



# 2020 ANNUAL REPORT AND FINANCIAL STATEMENTS

# **NEXT - GEN TYRE TECHNOLOGY**

The road to the future is more exciting than you think.  
So get ready to push your limits and dare to be unstoppable.  
The future of tyres is here!

Calling all drivers to experience the next level of driving with  
Yana tyres

On tarmac, or on rough road,  
The license for adventure is now yours for the taking.

Optimize your driving experience with next gen tyre technology.

Africa rides on Yana tyres.

The logo for Yana features a stylized 'Y' with a red outline and a grey and black interior, followed by the word 'YANA' in a bold, black, sans-serif font.

## CORPORATE INFORMATION

### Board of Directors

Eng. Erastus Mwongera (Chairman)  
Peter Gitonga (Managing Director)  
Sameer Merali  
Akif Butt  
Lydia Mbuthia  
Mary Ngatia

P.O. BOX 47122, 00100 Nairobi GPO

### Principal Bankers

NCBA Bank (Kenya) PLC,  
NCBA House,  
P.O.Box 44599,  
00100 Nairobi GPO.

### Audit, Risk and Corporate Governance Committee

Lydia Mbuthia (Chairlady)  
Sameer Merali  
Mary Ngatia

Standard Chartered Bank (Kenya) PLC,  
48, Westlands Road,  
P.O. Box, 30003,  
00100, Nairobi GPO.

### Finance, Strategy and Investment Committee

Akif Butt (Chairman)  
Peter Gitonga  
Sameer Merali

Stanbic Bank Kenya PLC,  
Stanbic Centre,  
Chiromo Road, Westlands  
P.O. Box 72833, 00200  
Nairobi

### Nominations and Remuneration Committee

Mary Ngatia (Chairlady)  
Eng. Erastus Mwongera  
Peter Gitonga

### Auditors

RSM Eastern Africa LLP  
Certified Public Accountants  
1st Floor, Pacis Centre  
Slip road, Off Waiyaki Way, Westlands  
P.O. Box 349-00606  
Nairobi

### Registered Office & Principal Place of Business

LR No. 12081/9  
Mombasa Road  
P.O. Box 30429  
00100 Nairobi GPO.

### Company Secretary

Mohamed Sheba - Appointed 1st September 2020  
Edgar Jumba Imbamba - Resigned 31st August 2020

### Listing

Nairobi Securities Exchange

### Share Registrars

Custody & Registrars Services Limited  
Bruce House, 6th Floor,  
Standard Street,  
P.O. Box 8484,  
00100 Nairobi GPO

### Principal Advocates

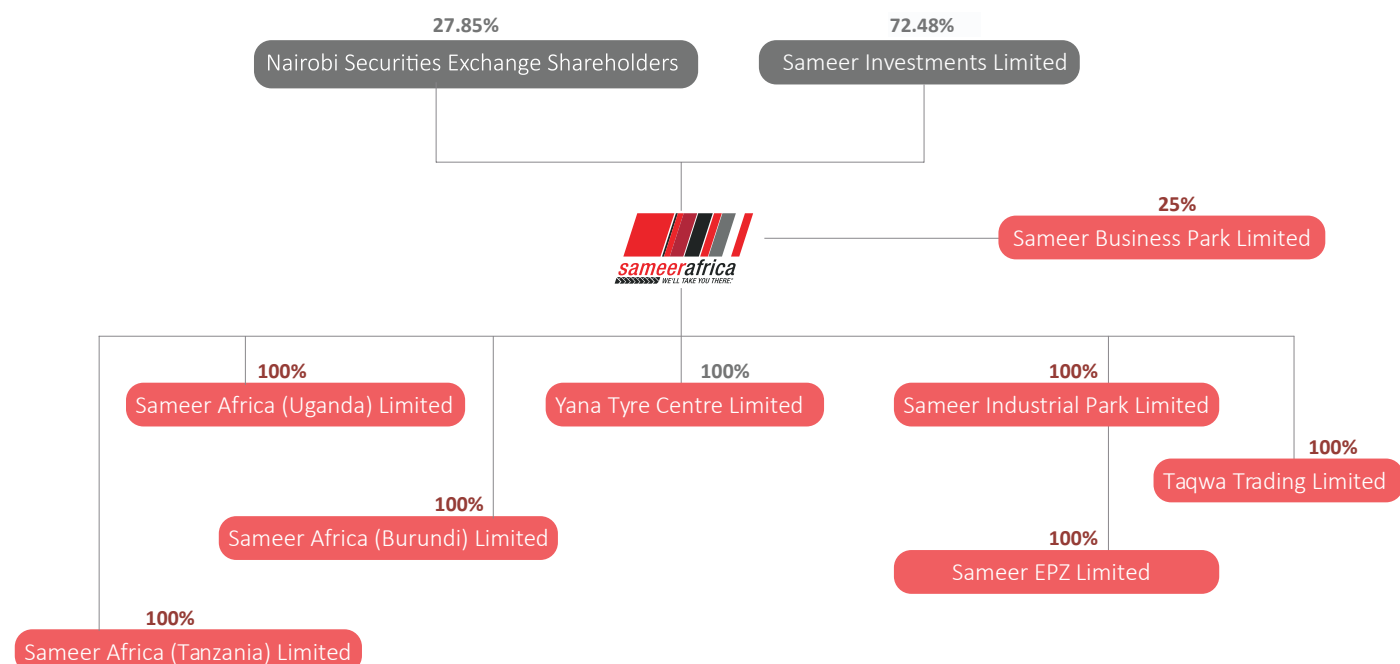
Kipkorir, Titoo & Kiara,  
Posta Sacco Plaza,  
P.O. Box 10176  
00100 Nairobi GPO.  
Waruhiu K'owade and Nganga Advocates,  
Taj Towers, 4th Floor, Wing B,  
Upperhill Road,

