2021

INTEGRATED REPORT

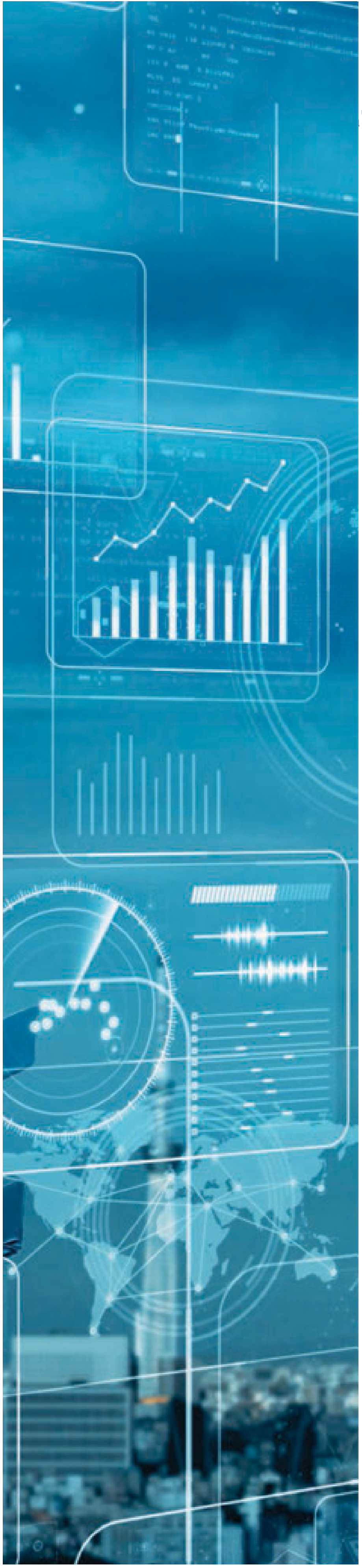
STEADY GROWTH

ABOUT THIS REPORT

The TransCentury PLC, Integrated Report and Financial Statement 2021 provides a balanced and comprehensive view of the Group's performance and business model as part of our continuous efforts to enhance disclosure to all our stakeholders. The Report has been prepared for the period of 1st January 2021 to 31st December 2021.

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.



Contents

Company Overview

Who We are.

TransCentury PLC ("TC") is an Investment Holding Company with a focus on infrastructure specifically the Energy, Transport, Water, Industrial and Agriculture sectors.

TC operates primarily as an active investor in businesses that we invest in, adding value through.

- Deploying the right capital for growth,
- Driving strategy,
- Providing an unmatched platform for tapping synergy and accelerating growth through providing strategic expertise in specialized areas to the businesses.

Our Business Philosophy

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

Our Focus is in:

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

Our Offering to Investee Companies

We offer our investee companies capital enhancement through:

a) Support in strategy formulation and execution

b) Corporate governance framework

c) Established platform with structures and systems to tap from – Center for excellence and synergy.

d) Systems and structures that support the development of strong brands.

e) Business support

- Turnaround specialty
- Structuring customized funding
- Managing complexities

Our Markets.

Our focus is in Sub-Sahara Africa, where the infrastructure sector is still characterized by under-penetration and inefficiency resulting in prohibitive costs of goods and services.

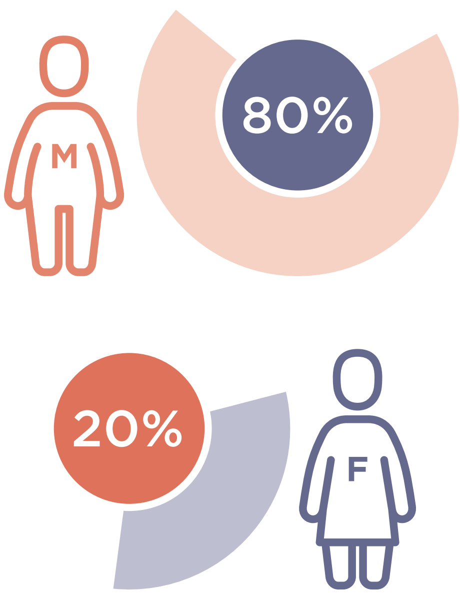
- We believe this region will greatly benefit from good infrastructure as this will accelerate inclusive and sustainable growth in the economies.
- This will also promote productivity and consequently the resilience and quality of life.
- Growth in African economies will continue to be greatly enhanced by infrastructure development.

The current priority region for TC is Sub Saharan Africa specifically Kenya, Uganda, Tanzania, Rwanda, DRC, Burundi, Zambia, and Southern Sudan where TC has established deep relationships with key stakeholders and the markets also demonstrate commitment to infrastructure development.

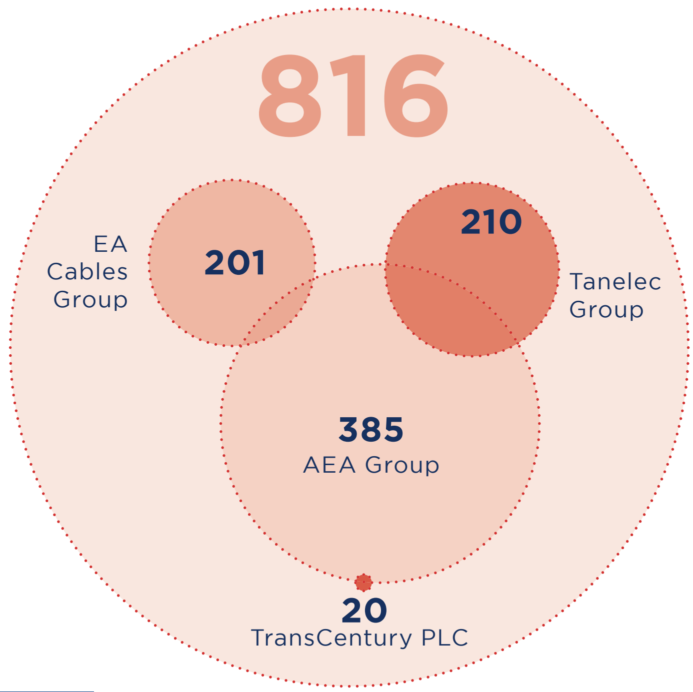
TC has built an unmatched platform in the region with deep understanding of the business environment.

TC at a Glance

STAFF GENDER RATIO



GROUP EMPLOYEES DISTRIBUTION

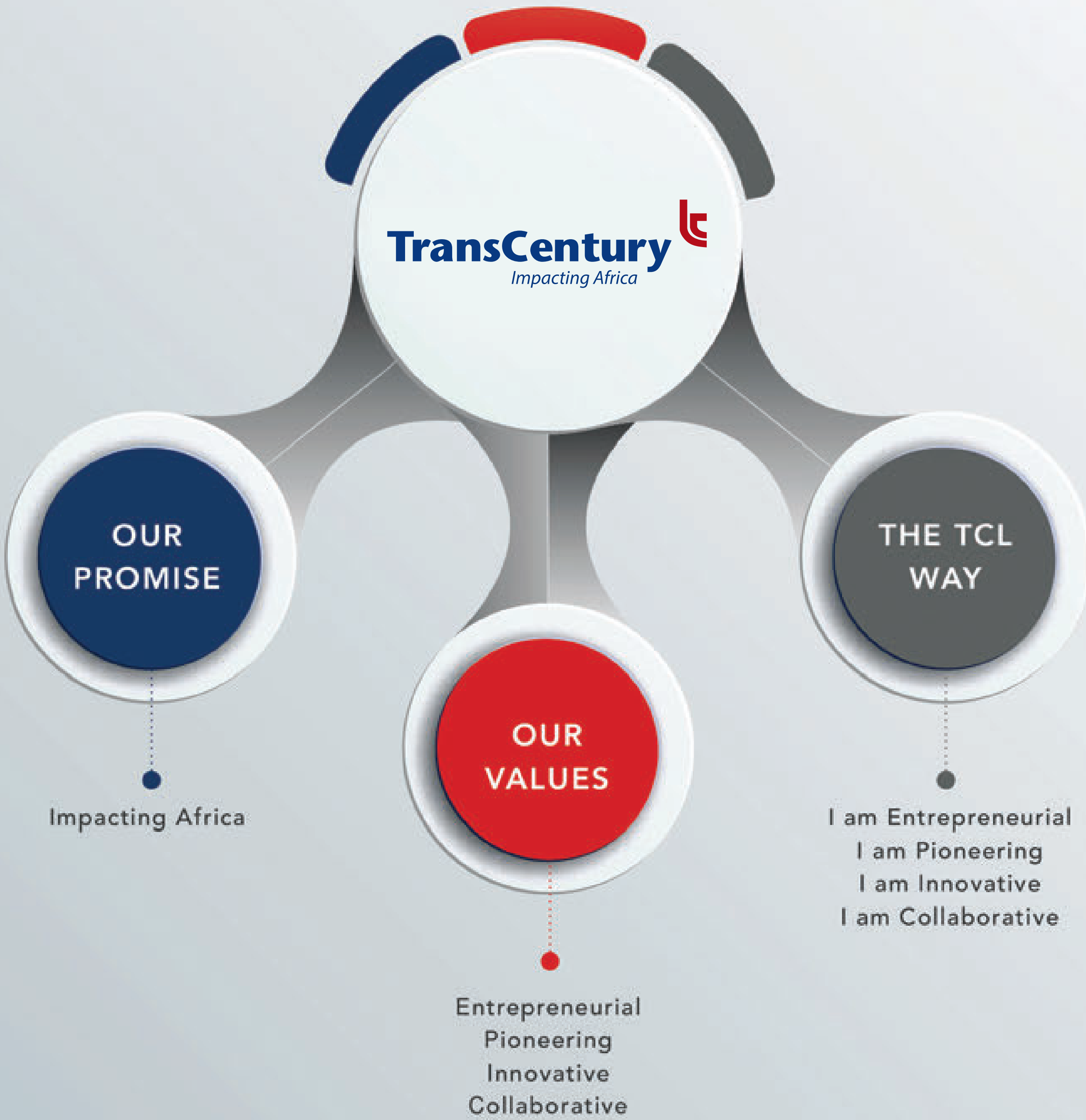


3% STAFF TURNOVER IN 2021

TC's PRIORITY MARKETS

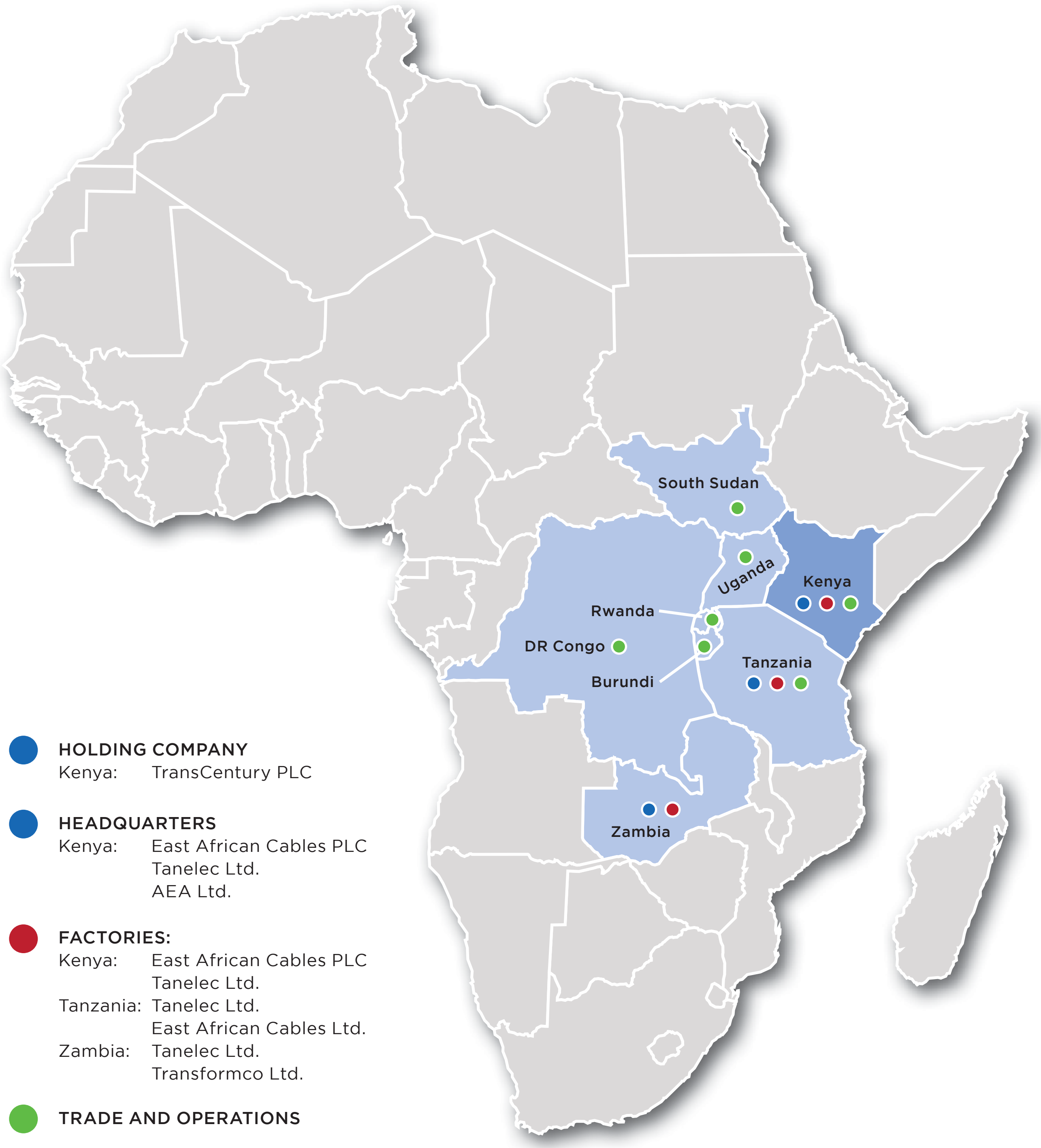
0.01% TOTAL LOST TIME DUE TO INJURY

OUR PROMISE, OUR VALUES, THE TC WAY



WE ARE EPIC!

TC's FOOTPRINT



HOLDING COMPANY
Kenya: TransCentury PLC

HEADQUARTERS
Kenya: East African Cables PLC
Tanelec Ltd.
AEA Ltd.

FACTORIES:
Kenya: East African Cables PLC
Tanelec Ltd.
Tanzania: Tanelec Ltd.
East African Cables Ltd.
Zambia: Tanelec Ltd.
Transformco Ltd.

TRADE AND OPERATIONS

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

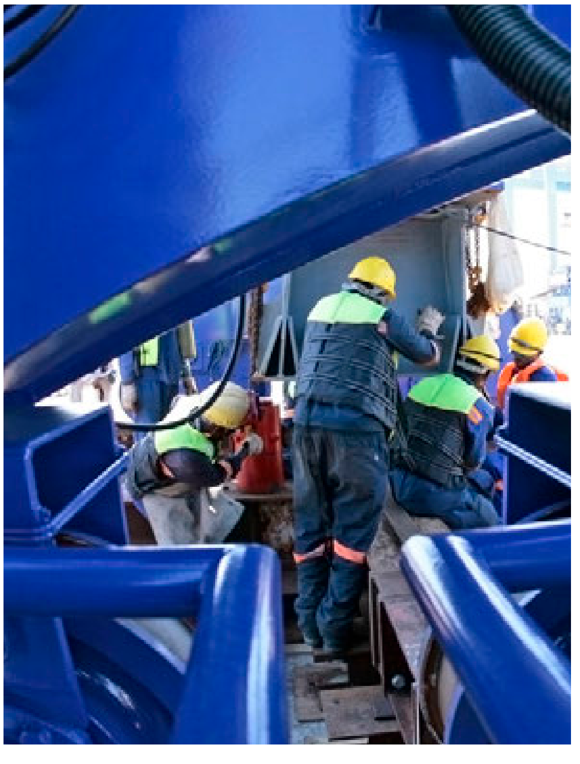
THE TC WAY

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.

Our Journey

1997
TC Incorporated with USD 300,000 seed capital

2004

February 2004
Invested in East African Cables (64%)

April 2005
Invested in AEA (94%)

2006

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

2007

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

2009

April 2009
TC shares begin trading over the counter market

2010

December
Invested in CDC (100%)

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

Ahidi
Our Promise

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

2019/20
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.

2020/21
The Group recorded a 5% growth in revenues
Unveiled a 4-year strategy dubbed Ahidi +32%
Received shareholder approval to launch a rights Issue fund raising process.

AHIDI +32%
Achieve together

Investment Strategy and Criteria

How we manage our investments

TC has invested in 6 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 to 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, creation of synergies with other investments in our portfolio by driving strategy and governance. 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 holding company that is guided by its vision, mission, core values and investment approach in all its investment activities. TC focuses on the infrastructure sector in Africa and pursues investments in projects in infrastructure and entities dealing in infrastructure-related products, services, and projects.

Under-penetration and inefficiencies in infrastructure severely hamper development, and TC investments play a key role in addressing these deficiencies across the entire infrastructure value chain in the region, with a focus on the Power, Transport, Water & Sanitation, Industrial, and Agriculture sectors. This provides an opportunity to build scalable businesses that target existing market inefficiencies.

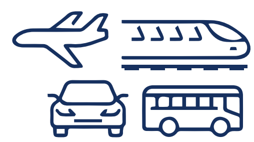
TC evaluates investments comprehensively through a structured, research-based and risk sensitive approach, and seeks to consistently achieve superior risk-adjusted returns on TC equity and debt capital.

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 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.

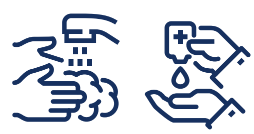
TC's INVESTMENT FOCUS

ENERGY



TRANSPORT

INDUSTRIAL



WATER AND SANITATION

AGRICULTURE

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 Focus - Infrastructure

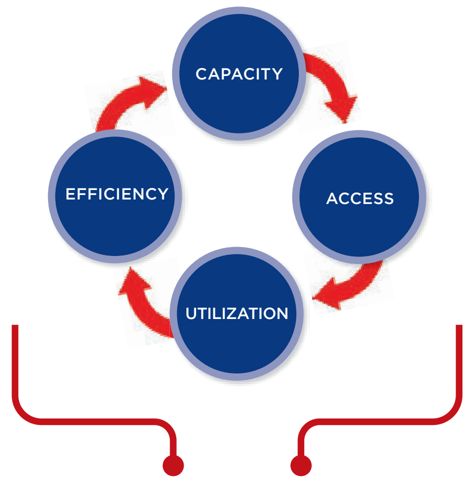
How we approach Infrastructure

TC has the capacity and experience to participate in all the following infrastructure touch points:

Investment/ ownership of infrastructure assets	Building/ construction of infrastructure	Supply of products/ solutions that go into infrastructure	Maintenance and management of infrastructure assets
Provide Capacity • Construction of infrastructure i.e., Construction of power plants in SSA totalling over 520 MW; Roads in South Sudan, DRC and Kenya. Over 236,000 cubic metres Storage terminals in SSA. • Investment in infrastructure assets – Experience in power projects (renewable energy) and in transport concessions (railway) • Supply of infrastructure development products – Aluminium conductors, house wires, distribution transformers and a diverse range of industrial products • Maintenance and management – key focus going forward	**Creating Access** • Construction of distribution channels to provide access to infrastructure, i.e., Power transmission/ distribution lines, and substation construction; access roads for oil and gas & energy generation projects etc • Invest in infrastructure assets – key focus going forward • Supply of products that go into infrastructure access, i.e. Conductors, transformers etc. • Maintenance and management – key focus going forward	**Enhancing Utilisation** • Construction of infrastructure – key focus going forward • Supply of products and solutions that enhance Infrastructure utilisation – consumption level products i.e. House wires / cables, transformers, valves, metering equipment, road preservation technologies • Investment in infrastructure assets – road patching machinery • Maintenance and management at consumption level / service e.g. service and repair solutions for transformers, gensets; operation of weighing and processing installations; bridge rehabilitation; road maintenance using efficient patching technology patching technology	**Enhancing Efficiency** • Construction of infrastructure – key focus going forward • Supply of products/ solutions that enhance infrastructure efficiency, user experience i.e., Metering units, gauges, generators, low-loss distribution products including transformers and transmission cables • Investment in infrastructure assets – key focus going forward • Maintenance operations and management of infrastructure assets for efficient use, longevity • Use of advanced technology/software and dedicated service teams to improve traffic control solutions. Experience in managing access roads for mining installations

Due to the cyclicality of the infrastructure space, focus shifts across the value chain depending on demand, resource availability, government focus, etc.

INFRASTRUCTURE VALUE CHAIN



TC offering cuts across the entire infrastructure value chain

TC Operating Subsidiaries

EAST AFRICAN CABLES.

East African Cables is a premier cable manufacturer in the East and Central African region. The company has three manufacturing facilities: two in Nairobi, Kenya and one in Dar es Salaam Tanzania. It is headquartered in Nairobi's Industrial area and is listed on the Nairobi Securities Exchange.

EAC manufactures an extensive range of cables for applications in domestic, industrial, last mile, agricultural, and water sectors as well as transmission and distribution of electricity.

EAC's product portfolio includes:

- Copper electrical cables and conductors.
- Aluminium conductors.
- Electrical accessories.
- Submersible cables
- Industrial control cables
- Booster cables

East African Cables
Total peace of mind

TC Operating Subsidiaries *(Continued)*

EAST AFRICAN CABLES (TZ)

East African Cables (Tz) Ltd (EAC Tz) a (subsidiary of East African Cables Plc) is the pioneer electric cable and conductor manufacturer in Tanzania. The Company is headquartered in Dar es Salaam, where the factory is also located.

EACTz is part of TransCentury Plc through a 51% stake of East African Cables PLC in EACTz.

The company's product range has application in the entire low voltage (LV) power infrastructure ecosystem from power generation, transmission, distribution, domestic wiring, industrial wiring, and other interior applications.

The company has continued to innovate in the manufacture of specialised cables for use in solar and industrial processes among others. Our products are generally categorised as follows:

1. Aluminium based products

- ACSR Bare Conductors (ACSR): For transmission of electricity
- Aerial Bundled Conductors (ABC): For distribution of electricity.
- Concentric Neutral Cables (CNC): Provides Termination/connection to the electricity user.

2. Copper based products

- Armoured and unarmoured Power Cables: Provides connectivity from transformer or generator.
- Control Cables
- Domestic Wire: Provides connectivity for final energy use
- Winding Wire: Provides enablement in transformers and electric motors.
- Flexible Cables (including DC Cables): Provides specialized connectivity to energy (Solar, wind etc)

East African Cables
Total peace of mind

TC Operating Subsidiaries *(Continued)*

TANELEC LIMITED.

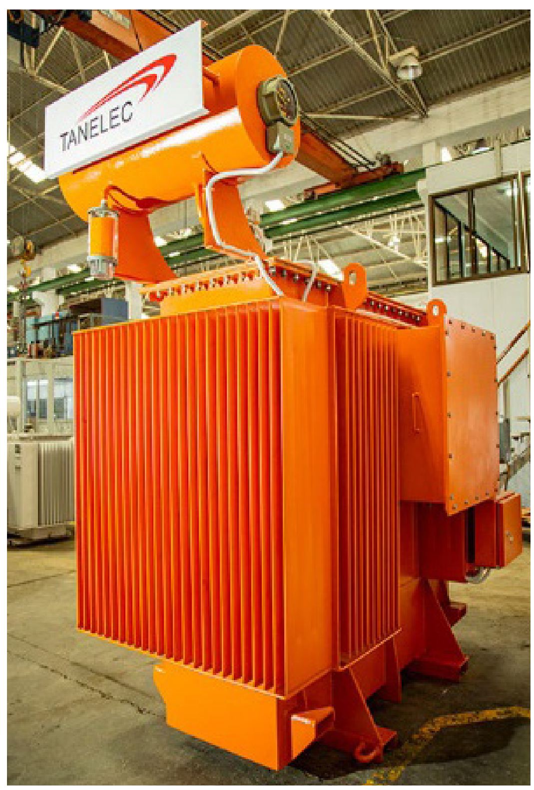
Tanelec is the largest manufacturer of electrical distribution transformers and switchgear in East and Central Africa.

The company is well equipped to provide full customer support for all products and at the same time comprehensive repair and service capabilities.

The company's product and service offering is as follows:

- Small & medium oil-filled distribution transformers: 25 kVA to 3 MVA at 11 & 33kV
- Power transformers: 5 to 500 MVA with input voltage above 36 kV
- Low and medium voltage switch gears
- Transformer repair and servicing
- Transformer installation and commissioning services
- In-house factory transformer service and refurbishment
- Turnkey electrical power projects such as: substation construction, extension, installation, concentrator cable rack installation, motor and switch gear installation, overhead line installation and rehabilitation

Tanelec has installed a state-of-the-art manufacturing facility with the highest capacity in the region to better meet growing demand. The company's main revenue streams are generated from transformer unit sales and repair services. A lower proportion comes from switchgear sales, but this has a significantly larger market and upside potential. Goods and services are supplied to utilities and private customers in Kenya, Tanzania, Uganda, Rwanda, Burundi, DRC, Zambia, Malawi, and Mozambique. Tanelec owns a subsidiary in Zambia that offers transformers, switchgear and turnkey electrical power projects. It also has a servicing workshop in Uganda. The company now has a plant in Kenya.



TC Operating Subsidiaries *(Continued)*

TANELEC ZAMBIA

Over the last two decades Tanalec Zambia has honed its expertise in the manufacture, service and repair of distribution transformers. Additionally, the company developed partnerships with international manufacturers such as ABB as a pathway into their power distribution project competency.

Tanelec has been a leading quality provider of power solutions across the grid in Sub Saharan Africa for almost 50 years.

The company's product and service offerings include:

- Service & repair of power and distribution transformers up to 3.5 MVA with full rewinding and testing capabilities
- New transformer design and manufacture
- On-load tap changer services
- Off-load tap changer services.
- Motor repair/rewinding and testing
- Overhead line construction
- Substation construction
- Mini Substation manufacture and repair

TANELEC ZAMBIA

TC Operating Subsidiaries *(Continued)*

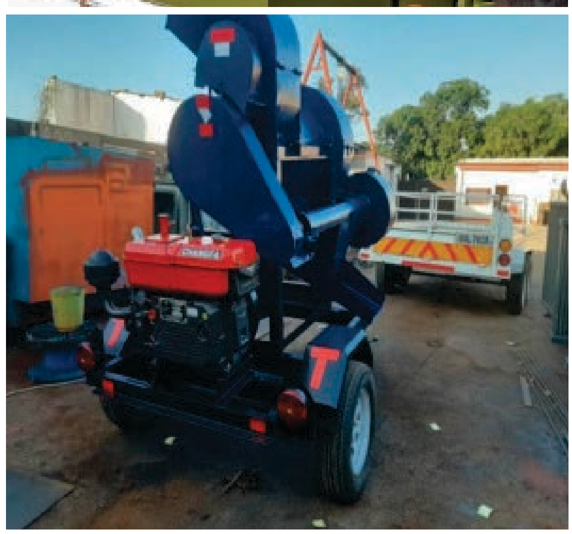
TRANSFORMCO POWER SERVICES LTD

Transformco is a power solution company incorporated in 2004 with a focus that spans from manufacturing, project execution and retail of electrical products.

