TransCentury
Impacting Africa

2020 INTEGRATED REPORT

Beyond all limits

About this Report

The TransCentury PLC Integrated Report and Financial Statements 2020 provides a balanced and comprehensive view of the Group's performance and business model as part of our continuous efforts to enhance disclosures to all our stakeholders. The Report has been prepared for the period.

Framework

The report has been prepared in compliance with global best practice and prudent accounting frameworks for existing and prospective investors. The report is aligned to Companies Act, 2015, Capital Markets Authority (CMA) guidelines and the Nairobi Securities Exchange (NSE). This Report is also in compliance with the International Integrated Reporting Council (IIRC) Guidelines.

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About us

Organizational overview and operating context

Overview of our Business

TransCentury PLC ("TC") is an investment holding company, headquartered in Kenya with a focus on the infrastructure sector. The company is listed on the Nairobi Securities Exchange and has operations across East, Central and Southern Africa.

TC operates primarily as a majority investor, active in the businesses that we invest in, adding value through:

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

TC also develops and invests in infrastructure projects.

Business Philosophy

TC is an African-focused Group that invests in companies and projects within the infrastructure space. Under-penetration and inefficiencies characterize African infrastructure. This severely hampers development due to inaccessibility and unreliability leading to prohibitive costs of goods and services. Infrastructure development is key to enhance growth in African economies.

Our investments play a key role in addressing deficiencies in African infrastructure, especially in power, transport, agriculture, industrial, and water. Having cultivated a deep understanding of the region for over 15 years, we are proud to play our part by:

- Developing innovative solutions to fund African infrastructure;
- Constructing and maintaining quality infrastructure;
- Manufacture and distribution of mission critical products that go into infrastructure development;
- Developing world-class management and maintenance solutions for infrastructure to enhance longevity and efficient use.

We value collaboration and are continuously creating strong links with technical partners, channel partners and the community to achieve the above. We aim to impact Africa through transformative infrastructure as we deliver superior and sustainable value to all our stakeholders.

Ahidi

Our Promise

OUR 2018-2022 STRATEGIC FOCUS

OUR VISION

Africans impacting African lives through transformative infrastructure.

OUR MISSION

Partnering to invest in infrastructure products, projects and services to deliver superior, sustainable value to all stakeholders.

OUR VALUES

Entrepreneurial

Pioneering

Innovative

Collaborative

THE TC WAY

I am Entrepreneurial

I am Pioneering

I am Innovative

I am Collaborative

HOW WE ACHIEVE THIS

PEOPLE

Deliver through People

Attract, build and retain high performing 'EPIC' talent

STRUCTURES, SYSTEMS & PROCESS

Global best practice internal structures, systems and process

Focused on accountability, integrity and delivery of TC's strategy.

STAKEHOLDERS

Build value for our stakeholders through innovative and transformative investments services

Attract the right investments, capital, customers and clients, talent, and partners.

RETURN

Deliver superior value to all stakeholders through financial sustainability

Achieve financial growth and sustainability, and global best practice in financial reporting.

TC Investment Strategy

How we manage our investments

TC has invested in 5 operating subsidiaries offering various products and services within the infrastructure sector. These include electrical cables and conductors, transformers, switchgear and related electrical control equipment, and engineering, procurement and construction services within the Engineering subsidiaries.

TC ensures that all operating subsidiaries have effective management structures that are relevant for the nature of the business that the subsidiary is involved in. TC also ensures that each subsidiary has an autonomous board of directors that is charged with the responsibility of providing oversight and governance.

TC has adopted the philosophy of an active investor, investing in operational businesses by obtaining controlling stakes and seeking to add significant value through providing funding, by driving strategy and governance, and by the creation of synergies with other investments in our portfolio. We are guided by the following principles:

- Active portfolio management on specific value-enhancing business activities including capital allocation, strategic planning, governance and business model, systems and policies
- Provision of purposeful capital to portfolio businesses
- Provision of a dynamic platform for tapping synergies and accelerating growth among investee firms

As a shareholder in the subsidiaries, TC exercises its shareholder rights to influence adoption of best practice as relates to legal and regulatory compliance, financial management, safety, health and environmental management, stakeholder relations and sustainability, among other business activities.

Investment strategy and criteria

TC is an investment company that is guided by its vision, mission, core values and investment approach in all its investment activities. TC focuses on the infrastructure sector and pursues investments in projects in infrastructure and entities dealing in infrastructure-related products, services and projects.

TC pursues investments in markets that display under penetration and inefficiency and is focused on the African market which has significant deficiencies in key infrastructure sectors.

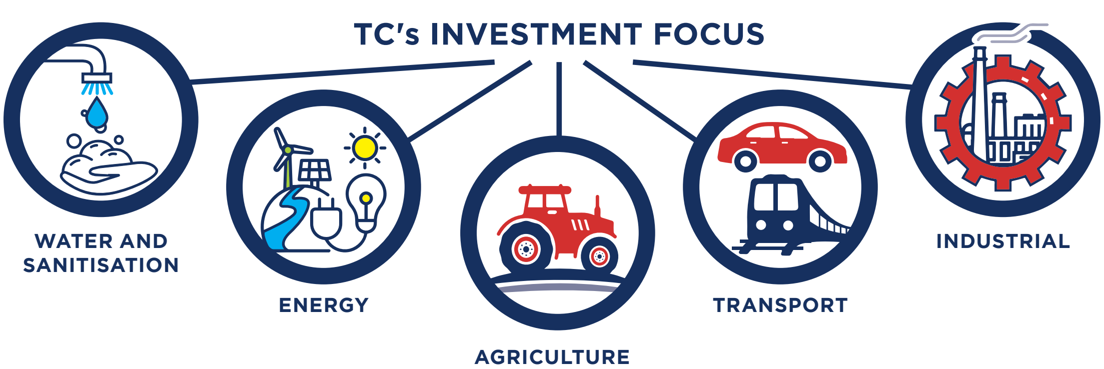
This provides an opportunity to build scalable businesses that target existing market inefficiencies.

TC evaluates investments comprehensively through a structured, research-based and risk sensitive approach, and seeks to consistently achieve superior risk-adjusted returns on TC equity and debt capital.

As an African company, TC promotes sustainable business practices in the region and has adopted global best practice in its investment activities.

TC is committed to creating superior, sustainable value for all stakeholders as we deliver infrastructure focused on Africa as a region. The outcome we desire is to transform lives of the people of Africa.

The TC Board of Directors exercises control and governance of all investment decisions and actions. The Board reviews and determines the investment strategies of the company, and reviews and monitors the investment activities, policies, guidelines, and risk limits of TC and its subsidiaries.



Our Business Model

INPUT

A) CAPITAL ENHANCED WITH;

Operational enhancements

- Strategy
- Governance
- Technical expertise
  - Advanced financial planning and analysis
  - Turn around specialty
  - Structuring complex transactions
  - Structuring unconventional/ customized funding structures
- Shared services

TC Platform

- Established set systems and structures
- Synergies
- Strong brands

B) INVESTMENT SERVICES

C) STRATEGIC CONSULTING

GUIDED BY

OUR MISSION

Partnering to invest in infrastructure products, projects and services to deliver superior, sustainable value to all stakeholders.

OUR VISION

Africans impacting African lives through transformative infrastructure.

VALUE GENERATED

Shareholders

- Dividends
- Improved valuation
- Exits - realizing capital gains.

Portfolio units

- Liquidity
- Improved operating environment
- World class systems and structures
- Strategic focus
- Optimal capitalisation

Human Capital

- Career development
- Ideal workplace

Other Stakeholders

- Innovative products/services
- Improved business performance
- Positive impact to community

RISK MANAGEMENT AND FOCUS

Our Regional Footprint

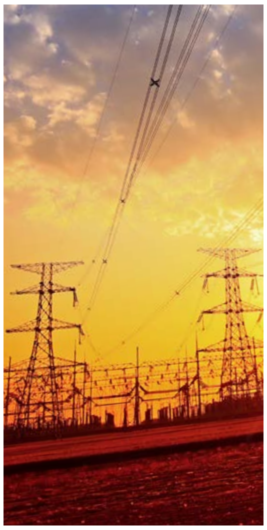
OPERATING COMPANIES

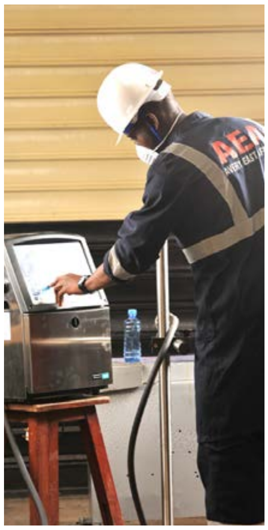
KENYA
SOUTH AFRICA
TANZANIA
UGANDA
ZAMBIA

SALES OFFICES/AGENTS

BURUNDI
RWANDA
SOUTH SUDAN
UGANDA

Our Investments





East African Cables
Total peace of mind

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

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

AEA LIMITED

civicon

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

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

TANELEC

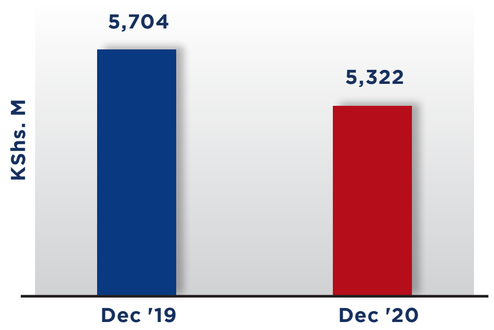
TANELEC ZAMBIA
Power solutions for Africa

TRANSFORMCO
POWER SERVICES LTD
TRANSFORMATIVE POWER SOLUTIONS

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

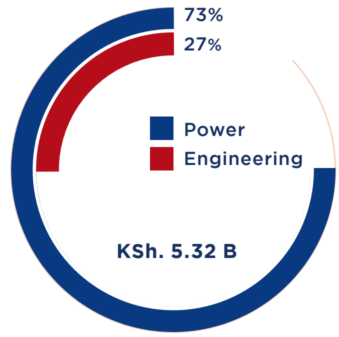
Group Performance in Brief

TC REVENUE



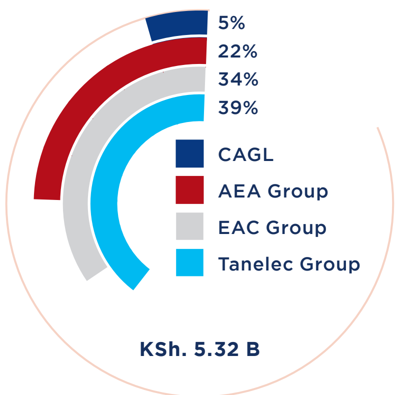
(7% decline in revenue from prior year)

REVENUE CONTRIBUTION PER DIVISION



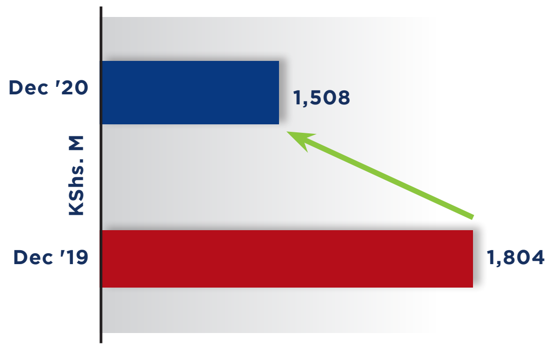
(Power division contributes 73% of the Group revenue)

REVENUE PER ENTITY



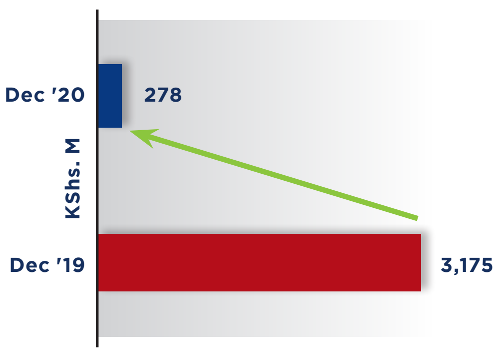
(39% of the Group revenue is from Tanelec Group)

OPERATING EXPENSES



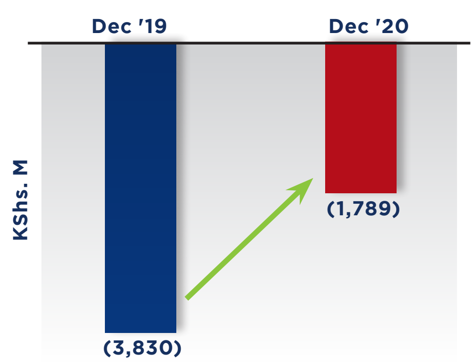
A savings of 16% in operating expenses from prior year costs)

REDUCED IMPAIRMENT LOSSES



(91% reductions in impairment losses)

REDUCTION IN LOSSES



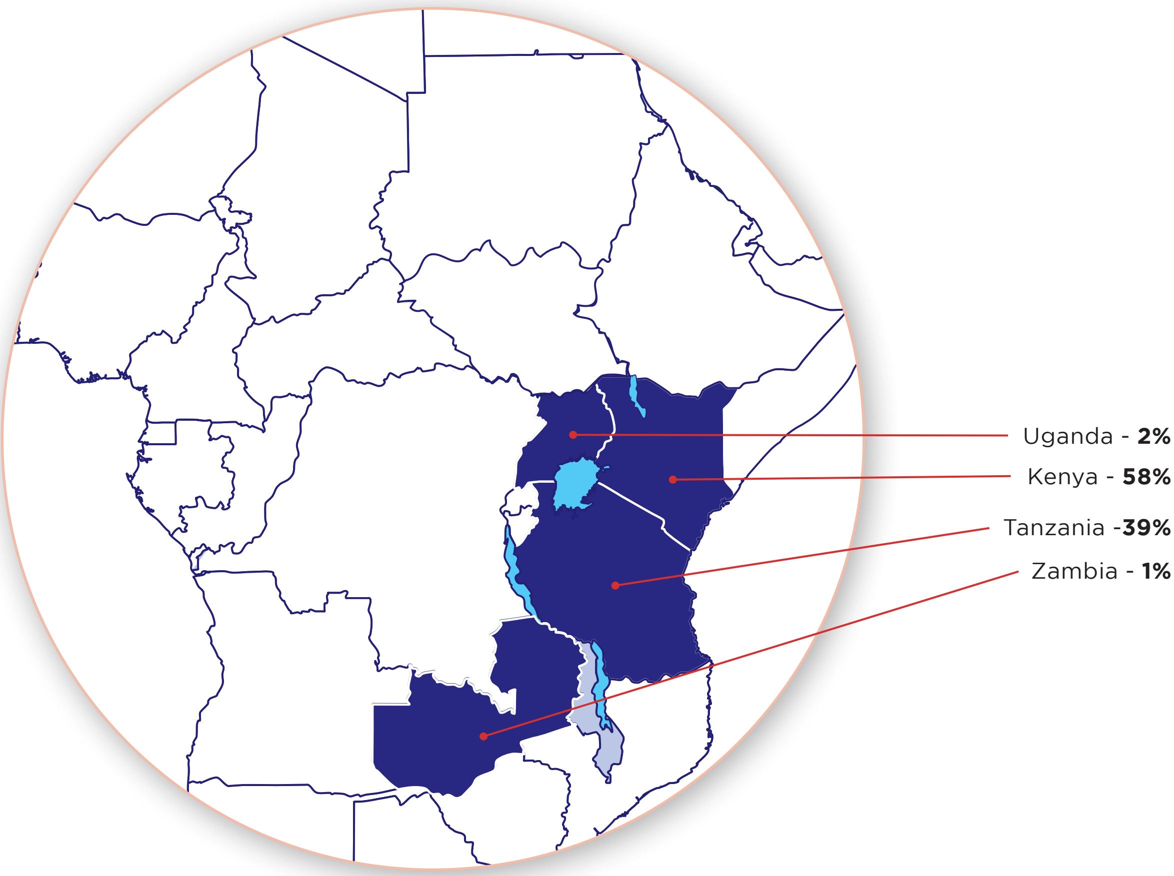
(53% Reduced loss from prior year period from KShs 3.8B to KShs 1.8B)

Group Performance in Brief *(Continued)*

Portfolios at a Glance

Above: Group entities with consistent high revenue growth.

TC Geographical Revenue Contributions



Group CSR

Corporate Social Responsibility (CSR)

TransCentury PLC believes that being a responsible and contributing corporate citizen is a key component of the Group's Business Strategy through its CSR Policy. The Group is committed to the empowerment, development, and growth of the community.

Strategic Focus.

- Make a positive and sustainable impact on the quality of life of the communities in which TC operates.
- Develop and empower disadvantaged communities through skill transfer and training.
- Attract and retain quality socially responsible staff at TC
- Increase customers goodwill and loyalty.

Top Left: TransCentury team took some time off to visit the Nyumba ya Wazee, Kasarani.

Top Right: TransCentury GCEO and his Kenyatta Hospital counterpart walk through the rapid disinfection unit donated by AEA.

Bottom: They also paid a visit to the Nyumba ya Wazee Home where they made some donations.

Our Journey

1997
TC Incorporated with USD 300,000 seed capital

February 2004
Invested in East African Cables (64%)

April 2005
Invested in AEA (94%)

December 2006
Invested in RVR (34%) and engaged fulltime management at TC

August 2007
Invested in Kewberg (100%)
September 2007
Invested in Tanelec (70%)

April 2009
TC shares begin trading over the counter market

December 2010
Invested in CDC (100%)

March 2011
Issued first ever listed convertible Eurobond by an East African entity
June 2011
Invested in Pende Zambia (80%)
July 2011
Listed in the Nairobi Securities Exchange
October 2011
Invested in Civicon (62%)

2012
Exited Non Core Assets: Chai Bora Limited and Funds of funds

2013
Total Asset reach Ksh 23.8b

2014
Exited RVR

2014/15
Invested in Civicon Congo (38%) & Civicon Africa Group (16%)

2016
Kuramo Capital invested USD 20M Equity Eurobond Matured

2017
Unveiled redesigned Corporate Governance manual. Launched 2017 – 2022 Ahidi Strategy with reviewed Mission, Vision and Values

2018/19
To strengthen balance sheet, restructured USD 52m of Group Debt Additional USD 15.7m restructured resulting in USD 15.3m gain

2019/2020
Increased gross profit to 32%. The Group's assets increased by Kshs.70M as a result of improvement in performance and translation gains on investment properties.

Business Review

At TC, we look at our participation in the infrastructure value chain through the following four quadrants:

1. Manufacturing and distribution of innovative fit for local use products that go into infrastructure development.
2. Development through Engineering, Procurement and Construction (EPC) of quality infrastructure through contracts
3. Management and maintenance solutions for infrastructure to promote longevity, efficient use and better experience
4. Investing in infrastructure assets

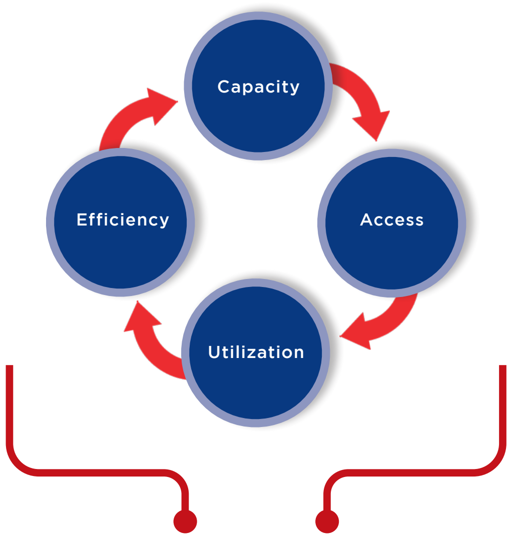
Our View on Infrastructure

Under-penetration and inefficiencies characterize African infrastructure. This severely hampers development due to inaccessibility and unreliability leading to prohibitive costs of goods and services. Infrastructure development is key to enhance growth in African economies.

TC's investments play a key role in addressing deficiencies in African infrastructure, especially in power, transport, agriculture and water. We focus on infrastructure due to the following key reasons:

- Infrastructure development is a priority area for regional governments
- Low infrastructure penetration in addressable markets creates a void that needs to be filled
- Investment in infrastructure has high impact on lives and sustainable returns for investors
- Investment in infrastructure is inevitable
    - It is the backbone of development where infrastructure drives economic growth
    - It is driven by growth in population & economic, urbanization, consumerism
- TC's unique capacity to accelerate impact by deploy financing, technologies and structuring solutions
- Growth in the industrial sector is creating opportunities in construction and commercial activities related to industrial equipment
- Changing regulatory environment to support local industry in the region– including increased focus on local content support

INFRASTRUCTURE VALUE CHAIN



TC offering cuts across the entire infrastructure value chain

TransCentury's involvement in the entire infrastructure value chain is informed by the volatility of demand across the chain driven by factors such as cyclicality in infrastructure demand areas and government actions / policies that affect opportunities along the chain.

Business Review *(Continued)*

INFRASTRUCTURE SECTOR OVERVIEW

Infrastructure is critical for fostering economic growth and improving living standards. Infrastructure contributes to poverty reduction, human development and the attainment of the United Nations Sustainable Development Goals (SDGs).

Africa's growth has been accompanied by general infrastructure expansion and rapid urbanization in most African countries.

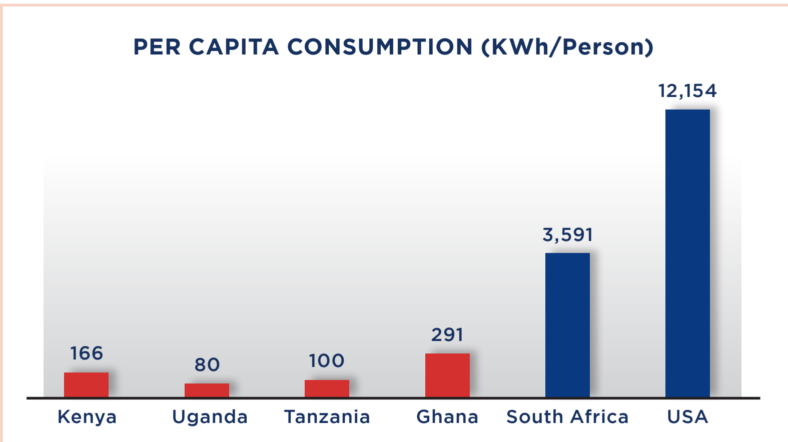
However, Sub-Saharan Africa (SSA) ranks consistently at the bottom of all developing regions in terms of infrastructure development, and an increasing number of observers point to deficiency in infrastructure as a major obstacle for growth and poverty reduction across the region. This presents a significant opportunity to address underserved sectors.

Power Sector

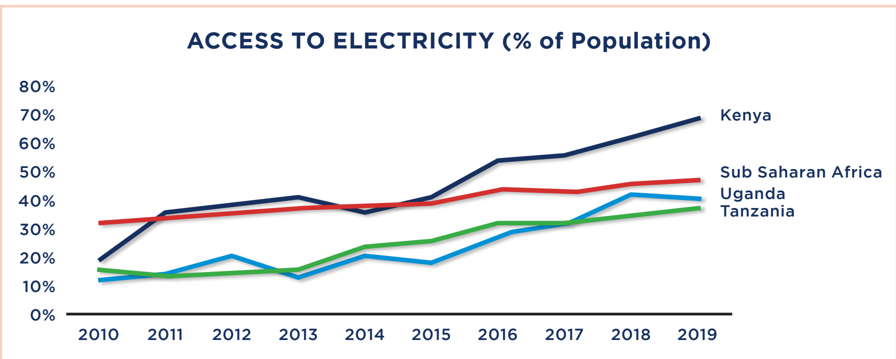
Governments in the region have shown commitment towards nation-wide electrification between 2010 and 2019. Kenya's rate grew from 19% – 70%; Uganda from 12% - 41%; Tanzania from 15% – 38%; and SSA from 34% – 47%.

As countries in the region continue to develop, per capita consumption rates show that there is plenty of room for growth as urbanisation improves.

TC's platform is well positioned to leverage on this gap by providing construction services and products that go directly to various levels of the supply chain including generation, transmission and distribution.

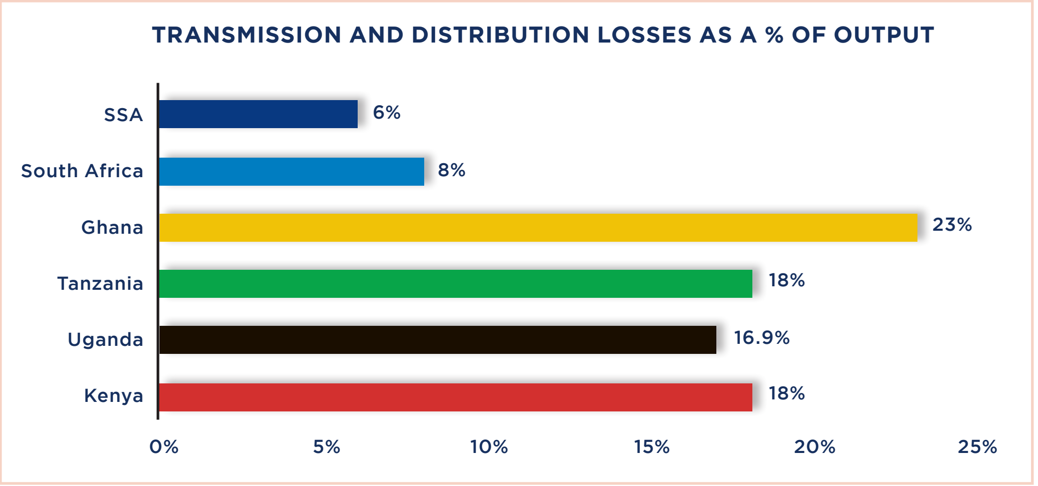


Source: wikipedia.org



Source: data.worldbank.org

Business Review *(Continued)*



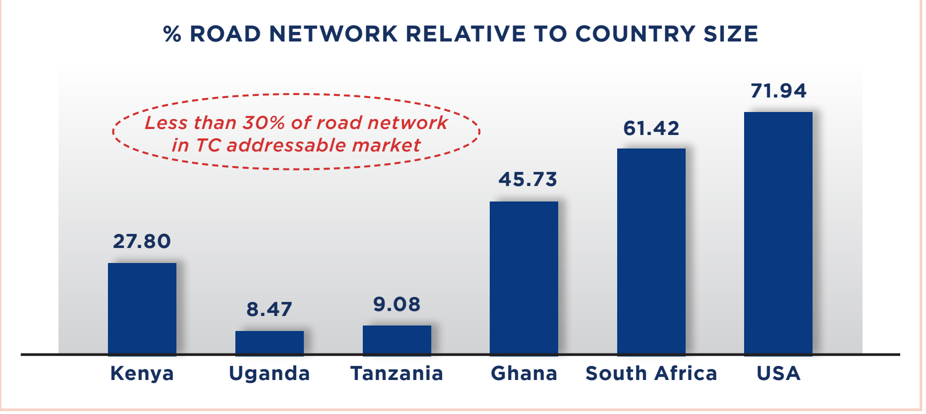
Source: data.worldbank.org

The chart above depicts the inherent inefficiencies in the transmission and distribution networks in the region. Improved access has to grow in tandem with efficient supply for significant development to occur. As a manufacturer of transmission lines and an engineering contractor, TC can play a vital role in improving distribution efficiencies.

Transport Infrastructure Overview

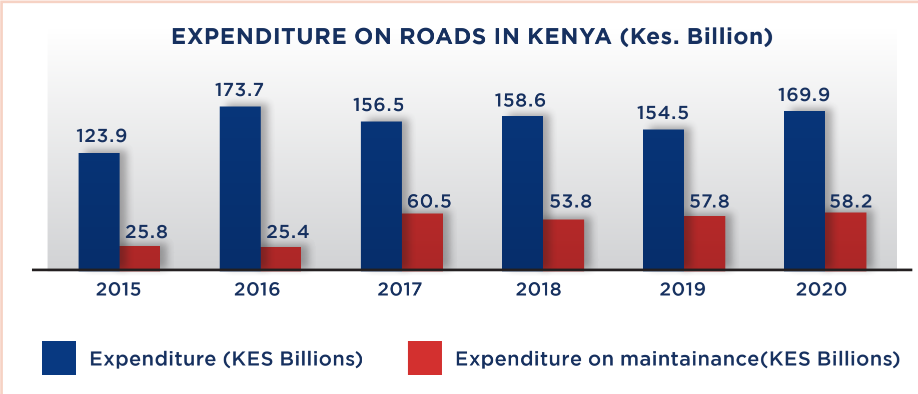
In 2021, the continent had over 1.36 billion inhabitants with approximately 31 kilometers of paved road per 100 square kilometers of land in comparison to 134 kilometers of paved road in other low-income countries. Governments in SSA are likely to focus on infrastructure development over the next decade in a bid to overcome a significant gap in transport infrastructure access and quality.

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



Source: Nation Master Transport data

Business Review *(Continued)*

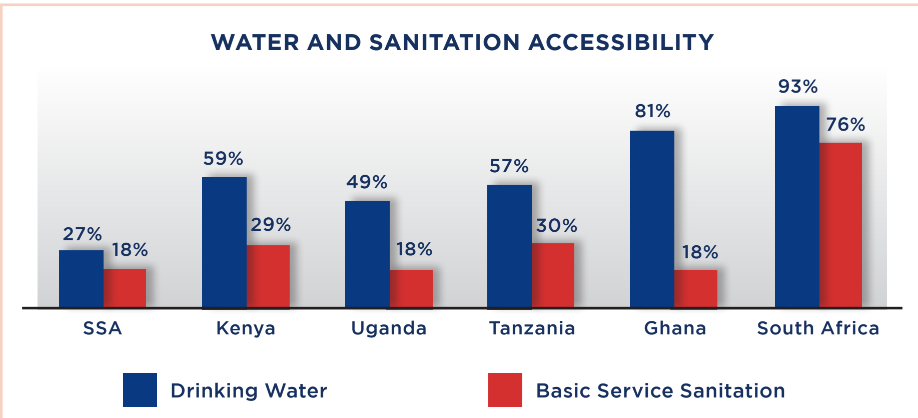


Source: Nation Master Transport data

Water and Sanitation Overview

Governments in Sub-Saharan Africa (SSA) have demonstrated commitment towards enhancing water access for domestic, irrigation and industrial uses. However, SSA's average access rates are still far below ideal standards.

In Kenya, with a population of 53 million, 22 million people lack access to improved sanitation. According to Water.org, approximately 15 percent of Kenyans rely on unimproved water sources, such as ponds, shallow wells and rivers, while 41 percent of Kenyans lack access to basic sanitation solutions. These challenges are especially evident in rural areas and urban slums where people are often unable to connect to piped water infrastructure.



Source: washdata.org

As a result, TransCentury's newest focus is likely to yield high returns for investors in the medium to long term while improving the standards of living for individuals in underserved areas.

The tables below illustrate the gradual growth in initiatives to harvest and purify water essentially demonstrating the need to improve supply in the region.

Water abstraction - harvesting water for treatment purposes (Million cubic meters)					
	2016	**2017**	**2018**	**2019**	**2020**
Surface water	30,513	30,674	30,744	31,195	32,075
Ground water	78	103	141	176	212
Total	**30,591**	**30,777**	**30,884**	**31,371**	**32,287**

Source: Economic Survey

Business Review *(Continued)*

Water purification points and boreholes drilled					
	2016	**2017**	**2018**	**2019**	**2020**
Water purification points	242	248	258	315	323
Boreholes	**12,100**	**13,657**	**14,628**	**15,418**	**18,828**
Private	10,573	11,825	12,726	13,461	16,579
Public	1,527	1,832	1,902	1,957	2,249

Source: Economic Survey

In addition, the Kenya government set aside KShs.6.9 billion to improve environment, water and sanitation facilities under the economic stimulus package, indicating increased demand due to the pandemic. As most governments and developmental agencies work towards the attainment of the sustainable development goal 6 addressing clean water and sanitation, there will be significant opportunities for TransCentury and other investors to leverage on in areas such as dam construction, reticulation of sewerage systems and supply of equipment to enhance access, consumption levels and efficiency in the water sector.

