,920	-	-	-	-	5,920	11,795	17,715
Exchange adjustment	-	-	-	122,394	-	-	-	122,394	(12,519)	109,875
Net change in fair value of available-for-sale financial assets	-	-	-	-	90,626	-	-	90,626	-	90,626
Transfer from translation reserves	-	-	(58,599)	16,289	-	42,310	-	-	-	-
Transfer from NCI	-	-	37,137	(887)	-	312,698	-	348,948	(348,948)	-
Total other comprehensive income	-	-	61,598	137,796	90,626	355,008	-	645,028	(349,672)	295,356
Total comprehensive income	-	-	61,598	137,796	90,626	(2,007,669)	-	(1,717,649)	(264,924)	(1,982,573)
Transactions with owners of the company										
Contributions and distributions										
Issue of additional shares	3,167	185,384	-	-	-	-	-	188,551	-	188,551
Dividend paid	-	-	-	-	-	-	(109,580)	(109,580)	(88,059)	(197,639)
Proposed dividends	-	-	-	-	-	-	-	-	-	-
Total transactions with owners of the company	3,167	185,384	-	-	-	-	(109,580)	78,971	(88,059)	(9,088)
Balance at 31 December 2014	140,142	565,101	994,385	249,935	330,813	1,278,346	-	3,558,722	2,536,003	6,094,725

The notes set out on pages 17 to 70 form an integral part of the financial statements.

TRANSCENTURY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

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

The notes set out on pages 17 to 70 form an integral part of the financial statements.

TRANSCENTURY LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

2014:	Share capital KShs '000	Share premium KShs '000	Available for sale reserve KShs '000	Revenue reserves KShs '000	Proposed dividends KShs'000	Total KShs'000
Balance at 1 January 2014	136,975	379,717	9,496,942	114,563	109,580	10,237,777
Total comprehensive income for the year net of tax						
Profit for the year	-	-	-	48,648	-	48,648
Other comprehensive income for the year						
Net change in fair value of available-for-sale financial assets	-	-	(1,442,856)	-	-	(1,442,856)
Available-for-sale reserve released on disposal of Funds of funds investments	-	-	-	-	-	-
Total other comprehensive expense	-	-	(1,442,856)	-	-	(1,442,856)
Total comprehensive income	-	-	(1,442,856)	48,648	-	(1,394,208)
Transactions with owners of the company						
Contributions and distributions						
New shares issued during the year	3,167	185,384	-	-	-	188,551
Dividend paid	-	-	-	-	(109,580)	(109,580)
Proposed dividends	-	-	-	-	-	-
Total transactions with owners of the company	3,167	185,384	-		(109,580)	(78,971)
Balance as at 31 December 2014	140,142	565,101	8,054,086	163,211	-	8,922,540

The notes set out on pages 17 to 70 form an integral part of the financial statements.

TRANSCENTURY LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

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

The notes set out on pages 17 to 70 form an integral part of the financial statements.

TRANSCENTURY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 KShs'000	2013 KShs'000
Net cash flows from operating activities			
(Loss)/profit before taxation		(2,114,202)	858,590
Adjustment for non-cash items		2,195,450	1,224,027
Operating profit before working capital changes		**81,248**	**2,082,617**
Decrease/(increase) in trade and other receivables		957,085	(1,239,972)
(Increase)/decrease in inventories		(319,580)	53,113
Decrease in Aureos Fund - Other member		-	(34,930)
Decrease in trade and other payables		(892,795)	(321,414)
Increase in provision for staff gratuity		15,475	9,271
Cash (used in)/generated from operations		**(158,567)**	**548,685**
Income tax paid		(212,853)	(418,576)
Dividends paid to shareholders of the company		(109,580)	(109,580)
Dividend paid to non-controlling interest		(88,059)	(90,488)
Net cash flows used in operating activities		**(569,059)**	**(69,959)**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(1,340,955)	(633,840)
Purchase of intangible assets	12(a)	(6,366)	-
Investments in subsidiaries, funds and other investments		-	(915,337)
Proceeds from disposal of investments		3,758,811	279,579
Proceeds from disposal of property, plant and equipment		35,753	3,965
Net cash flows generated from/(used in) investing activities		**2,447,243**	**(1,265,633)**
Cash flows from financing activities			
Proceeds from loans and borrowing	24	3,736,802	5,903,127
Repayment of loans and borrowing	24	(5,833,370)	(4,860,232)
Net proceeds from issue of convertible bond	22	-	517,858
Interest paid on convertible bond	22	(294,774)	(294,325)
Issuing new capital	18 & 19	188,551	-
Net cash flows (used in)/generated from financing activities		**(2,202,791)**	**1,266,428**
Net decrease in cash and cash equivalents		**(324,607)**	**(69,164)**
Cash and cash equivalents at the end of the year	17	(454,760)	(130,153)
Cash and cash equivalents at the beginning of the year	17	(130,153)	(60,989)
Net decrease in cash and cash equivalents		**(324,607)**	**(69,164)**

The notes set out on pages 17 to 70 form an integral part of these financial statements.

1. REPORTING ENTITY

TransCentury Limited is a limited liability company incorporated in Kenya under the Kenyan Companies Act, and is domiciled in Kenya. The consolidated financial statements of the company as at and for the year ended 31 December 2014 comprise the company and its subsidiaries (together referred to as the "Group"). The address of its registered office is as follows:

7th Floor, Longonot Place
Kijabe Street
P.O. Box 42334
00100 Nairobi GPO

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

2. BASIS OF PREPARATION AND ACCOUNTING

(a) Statement of compliance

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

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

(b) Basis of measurement

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

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

(c) Functional and presentation currency

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

(d) Use of judgments and estimates

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

2. BASIS OF PREPARATION (Continued)

(d) Use of estimates and judgments (continued)

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

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

(i) Consolidation
Judgement is required on whether the group has defacto control over an investee (note 3 (b) (ii)). Judgement is also made during acquisition of subsidiaries where fair value is measured on a provisional basis.

(ii) Lease classification
Judgement is required in assessing classification of leases into either finance or operating leases, and in reviewing whether arrangements contain a lease (note 3 (f)).

(iii) Employee benefits
Certain assumptions are made when estimating employee benefits liabilities under gratuity schemes (note 3 (j)).

(iv) Taxation
Recognition of deferred tax assets requires assessment of future taxable profits against which carry forward tax losses can be used (Note 3 (k)).

(v) Impairment tests
Key assumptions underlying recoverable amounts are made in determining carrying amounts of goodwill, receivables, investments in subsidiaries, tangible and intangible assets, investment properties etc, especially where indicators of impairment exist.

(vi) Recognition and measurement of contingencies
Key assumptions are made about the likelihood and magnitude of an outflow of resources

(e) Measurement of fair values

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

The Group has established control framework with respect to the measurements of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair measurements, including Level 3 fair values, and reports directly to the Chief Executive Officer (CEO).

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

2. **BASIS OF PREPARATION (Continued)**

(c) **Measurement of fair value (continued)**

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

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

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

Valuation of unquoted investments and subsidiaries

For 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 and have been consistently applied to all periods presented in these financial statements and have been consistently applied by Group entities, except where indicated otherwise:

(a) Revenue income recognition

(i) Goods sold and services

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

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

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

(ii) Dividends

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

(iii) Interest on deposits with financial institutions

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

(iv) Discount on treasury bills

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

(b) Basis of consolidation

(i) Business combinations

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation (continued)

(i) *Business combinations - continued*

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

(ii) *Subsidiaries*

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

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

Subsidiary	Country of incorporation	2014 %	2013 %
Cable Holdings Limited	Kenya	100	94.8
East African Cables Limited	Kenya	68.4	64.3
East African Cables Tanzania Limited	Tanzania	35.2	32.8
Avery (East Africa) Limited	Kenya	94.4	94.4
TransCentury Holdings (Pty) Limited	South Africa	100	100
Tanelec Limited	Tanzania	70	70
Crystal Limited	Tanzania	100	100
TC Mauritius Holdings Limited	Mauritius	100	100
Cable Holdings Mauritius Limited	Mauritius	100	100
TC Engineering and Contracting Limited	Mauritius	100	100
TC Railway Holdings Limited	Mauritius	100	100
Safari Rail Company Limited	Mauritius	100	100
Civicon Africa Group Limited*	Mauritius	62	62
Civicon DRC Holdings Limited	Mauritius	100	69.6
Cableries du Congo Sarl	Democratic Republic of Congo	100	100

* Refer to note 32 for events after the reporting period affecting this subsidiary.

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

(iii) *Non-controlling interests*

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation (continued)

(iv) Venture capital

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

Refer to Note 13(b) for 2014 events affecting the investment in RVR.

(v) 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.

(vi) Loss of control

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

(c) Translation of foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments.