The company supports power utilities in over 10 countries in Central, Eastern, and Southern Africa. It is the first and only manufacturer of substations in Zambia and the only manufacturer of multi-crop thrashers in Zambia.

The company's product and service offerings include:

- Substation construction.
- Transformer and minisub manufacturing and repair.
- Electrical motor repair.
- Electrical wiring
- Switchgear assembly and installation.
- Supply of ring main units
- Overhead line construction.
- Solar products.



TRANSFORMCO
POWER SERVICES LTD
TRANSFORMATIVE POWER SOLUTIONS

TC Operating Subsidiaries *(Continued)*

AEA LIMITED.

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

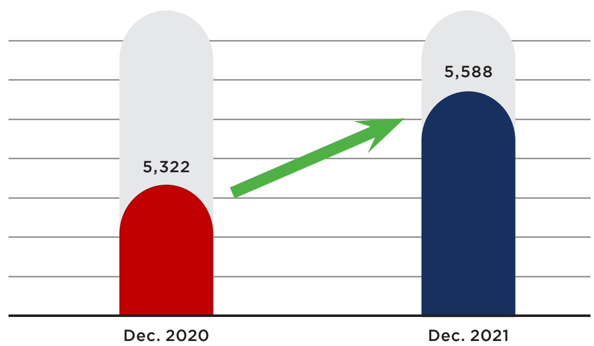
Over the years, the company has continuously diversified its product offerings due to the strong aftermarket support with a key focus on power and infrastructure.

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

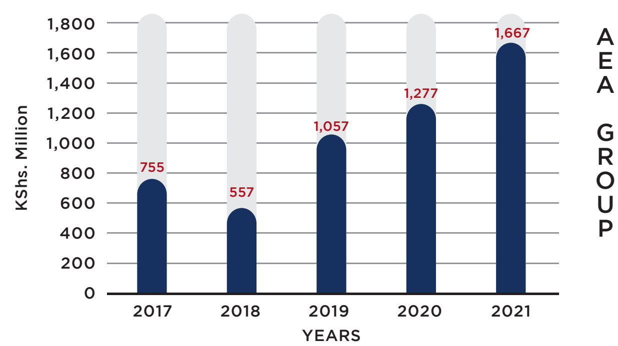
- Weighing solutions – weighing scales, systems, and weigh bridges
- Supplies and services Videojet Technologies Ink coding machines. The machines include small and large character inkjet systems, laser marking systems, label applicator systems, thermal transfer printing systems and industrial graphics and addressing systems.
- Integrated generators and power solutions for various applications with capacities between 10KVA-3,000KVA
- Industrial Products including ball bearings, conveyor belts and motors.
- Weighbridge management and sub-station projects
- Velocity Patching i.e. fast and efficient road patching technology
- Engineering, procuring and construction solutions.

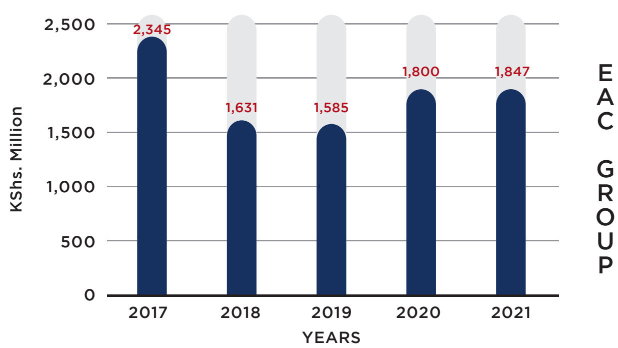
Group Performance in Brief

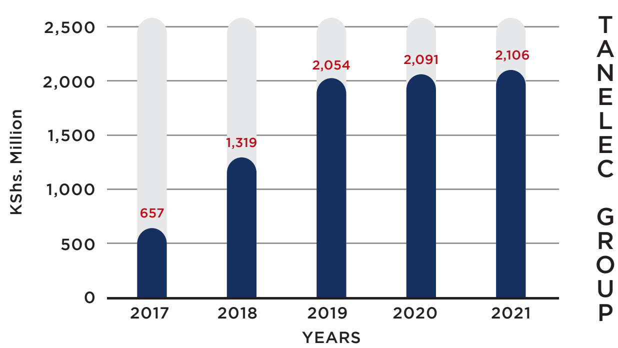
TC REVENUE (KShs M)



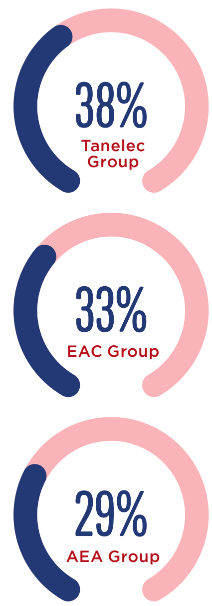
5% increase in revenue compared to the previous year.



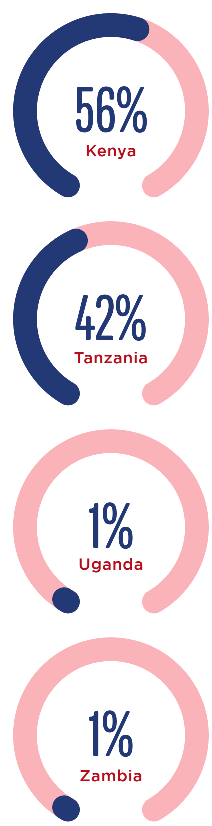




REVENUE PER ENTITY



TC GEOGRAPHICAL REVENUE CONTRIBUTION



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

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

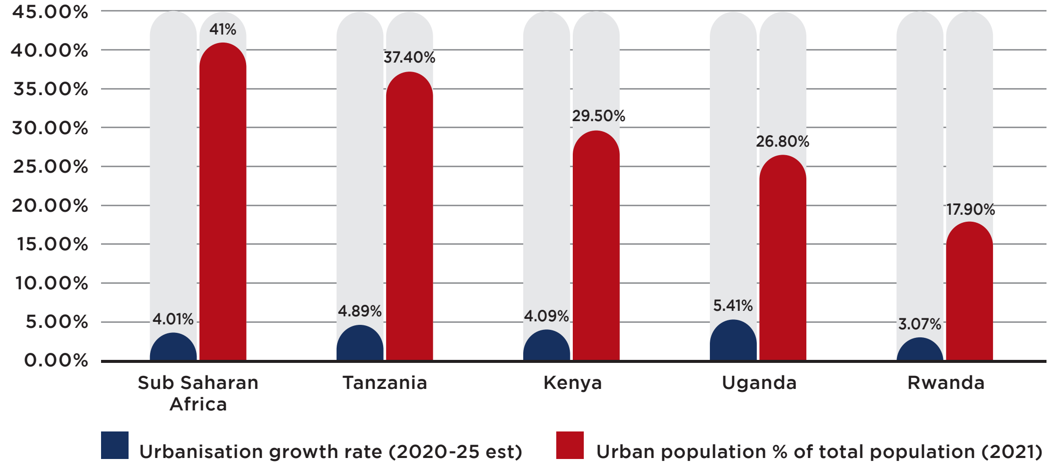
Business Review

Infrastructure sector overview

The infrastructure sector remains attractive

Africa's infrastructure sector growth is driven by the continent's rapid population growth and urbanization rate, which creates a demand for new infrastructure. Pre-COVID, the African Development Bank estimated in 2018 that Africa needs infrastructure financing of US$130-170 billion a year which translates to a total financing gap of between $68bn and $108bn annually[1]. This gap is projected to widen on account of a constrained fiscal space. Currently, Africa's public debt is estimated at $546bn[2], which is about one-quarter of the continent's GDP. Debt servicing takes up 18% of government revenues, leaving fewer resources available for infrastructure funding. However, this situation creates an opportunity for the private sector to contribute to infrastructure financing.

URBANISATION IN SELECT AFRICAN COUNTRIES (2021)



Source: CIA.gov

Infrastructure sector fiscal space

African governments continued to be the main source of finance (37.5%), followed by China (26%), infrastructure consortium for Africa (ICA) members (20%), the private sector (12%), and other bilateral and multilateral organizations (5%). Despite the unfavourable worldwide macroeconomic climate in 2021, private investment commitments in infrastructure in Sub-Saharan Africa remained relatively high. This was unexpected, as many countries and financial institutions in SSA were affected by rating downgrades, which made it more challenging to obtain financing, and infrastructure projects were expected to suffer. However, despite these challenges, SSA managed to attract significant investments, with a total of US$5.2 billion committed across the region. While this represents a 17.1% decrease from 2020 and a 3% decrease from the five-year average, the investments were spread more broadly, with 19 countries attracting projects compared to 16 in 2020[3].

1 https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/2018AEO/African_Economic_Outlook_2018_-_EN_Chapter3.pdf

2 https://africabriefing.com/africa-cannot-outsource-its-healthcare-security-to-the-benevolence-of-others/

3 https://ppi.worldbank.org/content/dam/PPI/documents/PPI-2021-Annual-Report.pdf

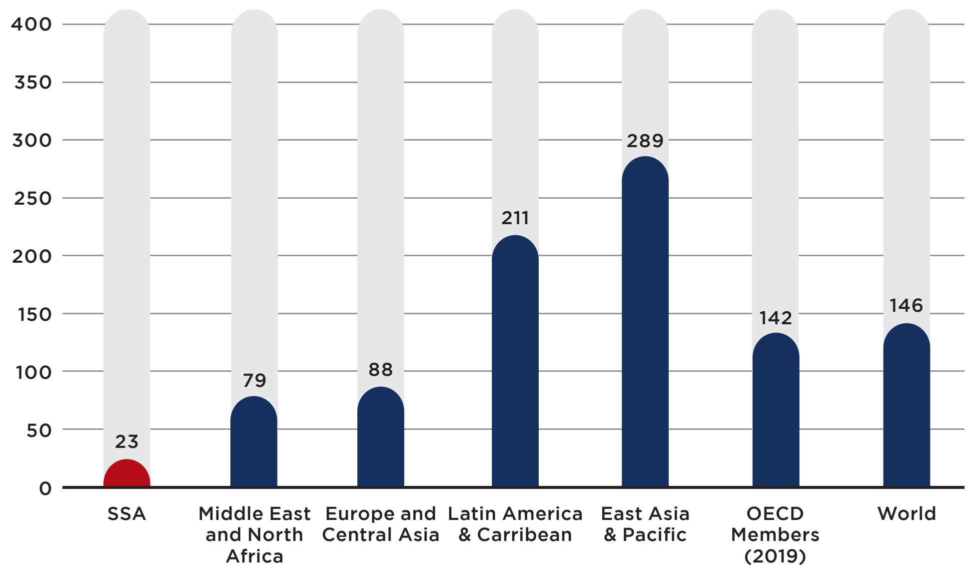
Agriculture sub-sector overview

Agriculture in Africa displays the characteristics of under-penetration and inefficiencies that are the cornerstones of TransCentury's selection of market opportunities.

Africa remains one of the world's largest importers of food despite having some of the world's most fertile land and abundant water resources. This dependence on food imports puts a strain on the region's economy and contributes to persistent food insecurity, particularly in rural areas where access to food is limited.

The lowest-hanging fruit for Africa in its quest for food security is to increase its agricultural productivity. In SSA, the yields of staple cereals have stagnated at less than 25% of attainable yields[4]. This is attributed to the lack of capital to produce inputs which not only affect the quality of seed but also the quantity and quality of fertilizer applied per hectare. Studies indicate that the amount of fertilizer application in Africa can be as little as 25 kilograms per hectare, which has no beneficial effect whatsoever. The ideal application amount is anything between 250 and 350 kilograms per hectare.

FERTILIZER CONSUMPTION
(KGS PER HECTARE OF ARABLE LAND, 2019)

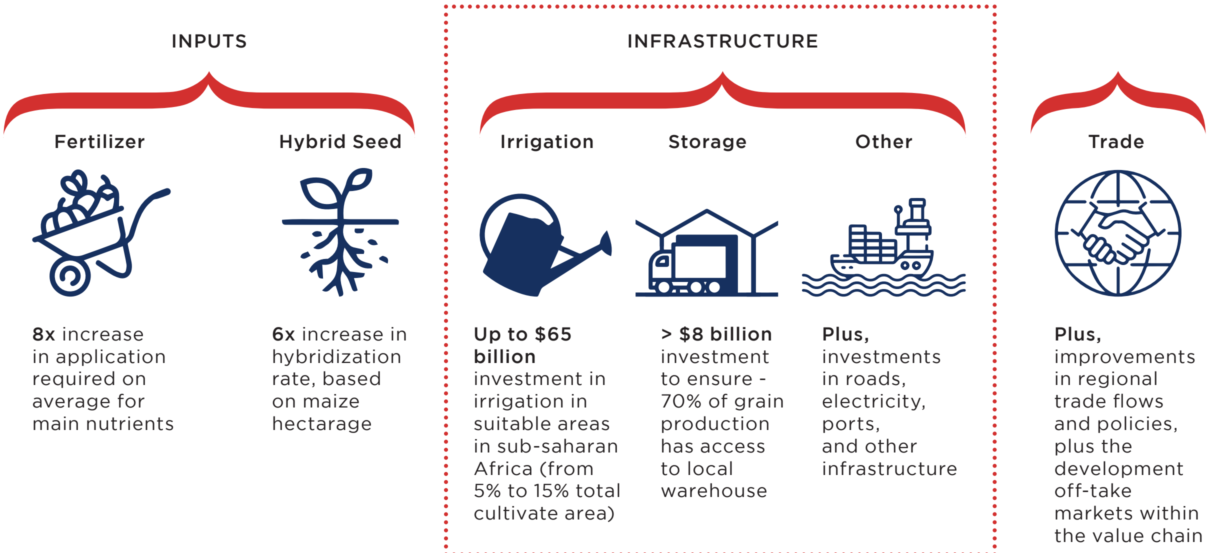


Source: data.worldbank.org

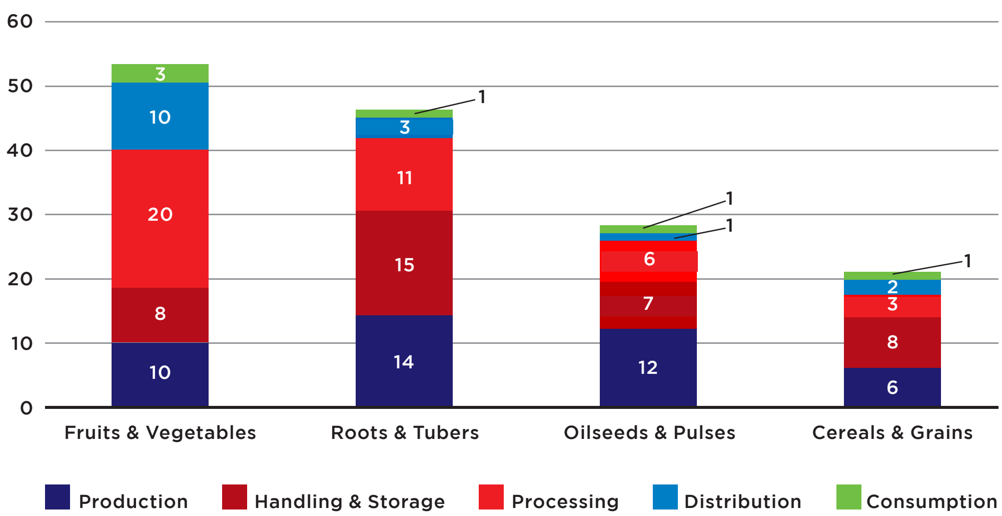
According to a report by Mckinsey[5], to realize its full potential, Sub-Saharan Africa will need eight times more fertilizer, six times more improved seed, at least $8 billion of investment in basic storage (not including cold-chain investments for horticulture or animal products), and as much as $65 billion in irrigation. This presents a compelling opportunity for TransCentury.

4 https://media.un.org/en/asset/k1f/k1fxyqkg4n

5 https://www.mckinsey.com/industries/agriculture/our-insights/winning-in-africas-agricultural-market



FOOD LOSS BY CROP TYPE % OF PRODUCE (2018)

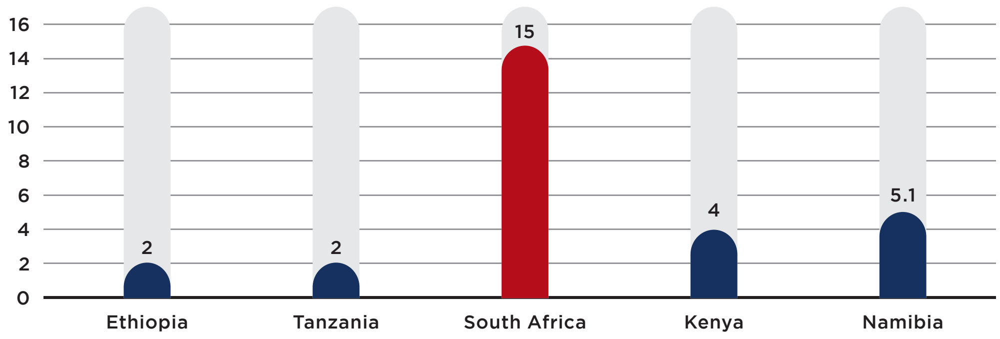


Source: FAOSTAT

Sub-Saharan Africa's agricultural sector is also plagued by a myriad of inefficiencies. It is approximated that 30-50% of production is lost at various points along the value chain. Of the total losses perishable products are disproportionately affected. The losses of perishable products are estimated to be about 25–30% for animal products and 40–50% for roots, tubers, fruits, and vegetables. This points to a need for cold chain infrastructure[6]. Yet, a report by FAO shows that cold chains in Africa are very poorly developed or inexistent in most sub-sectors in Sub-Saharan Africa.

6 https://www2.deloitte.com/content/dam/Deloitte/za/Documents/consumer-business/ZA_FL1_ReducingFoodLossAlongAfricanAgriculturalValueChains.pdf

COLD CHAIN CAPACITY IN URBAN AREAS IN SELECTED AFRICAN COUNTRIES (LITRES/CAPITA, 2020)

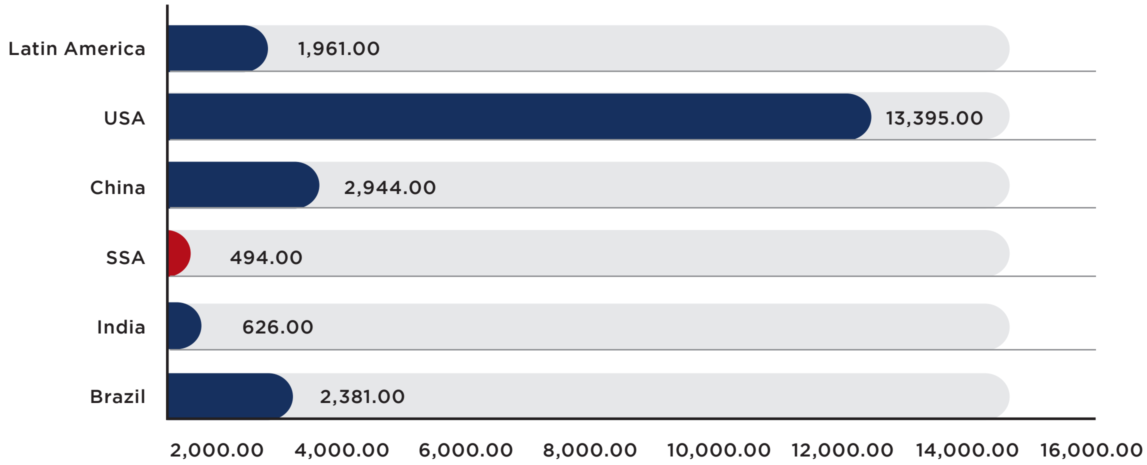


Source: Global cold chain alliance

Power sector overview

Limited access to electricity remains a challenge in Sub-Saharan Africa (SSA). More than half a billion people in SSA lack access to affordable and reliable energy, which impedes economic, social, and human development in the continent. Per capita electricity consumption in the region sits at about 490kWh per person each year – which is the lowest in the world. The installed generation capacity in the region stands at a meager 120 GW. To put this in perspective, Japan – with an installed capacity of 357 GW[7] – has higher installed capacity than the entire SSA region.

ELECTRICITY CONSUMPTION (KILOWATT HOURS/CAPITA, 2010)

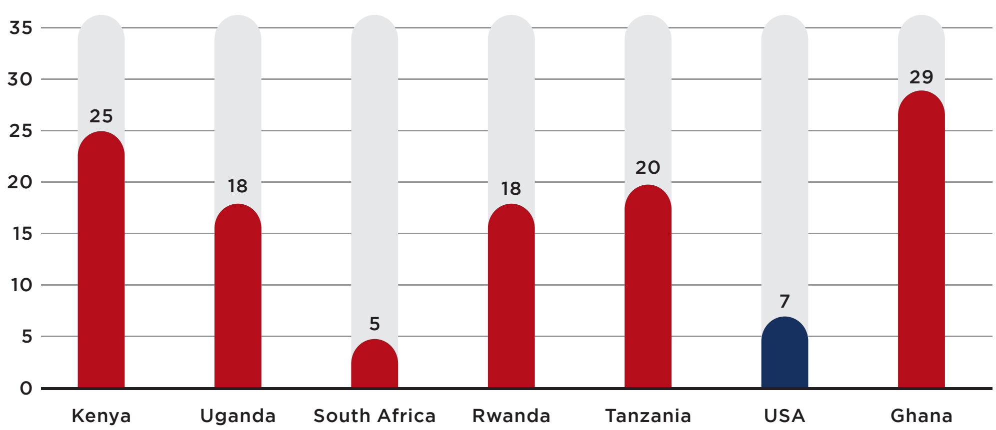


Source: International energy agency (IEA)

7 https://www.globaldata.com/store/report/japan-power-market-analysis/

East Africa's power sector has experienced growth in the last few years driven by increased electrification efforts by regional governments. In Kenya, through the Last Mile Connectivity Project, the government has enhanced access to electricity in rural areas. The project has helped to expand access to electricity from 32% of the population in 2014 to 75% in 2021, making Kenya one of the highest-ranked countries in Africa for access to electricity. Despite the remarkable growth, Kenya's grid Kenya lags behind its peers in power efficiency. Kenyan households and factories are plunged into darkness for an average of 25 days annually due to blackouts with Uganda and Tanzania reporting an average of 18 and 20 respectively. Poor power efficiency hampers Kenya's competitiveness industrially, particularly in industries that have high power demand.

CUSTOMER INTERRUPTION DURATION (DAYS PER ANNUM, 2020)

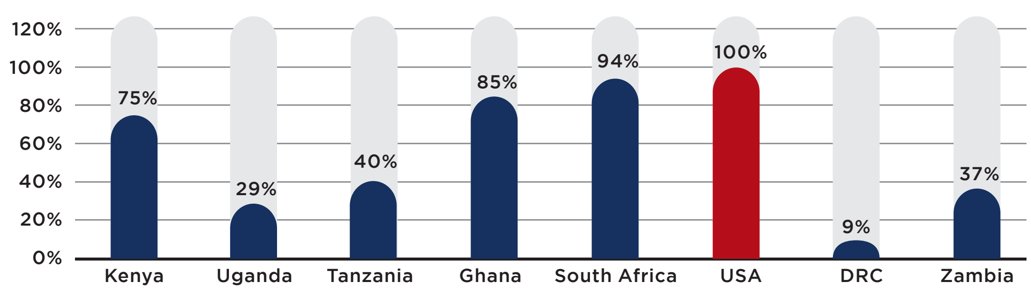


Source: International Energy Agency (IEA)

Kenya's low power efficiency is a manifestation of a dilapidated and overburdened transmission grid system. This points to opportunities in the supply of transformers, construction of substations, and replacement of transmission lines all of which present opportunities for TransCentury.

In Tanzania and Uganda, despite the recent growth, the power sectors remain highly underserved and offer opportunities across the entire power value chain.

ELECTRIFICATION RATES (2021)

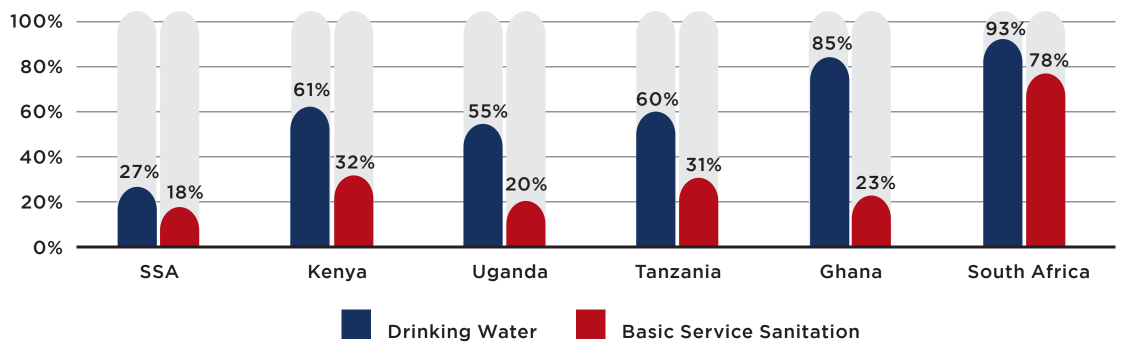


Source: data.worldbank.org

Water and sanitation sector

Sub-Saharan Africa is the only region where the number of people without access to water is growing. In the last 20 years, 37 million more Africans have been without water and 247 million more without sanitation. 180,000 children under the age of five die each year in Sub-Saharan Africa from diarrheal diseases caused by a lack of water, sanitation, and hygiene services[8].