## TABLE OF CONTENT

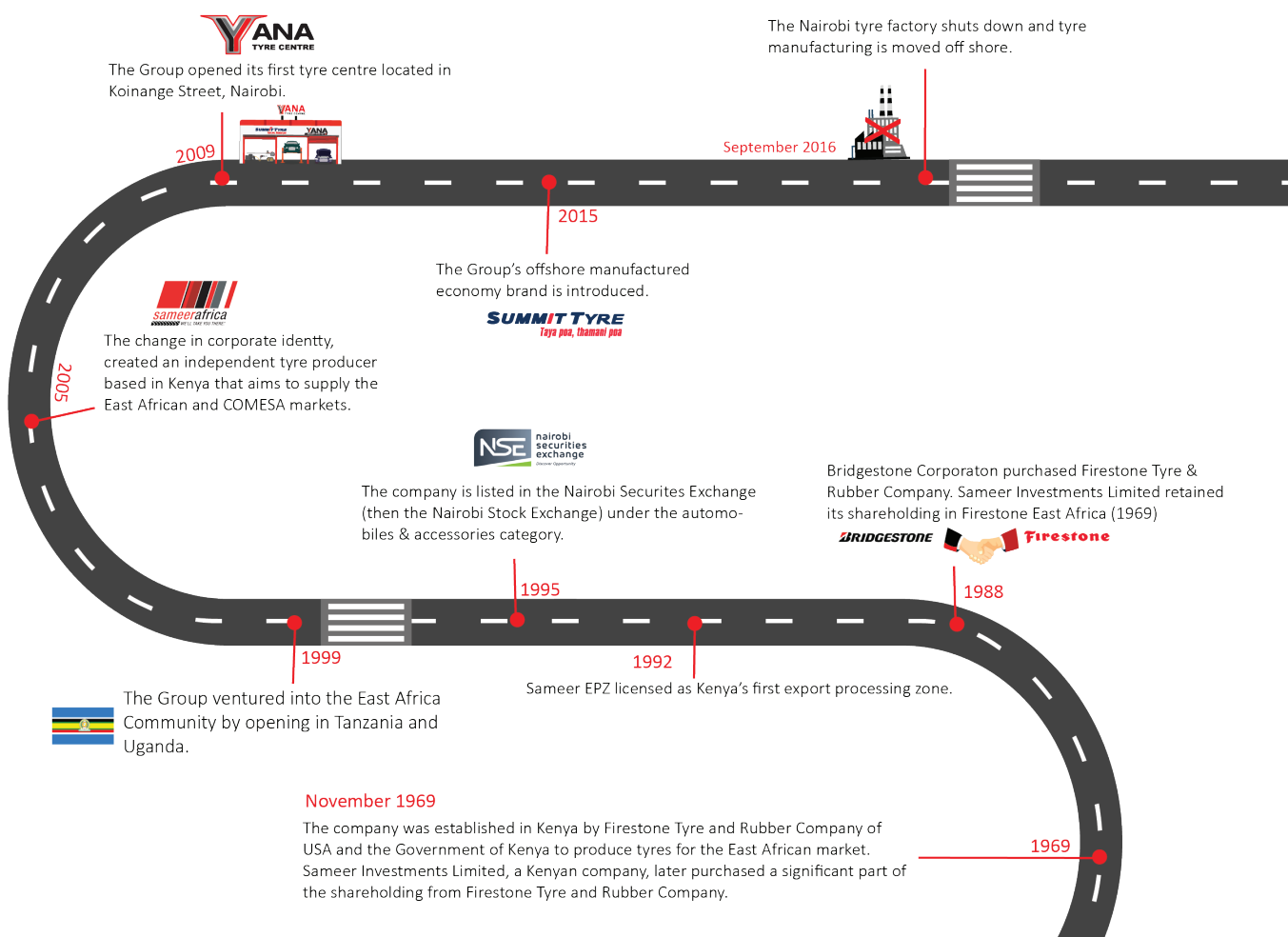
OVERVIEW	Who we are.....	05
	What we do.....	06
	Chairman’s statement.....	07
	Taarifa ya mwenyekiti.....	08
	Managing director’s report.....	09
	Ripoti ya mkurugenzi mkuu.....	10
GOVERNANCE	Board of directors.....	12-13
	Executive committee.....	14
	Directors’ Remuneration Report .....	15-19
FINANCIAL STATEMENTS	Statement of directors responsibilities.....	20
	Report of the independent auditor.....	21-23
	Consolidated statement of profit or loss and other comprehensive income.....	24
	Company statement of profit or loss and other comprehensive income.....	25
	Consolidated statement of financial position.....	26
	Company statement of financial position.....	27
	Consolidated statement of changes in equity.....	28
	Company statement of changes in equity.....	29
	Consolidated statement of cash flows.....	30
	Company statement of cash flows.....	31
	Notes.....	32-105
SHAREHOLDERS	Notice of the 52nd Annual General Meeting .....	106-107
	Ilani ya Mkutano Mkuu wa 52 wa Kila Mwaka.....	108-109
	Form of proxy.....	112-115

Sameer Africa PLC is a public limited company first incorporated in Kenya in 1969 as Firestone East Africa Limited. The company's principal business is the importation and sale of tyres and allied products and the letting of investment property. We operate primarily in Kenya, with tyre operations in Tanzania, Uganda and Burundi. Sameer Africa PLC is 72.48% owned by Sameer Investments Limited, a leading economic force in East Africa with over thirty years' experience in Kenya's industrial and economic development and a provider of direct and indirect employment for over 30,000 people.

## OUR STRUCTURE



## HISTORICAL TIMELINE



## WHAT WE DO

### Our Tyre Business

We import and sell quality tyres engineered for the African terrain. Our tyre range includes tyres for various applications including passenger vehicles, light and medium truck, truck and bus and agricultural use.

We engage with our customers through our extensive dealer network, our owned and branded tyre centers and directly to large fleets, government and other consumers.

### Our Property Business

The Group owns a large property holding part of which is built up and on which our investment property income is derived and other parcels earmarked for future development.

## OUR TYRE BRANDS



Customized for African roads



185/70R14 Monarch II  
195/65R15 Monarch III  
205R16 Moran  
225/75R15 Moran  
750-16 14 Ply Pamoja



Value for money



185/70R14 Hawk  
185/70R13 Hawk  
195R15 Tasha  
9.5R17.5 Kifaru  
315/80R22.5 Kifaru AP



Premium and Quality



215/70R16 Destination AT  
265/65R17 Destination AT  
245/70R16 Destination AT  
265/70R16 Destination AT  
11R22.5 UT3000

## OUR PROPERTY BRANDS



Our fully owned subsidiaries, Sameer EPZ Limited and Sameer Industrial Park Limited let space to tenants licensed to operate in an EPZ.



Sameer Business Park, owned through our associate company Sameer Business Park Limited, is a world-class rented facility that is located conveniently along Mombasa Road.



Sameer Africa lets rented space in its Mombasa Road premises including space that was previously occupied by the tyre factory.

## CHAIRMAN'S STATEMENT



***"In hindsight, these bold but strategic decisions by the board enabled the Group to weather the economic downturn occasioned by the coronavirus pandemic."***

Eng. Erastus Mwangera  
**Chairman**

Distinguished shareholders, members of the board, ladies and gentlemen, it is with great pleasure that I welcome you to the 52nd Annual General Meeting of your company.

The year 2020 was a year when significant changes occurred within the business. You will recall that last year I updated you of the board's decision on 20 April to cease operations of the tyre business. That decision was taken after considering all available options and also considering the expected adverse business impact of the coronavirus pandemic. This momentous decision followed other significant board decisions taken in 2019 and earlier in 2020 to exit from the Group's regional operations in Burundi, Tanzania and Uganda and also the closure of our retail outlets in Kenya.

In hindsight, these bold but strategic decisions by the board enabled the Group to weather the economic downturn occasioned by the coronavirus pandemic. Am pleased to announce to you that our business remained strong during the year 2020, and has emerged as a leaner and more efficient organisation.

As a result of the decisions discussed above, Group revenues reduced by Kshs 1 billion or 57% and the gross margins declined from Kshs 270 million to Kshs 244 million a decrease of 10%. Overheads reduced from Kshs 876 million to Kshs 118 million, a reduction of 87% mainly due to the rightsizing of the business.

The Group made a profit of Kshs 44 million for the year ended 31 December 2020 against a loss of Kshs 1.1 billion recorded in 2019.

## OUTLOOK

As discussed above, the board has been taking proactive decisions to ensure the survival of the company during the current unprecedented pandemic and more so, to ensure that the business continues to be viable and profitable.

In 2021, the board has continued to review the Group's strategy and the emerging opportunities created by the global changes in supply chains. After careful consideration, the board, on 21 January 2021, decided to re-enter the tyre business with a revised strategy for its flagship Yana and Summit brands. The new strategy took cognisance of the sustained demand for Yana tyres, the positive brand equity of Yana and the shifting customer demands and consumption patterns. Our focus is to ensure that our Yana tyres continue to be the preferred choice for African roads.

Our new strategy will also revamp our property business which has proved to be a reliable source of income and growth for the Group. Despite other property businesses being affected by the economic downturn, our rental properties have remained resilient due to our unique mix of tenants and the businesses they operate. Our investment in this sector will not only upgrade our existing investment properties but will also see the development of grade "A" warehousing in response to the emerging demand of such properties – a demand that is driven by the geographical location of Kenya as an East African gateway and also by the strategic location of our properties next to the major infrastructure arteries in Nairobi.