(ii) Foreign operations

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment

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

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

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

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

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

• Freehold buildings	2% – 5%
• Leasehold buildings	2% or over the lease period if shorter than 50 years on acquisition
• Plant, machinery and equipment	5% - 13%
• Furniture, fixtures, fittings, motor vehicles and computers	12.5% - 33%

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

(e) Investment property

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

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

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

(f) Operating leases

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Impairment

(i) Financial assets

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

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

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

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

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

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Inventories

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

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

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

(i) Trade and other receivables

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

(j) Employee benefits

(i) Defined contribution plans

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

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

(ii) Staff gratuity

Unionisable staff for East African Cables, Tanelec Limited and Civicon Limited are eligible to gratuity upon retirement based on the terms stipulated in the respective Collective Bargaining Agreements. A liability is made in the financial statements for the estimated liability of such gratuity payable. Movements in the liability are accounted for in profit or loss.

(iii) Leave accrual

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

(iv) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Taxation

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

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

- temporary differences relating to the initial recognition of assets or liabilities which affect neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

(l) Cash and cash equivalents

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

(m) Related party transactions

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

(n) Dividends

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

(o) Financial instruments

(i) Classification

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (continued)

(i) Classification– continued

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

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

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

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

(ii) Recognition

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

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

(iii) Measurement

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

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

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

3. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(o) Financial instruments (continued)

(iii) Measurement – continued

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

(iv) Offsetting

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

(v) Derecognition

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

(p) Intangible assets

(i) Goodwill/Premium on acquisition

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

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment and once goodwill is impaired the impairment is not reversed.

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

(ii) Computer software

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

(iii) Brand

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Provisions

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

(r) Comparatives

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

(s) Adoption of new and revised International Financial Reporting Standards (IFRSs)

(i) Adoption of new standards or amendments effective for the period ended 31 December 2014

New standard or amendments	Effective for annual periods beginning on or after
• Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities (2011)	1 January 2014
• Investment Entities- Amendments to IFRS 10, IFRS 12, and IAS 27 (2012)	1 January 2014
• Amendments to IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets (2013	1 January 2014
• Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
• IFRIC 21 Levies (2013)	1 January 2014

The impact of relevant new and amended standards and interpretations on the financial statements for the period ended 31 December 2014 is as below:

Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the offsetting criteria in IAS 32 by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement.

The Group has considered the provisions of these amendments in the preparation of the Group's Financial Statements.

Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities

The amendments clarify that a qualifying investment entity is required to account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss; the only exception would be subsidiaries that are considered an extension of the investment entity's investment activities. The consolidation exemption is mandatory and not optional.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Adoption of new and revised International Financial Reporting Standards (IFRSs) (continued)

(i) Adoption of new standards or amendments effective for the period ended 31 December 2014 – continued

Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities - continued

The Group reassessed its control conclusions as of 1 January 2014. Following the assessment, there was no impact on the Group Financial Statements.

Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets

The amendments reverse the unintended requirement in *IFRS 13 Fair Value Measurement* to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.

Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets (continued)

Consequently, the Group has expanded its disclosure of recoverable amounts when they are based on fair value less costs of disposals and assessed any impairment.

Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting (June 2013)

The amendments permit the continuation of hedge accounting in a situation where a counterparty to a derivative designated as a hedging instrument is replaced by a new central counterparty (known as 'novation of derivatives'), as a consequence of laws or regulations, if specific conditions are met.

The amendment did not have an impact on the Group's financial statements.

IFRIC 21: Levies (2013)

IFRIC 21 defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It confirms that an entity recognises a liability for a levy when – and only when – the triggering event specified in the legislation occurs.

The amendment did not have an impact on the Group's financial statements.

(ii) New standards and amendments issued but not yet adopted

New standard or amendments	Effective for annual periods beginning on or after
• Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014
• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	1 January 2016
• Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Adoption of new and revised International Financial Reporting Standards (IFRSs) (continued)

(ii) New standards and amendments issued but not yet adopted - continued

New standard or amendments	Effective for annual periods beginning on or after
• Amendments to IAS 41 - Bearer Plants (Amendments to IAS 16 and IAS 41)	1 January 2016
• Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciations and Amortisation	1 January 2016
• Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 January 2016
• IFRS 14 Regulatory Deferral Accounts	1 January 2016
• IFRS 15 Revenue from Contracts with Customers	1 January 2017
• IFRS 9 Financial Instruments (2014)	1 January 2018

Defined benefit plans – Employee contributions (Amendments to IAS 19)

The amendments introduce relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. Such contributions are eligible for practical expedient if they are: set out in the formal terms of the plan; linked to service; and independent of the number of years of service.

When contributions are eligible for the practical expedient, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered.

The amendments apply retrospectively for annual periods beginning on or after 1 July 2014 with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the amendments of IAS 19.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The amendments will be effective from annual periods commencing on or after 1 January 2016.

The Group is assessing the potential impact on its consolidated financial statements resulting from the amendments of IFRS 10 and IAS 28.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Adoption of new and revised International Financial Reporting Standards (IFRSs) (continued)

(ii) New standards and amendments issued but not yet adopted - continued

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business.
Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interest in the joint operation will not be remeasured.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) (continued)

The Group is assessing the potential impact on its consolidated financial statements resulting from the amendments of IFRS 11.

Amendments to IAS 41- Bearer Plants (Amendments to IAS 16 and IAS 41)

Bearer Plants (Amendments to IAS 16 and IAS 41) was issued in June 2014. The amendments change the financial reporting for bearer plants such as grape vines, rubber trees and oil palms. The amendment requires that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 Property, Plant and Equipment, instead of IAS 41 while the produce growing on bearer plants will remain within the scope of IAS 41.

The new requirements are effective from 1 January 2016, with earlier adoption permitted. The amendment will not have an impact on the Group's financial statements as the Group does not have bearer plants.

Clarification of Acceptable Methods of Depreciation and Amortisation **(Amendments to IAS 16 and IAS *38*)**

The amendments to IAS 16 *Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted. The adoption of these changes will not affect the amounts and disclosures of the Group's property, plant and equipment and intangible assets, since the group does not have any intangible assets and plants that are amortised or depreciated using a revenue based method.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Adoption of new and revised International Financial Reporting Standards (IFRSs) (continued)

(ii) New standards and amendments issued but not yet adopted - continued

Equity Method in Separate Financial Statements (Amendments to IAS 27)

The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures but also for subsidiaries

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with early adoption permitted. The Group is assessing the potential impact on its separate financial statements resulting from the application of IAS 27.

IFRS 14 ***Regulatory Deferral Accounts***

IFRS 14 provides guidance on accounting for regulatory deferral account balances by first-time adopters of IFRS. To apply this standard, the entity has to be rate-regulated i.e. the establishment of prices that can be charged to its customers for goods and services is subject to oversight and/or approval by an authorised body.

The standard is effective for financial reporting years beginning on or after 1 January 2016 with early adoption is permitted.

The adoption of this standard is not expected to have an impact the financial statements of the Group's given that it is not a first time adopter of IFRS.

IFRS 15 Revenue from Contracts with Customers

The IFRS specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers in recognising revenue being: Identify the contract(s) with a customer; Identify the performance obligations in the contract; Determine the transaction price; Allocate the transaction price to the performance obligations in the contract; and Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

IFRS 9: Financial Instruments (2014)

On 24 July 2014 the IASB issued the final IFRS 9 *Financial Instruments* Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement.*

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Adoption of new and revised International Financial Reporting Standards (IFRSs) (continued)

(ii) New standards and amendments issued but not yet adopted - continued

This standard introduces changes in the measurement bases of the financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

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

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

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

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

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

(a) Credit risk

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

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

	2014 KShs'000	2013 KShs'000
Trade receivables	5,168,138	4,771,979
Cash and bank balances	293,263	361,195
	5,461,401	5,133,174

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (continued)

Impairment losses

	2014 KShs'000	2013 KShs'000
The ageing of trade receivables at the reporting date was:		
Not past due	668,240	994,781
Past due 0-90 days	1,272,900	1,085,683
Past due 90-365 days	2,736,918	2,463,537
More than one year	730,970	495,242
	5,409,028	5,039,243
Net impairment	(240,890)	(267,264)
	5,168,138	4,771,979

(b) Liquidity risk

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

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

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

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

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

The table below shows the contractual maturity of financial liabilities:

2014:

KShs'000	Due on demand	1 - 3 months	3 - 12 months	1 - 5 years	Total
Liabilities:					
Long term loans	-	811,626	914,124	1,797,704	3,523,454
Bank overdraft	524,412	223,611	-	-	748,023
Trade and other payables	2,669,275	-	-	-	2,669,275
Total financial liabilities	**3,193,687**	**1,035,237**	**914,124**	**1,797,704**	**6,940,752**

2013:

KShs'000	Due on demand	1 - 3 months	3 - 12 months	1 - 5 years	Total
Liabilities:					
Long term loans	-	590,332	1,243,025	3,786,665	5,620,022
Bank overdraft	247,160	244,188	-	-	491,348
Trade and other payables	3,491,192	33,103	37,777	-	3,562,072
Total financial liabilities	**3,738,352**	**867,623**	**1,280,802**	**3,786,665**	**9,673,442**

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Market risk

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

(i) Currency risk

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

	2014 KShs'000	2013 KShs'000
Cash and bank balances	293,263	361,195
Investments in funds		-
Unquoted investments	539,353	4,895,590
Bank overdraft	(748,023)	(491,348)
Bank loan	(3,523,454)	(3,997,328)
Net statement of financial position exposure	**(3,438,861)**	**768,109**

The following significant exchange rates applied during the year:

	Closing rate		Average rate	
	2014 KShs	2013 KShs	2014 KShs	2013 KShs
USD	90.60	86.31	87.92	86.12
TShs	19.10	18.62	18.93	18.79
ZAR	7.79	8.27	8.12	8.95

Sensitivity analysis

A 10 percent strengthening of the Kenya shilling against the following currency would have decreased profit or (loss) by amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013:

	Profit or loss KShs'000
At 31 December 2014	343,886
At 31 December 2013	(76,811)

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Market risk (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 re-price at different times or in differing amounts. Risk management activities are aimed at optimising net interest income, given market interest rates levels consistent with the company's business strategies. The company does not have any significant interest rate risk exposures as currently all interest bearing borrowings and advances are at a fixed rate.