Agriculture overview

Agricultural productivity has stagnated in recent years. Smallholder farmers and agricultural enterprises continue to face challenges growing their businesses and improving the quality of agricultural goods.

Considering the industry's size relative to the region's economy, there are a myriad of opportunities to improve this industry across the entire value chain from production to agri-processing and ultimately, storage and distribution.

The chart below depicts proportions of overall food loss in various markets. It has been demarcated into two segments: how much food is lost before reaching the market (food loss) versus how much is wasted after getting to the consumer (food waste). In SSA, smallholder farmers tend to lose considera-ble margins due to suboptimal value chain infrastructure.

Source: deloitte.com

Business Review *(Continued)*

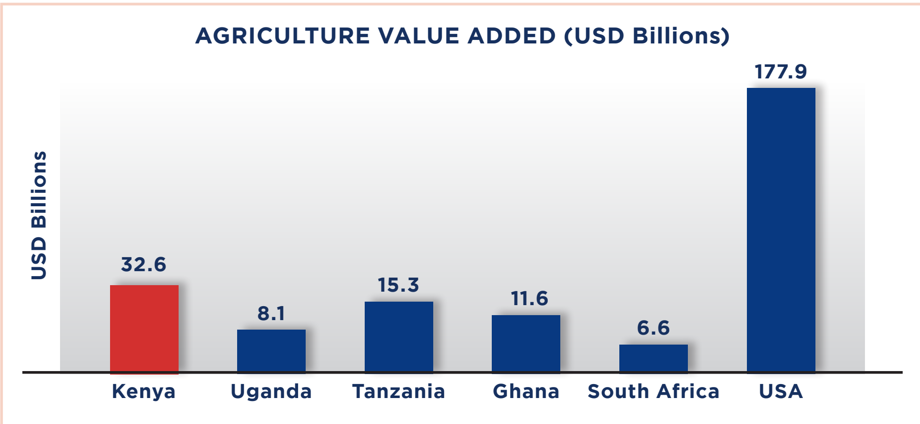
Agriculture remains one of the most important sectors in the Kenyan economy. According to World Bank, in 2020 the Agriculture sector accounted for 30% of total GDP in Sub-Saharan Africa and a majority of the continent's population is employed in the sector. The sector also generates a large percentage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

Agriculture is key to Kenya's economy, contributing 33%[1] of the Gross Domestic Product (GDP) and approximately 27% of GDP indirectly through linkages with other sectors. The sector employs more than 40% of the total population and more than 70% of Kenya's rural people.[2]

The sector accounts for 65% of the export earnings, and provides the livelihood (employment, income and food security needs) for more than 80% of the Kenyan population.

However, agricultural productivity has stagnated in recent years. Smallholder farmers and agricultural enterprises continue to face challenges growing their businesses and improving the quality of agricultural goods.

Considering the industry size and overall reach in the economy, there are a myriad of opportunities to improve this industry across the entire value chain from production to agri-processing and ultimately distribution.



Source: data.worldbank.org

Regional Infrastructure Outlook

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

1. **Regional demographic changes and urbanization:** According to OECD, Africa's Urbanization Dynamics 2020, African population is expected to double by 2050 with approximately 60% of the population expected to be in the urban areas. The region is expected to continue to urbanize at a rapid rate, thus policymakers are expected to enact policies that will encourage economic development and poverty eradication, key among them being access to safe and affordable power. This is expected to gradually increase the regional power consumption and connectivity level.
2. **GDP growth:** Directly impacts on household's income and activity of the productive sector translated into electricity consumption of commercial and industrial customers. The sub-Saharan region economy is expected to growth at an average annual rate of 4.4% in the medium term.

1. USAID – Agriculture and Food Security
2. Food and Agriculture Organisation – The Agriculture Sector in Kenya

Business Review *(Continued)*

3. **Key infrastructure projects:** the region envisages massive upgrading and extension of infrastructure over the medium term. These projects will have an impact on GDP growth and contribute to demand growth based on their specific load requirements. The projects that are expected to be realized within the medium and long term periods will gradually increase each country's power load in the intermediate period.
4. **Big four agenda:** In 2018, the Government of Kenya announced an ambitious development agenda dubbed 'the Big 4' that aims to address issues related to affordable housing, universal healthcare, growing manufacturing and food security. On affordable housing, the Government's goal is to build 500,000 homes over a period of 5 years that would begin to address the 2 million housing deficit in the country. This among the other three key agenda will lead to increased number of individuals and commercial and industrial customer connected to the grid.
5. **Innovative ways of project financing such as Public Private Partnerships and Private Equity financing.** According to Infrastructure consortium for Africa, a total of USD 100.8 Bn was committed to Africa's infrastructure operations in 2018. This was a substantial increase (24%) over the level committed in 2017 (USD 81.6 Bn) and a 38% increase over the USD 75.8 Bn average of the three previous years. Notable in this development was that almost half of the USD 19.2 Bn increase observed in 2018 resulted from the inclusion, for the first time, of stand-alone commitments made by the private sector, particularly in the ICT and energy sectors while in previous years, commitments by the private sector were only gathered in the context of PPPs.

Above: TransCentury Board Directors from left - Wale F. Adeosun, Kamal Pallan, GCEO Nganga Njiinu, Group Chair Shaka Kariuki and Wanjuki Muchemi.

TC Capitals & SDGs

TC and the Capitals

During the year, the following factors affected the Group’s capitals:

1. **Financial capital –** Since 2014, our operations have been severely affected by lack of working capital. During the year, our financial capital has been affected by ongoing debt restructure efforts. We were able to restructure Ksh 590 million of debt to achieve favorable tenures thereby reducing pressures on cashflows going forward. The Covid 19 pandemic also affected our operations. Global lockdowns affected access to raw materials, demand for goods and services resulting to a slowdown in sales. However, our underlying businesses were able to withstand the shocks and adapt. This resulted to an 8% drop in revenue.

2. **Manufactured capital -** Sufficient capacity in our operations has already been invested to meet existing and growing demand. We have built our service capability in the year and have successfully closed service contracts in excess of USD 40 million. We are actively scouting for opportunities in the infrastructure space to deliver value to our stakeholders.

3. **Intellectual capital –** During the year, we strengthened our corporate governance practices toward adoption of best practice. Boards across the Group have been strengthened which is in line with the “Ahidi“ strategy which reaffirms our promise to all our stakeholders going forward.

   Also, we have seen staff develop innovations that have transformed into new processes, products and services. The Board is cognizant of the various ideas that have been developed within and has challenged management to come up with a framework to harness innovative ideas.

4. **Human capital -** People are crucial to how we deliver on our strategy.

   The COVID-19 pandemic had an unprecedented disruptive effect on our human capital, leading to a decline in firm output and hence lower revenues. The pandemic impacted the availability of workforces world-wide. The Board and Management developed frameworks and policies to enable non essential staff work remotely and to safeguard essential staff return to work in a safe environment. This ensures that the Group is able to continue seamless operations within the prevailing Covid 19 environment.

   The Board has also taken deliberate steps to ensure all stakeholders are kept informed of the various initiatives happening in the Group. This is an ongoing exercise as we work on implementing best practice globally.

5. **Social and relational capital -** TransCentury employs its financial, human, intellectual and manufacturing capital in the development of infrastructure projects and products that are in line with the United Nations SDG’s.

Above: TransCentury staff during a past team building retreat

TC Capitals & SDGs *(Continued)*

Sustainable Development Goals (SDG's) that align with TC Group Capitals.

TransCentury employs its financial, human, intellectual, manufacturing, and social and relational capitals in the development of infrastructure projects and products that are in line with the United Nations SDG's. The summary below highlights the impact of TC Group in meeting the SDG's;

1. **Goal 6 - Clean Water and Sanitation** - TransCentury employs its financial and intellectual capital in the development of infrastructure projects and products that are in line with the United Nations SDG's of providing clean water and sanitation. TransCentury through its Engineering division has been involved in projects that provide sanitation services that:
   - Improve water quality by reducing pollution, minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and recycling and safe reuse.
   - Protect and restore water-related ecosystems, including forests, rivers and lakes
2. **Goal 7 – Affordable and Clean Energy** – TransCentury through its Power and Infrastructure projects Division has been involved:
   - Providing access to affordable, reliable and modern energy services
   - Developing renewable energy projects. Some of the projects include geothermal (Olkaria 5), wind (Lake Turkana Wind Park) and hydro (Achwa Hydro Project)
   - Producing equipment (cables and transformers) that increase energy efficiency
3. **Goal 9 – Industry Innovation and Infrastructure** – TransCentury Group is involved through:
   - Develop quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being
   - Upgrading infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes
4. **Goal 10 – Reduced Inequality** – TransCentury Group promotes equality through:
   - Empowering and promoting the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
   - Creating an equal opportunity environment through eliminating discriminatory laws, policies and practices and promoting appropriate policies and action in this regard
   - Adopting policies, especially wage related that aim to progressively achieve greater equality
5. **Goal 12 – Responsible Consumption and Production** – TransCentury Group supports this through:
   - Adopting sustainable practices and integrating sustainability information in our reporting cycle

Covid 19 Related Initiatives

Covid 19 Initiatives (Innovation)

1. AEA collaborating with the Tanelec Tz developed a ventilator prototype that was on to be presented to the Kenyatta National Hospital (KNH) (Kenya's largest hospital) with an agreement reached to develop the prototype further for use.
2. EAC team unveiled mask nasal wire that is now in the market, diversifying to a new area in the medical personal protection equipment.
3. Civicon & AEA teams configured containerised clinics with one donated to KNH to support in the COVID-19 testing exercise.

HR Initiatives Towards Covid 19

The COVID-19 pandemic posed a lot of socio-economic challenges globally putting a strain on all businesses and communities.

The Board and Management of Transcentury PLC, worked tirelessly to develop initiatives around the following key priority areas:-

1. Employee well-being and protection
2. Business operations and continuity
3. Financial crisis management
4. Social Impact

Employee Well-being & Protection

In effort to ensure employee well-being and protection, the company employed the following measures.

- Enabled employee to work remotely through the provision of data and IT support for ease of information accessibility.
- Embracing technology to conduct online/contact-less meetings through Zoom and Teams to minimize business travel but keep stakeholders engaged.
- Social Distancing
  - ✓ Separation of shifts to reduce crowding and minimize impact in the event of infection within the workforce
  - ✓ Reduction of numbers at public places i.e. staff canteen and buses
- Preventive Measures
  - ✓ Provision of Personal Protective Equipment (PPEs)to employees
  - ✓ Regular updated to employees on COVID-19 status
- Physio-social support
- Working with medical providers to offer tele-counselling for staff
- Provision of medical cover towards the treatment of COVID-19 for staff and their dependents

Our Stakeholders

Our Stakeholders

Our stakeholders comprise of people, group or organizations that have an influence in our business and those who have an interest in what we do. The list is no way exhaustive but highlights those Group's that have a direct link to TransCentury.

TransCentury remains committed to working with all stakeholders, understanding their expectations, having a clear strategy on engaging with them and creating opportunities to enable us to achieve our Vision.

Stakeholder Group	Expectations	Focus
Shareholders	Superior sustainable value with consistent appraisal on strategy	• Business Performance • Regular information
Government and Regulators (CMA, NSE, KRA, NEMA)	Company meets laid out policies with an increased emphasis on Environmental, Social and Governance (ESG) policies.	• Business ethics, transparency, and integrity • ESG
Customers • Investor • Investee	Capital solutions supported by a robust operating framework and a platform to leverage on.	• Systems and structure • Governance • Capital
	Solution provider for uplift in brand equity, preservation of value and growth.	• Value creation • Build Brand
Employees	An environment they can thrive in, be valued as they add value. A safe and healthy working environment with training opportunities and latitude to make decisions.	• Business performance • Personal growth
Strategic partners • Suppliers • Lenders	Long term relationship that is mutually beneficial	• Business integrity and ethics
	Long term partnership with sustainable profitable performance and the right team to deliver strategy.	• Business performance • Transparency
Influencers • Analysts • Media • Advocacy Groups • Local community	Transparency of information disseminated while providing leadership in shaping industry information and initiatives to benefit the sector as well as community.	• Business performance • Transparency • Leadership

Our Stakeholders *(Continued)*

Treatment of shareholders

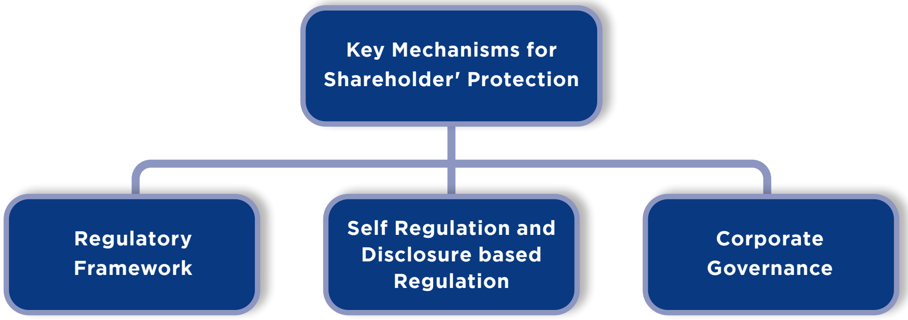
TransCentury PLC's Corporate Governance Framework ensures the equitable treatment of all shareholders. All shareholders have the opportunity to obtain effective redress for violation of their rights.

The TC Board Charter ensures the Board adopts a shareholders' perspective when making decisions and ensuring all shareholders' interests are protected.

TC's Corporate Governance Framework has improved communication and interactions between shareholders, Board Members and Management.

The Board Charter ensures the shareholders are duly accorded with their three basic rights:

- The right to seek information.
- The right to voice opinion.



1. Regulatory Framework

- Disclosure requirements under the Capital Markets Authority Act.
- Shareholders' approval required for Related party Transactions and major acquisitions/ disposals.
- Take-over and merger transactions regulated under the Capital Market Authority Act.

2. Self-Regulation

- Integrity and ethical values of Board and top Management
- Requires commitment for transparent, credible and timely reporting from the Board of Directors and management.

3. Corporate Governance

Shareholder Rights

	Areas of Concern	Engagement Channels
1. Right to seek Information	» Right to know about the price sensitive information of the company. » Right to inspect the register of members. » Right to receive notice of General meetings » Right to be kept fully informed of what is happening in the Company.	» AGM (Attendance) » Electronic Communications (emails/ newsletters and website) » Annual report. » Roadshows. » Media releases. » Site Visits » One on one meetings
2. Right to Voice opinion	» Right to attend general meetings. » Right to be heard and make proposals at shareholders meetings. » Right to vote and elect directors. » Right to nominate directors » Right to appoint auditors. » Right to receive dividends, if declared.	

Source: TC Board Charter.

Risk Management & Controls

Risk Management and control

Our approach

At TransCentury PLC, we ensure that the company has a robust risk management framework to effectively identify, assess and manage risk. Our approach is committed to identifying all types of risks which include but not limited to strategic, financial, operational and compliance risks.

The company uses the risk register approach by, identifying a list of risks and entering them into a risk register for assessment and risk response planning. Risks are then reviewed on a regular basis to update the risk information and verify that risk responses are implemented.

With the board having the overall responsibility of risk management, the company has a support system through the different departments in the subsidiaries to ensure that the risks are identified and mitigated in a consistent manner. We continually review the framework to ensure that it is able to identify any changes in our ever-evolving working environment and our Board Audit and Risk Committee receives regular reports on the risks faced across the business and the effectiveness of the actions taken to mitigate these risks.

Risk Appetite

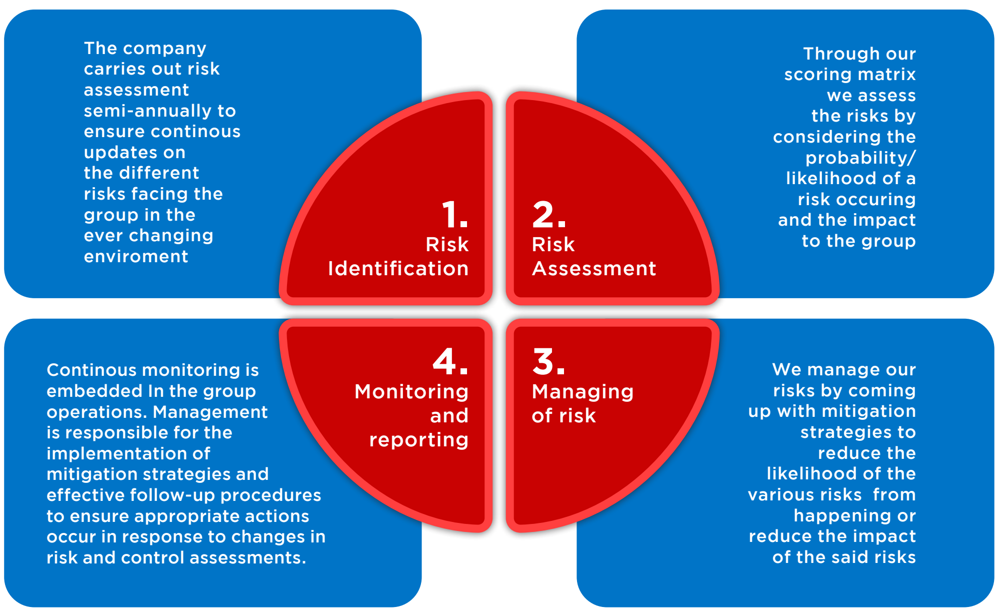
TransCentury is faced with several risks through the course of doing business. The company analyses the risks and ensures the right mitigation strategies are in place. However, the company notes not all inherent risks can be fully mitigated using the existing processes and hence the board audit and risk committee ensures there is a set level of risk tolerance to balance risk versus reward.

Risk Management Framework

We use our risk management framework to ensure all risks are identified. The framework assists the board audit and risk committee to have information on the risks faced by the company and its strategic objectives. The risk appetite and tolerance are reviewed for the different subsidiaries to ensure that the risk appetite is aligned across the group.

Our risk management is supported by a bottom-up approach and reviewed from the top-down. This ensures all employees are engaged in the process, while our Board and executive management ensure alignment with our Company strategy. This ensures that the risks are identified, assessed, controlled, and monitored to ensure the controls are implemented and working effectively.

Risk Management Approach



Risk Management & Controls *(Continued)*

Risk Environment

Amid the global pandemic in 2020, TransCentury group had to adapt with the changes that had occurred in the economic and social environment, hence having to revise our risk assessments continuously so as to cushion the organization from the impact of risks that might have occurred. Through the board and management teams, the company was able to come up with mitigation strategies for the risks that had an impact to the company as a group.

TransCentury Principal Risks

At TransCentury Group we maintain a robust risk management framework, which ensures that risks are properly identified, assessed against tolerance levels, and appropriately managed across the Group. Our risk management system is designed to minimize the potential threats to achieving our strategic objectives. The process ensures that the board and management are aligned on the risks expected and mitigation strategies to ensure the company accomplishes its strategic objectives.

Principal risk	Risk description	Risk Rating	Risk Management and mitigation
Liquidity Risk	The risk that we do not have sufficient financial resources to meet our obligations when they fall due or can only meet these obligations at a high financial cost.	Extreme ✖	• Regular cash forecasts to ensure they are in tandem with other financial projections • The Group's Finance function is responsible for ensuring that there are sufficient funds in place, including loan facilities, cash flow from operating activities and cash on hand to meet short-term business requirements. Long-term credit lines and borrowings are used to finance new projects and organic growth. • Fundraising
Investment/ Asset Risk	This is the risk that the company may incur losses from investments done in different sectors. This could be as a result of • Under-performance by subsidiaries • Concentration risk • Adverse political, social, or economic change • Illiquidity – inability to sell investment assets without incurring a substantial loss in value because of a lack of willing investors.	Extreme ✖	• Diversification of investments to avoid concentration • Ensure risk assessments/ Due diligence are done before purchase of any investment asset • Regular Management meetings in underperforming subsidiaries with the focus of carrying out risk assessment to curb the under performance
Regulatory and compliance risk	This risk involves changes in the regulatory environment such as • Changes in the laws/ regulations that have an effect to the business • Litigation against the company and the group as a whole	Extreme ✖	• Ensuring that there is engagement with the different regulators to ensure compliance in case of any changes • Quarterly operations checks are done for the different entities to ensure compliance • Ensuring all litigation correspondence is up to date

Risk Management & Controls *(Continued)*

Principal risk	Risk description	Risk Rating	Risk Management and mitigation
Currency Risk	The risk arises from Company's receipts from good sold and foreign currency denominated payables and receivables, as well as the foreign currency denominated cost of imported raw materials goods and consumables.	High !	• Revenue is matched with US Dollar-denominated debt. Flexible budgeting is used to monitor the effect of exchange rate fluctuations on the Group's financial results. • The Group has determined critical exchange rates levels for its operations and is monitoring risk against these levels. During the year 2020, there was moderate volatility of the various local currency exchange rates against foreign currencies.
Interest Rates Risk	The Group is exposed to the interest rate risk as the significant part of the Group's debt portfolio is US dollar-denominated floating rate borrowings.	High !	• The Group monitors the interest rates on USD dominated financing Although market interest rates continued to increase during the past 12 months, the magnitude of risk remains low due to the comfortable leverage position of the Group and the low share of interest costs in total expenditures. • Management proactively negotiates interest rates with banks for potential financing deals include assessment of their fixed versus floating and stress testing against various market rates dynamics
Operational Risks	This are risks that emanate from ineffective or inefficient processes or external events that may affect business processes	High !	• Ensuring risk assessments are carried semi-annually to note any risk in the internal processes • Ensuring there are clear policies to be used in the business operations • Clear strategy and objectives so as to ensure the group is working towards the same goal

Risk Management & Controls *(Continued)*

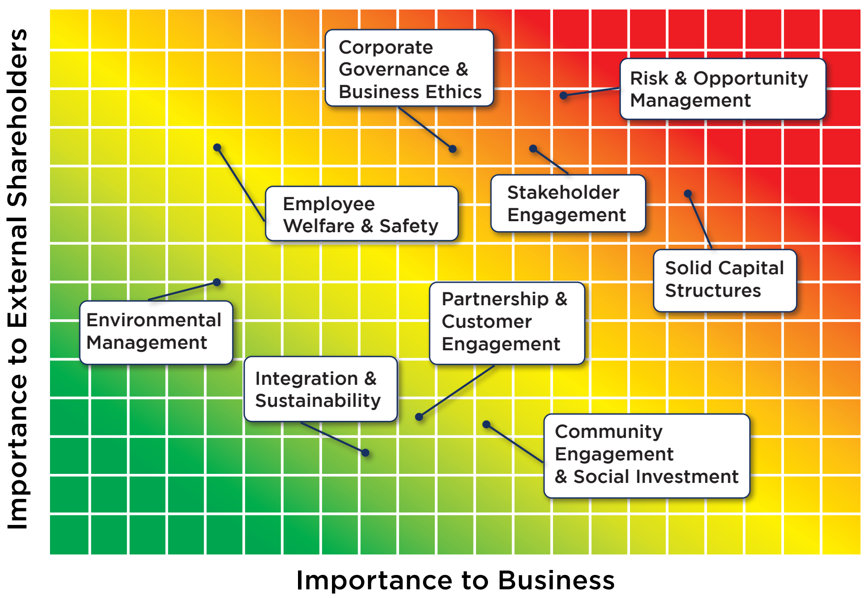
Materiality Matrix

TransCentury considers the materiality analysis as an important tool to identify the most relevant key risk drivers that are consistent with its business strategy.

In terms of risk reporting, the topics deemed as material (or relevant) are those that have a significant impact on the economic, social, and environmental performance of the Company or that may substantially influence stakeholders' perceptions and decisions.

The risk drivers are not to be seen in isolation as they may trigger or reinforce each other.

MATERIALITY MATRIX



Above: TransCentury Director Anne Mutahi greets a shareholder at a past AGM. Watching on are Directors Wale F. Adeosun and Kariithi Njogu (at the back)

Ahidi
Our Promise

OUR VALUES
ENTREPRENEURIAL

As we carve Africa's path, we are reinventing what it means to be an entrepreneur. We are vibrant and progressive. We commit to forward thinking.
#The**TC**way

TransCentury
Investing in Africa

www.transcentury.co.ke

Board of Directors

Shaka Kariuki

Chairman (51 years)

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

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

He is the former Chairman of Deseret First Credit Union. He currently serves as Executive Chairman of NAS Foods in Ethiopia and is on the Board of Leon Business Solutions in Zimbabwe, Solo in Nigeria, Sepfluor in South Africa and the Marriott School of Management at Brigham Young University. Shaka holds a B.S. in Economics, an MBA with an emphasis in Finance from Brigham Young University, and a Masters in Government from Harvard University. He is a member of the CFA Institute.

Nganga Njiinu, *CFA*

Group CEO TransCentury PLC (42 years)

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

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

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

Board of Directors *(Continued)*

Anne Mutahi

Independent Director. (59 years)

Anne Wanjiku Mutahi is a reputable SME Specialist, and has wealth of experience in the SME Sector and the Financial services sector She has worked in several financial institutions (Middle East Bank, ABN - Amro, Citibank) providing innovative solutions to the Corporate & MSME sector, as well as providing wholesale financing to front line micro lenders.

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

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

An alumni of University of University of Cape Town (EMBA), Anne has also managed a retail market and a factor house, providing supplier credit to the retail sector.

Anne currently serves as the Senior Advisor to the President of Kenya on SME Development.

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

Kamal Pallan

Director (46 years)

Previously, Kamal served in a number of different executive roles at JPMorgan, most recently as Managing Director for the Global Custody business in the Americas. He was also a Product Executive in JPMorgan's ADR business where he led the issuance of GDRs and ADRs for companies from emerging and frontier markets. Prior to JPMorgan, Kamal was an Engagement Manager in the New York office of McKinsey & Company, serving global corporations in financial services, media, and entertainment. He has also worked in business development at GE Capital and as an investment analyst at the International Finance Corporation (IFC) where he focused on equity and debt investments in the Oil, Gas & Mining sector, including initiatives in Africa. Kamal Pallan received his MBA from the Wharton School of the University of Pennsylvania and a BSE in Chemical Engineering summa cum laude from the University of Pennsylvania.

Board of Directors *(Continued)*

Walé F. Adeosun, *CFA*

Director (59 years)

Founder and Chief Executive Officer, Kuramo Capital Management

Previously, Walé was Treasurer and CIO at Rensselaer Polytechnic Institute (RPI), where he oversaw $850 million in endowment and pension assets. He led RPI's increased investment in alternative investments, spearheading RPI's investment effort in emerging frontier markets, including Africa. From 1999 to 2004, Wale was a Managing Director in the Investments Group of The MacArthur Foundation in Chicago. Walé served as former Chair of the Investment Advisory Committee for the $180 Billion New York State Common Retirement Fund. He also serves as President of the Nigeria Higher Education Foundation (NHEF). Walé was awarded the Chartered Financial Analyst designation in 1995 and is a member of the CFA Institute. He was also appointed to President Obama's Presidential Council on Doing Business in Africa

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

Kariithi Njogu, *H.S.C*

Independent Director (71 years)

Njogu Kariithi has vast experience in management of public resources in the Kenyan economic environment and in consultancy and advisory activities. He sits in the board of LSG Sky Chefs Kenya Ltd the 2nd inflight Catering Company in Kenya as well as in the board of Old Mutual Investment Services. Between 2006 and 2012, Mr. Kariithi served as a director at the Communication Commission of Kenya (CCK) now Communication Authority(CA), where he was also a member and Chair of the Finance Matters Committee for more than 4 years. In 2009, Mr Kariithi was appointed by the then Minister of Planning to serve as a member of National Governing Council for preparation of a second government review by African Peer Review Mechanism (APRM) programme. Mr. Njogu is a founding member of TransCentury Group and also served as a honorary secretary, during the formative years. He holds an M.Sc Degree in Management and Organizational Development from United States International University as well as An M.Sc Degree in human biology from Loughborough University of Technology in Leicestershire, England.

Board of Directors *(Continued)*

Wanjuki Muchemi,

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

Independent Director (68 years)

Mr. Muchemi is a senior legal practitioner with a wealth of experience in International Commercial Law, Arbitration, Alternative Dispute Resolution, Multilateral and Bilateral Finance negotiations. He is the currently serving as a non- Executive Director in the Boards of several listed and private companies including Trans-Century PLC., East African Cables PLC, Cable Holdings (Kenya) Limited, Energy and Petroleum Regulatory Authority (EPRA), Sonar Imaging Centre Limited, Kenya Diabetes Management and Information (DMI) Centre and Mount Kenya Academy Schools Limited. Previously, Mr. Muchemi served in the Public Service as the Solicitor-General of the Republic of Kenya and as the Principal Assistant to the Attorney-General for ten (10) years from 2003 to 2013. During his tenure, he was awarded the Chief of the Order of the Burning Spear (CBS) (First Class) by His Excellency, President Mwai Kibaki, for his dedicated service. In addition, he also served as a Director in several State Corporations including Kenya Revenue Authority (KRA), Kenya Pipeline Company (KPC), Salaries and Remuneration Commission (SRC), Kenya National Audit Office (KENAO), Kenya Ports Authority (KPA), as well as at the Centre for Corporate Governance where he served for 10 years. He holds a Master of Business Administration (MBA) degree in Strategic Management and a Bachelor of Laws (LL.B. Hons.) degree from the University of Nairobi. He is an Advocate of the High Court of Kenya, Fellow of The Chartered Institute of Arbitrators, London, U.K. (FCI Arb.), Member of The Institute of Certified Public Secretaries of Kenya (CPS (K)), and The Law Society of Kenya. He has taken part in many Strategic Management and Professional courses in topical and current practices.

Virginia Ndunge

Company Secretary (50 years)

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

TC Management Team

Nganga Njiinu, *CFA*
Group CEO

- Joined the Group in 2008
- Appointed Executive Director & Chief Executive Officer in 2016
- Over 15 years In-depth experience in operations and investments – has held leadership roles in portfolio management, business transformation, corporate finance and strategy, and infrastructure projects development.
- Since taking up the CEO role in 2016, Njiinu has led the Group through extensive restructure that has led to reduction of debt by USD55m and the restructure of USD 52m of debt.
- Under his leadership Group has attracted over USD 50m of additional funds into the business and successfully exited infrastructure projects and portfolio investments.
- Prior to joining TransCentury, he worked for Coldwell Banker in the US in strategy, financial planning and analysis & mergers and acquisitions

Martin Munyiri
Group CFO

- Joined the Group in 2011.
- Involved in the acquisition and integration of investments setting up and managing optimal control environment
- Prior experience in audit and risk advisory at KPMG
- Graduate of the University of Nairobi BCom (Accounting Major).
- Certified Public Accountant (CPA) and a members of Institute of Certified Accountants (ICPAK)

Phyllis Gachau
Group Head of Corporate Affairs & Investor Relations

- Joined the Group in 2011
- Over 15 years' experience in brand marketing, public relations and investor Relations Driving the Groups internal and external stakeholder engagement strategy.
- Experienced in Group's business operations having held key positions in subsidiary companies including Head of Marketing and Customer Care at East African Cables.
- Chairperson Kenya Association of Manufacturers (KAM) Energy, Electric and Electronics Sector Board.
- Holds a BSc in International Business from United States International University.