WATER AND SANITATION ACCESSIBILITY (2020)

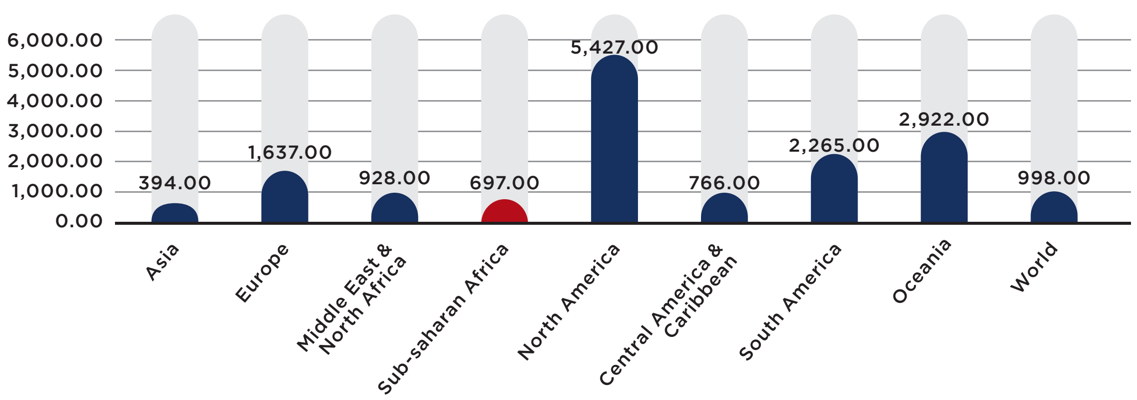


Source: Washdata.org

Climate change has a significant impact on the water cycle. Indeed, water becomes more scarce, unpredictable, and polluted, having long-lasting effects on people's access to water and sanitation. In Eastern and Southern Africa, climate models predict a rise in temperatures, causing extreme heat events, aridity, and changes in rainfall.

Sub-Saharan Africa is undersupplied with water storage infrastructures, which limits its ability to adapt when water is scarce and to minimize negative impacts when there is too much of it. This highlights an area for significant potential improvement in water resources management. In Kenya, the government plans to construct 57 multi-purpose medium size dams and 500 small dams/ water pans across the country to increase water storage per capita from the current level of 4.5m³ to 14m³ by 2025.

TOTAL RESERVOIR STORAGE PER CAPITA M³ PER PERSON (2019)



Source: AQUASTAT

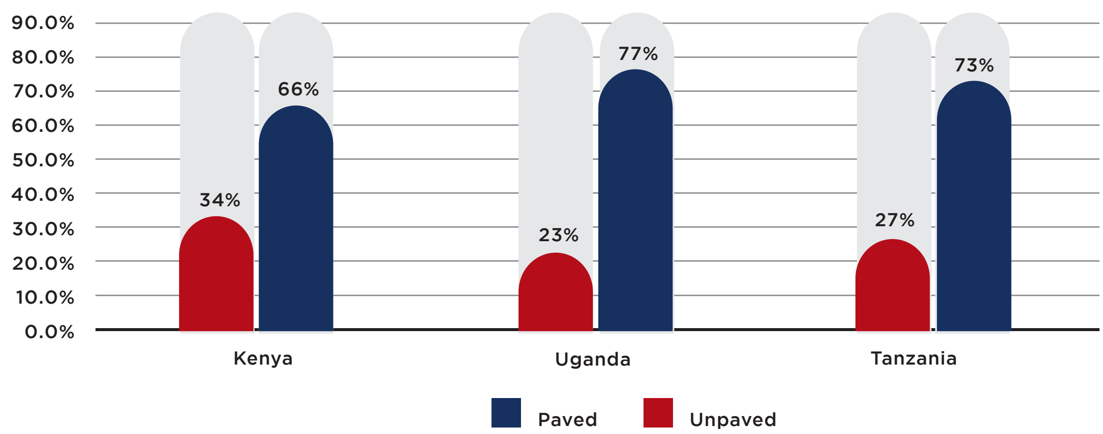
8 https://blogs.worldbank.org/youth-transforming-africa/without-massive-investment-drinking-water-will-remain-scarce-resource

Business Review *Continued*

Transport infrastructure

Although roads are the predominant mode of transport in Africa - carrying at least 80% of goods and 90% of passengers—major deficits exist in its infrastructure throughout the continent. In East Africa (part of TC's addressable market) it is estimated that approximately 80% of roads in East Africa are unpaved. This means that only 20% of the roads in the region have a hard, smooth surface. The lack of paved roads in the region has significant impacts on transportation and economic development. For example, it has been estimated that the average speed of vehicles on unpaved roads is less than half of the average speed on paved roads. This results in longer travel times and increased transportation costs for goods and services, which can negatively impact economic growth and development. Various reports indicate that inadequate transport infrastructure adds to around 30-40% of the costs of goods traded among African countries.

PAVED VS UNPAVED ROADS IN EAST AFRICA (2021)



Source: World highways

As many SSA countries aim to improve both trunk roads and feeder road networks, we expect many road projects to contribute to the region's transport infrastructure sector growth. A 2018 report by the Infrastructure Consortium for Africa (ICA) found that SSA countries would need to average 2.6% of the GDP each year on road infrastructure spend to close its infrastructure gap, which would put the cost for the whole of Sub-Saharan Africa at $209 billion and about 3% of GDP Almost half of the total (47%) would be needed for maintenance[9].

9 https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/2018AEO/African_Economic_Outlook_2018_-_EN_Chapter3.pdf

Regional infrastructure outlook

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

1. Increasing regional trade and interconnectedness - Intra-African trade has been experiencing a positive upward trend, and this progress is expected to be further accelerated with the successful implementation of Africa's Continental Free Trade Area (AfTCA). By 2035, it is projected that this agreement could contribute to an almost 30% increase in the volume of exports from Africa.

However, to fully realize the benefits of free trade, there is an urgent need to significantly improve regional infrastructure, particularly transportation links. Shockingly, the International Commerce Agency (ICA) reports that only 2% of the approximately $100 billion invested in transport infrastructure has been allocated to regional projects. Studies have shown that inadequate infrastructure adds an additional cost burden of approximately 30% to 40% on goods traded among African countries, with landlocked nations being disproportionately affected.

To effectively promote trade, it is imperative to extend transport improvements to encompass logistics hubs and border crossings. The World Bank's 2018 report on the efficiency of customs clearance procedures revealed that Sub-Saharan Africa (SSA) received a score of 2.27 (out of 5), which falls well below the global average of 2.67.

While transportation infrastructure in Africa has predominantly relied on government and donor funding, viable opportunities for private investment are now emerging. Revenue-generating prospects can be found in railroads, seaports, and logistics hubs, with numerous ports and rail lines already undergoing upgrades. Additionally, most airports in the region are reaching their capacity limits and will require expansion to accommodate future demands.

2. Post-pandemic recovery - building back better – As countries strive to recover from the impact of COVID-19, the measures taken will vary, but there are certain key actions that should be considered across the board. These include diversifying economies, building human capital, improving the investment climate, and leveraging the latest technologies to address various challenges. However, most recovery measures depend, directly or indirectly on improved infrastructure, the lifeblood of any economy. Given budgetary constraints, countries must focus on the sectors and technologies with the highest impact. While social infrastructure sectors such as health and education have proven crucial during the crisis, physical infrastructure sectors such as transportation, power, and ICT, have the greatest economic multiplier effect. These sectors connect Africans to each other and to the world economy, nurturing recovery, and long-term growth.

3. Chinese economy recovery: Due to the large role played by Chinese funding and capacity in SSA's transport infrastructure construction sector, the economic recovery in China and eased logistics will aid growth in the sector going forward.

Left: TransCentury Directors Anne Mutahi and Wanjuki Muchemi catching up after a strategy training.

TC Capitals & SDGS

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:
   - Developing 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

TC Capitals & SDGS

TC Capitals

During the year, the following factors affected the Group's capitals

1. **Financial capital –** In 2021, we kickstarted the TC Rights Issue. This is in line with our four-point turnaround strategy to take the business back to profitability. The board and management are quite optimistic about the process as we have received immense positive feedback from our stakeholders.
2. **Manufactured capital –** With the ongoing TC rights issue, we are eager to put our manufactured capital to work. With the fresh equity injection, we plan to allocate some of the funds to working capital for our businesses. This will translate to more production and eventually to an increase in revenues. Additionally, we are actively scouting for opportunities in the infrastructure space to deliver value to our stakeholders.
3. **Intellectual capital –** Management recognizes its monumental role in sustaining the Group's competitive advantage and organizational success. During the year, management undertook various measures towards strengthening intellectual capital within the Group. They include staff training and encouraging staff interested in improving their education. There are policies in place to reward staff for the educational milestones they achieve in addition to recognition.
4. **Human capital -** The COVID-19 pandemic had an unprecedented disruptive effect on our human capital. The Group leadership recognized this and put in place measures to ensure our staff are comfortable during the unprecedented times. Management will keep reviewing the policies to ensure staff productivity is at an optimum.
5. **Social and relational capital –** we recognize the challenges the society is facing post covid 19. In this regard, we were privileged to engage in various philanthropic activities. Additionally, the board and management have developed a policy to guide the Group in such initiatives going forward.

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: TC Staff dancing during a team building retreat.

Our Stakeholders

We are cognizant of the fact that our ability to sustainably create value is dependent on strong linkages with our stakeholders. Our stakeholders comprise of people, groups or organizations that have an influence on our business and those who have an interest in what we do.

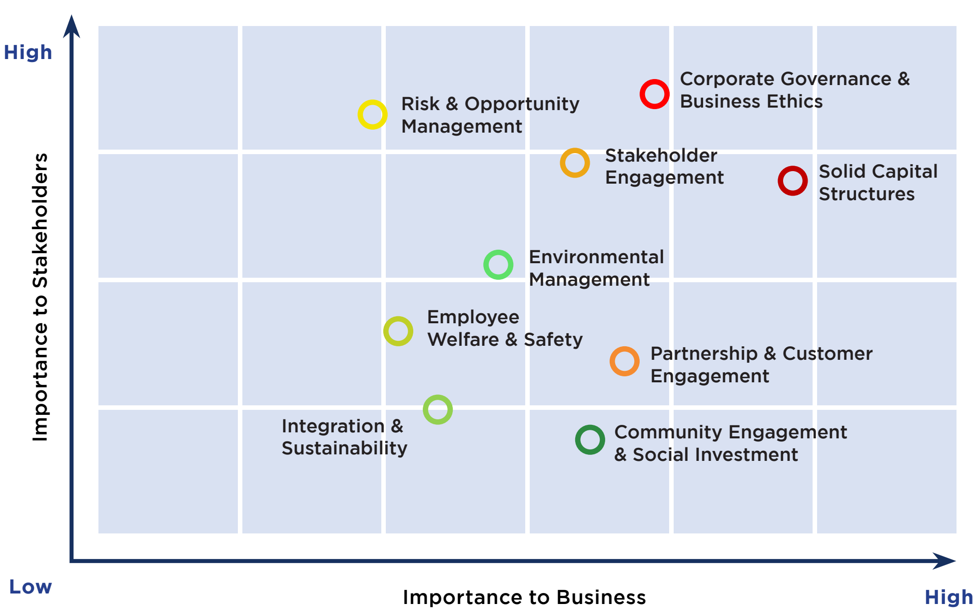
The list is no way exhaustive but highlights those groups that have a direct link to TransCentury. The Company remains committed to working with all stakeholders, understanding their expectations, having a clear strategy on engaging with them and creating opportunities to enable us to achieve our Vision.

Stakeholder Group	Expectation	How do we engage with them?
Shareholders	Superior sustainable value with consistent appraisal on strategy	• Annual and Extraordinary General Meetings • GCEO Presentations • Q&A uploaded on website. • Annual & Half year results published and uploaded on the website. • Standing invitation to shareholders to meet and discuss any matters of concern. • Regular Company updates via press releases and on company website • Engagement through mainstream and social media
Government and Regulators (CMA, NSE, KRA, NEMA)	Company meets laid out policies with an increased emphasis on Environmental, Social and Governance policies	• Industry forums. • Individual engagement on need basis • Formal statutory reporting.
Customers • Investors • Investee	Capital solution supported by a robust operating framework and a platform to leverage on.	Investors • Annual and Half Year results announcements • Annual GCEO Presentation • Engagement through mainstream and social media
	Solution provider for uplift in brand equity, preservation of value and growth.	Investee Businesses • Quarterly strategy engagement forums • Annual Group and SBU Board retreat • Group wide newsletter • Company updates/ milestones • Customer satisfaction surveys
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.	• Staff meetings • Quarterly newsletter • Group CEO communication to staff on topical issues • Health awareness talks with 2021 focus been mental health. • Annual team building retreats. • Additional available public communication • Performance management communication

Our Stakeholders *Continued*

Stakeholder Group	Expectation	How do we engage with them?
Strategic Partners • Suppliers • Lenders • Auditors	Long term relationship that is mutually beneficial	• Individual engagement on a need basis • Product feedback
	Long term partnership with sustainable profitable performance and the right team to deliver strategy	• Individual engagement on a need basis. • Regular formal updates • Earnings releases and financial reports • Media updates
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.	• Media briefings & press releases • Interview on key announcements/topics • Industry conferences/forums • Participation in analysts' forums

STAKEHOLDER MATRIX



Our Stakeholders *Continued*

Shareholder engagement.

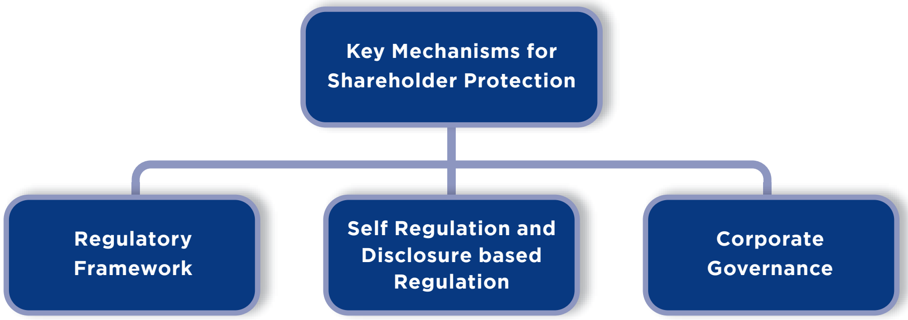
TransCentury PLC's Corporate Governance Framework ensures the equitable treatment of all shareholders, including minority shareholders. All shareholders have the opportunity to obtain effective redress for violation of their rights.

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 an opinion.
- The right to seek redress.



1. Regulatory Framework

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

2. Self-Regulation

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

3. Corporate Governance

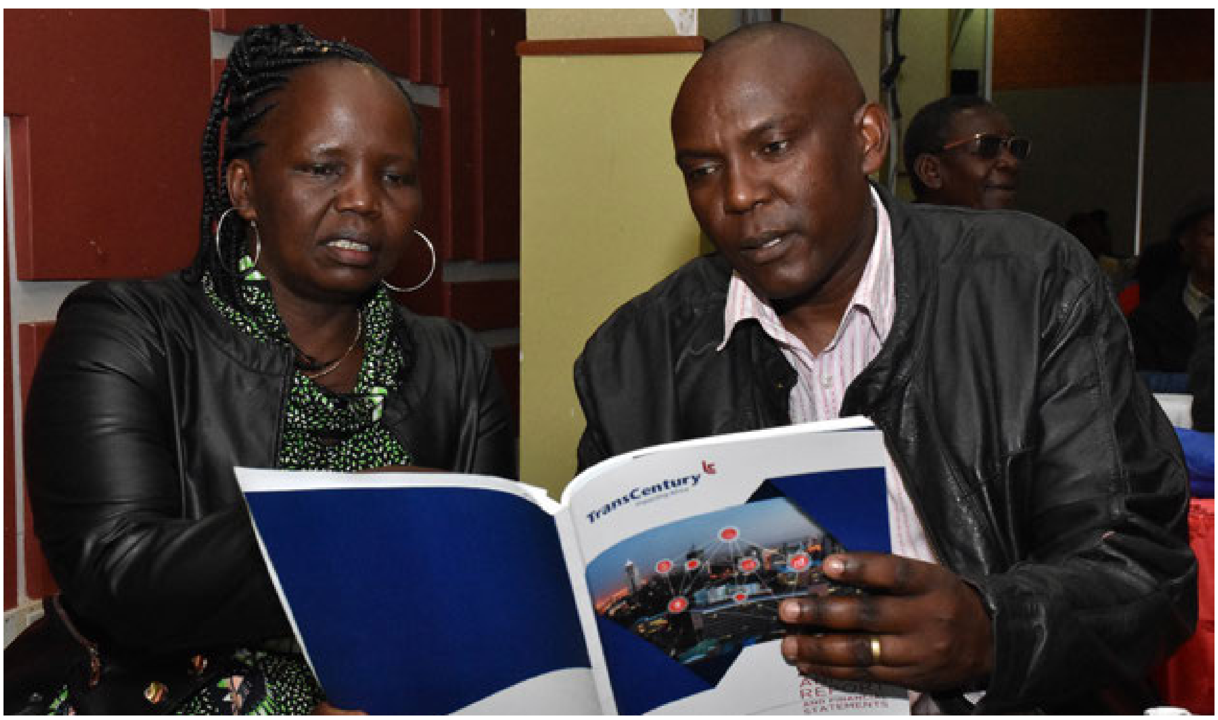
TC is committed to the highest standards of corporate governance, business ethics and has therefore instituted policies and systems that govern shareholder engagement.

Our Stakeholders *Continued*

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.



Above: TransCentury shareholders at a past AGM


AEA
AVERY EAST AFRIC

Risk Management and Control

Risk Management

At TransCentury we use an organized and expansive risk management framework which enhances decision-making in governance, strategy, goal-setting, and day-to-day operations. This is achieved by:

- Identifying, analyzing, and assessing risks: we continuously identify potential hazards that could influence the company while evaluating each risk's possibility and impact and rank them according to how important they are and ensure we assess each risk's potential repercussions to decide if the risks are acceptable or whether further action is necessary.
- Monitoring and Review: The effectiveness of the risk management system is continuously examined, and any necessary improvements are made.
- Managing and mitigating risks which is permitted under the given authority charts. Results are tracked, reported to the appropriate governance functions, and outcomes are identified.

Transcentury has put in place an elaborate Risk Management Framewework which is regulary reviewed to align with the business dynamics.

Identifying, evaluating, and managing risk

Our risk management and internal control framework is well- embedded and provides the ability for the Board to evaluate and oversee how the group and company manages principal and emerging risks in line with our long-term strategy. We have a group-wide policy that sets out the requirements, roles and responsibilities for the management and governance of risks, controls and supporting guidance on the essential elements of our internal control framework. We routinely evaluate our framework for improvements.

The Board takes a proactive approach to risk management aimed at protecting the Group's employees, clients and consumers and safeguarding the interests of the group and its shareholders in a constantly changing environment. Risk management is an essential element of business governance. The Group has risk management policies, processes, and procedures in place to ensure that risks are properly identified, evaluated, and managed at the appropriate level. The identification of risks and opportunities, the development of action plans to manage those risks and maximise the opportunities, and the continual monitoring of progress against agreed key performance indicators (KPIs) are integral parts of the business process and core activities throughout the Group. The Board has conducted a robust assessment of the group's emerging and principal risks.

Considering current and emerging risks

Our risk assessment process considers the likelihood and impact of risks, and the timescale over which a risk could occur. We consider both current and emerging risks that could affect our ability to achieve our longterm objectives. Emerging risks are those on the three-year horizon, in line with our risk appetite. We also define risks in this way if we need to know more about how likely they are to materialise, or what impact they'd have if they did. We will evaluate if additional investigation is required before classifying them as principal risks. Risk management and compliance boards at all levels of the organisation identify emerging risks on an ongoing basis, discusses emerging risks at each meeting. We also scan the risk horizon throughout the year to identify external trends that may be opportunities and/or emerging risks and monitor our business activities and internal environment for new, emerging and changing risks.

Risk Management and Control *Continued*

Above: Hannah Gitonga, Director Tanelec Tanzania giving her views during a strategy review seminar. Next to her is Wale Adesoun, Director TC.

Risk Appetite

TransCentury is faced with several risks through the course of doing business. Through a rigorous yearly Risk Assessment, the existing and emerging risks within the business, internal controls in place are reassessed to determine the resultant residual risks, this enables the management and board at large in defining the organizations risk appetite.

Putting risk management plans in place

We define enterprise risk plans that include a description of the risk, its context, our assessment, risk appetite, how we will treat the risk, and the actions businesses need to take in line with our internal control framework to mitigate the risk. They also enable our Board committees to assess the effectiveness of our risk management strategies. This year, along with our annual risk assessment reports, we continued quarterly reporting of risks to Board committees, to drive more dynamic, data-driven discussions, agile risk management strategies and oversight. We report on existing control measures, implementation, emerging risks, external insights and out-of-tolerance key risk indicators, where tolerance aligns to risk appetite. We include risks and mitigations measures.

Our risk management framework complements our culture and Speak Up processes in ensuring that risks are actively and effectively identified and mitigated. It also provides reasonable assurance against material misstatement and mitigates potential losses that could arise in the ordinary course. Each business monitors its most important risks and takes action to address issues. Our annual confirmation exercise checks that key risks are well managed, or actions are in place to address gaps, at each business.

Business continuity planning is embedded in our framework. Our principal risks include controls for responding to problems within their risk plans. We also have business continuity planning for our critical processes, continue business operations in the event of a crisis

Risk Management and Control

Our Risk Governance Framework

Board of directors

The Board is ultimately responsible for making sure that the Group has the necessary internal control and risk management mechanisms in place to recognize, manage, and reduce risks that could jeopardize the achievement of its strategic objectices.. The Board also makes sure that the Group's longer-term survival has been taken into account and makes sure that an adequate risk appetite has been set.

Board Committees

The Board has assigned the responsibility of providing an organized, methodical oversight of the Group's risk management and internal control systems to the Audit and Risk Committee. and internal control systems. All through the year, they evaluate and keep track of the performance of the Group's internal control and risk management systems. The Chairman updates the Board on its risk management and auditing operations.

Executive management

The efficient functioning of internal controls intended to manage and reduce the main risks and uncertainties is the responsibility of executive management. The 3LOD model makes sure that processes and procedures include accountability for risk management. The Group Finance Committee, the IT Security Steering Committee, the Sustainability Council, and the Quality, Safety, Health & Environment Leadership Team are important management committees that support risk management.

1st LINE OF DEFENCE:	2nd LINE OF DEFENCE:	3rd LINE OF DEFENCE:
Operational Management is responsible for risk identification, managing the internal control environment and monitoring changes in the risk profile of the Group	Group functional teams ensure the first line is operating as designed, manage performance reviews, internal control verifications and facilitate risk assessments. This includes Quality, Health & Safety, Information & Cyber Security, Legal and Financial Control functions.	Group Internal Audit function with other external assurance providers perform reviews which give independent assurance over the operation of the internal control framework, risk management systems and governance processes.

Risk Management and Control *Continued*

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.

The main threats to the company are listed in the table below, along with the risk management plans put in place to mitigate them. The disclosures on the following pages represent an overview of the key hazards that are under consideration, not an exhaustive list of all the risks that Transcentury faces which are under active review by management and Board.

Risk	Risk Descriptions	Mitigation Strategies
STRATEGIC RISKS		
Strategy Execution	This is the posssibility that the strategy may not be fully executed due to unxpected gaps arising from planning and execution of the group's model, capital allocation and investment decisions, as well as the uncertainties and unrealized potential that are a part of our strategic intent.	• Alignment of subsidiary strategy plans to Group Strategy • Strategy reviews for all businesses are conducted periodically. • Creation of subsidiary boards to provide oversight of strategy implementation and alignment of subsidiary strategy plans with group strategy. • Ensuring that the Group only invests in opportunities that have been extensively tested, reviewed, and approved by the Investment Committee.
Competition and disruption	The potential for the group to lose market share or profitability due to the actions of competitors. This risk can arise from factors such as aggressive pricing, marketing strategies, product innovation, and expansion into new markets by competitors.	• There is regular market research conducted to help identify emerging trends and potential disruptors. • The group encourages innovation by developing new products and services, expanding into new markets and improving existing processes. • Transcentury has diversified the product and service offerings through its subsidiaries. • We have built strong brands through unique brand identity for our subsidiaries, building a loyal customer base, and investing in marketing and advertising.
FINANCIAL RISKS		
Economic and Political Instability	The potential impact that political instability or unrest can have on the company and investments. It can result in disruptions to operations, supply chains, or financial markets, and can lead to a loss of assets or revenue.	• Diversification of our operations and investment portfolios across multiple regions and countries can help to reduce exposure to political instability in any one location. • Continuous monitoring of political events and trends helps to anticipate potential disruptions and take proactive measures to mitigate risks. • The group has contingency plans in place to respond to potential disruptions. • The group has ensured there is political risk insurance to protect against potential losses due to political instability.

Risk Management and Control

Risk	Risk Descriptions	Mitigation Strategies
Liquidity	This is the possibility that the group may encounter financial challanges and as a result not manage to meet its cash outflow obligations hence limiting its inflows.	• We are managing corporate debt through the implementation of our strategy to reduce our debt level. • There is regular monitoring of cash flows and reports are provided to the board, Executive committee, and management. Reporting activities include the provision of rolling liquidity reports, forecasts and cash flow, and treasury performance reporting of key metrics. • We have ensured there is an access to lines of credit through negotiating credit lines with different banks and other financial institutions.
Investment/ Asset Risk	This is the risk market shift dynamics may result to disruptions on the Group portfolio and hence inhibit expected return on investements.	• TransCentury maintains a well-balanced and diversified portfolio in terms of asset classes, geographical locations. • We regularly monitor and evaluate our portfolio's performance to identify potential risks early and take corrective and protective action. • Transcentury has ensured there is a limit to asset allocation to mitigate concentration risk. this help to smooth out portfolio volatility and reduce the risk of significant losses.
Interest Rate Risk	This is the risk that cost of borrowing and financing the business will vary over a period of time within the financial year, this could be instigated by CBR and inflation affecting the overal financial sector. Such fluctuations may have a huge impact on the finance costs of the company.	• TransCentury prefers variable / floating interest rates for short-term financing instruments (including short term drawings), while selecting fixed interest rates for long-term financing instruments. • Management proactively negotiates interest rates with banks for potential financing deals
Currency Risk	Transcentury is active on the international market, which means that it is exposed to risks arising from currency fluctuations, particularly in the US dollar, this risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.	• The group denominates internal loans in relevant currencies, to match the currencies of assets and liabilities in entities with different functional currencies. • Using natural hedges this occur when assets or liabilities in different currencies offset each other, reducing overall currency risk.