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

As at 31 December 2014:	Effective interest rate %	On demand KShs '000	Due between 3 and 12 months KShs '000	Due between 1 and 5 years KShs '000	Non-interest bearing KShs '000	Total KShs '000
Assets						
Quoted investments	-	-	-	-	301	301
Unquoted investments	-	-	-	-	539,353	539,353
Trade receivables	-	-	-	-	5,168,138	5,168,138
Cash and cash equivalents	-	-	-	-	293,263	293,263
		-	-	-	6,001,055	6,001,055
Liabilities:						
Bank loans	7.5-16%	-	811,626	914,123	1,797,705	3,523,454
Bank overdraft	6-16%	524,412	223,611	-	-	748,023
Trade and other payables	-	-	-	-	2,669,275	2,669,275
		524,412	1,035,237	914,123	4,466,980	6,940,752
Interest rate sensitivity gap		(524,412)	(1,035,237)	(914,123)	1,534,075	(939,697)

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Market risk (continued)

(ii) Interest rate risk - continued

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

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

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

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

31 December 2014:	Loans and Receivables KShs'000	Available -for-sale KShs'000	Other liabilities KShs'000	Total carrying amount KShs'000	Fair value KShs'000
Assets					
Quoted investments	-	301	-	301	301
Unquoted investments	-	539,353	-	539,353	539,353
Trade receivables	5,168,138	-	-	5,168,138	5,168,138
Cash and bank balances	293,263	-	-	293,263	293,263
Total assets	**5,461,401**	**539,654**	**-**	**6,001,055**	**6,001,055**
Liabilities					
Bank overdraft	-	-	748,023	748,023	748,023
Long term loan	-	-	3,523,454	3,523,454	3,523,454
Trade payables	-	-	2,669,275	2,669,275	2,669,275
Total liabilities	**-**	**-**	**6,940,752**	**6,940,752**	**6,940,752**

31 December 2013:	Loans and Receivables KShs'000	Available -for-sale KShs'000	Other liabilities KShs'000	Total carrying amount KShs'000	Fair Value KShs'000
Assets					
Quoted investments	-	316	-	316	316
Unquoted investments	-	5,237,133	-	5,237,133	5,237,133
Trade receivables	4,771,979	-	-	4,771,979	4,771,979
Cash and bank balances	361,195	-	-	361,195	361,195
Total assets	**5,133,174**	**5,237,449**	**-**	**10,370,623**	**10,370,623**

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

31 December 2013:	Loans and Receivables KShs'000	Available -for-sale KShs'000	Other liabilities KShs'000	Total carrying amount KShs'000	Fair Value KShs'000
Liabilities					
Bank overdraft	-	-	491,348	491,348	491,348
Long term loan	-	-	5,620,022	5,620,022	5,620,022
Trade payables	-	-	3,042,092	3,042,092	3,042,092
Total liabilities	-	-	**9,153,462**	**9,153,462**	**9,153,462**

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

(f) **Valuation hierarchy**

The fair value of financial assets and liabilities is determined as follows:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Quoted investments	Prices quoted at Nairobi Securities Exchange	None	Not applicable
Un Quoted investments	The entity's unquoted investments include investments in: • Development bank of Kenya – The Price to Book multiple approach valuation technique was used. • Mwangaza Limited – The investment is held at cost.	None	Not applicable

The fair value for the financial assets and liabilities as at 31 December 2013 and 31 December 2014 is as follows:

31 December 2014:	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
Assets				
Quoted investments	301	-	-	301
Unquoted investments	-	539,353	-	539,353
Total assets	301	539,353	-	539,654
31 December 2013:				
Assets				
Quoted investments	316	-	-	316
Unquoted investments	-	5,237,133	-	5,237,133
Total assets	**316**	**5,237,133**	-	**5,237,449**

5. REVENUE, OTHER INCOME AND EXPENSES

	2014 KShs '000	2013 KShs '000
Group		
(a) Revenue		
Sale of goods	6,697,953	5,867,875
Rendering of services	645,290	901,632
Construction contract revenue	2,906,350	5,038,069
	10,249,593	11,807,576
(b) Other income		
Gain on sale of property	21,008	425
Change in fair value of investment property	71,267	-
Sale of scraps	8,216	7,315
Other income	184,785	1,200,371
	285,276	1,208,111
(c) Expenses by nature		
Changes in inventories of finished goods and work-in-progress	359,262	306,072
Purchase of raw materials and consumables	5,596,273	5,352,131
Employee benefits	1,888,205	2,154,120
Impairment of property, plant and equipment	29,743	29,264
Professional and consultancy cost	177,880	220,142
Advertising costs	50,750	69,444
Repairs and maintenance	334,862	361,157
Lease and rent	112,123	499,618
Others	1,675,988	1,765,375
	10,225,086	10,757,323
Comprising of:		
Cost of sales	7,668,666	8,248,302
Operating expenses	2,556,420	2,509,021
	10,225,086	10,757,323
(d) Employee benefits		
Wages and salaries	1,664,920	2,106,240
Social security contributions	196,401	25,985
Contribution to defined contribution plans	24,558	17,324
Termination benefits	2,326	4,571
	1,888,205	2,154,120

		2014 KShs '000	2013 KShs '000
6.	**RESULTS FROM OPERATING ACTIVITIES**		
	Group		
	Results from operating activities are arrived at after charging/(crediting):		
	Depreciation	665,876	709,434
	Amortisation of prepaid operating lease rentals	4,609	4,617
	Amortisation of intangible assets	8,880	9,264
		679,365	723,315
	Impairment of intangible assets	28,729	9,926
	Provision for inventory	(2,223)	7,004
	Debtors impairment	(26,374)	(24,179)
	Directors' emoluments - Fees – Group	36,240	27,839
	- Others – Group	3,979	3,734
	- Company – Fees	11,829	12,457
	Auditors' remuneration - Group and subsidiaries	37,258	35,610
	- Company – Current year	3,850	3,705
	Gain on disposal of property, plant and equipment	(21,008)	(425)

7. NET FINANCE COSTS

Group

		2014 KShs '000	2013 KShs '000
(a)	**Finance income**		
	Interest income on loans and receivables	47,503	26,398
	Gain on exchange	(392)	32,768
		47,111	59,166
(b)	**Finance costs**		
	Interest on convertible bond	(294,774)	(294,325)
	Interest on loans	(277,983)	(179,293)
	Loss on exchange	(183,959)	(262,007)
		(756,716)	(735,625)
	Net finance costs	(709,605)	(676,459)

8. INCOME TAX

Group

(a) Income tax expense/(credit)

(i) Amounts recognised in profit or loss

	2014 KShs '000	2013 KShs '000
Current tax:		
Charge for the year @ 30%	56,540	243,728
Deferred tax expense/ (credit):		
Current year (Note 23)	107,770	(11,631)
Prior year under provision (Note 23)	(583)	61
	107,187	(11,570)
	163,727	232,158

8. INCOME TAX (Continued)

	2014	2013
(a) Income tax expense/(credit) (continued)	**KShs '000**	**KShs '000**
(ii) Amounts recognised in other comprehensive income		
Arising from:		
Revaluation of property, plant and equipment:		
- Current year	21,599	-
- Prior year over provision	(39,314)	-
Revaluation of prepaid operating lease rentals	-	81,716
	(17,715)	81,716

(b) Reconciliation of effective tax rate

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

	2014	2014 KShs'000	2013	2013 KShs '000
Accounting profit before tax	Rate	(2,114,202)	Rate	858,590
Tax at the domestic rate of 30%	(30%)	(634,261)	30%	257,577
Previous years under provision				
- Current tax	-	-	-	-
- Deferred tax	-	(583)	-	61
Effect of taxes in foreign jurisdictions*	17%	361,298	(9%)	(74,231)
Deferred tax not recognised	4%	91,546	9%	77,813
Tax effect of non-deductible expenses	23%	493,928	4%	36,817
Tax effect of non-taxable income	(7%)	(148,201)	(8%)	(65,879)
Income tax expense	7%	163,727	26%	232,158

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

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior year experience.

