

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 KShs'000	2017 KShs'000
Revenue	4,247,258	5,659,260
Cost of sales	(3,364,961)	(5,018,062)
Gross profit	882,297	641,198
Other income	435,424	52,883
Operating expenses	(2,217,154)	(1,915,543)
Loss before depreciation, impairment, contract liability expense and finance costs	(899,433)	(1,221,462)
Contract liability expense	-	(1,512,163)
Impairment losses	(599,938)	(272,663)
Depreciation and amortisation	(601,897)	(636,940)
Operating loss	(2,101,268)	(3,643,228)
Exchange losses	(358,095)	(11,418)
Interest expenses	(1,198,772)	(1,067,012)
Net finance costs	(1,556,867)	(1,078,430)
Loss before income tax	(3,658,135)	(4,721,658)
Income tax credit/(expense)	155,512	390,376
Loss for the year	(3,502,623)	(4,331,282)
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Equity instruments at FVOCI – net change in fair value	(27,426)	-
Revaluation of property, plant and equipment and prepaid operating lease rental	571,169	720,645
Related tax	(166,435)	(216,776)
	377,308	503,869
<i>Items that are or may be reclassified to profit or loss</i>		
Net change in fair value of available-for-sale financial assets	-	(21,626)
Re-measurement gain on retirement benefit plan	1,903	-
Deferred tax effect	(571)	-
Exchange differences on translation of foreign subsidiaries	156,290	(60,574)
	157,622	(82,200)
Total other comprehensive income net of income tax	534,930	421,669
Total comprehensive income for the year	(2,967,693)	(3,909,613)
Loss after tax is attributable to:		
Equity holders of the company	(2,982,676)	(3,598,187)
Non-controlling interest (NCI)	(519,947)	(733,095)
Loss for the year	(3,502,623)	(4,331,282)
Total comprehensive income for the year is attributable to:		
Equity holders of the company	(2,579,821)	(3,269,877)
Non-controlling interest	(387,872)	(639,736)
Total comprehensive income for the year	(2,967,693)	(3,909,613)
BASIC AND DILUTED EARNINGS PER SHARE (KShs)	(7.95)	(10.23)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	2018 KShs'000	2017 KShs'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,198,145	7,629,624
Investment property	400,245	-
Prepaid operating lease rentals	2,468,946	1,398,446
Intangible assets	2,839,961	2,865,469
Quoted investments	199	175
Unquoted investments	313,342	340,608
Deferred tax asset	666,640	702,138
	12,887,478	12,936,460
Current assets		
Inventories	1,026,307	1,159,177
Trade and other receivables	2,050,620	3,358,131
Tax recoverable	419,169	382,619
Assets held for sale	28,628	639,704
Cash and cash equivalents	255,979	264,873
	3,780,703	5,804,504
TOTAL ASSETS	16,668,181	18,740,964
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	187,601	187,601
Share premium	1,873,089	1,873,089
Revenue reserves	(8,695,074)	(5,132,661)
Translation reserve	448,953	(105,583)
Fair value reserve	93,251	120,677
Revaluation reserve	2,411,631	2,112,296
Total equity attributable to equity holders of the company	(3,680,549)	(944,581)
Non-controlling interest	375,963	832,548
Total equity	(3,304,586)	(112,033)
LIABILITIES		
Non-current liabilities		
Deferred tax liability	546,433	654,681
Liability for staff gratuity	45,023	41,127
Preference shares	909,056	723,861
Bond – non-current portion	672,184	553,117
Long term loan – Non current portion	2,859,585	2,543,182
	5,032,281	4,515,968
Current liabilities		
Bank overdraft	87,549	300,315
Long term loan – current portion	5,668,156	5,385,479
Shareholder loan	699,021	388,011
Trade and other payables	7,276,258	6,770,970
Bond – current portion	1,196,692	1,465,830
Tax payable	11,858	25,472
Unclaimed dividends	952	952
	14,940,486	14,337,029
Total liabilities	19,972,767	18,852,997
TOTAL EQUITY AND LIABILITIES	16,668,181	18,740,964

The financial statements were approved by the Board of Directors on 31 July 2019 and were signed on its behalf by:

Shaka Kariuki
Chairman

Nganga Njiiu
Managing Director

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 KShs'000	2017 KShs'000
Cash (used in)/generated from operations	(409,051)	(1,529,873)
Income tax paid	(42,737)	(28,676)
Gratuity paid	(2,086)	(5,392)
Dividends returned	-	708
Net cash flows (used) in/from operating activities	(453,874)	(1,563,233)
Cash flows from investing activities		
Purchase of property, plant and equipment	(94,085)	(129,411)
Purchase of intangible assets	(2,042)	(299)
Proceeds from disposal of current assets held for sale	60,329	46,221
Proceeds from disposal of property, plant and equipment	37,474	-
Net cash flows used in investing activities	1,676	(83,489)
Cash flows from financing activities		
Proceeds from loans and borrowing	1,371,617	2,631,303
Repayment of loans and borrowing	(772,537)	(1,018,255)
Interest paid on convertible bond	-	(40,634)
Shareholder loans	311,010	388,011
Partial settlement of convertible bond	(253,226)	(153,030)
Net cash flows from financing activities	656,864	1,807,395
Net increase in cash and cash equivalents	204,666	160,673
IFRS 9 day 1 adjustment in cash and bank Balances	(794)	-
Cash and cash equivalents at 1 January	(35,442)	(196,115)
Cash and cash equivalents at 31 December	168,430	(35,442)

SUMMARY DIRECTORS' REMUNERATION REPORT

During the year, TransCentury PLC paid KShs 51.1 million (2017 – KShs 43.5 million) as directors emoluments.



NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty First Annual General Meeting of the Company will be held at Kenyatta International Conference Centre (KICC), Nairobi on Tuesday, 27 August 2019 at 11.00 a.m. to conduct the following business:

AGENDA

A. ORDINARY BUSINESS

- To read the notice convening the meeting and determine if a quorum is present;
- To receive and adopt, the Chairman's statement, reports of the Directors and Auditors and audited financial statements for year ended 31 December 2018;
- To note that the directors do not recommend payment of a dividend for the year ended 31 December 2018;
- To elect directors in accordance with the Company's Articles of Association;
 - Mr. Wale Adeosun who was appointed as a director of the Company with effect from 28 March 2017, retires in accordance with the Company's Articles of Association and being eligible, offers himself for re-election.
 - Mr. Kamal Pallan who was appointed as a director of the Company with effect from 28 March 2017, retires in accordance with the Company's Articles of Association and being eligible, offers himself for re-election.
- Pursuant to the provisions of Section 769 of the Companies Act 2015, Mr. Ephraim Karihi Njogu and Mr. Kamal Pallan being Members of the Board Audit, Risk & Compliance Committee be re-elected to continue to serve as Members of the said Committee;
- To approve the Directors' remuneration for the year ended 31 December 2018;

- To approve the re-appointment of KPMG Kenya as the auditors in accordance with section 723 (b) of the Companies' Act, 2015 and to authorise the Directors to fix their remuneration;
- To transact any other business which may be properly transacted at an Annual General Meeting.

B. SPECIAL BUSINESS

- To approve the Amendments of Articles of Association;

**By Order of the Board
Company Secretary
P.O. Box 42334-00100
NAIROBI
Date: 31 July 2019**

NOTE:

- A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on his/her behalf and such a proxy need not be a member of the Company. A form of proxy is enclosed and should be returned to the secretary, P.O. Box 42334-00100 Nairobi, to arrive not later than 48 hours before the meeting or any adjournment thereof.
- In accordance with Article 158 of the Company's Articles of Association, a copy of the financial statements for the year ended 31 December 2018 may be viewed and/or downloaded from the Company's website: www.transcentury.co.ke
- A copy of the proposed amended Articles of Association may be viewed and/or downloaded from the Company's website: www.transcentury.co.ke

OVERVIEW OF FY2018 PERFORMANCE

TransCentury Plc ("TC") announces its financial results for the year ended 31 December 2018. The Group recorded a 19% improvement in the bottom line compared to 2017 despite reduction in revenue as we successfully focused on high margin business. Gross margins improved from 11% to 21%, significantly mitigating the impact of reduction in revenues which was attributed to slowed execution of our order book due to working capital challenges. In 2018 and post year end, we achieved some key successes in our earlier communicated four-step turnaround plan which we are happy to note will have material positive impact on the Group's capital structure and debt service. Key among these included:

- KShs 4.8 billion restructured to between 7 and 10 years with a reduction of KShs 1.56 billion post-year end
- Reduced debt service cash requirement which going forward allows the businesses to redirect more of the operating cash to fund working capital.

Dividends

The directors do not recommend payment of a dividend.

Outlook

While the 2018 financial results do not fully reflect the significant progress made in key areas highlighted above, the scorecard is already positive, and the benefits will start to come through in 2019. The post-year end transaction mentioned above will result in a KShs 1.56 billion write-back in our income statement for 2019.

The markets we operate in remain positive and supportive of our Abidi 2018 - 2022 Strategy with our success so far in optimizing our capital structure allowing us to put more focus going forward on commercial and strategic initiatives to support growth.