Risk Management and Control *Continued*

Risk	Risk Descriptions	Mitigation Strategies
OPERATIONAL RISKS		
Regulatory and Compliance	Ineffective Regulatory and compliance to statutory bodies and increasingly complex laws and regulations, could have an adverse effect on the Group's reputation, its performance affecting the Company's market price and customer base.	• The Group's zero tolerance-based Code of Business Conduct and Code of Ethics continue to govern all aspects of its relationships with its stakeholders. • TC Group operates a continuous improvement process as part of the Group's Ethics and Integrity programmes to enhance and strengthen its culture of integrity, sharing insights and emerging trends. • The Group undertakes a robust risk management assessment that helps properly identify major risks and ensures the internal control framework remains effective through regular monitoring, testing and review. • All alleged breaches of the Codes, including any allegations of fraud, bribery, and corruption, anti-competitive behavior and other serious misconduct, are followed up, investigated and dealt with appropriately. • Internal Audit regularly reviews internal controls and analyses financial transactions to mitigate the risk of error or fraud
Recruitment, Retention, and motivation	Across the group the potential impact of poor hiring decisions or difficulties in attracting and retaining talent can lead to increased turnover, decreased productivity, and reduced morale among employees	• A thorough job analysis and planning process has helped the group to identify the skills and attributes required for a particular role and develop effective job descriptions and requirements. • We have implemented effective recruitment processes, to ensure the group attracts and identifies qualified candidates. • The group has Invested in employee development programs to ensure improved employee skills. • There is constant employee engagement to ensure a positive work environment and promote employee satisfaction
Social and ethical standards	TC Group relies on its people to deliver great service to its clients, and consumers and recognizes the welfare of employees is the foundation of its culture and business. The group remains vigilant in upholding high standards of business ethics about human rights and social equality	• We have fostered a culture of ethics within the organization by promoting ethical behaviour and values at all levels, from leadership to all employees. • There is a clear and comprehensive code of conduct that outlines the expected standards of behaviour for all employees, contractors, and stakeholders. • We have clear and effective channels for employees to report any violations or concerns, such as a whistle-blower anonymous reporting system.

Risk Management and Control

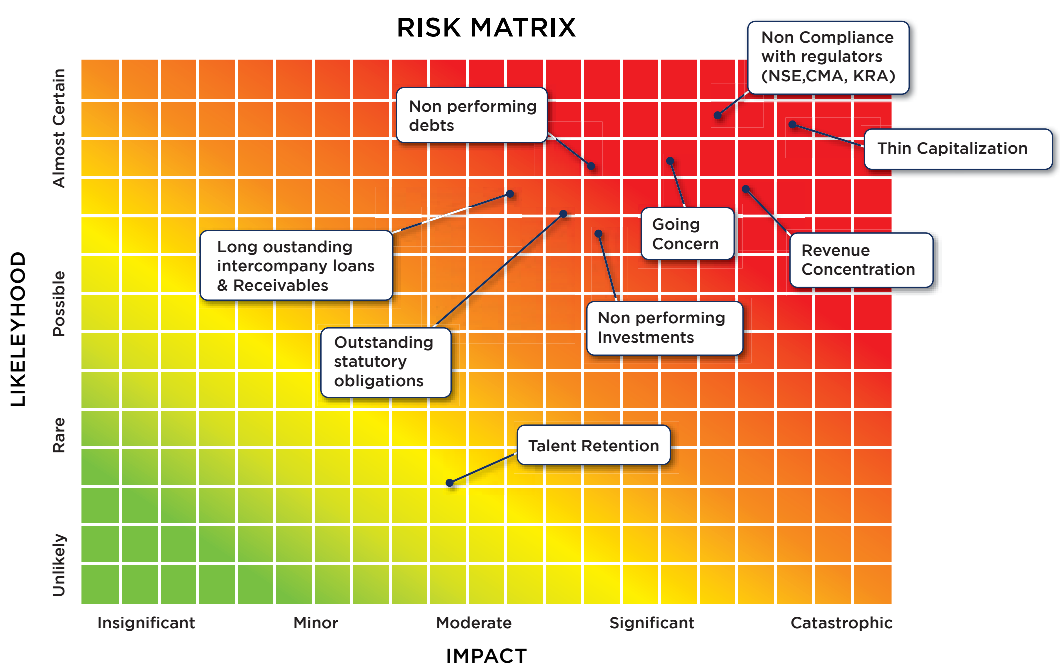
Risk	Risk Descriptions	Mitigation Strategies
EXTERNAL RISKS		
Inflation	This risk refers to the gradual rise in the cost of goods and services that affects the overall cost of our business ventures. It occurs as a result of rising demand and resource scarcity of raw materials and also changes in governmental regulations among others. Cost inflation leads to increased operational costs, reduces competitiveness and delayed project timelines.	• Forecasting and budgeting for potential cost inflation and adjusting the budgets and timelines. • The group has diversified their supply chains and resources to reduce their reliance on a single source or supplier. • The group negotiates with suppliers and vendors to secure better pricing and terms and seek out long-term contracts to ensure price stability. • we have adopted technology to automate processes, improve efficiency, and reduce costs.

Risk Matrix

The most pertinent critical risk factors that are consistent with TransCentury's business plan can be found through materiality analysis, which is regarded as a crucial instrument.

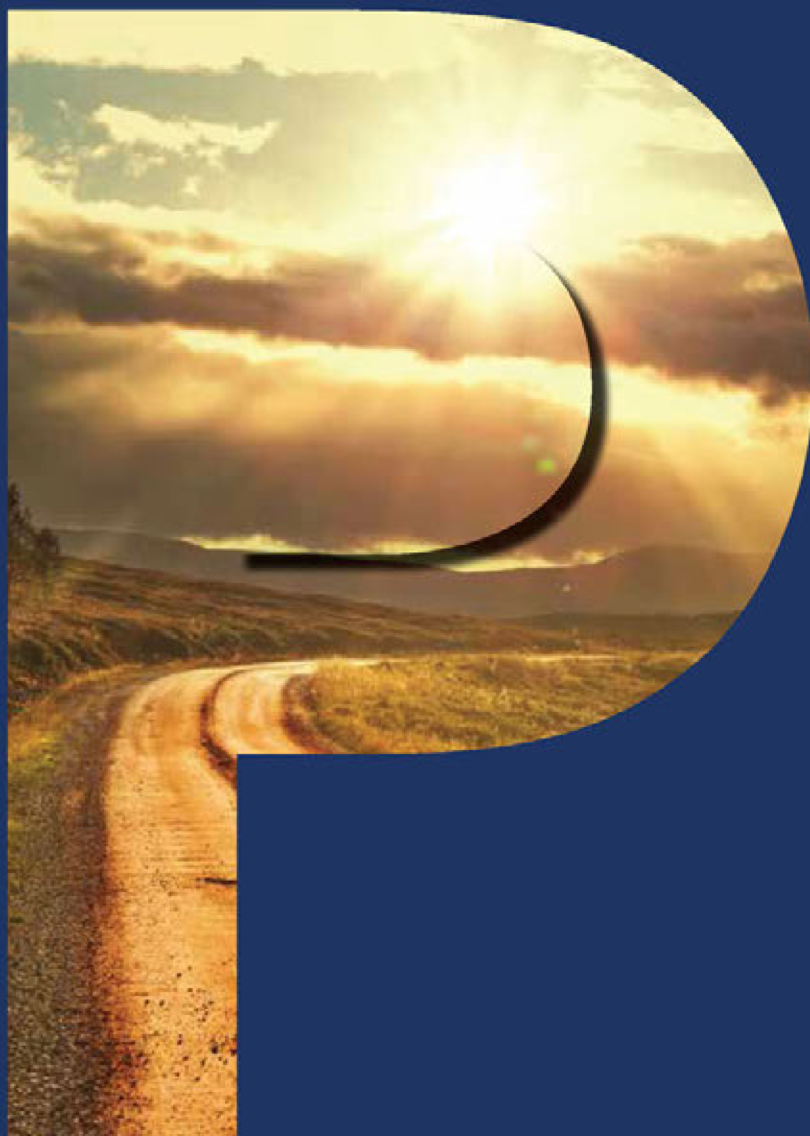
When it comes to risk reporting, items that have a considerable impact on the company's economic, social, or environmental performance or that have the potential to significantly affect stakeholders' views and decisions are material (or relevant).

The risk factors should not be considered separately as they may act as triggers or reinforce one another.



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

Board of Directors

Shaka Kariuki

Nganga Njiinu, CFA

Anne Mutahi

Board of Directors *Continued*

Shaka Kariuki

Group Chairman (52 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 (44 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.

Anne Mutahi

Independent Director (60 years)

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

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

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

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

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

Anne recently served as the Senior Advisor on SME Development to the 4th President of the Republic of Kenya.

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

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

Board of Directors *Continued*

Kamal Pallan

Walé F. Adeosun, CFA

Wanjuki Muchemi CBS

Board of Directors *Continued*

Kamal Pallan

Director (47 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.

Walé F. Adeosun, CFA

Director (60 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.

Wanjuki Muchemi CBS,

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

Director (69 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.

Board of Directors *Continued*

Kariithi Njogu H.S.C

Director (72 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.

Virginia Ndunge

Company Secretary (51 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.

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

Our 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.

Trevor Okoth

Ag. Group Chief Finance Officer.

- Joined the Group in 2015
- Responsible in planning, development, execution and management of risk, compliance and internal audit.
- Good understanding of business operations having worked in one of the subsidiary 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.

Phyllis Gachau

Group Head of Strategy, Corporate Affairs & IR

- 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.

Our 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

Anthony Gichini,

Investment Manager

- Over 10 years' experience in financial analysis and Private Equity Investments.
- Experienced in business advisory support and sourcing and structuring equity for private equities across East Africa.
- Certified Financial Analyst and Certified public accountant (CPA)
- Graduate of the University of Nairobi BCom and a Masters in Business Administration.

Gladys Njigo

Ag. Group Head of Internal Audit, Risk & Compliance

- Responsible in Planning, Development, Execution and Management of Risk, Compliance and Internal Audit.
- Has an extensive wealth of knowledge and experience in Internal Controls, Risk, Financial and Operational Management
- Previously worked at The Kenya Scouts Association in charge of Internal Audit and Risk (4years), prior to that she worked at The Equity Bank Group for over 10 years as a Senior Internal Auditor, Senior Accountant among other positions.
- Holds a BCom (Finance) from KCA University, an MSc Finance from JKUAT University and CPA(K). she is a member of ICPAK and IIA Kenya.

Our Management Team *Continued*

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) and Kenya Institute of Management (KIM)
- Holds a Bachelor's Degree in Business Administration from Newport International University and a Higher Diiploma in Human Resources from Kenya Institute of Management (KIM).

Daniel Njenga

Group Financial Controller

- Joined the Group in 2014
- Over 8 years' experience in planning development and execution of management of risk and internal audit.
- In charge of business integration (acquisitions & divestiture), capital allocation, balance sheet optimization and risk mitigation.
- Previously worked at Dry Associated limited and Agricultural Development Corporation.
- Certified Public Accountant (CPA K), Associate Certified Fraud Examiner (ACFE) and a Member of ICPAK.
- Holds a BCom (Accounting) and Master of Science in Finance from Jomo Kenyatta University of Agriculture and Technology.

Subsidiary Management

East African Cables Group

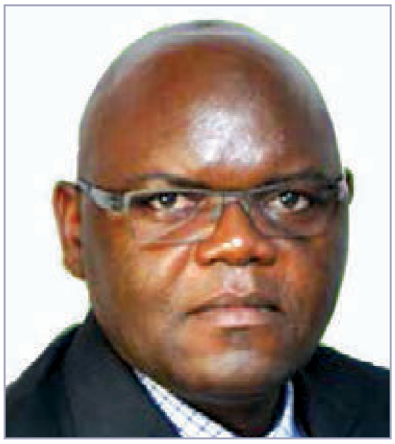
1. **Paul Muigai**
   Group CEO Ke

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

East African Cables
Total peace of mind

Subsidiary Management *Continued*

Tanelec Limited Group

1. **Zahir Saleh**
   Managing Director Tz

2. **Caroline Mugambi**
   Finance Manager Tz

3. **Victor Omino**
   Commercial Manager Tz

4. **Elifuraha Maliaki**
   Procurement Manager Tz

5. **Michael Kariithi**
   Country Manager Ke

6. **Peterson Komu**
   Business Commercial Analyst Zm

7. **Reevon Muloongo**
   Sales & Marketing Manager Zm

TANELEC

Subsidiary Management *Continued*

AEA Limited

1. **Nicholas Kithinji**
   Managing Director

2. **Anthony Mwangi**
   Finance Manager

3. **David Alumasa**
   GM Operations

4. **Salome Ndiritu**
   HR & Administration Manager

5. **Ben Kiilu**
   GM Construction

6. **Simon Mungai**
   GM Industrial Trading

7. **Ernest Ndubi**
   General Manager Tz

Group Chairman's Statement

"I acknowledge the work that our teams have done to steer this Group towards profitability, I know it hasn't been an easy journey and I am proud of every one of them for staying the course and for this I say thank you."

Dear shareholders,

I am delighted to write to you as we reflect on the past year and the milestones we have achieved despite the lingering effects of the COVID-19 pandemic in 2021. I am encouraged by the resilience and ingenious ways our teams across the TC Group weathered this period. This has only gone to give us confidence that we have built a strong platform that can withstand the increasing global shocks.

In 2021, I am pleased to report that the Group recorded a 5% growth in revenues demonstrating resilience and growth.

Business Environment

The steady economic growth in our region of focus; Sub Saharan Africa (SSA) in 2021 held at 4.1%, an indicator of the region's ability to bounce back post-pandemic. Further to this, the region has shown great resilience in the face of global challenges, making investments in the region more attractive as the potential upside stands to be more rewarding. Closer home, the East African region has seen an increased focus on developing and enhancing infrastructure with governments across the region committing substantial budgets towards this. In addition, general demand is expected to grow due to the population growth rate, which stands at 2.6% per annum in Sub-Saharan Africa and is expected to double by 2050. This will substantially increase demand for infrastructure products and services. More investments in infrastructure are bound to increase urbanisation and propel rural-urban migration, effectively triggering even more demand for infrastructure. With large stable markets and a growing middle-class, the region is set to attract foreign direct investments with a focus shift from the extractive sector to Telecommunications, Transport, and Energy infrastructure.

TC's focus on impacting Africa through investments in infrastructure products, projects and services is informed by the opportunities we see in the region and the macro environment that creates a conducive ground for growth. We have traditionally focused on Energy and Transport infrastructure having built

Group Chairman's Statement *Continued*

unrivalled capacity in our manufacturing businesses that produce products that go into infrastructure. In addition, we have an admirable track and expertise in our engineering businesses that are involved in the construction and maintenance of infrastructure.

We are looking to grow our participation in the Water and Agriculture sectors, two sectors with massive under-penetration and that will require significant investment to meet the demand that continues to grow. Statistics tell us that only 21% of the region's population has access to safely managed water. While on the other hand, the numbers from the agriculture sector indicate massive food loss from the farms due to poor Agricultural techniques, lack of mechanisation, poor storage etc, all this contributing significantly to continued food insecurity in SSA. TC is well positioned to invest in this sector across the infrastructure value chain.

Corporate Governance and Responsibility

TransCentury is committed to upholding the highest standard of ethics and governance policies by way of our Governance structure which is guided by the Capital Markets Authority Code of Corporate Governance and Principles. We are cognisant of the fact that this structure contributes greatly to achieving the objectives laid out. We have a Board with vast and diverse global experience and networks across industries both at the subsidiary and Group levels. Providing robust oversight need to steer the business towards growth.

Even with the restrictions that the global pandemic presented, we have successfully held our annual general meetings virtually. An important point to note is that there has been an increase in shareholder participation in the virtual meetings compared to the physical meetings we had pre - COVID-19 pandemic. We will continue to hold virtual meetings even as we explore the options available considering the welfare of shareholders and effectiveness of meetings.

Our People

People are our most important asset, in line with this, we are entrenching increased staff engagement and productivity and inspiring both individual and collective passion for all undertakings. We value our people and want them to take pride in what they do as we create an environment that allows them to do this. We now have an organisational structure that is aligned to strategy and aimed at consolidating and growing the Group's business, building strong brands, and optimising and simplifying our value chain.

I acknowledge the work that our teams have done to steer this Group towards profitability, I know it hasn't been an easy journey and I am proud of every one of them for staying the course and for this I say thank you.

Sustainability

Our business exists in an ecosystem, and we are committed to ensuring our footprint adds to the ecosystem but does not deplete. TC's goal is to be intentional about positive impact on the environment we operate in, to improve the quality of life of the communities that surround us and still maintain profitability. We are working on instituting an ESG (Environmental, Social and Governance) strategy to ensure clear goals as we build a sustainable business.

Beyond 2021

In 2021, we demonstrated steady growth as we endeavoured to return the business back to profitability. Our focus remains on solving infrastructure challenges as we leverage the enormous opportunities we see in our focus sectors. We have built an unrivalled platform; we have unmatched capacity in all our businesses as well as great expertise and reach across the East and Central Africa region.

Post reporting period, we successfully completed the TC Rights Issue process, testament to the confidence you, our shareholders have in the TC story. I take this opportunity to thank all shareholders who participated in the offer, and those who took time to review the documents we shared and reached out in one way or the other. We are now in our last pillar of our turnaround plan which will support accelerating achievement of our strategic objectives by further reducing debt and unlocking access to working capital for our operations.

I acknowledge and appreciate the Board and Management for the leadership they have demonstrated.

Shareholders, the Board and Management is confident in TC's ability to deliver superior and sustainable value to all stakeholders.

Yours Sincerely,
Shaka Kariuki
TC Group Chairman

Group CEO's Message

Dear Shareholders,

I am pleased to present to you our 2021 business update as we outline the milestones reached and our focus areas going forward.

We began 2021 with great optimism even as we faced the lingering effects of COVID-19 health crisis. The optimism was a result of our proven proactivity and resilience, during the pandemic in 2020 which helped us focus on safeguarding our employees while ensuring we kept the operations going and diversifying to meet new emerging demands. These measures ensured the business could withstand the shocks and quickly recover, as demonstrated by the growth recorded in 2021.

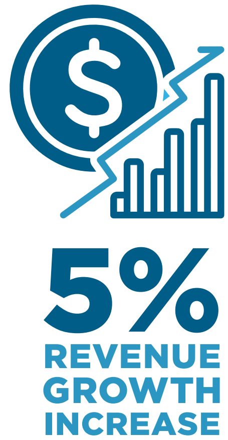
"We are glad that the businesses across the Group have demonstrated steady growth through innovation, diversification, and capitalizing on the enormous opportunities that we continue to see in the infrastructure development space."

Steady Growth

In the last 5 years our focus has remained returning the business back to profitability. We began this journey by identifying key focus areas that would get us to the goal, including; strengthening our systems and structures, debt reprofiling to match cashflows, building a robust and fundable orderbook through concerted commercial initiatives, and innovative fund raising for execution of orderbook. We have made significant progress in all areas by remaining true to the plan and working with all stakeholders including you, our shareholders. As testament to this progress, in 2021, despite the market challenges, the Group recorded a 5% growth in revenues compared to 2020 driven by the encouraging performance in key underlying businesses such as East African Cables whose revenues grew 3% as it capitalizes on its unmatched capacity, strong brand presence and continued growth of the construction sector across the region. AEA on the other hand recorded a 28% growth in revenue in the same period and this is despite the constraints that both East African Cables and AEA have faced in accessing optimal working capital. Our Transformer manufacturing investment in Arusha, Tanzania, has also continued to steadily report impressive growth having grown its revenues 4x from 2017. Tanelec continues to command market share in the transformer and switchgear markets, diversifying its revenue sources by tapping into the private market to add to the business from the regional utilities where they have enjoyed dominance especially in Tanzania. In 2021 the business went on to launch the Tanelec Kenya operations in the quest to grow its presence in the extensive Kenya market. In addition, Tanelec has continued to increase its market share in the mining and agriculture sector supplying the sectors with fit for purpose transformers, switchgears, containerized substations among other products. This broad range of diversified offerings and market reach has enabled Tanelec to report consistent and sustainable growth year after year.

we remain vigilant in tracking various significant metrics, and in 2021, we successfully decreased impairment losses by 73%, demonstrating our cautious approach in recovering long-pending receivables. On the operational front, our company persistently diminished its loss position, propelled by our intentional efforts to enhance revenue generation and enhance profit margins.

We are glad that the businesses across the Group have demonstrated steady growth through innovation, diversification, and capitalizing on the enormous opportunities that we continue to see in the infrastructure development space.



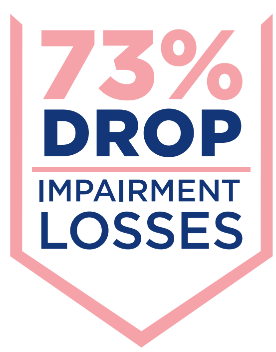
AHIDI +32%
Achieve together

Sharpened Focus

Solving the infrastructure deficit in Africa is our primary focus and this is informed by the great need for good infrastructure and opportunities that we see for TC Group in addressing the need. To guide the business in achieving our ambition, post reporting period, we refreshed our 4 year strategy plan- Ahidi +32%. The strategy is informed by the following key themes; Re focus on TC core – Investments that will drive revenues and align with TC's diversification agenda for sustainable businesses, focus on key internal and external data plus emerging trends to drive innovation and growth, investing and developing strong brands that will deliver superior value to shareholders and entrenching a culture of execution and accountability. Our business model is distinctly unique as the business is built to participate across the entire infrastructure value chain. We have invested in unrivaled capacity in all our units, we have gained extensive experience and expertise and have a deep understanding of the region dynamics we operate in besides the wide network allowing us to accelerate execution of our strategic objectives..

Fundraise

As outlined above, one of the key levers of our turnaround plan was innovative fund raising for execution of orderbook. Post reporting period, we closed the TC rights issue transaction that was approved by you our shareholders in 2021. The successful completion of this fundraising transaction means that funds raised will go towards meeting the two key objectives set out: reduction of debt and unlocking working capital for our businesses with funding constraints.



Group CEO Message *Continued*

"The Agriculture and Water infrastructure sector are two emerging sectors in our stable that we are working on increasing our participation as we see significant infrastructure deficit across their value chain."

The completion of this fundraise enhances our ability to accelerate achievement of the set out strategic objectives as it supports execution of orderbook and subsequent revenue growth.

Priority Areas

Though we've made significant strides, there are key levers of our business that we are focusing on to realize full value. Our interest costs remain significantly high in relation to revenue and this remains a priority issue for us to address as we focus on addressing the debt challenge . The latest equity raise however will go a long way in helping address this by boosting revenue growth and reducing debt.

Our balance sheet also still carries a heavy burden of accrued costs from non-operating entities and with the fundraise complete, we are focusing on accelerating the restructure and simplifying our business operating structure to allow us to reverse these costs. From this exercise we are projecting at least Ksh 5b improvement in the equity position in addition to reducing of costs going forward .

The fundraise and subsequent conclusion of business restructure process will also help resolve another priority area for us which is return to normal reporting schedule. We recognize the importance of providing you our shareholder and the investing public with timely financial and business update reports. We regret the delays in this that has been occasioned by the ongoing restructuring process in the business which was aligned to our 4-step turnaround plan. We are committed to getting back to the normal reporting schedule within the next reporting period.

Encouraging Outlook

Our current priority markets continue to demonstrate steady economic growth as outlined in the Business Review of this report demonstrating resilience post the pandemic. The growing population and urbanization will continue to be the major drivers of infrastructure demand

The existing under penetration in the market reflects the historical under investment in infrastructure and serves as an indication of the accumulated demand that has yet to be fulfilled. While we have seen some challenging macro environment, the level of demand and need supports TransCentury growth expectations as we positively impactAfrica .

Our focus on infrastructure is not a coincidence as we are guided by the trends and data we see. We have historically focused on the Energy and Transport sectors and TransCentury has played a key role in provision of infrastructure products and the construction of iconic infrastructure in the region. Our businesses have mainly focused on manufacture of products to support the electrification agenda and construction of infrastructure including roads, power plants, industrial installations etc. under our power and engineering investments. We continue to see enormous opportunities in both the Energy and Transport sectors as Governments and private sector look to enhance access, utilization and and especially efficiency of infrastructure. We believe we can reduce cost of infrastructure and increase capacity cost effectively by focusing on efficiency and for this TC has the capacity and expertise to supply products and solutions that plug in the gap.

The Agriculture and Water infrastructure sector are two emerging sectors in our stable that we are working on increasing our participation as we see significant infrastructure deficit across their value chain.

We have built strong brands, have unrivalled capacity, a robust orderbook across the Group so with the just completed fundraise. We are set to execute and deliver profitable growth. While we acknowledge the challenges that have been outlined earlier, we are confident in our dedicated teams across the Group who are committed to our strategy. With their efforts, we are set to be the premier investment partner in Africa and consistently create sustainable value to all our stakeholders.

Finally, I would like to thank our stakeholders, especially our Board of Directors, for their unwavering support as we continue to grow and evolve towards our vision and goals.

Yours Sincerely,
Nganga Njiinu
Group Chief Executive Officer

Our Promise

OUR VALUES
COLLABORATIVE

Together we are stronger by leveraging on our collective genius. Together we can achieve greatness.
#The**TC**way

TransCentury
Investing in Africa

www.transcentury.co.ke

Corporate Governance

Good corporate governance practices are essential in the delivery of the superior sustainable stakeholder value, and this is the central focus of TC PLC Board. The Board is committed to uphold the principles of the good corporate governance as enshrined in the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 to the highest standards in discharging all its obligations. The Board ensures that all strategic decisions are guided by these principles and have put in place policies and procedures to entrench transparency, accountability, and fairness across the business. This has also been embedded in the vision, mission, and values of the company.

The Company's Governance Manual and the Board and Committee Charters are aligned to 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) and all regulatory requirements and the Board ensures compliance through regular review of the governance systems and policies. The reviews are also crucial in aligning the systems and policies to any regulatory changes and developments, best market practices and the changing stakeholders' expectations.

The Board of Directors Charter

TC PLC Board and Board Committee's operations and stewardship are governed by the Charters that are contained in its Corporate Governance Manual. This manual is well aligned both with the regulatory requirements (The Capital Market Authority of Kenya (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public and The Companies Act) and internal requirements (Memorandum and Articles of Association).

The manual has in place a framework that facilitates the Board to maintain control of the strategic, financial, operational, risk and compliance issues of the company and to hold management accountable for implementation.

The Board regularly reviews the Corporate Governance Manual to ensure that it is aligned to all developments in regulation, best practice, and stakeholders' expectations.