TC Management Team *(Continued)*

Florence Murerwa
Group Head of Human Resources

- Joined the Group in 2017
- Over 15 years' experience in Human Resource Management cutting across manufacturing, oil and banking industries.
- Driving the TC Organization redesign and change management
- Previous engagements include Bank Of Africa as Head of Human Resources Kenya.
- Holds a BA in Sociology from Kenyatta University and is a member of Kenya Institute of Management

Geoffrey Njue
Head of Special Projects

- Joined the Group in 2010
- Extensive experience in development and implementation of business process operational tools.
- Previous engagements include Industrial Promotion Services (IPS) as the Group Internal Auditor, Nestle as a senior internal auditor for Southern Africa and Equatorial Africa regions and audit assignments at PwC
- Holds a BSc in Civil Engineering from the University of Nairobi and is a Certified Public Accountant (K)

Trevor Okoth
Group Head of Internal Audit, Risk & Compliance

- Joined the Group in 2015
- Responsible in planning, development, execution and management of risk, compliance and internal audit.
- Good understanding of business operations having worked in one of the subsidiary businesses, as the head of Internal audit.
- Previously worked at KPMG Kenya, in the audit and risk advisory services department.
- Holds a Bcom (Accounting Major from the University of Nairobi and a BSc in Applied Accounting (First Class Honors) from Oxford Brookes. University – UK and is a qualified ACCA member.

TC Management Team *(Continued)*

Anthony Gichini, *CFA*
Investment Manager

- Over 10 years' experience in financial analysis and Private Equity investments.
- Experienced in business advisory, sourcing and structuring private equities transactions across East Africa.
- Chartered Financial Analyst (CFA) and Certified Public Accountant (CPA)
- Graduated from the University of Nairobi with a BCom degree and a Masters in Business Administration

Evelyne Wanjiku
HR & Administration Manager TC PLC

- Joined the Group in 2009
- Over 15 years' experience in general office management, events organization, customer and client relations.
- Previously worked at Wananchi Online and Jimana Limited.
- Member of the Institute of Human Resource Management (IHRM)
- Holds a Bachelor's Degree in Business Administration from Newport International University and a Higher Diploma in Human Resources from Kenya Institute of Management (KIM).

TC Subsidiary Management

East African Cables

1. **Paul Muigai** - Group CEO Kenya
2. **Joseph Kinyua** - Finance Manager
3. **Dr Gerald Gatitu** - Commercial Manager
4. **Esther Lulonde** - HR & Admin Manager
5. **Joseph Kamau** - Production Manager
6. **Geoffrey Odhiambo** - General Manager, TZ
7. **Joshua Mauti** - Finance Manager, TZ

Tanelec Limited

1. **Zahir Saleh** – Managing Director, TZ
2. **Justin Gitia** – Finance Manager, TZ
3. **Edrick Mwenda** – Operations Manager, TZ
4. **Victor Omino** – Commercial Manager, TZ
5. **Michael Kariithi** – General Manager, Kenya
6. **Charles Moono** – General Manager, Zambia
7. **Reevon Muloongo** – Sales & Marketing Manager, Zambia
8. **Mete Banda** – Business Development Manager, Zambia

TC Subsidiary Management *(Continued)*

AEA Limited

1. **Nicholas Kithinji –** Managing Director
2. **Anthony Mwangi –** Finance Manager
3. **David Alumasa –** GM Operations
4. **Salome Ndiritu –** HR & Admin Manager
5. **Ben Kiilu –** GM Construction
6. **Simon Mungai –** GM Industrial Trading
7. **Ernest Ndubi –** General Manager, TZ

Kewberg

1. **Steven Wanyoike –** General Manager

Ahidi
Our Promise

OUR VALUES
PIONEERING

Together we are blazing our trail in Africa.
We are pioneering in nature - unafraid, daring,
innovative and always marching forward.
#The**TC**way

TransCentury
Investing in Africa

www.transcentury.co.ke

Group Chairman's Statement

"The Board and Management are committed to conducting our business sustainably by ensuring we provide a conducive working environment for our employees, work in harmony with the environment and impact communities around us."

Dear Shareholders,

2020 was an extraordinary year with the effects of COVID-19 pandemic hitting hard on both personal lives and the economies globally. The effects of the pandemic have caused considerable harm, but these hardships have provided businesses the opportunity to review their strategies and reset in view of the changing environment.

Our businesses in 2020 were not spared from the effects of the pandemic with increased disruptions especially in the demand and global supply chain which affected both the market demand as well as operations. I am however proud to report that our teams demonstrated unparalleled resilience and agility as businesses quickly adapted to adhere to the containment measures set out by the Governments in countries where TC operates in. In addition, teams across the Group developed innovative solutions to address the challenges as well as opportunities that the pandemic presented with innovation taking centre stage. The pandemic

Group Chairman's Statement *(Continued)*

however brought to the fore areas of our business that we needed to place increased emphasis on especially TC's Environmental, Social and Governance (ESG) focus. We recognise we do not operate in isolation and the communities around us as well as the Environment are very key to not only our success but the overall good of the society. Its to this end that you will note increased reporting on ESG moving forward as we endeavour to Impact as we invest.

Business Environment

Our region of focus remains Sub-Saharan Africa (SSA) a region that has demonstrated steady rebound post pandemic period outperforming global average GDP rate at 4.1% versus the world at 3.3%. Closer home, the continued focus on infrastructure development present good opportunity for TransCentury Group as we've cut our teeth as a leading infrastructure investment company with deep understanding of the sector and the region. On the demand side, the region remains attractive with a growing population which stands at 2.7% annually, providing demand for infrastructure products and services. As the focus remains investments in infrastructure development, increased urbanisation is inevitable, and this puts a strain on the existing infrastructure and subsequently demand for increased infrastructure capacity, enhanced efficiency, and user experience. I therefore believe we are in the right region and only have to continue leveraging on the opportunities in the region as we impact with sustainable investments.

Ahidi 2018 - 2022 Strategic Plan

We are almost coming to the end of our Ahidi strategic plan, a plan that has allowed us to stabilise the business after the challenges that the business faced in 2016-17. Having made significant progress on key levers that needed to be addressed including debt restructure, our focus as I communicated in the 2019 report, in Fundraising as we are confident, we have prepared the business sufficiently to attract funding. Subsequent to this, post year end the Board recommended to you our shareholders a Rights Issue transaction that was tabled and approved by the shareholders. After this is the preparation of requisite documents for submission to the Capital Markets Authority for approval before launch of the Rights Offer. Funds raised from the Rights Issue will go towards reducing Group debt and subsequently providing the much-needed working capital to the operating businesses.

Corporate Governance and Sustainability

TransCentury is fully committed to managing its business in a sustainable way and upholding the highest standards of ethics and corporate governance policies. Our Governance structure is guided by the Capital Markets Authority Code of Corporate Governance Practices for Issuers, Kenya. The Board and Management are commitment to conducting our business sustainably by ensuring we provide a conducive working environment for our employees, work in harmony with the environment and impact communities around us and this was especially important in the year under review. As noted above, ESG remains a key focus area for the Group.

In Closing

It is encouraging to see the gains we have made under challenging times. Remaining focused to our strategic focus and leveraging on the opportunities we see continues to bear fruit. I take this opportunity to thank you our shareholders for the unwavering support that you have given the business as we endeavour to get the business back to profitability. Our teams across the Group have demonstrated incredible commitment and dedication during a challenging period and I on behalf of the Board are truly grateful.

We remain commitment to steering TransCentury to greater heights and look ahead with renewed optimism.

Shaka Kariuki
Chairman

Group CEO's Message

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

Dear Shareholders,

The events that unfolded in 2020 were indeed unprecedented and effects of the COVID-19 pandemic were and continue to be felt by all of us in one way or the other. Our Group was not spared and in the 1st half of 2020 the Group performance was impacted by the disruptions in the demand and global supply chains which not only affected the market demand of our products and services but hampered production in our manufacturing plants, as well as delayed delivery of projects. However, in the second half of the year the Group demonstrated resilience by responding with innovation while adapting to the changes in the market and this saw the resurgence of performance across the Group. The quick response to the challenges allowed for minimal effect on Group revenue with an 8% decline which was a departure from the anticipated effect when the pandemic broke at the beginning of the year.

Beyond Limitation Performance

When the pandemic broke in the region in the 1st quarter of 2020, nobody was fully aware of the severity and impact it would have, however, we quickly and proactively put measures to safeguard the health and safety of our employees and customers, kept the businesses running and even diversified to meet new demands. We immediately put in place measures that allowed our employees to effectively work remotely while our front-line employees were provided with the necessary protective gear to ensure their safety as they served our customers.

One area that saw impressive growth was on Innovation and diversification, within the first quarter of 2020 our teams had collaborated and developed a ventilator that went on to be presented to the largest referral hospital in East Africa – Kenyatta National Hospital with an agreement to progress this in collaboration with the hospital. Our team at East African Cables PLC saw an area of diversification by adapting the aluminium wire into a mask nasal wire and this was developed in conjunction with mask producers and is currently a new revenue line for the business. Our engineering team identified a gap in the provision of quick to assemble portable clinics to support the Governments with quick screening and isolation, and quickly configured containerised clinic borrowing from the offsite clinics they had used in projects. The Group in the spirit of joining together with the community donated one of the clinics to Kenyatta National Hospital to support in increasing screening and isolation capacity. The ingenuity in which the teams across the Group innovated and diversified was quite commendable and is testament of the resilient spirit that makes TransCentury.

On the Group performance, the Group recorded a reduced loss, an indication of the positive trend towards returning to profitability. The company

Group CEO's Message *(Continued)*

also recorded an 16% saving in operating expenses from prior year as a result of increased efficiency in production, route to market and delivery of projects. It is important to note that as mentioned earlier the Group in 2020 increased in innovation and diversification effects of which will be realised as the products and services gain in market share.

We have made great strides guided by the four-step plan that that we unveiled 4 years ago reducing our commercial debt by 40% since 2016, growing our orderbook year on year closing 2020 with a confirmed orderbook of Ksh 14billion. We are now focussed on our last lever, fundraising to accelerate execution of our orderbook and subsequently unlock growth. We are comfortable that we have sufficiently prepared the business to receive funding and are encouraged by the opportunities we see in the market. Post reporting period the Group sought and received an approval from you our shareholders to commence a Rights Issue process. We are at the tail end of this process and will be sharing with you a detailed Information Memorandum on applying and receiving approval to launch the Rights Issue by the Capital Markets Authority. Funds raised from the Rights Issue will go towards reducing debt and unlocking access to working capital for our operating businesses, this is in line with our 4-step plan.

Our Dynamic Environment

Our focus in Infrastructure remains very promising and is informed by the under pentation (low access, low utilisation per capita and inefficiency) of Infrastructure in Africa. The trends and data from the market especially Sub-Saharan Africa are not only encouraging but continue to affirm our bullish approach to investing in infrastructure. Historically, TC has primarily focused on the Energy and Transport sectors of infrastructure and in this we have participated in one way or another across the entire infrastructure value chain; Enhancing capacity, providing access to infrastructure, utilisation/last mile and improving infrastructure efficiency. The water and agriculture sector are sectors that we haven't strongly focussed on in the past and that we are reviewing. With a population growth in Africa that is trending above the world and significantly low penetration in access to clean water and basic sanitation especially in SSA,

COMMERCIAL
DEBT
REDUCTION

16%
OPERATING
EXPENSES
SAVINGS

839
EMPLOYEES
ACROSS THE GROUP

Kshs.
14 Billion
CONFIRMED
ORDERBOOK

CEO's Message *(Continued)*

"Our focus now is to capitalise the business and the Rights Issue is a key transaction for us... we are positive of support from our shareholders..."

these sectors provide great opportunities for TC participation across the value chain. We are therefore positioning our businesses favourably to take advantage of this opportunities and in line with this post reporting period we launched across the Group an Innovation and diversification framework to support the teams in developing products and solutions to serve this sector. Its this drive that has seen investee businesses like East African Cables launch two new products in 2020 targeting the agriculture sector.

Our Resilient People

The pandemic challenged every organisation especially in the area of people, safeguarding the human capital while keeping the business performing under disrupted circumstances called for a resilient team. The investment we have made in teams across the Group from exposure to a dynamic platform that allows for growth and continuous engagement bore fruit in 2020 with our teams exhibiting the TC values in an exemplary way. To support our teams, we instituted key policies in line with COVID-19 guidelines and this were effectively cascaded. We are however, pleased to report that despite a few members of our team contracting the disease we had no casualty. Human capital remains a cornerstone of our business and we are focusing more on enhancing skill by continuous training, in addition, diversity is a key focus for us in the coming years as we work towards our 50:50 gender balance target.

Outlook

As reiterated over the years we have remained focussed to our turnaround strategy and this consistency has allowed the Group to make significant strides in key levers of the plan. Our focus now is to capitalise the business and the Rights Issue is a key transaction for us. We are positive of support from our shareholders.

I would like to appreciate our over 800 employees across the Group for their resilience and commitment in the face of very challenging times.

Finally, I acknowledge all our stakeholders especially our Board of Directors who have remained ever so supportive as we implement our strategy.

Yours Sincerely,

Nganga Njiinu
Group Chief Executive Officer

Ahidi
Our Promise

OUR VALUES
INNOVATIVE

We seek to create new ideas, methods and systems as we impact Africa.

#TheTCway

TransCentury
Investing in Africa

www.transcentury.co.ke

Corporate Governance

Transcentury PLC is committed to the highest standards of corporate governance and business ethics and has therefore instituted policies and systems to ensure that this is in place. The Board of Transcentury PLC ensures that sound corporate governance including management of environmental and social issues are adhered to at all levels.

The company's values are entrenched in the strategy which are focused in creating a performance driven culture in order to realize superior and sustainable value for all stakeholders. This ensures that the desirable set of behaviours guide the day-to-day operations, formulating the Transcentury way of doing things of entrepreneurial, pioneering, innovation and collaboration (EPIC).

The Company ensures compliance with the provisions of The Capital Market Authority of Kenya (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 (The Code).The Board also ensures regular review of the governance systems and policies to ensure that they are aligned with any regulatory changes and developments, best market practices and the changing stakeholders' expectations.

Structure and Function of the Board

It is the responsibility of the Board of Directors to direct and oversee the running of the affairs of the company on behalf of the shareholders. The Board therefore is accountable to the shareholders in the Company's performance, fostering long-term business and meeting the interests of its shareholders and key stakeholders.

The Board is therefore committed to the highest standard of corporate governance, business integrity and professionalism in all its activities.

The Role of the Board

The roles of the Chairman and GCEO are separated and established with clear division of responsibilities and delegated authority. The Board Chairman provides leadership to the Board in ensuring the director's focus in providing oversight and clear vision to the Group, enhancing shareholder value, ensuring stakeholders engagement, ensuring the effective operations of the Board, establishing the Board agenda for Board meetings and making certain that the Board has all the necessary information for effective decision making. The Board Chairman also is charged with the responsibility of ensuring that the Board is well established in line with the pre-requisite skills, knowledge and experience the required Board Committees are properly established. Acting as a spokesman, the Board Chairman communicates and consults with shareholders and relevant stakeholders on significant issues, as appropriate. It is also the role of the Board Chairman to ensure the effectiveness and development of the Board and individual directors aimed at increasing their awareness of the Company and industry trends, including the applicable legislative framework, to enable them to discharge their duties effectively.

The GCEO shall be responsible on the hand has a ensures the day-to-day management of the business, in line with the company's strategy and long-term objectives approved by the Board. He provides strategic advice and guidance to the Board and appraises them of any changes relevant to the industry /sector which the company operates. He is charged with the responsibility of preparing and monitoring business plans, directing and controlling the work and resources of the company, ensuring recruitment and retention of the required numbers and types of well-motivated, trained and developed management staff to ensure the Group meets it's vision, mission and objectives.

The Company Secretary directs, controls, and provides effective and efficient advice to the Board and Management to protect the Company's interests. The Secretary is also charged with the responsibility of coordinating all Board and Board Committee meetings, ensuring that they are properly organized and conducted and implemented in compliance with the Company's Memorandum and Articles of Association and its statutory obligations.

To help in discharge of its responsibility, the Board shall ensure the appointment of Board Committees help it to deliver its mandate. The Board Committee in TC PLC are: -

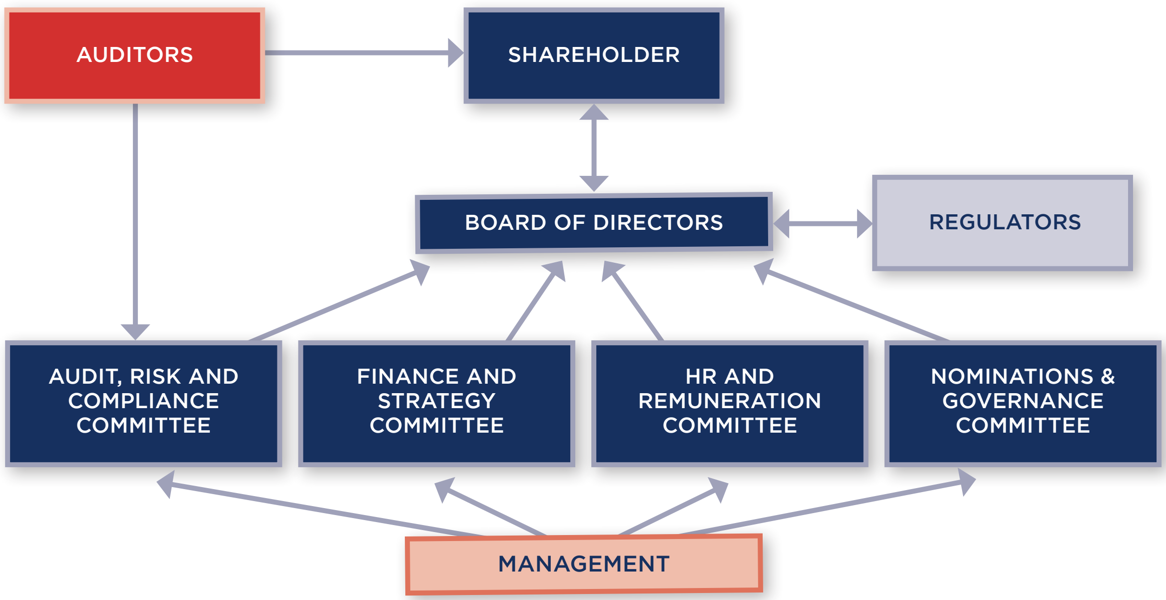
(a) Finance and Strategy
(a) Nomination and Governance
(b) HR and Remuneration
(c) Audit, Risk and Compliance.

Corporate Governance *(Continued)*

The Board is responsible for ensuring that the committees are appropriately constituted with members who have the necessary skills and expertise to handle the responsibilities allocated to them. The Board reviews the mandate of the committees periodically to ensure relevance.

The Board Committees are constituted and governed by written Charters / Terms of Reference and carries annual assessment on its effectiveness and performance against the set mandate.

Governance Structure.

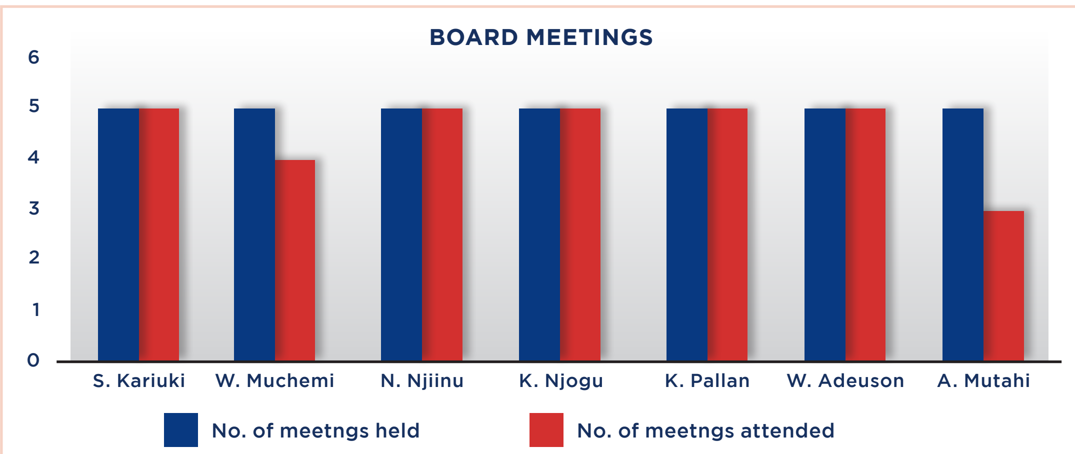


Board Meetings

TC PLC Group board meets at least once every quarter and any other time when business demands deem it necessary to hold a meeting. The scope of the meeting is as per the annual workplan and covers such areas as the strategy, business performance and overall control. The meeting's agenda are aligned to the workplan and the Company Secretary sends out the notice together with the detailed board packs in advance for directors' review and reference.

In the year ending 31st December 2020 the Board held 5 meetings as set out in the table below:-

2020 Board Attendance Schedule



Corporate Governance *(Continued)*

Board Committees

To facilitate the effective delivery of the strategy, management of risks, financial performance and reporting, the Board has established Board Committees. The committees are charged with looking at key issues in details and providing recommendations to the board for consideration. The table below summarizes the Board Committees in place and the key activities for the year ending December 2020.

Board Committee	Nomination & Governance	Human Resources & Remuneration	Finance & Strategy	Audit, Risk and Compliance
Members	**Chairman**: Shaka Kariuki **Members**: Wanjuki Muchemi, Nganga Njiinu	**Chairman**: Wanjuki Muchemi **Members**: Shaka Kariuki, Nganga Njiinu	**Chairman** Wale Adeosun **Members** Shaka Kariuki, Anne Mutahi, Nganga Njiinu	**Chairman**: Karithi Njogu **Members**: Kamal Pallan, Nganga Njiinu
Key Role	Responsible for Corporate Governance, director's appointment, and evaluation of the Board's effectiveness	Responsible for establishment, maintenance, compensation, and administration of Human Resources management.	Review of financial objectives, policies, capital structure and financing requirement and to oversee the development and implementation of long-term strategy	Ensuring the company's financial statements comply with applicable financial reporting standards, provide oversight for assessing and monitoring all risks and ensure compliance with legal, statutory, corporate polices and standards.
2020 Activities	» Compliance with various Governance requirements » Directors recruitment, selection and development » Board Evaluation » Director's training	» Review of the COVID -19 impact to employees » Review of compensation and benefits programs » Review of Staff establishment and development	» Monitoring of the Ahidi Strategy » Review of the 2020 financial plans and budget » Review of the investment polices » Review of fundraising activities. » Monitoring of COVID-19 impact to the business	» Review of the financial statements » Review of the Risk management framework » Review of the Internal Audit Plan and Audits undertaken within the year » Review of Business Continuity Plan » Review of Risk Framework

Corporate Governance *(Continued)*

Board Committee Meetings

	Nomination & Governance	HR & Remuneration	Audit, Risk & Compliance	Finance & Strategy
No. of meetings	**3**	**3**	**8**	**4**
S. Kariuki	3	3		4
W. Muchemi	3	3		
N.Njiinu	3	3	8	4
K. Njogu			8	
K. Pallan			8	
W. Adeosun				4
A. Mutahi				4

Nomination, Appointment & Succession

The Nomination & Governance Committee is responsible for appointment and succession of directors across the group. The committee screens and presents the selected candidates to the Board. The screening is guided by the company's strategic direction, the candidate's knowledge and abilities, expertise and experience required. Directors representing the majority shareholder are nominated by the shareholder to the committee who verifies the qualifications of the nominees before submitting to the Board. After scrutinizing the candidates, the Nomination & Governance Committee proposes the selected candidates to the Board for consideration. Upon endorsement, the Board proposes the nomination to the shareholders for approval of the appointment.

In the year ended 31st December 2020, the Nomination & Governance Committee ensured that all subsidiaries had the right number of directors as guided by the Corporate Governance Manual, through robust director recruitment process.

Board Tenure

Nomination & Governance Committee also reviews the age and tenure of the directors and puts in place strategies to ensure succession of directors.

The Corporate Governance Guidelines provides for a tenure of three (3) years of any non-executive director in either TC and/or its subsidiaries, with the potential of further renewal for another 3-year period, giving a maximum of six years in any one company. To ensure planned and progressive refreshing of the Board, the Board has adopted a Board Rotational policy whereby a number of non-executive directors are re-elected each year at the Annual General meeting (AGM), in line with The Articles of Association. At the end of the period, two directors; Mr. Wale Adeosun and Mr.Kamal Pallan were re-elected during the AGM.

Corporate Governance *(Continued)*

Board Skills and Qualifications

In line with the company's core business and its strategy, each director skills are critical, and the Board ensures that collectively all requisite skills and experience is available for the board to discharge its roles and responsibilities objectively and effectively. The nomination and governance committee is charged with the responsibility of ensuring that the Board has the right mix to help the Board in having an informed way of evaluating and reviewing the company performance.

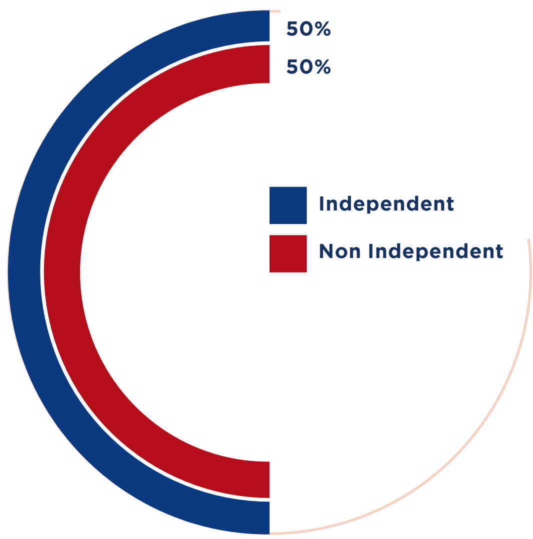
Key Skills	S.Kariuki	K.Pallan	A.Adeosun	A.Mutahi	K.Njogu	W.Muchemi	N.Njiinu
Corporate Governance	✓	✓	✓	✓	✓	✓	✓
Business Management	✓	✓	✓	✓	✓	✓	✓
Financial Skills	✓	✓	✓	✓	✓	×	✓
Public Affairs	✓	✓	✓	✓	✓	✓	✓
Strategy	✓	✓	✓	✓	✓	✓	✓
Risk Management	✓	✓	✓	✓	✓	✓	✓
Information Technology	✓	×	×	×	✓	×	✓
Commercial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

Corporate Governance *(Continued)*

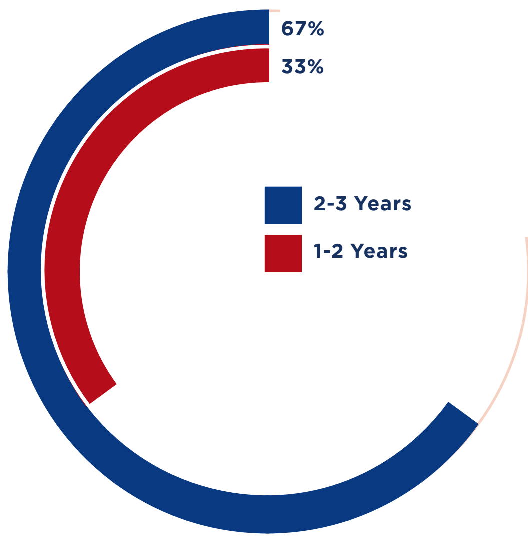
Board Diversity

At TC we embrace diversity and are taking the intentional journey of building an all-inclusive TC. We believe in added value in the contributions of people from diverse backgrounds and experiences.

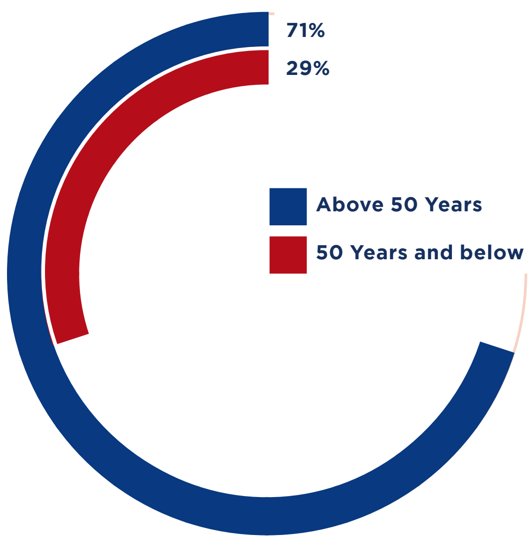
BOARD INDEPENDENCE



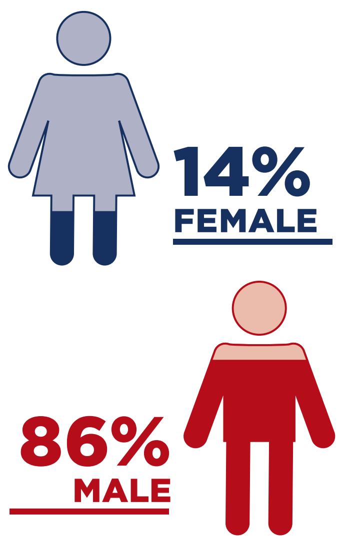
BOARD TENURE



DIRECTORS AGE



GENDER DIVERSITY



Board Evaluation

In line with the provisions of the Company's Governance Guidelines, the Board undertook the annual evaluation of its performance for the year under review. This evaluation reviewed the performance of the Board, Board Chairman, Company Secretary, GCEO, Board Committee and the Board Committee Chairman. The process was coordinated internally by the Nomination and Governance Committee. It was based on questionnaires looking at Board's effectiveness in delivery of the Company's Vision, Mission and Strategy, Governance and Board Operations. The questionnaire also reviews the individual Director's contributions to the effectiveness of the Board, application of knowledge and skills and ethical standards.

Corporate Governance *(Continued)*

Director Development

Directors are taken through a comprehensive induction which comprises of meetings with Board Chairman and other directors, GCEO and other senior managers. During the financial year under review, the Directors underwent a 2-days facilitator-led training on areas of board effectiveness, leading companies through disruptive change and board's oversight role in risk management.

Whistle Blowing Policy

TC is committed to the highest possible standards of open, probity and accountability. To this end, the company has put into place a policy to facilitate reporting of perceived unethical or illegal conduct of employees, management, directors and other stakeholders across the company to appropriate authorities in a confidential manner without any fear of harassment, intimidation, victimization or reprisal of anyone for raising concerns.

Conflict of interest

Before any board meeting or board committee meeting, all directors are required to declare any potential conflict of interest to ensure that business is conducted in a manner that ensures judgment and decision making is not influenced by undue interests. They are also required to declare any conflict of interest at appointment through the Nomination and Governance Committee. The policy was observed in the

Code of ethics and conduct

TC has in place a Code of Ethics and Conduct framework to promote and uphold ethical conduct. This covers both professional and personal conduct. This applies to directors and employees as well. This is aimed at promoting a culture of fairness, honesty and integrity in their dealings with all stakeholders hence ensuring sustainable success of TC. All new employees are oriented on this framework and are always required to commit to abide by its provisions.

Access to independent Advice

The Company's Corporate Governance Guidelines provides for the Board, including the committees to have access seek independent professional advice from any legal, accounting and other advisors, experts and consultants in order to fulfil it's responsibilities and in relation to the company's affairs within its delegated authority.

Governance Audit

In compliance with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, the Company conducted a Governance Audit for year ending 31st December 2020 and the Board was found to have put in place a sound governance framework that is in compliance with the legal and regulatory framework and in line with global best governance practices for the interest of stakeholders, obtaining an unqualified opinion.