The Board and Management of TransCentury are committed to the turnaround plan to deliver long term growth, safeguard value and deliver attractive returns to all stakeholders.

**By Order of the Board
Virginia Ndunge,
Company Secretary
31 July 2019**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital KShs '000	Share premium KShs '000	Revaluation reserves KShs '000	Translation reserve KShs '000	Available for sale reserve KShs '000	Revenue reserves KShs '000	Total KShs'000	Non-controlling interest KShs '000	Total equity KShs'000
2018:									
Balance at 1 January 2018	187,601	1,873,089	2,112,296	(105,583)	120,677	(5,132,661)	(944,581)	832,548	(112,033)
Adjustment on initial application of IFRS 9 (Note 3(b)(i))	-	-	-	-	-	(222,640)	(222,640)	(97,825)	(320,465)
Deferred tax (Note 3(b)(ii))	-	-	-	-	-	66,493	66,493	29,112	95,605
Adjusted balance at 1 January 2018	187,601	1,873,089	2,112,296	(105,583)	120,677	(5,288,808)	(1,100,728)	763,835	(336,893)
Total comprehensive income for the year net of tax	-	-	-	-	-	(2,982,676)	(2,982,676)	(519,947)	(3,502,623)
Other comprehensive income									
Remeasurement of defined benefit plan	-	-	-	-	-	293	293	1,610	1,903
Deferred tax on remeasurement	-	-	-	-	-	(87)	(87)	(484)	(571)
Revaluation of leases, property, plant and equipment	-	-	414,679	-	-	-	414,679	156,490	571,169
Deferred tax on revaluation	-	-	(121,651)	-	-	-	(121,651)	(44,784)	(166,435)
Exchange differences	-	-	-	137,047	-	-	137,047	19,243	156,290
Net change in fair value of Equity instruments at FVOCI	-	-	-	-	(27,426)	-	(27,426)	-	(27,426)
Transfer from translation reserves	-	-	-	423,796	-	(423,796)	-	-	-
Total other comprehensive income	-	-	293,028	560,843	(27,426)	(423,590)	402,855	132,075	534,930
Total comprehensive income	-	-	293,028	560,843	(27,426)	(3,406,266)	(2,579,821)	(387,872)	(2,967,693)
Transactions with owners of the Company									
Transfer from revaluation	-	-	6,307	(6,307)	-	-	-	-	-
Total transactions with owners of the company	-	-	6,307	(6,307)	-	-	-	-	-
Balance at 31 December 2018	187,601	1,873,089	2,411,631	448,953	93,251	(8,695,074)	(3,680,549)	375,963	(3,304,586)
2017:									
Balance at 1 January 2017	140,713	621,177	1,698,847	(77,341)	142,303	(1,499,203)	1,026,496	1,472,284	2,498,780
Total comprehensive income for the year net of tax	-	-	-	-	-	(3,598,187)	(3,598,187)	(733,095)	(4,331,282)
Other comprehensive income									
Revaluation of leases, property, plant and equipment	-	-	582,172	-	-	-	582,172	138,473	720,645
Deferred tax on revaluation	-	-	(178,048)	-	-	-	(178,048)	(38,728)	(216,776)
Exchange differences	-	-	-	(54,188)	-	-	(54,188)	(6,386)	(60,574)
Net change in fair value of available-for-sale financial assets	-	-	-	-	(21,626)	-	(21,626)	-	(21,626)
Transfer from translation reserves	-	-	-	35,536	-	(35,536)	-	-	-
Total other comprehensive income	-	-	404,124	(18,652)	(21,626)	(35,536)	328,310	93,359	421,669
Total comprehensive income	-	-	404,124	(18,652)	(21,626)	(3,633,723)	(3,269,877)	(639,736)	(3,909,613)
Transactions with owners of the Company									
Issue of additional shares	46,888	-	-	-	-	-	46,888	-	46,888
Share premium from issue of shares	-	1,251,912	-	-	-	-	1,251,912	-	1,251,912
Transfer from revaluation	-	-	9,325	(9,590)	-	265	-	-	-
Total transactions with owners of the company	46,888	1,251,912	9,325	(9,590)	-	265	1,298,800	-	1,298,800
Balance at 31 December 2017	187,601	1,873,089	2,112,296	(105,583)	120,677	(5,132,661)	(944,581)	832,548	(112,033)

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY DIRECTORS' REMUNERATION REPORT TO THE SHAREHOLDERS OF TRANSCENTURY PLC

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2018, the summary consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and the summary of the directors' remuneration report, are derived from the audited consolidated financial statements and the audited auditable part of the directors' remuneration report of TransCentury PLC for the year ended 31 December 2018.

In our opinion, the accompanying summary consolidated financial statements and summary directors' remun