The Role of The Board

The Company has in place a Delegation of Authority Framework which establishes delegated authority and lines of responsibility without taking away accountability of the Board. Through this framework, 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. It is therefore the Board's role to: -

- Define the company's mission, vision, its strategy, goals, risk policy plans and objectives, including approval of its annual budgets.
- Oversee the corporate management and operations, management accounts, major capital expenditures and review corporate performance and strategies at least on a quarterly basis.
- Identify the corporate business opportunities as well as principal risks in its operating environment, including the implementation of appropriate measures to manage such risks.
- Develop appropriate staffing and remuneration policy and procedures.
- Review regularly the adequacy and integrity of the company's internal control, acquisition and divestitures and management information systems, including compliance with applicable laws, regulations, rules, and guidelines.
- Establish and implement a system that provides necessary information to the shareholders, including shareholder communication policy for the company.
- Monitor the effectiveness of the corporate governance practices under which the company operates and propose revisions as may be required from time to time.
- Consider the interests of the company's shareholders in its decision-making process.

Corporate Governance *Continued*

The Board meets at regular intervals and adopts the organization's modus operandi enabling it to guarantee an efficient performance of the above-mentioned functions.

Separation of roles and responsibilities

The roles of the Chairman and Group CEO 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.
- Ensuring that the Board is well established in line with the pre-requisite skills, knowledge and experience, the required Board Committees are properly established.
- Communicating and consulting with shareholders and relevant stakeholders on significant issues, as appropriate.
- Ensuring 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.

On the other hand, the Group CEO responsibilities include.

- Ensuring the day-to-day management of the business, in line with the company's strategy and long-term objectives approved by the Board.
- Providing strategic advice and guidance to the Board and appraising them of any changes relevant to the industry /sector in which the company operates.
- 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 its 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.

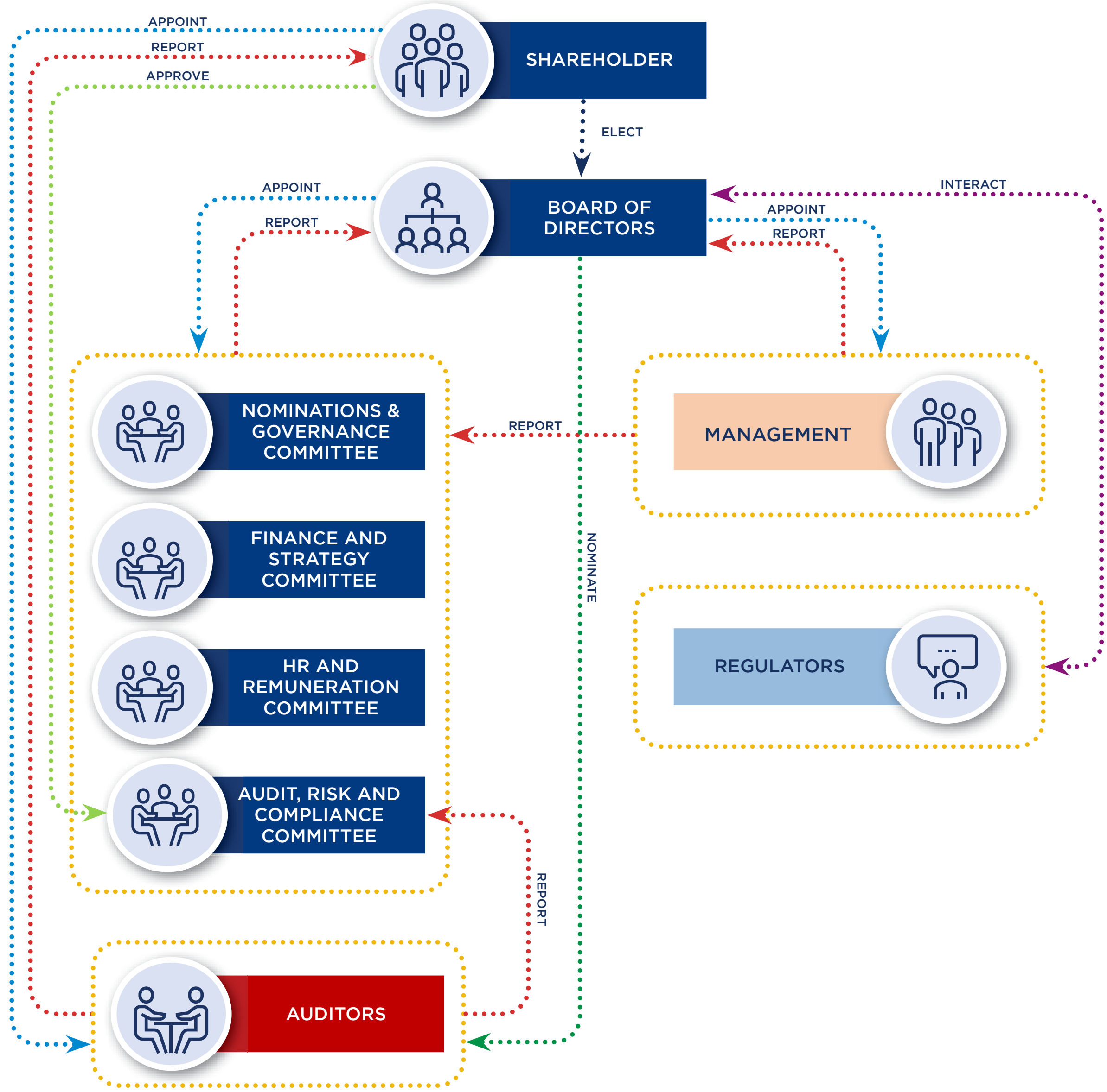
To help in discharge of its responsibility, the Board shall ensure the appointment of Board Committees help it to deliver its mandate. The Board Committee in TC PLC are: -

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

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 carry annual assessment on its effectiveness and performance against the set mandate.

Governance Structure.



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 detail 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 2021.

BOARD COMMITTEE	NOMINATION & GOVERNANCE	HUMAN RESOURCES & REMUNERATION	FINANCE & STRATEGY	AUDIT, RISK AND COMPLIANCE
MEMBERS	**Chairman**: Shaka Kariuki **Members**: Wanjuki Muchemi, Nganga Njiinu	**Chairman**: Wanjuki Muchemi **Members**: Shaka Kariuki, Nganga Njiinu	**Chairman**: Wale Adeosun **Members**: Shaka Kariuki, Anne Mutahi, Nganga Njiinu	**Chairman**: Kariithi Njogu **Members**: Kamal Pallan, Anne Mutahi, 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.
2021 ACTIVITIES	• Compliance with various Governance requirements • Directors' recruitment, selection and development • Board Evaluation • Director's training • Governance & Legal Compliance Audit	• Succession Management • Leadership development programs • Review of compensation and benefits programs • Review of Staff establishment and development	• 2022- 2025 Strategy formulation • Review of strategy execution • Review of financial plans and budget • Review of fundraising activities.	• 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 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 strategy, business performance and overall control. The meeting's agenda is 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 2021 the Board held 5 meetings as set out in the table below: -

2021 Board and Committee Meetings Attendance Schedule

DIRECTOR	DESIGNATION		BOARD	N & G	HR&R	AR&C	F&S
S. Kariuki	Chairman - N&G	MEMBERSHIP	✓	✓	✓		✓
		ATTENDANCE	4/4	3/3	3/3	3/3	
W. Muchemi	Chairman - HR&R	MEMBERSHIP	✓	✓	✓		
		ATTENDANCE	4/4	3/3	3/3		
N.Njiinu	Group CEO	MEMBERSHIP	✓	✓	✓	✓	✓
		ATTENDANCE	4/4	3/3	3/3	3/3	3/3
K. Njogu	Chairman - AR&C	MEMBERSHIP	✓			✓	
		ATTENDANCE	0/4			0/3	
K. Pallan	Member	MEMBERSHIP	✓			✓	
		ATTENDANCE	4/4			3/3	
W. Adeosun	Chairman - F&S	MEMBERSHIP	✓				✓
		ATTENDANCE	4/4				2/3
A. Mutahi	Member	MEMBERSHIP	✓			✓	✓
		ATTENDANCE	2/4			3/3	3/3

KEY:
N&G ***(Nomination and Governance)*** **HR&R** ***(Human Resources and Remuneration)***
F&S ***(Finance and Strategy)*** **AR&C** ***(Audit, Risk and Compliance)***

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 2021, 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

The 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. Wanjuki Muchemi and Mr. Ephraim Kariithi Njogu were re-elected during the AGM.

Name	Date of Appointment	Gender	Non-Executive/Executive
Shaka Kariuki	28th March 2017	M	Non-Executive
Wanjuki Muchemi	3rd August 2017	M	Non-Executive
Nganga Njiinu	1st July 2016	M	Executive
Kariithi Njogu	26th April 2017	M	Non-Executive
Kamal Pallan	28th March 2017	M	Non-Executive
Wale Adeosun	28th March 2017	M	Non-Executive
Anne Mutahi	3rd July 2017	F	Non-Executive

Board Skills and Qualifications

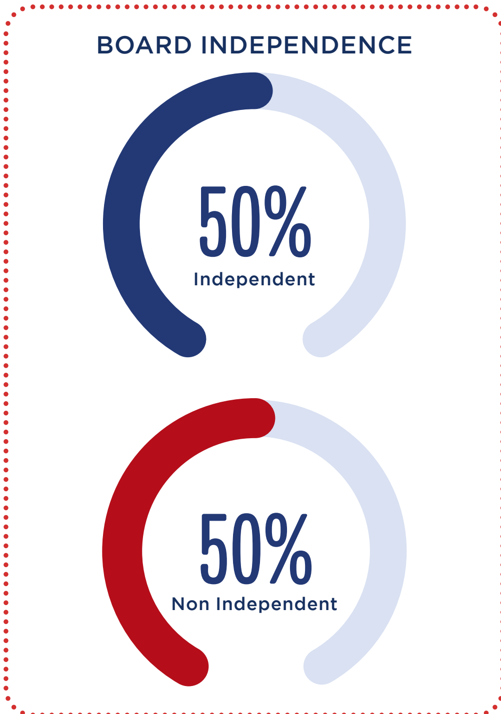
The Board strives to ensure a diverse mix of skills, knowledge and experience in order to provide the required oversight in formulation and execution of the company's core business and its strategy. Each director's skills are critical, and the Board ensures that collectively all requisite skills and experience is available.

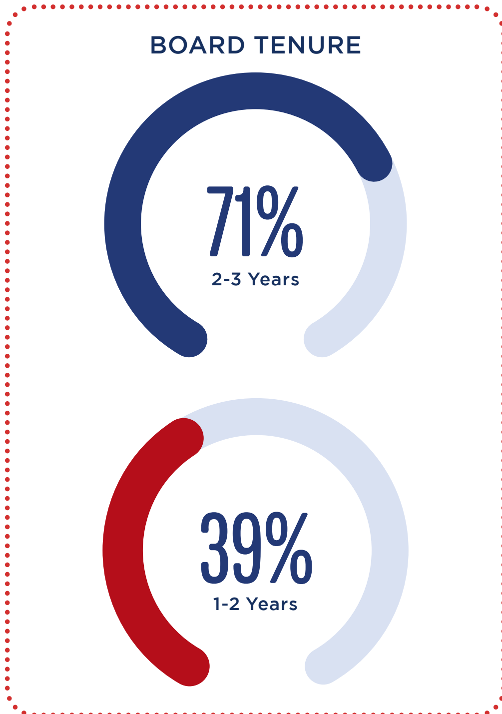
The nomination and governance committee is charged with the responsibility of ensuring that the Board has the right mix to help the Board in having an informed way of evaluating and reviewing the company performance. The committee also continuously reviews the skills and experience required which informs the Board Appointment process.

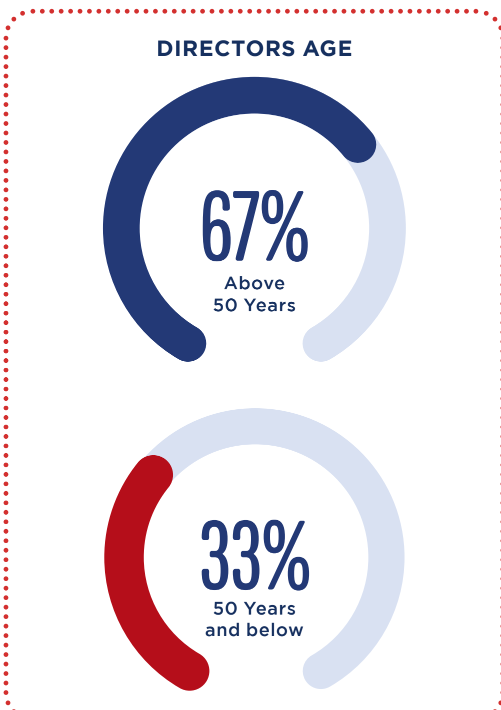
Key Skills	S.Kariuki	K.Pallan	W.Adeosun	A.Mutahi	K.Njogu	W.Muchemi	N.Njiinu
Corporate Governance	✓	✓	✓	✓	✓	✓	✓
Business Management	✓	✓	✓	✓	✓	✓	✓
Financial skills	✓	✓	✓	✓	✓	×	✓
Public Affairs	✓	✓	✓	✓	✓	✓	✓
Strategy	✓	✓	✓	✓	✓	✓	✓
Risk management	✓	✓	✓	✓	✓	✓	✓
Information Technology	✓	×	×	×	✓	×	✓
Commercial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

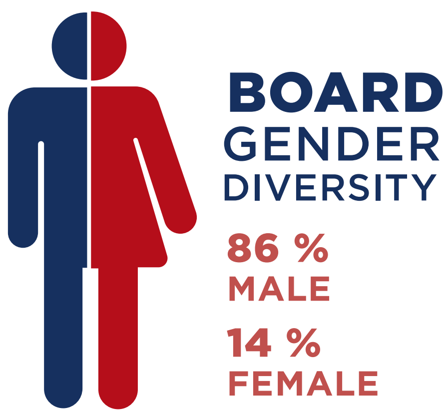
Board Diversity

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.









Corporate Governance *Continued*

Board Evaluation

Every year, the Board reviews its performance and that of its Board Committees and individual directors 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 for the Board, Board Chairman, Company Secretary, Group CEO, 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 the 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.

Director Development (Details & Summary)

Directors are taken through a comprehensive induction which comprises of meetings with Board Chairman and other directors, Group CEO, and other senior managers.

The Nomination and Governance reviews the development needs for the Board and Directors, taking into consideration the developments within the industry and global best practices in formulating the training programs.

On 26th and 27th July 2021, the Directors underwent facilitator-led training on areas of board effectiveness, leading companies through disruptive change and board's oversight role in risk management.

(TC Group Board and Subsidiary boards after a training on ESG, Risk and financial stewardship)

Whistle Blowing Policy

TC is committed to the highest possible standards of openness, 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

The company has in place a conflict-of-Interest Policy that describes the practices to maintain in order to promote and uphold ethical standards. The policy applies to the Board and all employees and is made available through the company's website.

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 can be accessed on the website.

Code of ethics and conduct

TC has in place a Code of Ethics and Conduct framework informed by the company's core values of Entrepreneurial, Innovation, Pioneering and Collaborations. 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 consequently 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 its responsibilities and in relation to the company's affairs within its delegated authority. In doing this, the Directors are required to uphold the provisions of confidentiality of information as well as the provisions of the Company's Insider Trading and the Conflict-of-Interest Policies.

Legal Compliance Audit

In the year 2020, the company also undertook a legal compliance Audit to ascertain the level of compliance with the applicable regulatory standards, laws and regulations and to assist the company identify legal issues triggered by the company strategies and objectives and plan for necessary interventions. The company is now in the process of implementing the recommendations brought about by the audit.

Governance Audit

During the year 2021, 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.

The company continues to implement the recommendations from the Auditors and CMA in order to improve its level of corporate governance.

Left: Some members of TransCentury staff engaging in a team discussion during a strategy retreat

KIRUKI & KAYIKA
ADVOCATES
and Commissioners For Oaths

GOVERNANCE AUDITOR'S REPORT

STATEMENT OF THE RESPONSIBILITY OF DIRECTORS

The Board is responsible for putting in place governance structures and systems that support the practice of good governance in the organization. The responsibility includes planning, designing, and maintaining governance structures through policy formulation, which is necessary for efficient and effective governance of the organization. The Board is also responsible for ethical leadership, risk governance and internal control, transparency and disclosure, equitable protection and exercising of members' rights and obligations, compliance with laws and regulations, sustainability, performance management and strategy formulation and oversight.

The Board of Directors of TransCentury PLC ("the Company") is committed to the highest standards of Corporate Governance and strives for continuous improvement by identifying any loopholes and gaps in the Company's governance structures and processes. It is on this premise that the Board commissioned a governance audit, with the aim of ensuring that all processes necessary for directing and controlling the Company are in place.

The Directors have therefore ensured that the Company has undergone a governance audit for the year ended 31 December 2020, and obtain a report, which discloses the state of governance within the Company.

GOVERNANCE AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the existence and effectiveness of governance instruments, policies, structures, systems and practices in the organization, in accordance with the best governance practices as envisaged within the legal and regulatory framework. We conducted our audit in accordance with ICS Governance Audit Standards and Guidelines, which conform to global standards. These standards require that we plan and perform the governance audit to obtain reasonable assurance on the adequacy and effectiveness of the organization's policies, systems, practices and processes. The audit involved obtaining audit evidence on a sample basis. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Being a continuing engagement, the auditor has strived to lay the groundwork for an on-going governance compliance program, in order to ensure that the Board's goals, structure and operations are consistent with the latest developments in in Corporate Governance. The structure of the report, findings and recommendations will therefore focus on providing a baseline as opposed to strictly following the seven steps of governance auditing.

OPINION

In our opinion, the Board has put in place a sound governance framework, which is in compliance with the legal and regulatory framework and in line with global best governance practices for the interest of stakeholders. In this regard, we issue an unqualified opinion.

CS. George Athiambo, ICPSK GA. No 198
For: KIRUKI & KAYIKA ADVOCATES

GEORGE OPIYO ATHIAMBO Certified Public Secretary Reg. No. 1953

Date: 12 December 2021

Financial Statements

FY 2021 Shareholders' 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%
Waweru, Michael Gitau Waweru	3	21,216,380	5.65%
Anne Pearl Karimi Gachui	4	21,140,990	5.63%
Standard Chartered Nom A/C Ke 11993	5	17,353,617	4.63%
Kanyago, Peter Tiras Kanyago	6	15,641,387	4.17%
Njogu, Ephraim Kariithi Njogu	7	12,520,370	3.34%
Mbugua, Gitau Zephaniah Mbugua	8	11,984,752	3.19%
Gath Properties Limited	9	10,933,000	2.91%
Kimotho, Robin Munyua Kimotho	10	10,851,510	2.89%
SUB - TOTAL	**10**	**246,483,373**	**65.69%**
OTHERS	**2,047**	**128,719,393**	**34.31%**
TOTAL ISSUED SHARES	**2,057**	**375,202,766**	**100%**

Distribution of Shareholding

Shares range	No. of Shareholders	No. of Shares held	% Shareholding
1 - 500	923	178,977	0.05%
501 - 5,000	709	1,514,670	0.40%
5,001 - 10,000	132	1,070,287	0.29%
10,001 - 100,000	212	6,629,401	1.77%
100,001 - 1,000,000	53	15,682,947	4.18%
Above 1,000,000	28	350,126,484	93.32%
TOTAL	**2,057**	**375,202,766**	**100.00%**

Shareholder Analysis by Domicile

Domicile	No. of shares held	No of Shareholders	% Shareholding
Local individuals	1,894	197,260,827	52.57%
Local institutions	133	27,947,435	7.45%
East African individuals	5	34,200	0.01%
Foreign individuals	17	390,400	0.10%
Foreign institutions	8	149,569,904	39.86%
TOTAL	**2,057**	**375,202,766**	**100%**

Directors and Statutory Information

DIRECTORS

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

PRINCIPAL PLACE OF BUSINESS

8th Floor, West End Towers
Off Waiyaki Way
P.O. 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

RSM Eastern Africa LLP
1st Floor, Pacis Centre, Slip Road
Off Waiyaki Way, Westlands
P.O. Box 349
00606 Nairobi

SHARE REGISTRARS

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

REGISTERED OFFICE

8th Floor, West End Towers
Off Waiyaki Way
P.O. Box 42334
00100 Nairobi GPO

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00400 Nairobi

Odhiambo, Talam & Co Advocates
9th Floor, Fortis Suite
Hospital Road, off Ngong Avenue
P.O. Box 24696
00100 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, Tanzania

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

Directors’ Remuneration Report

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 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 2021, there was no adjustment to the remuneration of the Executive Directors. As per the Group and Company policy on employee compensation, 2021 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 (2020 – 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 7 October 2022, Mr. Wale Adeosun and Mr.Kamal Pallan were re-elected during the AGM.

Statement of voting at general meeting on directors’ remuneration

In the last AGM held on 7 October 2022, the shareholders unanimously passed a resolution to approve the directors’ remuneration report and the director’s remuneration policy.

Directors’ Remuneration Report *Continued*

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 2021

Name	Retainer	Sitting allowance	Total	Paid	Payable
Company	KShs’000’	KShs’000’	KShs’000’	KShs’000’	KShs’000’
Shaka Kariuki	3,000	880	3,880	-	3,880
Wale Adeosun	1,800	720	2,520	-	2,520
Kamal Pallan	1,800	720	2,520	-	2,520
Kariithi Njogu	1,800	-	1,800	1,155	645
Ann Mutahi	1,800	640	2,440	1,603	837
Wanjuki Muchemi	1,800	880	2,680	1,981	699
Total	**12,000**	**3,840**	**15,840**	**4,739**	**11,101**

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	1200	4,200	-	4,200
Wale Adeosun	1,800	720	2,520	-	2,520
Kamal Pallan	1,800	1040	2,840	-	2,840
Kariithi Njogu	1,040	1040	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	**11,240**	**5,440**	**17,440**	**6,545**	**10,895**

Director’s Remuneration Report *Continued*

(ii) Executive Directors’ remuneration for the year ended 31 December 2021

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

Executive Directors’ remuneration for the year ended 31 December 2020

Name	iBasic Pay	Pension	Total	Paid	Payable
	Ksh ‘000	Ksh ‘000	Ksh ‘000	Ksh ‘000	Ksh ‘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
Secretary
Date: 19 May 2023

Report of the Directors

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors submit their report together with the audited consolidated and separate financial statements for the year ended 31 December 2021, 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 90 and 91 respectively.

3. Dividends

The directors do not recommend the payment of a dividend (2020 – 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 46 to 50.

5. Auditors

The auditors of the Company, RSM Eastern Africa LLP, have indicated their willingness to continue in office in accordance with the requirements of the Kenyan Companies Act, 2015.

6.Employees

	2021	2020
Managers	82	77
Non-Managers	734	762
TOTAL	**816**	**839**

7. Going concern

The Group and Company incurred a loss of KShs 1,681 million and KShs 1,222 million respectively during the year ended 31 December 2021 (2020 – Group KShs 1,616 million,Company KShs 960 million), and as of that date, the Group's and Company's current liabilities exceeded its current assets by KShs 12,932 million and

KShs 5,766 million respectively (2020 Group KShs 10,529 million and 2020-Company KShs 4,487 million). In addition, the Group's & Company's total liabilities exceeded its total assets by KShs 10,770 million and KShs 2,435 million respectively (2020 – KShs 8,956 million and KShs 1,165 million respectively).

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 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).

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 2021

9. Directors interests

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

	2021	2020
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
Wanjiku Muchemi	3,912,670	3,912,671

10. Business review

The Group's and Company's business review has been disclosed in pages 23 – 30.

11. Approval of financial statements

The financial statements were approved and authorised for issue at a meeting of the directors on 19 May 2023.

By order of the Board

Virginia Ndunge
Secretary
Date: 19 May 2023

Statement of Directors' Responsibilities

FOR THE YEAR ENDED 31 DECEMBER 2021

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 90 to 176 which comprise the consolidated and company statements of financial position as at 31 December 2021, 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 and information identified as subject to audit in the directors remuneration report.

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 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 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 2021, 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 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 19 May 2023

Shaka Kariuki
Director

Nganga Njiinu
Director

Date: 19 May 2023

Independent Auditor's Report to the Shareholders of Transcentury PLC

FOR THE YEAR ENDED 31 DECEMBER 2021

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 90 to 176, which comprise the consolidated and company statements of financial position as at 31 December 2021, and 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..

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 2021, 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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 financial statements in Kenya, and we have fulfilled our 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) to the consolidated and separate financial statements, which indicates that during the year ended 31 December 2021, the Group and Company incurred a loss of KShs 1,682 million and KShs 1,222 million respectively and as of that date, the Group's and Company's current liabilities exceeded its current assets by KShs 12,933 million and KShs 5,766 million respectively and the Group's and Company's total liabilities exceeded their total assets by KShs 10,771 million and KShs 2,435 million respectively. In addition, as at 31 December 2021, the Group and Company had outstanding loans of KShs 3,990 million and KShs 3,326 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 Shareholders of Transcentury PLC *Continued*

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2 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.

Independent Auditor's Report to the Shareholders of Transcentury PLC *Continued*

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2,548 million and KShs 653 million respectively and the group's expected credit losses amounted to KShs 2,030 million as at 31 December 2021. 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 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.

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 2021 amounted to KShs 2,984 million. Investment in subsidiaries amounting to KShs 2,212 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

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 of 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.

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 2021"*, but does not include the consolidated and separate financial statements, and our auditor's report 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.

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.

Independent Auditor's Report to the Shareholders of Transcentury PLC *Continued*

FOR THE YEAR ENDED 31 DECEMBER 2021

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.