## RISK MANAGEMENT

The board has long committed the Group to a process of risk management that is aligned to the principles of best practice and corporate governance. Our business strategy depends upon us taking calculated risks in a way that does not jeopardize the direct interests of the different stakeholders. A sound assessment of risk enables us to anticipate and respond to changes in our business environment, as well as make informed decisions under conditions of uncertainty.

The risk management process has been embedded in our business systems and processes so that our responses to risk

remains current and dynamic. All key risks associated with major change and significant actions by the company also fall within the process of risk assessment and management.

## GOVERNANCE AND REMUNERATION

Since 29 August 2019, Mr Peter Gitonga has held the position of Managing Director in an acting capacity. The board, having recognized his able leadership of the company especially during periods of significant change and transformation, confirmed him as the Managing Director with effect from 1 January 2021. Together with other board members, I thank Mr Gitonga for successfully steering the Group's turnaround efforts and we wish him continued success in this position.

During the year 2020, Dr Winnie Nyamute who had been with the Group since May 2017 as an independent non-executive director retired by rotation, and although she was eligible to offer herself for re-election she chose not to do so. I would like to thank Dr Nyamute for her contribution and wish her success in her future endeavours.

In 2020, the various board committees were reconstituted to enable them to continue being effective in their duties in supporting the board in discharging its duties. I am continually grateful to the various committees and their members for their hard work and commitment.

Finally, I would like to thank all shareholders, business partners, advisors and customers for their unwavering support and goodwill. My appreciation also goes to the members of the board, management and staff for their efforts and contribution to the sustainable growth of Sameer Africa.

God bless Sameer Africa and God bless each of you!!!

**Eng. Erastus Kabutu Mwangera.**

OVERVIEW

OUR BUSINESS

OUR PERFORMANCE

GOVERNANCE

FINANCIAL STATEMENTS

SHAREHOLDERS INFORMATION

OTHER INFORMATION

## TAARIFA YA MWENYEKITI

Wageni mashuhuri, wajumbe wa halmashauri, mabibi na mabwana, ni furaha kubwa kwangu kuwakaribisha kwenye Mkutano Mkuu wa 52 wa Mwaka wa Kampuni yenu.

Mwaka 2020 ulikuwa mwaka ambao mabadiliko makubwa yaliibuka katika biashara yetu. Mtakumbuka kwamba mwaka jana niliwasasisha kuhusu uamuzi wa bodi tarehe 20 Aprili wa kusitisha shughuli za biashara ya matairi. Uamuzi huo ulichukuliwa baada ya kuzingatia chaguzi zote zinazopatikana na pia kuzingatia athari mbaya ya biashara iliyoibuka kutokana na janga la covid-19. Uamuzi huu muhimu ulifuata maamuzi mengine muhimu ya bodi yaliyofanywa mwaka 2019 na mwanzoni wa mwaka 2020 kutoka kwenye shughuli za Kikanda nchini Burundi, Tanzania na Uganda na pia kufungwa kwa maduka yetu ya rejareja nchini Kenya.

Kwa mtazamo mpana, maamuzi haya ya kijasiri na kimkakati ya bodi, yaliwezesha Kundi kukabiliana na mtikisiko wa uchumi uliosababishwa na covid-19. Ninafuraha kuwajulisheni kwamba biashara yetu ilibaki imara wakati wa mwaka 2020, na kuibuka kama shirika imara na lenye ufanisi zaidi.

Hiyo basi, kupitia kwa maamuzi yalioangaziwa awali, mapato ya Kundi yalipungua kwa Shilingi bilioni 1 au asilimia 57 na kipato kilichosalia, kilipungua kutoka shilingi milioni 270 hadi milioni 244, upungufu wa asilimia 10. Fedha za matumizi zilipungua kutoka shilingi milioni 876 hadi milioni 118, upungufu wa asilimia 87 kinachowiana na kiwango cha biashara.

Kundi kilipata faida ya Shilingi milioni 44 kwa mwaka uliokamilika 31 Desemba 2020 ikilinganishwa na hasara ya shilingi bilioni 1.1 zilizorekodiwa mnamo 2019.

### MTAZAMO

Kama ilivyojadiliwa hapo juu, bodi imekuwa ikichukua maamuzi thabiti kuhakikisha kudu mu kwa kampuni wakati wa janga lisilokuwa la kawaida na isitoshe, kuhakikisha kuwa biashara inaendelea kuwa na faida zaidi.

Mnamo 2021, bodi imeendelea kukagua mkakati wa Kundi na fursa zinazoiibuka kutokana na mabadiliko ya ulimwengu katika utepe wa usambazaji. Baada ya kuzingatiwa

kwa uangalifu, bodi, mnamo 21 Januari 2021, iliamua kuingia tena kwenye biashara ya tairi na mkakati uliorekebisha wa chapa yake kuu ya Yana na Summit. Mkakati mpya ulizingatia mahitaji endelevu ya matairi ya Yana, usawa mzuri wa chapa ya Yana na mahitaji ya wateja yanayobadilika na mifumo ya matumizi. Lengoku letu ni kuhakikisha kwamba matairi yetu ya Yana yanaendelea kuwa chaguo linalopendelewa kwa barabara za Kiafrika

Mkakati wetu mpya pia utarekebisha biashara yetu ya mali ambayo imeonekana kuwa chanzo cha mapato na ukuaji kwa Kundi. Licha ya biashara zingine za mali kuathiriwa na mtikisiko wa uchumi, mali zetu za kukodisha zimebaki kuwa thabiti kwa sababu ya mchanganyiko wetu wa wapangaji na biashara wanazozifanya. Uwekezaji wetu katika sekta hii hautaboresha tu mali zetu tulizozikeza lakini pia utaona ukuzaji wa ghala la daraja “A” kukabiliana na mahitaji ibuka ya mali kama hizo – mahitaji ambayo yanaongozwa na eneo la kijiografia la Kenya kama lango kuu la kuingia Afrika Mashariki na pia kwa eneo la kimkakati kwa mali zetu na njia kuu ya miundombinu kupitia Nairobi.

### USIMAMIZI WA HATARI

Bodi imejitolea kwa kipindi kirefu, kuliweka Kundi kwenye mchakato wa usimamizi wa hatari ambao umeambatana na kanuni za utendaji bora na utawala wa ushirika. Mkakati wetu wa biashara unatutegemea sisi kuchukua hatari zilizohesabiwa kwa njia ambayo haihatarishi masilahi ya moja kwa moja ya wadau mbalimbali. Tathmini nzuri ya hatari inatuwezesha kutarajia na kuafiki mabadiliko katika miktadha yetu ya biashara, na pia kufanya maamuzi sahihi chini ya hali ya sintofahamu.

Mchakato wa usimamizi wa hatari umeingizwa katika mifumo na mchakato yetu ya biashara ili majibu yetu ya hatari yabaki ya kisasa na yenye nguvu. Hatari zote muhimu zinazohusiana na mabadiliko makubwa na vitendo muhimu vya kampuni pia vinaangaziwa katika mchakato wa tathmini na usimamizi wa hatari.

