

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 KSh's'000	2018 KSh's'000
Revenue	5,703,904	4,247,258
Cost of sales	(3,876,140)	(3,364,961)
Gross profit	1,827,764	882,297
Other income	1,505,523	435,424
Operating expenses	(1,808,155)	(2,217,154)
Profit/(loss) before depreciation, impairment, contract liability expense and finance costs	1,525,132	(899,433)
Impairment losses	(3,178,623)	(599,938)
Depreciation and amortisation	(468,482)	(601,897)
Operating loss	(2,121,973)	(2,101,268)
Exchange losses	(106,210)	(358,095)
Interest expenses	(957,260)	(1,198,772)
Net finance costs	(1,063,470)	(1,556,867)
Loss before income tax	(3,185,443)	(3,658,135)
Income tax (expense)/credit	(750,086)	155,512
Loss for the year	(3,935,529)	(3,502,623)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial instruments at FVOCI - net change in fair value	52,689	(27,426)
Re-measurement gain on retirement benefit plan	3,482	1,903
Deferred tax effect	(1,045)	(571)
Revaluation of property, plant and equipment and prepaid operating lease rental	-	571,169
Related tax	-	(166,435)
	55,126	378,640
Items that are or may be reclassified to profit or loss		
Exchange differences on translation of foreign subsidiaries	50,255	156,290
	50,255	156,290
Total other comprehensive income net of income tax	105,381	534,930
Total comprehensive income for the year	(3,830,148)	(2,967,693)
Loss after tax is attributable to:		
Equity holders of the company	(3,979,470)	(2,982,676)
Non-controlling interest (NCI)	43,941	(519,947)
Loss for the year	(3,935,529)	(3,502,623)
Total comprehensive income for the year is attributable to:		
Equity holders of the company	(3,897,282)	(2,579,821)
Non-controlling interest	67,134	(387,872)
Total comprehensive income for the year	(3,830,148)	(2,967,693)
BASIC AND DILUTED EARNINGS PER SHARE (KSh's)	(10.61)	(7.95)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	2019 KSh's'000	2018 KSh's'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,416,670	6,198,145
Investment property	220,291	400,245
Right-of-use assets	3,598,935	-
Prepaid operating lease rentals	-	2,468,946
Intangible assets	69,593	2,839,961
Quoted investments	240	199
Unquoted investments	365,534	313,342
Deferred tax asset	134,711	666,640
	8,805,974	12,887,478
Current assets		
Inventories	1,004,457	1,026,307
Trade and other receivables	2,339,293	2,050,620
Tax recoverable	438,224	419,169
Assets held for sale	122,529	28,628
Cash and bank balances	296,007	255,979
	4,200,510	3,780,703
TOTAL ASSETS	13,006,484	16,668,181
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	187,601	187,601
Share premium	1,873,089	1,873,089
Revenue reserves	(13,405,520)	(8,695,074)
Translation reserve	1,208,295	448,953
Fair value reserve	145,940	93,251
Revaluation reserve	2,412,764	2,411,631
Total equity attributable to equity holders of the company	(7,577,831)	(3,680,549)
Non-controlling interest	443,097	375,963
Total equity	(7,134,734)	(3,304,586)
LIABILITIES		
Non-current liabilities		
Deferred tax liability	614,057	546,433
Lease Liability	10,978	-
Liability for staff gratuity	42,607	45,023
Preference shares	1,015,458	909,056
Bond - non-current portion	-	672,184
Long term loan - non-current portion	3,360,083	2,859,585
	5,043,183	5,032,281
Current liabilities		
Bank overdraft	70,518	87,549
Tax payable	140,502	11,858
Trade and other payables	7,973,657	7,276,258
Lease Liability - current portion	8,333	-
Unclaimed dividends	952	952
Long term loan - current portion	4,055,852	5,668,156
Bond - current portion	1,623,338	1,196,692
Shareholder loan	1,224,883	699,021
	15,098,035	14,940,486
Total liabilities	20,141,218	19,972,767
TOTAL EQUITY AND LIABILITIES	13,006,484	16,668,181