Procurement

Sustainable Sourcing Steering Group: Every employee and contractor who sources goods and services on behalf of Transcentury PLC is expected to follow responsible business processes, which are embedded into our Standard for the Procurement of Goods and Services. All our procurement professionals receive training on our Code of Ethics which contains our expectations on responsible procurement. We monitor compliance through assessments and improvement programs, and we will not use suppliers who are unable to meet our standards.

To ensure continuously improving adherence to our cost controls, staff involved in buying decisions and the payment of suppliers continue to receive regular training on procure to pay (P2P) processes. We also communicated with all our suppliers in 2020 to ensure their ongoing support of these processes.

Corporate Governance *(Continued)*

TC Company & Group employee information

	GROUP		COMPANY	
	2020	**2019**	**2020**	**2019**
Managers	77	81	9	7
Other Employees	762	1046	11	11

Transcentury PLC values it's human capital and believes that variety in background, thoughts and experiences result into unique ideas, solutions and decisions. To this end, the Board and management are committed to ensuring there is diversity balance within the organization and all opportunities from staff development to promotions are also diverse sensitive. To this end, the company aims at achieving a gender diversity of 50% Male and 50% female. During the year under review 79% of total head count were male and 21% female. The Group also aims at according opportunities to people abled differently within the establishment. Currently this group forms 1% of the total headcount, we are looking at growing this number to not less than 3%. In terms of experience, we believe in working with people from the communities around us and in this regard, we are committed to ensuring that 95% of the total headcount are employees drawn from the communities around our companies

FY2020 Shareholder's Summary

Top Ten Shareholders

Name of Shareholder	Shareholder Position	No of Shares Held	% Shareholding
Kuramo Africa Opportunity Kenyan Vehicle Ltd	1	93,776,173	24.99%
Standard Chartered Nominees Ac Ke15615	2	31,065,194	8.28%
Michael Gitau Waweru	3	21,337,380	5.69%
Anne Pearl Karimi Gachui	4	21,140,990	5.63%
Standard Chartered Nom A/C Ke 11993	5	17,353,617	4.63%
Peter Tiras Kanyago	6	14,141,387	3.77%
Ephraim Kariithi Njogu	7	12,520,370	3.34%
Gitau Zephaniah Mbugua	8	12,105,752	3.23%
Robin Munyua Kimotho	9	10,851,510	2.89%
Stephen Njoroge Waruhiu	10	9,862,971	2.89%
Sub - Total	**10**	**244,155,344**	**65.34%**
Others	**2,115**	**131,047,422**	**34.93%**
Total Issued Shares	**2,125**	**375,202,766**	**100%**

Distribution of Shareholding

Shares range	No. of Shareholders	No. of Shares held	% Shareholding
1 - 500	960	186,427	0.05%
501 - 5,000	720	1,536,920	0.41%
5,001 - 10,000	139	1,127,387	0.30%
10,001 - 100,000	220	6,822,601	1.82%
100,001 - 1,000,000	58	18,286,947	4.87%
Above 1,000,000	28	347,242,484	92.55%
TOTAL	**2,125**	**375,202,766**	**100.00%**

Shareholder Analysis by Domicile

Domicile	No. of shares held	No of Shareholders	% Shareholding
Local individuals	1,962	199,484,227	53.17%
Local institutions	133	25,724,035	6.86%
East African individuals	5	34,200	0.01%
Foreign individuals	17	390,400	0.10%
Foreign institutions	8	149,569,904	39.86%
TOTAL	**2,125**	**375,202,766**	**100%**

Directors and Statutory Information

DIRECTORS

Shaka Kariuki	Chairman
Nganga Njiinu	GCEO
Wale Adeosun	
Kamal Pallan	
Ephraim Njogu	
Anne Mutahi	
Wanjuki Muchemi	

PRINCIPAL PLACE OF BUSINESS

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

SECRETARY

Virginia Ndunge
Certified Public Secretary (Kenya)
3rd Floor, Bishop Garden Towers
1st Ngong Avenue
P.O. Box 13412
00100 Nairobi

AUDITOR

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

SHARE REGISTRARS

Cooperative Bank of Kenya Limited
Share Registration Services
Wing 2, 3rd Floor CIC Plazza
Upper Hill, Mara Road
PO Box 48231
00100 Nairobi GPO

REGISTERED OFFICE

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

ADVOCATES

Iseme Kamau & Maema Advocates
IKM Place, Tower A, 5th Floor
5th Ngong Avenue, Bishops Road
P.O. Box 11866
00400 Nairobi

Nyachoti & Co Advocates
4th Floor, Museum Hill Centre
Muthithi Road
PO Box 39252
00623 Nairobi

Mboya Wangong'u & Waiyaki Advocates
Lex Chambers
Maji Mazuri Road
off James Gichuru Road
Lavington, Nairobi, Kenya
P.O Box 74041
00200 Nairobi

PRINCIPAL BANKERS

Citibank N.A Kenya
Citibank House
P.O. Box 30711
00100 Nairobi

Equity Bank (Kenya) Limited
Lavington Supreme
P.O. Box 75104
00200 Nairobi

SBM Bank (Kenya) Limited
Riverside Mews, Riverside Drive
P.O. Box 66015
00800 Nairobi

Sidian Bank Limited
K-Rep Centre,
Wood Avenue, Kilimani
P.O. Box 25363
00603 Nairobi

TIB Corporate Bank Ltd
P.O. Box 9011
Dar es Salaam

Ecobank Kenya Limited
Ecobank Towers, 13th Floor
Muindi Mbingu Street
P.O Box 49584
00100 Nairobi

Directors' Remuneration Report

FOR THE YEAR ENDED 31 DECEMBER 2020

INFORMATION NOT SUBJECT TO AUDIT

Information not subject to audit comprise the Company's Policy on director's remuneration, Contract of service of directors, Statement of voting at general meeting on directors' remuneration and any substantial changes to director's remuneration during the year

Executive Directors' remuneration policy

Executive directors are remunerated in accordance with the staff remuneration policy. Their remuneration package comprises a basic salary, pension and other benefits designed to recognize the contribution, skills and experience of executive directors as shown below.

1. **Consolidated basic pay**
   This is the consolidated base salary paid to the Executive Director.

2. **Pension contribution**
   On a monthly basis, the Company contributes 7.5% of basic pay towards pension of the Executive Director.

3. **Bonus**
   Executive Directors are entitled to a performance-based bonus pay. The bonus is paid based on the performance of the business and on existing bonus policy. No Bonus was paid during the year.

4. **Medical insurance cover**
   As per Group and Company's Human Resources policy, Executive Directors, like other employees, are entitled to medical insurance cover for their individual and family medical requirements covering both out-patients and in-patients.

5. **Group life assurance cover**
   As provided to all employees, Executive Directors, are entitled to a death in service benefit. This is payable to beneficiaries of the Executive Director at a maximum of five years pay.

During the year 2020, there was no adjustment to the remuneration of the Executive Directors. As per the Group and Company policy on employee compensation, 2020 pay will be dependent on the annual performance appraisals conducted in quarter one of the year.

Substantial changes to directors' remuneration

There were no substantial changes relating to the directors' remuneration made during the year (2019 – None).

Contract of service

The Corporate Governance Guidelines provides for a tenure of three (3) years of any non-executive director in either TC and/or its subsidiaries, with the potential of further renewal for another 3-year period, giving a maximum of six years in any one company. To ensure planned and progressive refreshing of the Board, the Board has adopted a Board Rotational policy whereby a number of non-executive directors are re-elected each year at the Annual General meeting (AGM), in line with The Articles of Association. During the AGM held on 10 June 2021, two directors; Mr. Shaka Kariuki and Mr. Kariithi Njogu were re-elected during the AGM.

Statement of voting at general meeting on directors' remuneration

In the last AGM held on 10th June 2021, the shareholders unanimously passed a resolution to approve the directors' remuneration report and the directors remuneration policy.

Directors' Remuneration Report *(Continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

Non-Executive Director Remuneration Policy

The fees for Non-Executive Directors are set at a level which is considered appropriate to attract individuals with the necessary experience and ability to oversee the business. The amount of fees reflects the attached responsibility and time commitment. Additional fees are paid for further responsibilities such as chairing committees and sitting on appointed board committees. The value of benefits provided is reasonable in the market context and takes into account the individual circumstances and benefits provided in comparable roles for companies within the Industry.

Information subject to audit (auditable part)

Information subject to audit (auditable part) comprise the amounts of each Company's directors' emoluments and compensation in the relevant years. The following amounts were paid to Directors in the year under review.

(i) Non-Executive Directors' remuneration for the year ended 31 December 2020

Name	Retainer	Sitting allowance	Total	Paid	Payable
Company	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'
Shaka Kariuki	3,000	1,200	4,200	-	4,200
Wale Adeosun	1,800	720	2,520	-	2,520
Kamal Pallan	1,800	1,040	2,840	-	2,840
Kariithi Njogu	1,800	1,040	2,840	2,375	465
Ann Mutahi	1,800	560	2,360	1,955	405
Wanjuki Muchemi	1,800	880	2,680	2,215	465
Total	**12,000**	**5,440**	**17,440**	**6,545**	**10,895**

Non- Executive Directors' remuneration for the year ended 31 December 2019

Name	Retainer	Sitting allowance	Total	Paid	Payable
Company	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'
Shaka Kariuki	3,000	1,280	4,280	-	4,280
Wale Adeosun	1,800	640	2,440	-	2,440
Kamal Pallan	1,800	1,200	3,000	-	3,000
Kariithi Njogu	1,800	1,200	3,000	1,500	1,500
Ann Mutahi	1,800	640	2,440	1,658	782
Wanjuki Muchemi	1,800	880	2,680	1,500	1,180
Total	**12,000**	**5,840**	**17,840**	**4,658**	**13,182**

Directors' Remuneration Report *(Continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

(ii) Executive Directors' remuneration for the year ended 31 December 2020

Name	Basic Pay	Pension	Total	Paid	Payable
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Nganga Njiinu	33,000	2,475	35,475	35,475	-

Executive Directors' remuneration for the year ended 31 December 2019

Name	Basic Pay	Pension	Total	Paid	Payable
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Nganga Njiinu	33,000	2,475	35,475	35,475	-

Approval of the Directors' Remuneration Report

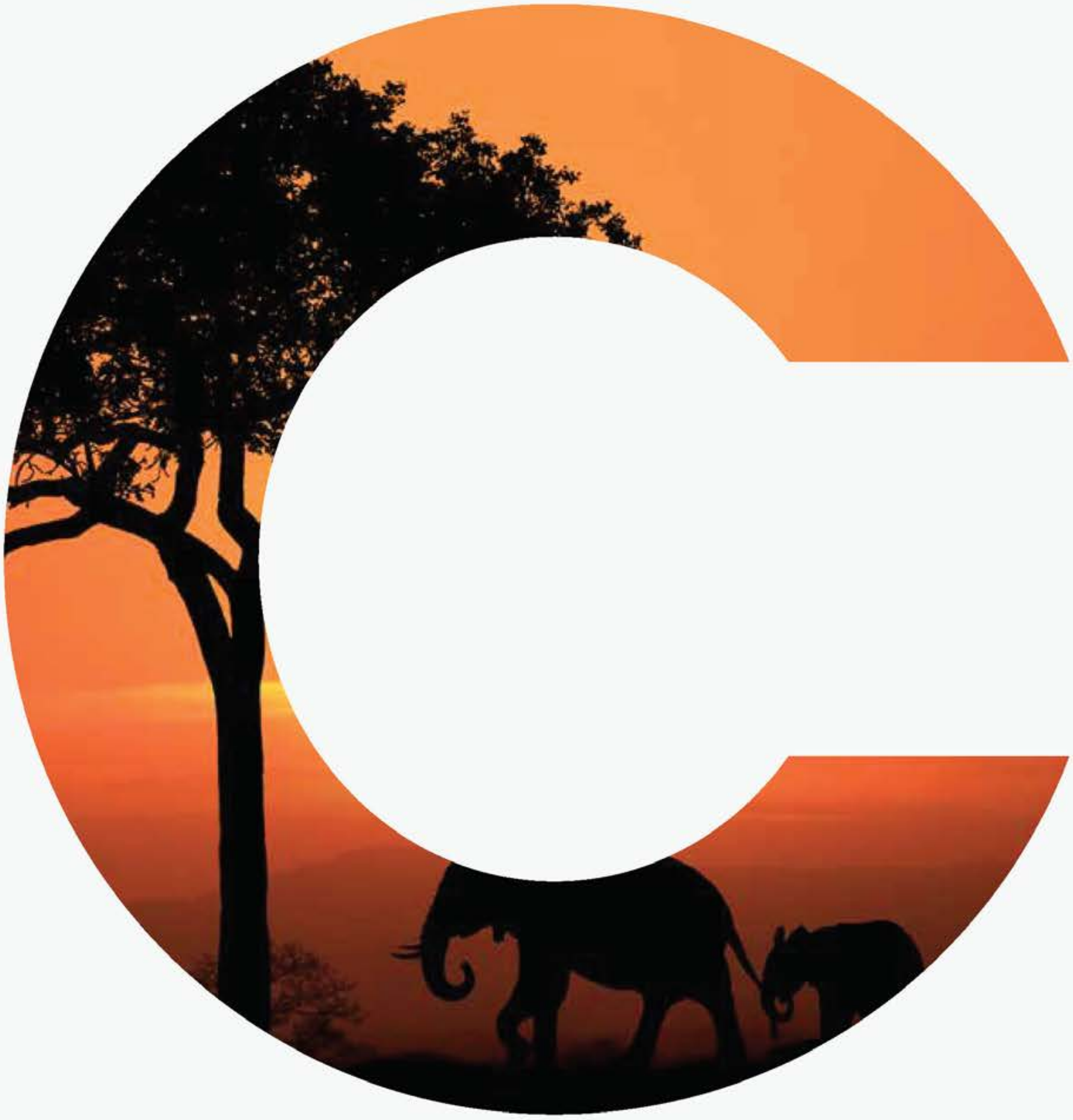
The Directors confirm that this report has been prepared in accordance with the Kenyan Companies Act, 2015, Capital Markets Authority (CMA) Code and listing rules and reflects the disclosure requirements under the International Financial Reporting Standards (IFRSs) with respect related parties (see Note 29 to the consolidated and separate financial statements).

By order of the Board,

Virginia Ndunge
Company Secretary
Date: 5th September 2022

Ahidi
Our Promise

OUR VALUES
COLLABORATIVE



Together we are stronger by leveraging on our collective genius. Together we can achieve greatness.
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Investing in Africa

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Statement of Directors' Responsibilities

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements of TransCentury PLC (Group and Company) set out on pages 82 to 160 which comprise the consolidated and company statements of financial position as at 31 December 2020, the consolidated and company statements of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements which include 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 consolidated and separate financial statements in the circumstances, preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015 and for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

Under the Kenyan Companies Act, 2015, the directors are required to prepare the consolidated and separate financial statements for each financial year which give a true and fair view of the financial position of the Group and the Company as at the end of the financial year and of the profit or loss of the Group and Company for that year. It also requires the directors to ensure the Group and Company 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, 2015. The directors are of the opinion that the consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company and of the Group's and Company's profit or loss.

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.

As at 31 December 2020, the directors are aware of the circumstances giving rise to a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern and have disclosed that a material uncertainty exists which may cast significant doubt about the Group's and Company's ability to continue as a going concern and that the Group and Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Consequently, the directors have made an assessment of the Group's and Company's ability to continue as a going concern and believe the Group and Company will be a going concern for at least the next twelve months from the date of this statement based on initiatives disclosed in Note 2(f).

Approval of the financial statements

The consolidated and separate financial statements, as indicated above, were approved and authorised for issue by the Board of Directors on 5th September 2022.

Shaka Kariuki
Director

Nganga Njiinu
Director

Date: 5th September 2022

Report of the Directors

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors submit their report together with the audited consolidated and separate financial statements for the year ended 31 December 2020, which disclose the state of affairs of the Group and Company.

1. Activities

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

2. Results

The Group's and Company's results for the year are set out on pages 72 and 73 respectively.

3. Dividends

The directors do not recommend the payment of a dividend (2019 – Nil).

4. Directors

The directors of the Company who served during the year and up to the date of this report are set out on pages 32 to 35.

5. Auditors

The auditors of the Company, KPMG Kenya, have indicated their willingness to continue in office in accordance with the requirements of the Kenyan Companies Act, 2015.

6. Employees

	2020	2019
Managers	77	81
Non-Managers	762	1046
Total	**839**	**1,127**

7. Going concern

The Group and Company incurred a loss of KShs 1,616 million and KShs 960 million respectively during the year ended 31 December 2020 (2019 – Group KShs 3,936 million, Company KShs 2,271 million), and as of that date, the Group's and Company's current liabilities exceeded its current assets by KShs 10,529 million and KShs 4,487 million respectively (2019- Group KShs 10,898 million and 2019-Company - KShs 3,459 million). In addition, the Group's & Company's total liabilities exceeded its total assets by KShs 8,956 million and KShs 1,165 million respectively (2019 – KShs 7,135 million and KShs 110 million respectively).

The Directors have disclosed that a material uncertainty exists which may cast significant doubt about the Group and Company's ability to continue as a going concern and, therefore that they may be unable to realise their assets and discharge their liabilities in the normal course of business.

8. Relevant audit information

The directors in the office at the date of this report confirm that:

- There is no relevant audit information of which the Group and Company's auditors are unaware, and
- Each director has taken all steps that they ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

Report of the Directors *(Continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

9. Directors interests

Director's direct interests in the shares of the Company were as follows:

	2020	2019
Name	**No. of shares held**	**No. of shares held**
Shaka Kariuki*	Nil	Nil
Wale Adeosun *	Nil	Nil
Kamal Pallan *	Nil	Nil
Kariithi Njogu	12,520,370	12,520,370
Ann Mutahi	Nil	Nil
Wanjuki Muchemi	3,912,670	3,912,670

* Directors with indirect interest through other entities owning 93,776,173 shares in 2020 and 2019.

10. Business review

The Group's and Company's business review has been disclosed in pages 15 – 21.

11. Approval of financial statements

The financial statements were approved and authorised for issue at a meeting of the directors on 5th September 2022.

By order of the Board

Virginia Ndunge
Company Secretary
Date: 5th September 2022

Independent Auditor's Report to the Members of TransCentury PLC

FOR THE YEAR ENDED 31 DECEMBER 2020

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of TransCentury PLC (the Group and Company) as set out on pages 72 to 160, which comprise the consolidated and company statements of financial position as at 31 December 2020, the consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity, consolidated and company statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of TransCentury PLC as at 31 December 2020, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Kenyan Companies Act, 2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2(f) in the consolidated and separate financial statements, which indicates that during the year ended 31 December 2020, the Group and Company incurred a loss of KShs 1,616 million and KShs 960 million respectively during the year ended 31 December 2020 and as of that date, the Group's and Company's current liabilities exceeded its current assets by KShs 10,529 million and KShs 4,487 million respectively and the Group's and Company's total liabilities exceeded their total assets by KShs 8,956 million and KShs 1,165 million respectively. In addition, as at 31 December 2020, the Group and Company had outstanding loans of KShs 3,314 million and KShs 3,015 million respectively for which they had breached the loan covenants with the lenders. As stated in Note 2(f), these events or conditions, along with other matters as set forth in Note 2(f), indicate that a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report:

Independent Auditor's Report to the Members of TransCentury PLC *(Continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

Key audit matters (continued)

Valuation of unquoted investments in the consolidated and separate financial statements	
See accounting policy Note 2(d)(v) Note2(e), Note 15(b) and 15(d) to the consolidated and separate financial statements	
Key audit matter	**How the matter was addressed in our audit**
The valuation of unquoted investments is determined by the Group and Company using valuation techniques which involve the use of significant assumptions and judgments. The judgements and assumptions made include the use of a price to book multiple to estimate fair values of investments. The approach involves assessing the historical return on equity for listed entities in the same sector, assessing the relationship between such returns and the traded market price and then assessing the appropriate price to book multiple to be applied to the subject investment. This has been disclosed at level 3 in the fair value hierarchy. Valuation of unquoted investments is a key audit matter due to the significant judgement involved in calculating the price to book multiple.	Our procedures in this area included: - Used our in-house valuation specialists in assessing the appropriateness of the comparable average price to book multiples applied in the valuation of unquoted investments, by comparing the average price from comparative listed entities to the net assets of the unquoted investments.; - Evaluating the net assets data (inputs) used by the Group and Company in determining fair values by directly agreeing the inputs to supporting source documents which included agreeing the inputs of the investee and comparable companies to their respective latest audited financial statements; - Assessing the historical return on equity for selected listed entities in the same sector as the investment, assessing the relationship between the returns and the traded market price and then recomputing the appropriate price to book multiple applied; - Evaluating the mathematical accuracy of the computations by reperforming the computations, including the determination of the comparable average price to book multiple used to determine fair value and comparing our computations to those determined by the Group and Company; and - Evaluating the adequacy of the disclosures made in the consolidated and separate financial statements, including disclosures of key assumptions and judgements in accordance with the requirements of *IFRS 13 Fair Value Measurement.*

Independent Auditor's Report to the Members of TransCentury PLC *(Continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

Key audit matters (continued)

Impairment of trade and other receivables in the consolidated and separate financial statements

See accounting policy Note 2(d), 4(f)(i), Note 5(a) ,Note 18 and Note 29 to the consolidated and separate financial statements

Key audit matter	How the matter was addressed in our audit
The Group trade and other receivables and the Company's intercompany receivables amounted to KShs 3,237 million and KShs 672 respectively and the expected credit losses amounted to KShs 2,029 million and KShs 3,390 million respectively as at 31 December 2020. Significant judgement is involved in assessing the recoverability of trade and other receivables and in estimating the expected credit losses (ECL) required to be recognised against the gross trade and other receivables. The key areas where we identified greater levels of management judgement and therefore increased audit focus was the determination of the historical loss rate and the application of forward-looking information to determine the ECL. We determined this area to be a key audit matter in our audit due to the significant judgments involved in determining ECL.	Our procedures in this area included: - Evaluating the Group's and Company's methodology (provisioning matrix) for measuring ECL against the requirements of *IFRS 9 Financial Instruments* to determine the appropriateness of the ECL; - Evaluating the mathematical accuracy of the provisioning matrix by agreeing the invoice dates in the aging reports used to develop the matrix to the actual invoice dates and checking the accuracy of the aging of the historical debtor invoices against the invoice dates and comparing to that used in the provisioning matrix and recalculating the historical loss rates using the debtor aging buckets. When any differences were identified, these were discussed with management and resolved; - Challenging management's assessment and inclusion of forward-looking information by evaluating the correlation between the forward-looking information and the historical loss rates; - Evaluating the adequacy of the disclosures made in the financial statements, including disclosures of key assumptions and judgements in accordance with the requirements of *IFRS 7 Financial Instruments: Disclosures.*

Valuation of investment in subsidiaries in the separate financial statements

See accounting policy Note 2(d)(v) and 2(e) and Note 15(c and d) to the separate financial statements.

Key audit matter	How the matter was addressed in our audit
The Company's investment in subsidiaries as at 31 December 2020 amounted to KShs 3,026 million. Investment in subsidiaries amounting to KShs 2,222 million were determined by the Company using the discounted cash flow method (DCF method), the remainder of the investment in subsidiaries were valued using the fair value of net assets method .	Our procedures in this area included: - Involving our in-house valuation specialists in evaluating the valuation techniques and assumptions used by the Company, in particular, those relating to the cash flow projections, growth rates, terminal values and discount rates used in the valuation model by comparing the growth rates, terminal values and discount rates used to industry trends; - Challenging the key assumption regarding projected growth rates by comparing the growth rates against historical trends, post-balance sheet performance, industry trends and availability of working capital

Independent Auditor's Report to the Members of TransCentury PLC *(Continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

Key audit matters (continued)

Valuation of investment in subsidiaries in the separate financial statements	
See accounting policy Note 2(e) and Note 15(c and d) to the separate financial statements.	
Key audit matter	**How the matter was addressed in our audit**
The discounted cash flow method involves the exercise of significant judgement and use of assumptions regarding future performance or growth rates, projected cash flows, terminal values and discount rates used to determine the present value the cash flows which are subject to significant estimation uncertainties. We determined investment in subsidiaries measured using the DCF method to be a key audit matter because of the significance of the amount and the related estimation uncertainty.	- Evaluating the appropriateness of the discount rate used by comparing the discount rate used to the average cost of capital for similar industries; and - Evaluating the appropriateness of the disclosures made in the financial statements, including key assumptions and judgements in accordance with the requirements of *IFRS 13 Fair Value Measurement.*

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Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled *"TransCentury PLC Annual Report and Financial Statements at 31 December 2020,"* but does not include the consolidated and separate financial statements and our auditor's opinion thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015 as set out below.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report to the Members of TransCentury PLC *(Continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report to the Members of TransCentury PLC *(Continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

Auditor's responsibilities for the audit of the consolidated and separate financial statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Kenyan Companies Act, 2015 we report to you, based on our audit, that in our opinion:

(i) The information in the report of the directors on pages 63 to 64 is consistent with the consolidated and separate financial statements; and

(ii) The auditable part of the Directors' Remuneration Report on pages 58 to 60, has been prepared in accordance with the requirements of the Kenyan Companies Act, 2015.

The Engagement Partner responsible for the audit resulting in this independent auditor's report is CPA Stephen Obock, Practicing Certificate No. 2384.

For and on behalf of:

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

Date: 5th September 2022

Financial Statements & Notes

FOR THE YEAR ENDED 31 DECEMBER 2020

Consolidated Statement of Profit or Loss and other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 KShs'000	2019 KShs'000
Revenue	6(a)	5,322,483	5,703,904
Cost of sales	6(c)	(3,552,410)	(3,882,786)
Gross profit		**1,770,073**	**1,821,118**
Other income	6(b)	1,128,173	1,505,523
Operating expenses	6(c)	(1,508,950)	(1,804,832)
Profit before depreciation, amortisation, impairment, finance costs and taxes		**1,389,296**	**1,521,809**
Impairment loss on trade receivables	6((e)(i))	(221,630)	(241,947)
Other impairment losses	6((e)(ii))	(56,391)	(2,933,353)
Total impairment losses		**(278,021)**	**(3,175,300)**
Depreciation and amortisation	7	(435,144)	(468,482)
Operating profit/(loss)	**7**	**676,131**	**(2,121,973)**
Exchange losses	8(a)	(543,308)	(106,210)
Interest expenses	8(b)	(1,131,097)	(957,260)
Net finance costs		**(1,674,405)**	**(1,063,470)**
Loss before income tax		**(998,274)**	**(3,185,443)**
Income tax expense	9(a)	(617,250)	(750,086)
Loss for the year		**(1,615,524)**	**(3,935,529)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial instruments at FVOCI – net change in fair value	15(d)	(82,451)	52,689
Re-measurement gain on retirement benefit plan		(1,593)	3,482
Deferred tax effect		478	(1,045)
		(83,566)	**55,126**
Items that are or may be reclassified to profit or loss			
Exchange differences on translation of foreign subsidiaries		(90,083)	50,255
		(90,083)	**50,255**
Total other comprehensive income net of income tax		**(173,649)**	**105,381**
Total comprehensive income for the year		**(1,789,173)**	**(3,830,148)**
Loss after tax is attributable to:			
Equity holders of the company		(1,193,347)	(3,979,470)
Non-controlling interest (NCI)	15(e)	(422,177)	43,941
Loss for the year		**(1,615,524)**	**(3,935,529)**
Total comprehensive income for the year is attributable to:			
Equity holders of the company		(1,451,576)	(3,897,282)
Non-controlling interest (NCI)		(337,597)	67,134
Total comprehensive income for the year		**(1,789,173)**	**(3,830,148)**
BASIC AND DILUTED (LOSS) PER SHARE (KShs)	**23(a)**	**(3.18)**	**(10.61)**

The notes set out on pages 82 to 160 form an integral part of these consolidated and separate financial statements.

Company Statement of Profit or Loss and other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 KShs'000	2019 KShs'000
Income			
Revenue	6(a)	221,668	180,267
Operating expenses	6(c)	(265,709)	(310,492)
Loss before depreciation, amortisation, impairment, finance costs and taxes		**(44,041)**	**(130,225)**
Impairment losses	6(e)	(483,317)	(1,909,335)
Depreciation and amortisation	7	(561)	(690)
Operating loss	**7**	**(527,919)**	**(2,040,250)**
Foreign exchange (loss)/ gain	8(a)	(141,148)	5,909
Finance cost	8(b)	(290,791)	(237,157)
Net finance cost		**(431,939)**	**(231,248)**
Loss before income tax		**(959,858)**	**(2,271,498)**
Income tax (expense)/credit	9(a)	(189)	337
Loss for the year		**(960,047)**	**(2,271,161)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial instruments (equity) at FVOCI – net change in fair value	15(d)	(94,996)	(3,949,191)
Other comprehensive income		**(94,996)**	**(3,949,191)**
Total comprehensive income for the year		**(1,055,043)**	**(6,220,352)**

The notes set out on pages 82 to 160 form an integral part of these consolidated and separate financial statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2020

ASSETS	Note	2020 KShs'000	2019 KShs'000
Non-current assets			
Property, plant and equipment	10	4,029,788	4,416,670
Investment property	11	220,272	220,291
Right-of-use assets	13(a)	3,761,738	3,598,935
Intangible assets	14	69,529	69,593
Quoted investments	15(a)	251	240
Unquoted investments	15(b)	283,002	365,534
Deferred tax asset	25(a)	95,717	134,711
		8,460,297	8,805,974
Current assets			
Inventories	17	965,518	1,004,457
Trade and other receivables	18(a)	3,237,024	2,191,618
Contract assets	18(b)	332,282	147,675
Tax recoverable	9(d)	242,057	438,224
Assets held for sale	12	121,108	122,529
Cash and bank balances	19(a)	330,710	296,007
		5,228,699	4,200,510
TOTAL ASSETS		**13,688,996**	**13,006,484**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	20	187,601	187,601
Share premium	21	1,873,089	1,873,089
Revenue reserves	22(a)	(15,074,580)	(13,405,520)
Translation reserve	22(b)	1,003,745	1,208,295
Fair value reserve	22(c)	63,489	145,940
Revaluation reserve	22(d)	2,314,565	2,412,764
Total equity attributable to equity holders of the company		**(9,632,091)**	**(7,577,831)**
Non-controlling interest (NCI)	15(e)	675,910	443,097
Total equity		**(8,956,181)**	**(7,134,734)**

The notes set out on pages 82 to 160 form an integral part of these consolidated and separate financial statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2020 (*Continued*)

		2020	2019
LIABILITIES	**Note**	**KShs'000**	**KShs'000**
Non-current liabilities			
Deferred tax liability	25(b)	878,761	614,057
Lease liability	13 (b)	83,691	10,978
Liability for staff gratuity	26	52,375	42,607
Preference shares	24(b)	1,213,502	1,015,458
Bond	24(a)	708,713	-
Long term loan	27	3,950,146	3,360,083
		6,887,188	5,043,183
Current liabilities			
Bank overdraft	19(a)	14,931	70,518
Tax payable	9(d)	57,589	140,502
Trade and other payables	28(a)	8,551,411	7,381,386
Contract liabilities	28(b)	27,005	592,271
Lease liability	13(b)	44,389	8,333
Unclaimed dividends		952	952
Long term loan	27	4,393,637	4,055,852
Bond	24(a)	720,534	1,623,338
Shareholder loan	24(c)	1,947,541	1,224,883
		15,757,989	15,098,035
Total liabilities		**22,645,177**	**20,141,218**
TOTAL EQUITY AND LIABILITIES		**13,688,996**	**13,006,484**

The consolidated and separate financial statements on pages 72 to 160 were approved and authorised for issue by the Board of Directors on 5th September 2022 and were signed on its behalf by:

Shaka Kariuki

Director

Nganga Njiinu

Director

The notes set out on pages 82 to 160 form an integral part of these consolidated and separate financial statements.