### UTAWALA NA MALIPO

Tangu 29 Agosti 2019, Bwana Peter Gitonga ameshikilia wadhifa wa kaimu Mkurugenzi Mkuu. Bodi, baada ya kutambua uongozi wake dhabiti wa kampuni haswa wakati wa

mabadiliko, ilimthibitisha kama Mkurugenzi Mkuu kuanzia 1 Januari 2021. Pamoja na wajumbe wengine wa bodi, ninamshukuru Bwana Gitonga kwa kufanikisha harakati za mabadiliko ya Kundi na tunamtakia mafanikio endelevu katika nafasi hii.

Katika mwaka wa 2020, Dkt. Winnie Nyamute ambaye alikuwa kwenye Kundi tangu Mei 2017 kama Mkurugenzi huru asiye mtendaji alistaafu kwa kuzunguka, ingawa alikuwa na haki ya kujitolea kuchaguliwa tena aliamua kutofanya hivyo. Ningependa kumshukuru Dkt. Nyamute kwa mchango wake na ninaamtakia mafanikio katika shughuli zake za baadaye.

Mnamo mwaka wa 2020, kamati anuwai za bodi ziliundwa upya ili kuwawezesha kuenndelea kuwa na ufanisi katika majukumu yao katika kuunga mkono bodi katika utekelezaji wa majukumu yake. Ninaendelea kushukuru kamati na wanachama wake kwa bidii na kujitolea kwao.

Mwishowe, ningependa kuwashukuru wana-hisa wote, washirika wa biashara, washauri na wateja kwa msaada wao usioyumba na nia njema. Shukrani zangu pia zinaenda kwa wajumbe wa bodi, usimamizi na wafanyikazi kwa juhudi zao na mchango wao kwa ukuaji endelevu wa Sameer Africa.

Mungu aibariki Sameer Afrika na ambariki kila mmoja wenu!!!

**Mhandisi Erastus Kabutu Mwongera.**

## MANAGING DIRECTOR'S STATEMENT



*“ Our strategy remains to have a lean, dynamic and fit-for-purpose organisation. ”*

Peter Gitonga  
Managing Director

The Group's exit from the regional markets in Burundi, Tanzania and Uganda and the exit from the local tyre retail segment significantly reduced turnover from Kshs 1.8 billion in 2019 to Kshs 757 million in 2020, a reduction attributed to the closing of our tyre business operations which had been loss-making despite their revenue contribution. However, included in the turnover figure is revenue from our property business which improved from Kshs 267 million in 2019 to Kshs 289 million in 2020.

Our exit from the tyre business in early 2020, shielded us from the losses that would have been experienced if the tyre business was operational in the current pandemic business environment. The property business withstood this downturn and registered both improved gross and net rental incomes.

#### UPDATE ON OUR STRATEGIC PRIORITIES

During the year, we spent a lot of time analysing the business, the operating environment and prospects for future growth for the company. We advised your board on various viable strategic options available to the Group and following the board's decision to re-enter the tyre business we revised our strategic priorities to align them to the board's decision.

The revised strategic priorities are aimed at positioning the Group for future growth and strengthening our balance sheet which has endured the effects of past losses and increased borrowing.

#### Stabilize

Our strategic objectives are aimed at first stabilising the business in 2021 by reducing our borrowing and finance cost by freeing up working capital and disposing of non-core assets. We have also begun an overhaul of our core systems and processes including revamping our category management process.

#### Growth

After this stabilisation phase, we will proceed to invest in identified growth opportunities in both the tyre and property businesses. For the tyre business, the disruption of global supply chains has created an opportunity for local suppliers and manufacturers whose supply chains are not heavily reliant on other global supply chains. Our focus is to de-risk our sourcing strategy to avail our product locally despite any adverse global disruptions.

For the property business, we have begun renovation and upgrading of our existing properties to provide the required service levels to our existing tenants. The next phase of our investment in this business segment will be the development of new grade “A” warehouses, which are in demand especially at our strategically located industrial area premises.

#### People and leadership

Our strategy remains to have a lean, dynamic and fit-for-purpose organisation. We aim to attract, develop and retain the right talent and continually challenging them to deliver at their full potential.

The business is currently lean and agile and able to drive the growth and profitability envisioned by our new strategy.

#### OUTLOOK

We expect the 2020 slow-down of the global and national economy to persist into 2021. However, with our revised tyre business strategy and the increasing rental income from our rental business, we are optimistic that 2021 will also be a profitable year for the company.

The Group would never have reached this stage of our transformation journey without our people and the value system that forms the basis of all our endeavours. We faced our biggest challenge so far in 2020 and we are confident we have emerged stronger and better positioned for the future.

The strategies we have developed and are in the process of developing will see the Group prosper into the future. We have a very diverse and talented group of people in the Group who are committed to creating and delivering continuous value to our customers, our shareholders and society at large.

Peter Gitonga  
Managing Director

OVERVIEW

OUR BUSINESS

OUR PERFORMANCE

GOVERNANCE

FINANCIAL STATEMENTS

SHAREHOLDERS INFORMATION

OTHER INFORMATION

## TAARIFA YA MKURUGENZI MSIMAMIZI

Kutoka kwa Kundi kwenye masoko ya Kikanda nchini Burundi, Tanzania na Uganda na kutoka kwa sehemu ya rejareja nchini Kenya kulipunguza mapato kutoka shilingi 1.8 bilioni mwaka 2019 hadi milioni 757 mnamo 2020, upungufu uliosababishwa na kufungwa kwa shughuli zetu za biashara ya matairi ambayo walikuwa wakipata hasara licha ya mchango wao wa mapato. Walakini, ilyojumuishwa katika takwimu ya mauzo ni mapato kutoka kwa biashara yetu ya mali kutoka shilingi milioni 267 mnamo 2019 hadi milioni 289 mnamo 2020.

Kutoka kwetu kwa biashara ya matairi mwanzoni mwa 2020, kulitukinga na hasara ambazo zingepatikana ikiwa biashara ya tairi ingeendelea kazi katika mazingira ya sasa ya janga la covid-19. Biashara ya mali ilitahimili mtikisiko huu na kusajili mapato ya jumla kwa jumla na ya wavu.

### USASISHAJI JUU YA KIPAUMBELE CHETU CHA MKAKATI

Katika mwaka, tulitumia muda mwingi kuchambua biashara, mazingira ya uendeshaji na matarajio ya ukuaji wa baadaye kwa Kampuni. Tulishauri bodi yenu juu ya chaguzi anuwai za kimkakati zinazoweza kupatikana kwa Kundi na kufuatia uamuzi wa bodi kuingia tena kwenye biashara ya tairi tulirekebisha vipaumbele vyetu vya kimkakati kuviunganisha na uamuzi wa bodi.

Vipaumbele vya kimkakati vilivyobadilishwa vimekusudiwa kuweka Kundi kwa ukuaji wa siku za usoni na kuimarisha mizani ya biashara ambayo imevumilia athari za upotezaji wa zamani na kuongezeka kwa kukopa.

### UIMARISHAJI

Malengo yetu ya kimkakati yanalenga kwanza kuimarisha biashara mnamo 2021 kwa kupunguza gharama zetu za kukopa na kifedha kwa kufunga mtaji wa kufanya kazi na kuuza mali isiyo ya msingi. Tumeanza pia kubadilisha mifumo na michakato yetu ya msingi ikiwa ni pamoja na kurekebisha mchakato wetu wa usimamizi wa kategoria.

### UKUAJI

Baada ya awamu hii ya utulivu, tutaendelea kuwekeza katika fursa za ukuaji zilizoainishwa katika biashara za matairi na mali. Kwa biashara ya matairi, usumbufu wa tepe za usambazaji wa ulimwengu umeunda fursa kwa wasambazaji wa ndani na wazalishaji ambazo tepe zao za usambazaji haitegemei sana tepe zingine za usambazaji wa ulimwengu. Lengo letu ni kupunguza hatari kwa mkakati wetu wa kupata bidhaa yetu kwenye soko nchini licha ya usumbufu wowote wa ulimwengu.