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 KSh's'000	2018 KSh's'000
Net cash flows from operating activities		
Loss before taxation	(3,185,443)	(3,658,135)
Adjustment for non-cash items	2,571,461	1,910,374
Operating loss before working capital changes	(613,982)	(1,747,761)
Working capital changes:		
Trade and other receivables	(570,336)	726,690
Inventories	18,527	126,814
Trade and other payables	718,577	505,288
Provision for staff gratuity	2,916	7,314
Cash used in operations	(444,298)	(381,655)
Income tax paid	(12,277)	(42,737)
Gratuity paid	(2,895)	(2,086)
Lease interest paid	(1,084)	-
Net cash flows used in operating activities	(460,554)	(426,477)
Cash flows from investing activities		
Purchase of property, plant and equipment	(63,874)	(94,085)
Purchase of intangible assets	-	(2,042)
Proceeds from disposal of current assets held for sale	44,300	-
Proceeds from disposal of property, plant and equipment	45,846	97,803
Net cash flows from investing activities	26,272	1,676
Cash flows from financing activities		
Proceeds from loans and borrowing	2,520,656	1,371,617
Repayment of loans and borrowing	(2,131,834)	(772,537)
Shareholder loan proceeds	504,963	283,614
Shareholder loan payments	(20,565)	-
Lease liability payments	(1,867)	-
Partial settlement of convertible bond	(380,012)	(253,226)
Net cash flows from financing activities	491,341	629,468
Net increase in cash and cash equivalents	57,059	204,666
IFRS 9 day 1 adjustment in cash and bank balances	-	(794)
Cash and cash equivalents at 1 January	168,430	(35,442)
Cash and cash equivalents at 31 December	225,489	168,430



NOTES:

SUMMARY DIRECTORS REMUNERATION REPORT

During the year, the Company paid KShs 13,182 million (2018: KShs 15,360 million) as directors emoluments.

SUMMARY OF KEY AUDIT MATTERS

The key audit matter raised by the auditors was on:

- Valuation of unquoted investments in the consolidated and separate financial statements
- Impairment of trade and other receivables in the consolidated and separate financial statements

OVERVIEW OF FY2019 PERFORMANCE

TransCentury PLC ("TC" or "Group") is pleased to announce its financial results for the year ended 31st December 2019 ("FY2019"). The Group recorded a 34% growth in revenue driven by strong organic growth in the subsidiaries especially; Tanelec Limited ("Tanelec"), a leading manufacturer and distributor of transformers in the region headquartered in Arusha Tanzania, and AEA Limited ("AEA") which provides solutions that enhance infrastructure efficiency and sustainability across the region, headquartered in Nairobi, Kenya. Revenues grew by 56.8% in Tanelec and 89.7% in AEA with the performance in both subsidiaries underpinned by a robust orderbook, successful debt reprofiling freeing up operating cashflows and innovative working capital financing that accelerated execution.

On operating expenses, the Group recorded a 18.5% reduction in line with our strategic plan and driven by increased efficiencies.

In 2019, we also took decisive actions to stem value erosion by restructuring and scaling down operations in some of our businesses whose operating environment was incongruent with our strategy and not supportive of our turnaround effort. As a result of these restructuring initiatives, there is a one-off impairment loss of KShs 2.8billion related to goodwill carried in one of the scaled down businesses without which we would have achieved a positive Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA).

Despite the one off non-operating impairment loss, the Group reduced the loss before tax by 12.9% but the loss after tax increased by 12.4% due to one-off impairment of deferred taxes in the scaled down operations.

It is worth noting that the aggressive top line growth despite scaling down in some of the businesses, confirms that TC capital reallocation strategy and focus on key levers in the turnaround plan is bearing fruits.