(c) Movement in unrecognised deferred tax

2014:	**At 1 January** KShs	**Movement in unrecognized deferred tax** KShs	**At 31 December** KShs
Arising from:			
Tax losses	84,763	91,546	176,309
2013:			
Arising from:			
Tax losses	6,950	77,813	84,763

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

8. INCOME TAX (Continued)

(d) Tax recoverable/payable account

	Consolidated 2014 KShs '000	Consolidated 2013 KShs '000	Company 2014 KShs '000	Company 2013 KShs '000
Balance as at 1 January	18,830	(156,018)	4,329	4,329
Impairment/(offset) during the year	(15,625)	86,484	-	-
Current tax charge	(56,540)	(243,728)	(2,541)	-
Paid during the year	212,853	418,576	3,615	-
Foreign exchange translation differences	15,625	(86,484)	-	-
Balance as at 31 December	**175,143**	**18,830**	**5,403**	**4,329**
Comprising of:				
Current tax recoverable	194,804	38,938	5,403	4,329
Current tax payable	(19,661)	(20,108)	-	-
Balance as at 31 December	**175,143**	**18,830**	**5,403**	**4,329**

9. PROPERTY, PLANT AND EQUIPMENT

Group 2014:	Heavy commercial vehicles KShs'000	Free hold land and buildings KShs'000	Lease hold land and buildings KShs'000	Plant and machinery KShs'000	Vehicles KShs'000	Furniture, fittings and equipment KShs'000	Work in progress KShs'000	Total KShs'000
Cost/ Valuation:								
At 1 January 2014	1,926,624	602,957	2,663,324	3,819,812	440,081	288,158	190,085	9,931,041
Additions	83,380	-	233,518	209,699	23,824	45,569	744,965	1,340,955
Transfer from work in progress	-	-	257,045	353,531	-	-	(610,576)	-
Reclassification (Note 12)	-	-	-	-	-	(28,877)	-	(28,877)
Disposals	(57,793)	-	(408)	(1,366)	(61,406)	(6,563)	(8,668)	(136,204)
Revaluation	-	77,140	-	-	-	-	-	77,140
Exchange differences	28,646	(4,038)	1,132	74,770	8,609	(2,218)	3,995	110,896
At 31 December 2014	1,980,857	676,059	3,154,611	4,456,446	411,108	296,069	319,801	11,294,951
Comprising:								
Cost	1,980,857	383,979	942,715	1,560,402	41,795	66,552	232,719	5,209,019
Valuation	-	292,080	2,211,896	2,896,044	369,313	229,517	87,082	6,085,932
	1,980,857	676,059	3,154,611	4,456,446	411,108	296,069	319,801	11,294,951
Depreciation:								
At 1 January 2014	1,404,723	74,866	149,606	1,106,167	373,450	186,599	5,419	3,300,830
Charge for the year	197,109	10,822	64,312	287,016	68,176	38,441	-	665,876
Disposals	(57,148)	-	-	(336)	(58,117)	(5,858)	-	(121,459)
Reclassification (Note 12)	-	-	-	-	-	(19,021)	-	(19,021)
Exchange differences	66,024	(1,186)	5,741	24,315	9,063	1,240	-	105,197
At 31 December 2014	1,610,708	84,502	219,659	1,417,162	392,572	201,401	5,419	3,931,423
Carrying value:								
At 31 December 2014	370,149	591,557	2,934,952	3,039,284	18,536	94,668	314,382	7,363,528

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2013:	Heavy commercial vehicles KShs'000	Free hold land and buildings KShs'000	Lease hold land and buildings KShs'000	Plant and machinery KShs'000	Vehicles KShs'000	Furniture, fittings and equipment KShs'000	Work in progress KShs'000	Total KShs'000
Cost/ Valuation:								
At 1 January 2013	1,792,051	568,772	2,674,929	3,584,257	406,066	257,670	190,920	9,474,665
Additions	126,379	81,722	25,900	182,341	45,880	42,936	128,682	633,840
Transfer from work in progress	-	-	1,884	128,441	-	-	(130,325)	-
Disposals	-	-	(392)	-	(10,712)	(1,043)	-	(12,147)
Exchange differences	8,194	(47,537)	(38,997)	(75,227)	(1,153)	(11,405)	808	(165,317)
At 31 December 2013	1,926,624	602,957	2,663,324	3,819,812	440,081	288,158	190,085	9,931,041
Comprising:								
Cost	1,926,624	417,309	396,803	1,754,708	134,724	135,511	181,097	4,946,776
Valuation	-	185,648	2,266,521	2,065,104	305,357	152,647	8,988	4,984,265
	1,926,624	602,957	2,663,324	3,819,812	440,081	288,158	190,085	9,931,041
Depreciation:								
At 1 January 2013	1,134,451	66,287	133,415	879,392	240,466	154,645	159	2,608,815
Charge for the year	266,626	11,954	16,345	231,214	138,735	39,238	5,322	709,434
Disposals	-	-	-	-	(4,261)	(4,346)	-	(8,607)
Exchange differences	3,646	(3,375)	(154)	(4,439)	(1,490)	(2,938)	(62)	(8,812)
At 31 December 2013	1,404,723	74,866	149,606	1,106,167	373,450	186,599	5,419	3,300,830
Carrying value:								
At 31 December 2013	521,901	528,091	2,513,718	2,713,645	66,631	101,559	184,666	6,630,211

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company - Furniture, fittings and equipment	2014 KShs'000	2013 KShs'000
Cost or valuation:		
At 1 January	18,128	17,170
Additions	7,773	1,130
Disposals	-	(172)
At 31 December	25,901	18,128
Depreciation:		
At 1 January	13,262	10,548
Charge for the year	3,382	2,865
Disposals	-	(151)
At 31 December	16,644	13,262
At 31 December	9,257	4,866

Fully depreciated assets' value as at December 2014 amount to KShs 179,281,763(2013; KShs 176,256,184) with a nominal depreciation of KShs 25,347,448(2013; KShs 26,481,749).

Revaluation

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

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

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

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

The land and property, plant and equipment of one of the subsidiaries, Kewberg Cables & Braids Proprietary Limited were revalued on 31 December 2014 and 13 October 2011, respectively, by an independent valuer, Chris van Rooyen, a professional valuer of Chris van Rooyen Property Valuers CC. The property valuation was performed using the income capitalisation method assuming (a) a capitalisation rate of between 10.50% and 11% and (b) market related rentals. The plant and machinery valuation was performed using the replacement value approach assuming (a) A willing seller and a willing buyer exists, (b) the equipment will be freely exposed to the market, (c) a reasonable time would be allowed for the sale at a static price and (d) all values as indicated are net of removal costs, to determine the current value.

Security

At 31 December 2014, properties of subsidiaries have been charged to secured banking facilities per Note 17.

10. INVESTMENT PROPERTY

	Consolidated 2014 KShs '000	Consolidated 2013 KShs '000	Company 2014 KShs '000	Company 2013 KShs '000
Valuation				
At 1 January	282,868	285,125	-	-
Fair value changes	71,267	-	-	-
Exchange differences	(5,837)	(2,257)	-	-
At 31 December	348,298	282,868	-	-

Revaluation

The investment property of the subsidiary, East African Cables Limited, comprises of residential properties that have been leased to a third party which were revalued by Lloyd Masika Limited (Kenya and Tanzania) in 2014.

The properties are leased on a renewable annual lease.

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment Property	The investment properties of East African Cables (Kenya) were revalued in 2012 while the subsidiary's, East African Cables (Tanzania) Limited, were revalued in 2014 by Lloyd Masika Limited, a firm of independent professional valuers on the basis of open market value for existing use. The open market values are 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 and willingly. The resulting fair value change is dealt with through profit or loss.	The properties in Tanzania are residential houses are located close to the Central Business District. Due to their prime location, they have high chances of being fully let out most of the time. The property owned by East African cables Kenya is located in the Lavington area approximately 15kms from Nairobi City Centre.	For both properties, the rent charged is high due to the location and the market value of the property is bound to go up due to the prime location.