Kwa biashara ya mali, tumeanza ukarabati na uboreshaji wa mali zetu zilizopo ili kutoa viwango vinavyohitajika vya huduma kwa wapangaji wetu waliopo. Awamu inayofuata ya uwekezaji wetu katika sehemu hii ya biashara itakuwa maendeleo ya maghala mpya ya daraja "A", ambayo yanahitajika hususan katika eneo letu la viwanda lenye mikakati

### WATU NA UONGOZI

Mkakati wetu unabaki kuwa na shirika lenye nguvu, stadi na linalofaa kwa kusudi. Tunakusudia kuvutia, kukuza na kuhifadhi talanta inayofaa na kuendelea kuwapa changamoto kutoa kwa uzezo wao wote.

Biashara kwa sasa ni konda na nyepesi na ina uwezo wa kuendesha ukuaji na faida inayotarajiwa na mkakati wetu mpya.

### MTAZAMO

Tunatarajia kupungua kwa kasi kwa uchumi wa ulimwengu na kitaifa ulioanza mwaka wa 2020 kuendelea hadi 2021. Walakini, na mkakati wetu uliorekebisha wa biashara ya matairi na mapato yanayoongezeka ya kukodisha kutoka kwa biashara yetu ya kukodisha, tuna matumaini kuwa 2021 pia utakuwa mwaka wa faida kwa Kampuni.

Kundi halingeweza kamwe kufikia hatua hii ya safari yetu ya mabadiliko bila watu wetu na mfumo wa thamani ambao ndio msingi wa juhudi zetu zote. Tulikabiliwa na changamoto yetu kubwa hadi sasa katika 2020 na tuna

hakika tumeibuka wenye nguvu na wenye msimamo mzuri kwa siku zijazo.

Mikakati ambayo tumeandaa na tuko katika mchakato wa kuendeleza itahakikisha kwamba Kundi linafanikiwa katika siku zijazo. Tuna kikundi cha watu tofauti na wenye talanta mbalimbali katika Kundi ambao wamejitolea kuunda na kutoa dhamana endelevu kwa wateja wetu, wanahisa na jamii kwa ujumla.

Peter Gitonga  
**Mkurugenzi Mkuu**

OVERVIEW

OUR BUSINESS

OUR PERFORMANCE

GOVERNANCE

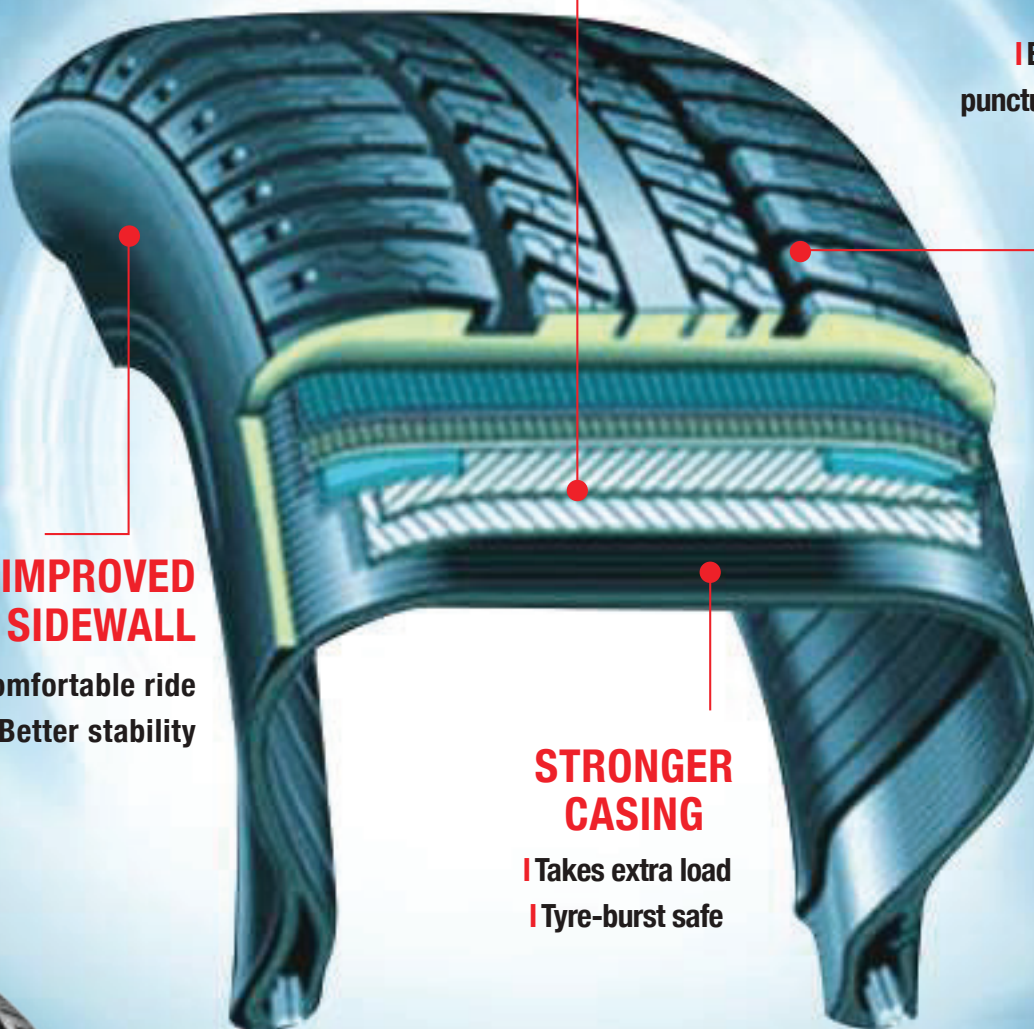
FINANCIAL STATEMENTS

SHAREHOLDERS INFORMATION

OTHER INFORMATION

**OPTIMIZE YOUR DRIVING EXPERIENCE  
WITH YANA TYRES**

# **NEXT-GEN TYRE TECHNOLOGY**



## **STRONGER BELTS**

| Enhanced  
puncture resistance

## **MODERN TREAD PATTERN**

| Stylish | Puncture  
& wear resistance

## **IMPROVED SIDEWALL**

| Comfortable ride  
| Better stability

## **STRONGER CASING**

| Takes extra load  
| Tyre-burst safe



## GOVERNANCE

### Board of Directors

Our board of directors promotes sound corporate governance and provides the leadership that makes this possible. Sameer Africa has a strong board that comprises of members with appropriate skills and experience.

OVERVIEW

OUR BUSINESS

PERFORMANCE

OUR

GOVERNANCE

FINANCIAL STATEMENTS

SHAREHOLDERS INFORMATION

OTHER INFORMATION



#### Appointed: 23 July 2010

Eng Mwongera is a Civil Engineer by profession, a Registered Consulting Engineer, Fellow of the Institution of Engineers of Kenya, Chairman of Engineers Board of Kenya and Chairman of Eminent Engineers Forum. He is a board member of Federation of Kenya Employers and Honorary Secretary of Automobile Association of Kenya. Eng Mwongera is a consultant specialising in

#### Engineer Erastus Mwongera - Chairman (Non-Executive)

engineering, leadership, management and strategic planning.