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 THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *(Continued)*

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 81 to 82 is consistent with the consolidated and separate financial statements; and

(ii) The auditable part of the Directors' Remuneration Report on pages 78 to 80, 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 Elvis Ogeto, Practising Certificate No. 2303.**

for and on behalf of RSM Eastern Africa LLP
Certified Public Accountants
Nairobi

Date: 19 May 2023

Consolidated Statement of Profit or Loss and other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 KShs'000	2020 KShs'000
Revenue	6(a)	5,587,628	5,322,483
Cost of sales	6(c)	(4,202,600)	(3,552,410)
Gross profit		**1,385,028**	**1,770,073**
Other income	6(b)	119,220	1,128,173
Operating expenses	6(c)	(1,635,141)	(1,508,950)
(Loss)/profit before depreciation, amortisation, impairment, finance costs and taxes		**(130,893)**	**1,389,296**
Impairment loss on trade receivables	6((e)(i))	(35,717)	(221,630)
Other impairment losses	6((e)(ii))	(38,489)	(56,391)
Total impairment losses		**(74,206)**	**(278,021)**
Depreciation and amortisation	7	(415,711)	(435,144)
Operating (loss)/profit	7	**(620,810)**	**676,131**
Exchange gains(losses)	8(a)	106,938	(543,308)
Interest expenses	8(b)	(1,072,150)	(1,131,097)
Net finance costs		**(965,212)**	**(1,674,405)**
Loss before income tax		**(1,586,022)**	**(998,274)**
Income tax expense	9(a)	(95,532)	(617,250)
Loss for the year		**(1,681,554)**	**(1,615,524)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial instruments at FVOCI – net change in fair value	15(d)	(6,702)	(82,451)
Revaluation of property plant and equipment		22,606	-
Re-measurement gain on retirement benefit plan		6,215	(1,593)
Deferred tax effect		(8,647)	478
		13,472	**(83,566)**
Items that are or may be reclassified to profit or loss			
Exchange differences on translation of foreign subsidiaries		(146,403)	(90,083)
Total other comprehensive income net of income tax		**(132,931)**	**(173,649)**
Total comprehensive income for the year		**(1,814,485)**	**(1,789,173)**
Equity holders of the company		(1,553,539)	(1,193,347)
Non-controlling interest (NCI)	15(e)	(128,015)	(422,177)
Loss for the year		**(1,681,554)**	**(1,615,524)**
Total comprehensive income for the year is attributable to:			
Equity holders of the company		(1,654,731)	(1,451,576)
Non-controlling interest (NCI)		(159,754)	(337,597)
Total comprehensive income for the year		**(1,814,485)**	**(1,789,173)**
BASIC AND DILUTED (LOSS) PER SHARE (KShs)	**23(a)**	**(4.14**	**(3.18)**

The notes set out on pages 100 to 176 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 2021

	Note	2021 KShs'000	2020 KShs'000
Income			
Revenue	6(a)	195,671	221,668
Operating expenses	6(c)	(339,773)	(265,709)
Loss before depreciation and amortisation, impairment, finance costs and taxes		**(144,102)**	**(44,041)**
Impairment losses	6(e)	(611,094)	(483,317)
Depreciation and amortisation	7	(616)	(561)
Operating loss	7	(755,812)	(527,919)
Foreign exchange (loss)/gain	8(a)	(118,698)	(141,148)
Finance cost	8(b)	(346,889)	(290,791)
Net finance cost		**(465,587)**	**(431,939)**
Loss before income tax		**(1,221,399)**	**(959,858)**
Income tax expense	9(a)	(350)	(189)
Loss for the year		**(1,221,749)**	**(960,047)**
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)	(48,472)	(94,996)
Other comprehensive income		**(48,472)**	**(94,996)**
Total comprehensive income for the year		**(1,270,221)**	**(1,055,043)**

The notes set out on pages 100 to 176 form an integral part of these consolidated and separate financial statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2021

ASSETS	Note	2021 KShs'000	2020 KShs'000
Non-current assets			
Property, plant and equipment	10	3,776,273	4,029,788
Investment property	11	220,260	220,272
Right-of-use assets	13(a)	3,720,632	3,761,738
Intangible assets	14	68,539	69,529
Quoted investments	15(a)	213	251
Unquoted investments	15(b)	276,338	283,002
Deferred tax asset	25(a)	65,910	95,717
		8,128,165	**8,460,297**
Current assets			
Inventories	17	1,230,821	965,518
Trade and other receivables	18(a)	2,548,258	3,237,024
Contract assets	18(b)	543,379	332,282
Tax recoverable	9(d)	341,821	242,057
Assets held for sale	12	124,618	121,108
Cash and bank balances	19(a)	138,112	330,710
		4,927,009	5,228,699
TOTAL ASSETS		**13,055,174**	**13,688,996**
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)	(16,625,529)	(15,074,580)
Translation reserve	22(b)	703,982	1,003,745
Fair value reserve	22(c)	56,787	63,489
Revaluation reserve	22(d)	2,517,248	2,314,565
Total equity attributable to equity holders of the company		**(11,286,822)**	**(9,632,091)**
Non-controlling interest (NCI)	15(e)	516,156	675,910
Total equity		**(10,770,666)**	**(8,956,181)**

The notes set out on pages 100 to 176 form an integral part of these consolidated and separate financial statements.

Consolidated Statement of Financial Position *Continued*

AS AT 31 DECEMBER 2021

	Note	2021 KShs'000	2020 KShs'000
LIABILITIES			
Non-current liabilities			
Deferred tax liability	25(b)	785,347	878,761
Lease Liability	13 (c)	68,106	83,691
Liability for staff gratuity	26	64,879	52,375
Preference shares	24(b)	1,381,499	1,213,502
Bond	24(a)	-	708,713
Long term loan	27	3,666,438	3,950,146
		5,966,269	6,887,188
Current liabilities			
Bank overdraft	19(a)	25,661	14,931
Tax payable	9(d)	11,938	57,589
Trade and other payables	28(a)	8,172,489	8,551,411
Contract liabilities	28(b)	25,403	27,005
Lease liability	13(c)	10,446	44,389
Unclaimed dividends		952	952
Long term loan	27	5,831,568	4,393,637
Bond	24(a)	951,858	720,534
Shareholder loan	24(c)	2,829,256	1,947,541
		17,859,571	15,757,989
Total liabilities		**23,825,840**	**22,645,177**
TOTAL EQUITY AND LIABILITIES		**13,055,174**	**13,688,996**

The consolidated and separate financial statements on pages 90 to 176 were approved and authorised for issue by the Board of Directors on 19 May 2023 and were signed on its behalf by:

Shaka Kariuki
Director

Nganga Njiinu
Director

The notes set out on pages 100 to 176 form an integral part of these consolidated and separate financial statements.

Company Statement of Financial Position

AS AT 31 DECEMBER 2021

ASSETS	Note	2021 KShs'000	2020 KShs'000
Non-current assets			
Property and equipment	10	1,627	198
Right-of-use-asset	13(a)	74	366
Quoted investments	15(a)	213	251
Unquoted investments	15(b)	276,338	283,002
Investment in subsidiaries	15(c)	2,984,270	3,026,040
Loans to subsidiaries	16	642,845	586,636
Deferred tax asset	25(a)	2,062	2,412
		3,907,429	3,898,905
Current assets			
Trade and other receivables	18	653,311	671,679
Tax recoverable	9(d)	15,738	14,482
Cash and bank balances	19(a)	853	573
		669,902	686,734
TOTAL ASSETS		**4,577,331**	**4,585,639**
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)	(5,995,349)	(4,773,600)
Fair value reserve	22(c)	1,499,754	1,548,226
Total equity		**(2,434,905)**	**(1,164,684)**
Non-current liabilities			
Long term intercompany loans	27	576,073	576,073
Lease liability	13(c)	-	100
		576,073	576,173
Current liabilities			
Trade and other payables	28	1,064,879	935,097
Lease liability	13(c)	100	309
Unclaimed dividends		952	952
Long term loan	27	3,326,382	3,015,361
Shareholder loan	24(c)	2,043,850	1,222,431
		6,436,163	5,174,150
Total liabilities		**7,012,236**	**5,750,323**
TOTAL EQUITY AND LIABILITIES		**4,577,331**	**4,585,639**

The consolidated and separate financial statements on pages 90 to 176 were approved and authorised for issue by the Board of Directors on 19 May 2023 and were signed on its behalf by:

Shaka Kariuki
Director

Nganga Njiinu
Director

The notes set out on pages 100 to 176 form an integral part of these consolidated and separate financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2021

2021:	Share capital KShs'000	Share premium KShs'000	Revaluation reserves KShs'000	Translation reserve KShs'000	Fair value reserve KShs'000	Revenue reserves KShs'000	Total KShs'000	Non-controlling interest KShs'000	Total equity KShs'000
Balance at 1 January 2021	187,601	1,873,089	2,314,565	1,003,745	63,489	(15,074,580)	(9,632,091)	675,910	(8,956,181)
Total comprehensive income for the year net of tax									
Loss for the year	-	-	-	-	-	(1,553,539)	(1,553,539)	(128,015)	(1,681,554)
Other comprehensive income									
Revaluation of property plant and equipment	-	-	21,341	-	-	-	21,341	1,265	22,606
Deferred tax on revaluation of property plant and equipment	-	-	(6,403)	-	-	-	(6,403)	(379)	(6,782)
Remeasurement of defined benefit plan	-	-	-	-	-	3,700	3,700	2,515	6,215
Deferred tax on remeasurement	-	-	-	-	-	(1,110)	(1,110)	(755)	(1,865)
Translation differences	-	-	-	(112,018)	-	-	(112,018)	(34,385)	(146,403)
Net change in fair value of equity investments at FVOCI	-	-	-	-	(6,702)	-	(6,702)	-	(6,702)
Transfer to translation reserves*	-		187,745	(187,745)	-	-	-	-	-
Total other comprehensive income	-	-	**202,683**	**(299,763)**	**(6,702)**	**2,590**	**(101,192)**	**(31,739)**	**(132,931)**
Total comprehensive income		-	**202,683**	**(299,763)**	**(6,702)**	**(1,550,949)**	**(1,654,731)**	**(159,754)**	**(1,814,485)**
Balance at 31 December 2021	**187,601**	**1,873,089**	**2,517,248**	**703,982**	**56,787**	**(16,625,529)**	**(11,286,822)**	**516,156**	**(10,770,666)**

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

The Notes set out on pages 100-176 form an integral part of these Consolidated and separate financial Statements

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2021

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 1st 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
Translation differences	-	-	-	(175,016)	-	-	(175,016)	84,931	(90,085)
Net change in fair value of equity investments at FVOCI	-	-	-	-	(82,451)	-	(82,451)	-	(82,451)
Transfer from revaluation reservre*	-	-	(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									
Total 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**	**1,873,08**	**2,314,565**	**1,003,745**	**63,489**	**(15,074,580)**	**(9,632,091)**	**675,910**	**(8,956,181)**

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

The Notes set out on pages 100-176 form an integral part of these Consolidated and separate financial Statements

Company Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2021

2021:	Share capital KShs '000	Share premium KShs '000	Fair value reserve KShs '000	Revenue reserves KShs '000	Total KShs'000
Balance at 1 January 2021	187,601	1,873,089	1,548,226	(4,773,600)	(1,164,684)
Total Comprehensive income					
Loss for the year	-	-	-	(1,221,749)	(1,221,749)
Other comprehensive income for the year					
Net change in fair value of equity instruments at FVOCI	-	-	(48,472)	-	(48,472)
Total Comprehensive income for the year	**-**	**-**	**(48,472)**	**-**	**(48,472)**
Balance as at 31 December 2021	**187,601**	**1,873,089**	**1,499,754**	**(5,995,349)**	**(2,434,905)**

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)**

The Notes set out on pages 100-176 form an integral part of these Consolidated and separate financial Statements

Consolidated Statement of Cash flows

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 KShs'000	2020 KShs'000
Net cash flows from operating activities			
Loss before taxation		(1,586,022)	(998,274)
Adjustment for non-cash items	19(b)	664,145	1,842,286
Operating cash flow before working capital changes		**(921,877)**	**844,012**
Working capital changes:			
Trade and other receivables		652,981	(1,313,592)
Contract assets		(211,097)	(184,607)
Inventories		(294,692)	38,939
Trade and other payables		(378,922)	214,380
Contract liabilities		(1,602)	(565,266)
Cash used in operations		**(1,155,209)**	**(966,134)**
Income tax paid	9(d)	(257,818)	(3,605)
Gratuity paid	26	(10,495)	-
Net cash flows used in operating activities		**(1,423,522)**	**(969,739)**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(31,860)	(17,724)
Proceeds from disposal of property, plant and equipment		87,741	90,920
Net cash flows from investing activities		**55,881**	**73,196**
Cash flows from financing activities			
Proceeds from loans and borrowing	27	2,231,428	2,599,713
Repayment of loans and borrowing	27	(1,077,205)	(1,671,865)
Shareholder loan proceeds	24(c)	681,676	538,763
Lease principal paid	13(c)	(50,756)	(27,187)
Lease interest paid	13(c)	(15,525)	(16,965)
Partial settlement of convertible bond	24(a)	(605,305)	(436,687)
Net cash flows from financing activities		**1,164,313**	**985,772**
Net increase in cash and cash equivalents		**(203,328)**	**89,229**
Net foreign exchange difference**		-	1,061
Cash and cash equivalents at 1 January		315,779	225,489
Cash and cash equivalents at 31 December*	19(a)	**112,451**	**315,779**

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

The notes set out on pages 100 to 176 form an integral part of these consolidated and separate financial statements.

Company Statement of Cash flows

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 KShs'000	2020 KShs'000
Net cash flows from operating activities			
Loss before taxation		(1,221,399)	(959,858)
Adjustment for non-cash items	19(b)	98,078	60,772
Operating loss before working capital changes		**(1,123,321)**	**(899,086)**
Working capital changes:			
Trade and other receivables		18,368	(91,980)
Trade and other payables		129,782	97,887
Cash used in operations		**(975,171)**	**(893,179)**
Income tax paid	9(d)	(1,256)	(2,374)
Net cash flows used in operating activities		**(976,427)**	**(895,553)**
Cash flows from investing activities			
Loans to related parties		(56,209)	(68,712)
Purchase of property plant and equipment		(1,754)	-
Interest received		42,305	41,289
Net cash flows used in investing activities		**(15,658)**	**(27,423)**
Cash flows from financing activities			
Shareholder loans advanced	24(c)	681,676	538,763
Bank loans received	27	311,021	383,177
Lease principal paid	13(c)	(309)	(292)
Lease interest paid	13(c)	(21)	(39)
Net cash flows generated from financing activities		**992,366**	**921,609**
Net increase/(decrease) in cash and cash equivalents		**280**	**(1,367)**
Cash and cash equivalents at 1 January		573	1,940
Cash and cash equivalents at 31 December	**19(a)**	**853**	**573**

The notes set out on pages 100 to 176 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 2021

1. REPORTING ENTITY

TransCentury PLC is a public 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 2021 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.

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 de facto 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 the payment 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.

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 expensed in the 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 accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or 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 uses:

Investment in subsidiaries

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

2. BASIS OF PREPARATION *(Continued)*

(e) Measurement of fair values *(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 method represents the market price as at end of the reporting period. Net asset value method is used as East African Cables Plc is listed on the Nairobi Securities Exchange. Thus NAV in this case represents the market price on EAC Plc shares as at 31 December 2021. Cable Holdings Kenya Limited is East African Cables parent company.
- Adjusted market values – this is based on market price or most recent price quotations for the subsidiary adjusted for assets or liabilities if any, excluded in the quote or price.

Unquoted investments

- Price to book multiple: The approach involves assessing the historical return on equity for listed entities in the same sector, assessing the relationship between such returns and the traded market price 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 quoted market 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 on the acquisition date. 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.

(f) Going concern

The Group and Company incurred a loss of KShs 1,682million and KShs 1,221 million respectively during the period ended 31 December 2021 and as of that date, the Group's and Company's current liabilities exceeded its current assets by KShs 12,933 million and KShs 5,766 million respectively. In addition, the Group's and Company's total liabilities exceeded their total assets by KShs 10,770 million and KShs 2,035 million respectively.

The Group and Company had breached their loan covenants with lenders and the carrying amount of loans breached as at 31 December 2021 was KShs 3,989 million and KShs 3,326 million respectively. The breach had not been remedied as at the date of approval of these financial statements.

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.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

2. BASIS OF PREPARATION *(Continued)*

(f) Going concern *(continued)*

Initiatives implemented after 31 December 2021 to mitigate liquidity risks

(i) Equity raising initiatives

The Group embarked on a fundraising initiative through the rights issue . The group raised KShs 828 million of which K Shs 528 million was through cash injection and KShs 300 million was debt equity conversion. The rights issue was concluded on 26th April 2023.

(ii) Debt restructure and working capital funding

The Group is currently engaged with its lender on a debt settlement plan which involves partial payment of the debt from the proceeds of Rights Issue process at the Company level to unlock the requisite working capital facilities for its subsidiaries and thereafter restructuring the debt balance to longer tenures to match the cashflows.

The working capital funding 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 within the next 12 months and is subject to lender's credit approval process

The group is seeking working capital facilities for the company and subsidiaries as follows;

a) TransCentury PLC – Debt restructure of outstanding loan obligation of USD 20m.
b) East African Cables Group – Working Capital Lines of USD 15 million.
c) AEA Limited – Working Capital Lines of USD 5.6 million

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 USD 25 million on 2 May 2023 to extend the maturity of the loans to 31 December 2024.

The bond which was due on demand with a carrying amount of KShs 952 million was restructured and repayment spread over three years to 15 July 2022. A shareholder of the company, continues to backstop the payments to the Bondholders.

The Group is in negotiations for an enhanced trade facility of KShs 250m (2020 – KShs 170m) for a Tanzania subsidiary working capital requirements. The facility once availed, shall be utilized in issuance of letters of credit to suppliers of primary raw materials

The Group and Company has intensified collection of long outstanding receivables to improve liquidity in the business. In the period under review, a total of KShs 158 million of delinquent debt was collected and released into operations. There is a continued focus to collect another KShs 200 million in 2022

The group continues to maintain conducive trading terms from its key suppliers of raw materials. The Group and Company has negotiated open trading terms for supplies of main raw materials including aluminium, PVC and Steel wire. This initiative has enabled the business to maintain continued flow of raw materials to serve its customer base even with constrained working capital availability

2. BASIS OF PREPARATION *(Continued)*

(f) Going concern *(continued)*

Initiatives implemented after 31 December 2021 to mitigate liquidity risks *(continued)*

(iii) Disposal of non-operating assets

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

#	Asset	Expected proceeds. (KShs M)	Status
1	Property and assets in Mombasa, Kenya	700	Awaiting for sale offer
2	Properties in Uganda	400	Awaiting for sale offer
3	Mapre Extruder Machine	100	Negotiating with a prospective buyer
4	LR No. 209/6982/2 in Industrial Area Nairobi	250	Negotiating with a prospective buyer
	Total	1,450	

(iv) Disposal of non-core investments

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

#	Investment	Expected proceeds. (KShs M)	Status
1	10.7% investment stake in Development Bank of Kenya	250	Discussions with potential buyers
	Total	**250**	

(v) Assignment of projects

The Group through its subsidiary, Civicon Limited has banking facilities held at Equity bank comprising of performance bonds and advance payment guarantees issued for construction projects. During the period from January 2022 to December 2022, 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 also expects to further reduce these facilities by KShs 310 million in advance payment guarantees as well as another KShs 155 million in performance guarantees.

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

The directors having considered the initiatives above and information at hand, are confident that the going concern assumption is appropriate in the preparation of these 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.

2. BASIS OF PREPARATION *(Continued)*

(f) Going concern *(continued)*

However, if the above initaitives do not materialize within twelve (12) months, a material uncertainty exist which may cast significant doubt about the Group and the Company's ability to continue as a going concern and therefore that the Group and Company may be unable to realize their assets and discharge their liabilities in the normal course of business.

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.

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 2021

3. BASIS OF CONSOLIDATION *(continued)*

(b) Subsidiaries

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

Subsidiary	Country of incorporation	2021 %	2020 %
		Audited	Audited
Cable Holdings Limited	Kenya	100	100
East African Cables PLC	Kenya	68.4	68.4
East African Cables Tanzania Limited*	Tanzania	35	35
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
Tanalec 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	100
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=0.35).

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.

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 applies 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Translation of foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of each entity 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 within finance cost, except for differences arising on the retranslation of the financial statements of foreign subsidiaries that are recognised in other comprehensive income and a separate reserve in equity.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Property, plant and equipment *(continued)*

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

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

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

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

• 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 Group and Company use the definition of a lease in IFRS 16.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Leases *(continued)*

(i) As a lessee

At commencement 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 its relative stand-alone prices. However, for the leases of property the Group and Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group and Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. 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 its incremental borrowing rate as the discount rate.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Leases *(continued)*

(i) As a lessee *(continued)*

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

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

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

Short-term leases and leases of low-value assets

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

(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 applies 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 recognises 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

The Group and Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets and contract 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 and contract asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

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

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

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

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

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and 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 and contract assets 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Impairment *(continued)*

(i) Non-derivative financial assets *(continued)*

Measurement of ECLs

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

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

(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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Employee benefits *(continued)*

(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 is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(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 it relates to items recognised directly in equity or other comprehensive income. Current tax is provided on the results in the year as shown in the financial statements adjusted in accordance with tax legislation.

Deferred tax is recognised in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxpurposes. 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 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

(m) Related party transactions

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

(n) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Financial instruments *(continued)*

(ii) Classification and subsequent measurement (continued)

Financial assets – Business model assessment

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

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

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

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

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

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

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

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

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

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4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Financial instruments *(continued)*

(ii) Classification and subsequent measurement *(continued)*

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest *(continued)*

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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 the assets or disposal group are generally 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 and goodwill

(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

The Group operating segments are identified on the basis of internal reports as 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).

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 has adopted the following new standards, amendments to standards during the year ended 31 December 2021 including consequential amendments to the standards with the date of initial application by the group and company being 1 January 2021

Standard	Effective date
- Interest rate benchmark reform-phase 2 (Amendments to IFRS 9, IAS 39, IFRS 9, IFRS 4 and IFRS 16)	1 January 2021
- COVID-19-Related Rent Concessions – (Amendment to IFRS 16)	1 June 2021

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 2021

A number of new standards, amendments to standards and interpretations have been issued are not effective for year ended 31 December 2021 and have not been applied in preparing these financial statements. The Company and Group does not plan to adopt these standards early. These are not expected to have a significant impact on the financial statements of the Company and Group. These are summarised below:

Standard	Effective date
- Annual improvements to IFRS standards 2018-2020	1 January 2022
- References to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
- Onerous Contracts, Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
- Classification of Liabilities as Current or Non-current (Amendments IAS 1)	1 January 2023
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
- Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2).	1 January 2023
- Definition of Accounting Estimate (Amendments to IAS 8).	1 January 2023
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – (Amendments to IAS 12 Income Taxes)	1 January 2023
- Sale or Contribution of Assets between an Investor and its Associate or Company (Amendments to IFRS 10 and IAS 28).	Optional
- Lease Liability in a Sale and Leaseback	1 January 2024
- Non-current Liabilities with Covenants	1 January 2024

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Group and Company have exposure to the following risks from its use of financial instruments:

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

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

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

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

(a) Credit risk

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

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

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Loans to subsidiaries (Note 16)	-	-	-	586,636
Trade receivables (Note 18(a))	1,815,789	2,596,300	-	-
Sundry receivables	85,821	499,371	55,697	55,697
Contract assets(Note 18(b))	543,379	332,282	-	-
Staff debtors (Note 18(a))	5,694	1,925	1,646	109
Due from related parties (Note 18)	-	-	595,968	615,873
Bank balances (Note 19)	137,756	330,450	852	513
	2,588,439	**3,760,328**	**654,163**	**1,258,828**

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Credit risk *(continued*

Impairment losses

Trade receivables & Intercompany receivables

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

	Trade receivables		Intercompany receivables	
	Consolidated	**Consolidated**	**Company**	**Company**
	2021	**2020**	**2021**	**2020**
	KShs '000	**KShs '000**	**KShs '000**	**KShs '000**
Not past due	643,881	570,726	38,342	156,434
Past due 0 – 90 days	335,546	521,933	38,342	136,680
Past due 91 – 365 days	237,246	1,405,642	76,683	279,169
More than one year	2,628,740	2,126,643	4,443,954	3,433,849
	3,845,413	4,624,944	4,597,320	4,006,132
Net impairment	(2,029,626)	(2,028,644)	(4,001,352)	(3,390,259)
	1,815,787	**2,596,300**	**595,968**	**615,873**

Management believes that sufficient impairments provisions have been made. 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 35,717was recorded in the year (2020 – KShs 221,630) while the Company impairment loss of KShs 611,093 was recorded in the year (2020 – KShs 483,317).

Cash and cash equivalents

The Group and Company held cash and bank balances of KShs 137,756,000 and KShs 852,000 respectively (2020– Group – KShs 330,710,000 and Company KShs 573,000). 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 12month expected credit loss basis and reflects the short maturities of the exposures. The Group and Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

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 and other receivables and intercompany loans during the year was as follows.

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Balance at 1 January	2,028,644	2,024,038	3,390,259	2,906,942
Impairment losses				
- trade and other receivables	35,785	221,630	-	-
-due from related parties	-	-	611,093	483,317
Sub-total	**35,785**	**221,630**	**611,093**	**483,317**
Bad debt write back	(34,803)	(2174,024)	-	-
Balance at 31 December	**(2,029,626)**	**2,028,644**	**(4,001,352)**	**3,390,259**

(b) Liquidity risk

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

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

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

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

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

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(b) Liquidity risk *(continued)*

Consolidated

2021:	Due on demand KShs'000	1 - 3 Months KShs'000	3 - 12 Months KShs'000	1 - 5 Years KShs'000	Total KShs'000
Liabilities:					
Long term loans	4,257,579	507,057	1,066,213	3,223,977	9,498,006
Interest payable on term, loans bonds, shareholders loan and lease liability	633,092	28,626	227,158	1,000,759	1,889,635
Preference shares	-	-	-	1,381,499	1,381,499
Bond	-	-	951,858	-	951,858
Bank overdraft	25,661	-	-	-	25,661
Shareholder Loan	-	-	2,829,256		2,829,256
Lease liabilities	-	-	10,446	68,106	78,552
Unclaimed dividends	952	-	-	-	952
Trade payables	8,172,489	-	-	-	8,172,489
Total financial liabilities	**13,089,773**	**535,683**	**5,084,931**	**6,117,521**	**19,152,751**

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 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
Trade and other payables	8,551,411	-	-	-	8,551,411
Lease liabilities	-	1,103	44,389	83,691	128,080
Unclaimed dividends	952	-	-	-	952
Total financial liabilities	**14,231,762**	**629,959**	**3,594,404**	**6,180,896**	**24,635,918**

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(b) Liquidity risk *(continued)*

Company

2021	Due on demand KShs'000	1 - 3 Months KShs'000	3 - 12 Months KShs'000	1 - 5 Years KShs'000	Total KShs'000
Liabilities:					
Long term loans	3,326,382	-	-	-	3,326,382
Shareholder loan	-	-	2,043,850	-	2,043,850
Interest payable on loans	564,050	20,923	170,119	42,234	797,326
Trade and other payables	566,998	-	-	-	566,998
Lease liability	-	99	-	-	99
Unclaimed dividends	952	-	-	-	952
Total financial liabilities	**4,458,382**	**21,022**	**2,213,969**	**42,234**	**6,735,607**

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

(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 company's transactional exposures give rise to foreign currency gains and losses that are recognised in profit or loss. In respect of monetary assets and liabilities in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying foreign currencies at spot rates to enable the Group to meet its obligations.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) Market risk *(continued)*

(i) Currency risk *(continued)*

The Group's exposure to foreign currency risk was as follows based on notional amounts in foreign currencies expressed in Kenya Shillings as below:

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Loans to subsidiaries	-	-	642,845	586,636
Cash and bank balances	29,914	22,829	-	-
Unquoted investments	276,345	283,002	276,338	283,002
Due from related parties	-	-	595,968	615,873
Due to related parties	-	-	(497,882)	(464,690)
Preference shares	(1,381,499)	(1,213,502)	-	-
Bond	(951,858)	(1,429,247)	-	-
Bank overdraft	(25,661)	(3,838)	-	-
Bank loans	(5,434,789)	(5,186,220)	(3,902,455)	(3,591,434)
Net statement of financial position exposure	**(7,487,548)**	**(7,526,976)**	**(2,885,186)**	**(2,570,613)**

The following significant exchange rates applied during the year:

	Closing rate		Average rate	
	2021 KShs	2020 KShs	2021 KShs	2020 KShs
USD	113.14	101.34	109.65	110.59
TShs	20.37	21.24	20.37	20.97
UShs	31.31	33.38	32.72	33.16
ZAR	7.11	7.46	7.11	7.41

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	Weakening KShs	Strengthening KShs	Weakening KShs
31-Dec-21				
USD (10% movement)	(749,216)	749,216	(524,451)	524,451
TShs (10% movement)	2,991	(2,991)	2,094	(2,094)
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)

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) Market risk *(continued)*

(i) Currency risk *(continued)*

Company	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31-Dec-21	KShs	KShs	KShs	KShs
USD (10% movement)	(298,327)	298,327	(208,829)	208,829
31-Dec-20				
USD (10% movement)	(257,004)	257,004	(179,903)	179,903

(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 company's business strategies.