10. INVESTMENT PROPERTY (Continued)

Measurement of fair values (continued)

(ii) Level 3 fair values

Reconciliation of level 3 fair values

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

	2014 KShs'000	2013 KShs'000
Balances at 1 January	282,868	285,125
Total gains or losses in fair value	65,430	(2,257)
Balances at 31 December	**348,298**	**282,868**

11. PREPAID OPERATING LEASE RENTALS

	Consolidated 2014 KShs '000	Consolidated 2013 KShs '000	Company 2014 KShs '000	Company 2013 KShs '000
At 1 January	446,703	149,918	-	-
Amortisation for the year	(4,609)	(4,617)	-	-
Revaluation surplus	-	268,161	-	-
Exchange differences	(9,688)	33,241	-	-
At 31 December	**432,406**	**446,703**	-	-

12. INTANGIBLE ASSETS

(a) Group

2014:	Software KShs '000	Goodwill KShs '000	Brand KShs '000	Total KShs '000
Cost				
At 1 January	37,017	2,402,073	57,802	2,496,892
Additions	3,252	3,114	-	6,366
Reclassification (Note 9)	28,877	-	-	28,877
Impairment loss	-	-	(28,729)	(28,729)
Exchange differences	1,080	115,073	5,963	122,116
At 31 December	70,226	2,520,260	35,036	2,625,522
Amortisation				
At 1 January	15,054	-	23,974	39,028
Amortisation	5,562	-	3,318	8,880
Reclassification (Note 9)	19,021	-	-	19,021
Exchange differences	11,732	-	7,744	19,476
At 31 December	51,369	-	35,036	86,405
Carrying value				
At 31 December	18,857	2,520,260	-	2,539,117

12. INTANGIBLE ASSETS (Continued)

(a) Group (continued)

2013:	Software KShs '000	Goodwill KShs '000	Brand KShs '000	Total KShs '000
Cost				
At 1 January	55,807	2,357,661	75,209	2,488,677
Impairment loss	-	-	(9,926)	(9,926)
Exchange differences	(18,790)	44,412	(7,481)	18,141
At 31 December	37,017	2,402,073	57,802	2,496,892
Amortisation				
At 1 January	31,924	1,930	25,231	59,085
Amortisation	5,598	-	3,666	9,264
Exchange differences	(22,468)	(1,930)	(4,923)	(29,321)
At 31 December	15,054	-	23,974	39,028
Carrying value				
At 31 December	21,963	2,402,073	33,828	2,457,864

(b) Company – Software

	2014 KShs '000	2013 KShs '000
Cost		
At 1 January and 31 December	337	337
Amortisation		
At 1 January	337	337
Amortisation during the year	-	-
At 31 December	337	337
Carrying value at 31 December	-	-

(c) Goodwill on acquisition of TransCentury Holdings Pty Limited

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

The business was acquired at 7 September 2007 and the fair values determined at that date were relied upon to support the carrying value of the goodwill recognised due to the proximity of the year end to the acquisition date. The carrying amount of the goodwill is reviewed annually on the basis of forecast profits of the cash generating assets and forecast sales of the products.

(d) Goodwill on acquisition of Civicon Group and Tanelec Zambia Limited (formerly Pende Group)

The goodwill recognised represents the excess of the business combination over the acquired business' fair value of the identifiable assets and liabilities. The businesses were acquired on 30 September 2011 and 31 May 2011 for Civicon Group and Pende group respectively and the fair values determined at that date were relied upon to support the carrying value of the goodwill recognised due to the proximity of the year end to the acquisition date. The carrying amount of the goodwill is reviewed annually on the basis of forecast profits of the cash generating assets and forecast sales of the products.

12. INTANGIBLE ASSETS (Continued)

(d) Goodwill on acquisition of Civicon Group and Tanelec Zambia Limited (Formerly Pende Group (continued)

On 5 August 2014, the group acquired additional shareholding of 38% in Civicon DRC Holding Limited which resulted in additional goodwill. Following this acquisition the Group holds 100% of Civicon DRC Holding Limited.

(d) Brand

In accordance with IFRS 3 – Business Combinations, an impairment assessment on the brand was carried out.

13. INVESTMENTS

	Consolidated 2014 KShs '000	Consolidated 2013 KShs '000	Company 2014 KShs '000	Company 2013 KShs '000
(a) Quoted shares				
Movement during the year:				
At 1 January	316	281	316	281
Disposals	-	-	-	-
Fair value (loss)/gain in the year	(15)	35	(15)	35
At 31 December	**301**	**316**	**301**	**316**
Comprising:				
Cost	18,006	18,006	18,006	18,006
Cumulative fair value change	(17,705)	(17,690)	(17,705)	(17,690)
	301	316	301	316
(b) Unquoted shares				
RVR Investments (PTY) Limited (RVR) – Registered in Mauritius:				
Opening balance	4,793,826	3,855,686	-	-
Additional investment	-	924,367	-	-
Proceeds from disposal	(3,758,811)	-	-	-
Fair value (loss)/gain	(1,035,015)	13,773	-	-
Closing balance	-	4,793,826	-	-
Comprising of:				
Cost	-	3,765,146	-	-
Cumulative fair value gain	-	1,028,680	-	-
	-	4,793,826	-	-
Development Bank of Kenya Limited:				
Cost	78,689	78,689	78,689	78,689
Cumulative fair value gain	353,495	262,854	353,495	262,854
	432,184	341,543	432,184	341,543
Mwangaza Limited:				
Cost	101,764	101,764	-	-
Forex exchange	5,405	-	-	-
Cumulative fair value gain	-	-	-	-
	107,169	101,764	-	-
	539,353	5,237,133	432,184	341,543

13. INVESTMENTS (Continued)

(b) Unquoted shares (continued)

The Group through its wholly owned subsidiary, Safari Rail Company Limited ("Safari Rail"), disposed of its entire 34% shareholding in KU Railways Holdings Limited ("KURH"), the lead investor in Rift Valley Railways ("RVR") to Africa Railways Limited, a core subsidiary of Citadel Capital on 31 March 2014 by exercising a Put Option. As a result, the Group realised USD 43.7m (KShs 3.8bn) from the sale (Note 27), which saw it recover its entire cash investment in RVR. However, the sale proceeds were below the cumulative fair value of the investment.

(c) Investment in subsidiaries – Fair value

	Consolidated 2014 KShs '000	Consolidated 2013 KShs '000	Company 2014 KShs '000	Company 2013 KShs '000
Cable Holdings (Kenya) Limited* 100% (2013 – 94.8113%):				
Cost	-	-	460,232	271,681
Cumulative fair value gain	-	-	2,919,115	3,033,104
	-	-	3,379,347	3,304,785
Avery Kenya Limited 94.4058% (2013 – 94.4058%):				
Cost	-	-	49,853	49,853
Cumulative fair value gain	-	-	511,502	566,300
	-	-	561,355	616,153
Tanelec Limited 70% (2013 – 70%):				
Cost	-	-	78,720	78,720
Cumulative fair value gain	-	-	638,011	748,452
	-	-	716,731	827,172
TransCentury Holdings Pty Limited 100% (2013 – 100%):				
Cost	-	-	122,167	122,167
Cumulative fair value gain	-	-	772,662	1,074,119
	-	-	894,829	1,196,286
Crystal Limited 100% (2013 – 100%):				
Cost	-	-	52	52
Cumulative fair value gain	-	-	-	-
	-	-	52	52
TransCentury Mauritius Holdings Limited 100% (2013 – 100%):				
Cost	-	-	973,103	973,103
Cumulative fair value gain	-	-	2,857,253	3,810,049
	-	-	3,830,356	4,783,152
Total investment in subsidiaries	-	-	9,382,670	10,727,600

13. INVESTMENTS (Continued)

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

Movement in investment in subsidiaries during the year

	Consolidated 2014	Consolidated 2013	Company 2014	Company 2013
1 January	-	-	10,727,600	9,138,670
Additional investment	-	-	188,551	-
Fair value (loss)/gain in the year	-	-	(1,533,481)	1,588,930
At 31 December	-	-	9,382,670	10,727,600
Comprising of:				
Cost	-	-	1,684,127	1,495,576
Cumulative fair value gain	-	-	7,698,543	9,232,024
Total investment in subsidiaries	-	-	9,382,670	10,727,600

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

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

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

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

In July 2014, TransCentury Limited entered into a Share Swap Agreement with Aureos East African Fund LLC ("Aureos") where the company acquired Aureos' entire shareholding in Cable Holding Kenya Limited ("CHKL") in exchange for shares of the Company.

Aureos was allotted KShs 188,550,599 worth of shares in the Company in return for Aureos' holding in CHKL. The consideration amount was calculated by direct reference to the average trading price of the Company's shares on the NSE. In particular, shares to be allotted to Aureos were at KShs 29.77, which was equal to the volume weighted average price (VWAP) of the Company's shares for the 30 trading days on the NSE - expiring on 14 February 2014.

The purchase price of the shares to be sold by Aureos in CHKL were computed on similar terms, that is, by reference to the price of the quoted securities of its underlying listed subsidiary, East Africa Cables Limited (currently the only asset of CHKL). Based on this, Aureos was allotted 6,334,192 new shares, the existing shareholders stake in the Group was diluted by approximately 2.3 %.

Following the acquisition, the company holds 100% (2013 – 94.8113%) shareholding in Cable Holdings Limited as at 31 December 2014 which leads to an effective shareholding of 68.3738% (2013 – 64.3614%) of East Africa Cables Limited (A company listed on the Nairobi Securities Exchange).