Company Statement of Financial Position

AS AT 31 DECEMBER 2020

ASSETS	Note	2020 KShs'000	2019 KShs'000
Non-current assets			
Property and equipment	10	198	452
Right-of-use-asset	13(a)	366	672
Quoted investments	15(a)	251	240
Unquoted investments	15(b)	283,002	360,803
Investment in subsidiaries	15(c)	3,026,040	3,043,246
Loans to subsidiaries	16	586,636	517,924
Deferred tax asset	25(a)	2,412	2,601
		3,898,905	3,925,938
Current assets			
Trade and other receivables	18	671,679	579,699
Tax recoverable	9(d)	14,482	12,108
Cash and bank balances	19(a)	573	1,940
		686,734	593,747
TOTAL ASSETS		**4,585,639**	**4,519,685**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	20	187,601	187,601
Share premium	21	1,873,089	1,873,089
Revenue reserves	22(a)	(4,773,600)	(3,813,553)
Fair value reserve	22(c)	1,548,226	1,643,222
Total equity		**(1,164,684)**	**(109,641)**
Non-current liabilities			
Long term intercompany loans	27	576,073	576,073
Lease liability	13(c)	100	403
		576,173	**576,476**
Current liabilities			
Trade and other payables	28	935,097	837,210
Lease liability	13(c)	309	298
Unclaimed dividends		952	952
Long term loan	27	3,015,361	2,632,184
Shareholder loan	24(c)	1,222,431	582,206
		5,174,150	4,052,850
Total liabilities		**5,750,323**	**4,629,326**
TOTAL EQUITY AND LIABILITIES		**4,585,639**	**4,519,685**

The notes set out on pages 82 to 160 form an integral part of these consolidated and separate financial statements.

Shaka Kariuki
Director

Nganga Njiinu
Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

The notes set out on pages 82 to 160 form an integral part of the consolidated and separate financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2019

2019:	Share capital KShs'000	Share premium KShs'000	Revaluation reserves KShs'000	Translation reserve KShs'000	Fair value reserve KShs'000	Revenue reserves KShs'000	Total KShs'000	Non-controlling interest KShs'000	Total equity KShs'000
Balance at 1 January 2019	187,601	1,873,089	2,411,631	448,953	93,251	(8,695,074)	(3,680,549)	375,963	(3,304,586)
Total comprehensive income for the year net of tax									
Loss for the year	-	-	-	-	-	(3,979,470)	(3,979,470)	43,941	(3,935,529)
Other comprehensive income									
Remeasurement of defined benefit plan	-	-	-	-	-	2,381	2,381	1,101	3,482
Deferred tax on remeasurement	-	-	-	-	-	(715)	(715)	(330)	(1,045)
Exchange differences	-	-	-	27,833	-	-	27,833	22,422	50,255
Net change in fair value of equity instruments at FVOCI	-	-	-	-	52,689	-	52,689	-	52,689
Transfer from revaluation*	-	-	1,133	(1,133)	-	-	-	-	-
Transfer to translation reserves*	-	-	-	732,642	-	(732,642)	-	-	-
Total other comprehensive income	**-**	**-**	**1,133**	**759,342**	**52,689**	**(730,976)**	**82,188**	**23,193**	**105,381**
Total comprehensive income	**-**	**-**	**1,133**	**759,342**	**52,689**	**(4,710,446)**	**(3,897,282)**	**67,134**	**(3,830,148)**
Transactions with owners of the Company									
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2019	**187,601**	**1,873,089**	**2,412,764**	**1,208,295**	**145,940**	**(13,405,520)**	**(7,577,831)**	**443,097**	**(7,134,734)**

* Relates to translation difference recognised on historical reserves for foreign denominated subsidiaries

The notes set out on pages 82 to 160 form an integral part of the consolidated and separate financial statements.

Company Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2020

2020:	Share capital KShs '000	Share premium KShs '000	Fair value reserve KShs '000	Revenue reserves KShs '000	Total KShs'000
Balance at 1 January 2020	187,601	1,873,089	1,643,222	(3,813,553)	(109,641)
Total comprehensive income					
Loss for the year	-	-	-	(960,047)	(960,047)
Other comprehensive income for the year					
Net change in fair value of equity instruments at FVOCI	-	-	(94,996)	-	(94,996)
Total comprehensive income for the year	**-**	**-**	**(94,996)**	**(960,047)**	**(1,055,043)**
Balance as at 31 December 2020	**187,601**	**1,873,089**	**1,548,226**	**(4,773,600)**	**(1,164,684)**

Company Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2019

2019:	Share capital KShs '000	Share premium KShs '000	Fair value reserve KShs '000	Revenue reserves KShs '000	Total KShs'000
Balance at 1 January 2019	187,601	1,873,089	5,592,413	(1,542,392)	6,110,711
Total comprehensive income					
Loss for the year	-	-	-	(2,271,161)	(2,271,161)
Other comprehensive income for the year					
Net change in fair value of equity instruments at FVOCI	-	-	(3,949,191)	-	(3,949,191)
Total comprehensive income for the year	**-**	**-**	**(3,949,191)**	**(2,271,161)**	**(6,220,352)**
Balance as at 31 December 2019	**187,601**	**1,873,089**	**1,643,222**	**(3,813,553)**	**(109,641)**

The notes set out on pages 82 to 160 form an integral part of the consolidated and separate financial statements.

Consolidated Statement of Cash flows

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 KShs'000	2019 KShs'000
Net cash flows from operating activities			
Loss before taxation		(998,274)	(3,185,443)
Adjustment for non-cash items	19(b)	1,842,286	2,574,359
Operating cash flow before working capital changes		**844,012**	**(611,084)**
Working capital changes:			
Trade and other receivables		(1,313,592)	(422,661)
Contract assets		(184,607)	(147,675)
Inventories		38,939	18,527
Trade and other payables		214,380	1,310,848
Contract liabilities		(565,266)	(592,271)
Cash used in operations		**(966,134)**	**(444,316)**
Income tax paid	9(d)	(3,605)	(12,277)
Gratuity paid	26	-	(2,895)
Net cash flows used in operating activities		**(969,739)**	**(459,488)**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(17,724)	(63,874)
Proceeds from disposal of non-current assets held for sale		-	44,300
Proceeds from disposal of property, plant and equipment		90,920	45,846
Net cash flows from investing activities		**73,196**	**26,272**
Cash flows from financing activities			
Proceeds from loans and borrowing	27	2,599,713	2,520,656
Repayment of loans and borrowing	27	(1,671,865)	(2,131,834)
Shareholder loan proceeds	24(c)	538,763	504,963
Shareholder loan payments	24(c)	-	(20,565)
Lease liability payments	13(c)	(27,187)	(1,867)
Lease interest paid	13(c)	(16,965)	(1,084)
Partial settlement of convertible bond	24(a)	(436,687)	(380,012)
Net cash flows from financing activities		**985,772**	**490,257**
Net increase in cash and cash equivalents		**89,229**	**57,041**
Net foreign exchange difference**		1,061	18
Cash and cash equivalents at 1 January	19(a)	225,489	168,430
Cash and cash equivalents at 31 December*	**19(a)**	**315,779**	**225,489**

*Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

** The prior year amount KShs 18,000 has be reclassified from non-cash items where it was in the prior year to conform to the current year presentation.

The notes set out on pages 82 to 160 form an integral part of these consolidated and separate financial statements.

Company Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 KShs'000	2019 KShs'000
Net cash flows (used)/from operating activities			
Loss before taxation		(959,858)	(2,271,498)
Adjustment for non-cash items	19(b)	60,772	198,346
Operating loss before working capital changes		**(899,086)**	**(2,073,152)**
Working capital changes:			
Trade and other receivables		(91,980)	1,514,970
Trade and other payables		97,887	93,198
Cash used in operations		**(893,179)**	**(464,984)**
Income tax paid	9(d)	(2,374)	(2,496)
Net cash flows used in operating activities		**(895,553)**	**(467,480)**
Cash flows from investing activities			
Loans to related parties		(68,712)	(37,488)
Interest received		41,289	39,553
Net cash flows used in investing activities		**(27,423)**	**2,065**
Cash flows from financing activities			
Shareholder loans advanced	24(c)	538,763	498,550
Bank loans received	27	383,177	206,177
Lease principle paid	13(c)	(292)	(196)
Lease interest paid	13(c)	(39)	(51)
Interest paid	8(b)	-	(237,157)
Net cash flows generated from financing activities		**921,609**	**467,323**
Net (decrease)/increase in cash and cash equivalents		**(1,367)**	**1,908**
Cash and cash equivalents at 1 January	19(a)	1,940	32
Cash and cash equivalents at 31 December	**19(a)**	**573**	**1,940**

The notes set out on pages 82 to 160 form an integral part of these consolidated and separate financial statements.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

1. REPORTING ENTITY

TransCentury PLC is a limited liability company incorporated in Kenya under the Kenyan Companies Act, 2015 and is domiciled in Kenya. The consolidated financial statements of the Company as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group"). The separate financial statements are the unconsolidated Company financial statements. The address of its registered office is as follows:

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

Where reference is made in the accounting policies to Group or Company it should be interpreted as being applicable to the consolidated or separate financial statements as the context requires. The consolidated and separate financial statements are hereinafter referred to as "the financial statements,"

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 in the manner required by the Kenyan Companies Act, 2015.

For Kenyan Companies Act, 2015 reporting purposes in these financial statements, the profit or loss is presented by the statement of profit or loss and other comprehensive income and the balance sheet by the statement of financial position. Details of the Group's and Company's accounting policies are included in Note 4.

(b) Basis of measurement

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

- Equity instruments (quoted and unquoted investments) measured at FVOCI;
- Investment property is measured at fair value;
- Items of property, plant and equipment are measured at revalued amounts; and
- Investments in subsidiaries in separate financial statements are measured at FVOCI.

(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 (KShs'000) 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.

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.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

2. BASIS OF PREPARATION (Continued)

(d) Use of judgments and estimates (continued)

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 (ii)). Judgement is also made during acquisition of subsidiaries where fair value is measured on a provisional basis.

(ii) Lease classification and determination of lease term

As lessees the Group and Company recognise a right-of-use asset and a lease liability at the lease commencement date. The Group and Company have elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases and instead recognise as an expense on a straight-line basis over the lease term. Further details on leases are captured under note 4(f). Management have also assessed the probability of renewing the lease contracts on expiry (for leases with renewal clause) and determined the appropriate incremental borrowing rate.

(iii) Employee benefits

Certain assumptions are made when estimating employee benefits liabilities under gratuity schemes (Note 4 (h)).

(iv) Taxation

Recognition of deferred tax assets requires assessment of future taxable profits against which carry forward tax losses can be used (Note 4(i)).

(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, valuation of unquoted investments etc, especially where indicators of impairment exist (Notes 5a, 6e, 10, 14,15b 15c, 18).

(vi) Recognition and measurement of contingencies

Key assumptions are made about the likelihood and magnitude of an outflow of resources (Note 33).

(vii) Revenue recognition

Revenue from construction contracts is recognised over time or at a point in time due to the nature of the work required to be performed on many of the performance obligations, the estimation of total revenue and cost of completion is complex, subject to many variables and requires significant judgment.

Variability in the transaction price arises primarily due to liquidated damages, price variation clauses, changes in scope, incentives, if any. The Group considers its experience with similar transactions and expectations regarding the contract in estimating the amount of variable consideration to which it will be entitled and determining whether the estimated variable consideration should be constrained.

The Group includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of variable consideration are based largely on an assessment of anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

2. BASIS OF PREPARATION (Continued)

(d) Use of judgments and estimates (continued)

(vii) Revenue recognition (continued)

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch-up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Statement of Profit or Loss immediately in the period in which such costs are incurred. (Note 6 (a)).

(e) Measurement of fair values

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

The Group has established control framework with respect to the measurements of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair measurements, including Level 3 fair values, and reports directly to the Group Chief Executive Officer (GCEO). Significant valuation issues are reported to the Group's Audit, Risk and Compliance Committee.

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

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

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

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

Valuation of unquoted investments and subsidiaries

For unquoted equity instruments and subsidiaries where no active market exists, the Group and Company use:

Investment in subsidiaries

- Discounted cash flow method (DCF): The discounted cash flow method is used over market multiples because it is systematically affected by market inefficiencies and capital structure differences. The DCF method also considers management views on the business' full potential and is based on the present values of future cash flows anticipated to be generated by the subsidiaries. The future cash flows are estimated based on actual results at the reporting date projected using an anticipated growth rate. The cash flows are then present valued using the weighted average cost of capital as the discount rate.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

2. BASIS OF PREPARATION (Continued)

(e) Measurement of fair values (continued)

Valuation of unquoted investments and subsidiaries (continued)

Investment in subsidiaries (continued)

- Fair Value of Net Assets Method: The fair value of the net assets in the balance sheet were obtained and used to compute the fair value. The Net Asset Value (NAV) method represents the market price as at end of the reporting period. The NAV method is used as East African Cables PLC is listed on the Nairobi Securities Exchange. Thus NAV in this case represents the market price on EAC PLC shares as at 31st Dec 2020. Cable Holdings (Kenya) Limited is East African Cables PLC's parent company.
- Adjusted market values – this is based on market price or most recent price quotations for the subsidiary adjusted for assets or liabilities if any, excluded in the quote or price.

Unquoted investments

- Price to book multiple: The approach involves assessing the historical return on equity for listed entities in the same sector, assessing the relationship between such returns and the traded market price and then assessing the appropriate comparable average price to be applied to the subject company/investment.
- The significant judgments used relate to cash flow projections, growth rates, terminal values and discount rates used in the valuation model.

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.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

2. BASIS OF PREPARATION (Continued)

Valuation of unquoted investments and subsidiaries (continued)

(f) Going concern

The Group and Company incurred a loss of KShs 1,616 million and KShs 960 million respectively during the period ended 31 December 2020 and as of that date, the Group's and Company's current liabilities exceeded its current assets by KShs 10,529 million and KShs 4,487 million respectively. In addition, the Group's and Company's total liabilities exceeded their total assets by KShs 8,956 million and KShs 1,165 million respectively.

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

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

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

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

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

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

A shareholder of the Company, Kuramo Africa Opportunity Kenyan Vehicle Limited, agreed to subordinate all shareholder loans and signed amended terms for shareholder loans amounting to KShs 1,948 million on 22 April 2022 to extend the maturity of the loans to 31 December 2022. On 2 September 2022, the shareholder extended the subordination to 30 September 2023.

Initiatives implemented after 31 December 2020 to mitigate liquidity risks

The bond which was due on demand with a carrying amount of KShs 1,429 million was restructured and repayment spread over three years to 15 July 2022.

The Group through its subsidiaries is negotiating with its lenders to obtain a working capital facility of KShs 1,961 million to support working capital requirements and expects increased production and activity in the subsidiaries.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

2. BASIS OF PREPARATION (Continued)

(f) Going concern (continued)

Equity raising initiatives

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

(i) Debt restructure and working capital funding

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

(ii) Disposal of non-operating assets

The Group is in the process of disposing some of its non-operating assets to generate operating cash flows. The table below summarizes the assets and the status of each.

	Asset	Expected proceeds (KShs M)	Timing	Status
1	Property and assets in Mombasa, Kenya	700	31 December 2022	Valuation process completed; awaiting sale offers following conclusion of the exercise
2	Properties in Uganda	400	31 December 2022	No sale offer received
	Total	1,100		

(iii) Assignment of projects

The Group through its subsidiary, Civicon Limited, has banking facilities held at Equity Bank comprising of performance bonds and advance payment guarantees issued for construction projects. During the period between January 2020 and December 2021, the Group has reduced these facilities from KShs 1 billion to KShs 789 million, following recoveries from commissions due to Civicon on the assigned projects.

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

These events and conditions indicate that a material uncertainty exist that may cast significant doubt on the Group's and Company's ability to continue as a going concern.

The directors having considered the initiatives above and information at hand, are confident that the going concern assumption is appropriate in the preparation of these audited consolidated and separate financial statements. The audited consolidated and separate financial statements have therefore been prepared based on accounting policies applicable to a going concern which presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities will occur in the ordinary course of business.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

2. BASIS OF PREPARATION (Continued)

(f) Going concern (continued)

Equity raising initiatives (continued)

(iii) Assignment of projects (continued)

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

3. BASIS OF CONSOLIDATION

(a) Business combinations

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

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

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

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

(b) 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.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

3. BASIS OF CONSOLIDATION (Continued)

(b) Subsidiaries (continued)

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

Subsidiary	Country of incorporation	2020 %	2019 %
		Audited	Audited
Cable Holdings (Kenya) Limited	Kenya	100	100
East African Cables PLC	Kenya	68.4	68.4
East African Cables Tanzania Limited*	Tanzania	35.2	35.2
AEA Limited	Kenya	94.4	94.4
TransCentury Holdings (Pty) Limited	South Africa	100	100
Kewberg Cables & Braids Proprietary South Africa Limited	South Africa	100	100
Tanelec Limited	Zambia	56	56
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	100	83.5
Civicon DRC Holdings Limited	Mauritius	100	100
Cableries du Congo Sarl	Democratic Republic of Congo	100	100

*The Group through its subsidiary East African Cables PLC owns 51% of East African Cables Tanzania Limited as follows: TransCentury PLC owns 68% of East African Cables PLC which owns 51% of East African Cables Tanzania Limited (0.68*0.51=0.34884).

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

(c) Non-controlling interests

Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. When the proportion of the equity held by non-controlling interests' changes, the Group adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The Group recognises directly in equity any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received, and attribute it to the owners of the parent.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

3. BASIS OF CONSOLIDATION(Continued)

(d) 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.

(e) 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.

4. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Revenue recognition

Revenue from sale of goods and provision of services is recognized in the profit or loss when the control over goods or services has been transferred to the buyer, the customer has accepted the product and recoverability of the related receivables is reasonably assured. Revenue represents the fair value of the consideration receivable for sale of goods and provision of services and is stated net of value-added tax (VAT), rebates, returns and discounts.

The Group and Company applied IFRS 15 Revenue from Contracts with Customers as required. The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Groups performs; or the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.
- For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which performance obligation is satisfied.

When the Group satisfied a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) 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 foreign foreign subsidiaries that are recognised in other comprehensive income.

(ii) Foreign operations

The consolidated financial statements are presented in Kenya Shillings, which is the Group's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

As at the reporting date, the assets and liabilities of foreign subsidiaries are translated into Kenya Shillings at the rate of exchange ruling at the reporting date, and their Statement of profit or loss and other comprehensive income are translated at the weighted average exchange rates for the period. Exchange differences arising on translation are recognised in other comprehensive income and accumulated in equity in the translation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised through other comprehensive income into profit or loss.

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

(c) Property, plant and equipment

Items of property, plant and equipment are stated initially at historical cost. Subsequently, property, plant and equipment are measured at historical costs less accumulated depreciation and impairment losses. Other than freehold land, buildings, plant and machinery that are subsequently carried at revalued amounts less accumulated depreciation and impairment losses.

The revaluation is performed by a professional valuation expert after every five years, and the resulting surplus is recognised in other comprehensive income (OCI) and accumulated in equity under the revaluation reserve. A revaluation increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Any revaluation deficits are recognised in profit or loss unless there exists a credit in the revaluation reserve for that asset, in which case they are recognised in OCI.

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

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

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment (continued)

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

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

- Freeholdbuildings	2% – 5%
- Buildings	2% or over the lease period if shorter than 50 years on acquisition
- Plant, machinery and equipment	5% - 13%
- Furniture, fixtures, fittings, motor vehicles and computers	12.5% - 33%
- Heavy Commercial Vehicles	37.5%
- Right of use asset	Over lease period or useful life is shorter

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

(d) Investment property

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

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

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

(e) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company and Group use the definition of a lease in IFRS 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company and Group allocate the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company and Group have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Leases (continued)

(i) As a lessee (continued)

The Group and Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Subsequently, the right of use asset relating to leasehold land is measured at revalued amounts less accumulated depreciation and impairment while other right of use asset are subsequently carried at historical cost less accumulated depreciation and impairment. Revaluation is carried out at least after every five years.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group and Company by the end of the lease term or the cost of the right-of-use asset reflects that the Group and Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group and Company use the incremental borrowing rate as the discount rate.

The Group and Company determine their incremental borrowing rate by obtaining interest rates from various external financing sources and make certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group and Company are reasonably certain to exercise, lease payments in an optional renewal period if the Group and Company are reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group and Company are reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's and Company's estimate of the amount expected to be payable under a residual value guarantee, if the Group and Company change their assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group and Company present right-of-use assets that do not meet the definition of investment property and lease liabilities as separate lines in the statement of financial position.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Leases (continued)

Short-term leases and leases of low-value assets

The Group and Company have elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group and Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group and Company allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group and Company act as a lessor, they determine at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and Company make an overall assessment of whether the lease transfer substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group and Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group and Company are intermediate lessors, they account for their interests in the head lease and the sub-lease separately. They assess the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group and Company apply the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group and Company apply IFRS 15 to allocate the consideration in the contract.

The Group and Company apply the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group and Company further regularly review estimated unguaranteed residual values used in calculating the gross investment in the lease.

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

Generally, the accounting policies applicable to the Group and Company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

(f) Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

The Group and Company recognise loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Impairment (continued)

(i) Non-derivative financial assets (continued)

The Group and Company assume that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. The Group and Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Financial instruments and contract assets

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). Under the ECL model, the Group and Company calculate the allowance for credit losses for trade and other receivables using a provisioning matrix by determination of the historical loss rates through the debtor aging buckets and adjusting the loss rates with the impact if any, of forward-looking information to obtain adjusted historical loss rates that is applied to outstanding receivables at the reporting date to determine ECL.

At each reporting date, the Group assesses whether financial assets and contract assets carried at amortised cost and debt securities at Fair Value Through Other Comprehensive Income (FVOCI) are credit impaired.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset has occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Group and Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in Other Comprehensive Income (OCI).

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Impairment (continued)

(i) Non-derivative financial assets (continued)

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group and Company expect no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and Company's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's and Company's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. Goodwill is tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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

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

(g) Inventory

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

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

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

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Employee benefits

(i) Defined contribution plans

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

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

(ii) Staff gratuity

Unionisable staff for East African Cables PLC, Tanelec Limited and Civicon Limited are eligible to gratuity upon retirement based on the terms stipulated in the respective Collective Bargaining Agreements. These are provided to eligible employees based on each employee's length of service with the Group, as provided for in the Collective Bargaining Agreement. The Group also provides for long service award to staff based on length of service.

The cost of providing service gratuity which is considered as defined benefit plan is determined by a professional actuary using the projected unit credit method at the end of each reporting period.

Re-measurements comprising of actuarial gains and losses are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings though other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined benefit in profit or loss as:

- Service costs comprising of current service costs recognised in profit or loss under cost of sales.
- Net interest expense or income recognised in profit or loss under cost of sales.

(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 trade and other payables.

(iv) Termination benefits

Termination benefits are recognised as an expense when the Group and Company are 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.

(i) Taxation

Tax on the operating results for the year comprises current tax and change in deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate 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.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Taxation (continued)

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;
- temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax; 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.

(j) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise of cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

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.

(k) Share capital

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects are recognised as a deduction to equity. Any premium received over and above the par value of the shares is classified as “share premium” in equity.

(l) Earnings per share

The Group and Company present basic and diluted earnings per share (EPS) data for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(m) Related party transactions

The Group and Company disclose 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 on ordinary shares are treated as a separate component of equity and are subject to approval at the annual general meeting.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments

Financial instruments include balances with banks, trade and other receivables, balances due from and to related parties, loans receivable or payable, shareholders loan, bond and trade and other payables.

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

A financial instrument is a contract that gives rise to both a financial asset for one enterprise and a financial liability of another enterprise.

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Business model assessment

The Group and Company make an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group and Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets – Business model assessment (continued)

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(p) Assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale or distribution than through continuing use are classified as held for sale or distribution. Immediately before classification as held for sale or distribution the assets or components of a disposal group are measured in accordance with the Group's accounting policies. Thereafter generally the assets or disposal group are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill and then to the remaining assets and liabilities on a pro rata basis.

Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. Once classified as held for sale or distribution, assets are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(q) 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 and NCI at proportionate value. 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 for a period of 3 to 5 years.

(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) Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Group organizes its activity by business division and these are defined as the Group's reportable segments. The two business segments are Power and Engineering (see Note 30).

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) New standards, amendments, and interpretations

i) New standards, amendments and interpretations adopted during the year

The Group and the Company have adopted the following new standards, amendments to standards during the year ended 31 December 2020 including consequential amendments to the standards with the date of initial application by the Group and Company being 1 January 2020:

Standard	Effective date
– Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
– Amendments to references to the Conceptual Framework in IFRS Standards	1 January 2020
– Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	1 January 2020
– Definition of a business (Amendments to IFRS 3)	1 January 2020
– COVID-19-Related Rent concessions (Amendment to IFRS 16)	1 June 2020

The above new standards did not have material impact on the financial statements of the Group and Company.

ii) New standards, amendments and interpretations issued but not effective for the year ended 31 December 2020

A number new standards, amendments to standards and interpretations are not effective for year ended 31 December 2020 of and have not been applied in preparing these financial statements. The Company and Group do not plan to adopt these standards early. These are not expected to have a significant impact on the financial statements of the Company and Group. These are summarised below:

Standard	Effective date
- Interest rate benchmark reform-phase 2 (Amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16)	1 January 2021
- COVID-19-Related Rent Concessions – (Amendment to IFRS 16)	1 June 2021
- Annual improvements to IFRS standards 2018-2020	1 January 2022
- References to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
- Onerous Contracts, Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
- Classification of Liabilities as Current or Non-current (Amendments IAS 1)	1 January 2023
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
- Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2).	1 January 2023

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) New standards, amendments, and interpretations (continued)

ii) New standards, amendments and interpretations issued but not effective for the year ended 31 December 2020 (continued)

Standard	Effective date
- Definition of Accounting Estimate (Amendments to IAS 8).	1 January 2023
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – (Amendments to IAS 12 Income Taxes)	1 January 2023
- Sale or Contribution of Assets between an Investor and its Associate or Company (Amendments to IFRS 10 and IAS 28).	Optional

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Group and Company have exposure to the following risks from their 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:

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Loans to subsidiaries (Note 16)	-	-	586,636	517,924
Trade receivables (Note 18(a))	2,596,300	1,841,794	-	-
Sundry receivables	499,371	173,510	55,697	52,264
Contract assets (Note 18(b))	332,282	147,675	-	-
Staff debtors (Note 18(a))	1,925	9,052	109	303
Due from related parties (Note 18)	-	-	615,873	527,132
Bank balances (Note 19)	330,450	294,886	513	1,685
	3,760,328	**2,466,917**	**1,258,828**	**1,099,308**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (continued)

Impairment losses

Trade receivables & intercompany receivables

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

	Trade receivables		Intercompany receivables	
	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Not past due	570,726	889,148	156,434	566,878
Past due 0 – 90 days	521,933	728,390	136,680	135,222
Past due 91 – 365 days	1,405,642	344,655	279,169	176,068
More than one year	2,126,643	1,903,639	3,433,819	2,555,906
	4,624,944	3,865,832	4,006,132	3,434,074
Net impairment	(2,028,644)	(2,024,038)	(3,390,259)	(2,906,942)
	2,596,300	**1,841,794**	**615,873**	**527,132**

Management believes that the unimpaired amounts that are past due are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings.

Loss rates are based on actual credit loss experience over the past 24 months, current conditions plus the Group's view of economic conditions such as inflation, commercial bank interest rates and growth in the economy's gross domestic product.

The Group and Company considered whether the borrowers would repay the loan amounts if demanded at the reporting date as well as the expected manner of recovery to measure the expected credit loss. Where the recovery strategies indicate that the Group and Company would fully recover the outstanding balance of the loan, the expected credit loss is limited to the effect of discounting if the amount is not interest free. The Group impairment loss amounting to KShs. 221,630 was recorded in the year (2019: Kshs. 241,947). While the Company impairment loss of KShs. 483,317 was recorded in the year (2019: Kshs. 1,909,335).

Cash and cash equivalents

The Group and Company held cash and bank balances of KShs 330,710,000 and KShs. 573,000 respectively (2019 - Group - KShs. 296,007,000 and Company - KShs. 1,940,000). The cash and bank balances are held with banks and financial institution counterparties, which are rated between A1 to Ba1, based on GCR, S&P and Moody's ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group and Company consider that their cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (continued)

Movement in allowance for impairment

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

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Balance at 1 January	2,024,038	1,970,474	2,906,942	997,607
Impairment losses				
- trade and other receivables	221,630	241,947	-	-
- due from related parties	-	-	483,317	1,909,335
Sub-Total	**221,630**	**241,947**	**483,317**	**1,909,335**
Bad debt write back	(217,024)	(188,383)	-	-
Balance at 31 December	**2,028,644**	**2,024,038**	**3,390,259**	**2,906,942**

(b) Liquidity risk

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

The Group and Company have access to a diverse funding base. Funds are raised mainly from shareholders, strategic investors, banks and own internal resources.