Eng Mwongera has a distinguished career in both public and private sectors spanning over forty years. He started his career in the water sector where he rose through the ranks to be Principal of Kenya Water Institute and Director of Water Development for a combined period of twelve years. He served as Permanent Secretary in the Office of the Vice President; Ministry of Home affairs; Ministry of Lands and Housing; Ministry of Roads, Public Works and Housing; Ministry of Water Resources; and Ministry of Land Reclamation, Regional and Water Development for a period of twelve years before retiring from the Civil Service in December 2005.

Engineers has served in other capacities including chairman in the boards of Kenya Airports Authority, Kenya National Highways

Authority, Linksoft Group Limited, Fountain Enterprise Program Holdings, Karen and Hillside Green Growers and Exporters; a board member of National Social Security Fund, National Bank of Kenya, National Aids Control Council, Kenya Private Sector Alliance; and a member of the Ad Hoc Taskforce on Performance Contracting.

Eng Mwongera is actively engaged in social responsibility where he has served in his Church (Nairobi Baptist Church) as elder and Chairman of Elders Court; Karen and Langata District Association as Chairman; and currently serving as director of Leadership Foundation of Kenya; and Chairman of Tanari Trust Board and Karen and Langata Trustees Board.

Eng Mwongera is the Chairman of the Board of Directors of Sameer Africa PLC and also a member of Nominations and Remuneration Committee.



#### Peter M. Gitonga - Managing Director (Executive)

#### Appointed: 1 August 2005

Peter has previously served in various capacities at senior management level in Sameer Africa. He holds a Bachelor of Science Degree in Business Administration and a Master of Science in Strategic Management from the United States International University (USIU).

Peter is a member of the Institute of Directors of

Kenya, Chairman of Excel Girls High School and a Board member of Abothuguchi Secondary School. Peter is a member of the nominations and remuneration and the finance and investment committee of the board.



#### Dr. Lydia Muthoni Mbuthia - Director (Independent Non-Executive)

#### Appointed: 4 May 2017

Lydia holds a PhD in Commerce from Nelson Mandela Metropolitan University (NMMU), South Africa, an MBA (Finance) and a Bachelor of Education (Science) from Kenyatta University. She is a qualified accountant and a member of The Association of Chartered Certified Accountants. Lydia is also a member of The Kenya Institute of Management and The Institute of Directors of Kenya.

She has previously served in various capacities at Catholic University of Eastern Africa (CUEA) including

Director of University Advancement and University Examinations Officer. Lydia also served as Chair of the University's Advancement Advisory Board. She has published several books and articles in refereed journals.

Lydia is the chair of the audit risk and corporate governance committee of the board and a member of the finance, strategy and investments committee.



### Sameer N. Merali - Director (Non-Executive)

#### Appointed: 22 November 2012

Sameer holds a Master of Science degree in Banking and International Finance and a BSc (Hons) in Management Science. Sameer initially worked with Merrill Lynch International Bank Limited in the United Kingdom as an Investment Analyst between October 2000 and February 2003 and joined Sameer Investments Limited in March 2003.

He is the Chairman of Ryce East Africa Limited and Nandi Tea Estates Limited. He is the Chief Executive Officer of Sameer Investments Limited and a Director

of Sasini PLC, a company listed on the Nairobi Securities Exchange.

Sameer is a member of the finance and investments committee and audit risk and corporate governance committee of the board.



### Mrs. Mary Ngatia - Director (Independent Non-Executive)

#### Appointed: 4 May 2017

Mrs. Ngatia is a seasoned banker with more than 30 years of experience in Retail, Corporate Banking, Treasury Management and Microfinance operations. She holds an MBA in Strategic Management from Moi University and a Bachelor of Science (BSc) in Business Administration from the University of Maryland (USA). She is a member of the Kenya Institute of Bankers and Institute of Directors of Kenya.

Mrs. Ngatia is a board member of Bank of India and serves as the Chair of the Board's Risk and Compliance Committee of the Bank. She previously

served as the Vice Chair of the board of Kenya Women Microfinance Bank ( KWFT ) for several years before retiring in 2018.

She also serves as the Treasurer for the Kenyatta National Hospital League of Friends, a nonprofit organization that works closely with Kenyatta National Hospital in providing assistance to the needy patients in the form of equipment such as wheel chairs ,crutches, walking frames etc.

In the board of Sameer Africa PLC, Mrs. Ngatia is the Chair of the Nominations and Remuneration Committee and a member of the Audit, Risk and Corporate Governance Committee of the board.



### Akif H. Butt - Director (Non-Executive)

#### Appointed: 24 July 2008

Akif is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a Certified Public Accountant of Kenya (CPA (K)) and has a wealth of experience in financial management, corporate planning and strategic management. He previously worked with PricewaterhouseCoopers in Kenya and the East Africa region, Liberia and England. He joined the Sameer Group in 1989 and is currently the Group's Finance Director. He

represents the interests of the Sameer Group on the boards of various companies.

Akif is the Chair of the Finance, Strategy and Investments Committee of the Board. He is also a Director of Sasini PLC and Eveready East Africa PLC, which are both quoted on the Nairobi Securities Exchange.

## Executive Committee

OVERVIEW

OUR BUSINESS

OUR PERFORMANCE

GOVERNANCE

FINANCIAL STATEMENTS

SHAREHOLDERS INFORMATION

OTHER INFORMATION

**Peter M. Gitonga - Managing Director**

Peter has previously served in various capacities at senior management level in Sameer Africa. He holds a Bachelor of Science Degree in Business Administration and a Master of Science in Strategic Management from the United States International University (USIU).

Peter is a member of the nominations and remuneration and the finance and investment committee of the board.

He is also a Director of Meru County Microfinance Corporation, the Chairman of Excel Girls High School and a Board member of Abothuguchi Secondary School.

**Eric Githinji - General Manager Finance & Strategy**

Eric is responsible for leading the financial management, reporting and controlling function for optimal utilization of company's financial resources and assets. He also ensures compliance with regulatory requirements and appropriate reporting standards. Eric joined the company in January 2012 as Finance Manager and has previously served as

Financial Controller with the Amiran Kenya Group.

Eric holds a Bachelor of Commerce degree from the University of Nairobi and is currently pursuing his MBA. He is a Certified Public Accountant- CPA (K) and a member of the Institute of Certified Public Accountants of Kenya.

**Mohamed Sheba - Company Secretary**

Sheba Mohamed is an Advocate of the High Court of Kenya and a practicing Certified Public Secretary. He holds a Bachelor of Laws Degree (LLB) from the University of Nairobi and a Diploma in Law from the Kenya School of Law. He is the Group Company Secretary, Sameer Group. He has previously held

senior positions at the Attorney General's Chambers, Kenya Tea Development Authority, the Kenya Posts & Telecommunications Corporation and the First American Bank of Kenya Limited. He is a member of the Law Society of Kenya and the Institute of Certified Secretaries of Kenya (ICS)

**Grace Ireri - Head of Human Resource**

Grace joined the company in April 2008. She is a Human Resource Specialist with a strong grasp of labour laws, compliance issues and other aspects of Human Resource Management with over 10 years' experience in Employee Relations, HR Services and Administration.

Grace holds a Bachelor of Business Administration and

a Diploma in Human Resource Management from Kenya Methodist University and the Institute of Human Resource Management respectively. She is a member of the Institute of Human Resource Management.

**Joseph Githinji - Head of Sales and Marketing**

Githinji is responsible for providing the strategic direction in the sales and marketing function to ensure a profitable and sustainable growth.

Githinji joined the company in March 2004 as a Technical Service Engineer and has gained a

lot of experience over the years in new product development and project management. He holds a Bsc. Degree in Mechanical Engineering from JKUAT and a Professional Diploma in Marketing from CIM UK.