13. INVESTMENTS (Continued)

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

Measurement of fair values

Valuation techniques and significant unobservable inputs

Financial assets measured at fair value at 31 December 2013 and 31 December 2014

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

13. **INVESTMENTS (Continued)**

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

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

31 December 2014: *In Kshs'000*	**Tanelec Ltd**	**EAC Ltd**	**AEA (formerly Avery) Ltd**	**TC Mauritius Holdings Ltd**	**Intra-group eliminations**	**Total**
NCI percentage	**30%**	**31.6%**	**6%**	**38%***		
Non-current assets	962,618	4,042,701	106,143	1,692,090		
Current assets	893,993	3,827,420	253,916	2,799,457		
Non-current liabilities	304,953	1,503,932	-	130,888		
Current liabilities	977,674	3,274,315	221,261	1,869,738		
Net assets excluding Underlying NCI	**573,984**	**3,091,875**	**138,797**	**2,490,921**		
Underlying NCI	**(49,443)**	**676,272**		**(2,226)**		
Net assets including underlying NCI	**623,426**	**2,415,602**	**138,797**	**2,493,148**		
Carrying amount of NCI	**137,585**	**1,440,236**	**7,765**	**944,324**	**6,093****	**2,536,003**
Revenue	957,972	5,098,417	315,493	2,802,729		
Profit	(120,046)	341,147	(36,232)	(16,366)		
OCI	6,127	(12,965)	-	142,424		
Total comprehensive income	**(113,919)**	**328,183**	**(36,232)**	**126,058**		
Profit allocated to NCI	(45,947)	140,019	(2,027)	(7,298)	-	84,748
OCI allocated to NCI	(781)	(4,100)	-	(30,138)	(32,604)	2,416
Cash flows from operating activities	48,665	474,480	(53,543)	344,643		
Cash flows from investment activities	(81,674)	966,042	(7,972)	(114,325)		
Cash flows from financing activities (dividends to NCI: nil)	(10,386)	260,17 5	58,757	(114,763)		
Net increase (decrease) in cash and cash equivalents	**(43,395)**	**1,700,697**	**(2,758)**	**115,554**		

* Underlying non-controlling interest at Civicon Africa Group Limited

** Relates to Cable Holdings Kenya after full acquisition during the year

13. INVESTMENTS (Continued)

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

31 December 2013: *In Kshs'000*	Tanelec Ltd	EAC Ltd	AEA (formerly Avery) Ltd	Cable Holdings Ltd	TC Mauritius Holdings Ltd	Intra-group eliminations	Total
NCI percentage	30%	36%	6%	5%	38% and 31.6%*		
Non-current assets	942,748	3,226,080	104,103	3,485,573	9,868,429	-	-
Current assets	985,439	3,583,185	257,655	46,200	4,023,007	-	-
Non-current liabilities	(693,810)	(3,066,537)	(175,374)	(3,473,283)	(4,093,729)	-	-
Current liabilities	(841,230)	(2,746,110)	(176,702)	(50,472)	(3,778,937)	-	-
Net assets	393,147	996,618	9,682	8,018	6,018,770	-	-
Carrying amount of NCI	186,063	1,513,858	9,811	10,156	1,169,098	-	2,888,986
Revenue	915,404	4,502,964	449,883	-	5,301,886	-	-
Profit	(46,010)	398,201	(3,344)	169,601	663,244	-	-
OCI	238,289	(3,568)	-	874,009	(18,907)	-	-
Total comprehensive income	192,279	394,633	(3,344)	1,043,610	644,337	-	-
Profit allocated to NCI	(13,803.02)	141,913.21	(187.07)	8,800.07	233,138	(34,724)	335,137
OCI allocated to NCI	71,486.75	(1,271.48)	-	45,349.54	235,186	56,663	407,414
Cash flows from operating activities	77,723	(381,350)	8,897	170,714	785,401	-	-
Cash flows from investment activities	(43,842)	(189,056)	(3,154)	-	(1,274,880)	-	-
Cash flows from financing activities (dividends to NCI: nil)	(56,212)	490,928	(9,346)	(170,717)	359,199	-	-
Net increase (decrease) in cash and cash equivalents	(22,332)	(79,478)	(3,603)	(3)	(130,280)	-	-

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

14. LOANS TO SUBSIDIARIES	Consolidated 2014 KShs '000	Consolidated 2013 KShs '000	Company 2014 KShs '000	Company 2013 KShs '000
Payable after 12 months:				
TransCentury Holdings Proprietary Limited - South Africa	-	-	362,146	380,379
Crystal Ltd – Tanzania	-	-	-	91,336
East Africa Cables Limited	-	-	326,152	-
Tanalec Limited	-	-	29,897	28,482
	-	-	718,195	500,197

15. INVENTORIES

	Consolidated 2014	Consolidated 2013	Company 2014	Company 2013
Raw materials	679,200	528,498	-	-
Finished goods	447,753	485,796	-	-
Work in progress	222,104	205,680	-	-
Goods in transit	10,772	27,134	-	-
Spares and lubricants	159,184	115,771	-	-
Machines	119,164	98,983	-	-
Consumables	237,625	94,984	-	-
Containers	-	1,599	-	-
Provision for obsolete and slow moving stocks	(15,794)	(18,017)	-	-
	1,860,008	1,540,428	-	-

In 2014, inventories of KShs 5,596,273,000 (2013: KShs 5,352,131,000) were recognised as an expense during the year and included in cost of sales.

16. TRADE AND OTHER RECEIVABLES

	Consolidated 2014	Consolidated 2013	Company 2014	Company 2013
Trade receivables	5,409,028	5,039,243	-	-
Bad debts provision	(240,890)	(267,264)	-	-
	5,168,138	**4,771,979**	-	-
Sundry receivables and prepayments	716,896	2,071,097	10,421	5,519
Staff receivables	1,554	597	1,554	599
Due from related parties (Note 26(h))	-	-	1,062,875	1,672,422
	5,886,588	6,843,673	1,074,850	1,678,540

17. CASH AND CASH EQUIVALENTS

	Consolidated 2014	Consolidated 2013	Company 2014	Company 2013
Cash and bank balances	293,263	361,195	9,775	30,096
Bank overdraft	(748,023)	(491,348)	-	-
Total cash and cash equivalents	(454,760)	(130,153)	9,775	30,096

Bank facilities
The Group has entered into facilities with various banks which are secured by pledge over various marketable listed stock exchange shares including East African Cables Limited shares equivalent to KShs 2.35 billion (2013 – KShs 2.35 billion).

A subsidiary, East African Cables Limited has entered into a facility with the banks and is secured over certain land and buildings for KShs 1,120 million (2013 - KShs 870 million) and debentures over all assets of the company for KShs 2.9 billion (2013 - KShs 2.35 billion).

17. CASH AND CASH EQUIVALENTS (Continued)

The bank facility comprises overdraft, term loan, letters of credit, bonds/guarantee and forex dealing.

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

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

A subsidiary, Avery (East Africa) Limited, has a bank facility with Chase Bank (Kenya) Limited for KShs 100 million (2013 - KShs 100 million) secured by its leasehold land and building. Interest is charged at 16%.

A subsidiary of Civicon Africa Group Limited, Civicon Kenya Limited, has a working capital facility from Citibank N.A. The facility is secured by way of a Corporate guarantee from Transcentury Limited, the ultimate holding company, for USD 29,050,000 (2013 - USD 14,650,000), a first ranking over all asset debenture of USD 29,050,000 (2013 - USD 13,900,000); and a legal charge over the land known as subdivision 2387 (original number 1955 and 2077) section V, mainland North Mombasa in the amount of USD 5,120,000 (2013 - USD 5,120,000). Interest is charged at a fixed rate of 5.74% (2013 - 5.87%). The subsidiary also has an asset finance facility from Commercial Bank of Africa Limited which is secured by way of joint registration of the motor vehicles/trucks being financed. The interest rate on the loan was at the rate of 8.5% (2013 – 8.5%).

A subsidiary of Civicon DRC Holdings, Civicon Congo S.A.R.L, has a loan facility from Eco Bank S.A.R.L. The loan was disbursed on 1 November 2012 and is payable over a period of 36 months at a rate of 9% p.a. It is secured by free and floating first charge on the financed company's assets.

18. SHARE CAPITAL

	2014 KShs '000	2013 KShs '000
Group and Company		
Authorised		
600,000,000 (2012 - 600,000,000) Ordinary shares of KShs 0.50 each	300,000	300,000
Issued and fully paid		
At 1 January 273,950,284 (2013 -273,950,284)	136,975	136,975
Issued during the year 6,334,192	3,167	-
At 31 December 280,284,476 (2013 -273,950,284) Ordinary shares of KShs 0.50 each	140,142	136,975

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

19. SHARE PREMIUM

	Consolidated 2014 KShs '000	Consolidated 2013 KShs '000	Company 2014 KShs '000	Company 2013 KShs '000
At 1 January	379,717	379,717	379,717	379,717
Issued during the year	185,384	-	185,384	-
At 31 December	565,101	379,717	565,101	379,717

20. RESERVES

(a) Revenue reserves

Revenue reserves relate to accumulated profits over the years.

(b) Translation reserve

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

(c) Available for sale reserve

The available for sale reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised.

(d) Revaluation reserve

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

21. PROPOSED DIVIDENDS AND EARNINGS PER SHARE

(a) Basic and diluted earnings per share

The calculation of basic earnings per share at 31 December 2014 was based on the (loss)/profit attributable to ordinary shareholders of KShs (2,362,676,000) (2013 – KShs 291,295,000) and a weighted average number of ordinary shares outstanding during the year of 277,117,380 (2013 – 273,950,284).

