

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 KShs'000	2016 KShs'000
Revenue	5,659,260	8,177,350
Cost of sales	(5,018,062)	(7,109,323)
Gross profit	641,198	1,068,027
Other income	52,883	2,064,969
Operating expenses	(1,915,643)	(2,591,643)
(Loss)/profit before depreciation, impairment, contract liability expense and finance costs	(1,221,462)	541,353
Contract liability expense	(1,512,163)	-
Impairment losses	(272,663)	(724,202)
Depreciation and amortisation	(636,940)	(719,184)
Operating loss	(3,643,228)	(902,033)
Exchange losses	(11,418)	(94,012)
Interest expenses	(1,067,012)	(619,056)
Net finance costs	(1,078,430)	(713,068)
Loss before income tax	(4,721,658)	(1,615,101)
Income tax credit	390,376	751,211
Loss for the year	(4,331,282)	(863,890)
Other comprehensive income		
<i>Items that will never be reclassified to profit or loss</i>		
Revaluation of property, plant and equipment	720,645	-
Revaluation of prepaid operating lease rentals	-	327,688
Related tax	(216,776)	(98,469)
	503,869	229,219
<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)	(171,764)
Exchange differences on translation of foreign subsidiaries	(60,574)	(52,005)
	(82,200)	(223,769)
Total other comprehensive income net of income tax	421,669	5,450
Total comprehensive income for the year	(3,909,613)	(858,440)
Loss for the year attributable to:		
Equity holders of the company	(3,598,187)	(440,135)
Non-controlling interest (NCI)	(733,095)	(423,755)
Loss for the year	(4,331,282)	(863,890)
Total comprehensive income for the year attributable to:		
Equity holders of the company	(3,269,877)	(487,215)
Non-controlling interest	(639,736)	(371,225)
Total comprehensive income for the year	(3,909,613)	(858,440)
Basic and diluted earnings per share (KShs)	(10.23)	(1.56)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	2017 KShs'000	2016 KShs'000
ASSETS		
Non-current assets		
Property, plant and equipment	7,629,624	7,557,934
Investment property	-	115,000
Prepaid operating lease rentals	1,398,446	1,668,419
Intangible assets	2,865,469	2,853,305
Quoted investments	175	165
Unquoted investments	340,608	364,285
Deferred tax asset	702,138	630,215
	12,936,460	13,189,323
Current assets		
Inventories	1,159,177	1,265,223
Trade and other receivables	3,358,131	3,734,610
Tax recoverable	382,619	352,741
Assets held for sale	639,704	245,626
Cash and cash equivalents	264,873	124,029
	5,804,504	5,722,229
TOTAL ASSETS	18,740,964	18,911,552
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	187,601	140,713
Share premium	1,873,089	621,177
Revenue reserve	(5,132,661)	(1,499,203)
Translation reserve	(105,583)	(77,341)
Available-for-sale reserve	120,677	142,303
Revaluation reserve	2,112,296	1,698,847
Total equity attributable to equity holders of the company	(944,581)	1,026,496
Non-controlling interest	832,548	1,472,284
Convertible loan	-	1,331,066
Total equity	(112,033)	3,829,866
LIABILITIES		
Non-current liabilities		
Deferred tax liability	654,681	703,319
Liability for staff gratuity	41,127	41,871
Preference shares	723,861	718,630
Bond - non-current portion	553,117	1,232,332
Long term loan - non-current portion	2,543,182	1,023,449
	4,515,968	3,719,601
Current liabilities		
Bank overdraft	300,315	320,144
Long term loan - current portion	5,385,479	5,292,164
Shareholder loan	388,011	-
Trade and other payables	6,770,970	4,900,924
Bond - current portion	1,465,830	821,592
Tax payable	25,472	27,017
Unclaimed dividends	952	244
	14,337,029	11,362,085
Total liabilities	18,852,997	15,081,686
TOTAL EQUITY AND LIABILITIES	18,740,964	18,911,552

The financial statements were approved by the Board of Directors on 15th June 2018 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 2017