Delay in release of 2019 financial results

While the restructuring process significantly accelerates our turnaround, it inadvertently impacted our financial reporting timelines due to statutory and legal processes that needed to be accommodated in the audit process. Consequently, due to this delay the financial results for the year ended 31st December 2020 will be released later than scheduled. We regret this and we are committed to getting back to the normal reporting schedule within the next reporting period.

Dividends

The Board does not recommend payment of a dividend.

Outlook

The FY2019 financial results demonstrate the progress made in achieving the TC strategy and is in line with the identified strategic focus areas; The Group has a robust order book of over KShs 14 billion and has substantially completed reprofiling third party debt to longer tenors. The priority now is to complete debt restructure and discussions on this are in advance stage and to secure the right funding for the Group to ensure the businesses access funding to capitalise on the opportunities in the lucrative sectors where they operate. In line with this, the Group will be commencing a fundraising process in the upcoming annual shareholder meeting.

The restructuring process we have undertaken will continue to create value as it allows us to refocus resources to high growth areas and positions the business favourably for funding. In addition, this will allow us to undertake a balance sheet restructure and clean up to reverse significant accrued liabilities linked to non-operating entities and special purpose vehicles (SPVs) which will substantially improve our balance sheet. The Directors are confident the various initiatives in place will sufficiently address the current equity versus liability position.

Despite the significant effect of the COVID-19 pandemic on operations as well as demand and supply chains globally, the impact on the Group is not projected to be material due to mitigative strategies implemented. The Board and Management remain committed to delivering value to all stakeholders.

By Order of the Board

Virginia Ndunge
Company Secretary
14th May 2021

TRANSCENTURY PLC CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

2019:	Share capital KSh's'000	Share premium KSh's'000	Revaluation reserves KSh's'000	Translation reserve KSh's'000	Fair value reserve KSh's'000	Revenue reserves KSh's'000	Total KSh's'000	Non-controlling interest KSh's'000	Total equity KSh's'000
Balance at 1 January 2019	187,601	1,873,089	2,411,631	448,953	93,251	(8,695,074)	(3,680,549)	375,963	(3,304,586)
Total comprehensive income for the year net of tax	-	-	-	-	-	(3,979,470)	(3,979,470)	43,941	(3,935,529)
Loss for the year	-	-	-	-	-	(3,979,470)	(3,979,470)	43,941	(3,935,529)
Other comprehensive income									
Remeasurement of defined benefit plan	-	-	-	-	-	2,381	2,381	1,101	3,482
Deferred tax on remeasurement	-	-	-	-	-	(715)	(715)	(330)	(1,045)
Exchange differences	-	-	-	27,833	-	-	27,833	22,422	50,255
Net change in fair value of Equity instruments at FVOCI	-	-	-	-	52,689	-	52,689	-	52,689
Transfer to translation reserves*	-	-	-	732,642	-	(732,642)	-	-	-
Total other comprehensive income	-	-	-	760,475	52,689	(730,976)	82,188	23,193	105,381
Total comprehensive income	-	-	-	760,475	52,689	(4,710,446)	(3,897,282)	67,134	(3,830,148)
Transactions with owners of the Company									
Transfer from revaluation*	-	-	1,133	(1,133)	-	-	-	-	-
Total transactions with owners of the company	-	-	1,133	(1,133)	-	-	-	-	-
Balance at 31 December 2019	187,601	1,873,089	2,412,764	1,208,295	145,940	(13,405,520)	(7,577,831)	443,097	(7,134,734)

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

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

2018:	Share capital KSh's'000	Share premium KSh's'000	Revaluation reserves KSh's'000	Translation reserve KSh's'000	Fair value reserve KSh's'000	Revenue reserves KSh's'000	Total KSh's'000	Non-controlling interest KSh's'000	Total equity KSh's'000
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)(i))	-	-	-	-	-	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									
Loss for the year	-	-	-	-	-	(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 to 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)

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2019, 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, and the summary of the directors' remuneration report, and related notes are derived from the audited consolidated financial statements and directors' remuneration report of TransCentury PLC for the year ended 31 December 2019.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements and directors