	2014 KShs '000	2013 KShs '000
(Loss)/profit attributable to ordinary shareholders	(2,362,677)	291,295
Basic and diluted earnings per share (KShs)	(8.53)	1.06

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

The calculation of diluted earnings per share at 31 December 2014 was based on the loss attributable to ordinary shareholders of KShs 2,053,728,000 (2013 - profit of KShs 581,146,336) and a weighted average number of ordinary shares outstanding after adjustment for all the effects of all dilutive potential ordinary shares of 373,952,841 (2013 – 381,748,251).

21. PROPOSED DIVIDENDS AND EARNINGS PER SHARE (Continued)

(b) Weighted average number of ordinary shares

	2014	2013
Issued ordinary shares as at 1 January	273,950,284	273,950,284
Effect of shares issued in July 2014	3,167,096	-
Weighted average number of ordinary shares at 31 December	**277,117,380**	**273,950,284**

(c) Proposed dividends

	2014 KShs '000	2013 KShs '000
Balance brought forward	109,580	109,580
Final proposed for the year	-	109,580
Paid or transferred to liabilities in the year	(109,580)	(109,580)
	-	109,580

Proposed dividends are accounted for as a separate component of equity until they have been ratified at a General Meeting. During the year the directors paid the 2013 final dividend of KShs 109,580,114 and do not recommend any dividends in 2014.

22. CONVERTIBLE BOND

In 2011 the group issued a United States Dollar (USD) denominated convertible bond through one of its subsidiaries, TC Mauritius Holdings Limited. The total amount of the convertible bond issued as at 31 December 2014 is USD 60,270,000. Some of the bond holders converted their portion of the bond to ordinary shares during the year ended 31 December 2011 amounting to USD 3,435,000. The movement in the bond during the year is as follows:

	2014 KShs '000	2013 KShs '000
At 1 January	5,132,002	4,574,554
Issued during the year	-	517,858
Interest accrued	308,948	318,967
Interest paid	(294,774)	(294,325)
Forex losses	240,797	14,948
At 31 December	**5,386,973**	**5,132,002**

The terms of the convertible bond are as follows:

- Term of bond: 5 year, maturing on 25 March 2016;
- Interest rate: 6% per annum cash coupon paid annually and 6% per annum payment in kind to be paid at the end of 5th year (25 March 2016) should the Bond not be converted. The payment in kind interest not accrued in the books amount to KShs 1.2billion (2013: KShs 761million). The window for conversion of shares ends on 25 September 2015.
- The company has reserved 150,929,616 ordinary shares to cater for conversion of the bond into shares, of which 6,912,194 was issued on conversion during the year ended 31 December 2011.
- The convertible bond is converted at a fixed conversion foreign exchange rate of 80.49135 to US$1.00.

23. DEFERRED TAX (ASSET)/LIABILITY

(a) Deferred tax asset

(i) Group

2014:	At 1 January KShs '000	Reclassification (Note 23(b)) KShs '000	Recognised through profit or loss KShs '000	Prior year (over)/under provision KShs '000	At 31 December KShs '000
Property, plant and equipment	944	(13,489)	76	-	(12,469)
Other provisions and accruals		3,807	2,098	583	6,488
Tax losses	-	-	11,973	-	11,973
	944	(9,682)	14,147	583	5,992
2013					
Property, plant and equipment	575	-	369	-	944

(ii) Company

	At 1 January KShs '000	Reclassification (Note 23(b)) KShs '000	Recognised through profit or loss KShs '000	Prior year (over)/under provision KShs '000	At 31 December KShs '000
2014					
Property, plant and equipment	944	-	(37)	-	907
2013					
Property, plant and equipment	575	-	369	-	944

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

(b) Deferred tax liability

Group

2014:	At 1 January KShs '000	Reclassification (Note 23(a)(i)) KShs '000	Recognised through profit or loss KShs '000	Prior year (over)/under provision KShs '000	Recognised in other comprehensive income (Note 8(a)(ii)) KShs '000	Exchange differences KShs '000	At 31 December KShs '000
Staff gratuity liability	(5,419)	-	(1,252)	-	-	58	(6,613)
Other provisions and accruals	(153,565)	3,807	48,382	-	-	(1,015)	(102,391)
Unrealised exchange gain	(2,052)	-	(18,229)	-	-	(4,855)	(25,136)
Tax losses	(68,467)	-	(52,610)	-	-	4,130	(116,947)
Property, plant and equipment	1,113,921	(13,489)	145,626	-	(17,715)	(15,101)	1,213,242
	884,418	(9,682)	121,917	-	(17,715)	(16,783)	962,155
2013:							
Staff gratuity liability	(4,236)	-	(1,116)	-	-	(67)	(5,419)
Other provisions and accruals	(81,970)	-	13,536	64	-	(85,195)	(153,565)
Tax losses	(74,435)	-	(8,585)	-	-	14,553	(68,467)
Unrealised exchange gain	26,366	-	(23,178)	-	-	(5,240)	(2,052)
Property, plant and equipment	851,713	-	8,081	(3)	81,716	172,414	1,113,921
	717,438	-	(11,262)	61	81,716	96,465	884,418

24. LOANS

	Consolidated 2014 KShs '000	Consolidated 2013 KShs '000	Company 2014 KShs '000	Company 2013 KShs '000
Bank loans - Long term	1,797,704	3,786,665	847,907	2,388,031
- Short term	1,725,750	1,833,357	-	-
Loans from subsidiaries (Note 26(g))	-	-	576,073	576,073
	3,523,454	5,620,022	1,423,980	2,964,104
Payable after 12 months	1,797,704	3,786,665	847,907	2,388,031
Payable within 12 months	1,725,750	1,833,357	576,073	576,073
	3,523,454	5,620,022	1,423,980	2,964,104

Movement in the loans is as shown below:

	Consolidated 2014 KShs'000	Consolidated 2013 KShs'000	Company 2014 KShs'000	Company 2013 KShs'000
Balance at 1 January	5,620,022	4,577,127	2,964,104	2,429,186
Received during the year	3,736,802	5,903,127	-	1,951,110
Repaid during the year	(5,833,370)	(4,860,232)	(1,540,124)	(1,416,192)
Balance at 31 December	3,523,454	5,620,022	1,423,980	2,964,104

The bank loans are granted under the bank facilities per Note 17 above.

25. TRADE AND OTHER PAYABLES

	Consolidated 2014 KShs '000	Consolidated 2013 KShs '000	Company 2014 KShs '000	Company 2013 KShs '000
Trade payables	2,152,255	3,042,092	-	-
Sundry creditors	517,020	519,980	84,030	86,306
Due from related parties (Note 26(i))	-	-	1,202,748	-
	2,669,275	3,562,072	1,286,778	86,306

26. RELATED PARTIES TRANSACTIONS

The following transactions were carried out with related parties:

	2014 KShs'000	2013 KShs'000
(a) Directors and executive officers Group and Company		
Directors emoluments – Group	36,240	27,839
Others	2,976	3,734
Company fees	11,829	12,457
	51,045	44,030
(b) Inter-company sales – Group		
From East African Cables Ltd (EAC) to Tanelec Limited	-	11,673
From Avery (AEA) Limited to Civicon Limited	2,941	16,695
From Avery (AEA) Limited to EAC	642	1,095
From East African Cables Limited to Civicon	1,945	-
From East African Cables Limited to Kewberg	-	27,545
From Kewberg to Cableries du Congo	19,809	38,390
	25,337	95,398

26. RELATED PARTIES TRANSACTIONS (Continued)

	2014 KShs'000	2013 KShs'000
(c) Interest income - Company		
East African Cables Limited	17,777	-
Tanelec	2,111	2,011
Kewberg Cables and Braid (Pty) Limited	16,309	13,019
Crystal Limited	795	843
	36,992	15,873
(d) Dividends receivable - Company		
Cable Holdings (Kenya) Limited	184,285	162,915
Avery (East Africa) Limited	-	4,696
	184,285	167,611
(e) Technical fees - Company		
Tanelec Limited – Tanzania	26,880	26,455
Civicon Limited	10,149	14,485
Avery (East Africa) Limited	7,809	9,983
East African Cables Limited	1,949	-
Civicon DRC Holdings Limited	160,805	-
	207,592	50,923
(f) Loans to subsidiaries - Company		
Payable after 12 months:		
TransCentury Holdings (Proprietary) Limited - South Africa	362,146	380,379
Crystal Ltd – Tanzania	-	91,336
East African Cables Limited	326,152	-
Tanelec Limited – Tanzania	29,897	28,482
	718,195	500,197
(g) Loan from subsidiary - Company		
Cable Holdings (Kenya) Limited	576,073	576,073
(h) Due from/(to) related parties - Company		
Cable Holdings (Kenya) Limited	309,986	233,307
Avery (East Africa) Limited	44,390	38,486
Chai Bora Limited	15,928	21,217
East African Cables Limited	122,613	(204,060)
Crystal Limited	26,605	17,224
TC Holdings Pty Limited	1,958	1,958
Tanelec Limited	138,684	115,843
Kewberg Cables and Braid (Pty) Limited	122,033	105,710
TC Mauritius Holdings Limited	-	1,332,947
Cable Holdings Mauritius Limited	4,422	4,212
TC Railway Holdings Mauritius	2,986	2,844
Safari Rail Company Limited	1,840	1,753
Cableries du Congo	-	(6,630)
Civicon Limited	103,119	218
Tanelec Zambia Limited	7,506	7,393
Civicon DRC Holdings Limited	160,805	-
	1,062,875	1,672,422

26. RELATED PARTIES TRANSACTIONS (Continued)

	2014 KShs'000	2013 KShs'000
(i) Due to related parties - Company		
Cableries du Congo	6,375	-
TC Mauritius Holdings Limited	1,196,373	-
	1,202,748	-
(j) Key management personnel compensation		
Short-term employee benefits	285,792	162,663
Post-employment benefits	41,788	61,831
	327,580	224,494

(k) Key management personnel transactions

Directors control 21.2% of the voting shares of the company. A number of key management personnel or their related parties hold positions in other companies that result in them having control or significant influence over those other companies.