	2017 KShs'000	2016 KShs'000
Cash (used in)/generated from operations	(1,535,265)	820,923
Income tax paid	(28,676)	(153,872)
Dividends returned	708	-
Net cash flows(used in)/from operating activities	(1,563,233)	667,051
Cash flows from investing activities		
Purchase of property, plant and equipment	(129,411)	(518,559)
Purchase of intangible assets	(299)	(6,383)
Proceeds from disposal of property, plant and equipment	46,221	33,514
Net cash flows used in investing activities	(83,489)	(491,428)
Cash flows from financing activities		
Proceeds from loans and borrowing	2,631,303	3,107,349
Repayment of loans and borrowing	(1,018,255)	(3,131,383)
Interest paid on convertible bond	(40,634)	-
Shareholder loans	388,011	-
Proceeds from convertible bond	-	2,049,716
Partial settlement of convertible bond	(153,030)	(1,994,709)
Net cash flows from financing activities	1,807,395	30,973
Net increase in cash and cash equivalents	160,673	206,596
Cash and cash equivalents at 1 January	(196,115)	(402,711)
Cash and cash equivalents at 31 December	(35,442)	(196,115)

SUMMARY DIRECTORS' REMUNERATION REPORT

During the year, TransCentury PLC paid KShs 43.6 million (2016 - KShs 29.4 million) as directors emoluments.



NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Twentieth Annual General Meeting of the Company will be held at The Fairmont, Norfolk Hotel, Nairobi on Tuesday 10th July 2018 at 10.00 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 31st December, 2017;
- To note that the directors do not recommend payment of a dividend for the year ended 31st December, 2017;
- To elect directors in accordance with the Company's Articles of Association;
 - Mrs. Anne Mutahi who was appointed as a director of the Company with effect from 3rd July 2017, retires in accordance with the Company's Articles of Association and being eligible, offers herself for re-election.
 - Mr. Wanjiku Muchemi who was appointed as a director of the Company with effect from 3rd August 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 Kariithi 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 31st December 2017;
- 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.

By Order of the Board
Company Secretary
P.O. Box 42334-00100
NAIROBI
Date: 15th June 2018

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 can be downloaded from the Company's website 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 31st December 2017 may be viewed and/or downloaded from the Company's website.

REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARY FINANCIAL STATEMENTS AND THE SUMMARY DIRECTORS' REMUNERATION REPORT TO THE MEMBERS OF TRANSCENTURY PLC (Formerly TransCentury Limited)

Opinion

The summary financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2017, the summary consolidated statement of profit or loss and other comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year then ended are derived from the audited financial statements of TransCentury Plc (formerly TransCentury Limited) for the year ended 31 December 2017.

The summary directors' remuneration report is derived from the auditable part of the directors' remuneration report for the year ended 31 December 2017. In our opinion, the accompanying summary financial statements and the summary directors' remuneration report are consistent, in all material respects, with the audited consolidated financial statements and the auditable part of the directors' remuneration report, in accordance with the Kenyan Companies Act, 2015.

Summary financial statements and summary directors' remuneration report

The summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. In addition, the summary directors' remuneration report does not contain all the disclosures required by the Kenyan Companies Act, 2015. Reading the summary financial statements, the summary directors' remuneration report and the auditors' report therefore, is not a substitute for reading the audited consolidated financial statements, the directors' remuneration report and the auditors' report thereon.

The audited consolidated financial statements, directors' remuneration report and our report thereon

We expressed an unmodified (unqualified) audit opinion on the audited consolidated financial statements in our report dated 15 June 2018 and also reported that the auditable part of the directors' remuneration report was prepared in accordance with the Kenyan Companies Act, 2015. That report also includes:

- A material uncertainty related to going concern section that draws attention to Note 2(f) of the audited consolidated financial statements. Note 2(f) of the audited consolidated financial statements indicates that TransCentury Plc incurred a loss of KShs 4.3 billion during the year ended 31 December 2017, and as of that date, TransCentury Plc's current liabilities exceeded current assets by KShs 8.5 billion. These events or conditions, along with other matters as set forth in Note 2(f) of the audited consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on TransCentury Plc's ability to continue as a going concern. These matters are addressed in Note 2(f) of the audited consolidated financial statements.
- The communication of other key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Directors' responsibility for the summary financial statements and the summary directors' remuneration report

The directors are responsible for the preparation of the summary financial statements and the summary directors' remuneration report in accordance with the Kenyan Companies Act, 2015.

