

PUBLIC ANNOUNCEMENT

CAUTIONARY STATEMENT AND PROFIT WARNING ANNOUNCEMENT

Sameer Africa Limited

Company Number 12/94

(Incorporated under the Companies Act in Kenya on 3 November 1969 as Firestone East Africa (1969) Limited)

The Capital Markets Act

Chapter 485A of the Laws of Kenya

Regulation 19(2) of the Capital Markets (Securities) (Public Offers, Listing and Disclosures)

Regulations, 2002

&

Paragraph G.05 (1) (f) and (2) of the Fifth Schedule of the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002

CAUTIONARY STATEMENT

OFFSHORE TYRE MANUFACTURING & LOCAL FACTORY CLOSURE

The board of directors of Sameer Africa Limited (the "Company"), at a meeting held on 29 August 2016, approved a change in the future direction of the Company. Details of the change are as follows:

I. NEED FOR STRATEGIC CHANGE

Background

Since 2006, the Company has seen a systematic reduction in its market share on account of cheap and subsidised tyre imports entering its markets. As a result, the high price market segment where the Company's locally manufactured Yana tyres compete, has declined from a high of 62% in 2010, to only 25% today.

The 2005 reduction in customs duties under the EAC Common External Tariff (CET), the high cost of electricity and underutilization of factory capacity have also impacted the business adversely.

Future Direction

At its meeting held on 29 August 2016, the board unanimously approved the closure of the manufacturing facility with effect from 30 September 2016, and the outsourcing of the manufacture of its Yana brand tyres to factories domiciled in India and China.

II. IMPACT OF THE CHANGE

1. Company's financial results

It is not envisaged that the offshoring of Yana tyre production will have a significant impact on the trading results of the Company. However, with the closure of the manufacturing facility, the impairment of fixed assets, inventory and employee severance pay will impact on the financial results in 2016, as a one-off charge.

2. Retrenchment of employees

Regrettably, cessation of factory operations will result in a number of employees being declared redundant. These are employees whose engagement has been directly related to the manufacture of tyres and tubes. The Company has mitigated the number of workers to be retrenched by redeploying a number of workers to other continuing operations in retail and distribution.

3. Provisioning for asset impairment

In compliance with International Financial Reporting Standards (IFRS) – IAS 36, Impairment of Assets and IAS 2, Inventories, following the board's decision to discontinue manufacturing, depreciation estimates will be revised to ensure that the carrying amount of the factory plant and equipment will equal the estimated salvage value at the closure date. Additional impairment of unused raw material inventory and factory spares as at the factory closure date is also envisaged.

III. CONTINUING OPERATIONS

The impact on customers, end-users and the supply of the Yana brand to the East African market will remain unchanged. Yana tyres will continue to be engineered under the supervision of our own chemists and engineers. We will also continue to expand our Summit Tyre offering for all markets and we will continue to distribute Bridgestone tyres in Kenya, Tanzania and Uganda.

IV. FUTURE OUTLOOK

The board of directors is optimistic that the Company's new strategic direction puts it on a path to growth and future prosperity. The Company will continue to invest in research and development to offer the market tyres that are purpose built for African roads and will continue with the rollout of its Yana Tyre Centre offering across East Africa.

Following board approval for the commencement of offshore manufacturing, the Company is in the process of finalising contract manufacturing agreements with two entities, one in India and another in China. These transactions, which are not subject to regulatory approvals, are expected to close by 30 September 2016.

Investors and the general public are advised to exercise caution while dealing with the securities of the Company.

PROFIT WARNING

The board of directors of Sameer Africa Limited (the "Company") make this announcement pursuant to Paragraph G.05 (1) (f) and (2) of the Fifth Schedule of the Capital Markets (Securities)(Public Offers, Listing and Disclosures) Regulations, 2002 and for the information of investors and the general public.

The board wishes to announce that on 29 August 2016, a decision was taken to discontinue local tyre manufacture and to offshore production of the Yana tyre brand to factories in India and China. As a result, the Company will incur a one-off charge in respect of plant and inventory impairment and employee severance costs estimated at KShs 725 million. Earnings for the current financial year are therefore expected to be lower by more than 25% of the earnings reported for the same period in 2015. This announcement is based on the forecasts of the Company with regard to the year ending 31 December 2016.

The board is confident that the measures put in place by management will support improved future performance by the Company.

By order of the board

Edgar J. Imbamba

Company Secretary

DISCLAIMER: This announcement is for information purposes only. It has been issued with the approval of the Capital Markets Authority pursuant to the Capital Markets (Securities) (Public Offerings, Listings and Disclosures) Regulations 2002 as amended. As a matter of policy, the Capital Markets Authority assumes no responsibility for the correctness of the statements appearing in this announcement.