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

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

In addition, the Group and Company hold a portfolio of liquid assets as part of their liquidity risk management strategy.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk (continued)

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

Consolidated

2020:	Due on demand KShs'000	1-3 months KShs'000	3-12 months KShs'000	1-5 years KShs'000	Total KShs'000
Liabilities:					
Long term loans	5,198,375	429,917	329,243	2,386,248	8,343,783
Interest payable on term loans, bonds, shareholder loans and lease liability	466,093	198,939	552,697	1,430,481	2,648,210
Preference shares	-	-	-	1,571,763	1,571,763
Bond	-	-	720,534	708,713	1,429,247
Bank overdraft	14,931	-	-	-	14,931
Shareholder loan	-	-	1,947,541	-	1,947,541
Lease liability	-	-	44,389	83,691	128,080
Unclaimed dividends	952	-	-	-	952
Trade payables	8,551,411	-	-	-	8,551,411
Total financial liabilities	**14,231,762**	**628,856**	**3,594,404**	**6,180,896**	**24,635,918**

Consolidated

2019:	Due on demand KShs'000	1 - 3 months KShs'000	3 - 12 months KShs'000	1 - 5 years KShs'000	Total KShs'000
Liabilities:					
Long term loans	-	3,470,367	585,485	3,360,083	7,415,935
Interest payable on loans	490,311	31,699	164,644	926,889	1,613,543
Preference shares	-	-	-	1,015,458	1,015,458
Bond	-	-	1,623,338	-	1,623,338
Bank overdraft	70,518	-	-	-	70,518
Shareholder loan	-	-	1,224,883	-	1,224,883
Trade and other payables	7,381,386	-	-	-	7,381,386
Lease liabilities	-	1,103	3,308	31,468	35,879
Unclaimed dividends	952	-	-	-	952
Total financial liabilities	**7,943,167**	**3,503,169**	**3,601,658**	**5,333,898**	**20,381,892**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk (continued)

Company

2020	Due on demand	1 - 3 months	3 - 12 months	1 - 5 years	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Liabilities:					
Long term loans	3,015,361	-	-	-	3,015,361
Shareholder loan	-	-	1,222,431	-	1,222,431
Interest payable on loans	466,093	54,230	156,084	101,908	778,314
Trade and other payables	470,406	-	-	-	470,406
Lease liability	-	-	309	100	409
Unclaimed dividends	952	-	-	-	952
Total financial liabilities	**3,952,812**	**54,230**	**1,378,824**	**102,008**	**5,487,873**

Company

2019	Due on demand	1 - 3 months	3 - 12 months	1 - 5 years	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Liabilities:					
Long term loans	-	2,632,184	-	576,073	3,208,257
Shareholder loan	-	-	582,206	-	582,206
Interest payable on loans	429,269	25,181	76,523	94,428	625,401
Trade and other payables	837,210	-	-	-	837,210
Lease liability	-	82	248	468	798
Unclaimed dividends	952	-	-	-	952
Total financial liabilities	**1,267,431**	**2,657,447**	**658,977**	**670,969**	**5,254,824**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

5. 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 and Company are exposed to currency risk through transactions in foreign currencies. The Group and Company's transactional exposure 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 foreign currencies expressed in Kenya Shillings:

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Loans to subsidiaries	-	-	586,636	517,924
Cash and bank balances	22,829	294,886	-	1,940
Unquoted investments	283,002	397,198	283,002	422,029
Due from related parties	-	-	615,873	2,333,583
Due to related parties	-	-	(464,690)	(460,383)
Preference shares	(1,213,502)	(1,015,458)	-	
Bond	(1,429,247)	(1,623,338)	-	-
Bank overdraft	(3,838)	(70,518)	-	-
Bank loans	(5,186,220)	(7,415,935)	(3,591,434)	(2,632,185)
Net statement of financial position exposure	**(7,526,976)**	**(9,433,165)**	**(2,570,613)**	**182,908**

The following significant exchange rates applied during the year:

	Closing rate		Average rate	
	2020 KShs	2019 KShs	2020 KShs	2019 KShs
USD	109.17	101.34	110.59	102.01
TShs	21.24	22.68	20.97	22.63
UShs	33.38	36.17	33.16	36.32
ZAR	7.46	7.19	7.41	7.06

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar, TShs, UShs or ZAR against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Consolidated

	Profit or loss		Equity, net of tax	
	Strengthening KShs '000	Weakening KShs '000	Strengthening KShs '000	Weakening KShs '000
31-Dec-20				
USD (10% movement)	(779,443)	779,443	(545,610)	545,610
TShs (10% movement)	2,283	(2,283)	1,598	(1,598)
UShs (10% movement)	(3,838)	3,838	(2,687)	2,687
ZAR (10% movement)	28,300	(28,300)	19,810	(19,810)
31-Dec-19				
USD (10% movement)	(895,236)	895,236	(626,665)	626,665
TShs (10% movement)	(7,052)	7,052	(4,936)	4,936
UShs (10% movement)	(70,518)	70,518	(49,363)	49,363
ZAR (10% movement)	29,489	(29,489)	20,642	(20,642)

Company

	Profit or loss		Equity, net of tax	
	Strengthening KShs '000	Weakening KShs '000	Strengthening KShs '000	Weakening KShs '000
31-Dec-20				
USD (10% movement)	(257,004)	257,004	(179,903)	179,903
31-Dec-19				
USD (10% movement)	(18,290)	18,290	(12,803)	12,803

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Market risk (continued)

(ii) Interest rate risk

The Group's and Company's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets (including investments) and interest-bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimising net interest income, given market interest rates levels consistent with the firm's business strategies.

The tables below summarize the interest rate profile of the Group's and Company's interest-bearing financial assets and liabilities:

Consolidated

	Effective interest rate (%)		2020	2019
	2020	2019	KShs'000	KShs'000
Variable-rate instruments				
Bank loans	10.6%	10.7%	8,343,783	7,415,935
Bank overdraft	9.0%	9.2%	14,931	70,518
			8,358,714	**7,486,453**
Fixed-rate instruments				
Bond	8.0%	8.0%	1,429,247	1,623,338
Preference shares	4.9%	4.9%	1,213,502	1,015,458
Shareholder loan	7.0%	7.0%	1,947,541	1,224,883
			4,590,290	**3,863,679**
			12,949,004	**11,350,132**

Company

	Effective interest rate (%)		2020	2019
	2020	2019	KShs'000	KShs'000
Variable-rate instruments				
Bank loans	10.0%	10.0%	3,015,361	2,632,184
Fixed-rate instruments				
Shareholder loan	7.0%	7.0%	1,222,431	582,206

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis for variable interest-bearing liabilities

A change in ten percent (10%) in interest rates at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Effect in Kenya Shillings (KShs)	Statement of profit or loss and other comprehensive income			
	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Variable-rate instruments	835,871	748,645	301,536	263,218
Fixed-rate instruments	459,029	386,368	122,243	58,221
	1,294,900	**1,135,013**	**423,779**	**321,439**

A change in ten percent in interest rates at the reporting date would have had an equal but opposite effect on the profit or loss, on the basis that all other variables remain constant.

The interest rate on the convertible bond and shareholder loan is fixed at 8% and 7% respectively hence changes in market rates would not have an impact on profit or loss. These instruments are measured at amortised cost and therefore a movement in interest rate would not impact the carrying value.

(iii) Market price risk

The Group is exposed to equity price risk which arises from quoted equity financial instruments at the Nairobi Securities Exchange (NSE). The fair values of quoted investments have been disclosed at Note 15(a).

Sensitivity analysis to equity price risk

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

(d) Capital management

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

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the Group's approach to capital management during the year. Neither the Group nor any of its subsidiaries are subject to externally imposed capital requirements.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Fair values for financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The long-term loans are subject to variable interest rates and as such reprice with changes in market rates.

The Group and Company have not disclosed the fair values for short-term financial instruments such as trade receivables, cash and bank balances, overdrafts, and trade payables as their carrying amounts are a reasonable approximation of fair values. The bank loans in Note 27 are at market rates hence the carrying amount approximates to their fair values. The Group and Company have not disclosed the fair values of bonds, preference shares and shareholders loans. However, the carrying amounts approximates the fair values. The carrying amounts and fair values of the remaining non-current financial assets and non-current financial liabilities are disclosed below.

(f) Valuation hierarchy

The fair values of financial assets and financial liabilities measured at fair values were determined as follows:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Quoted investments	Prices quoted at Nairobi Securities Exchange	None	Not applicable
Unquoted investments	The entity's unquoted investments include investments in: - Development Bank of Kenya – The Price to Book multiple approach valuation technique was used.	Marketability discount of 15% and Enterprise Value (EV)/ Net Asset Value (NAV) multiple of 0.63x (2019,0.63x)	- Increase/(decrease) in marketability discount results in (decrease)/ increase in the fair value of the investment - Increase/(decrease) in the EV/NAV multiple results in an increase/(decrease) in the fair value of the investment.

The valuation techniques and significant unobservable inputs for fair values of investment in subsidiaries are shown on note 15 (c) and 15 (d).

The fair values for the financial assets as at 31 December 2020 and 31 December 2019 are as follows (these have been disclosed at Note 15):

Consolidated

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

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(f) Valuation hierarchy (continued)

Consolidated

Level 1	Level 2	Level 3	Total	
	KShs'000	KShs'000	KShs'000	KShs'000
31 December 2019:				
Quoted investments	240	-	-	240
Unquoted investments	-	-	365,534	365,534
Total assets	**240**	**-**	**365,534**	**365,774**

Company

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

Company

Level 1	Level 2	Level 3	Total	
	KShs'000	KShs'000	KShs'000	KShs'000
31 December 2019:				
Quoted investments	240	-	-	240
Unquoted investments	-	-	360,803	360,803
Investment in subsidiaries	-	-	3,043,246	3,043,246
Total assets	**240**	**-**	**3,404,049**	**3,404,289**

The valuation techniques and fair value hierarchy for non-financial assets have been disclosed in Notes 10 and 11.

6. REVENUE, OTHER INCOME AND EXPENSES

(a) Revenue

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Sale of goods	3,991,663	3,853,957	-	-
Rendering of services	1,028,648	780,986	-	-
Construction contract revenue	302,172	1,068,961	-	-
Dividends	-	-	30,442	27,862
Interest income (Note 29(c))	-	-	41,289	39,553
Technical fees (Note 29(d))	-	-	149,937	112,852
	5,322,483	**5,703,904**	**221,668**	**180,267**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

6. REVENUE, OTHER INCOME AND EXPENSES (Continued)

(a) Revenue (continued)

Revenue is measured based on the consideration specified in a contract with a customer. The Group and Company recognise revenue when control over a good or service is transferred to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Sale of goods Goods sold include: - Electric cables - Transformers - Conductors - Generators - Spare parts	Customers obtain control of products when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 60 days.	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises.
Construction contracts Construction projects include: - Manufacturing plants - Warehouses - Prefabricated buildings	The Group builds manufacturing plants, storage units and warehouses based on the prescribed designs. Most projects commence on receipt of a prepayment from a customer and its length depends on the complexity of the design. Projects may be completed in a year or may span through several years.	Revenue is recognised over time based on the cost-to-cost method. The related costs are recognised in profit or loss when they are incurred. Revenue earned in excess of certification are classified as contract assets Advances received are included in contract liabilities.
Rendering of services Services rendered include: - Civil engineering - Mechanical engineering - Transportation	Invoices for repair and maintenance services are issued periodically and are usually payable within 30 days.	Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on work performed. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative stand-alone selling prices. The stand-alone selling price is determined based on the list prices at which the Group sells the services in separate transactions.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

6. REVENUE, OTHER INCOME AND EXPENSES (Continued)

(a) Revenue (continued)

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Investment income Includes: -		
- Dividend income	Dividend income arises from Company investments from subsidiaries companies or associates' companies or quoted investments.	Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.
- Interest income	Interest income arises from Company lending money to subsidiaries as loans.	Interest income is accrued using the effective interest rate method, by reference to the principal outstanding and the interest rate applicable.
- Technical fees	Technical fees relate to technical and professional and advisory services provided by holding company to the operating units.	Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on work performed.

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The amount of contracts assets is KShs 332,282,000 (2019 – 147,675,000).

Contract liabilities primarily relate to the advance consideration received from customers for construction work, for which revenue is recognised over time. The amount of deferred revenue is KShs 27,005,000 (2019 – KShs 592,271,000).

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

This will be recognised as revenue when the construction performance obligation are met, which is expected to occur within the next 12 months. No information is provided about remaining performance obligations at 31 December 2020 or at 31 December 2019 that have an original expected duration of one year or less, as allowed by IFRS 15.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

6. REVENUE, OTHER INCOME AND EXPENSES (Continued)

(b) Other income/(loss)

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Gain/(loss) on sale of property	67,677	(21,581)	-	-
Gain on sale of assets held for sale	-	20,029	-	-
Fair value of investment property	3,000	(71,941)	-	-
Sale of scrap	8,472	6,340	-	-
Rental income	36,472	9,977	-	-
Reversal of accruals	955,644	-	-	-
Sundry income	56,908	62,071	-	-
Loan forgiven (Note 27)	-	1,500,628	-	-
	1,128,173	**1,505,523**	**-**	**-**

(c)Expenses by nature

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Cost of sales:				
Raw materials	2,283,202	2,593,796	-	-
Direct staff costs	264,982	576,522	-	-
Licences, insurance and permits	6,021	156,596	-	-
Equipment hire	3,273	12,259	-	-
Subcontracting	131,991	44,581	-	-
Service costs	775,078	18,280	-	-
Freight	38,751	-	-	-
Machinery repairs and maintenance	25,226	22,381	-	-
Utility expenses	15,001	-	-	-
Manufacturing and packaging	1,540	-	-	-
Inventory obsolescence	7,345	6,646	-	-
Others	-	451,725	-	-
	3,552,410	**3,882,786**	**-**	**-**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

6. REVENUE, OTHER INCOME AND EXPENSES AND IMPAIRMENT (Continued)

(c) Expenses by nature (continued)

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Operating expenses:				
Staff costs	640,037	700,738	166,849	181,051
Legal and professional fees	159,562	398,250	9,583	30,848
Office expenses	359,464	466,907	60,277	61,698
Establishment and site expenses	103,269	10,038	-	-
Directors fees (Note 29(a))	74,660	71,798	17,360	17,840
Travel expenses	16,869	28,964	2,307	7,249
Utility fees	73,053	57,662	-	-
Distribution expenses	28,860	19,643	-	-
Audit fees	33,466	31,230	9,333	6,414
Repairs and maintenance	19,710	14,306	-	96
Facility & arrangement fee	-	5,296	-	5,296
	1,508,950	**1,804,832**	**265,709**	**310,492**

(d) Staff costs

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Wages and salaries	853,908	1,245,740	157,055	170,844
Social security contributions	21,388	2,624	51	52
Contribution to defined benefit plan	28,771	28,481	9,743	10,155
Other staff costs	952	415	-	-
	905,019	**1,277,260**	**166,849**	**181,051**
Presented in profit or loss as follows:				
Cost of sales	264,982	576,522	-	-
Operating expenses	640,037	700,738	166,849	181,051
	905,019	**1,277,260**	**166,849**	**181,051**

(e) Impairment losses

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
(i) Impairment loss on trade receivables				
Impairment loss on trade receivables and intercompany loans (Note 5(a))	**221,630**	**241,947**	**483,317**	**1,909,335**
(ii) Other Impairment losses				
Fair value loss on investment property	14,282	-	-	-
Prepayments	-	39,716	-	-
Property plant and equipment (Note 10)	42,109	123,453	-	-
Intangible assets (Note 14)	-	2,770,184	-	-
	56,391	**2,933,353**	**-**	**-**
	278,021	**3,175,300**	**483,317**	**1,909,335**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

7. OPERATING LOSS

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Operating loss is arrived at after charging/(crediting):				
Depreciation of PPE (Note 10)	299,675	375,983	254	465
Depreciation of ROU asset (Note 13)	131,545	88,100	307	225
Amortisation of intangible assets (Note 14)	3,924	4,399	-	-
Total depreciation and amortisation	**435,144**	**468,482**	**561**	**690**
Directors' emoluments (Note 29(a))	135,964	107,453	52,835	53,315
Auditors remuneration - current year	31,608	31,230	7,475	6,414
- prior year	1,858	-	1,858	-
Gain/(loss) on disposal of property, plant and equipment	67,677	(21,581)	-	-
Loan forgiven		(1,500,628)	-	-
Impairment losses:				
- Trade and other receivables	221,630	241,947	-	-
- Inventory	1,493	3,323	-	-
- Due from related parties	-	-	483,317	1,909,335

8. NET FINANCE COSTS

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
(a) Foreign exchange losses				
(Loss)/gain	**(543,308)**	**(106,210)**	**(141,148)**	**5,909**
(b) Finance costs				
Interest on convertible bond	(118,605)	(143,825)	-	-
Interest on leases	(6,820)	(1,084)	(39)	(51)
Interest on loans	(1,005,672)	(812,351)	(290,752)	(237,106)
	(1,131,097)	(957,260)	(290,791)	(237,157)
Net finance costs (a+b)	**(1,674,405)**	**(1,063,470)**	**(431,939)**	**(231,248)**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

9. INCOME TAX

(a) Income tax (credit)/expense

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Amounts recognised in profit or loss				
Current tax:				
Charge for the year at 25% (2019: 30%)	379,640	178,385	-	-
Deferred tax (credit)/ expense:				
Current year (Note 25(c))	165,864	552,000	189	(337)
Prior year under/(over) provision (Note 25(c))*	71,746	19,701	-	-
	237,610	571,701	-	(337)
	617,250	**750,086**	**189**	**(337)**

* Derecognition of previously recognised deductible temporary differences.

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Amounts recognised in other comprehensive income				
Arising from:				
Defined benefits	(478)	1,045	-	-
	(478)	**1,045**	**-**	**-**

(b) Reconciliation of effective tax rate

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

Consolidated

	2020 Rate	2020 KShs'000	2019 Rate	2019 KShs '000
Accounting loss before tax		**(998,274)**		**(3,073,176)**
Tax at the domestic rate of	25%	(249,569)	30%	(921,953)
Prior years' under provision:				
- Deferred tax	(7)%	71,746	(1%)	19,701
Effect of taxes in foreign jurisdictions*	(28%)	283,633	(8.5%)	263,080
Movement in deferred tax not				
Recognised (Note 9(c))	(34%)	336,629	(22%)	713,344
Tax effect of non-deductible expenses	(21%)	211,871	(18%)	581,537
Effect of change in tax rates**	2%	(37,060)	(3%)	94,377
Income tax Income tax expense	**(26%)**	**617,250**	**18%**	**750,086**

*TransCentury Holdings Proprietary Limited and Kewberg & Braids Proprietary South Africa Limited operate in South Africa where corporate taxes are 28%. TC Mauritius Holdings Limited, Cable Holdings Mauritius Limited, TC Railway Holdings Limited and Safari Rail Company Limited operate in Mauritius where the corporate tax rate is 15%. Certain subsidiaries of TC Mauritius Holdings Limited operate in South Sudan where tax bands range between 10% and 25%.

** The Kenya government lowered the applicable tax rates to 25% in year 2020 from 30% in year 2019.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

9. INCOME TAX (Continued)

(b) Reconciliation of effective tax rate (continued)

Company

	2020 Rate	2020 KShs'000	2019 Rate	2019 KShs'000
Accounting loss before tax	-	**(959,858)**	-	**(2,271,498)**
Tax at the domestic rate of	25%	(239,964)	30%	(681,449)
Effect on changes in tax rates	(2%)	17,268	-	-
Movement in deferred tax not recognised (Note 9(c))	(20%)	188,457	(15%)	345,373
Tax effect of non-deductible expenses	(4%)	34,428	(15%)	335,739
Income tax expense		**189**	-	**(337)**

The directors believe that the accruals for tax liabilities are adequate for all open tax years based on their assessment of many factors, including interpretations of tax law and prior year experience.

(c) Movement in unrecognised deferred tax

Consolidated

2020:

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

Consolidated

2019:

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

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

9. INCOME TAX (Continued)

(c) Movement in unrecognised deferred tax (continued)

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

Tax losses in Uganda, Mauritius and Sudan expire within 5 years. Under the current tax regulations, the expiry dates of tax losses carried forward at 31 December 2020 were as follows:

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

Company

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

Company

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

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

9. INCOME TAX (Continued)

(c) Movement in unrecognised deferred tax (continued)

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

Under the current tax regulations tax losses calculated under the tax rules may be carried forward against income from the same source indefinitely. The aging of tax losses as at 31 December 2020 was as follows:

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

(d) Tax recoverable/payable account

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Balance as at 1 January	297,722	407,311	12,108	9,612
Current tax charge	(379,640)	(178,386)	-	-
Paid during the year	3,605	12,277	2,374	2,496
Foreign exchange translation differences	262,781	56,520	-	-
Balance as at 31 December	**184,468**	**297,722**	**14,482**	**12,108**
Comprising:				
Current tax recoverable	242,057	438,224	14,482	12,108
Current tax payable	(57,589)	(140,502)	-	-
Balance as at 31 December	**184,468**	**297,722**	**14,482**	**12,108**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

10. PROPERTY, PLANT AND EQUIPMENT

Consolidated

2020:	Heavy commercial vehicles KShs'000	Free hold land and buiding KShs'000	Plant and machinery KShs'000	Motor Vehicles KShs'000	Furniture, fittings and equipment KShs'000	Work in progress KShs'000	Total KShs'000
Cost/valuation:							
At 1 January 2020	2,306,655	2,631,923	3,326,424	464,111	302,973	243,195	9,275,281
Additions	-	997	7,949	1,209	5,073	2,496	17,724
Transfer from WIP	-	3,097	47,788	-	97	(50,982)	-
Disposals	(98,999)	-	(28,375)	(5,573)	(556)	-	(133,503)
Write offs	-	-	(19,218)	-	(9,155)	-	(28,373)
Exchange differences	112,680	126,498	105,353	28,927	14,106	5,776	393,340
At 31 December 2020	**2,320,336**	**2,762,515**	**3,439,921**	**488,674**	**312,538**	**200,485**	**9,524,469**
Depreciation:							
At 1 January 2020	2,168,330	347,492	1,833,276	513,279	(18,199)	4,432	4,858,610
Impairment	-	-	134,137	4,377	3,586	-	142,100
Charge for the year	24,593	50,883	183,723	28,937	11,539	-	299,675
Disposals	(90,319)	-	(14,737)	(4,648)	(556)	-	(110,260)
Exchange differences	132,071	53,878	88,008	20,016	6,053	4,530	304,556
At 31 December 2020	**2,234,675**	**452,253**	**2,224,407**	**561,961**	**2,423**	**8,962**	**5,494,681**
Carrying value:							
At 31 December 2020	**85,661**	**2,310,262**	**1,215,514**	**(73,287)**	**310,115**	**191,523**	**4,029,788**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

Consolidated

2019:	Heavy commercial vehicles KShs'000	Free hold land and buildings KShs'000	Plant and machinery KShs'000	Motor Vehicles KShs'000	Furniture, fittings and equipment KShs'000	Work in progress KShs'000	Total KShs'000
Cost/valuation:							
At 1 January 2019	2,382,933	3,995,765	3,382,020	473,712	303,678	271,352	10,809,460
Adjustment on initial application of IFRS 16	-	(1,342,226)	-	-	-	-	(1,342,226)
Adjusted balance at 1 January 2019	**2,382,933**	**2,653,539**	**3,382,020**	**473,712**	**303,678**	**271,352**	**9,467,234**
Additions	-	7,936	22,952	25,182	4,302	3,502	63,874
Transfer to asset held for sale	-	(17,667)	-	-	-	-	(17,667)
Write offs	-	-	(62)	(5,510)	-	(34,925)	(40,497)
Disposals	(66,687)	-	(71,735)	(26,411)	(3,118)	-	(167,951)
Exchange differences	(9,591)	(11,885)	(6,751)	(2,862)	(1,889)	3,266	(29,712)
At 31 December 2019	**2,306,655**	**2,631,923**	**3,326,424**	**464,111**	**302,973**	**243,195**	**9,275,281**
Depreciation:							
At 1 January 2019	2,198,094	425,265	1,511,061	497,851	(25,681)	4,725	4,611,315
Adjustment on initial application of IFRS 16	-	(134,420)	-	-	-	-	(134,420)
Adjusted balance at 1 January 2019	**2,198,094**	**290,845**	**1,511,061**	**497,851**	**(25,681)**	**4,725**	**4,476,895**
Charge for the year	41,435	67,960	212,561	41,376	12,651	-	375,983
Impairment	-	-	123,453	-	-	-	123,453
Transfer to assets held for sale	-	(2,138)	-	-	-	-	(2,138)
Disposals	(62,650)	-	(10,554)	(23,974)	(3,346)	-	(100,524)
Exchange differences	(8,549)	824	(3,245)	(1,974)	(1,823)	(291)	(15,058)
At 31 December 2019	**2,168,330**	**357,491**	**1,833,276**	**513,279**	**(18,199)**	**4,434**	**4,858,611**
Carrying value:							
At 31 December 2019	**138,325**	**2,274,432**	**1,493,148**	**(49,168)**	**321,172**	**238,761**	**4,416,670**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

Furniture, fittings and equipment	**2020 KShs'000**	**2019 KShs'000**
Cost or valuation:		
At 1 January	14,604	14,778
Disposals	-	(174)
At 31 December	**14,604**	**14,604**
Depreciation:		
At 1 January	14,152	13,861
Charge for the year	254	465
Disposals	-	(174)
At 31 December	**14,406**	**14,152**
Carrying amount at 31 December	**198**	**452**

Fully depreciated assets' value as at December 2020 amount to KShs 1,123,917,051 (2019 – KShs 1,054,713,774). The work in progress (WIP) relates to ongoing factory upgrades at East African Cables PLC and Tanelec Limited.

Revaluation

The Group's property, plant and equipment are revalued once in every five years.

Name of subsidiary	Independent valuer	Date of last valuation
East African Cables PLC	Ms Proland Realtors Limited	31-Dec-18
AEA Limited	Lloyd Masika Limited	31-Dec-19
Civicon Kenya Limited	Lloyd Masika Limited	31-Dec-17
Civicon Limited (Uganda)	MPG Associates Limited	31-Dec-17
Tanelec Group	Sherwood Greene	31-Dec-17
	T.P. Chibwe & Co	31-Dec-18
Kewberg Cables & Braids Proprietary Limited	Chris van Rooyen	31-Dec-14

Items of property, plant and equipment in East African Cables PLC (other than motor vehicles and work in progress) are stated at revalued amounts, which has been determined based on valuation by Ms Proland Realtors Limited an accredited independent valuer as at 31 December 2018. The revalued amounts of the properties has not been determined on transactions observable in the market because of the nature of the property and lack of comparable data. Instead, valuation model in accordance with that recommended by the International Valuation Standard Committee has been applied.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

Revaluation (continued)

Freehold land and buildings of AEA Limited were professionally valued by an independent professional valuer, Lloyd Masika Limited, on 31 December 2019 in order to reflect the current market valuation in the books of account. The resulting surplus was credited to revaluation reserve. The valuation was based on the market approach, based on actual location, size, lease period and the general quality of the property.

The property, plant and equipment of a subsidiary, Tanelec Limited – Zambia were revalued in 2017 by Sherwood Greene, a firm of professional valuers on the basis of depreciated replacement cost. Motor vehicles were revalued as at 31 December 2018 by T.P. Chibwe & Co registered valuers on a depreciated cost basis.

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

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

Consolidated

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

Consolidated

At 31 December 2019:	Freehold land KShs 000	Buildings KShs 000	Plant and machinery KShs 000	Total KShs 000
Cost	257,026	891,232	725,487	1,873,745
Accumulated depreciation	-	(356,667)	(325,460)	(682,127)
Carrying value	**257,026**	**534,565**	**400,027**	**1,191,618**

Impairment loss and subsequent reversal

On 12 December 2021 Kewberg Cables & Braids Proprietary Limited sold all property, plant and equipment. The Group has impaired the assets to match the recoverable amount after sale. In addition, the Group impaired Civicon assets that are no longer in use after the operations were mothballed. The Group has recognised an impairment loss of KShs 170,473,000 (2019 – KShs 123,453,000) with respect to plant and equipment.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

Security

At 31 December 2020, properties of subsidiaries have been charged to secure banking facilities per Note 27.

Valuation techniques and significant unobservable inputs

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

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Property plant and equipment and Right-of-use asset Level 3 hierarchy	**Market approach:** The valuation model uses : • Prices and other relevant information generated by market transactions involving identical or similar assets. • The fair value is determined as the price that would be paid to sell the freehold land leasehold land and plant and machinery in an orderly transaction to market participants.	**Freehold and leasehold land** 1. Property prices in the locality. 2. Infrastructure development. **Plant and machinery** 3. Comparable prices of plant and machinery and whether they are locally made or imported. 4. Depreciated replacement cost for plant and machinery.	The estimated fair values would increase/(decrease): 1. If property prices near the location of the property were higher/(lower). 2. With improvements/(deterioration) in infrastructure development. 3. Age, obsolescence, repair and maintenance condition of plant and machinery.

11. INVESTMENT PROPERTY

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Valuation				
At 1 January	220,291	400,245	-	-
Transfer to assets held for sale (Note 12)	-	(107,000)	-	-
Fair value change	(14,282)	(71,941)	-	-
Exchange differences	14,263	(1,013)	-	-
At 31 December	**220,272**	**220,291**	**-**	**-**

Rental income derived from investment property and related operating expenses are shown below:

	2020 Kshs'000	2019 Kshs'000	2020 KShs'000	2019 KShs'000
Gross rental income	4,504	7,413	-	-
Direct operating expenses	(1,126)	(1,853)	-	-
Net rental Income	**3,378**	**5,560**	**-**	**-**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

11. INVESTMENT PROPERTY (Continued)

Measurement of fair values

Investment properties comprise of residential houses that have been leased to third parties and are carried at fair value; these are:

LR No. 21707, Plot 581 on Malik Road, Upanga West, Dar es Salaam, Tanzania

The investment property was revalued on 31st December 2020 by Ms. Accurate Valuers on the basis of open market value for existing use.

Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment Property Level 3 hierarchy	**Market approach:** The valuation model uses prices and other relevant information generated by market transactions involving identical or similar assets. The fair value is determined as the price that would be paid to sell the land in an orderly transaction to market participants.	1. Property prices in the locality. 2. Infrastructure development.	The estimated fair values would increase/(decrease): 1. If property prices near the location of the property were higher/(lower). 2. With improvements/(deterioration) in infrastructure development.

12. ASSET HELD FOR SALE

	Consolidated		Company	
	2020	**2019**	**2020**	**2019**
	KShs '000	**KShs '000**	**KShs '000**	**KShs '000**
Balance as at 1 January	122,529	28,628	-	-
Disposals	-	(24,271)	-	-
Transfers:				
- from Property, plant & equipment (Note 10)	-	15,529	-	-
- from Investment property (Note 11)	-	107,000	-	-
Exchange differences	(1,421)	(4,357)	-	-
Balance as at 31 December	**121,108**	**122,529**	**-**	**-**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

12. ASSET HELD FOR SALE (Continued)

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

Property Description	Carrying value		Fair value	
	2020 KShs '000	2019 KShs '000	2020 KShs '000	2019 KShs '000
LR. No. 3734/126, on Elmolo Drive, Lavington, Nairobi, Kenya	110,000	107,000	110,000	107,000
Buildings in Plot No. 7344, Nyerere Road, Light Industrial Area, Kitwe, Zambia	11,108	15,529	11,108	15,529
TOTAL	121,108	122,529	121,108	122,529

Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Asset held for sale Level 3 hierarchy	**Market approach:** • The valuation model uses prices and other relevant information generated by market transactions involving identical or similar assets. • The fair value is determined as the price that would be paid to sell the land in an orderly transaction to market participants.	1. Property prices in the locality. 2. Infrastructure development.	The estimated fair values would increase/(decrease): 1. If property prices near the location of the property were higher/(lower). 2. With improvements/(deterioration) in infrastructure development.

13. RIGHT-OF-USE-ASSETS

(a) Right-of-use-assets

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

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

13. RIGHT-OF-USE-ASSETS (Continued)

(a) Right-of-use-assets (continued)

Right of use assets shown in the previous page are classified below:

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

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

Leasehold land at East African Cables PLC has been stated at fair value, based on valuation by Ms Proland Realtors Limited an accredited independent valuer on 31st December 2018. The fair value of the leasehold land has been determined on the basis of comparable transaction in the market.

Leasehold land in Civicon Kenya Limited and Civicon Limited (Uganda) was professionally valued by independent professional valuers, Lloyd Masika Limited and MPG Associates Limited respectively, on 31 December 2017 in order to reflect the current market valuation in the books of account. The resulting surplus was credited to revaluation reserve.