**Antony Mbithi - Head of Property**

Antony is responsible for ensuring efficient management and utilization of the company's properties that include the former tyre factory that was retrofitted into warehouses and workshops, and the Export Processing Zones at Sameer Industrial Park. Antony joined the company in July 2019 from Lafarge Eco-Systems, where he led a team in the management of Bamburi Cement's land and properties.

Antony is a Registered Valuer and a full member of the Institution of Surveyors of Kenya. He holds a first-class honors degree in land economics from the University of Nairobi, and a master's degree in valuation and property management from the same university. He also holds a diploma in business management from the Association of Business Executives (UK).

**Misiga Onkundi - Head of Internal Audit and Risk**

Misiga is responsible for evaluating and monitoring the adequacy of internal controls, risk management processes and corporate governance in order to safeguard company assets and business performance. Misiga joined the company in October 2014 in credit control department. He became Internal Auditor in September 2016 a position he has held since then.

He previously worked with Unga Group Plc for 4 years. Misiga is a graduate with a degree in Business Administration from USIU-A, Certified Public Accountant (CPA), a member of Institute of Certified Public Accountants (ICPAK) and also a member of the Institute of Internal Auditors Kenya (IIA-Kenya).

**Sylvestre Yonga - Ag. Chief Information Officer**

Sylvestre holds a BSc degree in Computer Science from Makerere University and is a certified SAP associate in Procurement with SAP ERP 6.0 EHP6 and Business Foundation & Integration with SAP ERP 6.0 EHP5.

He is a member of the Information Systems Audit and

Control Association (ISACA-CISA).

Sylvestre joined the company in 2013 as an SAP ERP business analyst with a background in Supply Chain Management, Materials Management, Inventory Management, and Sales & Distribution.

## DIRECTORS' REPORT

The directors have the pleasure of presenting their report together with the audited financial statements for the year ended 31 December 2020, which discloses the state of affairs of the Group and the Company.

### 1.Principal activities

The principal activities of the Group are the sourcing, importation and sale of tyres and related products and services and the letting of investment property.

### 2.Results

The results for the year are set out on page 24 and 31.

### 3.Dividend

The directors do not recommend the payment of a dividend (2019 – Nil).

### 4.Directors

The directors who held office during the year and to the date of this report are set out on page 12-13.

### 5.Business overview

During the year under review, total revenue was KShs 757 million which showed a 57% decrease from the previous year (2019 – KShs 1,757 million). The reduced performance was mainly attributable to unavailability of key stocking units as a result of the planned closure of the tyre business.

Total operating expenses were KShs 118 million which showed a 87% decrease from the previous year (2019 – KShs 876 million).

The Board will continue to both challenge and support the actions of management as they work to ensure the Group transitions successfully over the next coming years to a more profitable and cash-generating business in the future.

The information on management of risks facing the business is disclosed in note 5 to the financial statements.

### 6.Relevant audit information

The Directors in office at the date of this report confirm that:

- (i) There is no relevant audit information of which the Group's auditor is unaware; and
- (ii) Each director has taken all the 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's auditor is aware of that information.

### 7.Auditors

RSM Eastern Africa LLP having expressed their willingness, continues in office in accordance with Section 719 (2) of the Kenya Companies Act, 2015. The Directors approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of KShs 3,051,000 for the Group and KShs 1,450,000 for the Company has been charged to profit or loss in the year.

### 8.Approval of financial statements

The financial statements were approved and authorized for issue at a meeting of the directors held on 8 April 2021.

### BY ORDER OF THE BOARD



**Mr. Mohamed Sheba**  
COMPANY SECRETARY

**Date: 8 April 2021**

OVERVIEW

OUR BUSINESS

OUR  
PERFORMANCE

GOVERNANCE

FINANCIAL  
STATEMENTSSHAREHOLDERS  
INFORMATIONOTHER  
INFORMATION

## DIRECTORS' REMUNERATION REPORT

### A. Non-auditable section of the Directors Remuneration Report

This report covers the remuneration governance arrangements and the remuneration outcomes for the executive director, non-executive directors and other members of the executive committee. The report fulfils the disclosure requirements under the Kenya Companies Act, 2015 and the Capital Markets Authority (CMA) Code and Listing Rules.

Details of directors' remuneration in 2020, namely remuneration paid to directors and executive management during 2020 are included in page 19.

#### The remuneration policy

Aligning the interests of the executive directors with those of shareholders and with group's strategic goals is central to Sameer Africa Plc's remuneration policy.

In line with shareholders' interests being managed within a robust governance framework, the company aims to retain and incentivise high calibre executive directors by paying competitive base salary and benefits, together with a short-term annual bonus and terminal benefits linked to:

- Profits and contribution;
- The achievement of individual objectives, which are consistent with the strategy of the company and building sustainable profitability;
- The achievement of long-term strategic KPIs in line with the long-term focus of the company;
- The creation of long-term shareholders' value;
- Ongoing oversight of a robust risk management framework;
- Maintenance of strong capital and liquidity positions; and
- Addition of senior talent, building succession for leadership and setting a strong governance structure for the board's delegated authorities.

#### Executive director and senior management remuneration

The table below summarizes the main elements of the remuneration packages for the Executive Director and senior management.

Function	Purpose and link to strategy	Operation	Performance metrics
Basic Salary	Reflects the individual's skills, responsibilities and experience. Supports the recruitment and retention of executive directors of the calibre required to deliver the business strategy within the competitive market environment the company operates.	Reviewed annually and paid monthly in cash. Consideration is given to a range of factors when determining salary levels, including: Personal and companywide performance. Pay levels in relevant markets for each executive whilst recognising the need for an appropriate premium to attract and retain superior talent, balanced against the need to provide a cost-effective overall remuneration package. The wider employee pay review. Basic salary is subject to tax and other statutory deductions such as NSSF and NHIF paid monthly.	Continued good performance. Overall individual and business performance is considered when setting and reviewing salaries.

Function	Purpose and link to strategy	Operation	Performance metrics
Housing Allowance	Allowances paid monthly to cater for executive housing. This is determined on the basis of housing rates for executives of comparable entities.	Paid in cash and is subjected to tax under the PAYE system.	None
Provision for an income in retirement	To provide competitive post-retirement benefits or cash allowance as a framework to save for retirement. Supports the recruitment and retention of Executive Directors of the calibre required to deliver the business strategy.	Executives can choose to participate in the Sameer Africa Plc defined contribution scheme or receive a gratuity allowance. Contributions are set as a percentage of base salary. Post-retirement benefits do not form part of the base salary for the purposes of determining incentives. Contract gratuity is payable at the end of the contract period and is subject to tax under the PAYE system.	None  The maximum contributions for gratuity allowances for the executive directors are 25% of base salary.
Benefits	To provide non-cash benefits which are competitive in the market in which the executive is employed. Ensures the over-all package is competitive and provides financial protection for executives and their families.	The Company provides a range of market competitive benefits including leave passages, private medical insurance and other life benefits.  Additional benefits include company car, education support and club membership subscriptions.  Other ad-hoc benefits such as relocation can be offered, depending on personal circumstances.  Non-cash benefits are taxable in accordance with the Income Tax Act.	None
Performance bonus	Incentivises executives and senior management to achieve key strategic outcomes on an annual basis. Focus on key financial metrics and objectives to deliver the business strategy.	Measures and targets are set annually based on business plans at the start of the financial year and pay-out levels are determined by the Committee following the year-end based on performance against objectives. Paid once per annum. The Committee has the discretion to amend the bonus pay-out based on performance.	The bonus is based on the remuneration committee's assessment of executive directors' performance over the financial year against objectives, which cover: 1. Strategy, structure and people. 2. Profit and loss performance and sales. 3. Financial health. 4. Risk, compliance and reputation.