Auditors' responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements and in the manner required by the Kenyan Companies Act, 2015. We are also required to report whether the summary directors' remuneration report is consistent with the auditable part of the directors' remuneration report in accordance with the Kenyan Companies Act, 2015.

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

KPMG Kenya
Certified Public Accountants
8th Floor, ABC Towers, Waiyaki Way
P.O. Box 40612 - 00100 Nairobi GPO.
15th June 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital KShs'000	Share premium KShs'000	Revaluation reserve KShs'000	Translation reserve KShs'000	Available for sale reserve KShs'000	Revenue reserve KShs'000	Total KShs'000	Non-controlling interest KShs'000	Total equity KShs'000
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	-	-	582,172	-	-	-	582,172	138,473	720,645
Loss for the year	-	-	(178,048)	-	-	-	(178,048)	(38,728)	(216,776)
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)
2016:									
Balance at 1 January 2016	140,142	565,101	1,538,394	(77,814)	314,067	(1,015,597)	1,464,293	2,081,477	3,545,770
Total comprehensive income for the year net of tax	-	-	-	-	-	-	-	-	-
Loss for the year	-	-	-	-	-	(440,135)	(440,135)	(423,755)	(863,890)
Other comprehensive income									
Revaluation of leases, property, plant and equipment	-	-	229,381	-	-	-	229,381	98,307	327,688
Deferred tax on revaluation	-	-	(68,928)	-	-	-	(68,928)	(29,541)	(98,469)
Exchange differences	-	-	-	(35,768)	-	-	(35,768)	(16,237)	(52,005)
Net change in fair value of available-for-sale financial assets	-	-	-	-	(171,764)	-	(171,764)	-	(171,764)
Transfer from translation reserves	-	-	-	36,241	-	(36,241)	-	-	-
Total other comprehensive income	-	-	160,453	473	(171,764)	(36,241)	(47,079)	52,529	5,450
Total comprehensive income	-	-	160,453	473	(171,764)	(476,376)	(487,214)	(371,226)	(858,440)
Transactions with owners of the Company									
Issue of new shares on bond Conversion	571	56,076	-	-	-	-	56,647	-	56,647
Acquisition of NCI without change in control	-	-	-	-	-	(7,230)	(7,230)	(237,967)	(245,197)
Total transactions with owners of the company	571	56,076	-	-	-	(7,230)	49,417	(237,967)	(188,550)
Balance at 31 December 2016	140,713	621,177	1,698,847	(77,341)	142,303	(1,499,203)	1,026,496	1,472,284	2,498,780

Overview of FY2017 Performance

TransCentury PLC ("TC" or "The Group") is pleased to announce its financial results for the year ended 31 December 2017. The Group recorded a 31% drop in revenues compared to 2016. The reduced performance is attributable to a challenging macro environment, which included protracted electioneering period in our main market Kenya and continued constraint in accessing credit both of which led to lower economic growth and subsequently customer related project execution delays. The challenges created an unfavorable environment for TC to fundraise, further straining the operating units of working capital. In addition, the Group had significant one time expenses including a contract liability expense of KShs 1.5 billion, additional provisions of KShs 272 million relating to historical receivables cleanup and significantly higher interest expenses linked to suboptimal debt profile. Despite this, the Group made remarkable gains in order generation setting a new high of KShs 26 billion from KShs 16 billion prior year while significantly reducing operating costs by 26%.

The Engineering Division recorded a 30% drop in revenues compared to 2016. However, it made great progress in building the order book through focused business development efforts and closed the year with a KShs 17 billion order book which is a 40% growth from the previous year.