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

	Effective interest rate (%)		2021	2020
Consolidated	**2021**	**2020**	**KShs'000**	**KShs'000**
Variable-rate instruments				
Bank loans	10.5%	10.7%	9,498,006	8,343,783
Bank overdraft	9.0%	9.0%	25,661	14,931
			9,523,667	**8,358,714**
Fixed-rate instruments				
Bond	8%	8.0%	951,858	1,429,247
Preference shares	4.9%	4.9%	1,381,499	1,213,502
Shareholder loan	7%	7.0%	2,829,256	1,947,541
			5,162,613	4,590,290
			14,686,280	**12,949,004**

	Effective interest rate (%)		2021	2020
Company	**2021**	**2020**	**KShs'000**	**KShs'000**
Variable-rate instruments				
Bank loans	10.0%	10.0%	3,326,382	3,015,361
Fixed-rate instruments				
Shareholder loan	7.0%	7.0%	2,043,850	1,222,431

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 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 2021 KShs	Consolidated 2020 KShs	Company 2021 KShs	Company 2020 KShs
Variable-rate instruments	949,801	835,871	332,638	301,536
Fixed-rate instruments	518,827	459,029	204,385	122,243
	1,468,628	**1,294,900**	**537,023**	**423,779**

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 are 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 market interest rates 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 14,941 (2020 – KShs 18,795) 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.

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 at 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 as disclosed below:

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 (2020,0.63x)	• 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).

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(e) Fair values for financial assets and financial liabilities *(continued)*

Valuation hierarchy – continued

The fair values for the financial assets as at 31 December 2021 and 31 December 2020 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 2021:				
Quoted investments	213	-	-	213
Unquoted investments	-	-	276,338	276,338
Total assets	**213**	**-**	**276,338**	**276,551**

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**

Company	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
31 December 2021:				
Quoted investments	213	-	-	213
Unquoted investments	-	-	276,338	276,338
Investment in subsidiaries	-	-	2,984,270	2,984,270
Total assets	**213**	**-**	**3,260,608**	**3,260,821**

Company	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
Investment in subsidiaries	-	-	3,026,040	3,026,040
Total assets	**251**	**-**	**3,309,042**	**3,309,293**

The valuation techniques and fair value hierarchy for non-financial assets have been disclosed in Note 10, 11, 12 and 15.

6. REVENUE, OTHER INCOME AND EXPENSES

(a) Revenue

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Sale of goods	4,132,188	3,991,663	-	-
Rendering of services	1,448,266	1,028,648	-	-
Construction contract revenue	7,174	302,172	-	-
Dividends	-	-	-	30,442
Interest income (Note 29(c))	-	-	42,305	41,289
Technical fees (Note 29(d))	-	-	153,366	149,937
	5,587,628	**5,322,483**	**195,671**	**221,668**

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

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.

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
Rendering of services Services rendered include: • Civil engineering • Mechanical engineering • Transportation	Invoices for repair and maintenance services are issued periodically and are usually payable within 30 days.	Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on work performed. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative stand-alone selling prices. The stand-alone selling price is determined based on the list prices at which the Group sells the services in separate transactions.
Investment income include:		
• Dividend income	Dividend income arises from company investments from subsidiaries companies or associates' companies or quoted investments	Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend
• Interest income	Interest income arises from company lending money to subsidiaries as loans	Interest income is accrued using the effective interest rate method, by reference to the principal outstanding and the interest rate applicable.
• Technical fees	Technical fees relate to technical and professional and advisory services provided by holding company to the operating units	Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on work performed.

6. REVENUE, OTHER INCOME AND EXPENSES *(continued)*

(a) Revenue *(continued)*

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The amount of contracts assets is KShs 543,379,000 (2020 – 332,282,000).

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 25,403,000 (2020 – KShs 27,005,000).

The amount of KShs 27,005,000 included in contract liabilities at 31 December 2020 has been recognised as revenue in 2021 (2020 – KShs 565,266,000).

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 2021 or at 31 December 2020 that have an original expected duration of one year or less, as allowed by IFRS 15.

(b) Other income/(loss)

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Gain/(loss) on sale of property	88,915	67,677	-	-
Reversal of bad debts provision	3,490	-	-	-
Fair value of investment property	-	3,000	-	-
Sale of scrap	18,202	8,472	-	-
Rental income	5,919	36,472	-	-
Reversal of accruals	-	955,644	-	-
Sundry income	2,563	56,908	-	-
Interest income	131	-	-	-
	119,220	**1,128,173**	**-**	**-**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

6. REVENUE, OTHER INCOME AND EXPENSES *(continued)*

(c) Expenses by nature

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Cost of sales:				
Raw materials	2,803,683	2,283,202	-	-
Direct staff costs	194,262	264,982	-	-
Licences, insurance and permits	-	6,021	-	-
Equipment hire	99	3,273	-	-
Subcontracting	-	131,991	-	-
Service costs	1,083,250	775,078	-	-
Freight	118,349	38,751	-	-
Machinery repairs and maintenance	-	25,226	-	-
Utility expenses	-	15,001	-	-
Manufacturing and packaging	-	1540	-	-
Inventory obsolescence	2,957	7,345	-	-
	4,202,600	**3,552,410**	**-**	**-**
Operating expenses:				
Staff costs	660,709	640,037	167,710	166,849
Legal and professional fees	116,705	159,562	11,309	9,583
Office expenses	450,157	359,464	98,528	60,277
Establishment and site expenses	182,509	103,269	-	-
Directors fees (Note 29(a))	74,619	74,660	16,991	17,360
Travel expense	25,373	16,869	3,954	2,307
Utility fees	18,954	73,053	-	-
Distribution expenses	19,972	28,860	-	-
Audit fees	31,150	33,466	6,250	9,333
Repairs and maintenance	19,962	19,710	-	-
Fund raising cost	35,031	-	35,031	-
	1,635,141	**1,508,950**	**339,773**	**265,709**

(d) Staff costs

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Wages and salaries	800,509	853,908	158,226	157,055
Social security contributions	24,218	21,388	47	51
Contribution to defined benefit plan	30,244	28,771	9,437	9,743
Other staff costs	-	952	-	-
	854,971	**905,019**	**167,710**	**166,849**
Presented in profit or loss as follows:				
Cost of sales	194,262	264,982	-	-
Operating expenses	660,709	640,037	167,710	166,849
	854,971	**905,019**	**167,710**	**166,849**

6. REVENUE, OTHER INCOME AND EXPENSES *(continued)*

(e) Impairment losses

(i) Impairment loss on trade receivables

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Impairment loss on trade receivables and intercompany loans (Note 5(a))	35,717	221,630	611,094	483,317

(ii) Other Impairment losses

Fair value loss on investment property	9,032	14,282	-	-
Inventory	29,389	-	-	-
Property plant and equipment (Note 10)	-	42,109	-	-
Prepayments	68	-	-	-
	38,489	**56,391**	**-**	**-**
	74,206	**278,021**	**611,094**	**483,317**

7. OPERATING LOSS

Operating loss is arrived at after charging/(crediting):				
Depreciation of PPE (Note 10)	270,258	299,675	325	254
Depreciation of ROU asset (Note 13)	141,942	131,545	291	307
Amortisation of intangible assets (Note 14)	3,511	3,924	-	-
Total depreciation and amortisation	**415,711**	**435,144**	**616**	**561**
Directors' emoluments (Note 29(a))	145,562	135,964	51,155	52,835
Auditors remuneration - current year	31,150	31,608	6250	7,475
- prior year	-	1,858	-	1,858
(Loss)/(gain) on disposal of property, plant and equipment	88,915	67,677	-	-
- Impairment losses:				
- Trade and other receivables	35,717	221,630	-	-
- Inventory	29,389	1,493	-	-
- Due from related parties	-	-	611,094	483,317

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

8. NET FINANCE COSTS

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
(a) Foreign exchange losses	**106,938**	**(543,308)**	**(118,698)**	**(141,148)**
(b) **Finance costs**				
Interest on convertible bond	(73,609)	(118,605)	-	-
Interest on leases	(6,697)	(6,820)	(21)	(39)
Interest on loans	(991,844)	(1,005,672)	(346,868)	(290,752)
	(1,072,150)	(1,131,097)	(346,889)	(290,791)
Net finance costs (a+b)	**(965,212)**	**(1,674,405)**	**(465,587)**	**(431,939)**

9. INCOME TAX

(a) Income tax (credit)/expense

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Amounts recognised in profit or loss				
Current tax:				
Charge for the year at 30% (2020: 25%)	63,339	379,640	-	-
Deferred tax (credit)/expense:				
Current year (Note 25(c))	34,219	165,864	350	189
Prior year under/(over) provision (Note 25(c))*	(2,026)	71,746	-	-
	32,193	237,610	-	189
	(95,532)	**617,250**	**350**	**189**

* Derecognition of previously recognised deductible temporary differences.

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Amounts recognised in other comprehensive income				
Arising from:				
Property plant and equipment revaluation	(6,782)	-	-	-
Defined benefits	(1,865)	(478)	-	-

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

9. INCOME TAX *(continued)*

(b) Reconciliation of effective tax rate

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

Consolidated

	2021 Rate	2021 KShs'000	2020 Rate	2020 KShs '000
Accounting loss before tax		(1,586,024)		(998,274)
Tax at the domestic rate of	30%	(475,808)	25%	(249,569)
Prior years' under provision:				
- Deferred tax	1%	(19,182)	(7)%	71,746
Effect of taxes in foreign jurisdictions*	-	(6,961)	(28%)	283,633
Movement in deferred tax not Recognised (Note 9(c))	(20%)	312,659	(34%)	336,629
Tax effect of non-deductible expenses	(12%)	183,378	(21%)	211,871
Effect of change in tax rates**	(6%)	101,446	2%	(37,060)
Income tax expense	**(6)%**	**95,532**	**(26%)**	**617,250**

*TransCentury Mauritius Limited, Cable Holding Mauritius Limited, TC Railway Holdings Limited and Safari Rail Company Limited operate in Mauritius where the corporate tax rate is 15%. Certain subsidiaries of TransCentury Mauritius 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%.

Company

	2021 Rate	2021 KShs'000	2020 Rate	2020 KShs'000
Accounting loss before tax	**-**	**(1,221,399)**	**-**	**(959,858)**
Tax at the domestic rate of	30%	(366,420)	25%	(239,964)
Prior years' under provision:				
- Current tax	-	-	-	-
Effect on changes in tax rates	-	-	2%	17,268
Movement in deferred tax not recognised (Note 9(c))	(30%)	286,701	(20%)	188,457
Tax effect of non-deductible expenses	(7%)	80,069	(4%)	34,428
Income tax expense		**350**		**189**

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.

9. INCOME TAX *(continued)*

(c) Movement in unrecognised deferred tax

Consolidated

2021:	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	(12,256)	-	6890	(5,366)
Unrealised exchange loss	253,112	-	190,687	443,799
Provisions	772,715	-	47,241	819,956
Tax losses	1,296,295	-	67,841	1,364,136
	2,309,866	**-**	**312,659**	**2,622,525**

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 loss	45,569	2,019	205,523	253,112
Provisions	787,210	(6,563)	(7,932)	772,715
Tax losses	1,180,692	(8,221)	123,825	1,296,295
	1,982,955	**(9,718)**	**336,629**	**2,309,866**

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.

Amount (KShs'000)	Year of origin
330,314	2010
21,737	2011
145,741	2012
593,566	2013
125,342	2014
221,827	2015
573,475	2016
284,565	2017
503,823	2018
238,290	2019
131,043	2020
469,578	2021
3,639,301	

9. INCOME TAX *(continued)*

(c) Movement in unrecognised deferred tax *(continued)*

Company

2021:	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	387,057	-	92,719	479,776
Provisions	739,349	-	187,247	926,596
Unrealised exchange loss	(42,344)	-	6,735	(35,609)
	1,084,062	**-**	**286,701**	**1,370,763**

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
Provisions	589,283	8	150,058	739,349
Unrealised exchange loss	(41,422)	-	(922)	(42,344)
	895,605	**8**	**188,449**	**1,084,062**

Deferred tax assets have not been recognized in respect of tax losses and other temporary differences of 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 2021 was as follows:

Amount (KShs'000)	Year of origin
27,685	2013
127,111	2014
61,312	2015
184,673	2016
97,599	2017
261,959	2018
238,290	2019
131,043	2020
469,578	2021
1,599,250	

9. INCOME TAX *(continued)*

(d) Tax recoverable/payable account

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Balance as at 1 January	184,468	297,722	14,482	12,108
Current tax charge	(63,340)	(379,640)	-	
Paid during the year	257,818	3,605	1,256	2,374
Foreign exchange translation differences	(49,063)	262,781	-	-
Balance as at 31 December	**329,883**	**184,468**	**15,738**	**14,482**
Comprising:				
Current tax recoverable	341,821	242,057	15,738	14,482
Current tax payable	(11,938)	(57,589)	-	-
Balance as at 31 December	**329,883**	**184,468**	**15,738**	**14,482**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

10. PROPERTY, PLANT AND EQUIPMENT

10. PROPERTY, PLANT AND EQUIPMENT

Consolidated 2021	Heavy commercial vehicles KShs'000	Free hold land and buildings KShs'000	Plant and machinery KShs'000	Vehicles KShs'000	Furniture, fittings and equipment KShs'000	Work in progress KShs'000	Total KShs'000
Cost/valuation:							
At 1 January 2021	2,320,336	2,762,515	3,439,921	488,674	312,538	200,485	9,524,469
Additions	-	-	24,500	2,905	4,455	-	31,860
Transfer from WIP	-	-	2,602	-	-	(2,602)	-
Disposals	-	(366,148)	(326,659)	(6,091)	(28,817)	-	(727,715)
Revaluation	-	3,608	-	-	-	-	3,608
Exchange differences	33,236	47,443	100,047	17,291	10,874	1,669	210,560
At 31 December 2021	**2,353,572**	**2,447,418**	**3,240,411**	**502,779**	**299,050**	**199,552**	**9,042,782**
Depreciation:							
At 1 January 2021	2,234,675	462,253	2,224,407	561,961	2,423	8,962	5,494,681
Revaluation	-	(10,618)	-	-	-	-	(10,618)
Charge for the year	17,590	51,293	168,380	23,293	9,702	-	270,258
Disposals	-	(280,788)	(326,659)	(5,709)	(28,130)	-	(641,286)
Exchange differences	61,542	1,506	70,122	13,234	4,723	2,347	153,474
At 31 December 2021	**2,313,807**	**223,646**	**2,136,250**	**592,780**	**(11,282)**	**11,309**	**5,266,510**
Carrying value:							
At 31 December 2021	**39,765**	**2,223,772**	**1,104,161**	**(90,000)**	**310,332**	**188,243**	**3,776,273**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

Consolidated 2020	Heavy commercial vehicles KShs'000	Free hold land and buildings KShs'000	Plant and machinery KShs'000	Vehicles KShs'000	Furniture, fittings and equipment KShs'000	Work in progress KShs'000	Total KShs'000
Cost/valuation:							
At 1 January 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**	**(73,387)**	**310,115**	**191,523**	**4,029,788**

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

10. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Company - Furniture, fittings and equipment	**2021 KShs'000**	**2020 KShs'000**
Cost:		
At 1 January	14,604	14,778
Additions	1,754	-
Disposals	(329)	(174)
At 31 December	**16,029**	**14,604**
Depreciation:		
At 1 January	14,406	14,152
Charge for the year	325	254
Disposals	(329)	-
At 31 December	14,402	14,406
Carrying amount at 31 December	**1,627**	**198**

Fully depreciated assets' value as at December 2021 amount to KShs 706 million (2020 – KShs 1,123 million) The work in progress (WIP) relates to ongoing factory upgrades at East African Cables PLC and Tanelec Limited.

Revaluation

The Group's property, plant and equipment (freehold land, buildings, plant and machinery) are revalued once in every five years.

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

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

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

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.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

10. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Revaluation (continued)

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

		Freehold		Plant and
Consolidated	**land**	**Buildings**	**machinery**	**Totals**
At 31 December 2021:	**KShs 000**	**KShs 000**	**KShs 000**	**KShs 000**
Cost	257,026	895,326	431,472	1,583,824
Accumulated depreciation	-	(449,167)	(301,924)	(751,091)
Carrying value	**257,026**	**446,159**	**129,548**	**832,733**

Consolidated				
At 31 December 2020:				
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**

Security

At 31 December 2021, properties of subsidiaries have been charged to secured 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 developments. ***Plant and machinery*** 3.Comparable prices of plant and machinery and whether they are locally made or imported. 4. Depreciated replacement cost for plant and machinery.	The estimated fair values would increase/ (decrease); 1. If property prices near the location of the property were higher/ (lower). 2. With improvements/ (deterioration) in infrastructure development. 3. Age, obsolescences , repair and maintenance condition of plant and machinery.

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FOR THE YEAR ENDED 31 DECEMBER 2021

11. INVESTMENT PROPERTY

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Valuation				
At 1 January	220,272	220,291	-	-
Fair value change	(9,031)	(14,282)	-	-
Translation differences	9,019	14,263	-	-
At 31 December	**220,260**	**220,272**	**-**	**-**

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

	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Gross rental income	4,744	4,504	-	-
Direct operating expenses	(1,186)	(1,126)	-	-
Net rental income	**3,558**	**3,378**	**-**	**-**

Measurement of fair values

Investment properties compriseresidential 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 31 December 2021 by Ms. Accurate Valuers on the basis of open market value for existing use.

(i) Valuation techniques and significant unobservable inputs

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

12. ASSETS HELD FOR SALE

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Balance as at 1 January	121,108	122,529	-	-
Disposals	-	-	-	-
Transfers:				
- from property, plant & equipment (Note 10)	-	-	-	-
- from Investment property (Note 11)	-	-	-	-
Exchange differences	3,510	(1,421)	-	-
At 31 December	**124,618**	**121,108**	**-**	**-**

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

Property description

	Carrying value 2021 KShs '000	Carrying value 2020 KShs '000	Fair value 2021	Fair value 2020
LR. No. 3734/126, on Elmolo Drive, Lavington, Nairobi, Kenya.	110,000	110,000	-	110,000
Buildings in Plot No. 7344, Nyerere Road, Light Industrial Area, Kitwe, Zambia	12,618	11,108	-	11,108
Total	**124,618**	**122,529**	**-**	**122,529**

(i) 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 developments	The estimated fair values would increase/ (decrease); 1. If property prices near the location of the property were higher/(lower). 2. With improvements/ (deterioration) in infrastructure development

13. RIGHT-OF-USE-ASSETS

(a) Right-of-use-assets

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Carrying value as at 1 Jan	3,761,738	3,598,935	366	672
Additions	-	135,863	-	-
Revaluation	8,379	-	-	-
Depreciation charge for the year	(141,942)	(131,545)	(291)	(306)
Exchange adjustment	92,457	158,485	-	-
As at 31 December	**3,720,632**	**3,761,738**	**75**	**366**

Right of use assets shown above are classified as below:

2021	Leasehold land KShs'000	Buildings KShs'000 KShs'000	Motor vehicles KShs'000	Other equipment KShs'000	Total KShs'000
At 1 January	3,648,723	15,591	97,058	366	3,761,738
Amortisation for the year	(90,859)	(3,237)	(47,555)	(291)	(141,942)
Revaluation	8,379	-	-	-	8,379
Exchange adjustments	91,093	1364	-	-	92,457
At 31 December	**3,657,336**	**13,718**	**49,503**	**75**	**3,720,632**

2020	Leasehold land KShs'000	Buildings KShs'000 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**

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 31 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.

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

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

	2021 KShs 000	2020 KShs 000
Carrying value of leasehold land at 1 January	264,041	279,941
Amortisation for the year	(12,517)	(15,213)
Exchange adjustment	(687)	(687)
At 31 December	**250,837**	**264,041**

(b) Lease liability

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Opening balance as at 1 January	128,080	19,311	409	701
Additions	-	135,863	-	-
Interest expense	15,525	16,965	21	39
Lease payments made - Interest	(15,525)	(16,965)	(21)	(39)
Lease payments made - Principal	(50,756)	(27,187)	(309)	(292)
Exchange differences	1,228	93	-	-
At 31 December	**78,552**	**128,080**	**100**	**409**
The carrying amount of lease liabilities are payable as follows:				
Within one year	68,106	44,389	-	309
After one year	10,346	83,691	100	100
At 31 December	**78,552**	**128,080**	**100**	**409**

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

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Depreciation charge for the year	(141,942)	(131,543)	291	(306)
Interest expense	(15,525)	(16,965)	21	(39)

(d) Amounts recognised in the statement of cashflows

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Lease payments made - Interest	(15,525)	(16,965)	21	(39)
Lease payments made - Principal	(50,756)	(27,187)	309	(292)

14. INTANGIBLE ASSETS AND GOODWILL

Consolidated

2021	Software KShs '000	Goodwill KShs '000	Total KShs '000
Cost			
At 1 January	137,517	3,006,970	3,144,487
Exchange differences	(7,874)	119,305	111,431
At 31 December	**129,643**	**3,126,261**	**3,255,904**
Amortisation/impairment*			
At 1 January	105,886	2,969,072	3,074,958
Amortisation	3,511	-	3,511
Exchange differences	1,295	107,615	108,910
At 31 December	**110,692**	**3,076,687**	**3,187,379**
Carrying value			
At 31 December	**18,951**	**49,588**	**68,539**

Consolidated

2020	Software KShs '000	Goodwill KShs '000	Total KShs '000
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 relates to impairment loss

Goodwill comprises of:	2021 KShs '000	2020 KShs '000
Tanelec Limited	**49,608**	**37,898**

Notes to the Consolidated and Separate Financial Statements

14. INTANGIBLE ASSETS AND GOODWILL (Continued)

(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.

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.

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15. INVESTMENTS

(a) Quoted shares

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Movement during the year:				
At 1 January	251	240	251	240
Fair value (loss) gain in the year	(38)	11	(38)	11
At 31 December	**213**	**251**	**213**	**251**
Comprising:				
Cost	18,006	18,006	18,006	18,006
Cumulative fair value change	(17,793)	(17,755)	(17,804)	(17,766)
	213	**251**	**251**	**251**

(b) Unquoted shares

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Development Bank of Kenya Limited:				
Cost	78,689	78,689	78,689	78,689
Cumulative fair value gain	197,649	204,313	197,649	204,313
	276,338	**283,002**	**276,338**	**283,002**
Mwangaza Limited:				
Cost	101,764	101,764	-	-
Forex exchange		16,468	-	-
Cumulative fair value loss	(101,764)	(118,232)	-	-
	-	-	-	
	276,338	**283,002**	**276,338**	**283,002**

15. INVESTMENTS (Continued)

(c) Investment in subsidiaries – fair value

	2021	2020
Cable Holdings (Kenya) Limited : 100% (2020 – 100%):	**KShs '000**	**KShs '000**
Cost	460,232	460,232
Cumulative fair value gain	312,077	344,047
	772,309	804,279
AEA Limited (formerly Avery East Africa Limited): 94.4058% (2020 – 94.4058%):		
Cost	49,853	49,853
Cumulative fair value gain	342,768	628,788
	392,621	678,641
Tanelec Limited: 70% (2020 – 70%):		
Cost	78,720	78,720
Cumulative fair value gain	1,740,568	1,464,348
	1,819,288	1,543,068
TransCentury Holdings Pty Limited: 100% (2020 – 100%):		
Cost	122,167	122,167
Cumulative fair value loss	(122,167)	(122,167)
	-	-
Crystal Limited: 100% (2020 – 100%):		
Cost	52	52
Cumulative fair value gain	-	-
	52	52
TC Mauritius Holdings Limited: 100% (2020 – 100%):		
Cost	973,103	973,103
Cumulative fair value loss	(973,103)	(973,103)
	-	-
TOTAL INVESTMENT IN SUBSIDIARIES	**2,984,270**	**3,026,040**

	KShs '000	KShs '000
Movement during the year:		
At 1 January	3,026,040	3,043,246
Fair value loss in the year	(41,770)	(17,206)
At 31 December	**2,984,270**	**3,026,040**
Comprising of:		
Cost	1,684,127	1,684,127
Cumulative fair value gain	1,300,143	1,341,913
Total investment in subsidiaries	**2,984,270**	**3,026,040**

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

15. INVESTMENTS (Continued)

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

Acquisition of NCI

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

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

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

*For purposes of the cash flow statement, the forfeited deposit of KShs 32,272, 000 to NCI is a non-cash flow item since it relates to deposit paid for land that was forfeited to the non-controlling interests.