The right of use asset with respect to leasehold land is carried at revalued amounts. If the leasehold land were stated on the historical cost basis, the carrying amounts would be as follows:

Consolidated

	2020 KShs 000	2019 KShs 000
Carrying value of leasehold land at 1 January	279,941	406,573
Transfer from/(to) assets held for sale	-	(110,000)
Amortisation for the year	(15,213)	(15,945)
Exchange adjustment	(687)	(687)
Balance at 31 December	**264,041**	**279,941**

Notes to the Consolidated and Separate Financial Statements

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13. RIGHT-OF-USE-ASSETS (Continued)

(b) Lease liability

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Opening balance as at 1 January	19,311	21,178	701	-
Additions	135,863	-	-	897
Interest expense	16,965	1,084	39	51
Lease payments made - Interest	(16,965)	(1,084)	(39)	(51)
Lease payments made - Principal	(27,187)	(1,867)	(292)	(196)
Exchange differences	93	-	-	-
Balance as at 31 Dec	**128,080**	**19,311**	**409**	**701**
The carrying amount of lease liabilities is payable as follows:				
Within one year	44,389	8,333	309	298
After one year	83,691	10,978	100	403
Balance as at 31 Dec	**128,080**	**19,311**	**409**	**701**

(c) Amounts recognised in the statement of profit or loss

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Depreciation charge for the year	(131,543)	(88,100)	(306)	(225)
Interest expense	(16,965)	(1,084)	(39)	(51)

(d) Amounts recognised in the statement of cashflows

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Lease payments made - Interest	(16,965)	(1,084)	(39)	(51)
Lease payments made - Principal	(27,187)	(1,867)	(292)	(196)

14. INTANGIBLE ASSETS AND GOODWILL

Consolidated

2020:	Software KShs '000	Goodwill KShs '000	Total KShs '000
Cost			
At 1 January	131,556	2,791,691	2,923,247
Exchange differences	5,961	215,279	221,240
At 31 December	**137,517**	**3,006,970**	**3,144,487**
Amortisation/Impairment*			
At 1 January	97,513	2,756,141	2,853,654
Amortisation	3,924	-	3,924
Exchange differences	4,449	212,931	217,380
At 31 December	**105,886**	**2,969,072**	**3,074,958**
Carrying value At 31 December	**31,631**	**37,898**	**69,529**

* Balances under the goodwill column relate to impairment loss.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

14. INTANGIBLE ASSETS AND GOODWILL (Continued)

Consolidated

2019:	Software KShs '000	Goodwill KShs '000	Total KShs '000
Cost			
At 1 January	131,450	2,805,672	2,937,122
Exchange differences	106	(13,981)	(13,875)
At 31 December	**131,556**	**2,791,691**	**2,923,247**
Amortisation/Impairment*			
At 1 January	92,909	4,252	97,161
Amortisation	4,399	-	4,399
Impairment loss	-	2,770,184	2,770,184
Exchange differences	205	(18,295)	(18,090)
At 31 December	**97,513**	**2,756,141**	**2,853,654**
Carrying value At 31 December	**34,043**	**35,550**	**69,593**

* Balances under the goodwill column relate to impairment loss.

Goodwill comprises of:	2020 KShs '000	2019 KShs '000
Tanelec Limited	37,898	35,550
	37,898	**35,550**

(a) Goodwill on acquisition of 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. Pende Group was acquired on 31 May 2011 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 units and forecast sales of the products.

(b) Goodwill impairment testing

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

Impairment losses recognized in respect of cash-generating units reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

14. INTANGIBLE ASSETS AND GOODWILL (Continued)

(b) Goodwill impairment testing (continued)

An impairment loss is reversed only to the extent that the asset's or CGU's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

The calculation of the carrying amount of the goodwill is based on the following key assumptions:

- Cash flows were projected based on experience, actual operating results and budgets and forecasts approved by management up to 2025.
- The cash flows were discounted using a weighted average cost of capital of 18% for cable manufacturing companies which reflected current market rates appropriate for these businesses. (Tanelec is in the business of manufacturing and selling transformers and switchgear. Its customer base is similar to that of the cable companies while its principal inputs are similar. Like the cable manufacturing companies the principal raw materials for Tanelec are copper and aluminum. The drivers of demand for Tanelec are also similar to those of the cable companies. In our view, therefore, El Sewedy in Egypt, Havells in India, Voltamp Transformers in India and East African Cables in Kenya are comparable to Tanelec. In addition, El Sewedy - like Tanelec, is a transformer manufacturer).
- Perpetual growth rate was projected at 1% which is reasonable compared to the forecast growth rate in real GDP for Zambia

The key assumptions described above may change as economic and market conditions change. Management believes that reasonable possible change in any of the key assumptions on which the fair value of the intangible has been based will not cause the carrying amounts to exceed their recoverable amount.

15. INVESTMENTS

(a) Quoted shares

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Movement during the year:				
At 1 January	240	199	240	199
Fair value gain in the year	11	41	11	41
At 31 December	**251**	**240**	**251**	**240**
Comprising:				
Cost	18,006	18,006	18,006	18,006
Cumulative fair value change	(17,755)	(17,766)	(17,755)	(17,766)
	251	**240**	**251**	**240**

(b) Unquoted shares

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Development Bank of Kenya Limited:				
Cost	78,689	78,689	78,689	78,689
Cumulative fair value gain	204,313	282,114	204,313	282,114
	283,002	**360,803**	**283,002**	**360,803**
Mwangaza Limited:				
Cost	101,764	101,764	-	-
Forex exchange	16,468	16,398	-	-
Cumulative fair value loss	(118,232)	(113,431)	-	-
	-	4,731	-	-
	283,002	**365,534**	**283,002**	**360,803**

Notes to the Consolidated and Separate Financial Statements

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15. INVESTMENTS (Continued)

(c) Investment in subsidiaries – fair value

	2020	2019
Cable Holdings (Kenya) Limited 100% (2019 – 100%):	**KShs '000**	**KShs '000**
Cost	460,232	460,232
Cumulative fair value gain	344,047	538,708
	804,279	**998,940**
AEA Limited (formerly Avery East Africa Limited)		
94.4058% (2019 – 94.4058%):		
Cost	49,853	49,853
Cumulative fair value gain	628,788	467,635
	678,641	**517,488**
Tanelec Limited 70% (2019 – 70%):		
Cost	78,720	78,720
Cumulative fair value gain	1,464,348	1,361,014
	1,543,068	**1,439,734**
TransCentury Holdings Pty Limited:		
100% (2019 – 100%):		
Cost	122,167	122,167
Cumulative fair value loss	(122,167)	(35,135)
	-	**87,032**
Crystal Limited		
100% (2019 – 100%):		
Cost	52	52
Cumulative fair value gain	-	-
	52	**52**
TC Mauritius Holdings		
Limited 100% (2019 – 100%):		
Cost	973,103	973,103
Cumulative fair value loss	(973,103)	(973,103)
	-	-
TOTAL INVESTMENT IN SUBSIDIARIES	**3,026,040**	**3,043,246**
Movement during the year:		
At 1 January	3,043,246	7,066,468
Fair value loss in the year	(17,206)	(4,023,222)
At 31 December	**3,026,040**	**3,043,246**
Comprising of:		
Cost	1,684,127	1,684,127
Cumulative fair value gain	1,341,913	1,359,119
Total investment in subsidiaries	**3,026,040**	**3,043,246**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

15. INVESTMENTS (Continued)

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

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

Acquisition of NCI

On 15 December 2020, the Group acquired an additional 16.5% shareholding in Civicon Africa Group Limited(CAGL) a company incorporated in Mauritius. The additional investment increased the Group's shareholding to 100%. The carrying amount of CAGL's net assets in the Group's consolidated financial statements on the date of the acquisition was negative 3,457,030,000.

	KShs'000
Carrying amount of NCI acquired (Negative 3,457,030,000 x 16.5%)	(570,412)
Consideration paid to NCI*	(32,272)
A decrease in equity attributable to owners of the Company	**(602,684)**

The decrease in equity attributable to owners of the Company comprised:

- a decrease in retained earnings of 603,317,000; and
- an increase in the translation reserve of 633,000.

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

(d) Change in fair value of investments

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Quoted shares	11	41	11	41
Unquoted shares	(82,462)	52,648	(77,801)	73,990
Investment in subsidiaries (Note 15 (c))	-	-	(17,206)	(4,023,222)
	(82,451)	**52,689**	**(94,996)**	**(3,949,191)**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

15. INVESTMENTS (Continued)

(d) Change in fair value of investments (continued)

Measurement of fair values

Valuation techniques and significant unobservable inputs

Financial assets measured at fair value at 31 December 2020 and 31 December 2019:

Fair value hierarchy	Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Level 3	Investment in subsidiaries.	TransCentury PLC has investments in the following subsidiaries: - Cable Holdings (Kenya) Limited – Valued using the Adjusted net assets method.	Fair values of net assets in the balance sheet.	- Increase/ (decrease) in fair value of net assets will result to an increase/decrease in the fair value of the investment.
		AEA Limited – Valued using Discounted Cash Flow (DCF) method.	Weighted Average Cost of Capital (WACC) of 26% (2019; 21%). Marketability discount of 10% (2019, 10%). Terminal value of KShs 4.3 Million (2019, KShs 1.7 Million).	- Increase/ (decrease) in WACC results in a decrease/increase in the fair value of the investment. - Increase/ (decrease) in marketability discount results in a (decrease)/increase in the fair value of the investment. - Increase/ (decrease) in terminal value results in a (decrease)/ increase in the fair value of the investment. - Increase/ (decrease) in projection cashflow results in a (decrease)/increase in the fair value of the investment.
		- Tanelec Limited – Valued using DCF method.	Weighted Average Cost of Capital (WACC) of 17.9% (2019, 18.7%). Marketability discount of 15% (2019, 10%). Terminal value of KShs 7.1 Million (2019, KShs 4.4 Million).	- Increase/ (decrease) in WACC results in a (decrease)/increase in the fair value of the investment. - Increase/(decrease) in marketability discount results in a (decrease)/increase in the fair value of the investment. - Increase/ (decrease) in terminal value results in a (decrease)/ increase in the fair value of the investment. - Increase/ (decrease) in projection results in a (decrease)/increase in the fair value of the investment.

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15. INVESTMENTS (Continued)

(e) Non-controlling Interest (NCI)

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

31 December 2020:

In Kshs'000	Tanelec Ltd	EAC PLC	AEA Ltd	TC Mauritius Holdings Ltd	Total
NCI percentage	**30.00%**	**31.63%**	**5.59%**	**0.10%**	
Non-current assets	1,161,398	4,832,425	312,782	1,785,752	
Current assets	1,610,091	1,099,957	1,106,703	1,934,311	
Non-current liabilities	(629,593)	(3,013,831)	(413,835)	(3,702,924)	
Current liabilities	(1,074,900)	(1,525,979)	(874,300)	(10,567,405)	
Net assets excluding underlying NCI	**1,066,996**	**1,392,572**	**131,350**	**(10,550,266)**	
Underlying NCI	**(120,057)**	**76,219**	**-**	**479**	
Net assets including underlying NCI	**985,362**	**1,316,353**	**131,350**	**(10,550,745)**	
Carrying amount of NCI	**175,551**	**492,532**	**7,348**	**479**	**675,910**
Revenue	2,092,703	1,800,061	1,276,811	261,392	
Profit	139,353	(753,221)	27,006	(337,457)	
OCI	162,000	6,985	(20,470)	(108,441)	
Total comprehensive income	**301,353**	**(746,236)**	**6,536**	**(445,898)**	
Profit allocated to NCI	(43,090)	(381,127)	1,510	530	(422,177)
OCI allocated to NCI	83,164	2,562	(1,148)	-	84,578
Cash flows from operating activities	(57,408)	1,863,988	36,157	(151,777)	
Cash flows from investment activities	(13,809)	(3,895)	(37,145)	(11,747)	
Cash flows from financing activities	69,955	(1,912,937)	13,358	424,859	
Net increase (decrease) in cash and cash equivalents	**(1,262)**	**(52,844)**	**12,370**	**261,335**	

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

15. INVESTMENTS (Continued)

(e) Non-controlling Interest (NCI) (Continued)

31 December 2019:

In Kshs'000	Tanelec Ltd	EAC PLC	AEA Ltd	TC Mauritius Holdings Ltd*	Total
NCI percentage	**30%**	**31.63%**	**5.59%**	**16.50%**	
Non-current assets	1,053,757	5,020,678	278,092	1,823,905	
Current assets	1,359,707	1,254,199	809,538	1,262,106	
Non-current liabilities	(645,531)	(2,397,641)	(76,920)	(2,743,220)	
Current liabilities	(1,048,323)	(1,747,731)	(885,841)	(10,206,158)	
Net assets excluding underlying NCI	**719,610**	**2,129,505**	**124,869**	**(9,863,367)**	
Underlying NCI	**(128,267)**	**275,929**	**-**	**(552,129)**	
Net assets including underlying NCI	**847,877**	**1,853,576**	**124,869**	**(9,320,643)**	
Carrying amount of NCI	**126,096**	**862,145**	**6,985**	**(553,954)**	**443,097**
Revenue	2,054,067	1,585,203	1,056,583	1,008,051	
Profit	154,820	630,971	22,926	(4,198,493)	
OCI	48,890	(1,354)	(7,816)	42,219	
Total comprehensive income	**203,710**	**629,617**	**15,110**	**(4,167,525)**	
Profit allocated to NCI	24,162	167,301	1,282	(148,804)	43,941
OCI allocated to NCI	24,832	(1,199)	(440)	-	23,193
Cash flows from operating activities	19,217	87,196	(108,075)	(1,585,070)	
Cash flows from investment activities	(10,103)	(2,725)	(16,250)	23,962	
Cash flows from financing activities	(107,878)	(30,367)	119,896	1,569,149	
Net increase (decrease) in cash and cash equivalents	**(98,765)**	**(54,104)**	**(4,429)**	**8,041**	

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

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

16. LOANS TO SUBSIDIARIES

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Payable after 12 months:				
East African Cables PLC	-	-	586,636	517,924
	-	**-**	**586,636**	**517,924**
Movement during the year:				
At 1 January	-	-	517,924	480,436
Impaired	-	-		(2,065)
Foreign exchange gain	-	-	27,423	
Issued/accrued interest during the year	-	-	41,289	39,553
Repaid during the year	-	-	-	-
At 31 December (Note 29 (e))	**-**	**-**	**586,636**	**517,924**

17. INVENTORIES

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Raw materials	448,472	472,285	-	-
Finished goods	118,479	127,099	-	-
Work in progress	75,004	75,412	-	-
Goods in transit	160,562	85,975	-	-
Spares and lubricants	115,402	129,584	-	-
Machines	78,369	74,399	-	-
Consumables	3,522	76,707	-	-
Provision for obsolescence and slow-moving stocks	(34,292)	(37,004)	-	-
	965,518	**1,004,457**	**-**	**-**

Inventories of KShs 2,283,202 (2019 – KShs 2,593,796) were recognised as an expense during the year and included in cost of sales.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

18. (a) TRADE AND OTHER RECEIVABLES

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Trade receivables	4,624,944	3,865,832	-	-
Expected credit loss (Note 5(a))	(2,028,644)	(2,024,038)	-	-
	2,596,300	**1,841,794**	**-**	**-**
Prepayments	139,428	167,262	-	-
Sundry receivables	499,731	173,510	55,697	52,264
Staff receivables	1,925	9,052	109	303
Due from related parties (Note 29(g))	-	-	615,873	527,132
	3,237,024	**2,191,618**	**671,679**	**579,699**

(b) CONTRACT ASSETS

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

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date.

19. CASH AND BANK

(a) Cash and cash equivalents

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Bank balances	330,450	294,886	513	1,685
Cash at hand	260	1,121	60	255
Cash and bank	**330,710**	**296,007**	**573**	**1,940**
Bank overdraft	(14,931)	(70,518)	-	-
Total cash and cash equivalents	**315,779**	**225,489**	**573**	**1,940**

Bank overdrafts are repayable on demand and form an integral part of the Group's cash management.

In 2018 Tanelec Limited, a subsidiary of TransCentury PLC took an overdraft facility with TIB bank Limited. The interest on the overdraft is 9% per annum.

The overdraft is secured by:

- Specific debenture over the company's assets registered to cover TZS 6,031,654,663 (KShs 287 million) being 125% of the facilities. Its also secured by a legal mortgage over property located on Plot 35 Themi Industrial Area, Arusha, valued at TZS 9,256,056,000 (KShs 44 million).
- Cash lien of TZS 900,000,000 (KShs 43 million) over the company's accounts held with the bank.
- Corporate guarantee and indemnity by TransCentury Ltd registered for TZS 6,031,654,663 (KShs 287 million) to cover the credit facility by 125%.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

19. CASH AND BANK (Continued)

(b) Adjustments to operating cash flows following the indirect method

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Depreciation expense (Note 10)	299,675	375,983	255	465
Interest received	-	-	(41,289)	(39,553)
Interest expense	-	-	-	237,157
Depreciation of ROU Assets (Note 7)	131,545	88,100	307	225
Amortisation of intangibles	3,924	4,399	-	-
Fair value (loss)/gain of available for sale assets	82,451	(52,689)	-	-
(Gain)/loss on sale of property, plant and equipment	(67,677)	1,552	-	-
Impairment of goodwill (Note 6(e))	-	2,770,184	-	-
Impairment of inventory	-	3,323	-	-
Impairment of prepayments (Note 6(e))	-	39,716	-	-
Impairment of financial instruments (Note 6(e))	235,912	241,947		-
Impairment of property, plant & equipment	142,100	123,453	-	-
Write-off of project costs	28,373	40,497	-	-
Lease interest charge	16,965	1,084	39	51
Shareholder loan interest	89,481	46,716	56,740	-
Exchange (losses)/gain	(321,370)	137,579	44,720	1
Interest accrued on preference shares	119,529	106,402	-	-
Interest accrued on convertible bond	117,081	143,825	-	-
Provision for staff gratuity	8,653	2,916	-	-
Reversal of accruals (Note 6(b))	955,644	-	-	-
Loan forgiven (Note 6 (b))	-	(1,500,628)	-	-
Total	**1,842,286**	**2,574,359**	**60,772**	**198,346**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

20. SHARE CAPITAL

Consolidated and Company

	2020	2019
Authorised	**KShs '000**	**KShs'000**
At 1 January and 31 December		
1,200,000,000 ordinary shares of KShs 0.50 each	**600,000**	**600,000**

	Units		Values	
	2020	**2019**	**2020**	**2019**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**
Issued and fully paid ordinary shares of KShs 0.50 each				
At 1 January	375,203	375,203	187,601	187,601
At 31 December	**375,203**	**375,203**	**187,601**	**187,601**

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.

21. SHARE PREMIUM

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
At 1 January and 31 December	**1,873,089**	**1,873,089**	**1,873,089**	**1,873,089**

Share premium relates to amounts received over and above the par value of the issued and paid up ordinary shares.

22. RESERVES

(a) Revenue reserves

Revenue reserves relate to accumulated profits or losses 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) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity financial assets measured at fair value through other comprehensive income (FVOCI) until the investment is derecognised.

(d) Revaluation reserve

The revaluation reserve relates to the revaluation gain/losses on leasehold land, property, plant and equipment. Revaluation reserve is recognised net of related deferred tax and transferred to retained earnings upon disposal of related property.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

23. PROPOSED DIVIDENDS AND EARNINGS PER SHARE

(a) Basic and diluted earnings/(loss) per share

The calculation of basic earnings per share at 31 December 2020 was based on the loss attributable to ordinary shareholders of KShs. 1,193,347 (2019 – loss of KShs. 3,979,470) and a weighted average number of ordinary shares outstanding during the year of 375,202,766 (2019 – 375,202,766).

	2020 KShs '000	2019 KShs '000
Loss attributable to ordinary shareholders	(1,193,347)	(3,979,470)
Basic and diluted loss per share (KShs)	(3.18)	(10.61)

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

(b) Weighted average number of ordinary shares

	2020 KShs '000	2019 KShs '000
Issued ordinary shares as at 1 January	**375,202,766**	**375,202,766**
Weighted effect of shares issued in the year	-	-
As at 31 December	**375,202,766**	**375,202,766**

(c) Proposed dividends

Proposed dividends are accounted for as a separate component of equity until they have been ratified at a General Meeting. During the year, the directors do not recommend any dividends (2019 – Nil).

24. BOND, PREFERENCE SHARES AND SHAREHOLDER LOAN

(a) Bond

In 2011 the Group issued a United States Dollar (USD) denominated convertible bond through one of its subsidiaries, TC Mauritius Holdings Limited (TCM), amounting to USD 60,270,000 (KShs 5.1 Billion). Over the years, some of the bond holders converted their portion of the bond to ordinary shares between the year ended 31 December 2011 and 31 December 2018 while the Group has continued to repay the bond based on the agreement with bond holders. The bond accrues an interest rate of 8% and is repayable on a quarterly basis with the initial final settlement due in 2020. On 1 October 2020, the Group reached an agreement with the bondholders to extend the maturity of the bond from 30 June 2020 to 15 July 2022.

The movement in the bond during the year is as follows:

	2020 KShs '000	2019 KShs '000
At 1 January	1,623,338	1,868,876
Interest accrued	117,081	143,825
Settlement to bondholders	(436,687)	(380,012)
Forex losses	125,515	(9,351)
At 31 December	**1,429,247**	**1,623,338**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

24. BOND, PREFERENCE SHARES AND SHAREHOLDER LOAN (Continued)

(a) Bond (continued)

Presented in the statement of financial position as follows:

	2020 KShs '000	2019 KShs '000
Current	720,534	1,623,338
Non-current	708,713	-
At 31 December	**1,429,247**	**1,623,338**

(b) Preference shares

On 3 April 2017, the Group issued to Kuramo Capital Management 70,120 preference shares of USD 7 million in TCM at a par value of USD 100 each. The preference shares are cumulative and are redeemable at any time after the expiration of seven (7) years from the completion date at 4.9% coupon and 1.75 times of the par value.

	2020 KShs '000	2019 KShs '000
Interest and redemption premium on preference shares	489,641	291,597
Preference shares	723,861	723,861
	1,213,502	**1,015,458**

(c) Shareholder loan

	Consolidated		Company	
	2020	2019	2020	2019
	KShs '000	KShs '000	KShs '000	KShs '000
Shareholder loans	**1,947,541**	**1,224,883**	**1,222,431**	**582,206**

The movement in shareholder loans during the year is as follows:

	Consolidated		Company	
	2020	2019	2020	2019
	KShs '000	KShs '000	KShs '000	KShs '000
At 1 January	1,224,883	699,021	582,206	83,656
Interest accrued	89,481	46,716	56,740	17,472
Loan advanced	538,763	504,963	538,763	484,560
Repayment	-	(20,565)	-	-
Forex losses	94,414	(5,252)	44,722	(3,482)
At 31 December	**1,947,541**	**1,224,883**	**1,222,431**	**582,206**

In 2017 and 2018, Kuramo Capital advanced loans amounting to USD 7,623,400 to TC Mauritius Holdings Limited (TCM), at an average interest rate of 5.2%.

The loans are secured by a charge of 56,703,563 ordinary shares of KShs 0.50 each in the capital of East African Cables and USD 500,000 is charged on 100,067 ordinary shares of Tanzanian Shillings ten thousand (TZS 10,000) each in the capital of Tanelec Limited. The loan which was payable in December 2022 has been subordinated to be payable by 30 September 2023. TC Mauritius Holdings Limited (TCM) is a wholly owned subsidiary of the Company.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

24. BOND, PREFERENCE SHARES AND SHAREHOLDER LOAN (Continued)

(c) Shareholder loan (continued)

Kuramo Capital has advanced the following loans to Transcentury PLC, Company:

- USD 800,000 in November 2018 at annual interest rate of 7% payable in March 2022.
- USD 4,750,000 during the year ended 31 December 2019 at an annual interest of 7% payable in March 2022.
- USD 4,750,000 during the year ended 31 December 2019 at an annual interest of 7% payable in March 2022.
- USD 4,935,000 during the year ended 31 December 2020 at an annual interest of 7% payable in March 2022.

In April 2022, the maturity date of all the shareholder loans amounting to KShs 1.9 billion was extended from 31 December 2020 to 31 December 2022.

25. DEFERRED TAX (ASSET)/LIABILITY

(a) Deferred tax asset

Consolidated

2020	As at 1 Jan KShs '000	Recognised through P&L KShs '000	Exchange rate diff KShs '000	As at 31 Dec KShs '000
Property, plant and equipment	(54,260)	(5,541)	(1,348)	(61,149)
Accruals	35,959	3,671	53	39,683
Tax losses	103,004	(43,239)	(21,816)	37,949
Unrealised exchange losses	55,591	(2,708)	(784)	52,099
Lease liability	(5,583)	32,718	-	27,135
	134,711	**(15,099)**	**(23,895)**	**95,717**

Consolidated

2019	As at 1 Jan KShs '000	Recognised through P&L KShs '000	Exchange rate diff KShs '000	As at 31 Dec KShs '000
Property, plant and equipment	(90,818)	35,898	660	(54,260)
Accruals	100,615	(64,754)	98	35,959
Tax losses	597,737	(503,866)	9,133	103,004
Unrealised exchange losses	59,106	(11,779)	8,264	55,591
Lease liability		(5,583)	-	(5,583)
	666,640	**(550,084)**	**18,155**	**134,711**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

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

(a) Deferred tax asset (continued)

Company

2020:

1 January	As at 1 Jan KShs '000	Recognised through P&L KShs '000	As at 31 Dec KShs '000
Property, plant and equipment	2,601	(189)	2,412

Company

2019:

1 January	As at 1 Jan KShs '000	Recognised through P&L KShs '000	As at 31 Dec KShs '000
Property, plant and equipment	2,264	337	2,601

Notes to the Consolidated and Separate Financial Statements

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

(b) Deferred tax liability

Consolidated

2020

	As at 1 Jan KShs '000	Recognised through P&L KShs '000	Prior year over/under provision KShs '000	Recognised in equity KShs '000	Exchange rate diff KShs '000	As at 31 Dec KShs '000
Staff gratuity provision	(11,104)	(2,342)	(656)	(478)	(433)	(15,013)
Accruals	(523,314)	6,149	150,245	-	(8,970)	(375,890)
Tax loss	(505,254)	164,762	(24,641)	-	-	(365,133)
Unrealised exchange gain/(loss)	40,543	19,208	(13,675)	-	1,643	47,719
Property plant and equipment	1,467,650	(66,390)	(38,378)	-	45,728	1,408,610
ECL	-	1,263	-	-	(788)	475
Revaluation	140,137	(281)	(1,149)	-	5,491	144,198
Right of use asset	5,399	28,396	-	-	-	33,795
	614,057	**150,765**	**71,746**	**(478)**	**42,671**	**878,761**

Consolidated

2019

	As at 1 Jan KShs '000	Recognised through P&L KShs '000	Prior year over/under provision KShs '000	Recognised in equity KShs '000	Exchange rate diff KShs '000	As at 31 Dec KShs '000
Staff gratuity provision	(9,161)	(2,110)	(883)	1,045	5	(11,104)
Accruals	(438,263)	(85,461)	-	-	410	(523,314)
Tax loss	(694,829)	168,372	20,104	-	1,099	(505,254)
Unrealised exchange gain/(loss)	(4,573)	3,565	-	-	41,551	40,543
Property plant and equipment	1,550,839	(81,872)	480	-	(1,797)	1,467,650
Revaluation	142,420	(394)	-	-	(1,889)	140,137
Right of use asset	-	5,399	-	-	-	5,399
	546,433	**7,499**	**19,701**	**1,045**	**39,379**	**614,057**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

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

(c) Deferred tax movement through profit or loss is as follows:

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Current year				
Deferred tax asset	15,099	544,501	189	337
Deferred tax liability	150,765	7,499	-	-
	165,864	**552,000**	**189**	**337**
Prior year				
Deferred tax liability	71,746	19,701	-	-
	71,746	**19,701**	**-**	**-**

26. STAFF GRATUITY

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Balance at 1 January	42,607	45,023	-	-
Payments made in the year	-	(2,895)	-	-
Remeasurement of gratuity	1,115	(2,437)	-	-
Accrual for the year	8,653	2,916	-	-
Balance at 31 December	**52,375**	**42,607**	**-**	**-**

Unionisable staff for East African Cables PLC, Tanelec Limited and Civicon Limited are eligible to gratuity upon retirement based on the terms stipulated in the respective Collective Bargaining Agreements. The gratuity is based on 16 days' pay if an employee has served 1-5 years, 20 days' pay if an employee has served 6-10 years and 23 days' pay if an employee has served 11 years and above. Gratuity is computed at current salary by an external actuary at each reporting date. A provision is made in the financial statements for the estimated liability of such gratuity payable.

27. LOANS PAYABLE

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Bank loans - Long term	3,950,146	3,360,083	-	-
- Short term	4,393,637	4,055,852	3,015,361	2,632,184
Loans from subsidiaries (Note 29(f))	-	-	576,073	576,073
	8,343,783	**7,415,935**	**3,591,434**	**3,208,257**
Payable after 12 months	3,950,146	3,360,083	576,073	576,073
Payable within 12 months	4,393,637	4,055,852	3,015,361	2,632,184
	8,343,783	**7,415,935**	**3,591,434**	**3,208,257**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

27. LOANS PAYABLE (Continued)

Movement in the loans is as shown below:

	Consolidated 2020 KShs'000	Consolidated 2019 KShs'000	Company 2020 KShs'000	Company 2019 KShs'000
Balance at 1 January	7,415,935	8,527,741	3,208,257	3,002,080
Received during the year	2,599,713	2,520,656	383,177	206,177
Repaid during the year	(1,671,865)	(2,131,834)	-	-
Loan forgiven*	-	(1,500,628)	-	-
Balance at 31 December	**8,343,783**	**7,415,935**	**3,591,434**	**3,208,257**

*On 20 December 2018, East African Cables PLC, a subsidiary, reached an agreement with Standard Chartered Bank Kenya Limited and Standard Chartered Bank Tanzania Limited for a discounted full and final settlement of all credit facilities outstanding to the bank. The settlement was completed on 20 May 2019. Loan forgiven refers to the resulting gain from the transaction.

The major loans at 31 December 2020 had the following terms:

The Company has a term loan facility with Equity Bank Limited (Kenya) amounting to USD 20 million. The facility was initially due on 5th January 2018 but was subsequently refinanced in May 2018 to a lump sum repayment of USD 10 million by 31 October 2018 and the balance of USD 10 million to be repaid over four (4) years (USD 2.5 million being principal plus accrued interest per annum). The facility is secured by way of existing corporate guarantees by Cable Holdings (Kenya) Limited and TC Mauritius Holdings Limited for USD 77 million each executed in favour of the Bank, existing charge over the Borrower's shares in East Africa Cables PLC, Avery East Africa Limited and TC Mauritius Holdings Limited each executed in favour of the Bank for USD77 million and existing all-asset debenture charge over the TransCentury PLC assets executed in favour of the Bank to cover an aggregate of USD 77 million. The applicable interest rate is the 6-month USD LIBOR + 8% subject to a minimum rate of 10% p.a. on reducing balance.

East African Cables PLC has facility arrangements with Equity Bank Kenya Limited and the borrowings are secured by certain land and buildings for KShs 600 million (2019 – KShs 600 million) and debentures over all assets of East African Cables PLC and East African Cables (Tanzania) Limited for KShs 1.7 billion (2019 - KShs 1.7 billion). The bank facility comprises of term loans from Equity Bank Kenya Limited and Ecobank Kenya Limited.

A subsidiary, Tanelec Limited, entered into various bank facilities with TIB Corporate Bank (Tanzania) effective 12 June 2018 amounting to USD 9 million. The USD denominated facilities have an interest rate of 9% and the TZS denominated facilities have an interest rate of 16.5%. The facilities are secured by first charge over Property located on Plot No. 35 Themi Industrial Area, Arusha City, a corporate guarantee by TransCentury PLC of USD 2.7m and a cash lien of USD 405,000.

A subsidiary, AEA Limited, has bank facilities with SBM Bank (Kenya) Limited for KShs 328 million (2019 – KShs 299 million) and Sidian Bank Limited for KShs 77 million (2019 - KShs 103 million). These facilities are secured by its leasehold land and building and a corporate guarantee from TransCentury PLC of USD 2.6 million. Interest on these facilities are charged at 13% (2019 – 13%).

On 16 November 2018, a subsidiary of Civicon Africa Group Limited, Civicon Kenya Limited, refinanced its existing banking facilities with Equity Bank Kenya Limited into a new long-term banking facility with a tenor of seven (7) years with a moratorium of twelve (12) months on principal repayment. The facility is secured by way of a corporate guarantee from TransCentury PLC, the ultimate holding company, for USD 47 million a first ranking over all asset debenture of USD 47 million; and a legal charge over the land known as subdivision 2428 (original number 1955 and 2077) Section V, mainland North Mombasa in the amount of USD 5.9 million. The subsidiary also has an asset finance facility from Equity Bank.