A number of these companies transacted with the group during the year. The terms and conditions of these transactions were no more favourable than those available or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on an arm's length transaction.

27. SALE OF INVESTMENT IN RIFT VALLEY RAILWAYS (RVR)

On 31 March 2014, the Group through its wholly owned subsidiary, Safari Rail Company Limited ("Safari Rail"), disposed of its entire 34% shareholding in KU Railways Holdings Limited ("KURH"), the lead investor in Rift Valley Railways ("RVR") to Africa Railways Limited, a core subsidiary of Citadel Capital by exercising a Put Option. As a result, the Group realised USD 43.7m (KShs 3.8bn) from the sale, which saw it recover its entire cash investment in RVR. However, the sale proceeds were below the cumulative fair value of the investment. The financial impact of this transaction is shown below:

	KShs'000	USD
Fair value of investment	4,793,826	55,528,548
Less: Proceeds from disposal	(3,758,811)	(43,769,646)
Loss on disposal	1,035,015	11,758,902
Attributed to:		
Cumulative fair value loss at 31 March 2014	(1,035,015)	(11,758,902)
Loss on disposal	(1,035,015)	(11,758,902

28. SEGMENT INFORMATION

(a) Basis of Segmentation

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

- Power
- Engineering
- Transport

These business units offer different products and services and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment:

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

For each of the units, the group Chief Executive Officer reviews internal management reports.

(b) Information about reportable segments

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

28. SEGMENT INFORMATION (Continued)

(b) Information about reportable segments (continued)

Year ended 31 December 2014	Power KShs'000	Engineering KShs'000	Transport KShs'000	Affiliated investments KShs'000	Intra-group adjustments KShs'000	Total KShs'000
Segment revenue	6,671,423	3,603,507	-	-	(25,337)	10,249,593
Operating profit/(loss)	301,554	(198,730)	(1,035,015)	(472,406)	-	(1,404,597)
Finance costs	-	-	-	-	-	(709,605)
Income tax expenses	-	-	-	-	-	(163,727)
Loss for the year	-	-	-	-	-	(2,277,929)
Attributable to:						
Equity holders	-	-	-	-	-	(2,362,677)
Non-controlling interest	-	-	-	-	-	84,748
Other information:						
Segment assets	10,746,860	5,931,291	-	2,785,507	-	19,463,658
Segment liabilities	7,630,609	3,266,654	-	(2,915,303)	-	7,981,960
Capital expenditure	1,184,333	148,853	-	7,773	-	1,340,959
Depreciation and amortisation	253,053	407,143	-	19,169	-	679,365

28. SEGMENT INFORMATION (Continued)

(b) Information about reportable segments (continued)

	Power KShs'000	Engineering KShs'000	Transport KShs'000	Affiliated investments KShs'000	Intra-group adjustments KShs'000	Total KShs'000
Year ended 31 December 2013						
Segment revenue	6,259,416	5,643,558	-	-	(95,398)	11,807,576
Operating profit	505,198	694,262	-	335,589	-	1,535,049
Finance costs	-	-	-	-	-	(676,459)
Income tax expenses	-	-	-	-	-	(232,158)
Profit for the year	-	-	-	-	-	626,432
Attributable to:						
Equity Holders	-	-	-	-	-	291,295
Non-controlling interest	-	-	-	-	-	335,137
Other information: Restated						
Segment assets	9,731,693	5,948,125	-	8,160,455	-	23,840,273
Segment liabilities	6,231,586	3,549,895	-	840,404	-	10,621,885
Capital expenditure	282,634	350,248	-	958	-	633,840
Depreciation and amortization	288,648	431,801	-	2,866	-	723,315

Segment assets comprise primarily property, plant and equipment, intangible assets, inventories, receivables and operating cash. They exclude tax and certain intra group receivables. Segment liabilities comprise operating liabilities. They exclude tax and certain corporate borrowings. Capital expenditure comprises additions to property, plant and equipment and intangible assets.

28. SEGMENT INFORMATION (Continued)

(b) Geographic information

The geographic information below analyses the group's revenue and non-current assets by the group and subsidiaries' country of domicile.

		2014	2013
(i)	*Revenue*	KShs '000	KShs '000
	Kenya	5,936,360	5,504,860
	Tanzania	2,028,841	2,108,472
	Uganda	590,726	845,952
	Rwanda	7,456	1,753
	South Sudan	229,446	125,516
	South Africa	512,972	695,949
	Mauritius	108,613	679,167
	DR Congo	685,815	1,781,930
	Zambia	134,669	50,656
	Other countries	14,695	13,321
		10,249,593	11,807,576
(ii)	*Non-current assets*		
	Kenya	4,843,102	3,795,270
	Tanzania	2,083,895	2,094,645
	Uganda	145,596	146,375
	South Sudan	32,881	42,227
	South Africa	632,627	542,692
	Mauritius	2,557,791	7,444,110
	DR Congo	177,770	866,909
	Zambia	755,333	123,811
		11,228,995	15,056,039

29. CAPITAL COMMITMENTS

During 2014, the Group entered into a contract to purchase property, plant and equipment for a subsidiary, East African Cables for KShs 227,000,000 (2013: KShs 120,487,000).

30. OPERATING LEASES

The group leases a number of office facilities under operating leases. The leases typically run for a period of six years, with an option to renew the lease after that date. Some leases contain escalation clauses that are based on changes in market prices.

At 31 December, the Group's minimum lease payments under operating leases fall due as follows:

	2014	2013
Consolidated and Company	KShs'000	KShs'000
Less than one year	2,911	2,847
Between one and five years	7,041	8,025
More than five years	-	345
	9,952	11,217

In 2014, an amount of KShs 3,214,221 (2013: KShs 3,077,772) was recognized in profit or loss for operating lease payments.

31. CONTINGENCIES

A subsidiary of TransCentury Limited, Cable Holdings (Kenya) Limited, has given a guarantee and indemnity and supported a pledge of its shares in East African Cables Limited to secure borrowings by TransCentury Limited, its parent from Equity Bank Limited. The maximum exposure is KShs 848 million (2013 - KShs 2.35 billion) plus interest, charges and fees thereon.

A sub-subsidiary of TransCentury Limited subsidiary, Civicon Limited, is a defendant in a legal claim filed by a customer, Kivuwatt Limited, related to work undertaken on a project in Rwanda. Kivuwatt Limited and Civicon Limited have made claims and counterclaims respectively that are the subject of an ongoing arbitration process in the International Chamber of Commerce. Based on legal advice received, the directors do not expect the outcome of this case to have a material effect on the financial position of Civicon Limited, and have not disclosed the estimation of the amounts claimed by the customer as this is not yet fully quantified by experts, and the directors do not want to prejudice the position of Civicon Limited in the arbitration process.

32. EVENTS AFTER THE REPORTING PERIOD

On 30 January 2015, the Group through its wholly owned subsidiary, TC Engineering & Contracting Limited ("TCEC"), completed the acquisition of additional 16% shareholding in Civicon African Group Limited (CAGL), the holding company for the Civicon group of companies which includes Civicon Limited (Kenya), Civicon Limited (Uganda), Civicon Limited (Rwanda), Civicon Limited (Mauritius), Civicon Limited (South Sudan), Truck Oil Limited and Engserv Kenya Limited. Alacrity Limited, the minority shareholders who currently own 38% of Civicon business offered to sell to the Group the additional 16% of the entire shareholding of CAGL through exercising the Put Option pursuant to the agreement entered into by the shareholders in 2012 during the acquisition of the business.

The primary purpose of this transaction is to provide the Group with an opportunity to participate in the significant upside growth that Civicon presents as an Engineering and Construction company with a track record for delivering large projects and a leading player in the construction sector in East and Central Africa. This transaction is also in line with the overall Group strategy of consolidating its core businesses and maximising the value of investments for shareholders.

Following the acquisition, the Group has increased its shareholding in Civicon African Group Limited (CAGL) from 62% to 78%. The Put Shares were sold free from all liens, charges, equities and encumbrances and together with all rights, distributions and benefits attached to the Put Shares arising or accruing at and after the exercise.

Further, subsequent to 31 December 2014 the Group obtained a long term business loan facility of USD 11 million. The applicable interest rate will be 6 months' LIBOR + 5.5% subject to a minimum of 7.5% p.a. on a reducing balance basis.