(d) Change in fair value of investments

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Quoted shares	(38)	11	(38)	11
Unquoted shares	(6,664)	(82,462)	(6,664)	(77,801)
Investment in subsidiaries (Note 15(c)	-	-	(41,770)	(17,206)
	(6,702)	**(82,451)**	**(48,472)**	**(94,996)**

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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 2021 and 31 December 2020

Fair value hierarchy	Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Level 3	Investment in subsidiaries	TransCentury PLC has investments in the following subsidiaries: **Cable Holdings (K) Ltd –** Valued using the Adjusted net assets method.	Fair values of net assets in the balance sheet	- Increase/ (decrease) in fair value of net assets will result to an increase/decrease in the fair value of the investment.
		AEA Limited – Valued using Discounted Cash Flow (DCF) method	Weighted Average Cost of Capital (WACC) of 19.8% (2020; 26%). Marketability discount of 10% (2020, 10%) Terminal value of KShs 1,257 Million (2020, KShs 3,200 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 14.8% (2020, 17.9%). Marketability discount of 15% (2020, 15%) Terminal value of KShs 5,224 Million (2020, KShs 5,805 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 2021: In Kshs'000 NCI percentage	**Tanelec Ltd 30.00%**	**EAC Plc 31.63%**	**AEA Ltd 5.59%**	**TC Mauritius Holdings Ltd 0.10%**	**Total**
Non-current assets	1,045,476	4,623,554	273,370	1,788,189	
Current assets	1,727,671	956,513	1,412,711	1,325,541	
Non-current liabilities	(577,163)	(2,772,983)	(92,130)	(3,450,866)	
Current liabilities	1,330,361)	(1,708,192)	(1,451,267)	(11,218,074)	
Net assets excluding Underlying NCI	**865,623**	**1,098,892**	**142,684**	**(11,659,976)**	
Underlying NCI	**(169,302)**	**27,802**	**-**	**451**	
Net assets including underlying NCI	**1,034,925**	**1,071,090**	**142,684**	**(11,555,661)**	
Carrying amount of NCI	**141,176**	**366,547**	**7,982**	**451**	**516,156**
Revenue	2,103,820	1,848,083	1,630,448	9,842	
Profit	(3,563)	(299,715)	2,347	(703,973)	
OCI	(114,884)	21,373	9,043	(300,973)	
Total comprehensive income	**(118,447)**	**(278,342)**	**11,390**	(1,004,946)	
Profit allocated to NCI	(10,447)	(117,669)	132	(31)	**(128,015)**
OCI allocated to NCI	(38,432)	5,811	882	-	**(31,739)**
Cash flows from operating activities	(59,857)	1,863,988	(145,488)	(157,295)	
Cash flows from investment activities	(14,398)	(3,895)	(1,189)	(12,174)	
Cash flows from financing activities	72,939	(1,912,937)	133,536	440,307	
Net increase (decrease) in cash and cash equivalents	**(1,316)**	**(52,844)**	**(13,141)**	**270,838**	

15. INVESTMENTS (Continued)

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

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

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

16. LOANS TO SUBSIDIARIES

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Payable after 12 months:				
East Africa Cables Limited	-	-	642,834	586,636
	-	**-**	**642,834**	**586,636**
Movement during the year:				
At 1 January	-	-	586,636	517,924
Foreign exchange gain	-	-	13,904	27,423
Issued/accrued interest during the year	-	-	42,305	41,289
Repaid during the year	-	-	-	-
At 31 December (Note 29 (e))	**-**	**-**	**642,834**	**586,636**

17. INVENTORIES

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Raw materials	594,689	448,472	-	-
Finished goods	194,236	118,479	-	-
Work in progress	120,608	75,004	-	-
Goods in transit	152,432	160,562	-	-
Spares and lubricants	138,873	115,402	-	-
Machines	70,371	78,369	-	-
Consumables	2,029	3,522	-	-
Provision for obsolescence and slow-moving stocks	(42,418)	(34,292)	-	-
	1,230,820	**965,518**	**-**	**-**

Inventories of KShs 2,797,769 (2020 – KShs 2,283,202) were recognised as an expense during the year and included in cost of sales.

18. (a) TRADE AND OTHER RECEIVABLES

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Trade receivables	3,845,415	4,624,944	-	-
Expected credit loss (Note 5(a))	(2,029,626)	(2,028,644)	-	-
	1,815,789	**2,596,300**	**-**	**-**
Prepayments	68,041	139,428	-	-
Sundry receivables	656,306	499,371	55,697	55,697
Staff receivables	5,694	1,925	1,646	109
Due from related parties (Note 29(g))	-	-	595,968	527,132
	2,548,258	**3,237,024**	**653,311**	**671,679**

(b) CONTRACT ASSETS

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Contract assets	543,379	332,282	-	-

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 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Bank balances	137,756	330,450	-	513
Cash at hand	356	260	-	60
Cash and bank	**138,112**	**330,710**	**-**	**573**
Bank overdraft	(25,661)	(14,931)	-	-
Total cash and cash equivalents	**112,451**	**315,779**	**-**	**573**

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 13.5% per annum.

The overdraft is secured by:

- Specific debenture over the company's assets registered to cover USD 12,282,875 (KShs 1,389million) being 125% of the facilities. Its also secured by a legal mortgage over property located on plot35 Themi Industrial Area, Arusha city valued at USD 400,000 (KShs 44 million).
- Cash lien of USD 400,000 (KShs 43 million) over the company's accounts held with the bank.
- Corporate guarantee and indemnity by TransCentury Ltd registered for USD 12,282,875 (KShs 287 million) to cover the credit facility by 125%.

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19. CASH AND BANK (Continued)

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

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Depreciation expense(Note 10)	270,258	299,675	325	255
Interest received	-	-	(42,305)	(41,289)
Depreciation of ROU Assets (Note 7)	141,942	131,545	291	307
Amortisation of intangibles	3,511	3,924	-	-
Fair value (loss)/gain financial instruments at FVOCI	6,702	82,451	-	-
(Gain)/loss on sale of property, plant and equipment	(1,312)	(67,677)	-	-
Impairment of inventory	29,389	-	-	-
Impairment of financial instruments (Note 6(e))	35,785	235,912		-
Impairment of property, plant & equipment	-	142,100	-	-
Write-off of project costs	-	28,373	-	-
Lease interest charge	16,753	16,965	21	39
Shareholder loan interest	140,118	89,481	106,187	56,740
Exchange (losses)/gain	(206,175)	(321,370)	33,558	44,720
Interest accrued on preference shares	123,875	119,529	-	-
Interest accrued on convertible bond	75,950	117,081	-	-
Provision for staff gratuity (Note 26)	27,349	8,653	-	-
Reversal of accruals (Note 6(b))	-	955,644	-	-
Total	**664,145**	**1,842,286**	**98,078**	**60,772**

20. SHARE CAPITAL

Consolidated and Company	**2021**	**2020**
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**

	Number of shares 2021	Number of shares 2020	Nominal values 2021 KShs'000	Nominal values 2020 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.

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21. SHARE PREMIUM

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 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.

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 2021 was based on the loss attributable to ordinary shareholders of KShs 1,553,539 (2020 – loss of KShs 1,193,347) and a weighted average number of ordinary shares outstanding during the year of 375,202,766 (2020– 375,202,766).

	2021 KShs '000	2020 KShs '000
Loss attributable to ordinary shareholders	(1,553,539)	(1,193,347)
Basic and diluted loss per share (KShs)	(4.14)	(3.18)

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.

23. PROPOSED DIVIDENDS AND EARNINGS PER SHARE (Continued)

(b) Weighted average number of ordinary shares

		2021
2020		
	KShs '000	**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 (2020 – 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 amounting to USD 60,270,000 (KShs 5.1bn). Over the years, some of the bond holders converted their portion of the bond to ordinary shares between the year ended 31 December 2011 and 31 December 2018 while the Group has continued to repay the bond based on the agreement with bond holders. The bond accrues an interest rate of 8% and is repayable on a quarterly basis with the initial final settlement due in 2022. On 15 July 2022, the Group reached an agreement with the bondholders to extend the maturity of the bond from 15 July 2022 to 31 December 2023.

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

	2021	2020
	KShs '000	**KShs '000**
At 1 January	1,429,247	1,623,338
Interest accrued	75,950	117,081
Interest paid	-	-
Settlement to bondholders	(605,305)	(436,687)
Forex losses	51,966	125,515
At 31 December	**951,858**	**1,429,247**

Presented in the statement of financial position as follows:

	2021	2020
	KShs '000	**KShs '000**
Current	951,858	720,534
Non-current	-	708,713
At 31 December	**951,858**	**1,429,247**

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

(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 at 4.9% coupon and 1.75 times of the par value.

	2021 KShs '000	2020 KShs '000
Interest and redemption premium on preference shares	613,516	411,126
Foreign exchange diferrence	44,122	78,515
Preference shares	723,861	723,861
	1,381,499	**1,213,502**

(c) Shareholder loans

	Consolidated 2021 KShs '000	Consolidated 2021 KShs '000	Company 2020 KShs '000	Company 2020 KShs '000
Shareholder loans	**2,829,256**	**1,947,541**	**2,043,850**	**1,222,431**

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

	Consolidated 2021 KShs '000	Consolidated 2021 KShs '000	Company 2020 KShs '000	Company 2020 KShs '000
At 1 January	1,947,541	1,224,883	1,222,431	582,206
Interest accrued	140,118	89,481	106,187	56,740
Loan advanced	681,676	538,763	681,676	538,763
Repayment	-	-	-	-
Forex losses	59,921	94,414	33,556	44,722
At 31 December	**2,829,256**	**1,947,541**	**2,043,850**	**1,222,431**

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

The loans are secured by a charge of 56,703,563 ordinary shares of KShs 0.50 each in the capital of East African Cables and USD 500,000 is charged on 100,067 ordinary shares of Tanzanian Shillings ten thousand (TZS 10,000) each in the capital of Tanelec Limited. The loan which was payable in December 2021 has been subordinated to be payable by 31 December 2024. TC Mauritius Holdings is a wholly owned subsidiary of the Company.

Kuramo Capital has advanced the following loans to Transcentury PLC:

- USD 800,000 in November 2018 at annual interest rate of 7% payable in 31 December 2023.
- USD 4,750,000 during the year ended 31 December 2019 at an annual interest of 7% payable in 31 December 2023.
- USD 4,935,000 during the year ended 31 December 2020 at an annual interest of 7% payable in 31 December 2023.
- USD 6,025,000 during the year ended 31 December 2021 at an annual interest of 7% payable in 31 December 2023.

On 2 May 2023, the maturity date of all the shareholder loans amounting to KShs 2.8 billion was extended from 31 December 2022 to 30 June 2024.

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25. DEFERRED TAX (ASSET)/LIABILITY

(a) Deferred tax asset

Consolidated

2021	As at 1 Jan KShs '000	Recognised through P&L KShs '000	Prior year under/over provision KShs '000	Exchange rate diff KShs '000	As at 31 Dec KShs '000
Property, plant and equipment	(61,149)	(4,508)	4,644	281	(60,732)
Accruals	39,683	1,416	(1)	18	41,116
Tax losses	37,949	(63,201)	60,464	(13,281)	21,931
Unrealised exchange losses	52,099	(78,666)	73,187	4,606	51,226
Lease liability	27,135	(14,766)	-	-	12,369
	95,717	**(159,725)**	**(138,294)**	**(8,376)**	**65,910**

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**

Company

2021	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	2,412	(350)		2,062

Company

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	2,601	(189)	-	2,412

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

(b) Deferred tax liability

Consolidated

2021:	As at 1 Jan KShs '000	Recognised through profit or loss KShs '000	Prior year over/under provision KShs '000	Recognised in equity KShs '000	Exchange rate diff KShs '000	As at 31 Dec KShs '000
Staff gratuity provision	(15,013)	(2,088)	-	1,865	(345)	(15,581)
Accruals	(375,890)	18,419	(2,026)	-	(5,122)	(364,619)
Tax loss	(365,133)	(48,423)	-	-	-	(413,556)
Unrealised exchange gain	47,719	(11,017)	-	-	(3,305)	33,397
Property plant and equipment	1,408,610	(65,443)	-	-	27,199	1,370,366
ECL	475	(1,695)	-	-	(664)	(1,884)
Revaluation	144,198	(431)	-	6,782	7,708	158,257
Right of use asset	33,795	(14,828)	-	-	-	18,967
	878,761	**(125,506)**	**(2,026)**	**8,647**	**25,471**	**785,347**

Consolidated

2020:	As at 1 Jan KShs '000	Recognised through profit or loss KShs '000	Prior year over/under provision KShs '000	Recognised in equity KShs '000	Exchange rate diff KShs '000	As at 31 Dec KShs '000
Staff gratuity provision	(11,104)	(2,342)	(656)	(478)	(433)	(15,013)
Accruals	(523,314)	6,149	150,245	-	(8,970)	(375,890)
Tax loss	(505,254)	164,762	(24,641)	-	-	(365,133)
Unrealised exchange gain	40,543	19,208	(13,675)	-	1,643	47,719
Property plant and equipment	1,467,650	(66,390)	(38,378)	-	45,728	1,408,610
ECL	-	1,263	-	-	788	475
Revaluation	140,137	(281)	(1,149)	-	5,491	144,198
Right of use asset	5,399	28,396	-	-	-	33,795
	614,057	**150,765**	**71,746**	**(478)**	**42,672**	**878,761**

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

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Current year				
Deferred tax asset	159,725	15,099	350	189
Deferred tax liability	(125,506)	150,765	-	-
	34,219	**165,864**	**350**	**189**
Prior year				
Deferred tax asset	-	-	-	-
Deferred tax liability	(2,026)	71,746	-	-
	(2,026	**19,701**	**-**	**-**

26. STAFF GRATUITY

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Consolidated				
Balance at 1 January	52,375	42,607	-	-
Payments made in the year	(10,495)	-	-	-
Remeasurement of gratuity	(5,438)	1,115	-	-
Translation losses (gains)	1,088	-	-	-
Accrual for the year	27,349	8,653	-	-
At 31 December	**64,879**	**52,375**	**-**	**-**

Unionisable staff for East African Cables PLC and Tanelec 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 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Bank loans - Long term	3,666,438	3,950,146	-	-
- Short term	5,831,568	4,393,637	3,326,382	3,015,361
Loans from subsidiaries (Note 29(f))	-	-	576,073	576,073
	9,498,006	**8,343,783**	**3,902,455**	**3,591,434**
Payable after 12 months	3,666,438	3,950,146	576,073	576,073
Payable within 12 months	5,831,568	4,393,637	3,326,382	3,015,361
	9,498,006	**8,343,783**	**3,902,455**	**3,591,434**

Movement in the loans is as shown below:

	Consolidated 2021 KShs'000	Consolidated 2020 KShs'000	Company 2021 KShs'000	Company 2020 KShs'000
Balance at 1 January	8,343,783	7,415,935	3,591,434	3,208,257
Received during the year	2,231,428	2,599,713	311,021	383,177
Repaid during the year	(1,077,205)	(1,671,865)	-	-
At 31 December	**9,498,006**	**8,343,783**	**3,902,455**	**3,591,434**

27. LOANS PAYABLE (Continued)

The major loans at 31 December 2021 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 (2020– KShs 600 million) and debentures over all assets of East African Cables Plc and East African Cables (Tanzania) Limited for KShs 1.7 billion (2020 - 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 5.5 million. The USD denominated facilities have an interest rate of 8% and the TZS denominated facilities have an interest rate of 13.5%. 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 12.7m and a cash lien of USD 405,000.

A subsidiary, AEA Limited, has bank facilities with SBM Bank (Kenya) Limited for KShs 328million (2020 – KShs 328 million) and Sidian Bank Limited for KShs 178 million (20120 KShs 77 million). These facilities are secured by its leasehold land and building and a corporate guarantee from TransCentury PLC of USD 2.6m. Interest on these facilities is charged at 13% (2020 – 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 2021 was six (6) month LIBO R p.a subject to a minimum interest rate of 10%. The interest rate on the bank loan was at 10%.

27. LOANS PAYABLE (Continued)

Breach of loan covenants

As at 31 December 2021, the Group and Company had breached loan repayments with respect to the lenders listed below and amounts detailed below.

Group Lender	Defaulted or overdue repayments KShs 000'	Long-term portion that became due on demand due to default KShs 000'	Total amounts due on demand at 31 December 2021 KShs 000'
SBM Bank	281,428	46,969	328,397
Equity Bank Kenya Limited	3,015,361	646,060	3,661,421
Total	**3,296,789**	**693,029**	**3,989,818**

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 2021 KShs 000'
Equity Bank Kenya Limited	3,015,361	311,021	3,326,382

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 Has been implemented in 2023.
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.

28. (a) TRADE AND OTHER PAYABLES

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Trade payables	2,214,859	2,597,406	-	-
Sundry creditors	5,957,630	5,954,005	566,997	470,407
Due to subsidiaries(Note 29(i))	-	-	497,882	464,690
	8,172,489	**8,551,411**	**1,064,879**	**935,097**

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28 (b) CONTRACT LIABILITIES

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Contract liabilities	25,403	27,005	-	-

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 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Directors' emoluments	**145,562**	**136,267**	**51,155**	**52,835**
Directors' emoluments comprise:				
As executives	95,681	61,607	35,475	35,475
As non-executives	49,881	74,660	15,680	17,360
	145,562	**136,267**	**51,155**	**52,835**

(b) Inter-company sales

	2021 KShs '000	2020 KShs '000
From Civicon Limited to AEA Limited	-	108
From AEA Limited to EAC Limited	545	62
	545	**170**

(c) Interest income from subsidiaries- Company

East African cables PLC	42,305	41,289

(d) Technical fees from subsidiaries– Company

Tanelec Limited – Tanzania	50,181	60,010
AEA Limited	47,760	34,275
Civicon Kenya Limited	-	1,650
East African cables PLC	55,425	54,002
	153,366	**149,937**

(e) Loans to subsidiaries – Company

Payable after 12 months:		
TransCentury Holdings (Proprietary) Limited - South Africa	574,275	581,703
East African cables PLC(Note 16)	642,834	586,636
Cableries Du Congo (CDC)	4,759	4,592
	1,221,868	1,172,931
Impairment loss on TransCentury Holdings (Proprietary) & CDC loans	(579,023)	(586,295)
	642,845	**586,636**

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29. RELATED PARTIES TRANSACTIONS (Continued)

(e) Loans to subsidiaries – Company (continued)

*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	2021 Ksh '000'	2020 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.

(g) Due from subsidiaries

Company (2021)

Subsidiary	Amt Due 2021 KShs '000	Impairment 2021 KShs '000	Net 2021 KShs '000
Cable Holdings (Kenya) Limited	9,861	-	9,861
AEA Limited	152,767	-	152,767
TC Mauritius Holdings	3,521,763	(3,521,763)	-
East African cables PLC	186,405	-	186,405
Crystal Limited	30,067	(30,067)	-
Tanelec Limited	211,859	-	211,859
Kewberg Cables and Braid (Pty) Limited	307,362	(307,362)	-
TC Railway Holdings Mauritius	4,804	(4,804)	-
Safari Rail Company Limited	4,364	(4,364)	-
Tanelec Zambia Limited	35,076	-	35,076
Cableries du Congo	132,993	(132,993)	-
Total (Note 18)	**4,597,321**	**(4,001,353)**	**595,968**

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

29. RELATED PARTIES TRANSACTIONS (Continued)

(g) Due from subsidiaries – (continued)

Company (2020)

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

(h) Due to subsidiaries – Company

	2021 KShs'000	2020 KShs'000
Cable Holdings (Kenya) Limited	5,426	5,426
Cable Holdings (Mauritius) Limited	40,111	40,111
Civicon DRC Holdings Limited	255,836	258,770
Civicon Limited	196,509	160,383
Total (Note 28)	**497,882**	**464,690**

(i)Key management compensation

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Short-term employee benefits	354,972	268,620	61,771	61,771
Post-employment benefits	16,124	15,525	4,671	4,671
	371,097	**284,145**	**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 (Kuramo Africa Opportunity Kenyan Vehicle Limited)

	Consolidated 2021 KShs '000	Consolidated 2020 KShs '000	Company 2021 KShs '000	Company 2020 KShs '000
Preference shares - Note 24(b)	1,381,499	1,213,502	-	-
Shareholder loans - Note 24(c)	2,829,256	1,947,541	2,043,850	1,222,431
	4,210,755	**3,161,043**	**2,043,850**	**1,222,431**

30. SEGMENT INFORMATION

(a) Basis of segmentation

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

- Power; and
- Engineering

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 reportable segments, 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.

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30. SEGMENT INFORMATION (Continued)

(b) Information about reportable segments (continued)

Year ended 31 December 2021

	Power KShs'000	Engineering KShs'000	Others KShs'000	Intra-group adjustments KShs'000	Total KShs'000
Segment revenue	3,951,903	1,640,290	-	(4,565)	5,587,628
Profit/(loss) before depreciation, impairment, and finance costs	**187,218**	**(158,472)**	**(159,640)**	**-**	**(130,893)**
Depreciation and amortization	(303,074)	(112,022)	(616)		(415,711)
Finance costs	(159,947)	(157,314)	(647,952)	-	(965,212)
Income tax expenses	(89,780)	(5,402)	(350)	-	(95,532)
Loss for the year	**(480,574)**	**(621,362)**	**(585,444)**	**5,826**	**(1,681,554)**
Attributable to:					
Equity holders	(352,227)	(615,868)	(585,444)		(1,553,539)
Non-controlling interest	(128,347)	332	-		(128,015)
Other information:					
Segment assets	8,466,365	5,026,752	(437,943)	-	13,055,174
Segment liabilities	8,807,178	10,586,817	4,431,844	-	23,825,839

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**
Depreciation and amortization	(314,182)	(120,401)	(561)	-	(435,144)
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

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.

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

	2021 KShs '000	2020 KShs '000
Kenya	3,122,348	3,065,220
Tanzania	2,375,680	2,100,389
Uganda	38,498	104,900
Zambia	51,102	51,974
	5,587,628	**5,322,483**

(ii) Non-current assets

	2021	2020
Kenya	4,927,720	5,627,662
Tanzania	2,440,808	2,480,524
Uganda	728,434	24,248
South Africa	-	89,533
Mauritius	1,004	678
DR Congo	-	-
Zambia	29,890	161,371
	8,127,856	**8,384,016**

31. CAPITAL COMMITMENTS

There were no capital commitments across the Group during the year (2020 – Nil).

32. CONTRACTUAL LEASE COMMITMENTS

	2021	2020
Consolidated	**KShs'000**	**KShs'000**
Less than one year	42,555	60,260
Between one and five years	58,503	101,086
	101,058	**161,346**
Company		
Less than one year	99	330
Between one and five years	-	138
	99	**468**

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 909,882,000 as at 31 December 2021 (2020– KShs 1,856,899,000). Letters of credit amounted to KShs 33,808 ,000 as at 31 December 2021 (2020 – KShs 349,602,000) whose related liabilities have been accrued in the financial statements as appropriate for the supplies.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

34. 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 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. On 28 February 2023, the repayment was further extended to 31 December 2023.

On 16 March 2023 the Shareholders through EGM approved conversion of KSh 300million Shareholder loan to Equity as part of right issue process.

(b) Rights Issue

On 10 June 2021 the company received approval from the shareholders to raise approximately KES 2,063,615,213 by way of a rights issue process where existing shareholders had a chance to take up the offer on the basis of five (5) new ordinary shares for every one (1). The company obtained regulatory approval from The Capital Markets Authority on 27 April 2022. Funds raised will go towards supporting the last phase of turnaround plan, recapitalizing the business, reducing debt, and unlocking working capital for underlying businesses.

The Company embarked on a fundraising initiative that culminated in the Rights Offer that opened on 29 December 2022 and closed on 31 March 2023.

In order to achieve the objectives of the fundraising process, The Board of Directors requested and received approval from the Capital Markets Authority (CMA) to reopen the Rights Offer. This was necessitated by a proposal on the conversion of existing shareholder loans as a mode of payment for shares pursuant to the Rights Issue as disclosed in Note 34(a) .

Through the right issue the Company raised KShs 828,108,110.50 from the sale of 752,825,555 new ordinary shares. The new shares will start trading from 26 April 2023

Appendix

TransCentury
Impacting Africa

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Fourth (24th) Annual General Meeting of Trans-Century PLC (the "Company") will be held via electronic means on Friday 30th June 2023 at 11 a.m. to conduct the following business:

AGENDA

A. ORDINARY BUSINESS

1. To receive, consider and if approved, adopt the Group's audited financial statements for the year ended 31 December 2021 together with the Chairman's, Directors' and Auditor's reports thereon.

2. To approve the Directors' remuneration and the Directors' Remuneration Report for the year ended 31st December 2021.

3. To note that the Directors do not recommend payment of a dividend for the year ended 31 December 2021.

4. To elect Directors:
   - 4.1 In accordance with the Company's Articles of Association, Mr. Kamal Pallan 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. Wanjuki Muchemi 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 note the retirement from office as a director of Mr. Ephraim Kariithi Njogu who is above the age of seventy (70) years.

5. Pursuant to the provisions of Section 769 of the Companies Act 2015, 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 RSM Eastern Africa LLP 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
Virginia Ndunge
Company Secretary
Date: 6th June 2023

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
2. 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.
3. 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. Registration to open when the AGM notice is published and close 48 (fourty eight) hours before the AGM.
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 2021. 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 30 June 2023 and at any adjournment thereof.

As witness my/our hand this____________ day of ____________ 2023.

SIGNED______________________ SIGNED______________________

This Form is to be used in for or against any resolutions 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 2021;			
2. To approve the Directors' remuneration and the Directors' Remuneration Report for the year ended 31st December 2021;			
3. To note that the Directors do not recommend payment of a dividend for the year ended 31 December 2021;			
4. To elect Directors: 4.1. In accordance with the Company's Articles of Association, Mr. Kamal Pallan retires by rotation and being eligible, offers himself 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. Wanjuki Muchemi 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 note the retirement from office as a director of, Mr. Ephraim Kariithi Njogu who is above the age of seventy (70) years.			
5. Pursuant to the provisions of Section 769 of the Companies Act 2015, 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 RSM Eastern Africa LLP 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 30th June 2023.			
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 28th June 2023 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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ABOUT THIS REPORT

The TransCentury PLC, Integrated Report and Financial Statement 2021 provides a balanced and comprehensive view of the Group's performance and business model as part of our continuous efforts to enhance disclosure to all our stakeholders. The Report has been prepared for the period of 1st January 2021 to 31st December 2021.

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.

TransCentury
Impacting Africa

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