The applicable pricing for the US Dollar denominated loans during 2020 was six (6) month LIBOR p.a subject to a minimum interest rate of 10%. The interest rate on the bank loan was at 10%.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

27. LOANS PAYABLE (Continued)

Breach of loan covenants

As at 31 December 2020, the Group and Company had breached loan repayments with respect to the lenders listed below and amounts detailed below:

Consolidated

Lender	Defaulted or overdue repayments KShs 000'	Long-term portion that became due on demand due to default KShs 000'	Total amounts due on demand at 31 December 2020 KShs 000'
SBM Bank	17,572	281,428	299,000
Equity Bank Kenya Limited	2,742,432	272,929	3,015,361
Total	**2,760,004**	**554,357**	**3,314,361**

Company

Lender	Defaulted or overdue repayments KShs 000'	Long-term portion that became due on demand due to default KShs 000'	Total amounts due on demand at 31 December 2020 KShs 000'
Equity Bank Kenya Limited	2,742,432	272,929	3,015,361

Remediation of the breaches

Lender	Remediation status
Equity Bank Kenya Limited	– The breach on the facility at Company level has not been remedied as at the date of approval of the financial statements. – The Company has however submitted a proposal to the Bank on the planned remediation measures which include a private placement with subsequent rights issue that shall be implemented in 2022.
SBM Bank Kenya Limited	– The breach on the facility at Group level has not been remedied as at the date of approval of the financial statements. – The Group has made payments to regularize the facility and will continue to reduce the arrears with the expected improved cashflows from a robust order book.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

28. (a) TRADE AND OTHER PAYABLES

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Trade payables	2,597,406	2,790,218	-	-
Sundry creditors	5,943,190	4,577,986	459,592	358,219
Due to related parties (Note 29(n))	10,815	13,182	10,815	13,182
Due to subsidiaries(Note 29(i))	-	-	464,690	465,809
	8,551,411	**7,381,386**	**935,097**	**837,210**

(b) CONTRACT LIABILITIES

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Contract liabilities	**27,005**	**592,271**	**-**	**-**

Contract liabilities primarily relate to the advance consideration received from customers for construction work, for which revenue is recognised over time

29. RELATED PARTY TRANSACTIONS

Related party transactions are carried out in the normal course of business and are unsecured.

The following transactions were carried out with related parties:

(a) Directors emoluments

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Directors' emoluments	**136,267**	**107,453**	**52,835**	**53,315**
Directors' emoluments comprise:				
As executives	61,607	35,475	35,475	35,475
As non-executives	74,660	71,978	17,360	17,840
	136,267	**107,453**	**52,835**	**53,315**

(b) Inter-company sales - Group

	2020 KShs '000	2019 KShs '000
From AEA Limited to Civicon Limited	108	-
	108	**-**

(c) Interest income from subsidiaries - Company

	2020 KShs '000	2019 KShs '000
East African Cables PLC	41,289	39,553
	41,289	**39,553**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

29. RELATED PARTY TRANSACTIONS (Continued)

(d) Technical fees from subsidiaries – Company

	2020 KShs '000	2019 KShs '000
Tanelec Limited – Tanzania	60,010	33,680
AEA Limited	34,275	21,623
Civicon Kenya Limited	1,650	7,108
East African Cables PLC	54,002	47,476
Tanelec Zambia	-	2,965
	149,937	**112,852**

(e) Loans to subsidiaries – Company

	2020 KShs '000	2019 KShs '000
Payable after 12 months:		
TransCentury Holdings		
(Proprietary) Limited - South Africa	581,703	564,882
East African Cables PLC	586,636	517,924
Cableries Du Congo (CDC)	4,592	4,262
	1,172,931	**1,087,068**
Impairment loss on TransCentury		
Holdings (Proprietary) & CDC loans	(586,295)	(569,144)
	586,636	**517,924**

*On 22 April 2014, the Company issued an unsecured loan of USD 4 million East African Cables PLC with a tenor of 20 months from the drawdown date at an interest rate of 11% per annum (2014 to 2020 – 9% per annum). The loan is subordinated to bank borrowings. It is revalued from USD to KShs at the closing rates at the end of each reporting date. The loan is repayable after the subsidiary has fully settled its existing bank borrowings obligation.

(f) Loan from subsidiary – Company

	2020 KShs '000	2019 KShs '000
Cable Holdings (Kenya) Limited (Note 27)	576,073	576,073

TransCentury PLC borrowed KShs 576,073,000 from Cable Holdings (Kenya) Limited to meet its working capital and capacity expansion requirements between year 2006 and 2010. The loan is unsecured and interest free and shall be repaid in full on or before 31 December 2022.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

29. RELATED PARTY TRANSACTIONS (Continued)

(g) Due from subsidiaries

Company (2020)

Subsidiary	Amount Due 2020 KShs '000	Impairment 2020 KShs '000	Net 2020 KShs '000
Cable Holdings (Kenya) Limited	9,860	-	9,860
TC Mauritius Holdings Limited	2,929,037	(2,929,037)	-
AEA Limited	136,680	-	136,680
East African Cables PLC	154,737	-	154,737
Crystal Limited	30,067	(30,067)	-
Tanelec Limited	279,169	-	279,169
Kewberg Cables and Braid (Pty) Limited	290,888	(290,888)	-
TC Railway Holdings Limited	4,804	(4,804)	-
Safari Rail Company Limited	4,364	(4,364)	-
Tanelec Zambia Limited	35,427	-	35,427
Cableries du Congo	131,099	(131,099)	-
Total (Note 18)	**4,006,132**	**(3,390,259)**	**615,873**

The impairment in the current year relates to intercompany receivables (bond paid on behalf of TC Mauritius Holdings Limited (TCM) by the parent company), audit fees, secretarial fees and tax fees paid by the holding company.

Company (2019)

Subsidiary	Amount Due 2019 KShs '000	Impairment 2019 KShs '000	Net 2019 KShs '000
Cable Holdings (Kenya) Limited	9,395	-	9,395
AEA Limited	87,383	-	87,383
TC Mauritius Holdings Limited	2,468,011	(2,468,011)	-
East African Cables PLC	116,486	-	116,486
Crystal Limited	29,223	(29,223)	-
Tanelec Limited	280,779	-	280,779
Kewberg Cables and Braid (Pty) Limited	280,631	(280,631)	-
TC Railway Holdings Limited	4,225	(4,225)	-
Safari Rail Company Limited	3,815	(3,815)	-
Tanelec Zambia Limited	33,088	-	33,088
Cableries du Congo	121,058	(121,057)	1
Total (Note 18)	**3,434,094**	**(2,906,962)**	**527,132**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

29. RELATED PARTY TRANSACTIONS (Continued)

(h) Due to subsidiaries – Company

	2020 KShs'000	2019 KShs'000
Cable Holdings (Kenya) Limited	5,426	5,426
Cable Holdings Mauritius Limited	40,111	37,837
TransCentury Holdings (Pty) Limited	-	3,740
Civicon DRC Holdings Limited	258,770	242,171
Civicon Limited	160,383	180,375
	464,690	**469,549**
Writeback of Kewberg payables	-	(3,740)
Total (Note 28)	**464,690**	**465,809**

(i) Key management compensation

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Short-term employee benefits	268,620	311,014	61,771	61,771
Post-employment benefits	15,525	151,488	4,671	4,671
	284,145	**462,502**	**66,442**	**66,442**

(j) Key management transactions

Directors control 3.34% of the voting shares of the company. A number of key management personnel or their related parties hold positions in other companies that result in them having control or significant influence over those other companies

(k) Borrowings from shareholders

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '000
Preference shares - Note 24(b)	1,213,502	1,015,458	-	-
Shareholder loans - Note 24(c)	1,947,541	1,224,883	1,222,431	-
	3,161,043	**2,240,341**	**1,222,431**	**-**

(l) Non-executive directors remuneration

	Consolidated 2020 KShs '000	Consolidated 2019 KShs '000	Company 2020 KShs '000	Company 2019 KShs '00
Non-executive directors remuneration	**10,815**	**13,182**	**10,815**	**13,182**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

30. SEGMENT INFORMATION

(a) Basis of segmentation

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

- Power;
- Engineering; and

These business units offer different products and services and are managed separately because they require different technology and marketing strategies. The following summary describes the operations of each reportable segment:

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

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

(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.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

30. SEGMENT INFORMATION (Continued)

(b) Information about reportable segments (continued)

Year ended 31 December 2020	Power KShs'000	Engineering KShs'000	Others KShs'000	Intra-group adjustments KShs'000	Total KShs'000
Segment revenue	3,892,764	1,538,203	-	(108,484)	5,322,483
Profit/(loss) before depreciation, impairment, and finance costs	**542,131**	**915,433**	**(68,268)**	**-**	**1,389,296**
Finance costs	(636,700)	(376,169)	(661,536)	-	(1,674,405)
Income tax expenses	(245,648)	(233,896)	(137,706)	-	(617,250)
Loss for the year	**(757,903)**	**85,310**	**(942,931)**	**-**	**(1,615,524)**
Attributable to:					
Equity holders	(333,685)	83,269	(942,931)		(1,193,347)
Non-controlling interest	(424,218)	2,041	-		(422,177)
Other information:					
Segment assets	8,827,899	5,558,848	(774,032)	-	13,612,715
Segment liabilities	8,632,913	10,426,722	3,509,261	-	22,568,896
Reversal of accruals (Note 6(b))	-	-	955,644	-	955,644
Depreciation and amortization	(314,182)	(120,401)	(561)	-	(435,144)

Year ended 31 December 2019	Power KShs'000	Engineering KShs'000	Others KShs'000	Intra-group adjustments KShs'000	Total KShs'000
Segment revenue	3,639,270	2,064,634	-	-	5,703,904
Profit/(loss) before depreciation, impairment and finance costs	**1,747,927**	**(51,164)**	**(171,631)**	**-**	**1,525,132**
Finance costs	(450,800)	(193,810)	(418,860)	-	(1,063,470)
Income tax expenses	(167,718)	(582,705)	337	-	(750,086)
Loss for the year	**466,344**	**(1,003,745)**	**(3,398,128)**	**-**	**(3,935,529)**
Attributable to:					
Equity holders	290,249	(785,239)	(3,484,480)	-	(3,979,470)
Non-controlling interest	176,095	(129,154)	-	-	43,941
Other information:					
Segment assets	9,220,120	4,959,608	2,488,453	-	16,668,181
Segment liabilities	8,771,237	8,728,250	2,473,280	-	19,972,767
Loan forgiveness(Note 6(b))	1,500,628	-	-	-	1,500,628
Depreciation and amortization	(405,379)	(198,316)	1,798	-	(601,897)

Segment assets comprise primarily property, plant and equipment, intangible assets, inventories, receivables and operating cash and exclude certain intra-group receivables. Segment liabilities comprise operating liabilities and exclude certain corporate borrowings.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

30. SEGMENT INFORMATION (Continued)

(c) Geographic information

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

(i) Revenue

	2020 KShs '000	2019 KShs '000
Kenya	3,065,220	3,401,481
Tanzania	2,100,389	2,163,327
Uganda	104,900	33,268
Zambia	51,974	105,828
	5,322,483	**5,703,904**

(ii) Non-current assets

Kenya	5,627,662	5,971,795
Tanzania	2,480,524	2,413,736
Uganda	24,248	36,073
South Africa	89,533	209,860
Mauritius	678	26,395
DR Congo	-	50,668
Zambia	161,371	97,447
	8,384,016	**8,805,974**

31. CAPITAL COMMITMENTS

There were no capital commitments across the Group during the year (2019 – Nil).

32. CONTRACTUAL LEASE COMMITMENTS

Consolidated

	2020 KShs'000	2019 KShs'000
Less than one year	60,260	4,411
Between one and five years	101,086	31,468
	161,346	**35,879**

Company

Less than one year	330	330
Between one and five years	138	468
	468	**798**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

33. CONTINGENCIES

Claims have been made by certain former employees of the Group and Company resulting from termination of employment. However, in the opinion of the Directors, no significant liability is likely to crystallise. Furthermore, this cannot be currently established.

Guarantees with the bankers amounted to KShs 1,856,899,000 as at 31 December 2020 (2019 – KShs 1,494,546,000). Letters of credit amounted to KShs 349,602,000 as at 31 December 2020 (2019 – KShs 217,927,650) whose related liabilities have been accrued in the financial statements as appropriate for the supplies.

34. RECLASSIFICATIONS OF COMPARATIVES

Certain comparatives in the 2019 financial statements have been reclassified to conform to the presentation in the 2020 financial statements as follows:

Consolidated statement of profit or loss and other comprehensive income

	As previously reported KShs '000	Effect of reclassification KShs '000	As reclassified KShs '000
Cost of sales	3,876,140	6,646	3,882,786
Operating expenses	1,808,155	(3,323)	1,804,832
Impairment losses	3,178,623	(3,323)	3,175,300
	8,862,918	**-**	**8,862,918**

Consolidated statement of financial position

	As previously reported KShs '000	Effect of reclassification KShs '000	As reclassified KShs '000
Current assets			
Trade and other receivables	2,339,293	(147,675)	2,191,618
Contract assets	-	147,675	147,675
	2,339,293	**-**	**2,339,293**
Current liabilities			
Trade and other payables	7,973,657	(592,271)	7,381,386
Contract liabilities	-	592,271	592,271
	7,973,657	**-**	**7,973,657**

Consolidated statement of cash flows

	As previously reported KShs '000	Effect of reclassification KShs '000	As reclassified KShs '000
Adjustment for non-cash items			
Provision for staff gratuity	**-**	**2,916**	**2,916**
Operating loss before working capital changes			
Trade and other receivables	(570,336)	147,675	(422,661)
Contract assets	-	(147,675)	(147,675)
Provision for staff gratuity	2,916	(2,916)	-
Trade and other payables	718,577	592,271	1,310,848
Contract liabilities	-	(592,271)	(592,271)
	151,157	**(2,916)**	**148,241**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

34. RECLASSIFICATIONS OF COMPARATIVES (Continued)

	As previously reported KShs '000	Effect of reclassification KShs '000	As reclassified KShs '000
Cash flows used in operating activities			
Lease interest paid	(1,084)	1,084	-
Cash flows from financing activities			
Lease interest paid	-	(1,084)	(1,084)
	(1,084)	-	(1,084)
	150,073	**-**	**150,073**

The reclassifications have been made based on the opinion of management as the new classifications are more appropriate to the Company's business.

35. EVENTS AFTER THE REPORTING DATE

(a) Debt restructure

On 1 October 2020, the Group through its shareholder, Kuramo Africa Opportunity Kenyan Vehicle Limited, entered into a restructuring Standstill Agreement with the bondholders to reschedule the bond maturity payments as follows; Year 2020 (USD, 2,500,000); Year 2021 (USD 5,600,000); Year 2022 (USD 4,000,000).

On 31 December 2021, the Group through its subsidiary, EAC PLC, restructured their facility with Ecobank Kenya Limited amounting to KShs 160 million to be repaid within a period of five years.

On 21 April 2022, the principal shareholder, Kuramo Africa Opportunity Kenyan Vehicle Limited, agreed and signed amended terms to the shareholder loan extending the maturity date of the shareholder loans advanced to the Group amounting to KShs 1.9 billion from 31 March 2022 to 31 December 2022. On 2 September 2022, the shareholder further extended the repayment of the loan through a subordination letter to 30 September 2023.

(b) Discontinued operations

On 1 July 2021 the operations for Kewberg Cables & Braids Proprietary Limited were discontinued. The company management voluntarily commenced business rescue proceedings. The aim of business rescue is to give a better return for the stakeholders of the company than would ordinarily result from the liquidation of the company. The disposal of company assets and settlement of liabilities has been completed.

On 1 July 2021 Cableries du Congo (CDC) was put under liquation. The process of disposal of company assets and settlement of liabilities is ongoing and is expected to be completed in the fourth quarter of 2022.

The operations of Civicon Africa Group Limited are mothballed to manage risk and safeguard assets.

The Group continues incurring the costs such security cost, minimal staff costs and other related costs in keeping assets secure and minimizing any risk within the mothballed entities.

Management has projected declining revenue reserves from the mothballed entities as the Group continues to incur cost to maintain and secure the assets.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

35. EVENTS AFTER THE REPORTING DATE (Continued)

(c) Regulatory approval for TC's rights issue

The Capital Markets Authority (CMA) granted TransCentury PLC approval in May 2022 to proceed with the rights issue process where existing shareholders have a chance to take up the offer on the basis of five (5) new ordinary shares for every one (1) existing share as approved in the last shareholder meeting held on 10th June 2021. Funds raised will go towards supporting the last phase of turnaround plan, recapitalizing the business, reducing debt, and unlocking working capital for underlying businesses.

(d) COVID-19 pandemic

The containment measures effected by the Government of Kenya and other countries globally to reduce the spread of the Covid-19 pandemic have impacted the business environment. These measures, which include movement restriction and reduced working hours have affected the Group's supply chain process, productivity, and access to the market. The risks arising from this pandemic could include market contraction, services and supply chain disruptions, unavailability of key people/resources/ locations, being quarantined, among others. The directors note that demand for our products and services will be affected.

At the time of issuing these financial statements, the directors estimate that the effect of Covid-19 to the Group and Company revenues for 2021 will be about 22%. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from the judgements and assumptions used, could require a material adjustment to the carrying amount of the assets or liabilities reported in these financial statements.

(e) Geo-political conflict

The geo-political conflict between Russia and Ukraine has disrupted supply chains and capital flows across the world. This has led to increase in prices of commodities, constraining consumer spending/ wallet and reducing purchasing power.

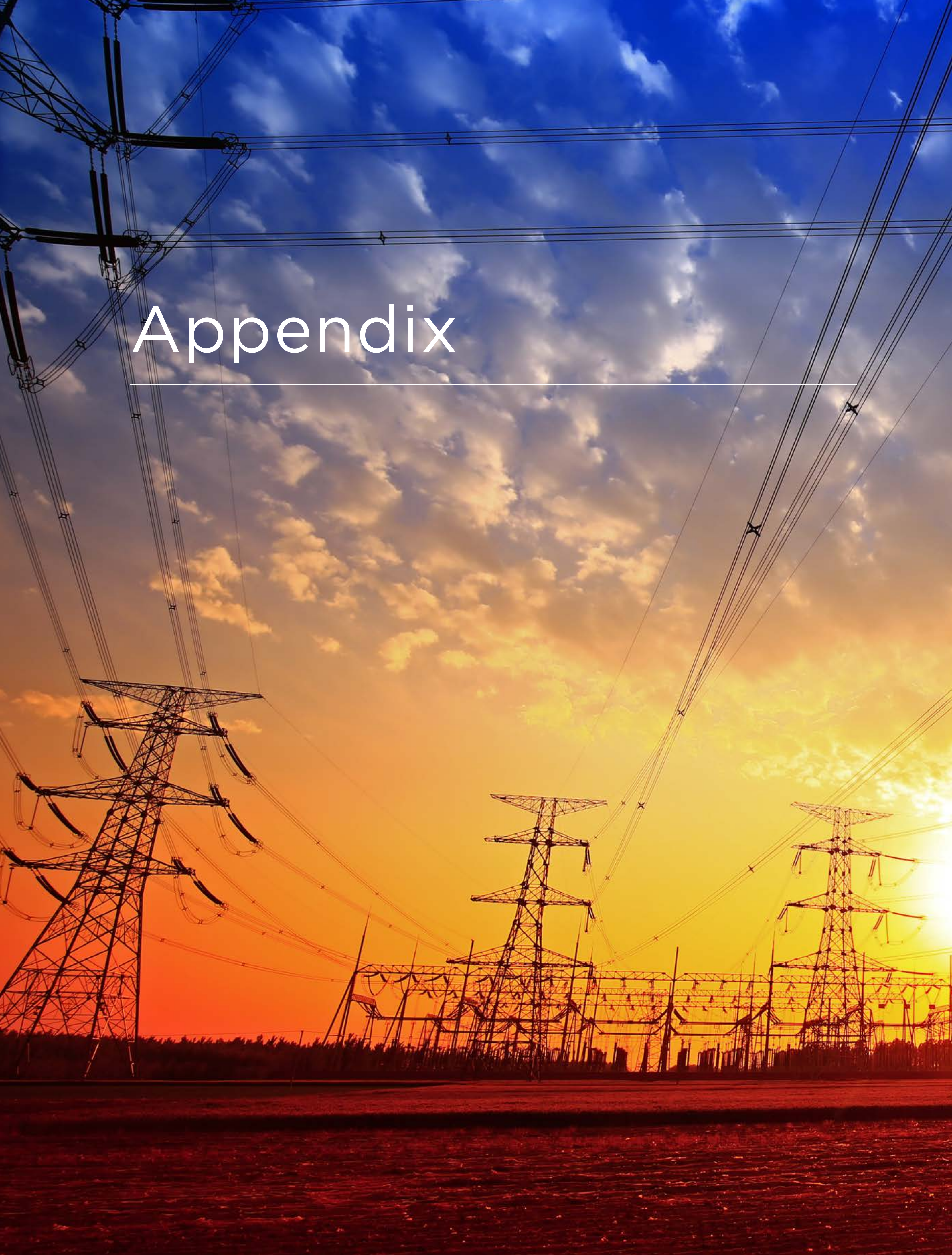
TheGroup will continue to monitor the impact of the conflict on the Group's future business projections and overall strategy. The Group has also put in place a strong business continuity plan to ensure there is minimal business interruption.

The directors were not aware of any other matter or circumstances arising (as defined per IAS 10 Events after the Reporting Period) since the end of the financial year, not otherwise dealt with in the financial statements, which would significantly affect the position of the Group and results of its operation as laid out in these financial statements.

(f) Shareholder loans

On 2 September 2022, the principal shareholder, Kuramo Africa Opportunity Kenyan Vehicle Limited, subordinated the loans of KShs 3.16 billion disclosed at Note 29(k) thereby extending the repayment of these loans to 30 September 2023.

Appendix



TransCentury
Impacting Africa

NOTICE OF THE 2020 ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Third (23rd) Annual General Meeting of Trans-Century PLC (the "Company") will be held via electronic communication on 7th October 2022 at 11.00am to conduct the following business:

AGENDA

A. ORDINARY BUSINESS

1. To receive and adopt, the Chairman's statement, reports of the Directors and Auditors and audited financial statements for year ended 31 December 2020;
2. To approve the Directors' remuneration and the Directors' Remuneration Report for the year ended 31st December 2020;
3. To note that the Directors do not recommend payment of a dividend for the year ended 31 December 2020;
4. To elect Directors:
   - 4.1 In accordance with the Company's Articles of Association, Mr. Wanjuki Muchemi retires by rotation and being eligible offers himself for re-election.
   - 4.2 Pursuant to paragraph 2.5.1 of the Code of Corporate Governance Practices for Issuers of securities to the Public 2015, to approve the continuation in office as a director, Mr. Ephraim Kariithi Njogu who is above the age of seventy (70) years.
   - 4.3 Pursuant to paragraph 2.5.1 of the Code of Corporate Governance Practices for Issuers of securities to the Public 2015, to approve the continuation in office as a director, Mr. Wanjuki Muchemi who is above the age of seventy (70) years.
5. Pursuant to the provisions of Section 769 of the Companies Act 2015, Mr. Ephraim Kariithi Njogu, Mr. Kamal Pallan and Mrs. Anne Mutahi being Members of the Board Audit, Risk & Compliance Committee be re-elected to continue to serve as Members of the said Committee.
6. To approve the re-appointment of KPMG Kenya as the auditors in accordance with section 721 (2) of the Companies' Act, 2015 and to authorize the Directors to fix their remuneration for the ensuing year in accordance with the provisions of Section 724(1) of the Companies Act. 2015.
7. To transact any other business of which due notice has been given.

By Order of the Board
Company Secretary
P.O. Box 42334-00100
NAIROBI
Date: 9th September 2022

NOTES

1. Shareholders wishing to participate in the meeting should register for the AGM online by dialing *483*902# on their mobile telephone and follow the various prompts on the registration process.
   I. Shareholders domiciled outside of Kenya or those wishing to participate through the online platform should send an email to Image Registrars via *info@image.co.ke*.
   II. Shareholders with email addresses will receive a registration link via email through which they can use to register
   III. The online registration will close 48 (fourty eight) hours prior to the AGM.
2. To complete the registration process, shareholders will need to provide their National ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number. For assistance shareholders should dial the following helpline number: (+254) 709 170 000 from 8:00 a.m. to 5:00 p.m. from Monday to Friday. Shareholders outside Kenya should dial the helpline number or send an email to info@image.co.ke for assistance during registration.
3. Registration opens on Saturday , 10th September 2022 at 11.00am and closes on Wednesday, 5th October 2022 at 11.00am.
4. The following documents may be viewed on the Company's website *www.transcentury.co.ke*

   (a) a copy of this Notice and the proxy form;

   (b) Audited financial statements for year ended 31 December 2020.

   The reports may also be accessed upon request by dialling the USSD code above and selecting the Reports option. The reports and agenda can also be accessed on the livestream link.
5. Any shareholder who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on their behalf. Such proxy need not be a member of the Company.
6. A proxy form will be provided with the notice of the AGM. The proxy form can also be obtained from the Company's website *www.transcentury.co.ke* or from Image Registrars Limited, Absa Towers (formerly Barclays Plaza), 5th Floor, Loita Street, P. O. Box 9287 - 00100, Nairobi, Kenya. Shareholders who do not propose to be at the General Meeting are requested to complete and return the proxy form to Image Registrars Limited, or alternatively to the Registered Office of the Company so as to arrive not later than 48 (forty-eight) hours before the AGM.

   Duly signed proxy forms may also be emailed to *info@image.co.ke* in PDF format. A proxy form must be signed by the appointor or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under the hand of an officer or duly authorized attorney of such body corporate.
7. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:
   a) sending their written questions by email to *info@image.co.ke*;
   b) shareholders who will have registered to participate in the meeting shall be able to ask questions via sms by dialing the USSD code above and selecting the option (ask Question) on the prompts
   c) to the extent possible, physically delivering their written questions with a return physical address or email address to Image Registrars offices at 5th floor, Absa Towers (formerly Barclays Plaza), Loita Street; or
   d) sending their written questions with a return physical address or email address by registered post to Image Registrars' address at P.O. Box 9287 – 00100 Nairobi.
8. Shareholders must provide their full details (full names, National ID/Passport Number/ CDSC Account Number) when submitting their questions or clarifications.

   The Company's directors will provide written responses to the questions received no later than 12 (twelve) hours before the start of the AGM. A full list of all questions received, and the answers thereto will be published on the Company's website not later than 12 (twelve) hours before the start of the AGM.
9. The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the AGM. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers or emails on their registered email addresses, 24 (twenty-four) hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, as a reminder that the AGM will begin in an hours' time and providing a link to the live stream.
10. Shareholders and proxies who have registered to attend the AGM may follow the proceedings using the live stream platform, access the agenda and vote (when prompted by the chairman) via the USSD prompts.
11. Results of the resolutions voted on will be published on the Company's website *www.transcentury.co.ke* within 24 (twenty-four) hours following conclusion of the AGM.

    Shareholders are encouraged to continuously monitor the Company's website for any updates relating to the AGM.

Proxy Form

I/We ____ of ___________________________________ being a shareholder/shareholders of the above-named Company, hereby appoint _________________ of_________________ or failing him _________________ of _________________ as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting (AGM) of the Company to be held on 7th October 2022 and at any adjournment thereof.

As witness my/our hand this____________ day of ____________ 2022.

SIGNED_________________ SIGNED_________________

This Form is to be used in for or against any resolutions here below. Please mark as appropriate. Unless otherwise instructed, the proxy shall vote as he thinks fit.

Ordinary Business	For	Against	Withheld
1. To receive and adopt, the Chairman's statement, reports of the Directors and Auditors and audited financial statements for year ended 31 December 2020;			
2. To approve the Directors' remuneration and the Directors' Remuneration Report for the year ended 31st December 2020;			
3. To note that the Directors do not recommend payment of a dividend for the year ended 31 December 2020;			
4. To elect Directors: 4.1 In accordance with the Company's Articles of Association, Mr. Wanjuki Muchemi retires by rotation and being eligible offers himself for re-election.			
4.2 Pursuant to paragraph 2.5.1 of the Code of Corporate Governance Practices for Issuers of securities to the Public 2015, to approve the continuation in office as a director, Mr. Ephraim Kariithi Njogu who is above the age of seventy (70) years.			
4.3 Pursuant to paragraph 2.5.1 of the Code of Corporate Governance Practices for Issuers of securities to the Public 2015, to approve the continuation in office as a director, Mr. Wanjuki Muchemi who is above the age of seventy (70) years			
5. Pursuant to the provisions of Section 769 of the Companies Act 2015, Mr. Ephraim Kariithi Njogu, Mr. Kamal Pallan and Mrs. Anne Mutahi being Members of the Board Audit, Risk & Compliance Committee be re-elected to continue to serve as Members of the said Committee.			
6. To approve the re-appointment of KPMG Kenya as the auditors in accordance with section 721 (2) of the Companies' Act, 2015 and to authorize the Directors to fix their remuneration for the ensuing year in accordance with the provisions of Section 724(1) of the Companies Act. 2015.			
7. To transact any other business of which due notice has been given.			

Proxy Form

ELECTRONIC COMMUNICATIONS CONSENT FORM

Please complete in BLOCK CAPITALS

Full name of Proxy(i) ____

____

____

Address: ____

____

Mobile Number:

Date: ______________________________

Signature: ______________________________

Please tick ONE of the boxes below and return to Image Registrars Limited at P.O. Box 9287- 00100 Nairobi, 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street, Nairobi: **Approval of Registration**			
I/We approve to register to participate in the virtual AGM to be held on 7th October 2022.			
Consent for use of the Mobile Number provided			
I/We would give my/our consent for the use of the mobile number provided for purposes of voting at the virtual AGM.			

Notes:

1. If a member is unable to attend personally, this Proxy Form should be completed and returned (together with a power of attorney or other authority (if any) under which it is assigned or a notarized certified copy of such power or authority) to Image Registrars Limited, Barclays Plaza, 5th Floor, Loita Street and address P.O. Box 9287-00100 Nairobi, or through their email address info@image.co.ke to arrive not later than 11.00 a.m. on 5th October 2022 i.e. 48 hours before the meeting or any adjournment thereof.
2. In case of a member being a corporate body, the Proxy Form must be under its common seal or under the hand of an officer or duly authorized attorney of such corporate body.
3. As a shareholder you are entitled to appoint one or more proxies to exercise all or any of your shareholder rights to attend and to speak and vote on your behalf at the meeting. A proxy need not to be a shareholder of the Company.
4. Completion and submission of the Proxy Form will not prevent you from attending the meeting and voting at the meeting in person, in which case any votes cast by your proxy will be excluded.
5. A "vote withheld" option has been included on the Proxy Form. The legal effect of choosing this option on any resolution is that you will be treated as not having voted on the relevant resolution. The number of votes in respect of which votes are withheld will, however, be counted and recorded, but disregarded in calculating the number of votes for or against each resolution

Definition and Acronyms

TC	-	TransCentury PLC
GCEO	-	Group Chief Executive Officer
EAC	-	East African Cables
CMA	-	Capital Markets Authority
NSE	-	Nairobi Securities Exchange
KRA	-	Kenya Revenue Authority
IIRC	-	International Integrated Reporting Council
CSR	-	Corporate Social and Governance
ESG	-	Environmental Social and Governance
SDGs	-	Sustainable Development Goals
SSA	-	Sub-Saharan Africa
Kwh	-	Kilowatts
OECD	-	The Organization for Economic Cooperation and Development.
GDP	-	Gross Domestic Product
PPPs	-	Public Private Partnerships
ICT	-	Information and Communication Technology.
USD	-	United States Dollar
Ahidi	-	TransCentury PLC Strategy (2018-2022)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