OVERVIEW

OUR BUSINESS

OUR PERFORMANCE

GOVERNANCE

FINANCIAL STATEMENTS

SHAREHOLDERS INFORMATION

OTHER INFORMATION

**Non-executive directors' remuneration policy**

Non-executive directors have formal letters of appointment. These do not contain any notice provisions or provision for compensation in the event of early termination. Non-executive directors are encouraged to build a shareholding in the company.

The table below summarises the main elements of remuneration for non-executive directors:

Function	Purpose and link to strategy	Operation	Performance metrics
Fees	<p>To attract and retain non-executive directors of the highest calibre and experience relevant to Sameer Africa Plc.</p> <p>Directors' fees are fixed and payable monthly in arrears.</p>	<p>The committee determines the directors' fees at a level that is considered to be appropriate, taking into account the size and complexity of the business and the expected time commitment and contribution of the role.</p> <p>Fees are reviewed annually by the board at the year-end taking into account market benchmarks for non-executives of companies of similar size and complexity with consideration of sector relevance.</p> <p>The chairman's remuneration is recommended by the remuneration committee and approved by the board. Director's fees are subject to tax under the PAYE regulations.</p>	None
Sitting allowances	To encourage directors' full participation in board and committee meetings.	Sitting allowances are paid on the basis of actual meetings attended by each director.	None
Benefits	Non-executive directors are currently not entitled to any other benefits	Not applicable	None

**B. Auditable section of the Directors Remuneration Report**

The table below provides an analysis of the emoluments paid to the executive and non-executive directors.

	2020			2019		
	Fees KShs' 000	Sitting allowances KShs' 000	Total KShs' 000	Fees KShs' 000	Sitting allowances KShs' 000	Total KShs' 000
Eng. E.K. Mwongera	2,700	345	3,045	2,700	345	3,045
S.N. Merali	480	280	760	480	300	780
P. Gitonga	280	-	280	480	360	840
A.H. Butt	480	240	720	480	360	840
L.M. Mbuthia	480	360	840	480	420	900
M.W. Ngatia	480	340	820	480	420	900
W. Nyamute	240	180	420	480	300	780
<b>Total</b>	<b>5,140</b>	<b>1,745</b>	<b>6,885</b>	<b>5,580</b>	<b>2,505</b>	<b>8,085</b>

Managing Director	2020	2019
S.N.Gachomo	KShs' 000	KShs' 000
Basic pay and other allowances	-	18,229
Pensions/gratuity	-	2,100
<b>Total</b>	<b>-</b>	<b>20,329</b>

Acting Managing Director	2020	2019
P.Gitonga	KShs' 000	KShs' 000
Basic pay and other allowances	7,920	2,650
<b>Total</b>	<b>7,920</b>	<b>2,650</b>
<b>Total 29 (b) iii</b>	<b>7,920</b>	<b>22,979</b>

BY ORDER OF THE BOARD



**Mr. Mohamed Sheba**  
**COMPANY SECRETARY**

Date: 8 April 2021

OVERVIEW

OUR BUSINESS

OUR PERFORMANCE

GOVERNANCE

FINANCIAL STATEMENTS

SHAREHOLDERS INFORMATION

OTHER INFORMATION

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

OVERVIEW

The Directors are responsible for the preparation and fair presentation of the Consolidated and Separate financial statements of Sameer Africa Plc set out on pages 24 to 105 which comprise the Consolidated and Company statements of financial position at 31 December 2020, Consolidated and Company statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

OUR BUSINESS

The Directors' responsibilities include: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the financial statements in the circumstances, preparation and presentation of 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 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 financial statements for each financial year which give a true and fair view of the financial position of the Group and 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 keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and Company.

OUR PERFORMANCE

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity 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 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.

GOVERNANCE

The Directors have made an assessment of the Group's and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not be a going concern for at least the next twelve months from the date of this statement.

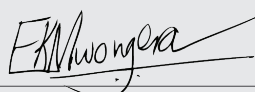
### Approval of the financial statements

The financial statements, as indicated above, were approved and authorised for issue by the board of directors on **8 April 2021**.

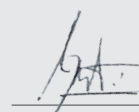
FINANCIAL STATEMENTS

SHAREHOLDERS INFORMATION

OTHER INFORMATION



Eng. Erastus Kabutu Mwongera  
FIEK, RCE, CBS  
**Chairman**



Peter Gitonga  
**Managing Director**

**Date: 8 April 2021**

## REPORT OF THE INDEPENDENT AUDITOR

### TO THE MEMBERS OF SAMEER AFRICA PLC



RSM Eastern Africa LLP  
Certified Public Accountants

#### Report on the audit of the consolidated and company financial statements

##### Opinion

We have audited the accompanying financial statements of Sameer Africa PLC ("the Company") and its subsidiaries (together, "the Group"), set out on pages 24 to 105, which comprise, for both the Group and the Company, the balance sheet as at 31st December 2020, the statement of profit and loss and other comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st December 2020 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of 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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (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.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Key audit matter	How the matter was addressed
Valuation and existence of trade and other receivables	<p>Trade and other receivables constitute a significant portion of the total assets of the Group and Company. The profile of the customers who constitute the trade receivables balance varies in character and risk. Amounts due from customers may be outstanding for long periods of time before being received by the Group and Company thus potentially exposing the Group and Company to impairment losses.</p> <p>The Group and Company has also to comply with IFRS 9 which involves significant judgement and estimates from management.</p> <p>Our procedures performed included the following:</p> <ul style="list-style-type: none"> <li>– Reviewed the expected credit loss (ECL) model for compliance with the principles of IFRS 9;</li> <li>– Tested the ageing of trade receivables, reviewing the data and assumptions made by management in arriving at the provisions;</li> <li>– Examined the historical recovery records and current credit status of customers; and</li> <li>– Performed alternative procedures where confirmations were not received by checking subsequent receipts from customers after the year end.</li> </ul>
Disclosure of fair value of investment property	<p>The Group had investment property as at 31 December 2020 for which the fair value disclosure is required.</p> <p>The valuation of investment property depends on certain key assumptions that require significant management judgement.</p> <p>Our procedures in relation to the key assumptions used in management's valuation of investment property held by the Group's included:</p> <ul style="list-style-type: none"> <li>– Evaluating the independent valuers' competence, capabilities and objectivity;</li> <li>– Obtaining the valuation reports;</li> <li>– Checking the accuracy of the input data, on a sample basis, used by the independent valuers including rental income, occupancy rates and risk margins by agreeing them back to management's records, invoices received or other supporting documentation including: key terms of lease agreements, rental income schedules; and prevailing market rents to leasing transactions of comparable properties.</li> </ul>

## REPORT OF THE INDEPENDENT AUDITOR

### TO THE MEMBERS OF SAMEER AFRICA PLC (Continued)

#### Auditor's responsibilities for the audit of the financial statements (Continued)

##### Other information

The directors are responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

##### Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group'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 or to cease operations, or have no realistic alternative but to do so.

##### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the 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 internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's 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 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 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 the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Group's 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 those charged with governance 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.

## REPORT OF THE INDEPENDENT AUDITOR

### TO THE MEMBERS OF SAMEER AFRICA PLC (Continued)

#### Auditor's responsibilities for the audit of the financial statements (Continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 other matters prescribed by the Kenyan Companies Act, 2015 (the Act)

In our opinion, the information given in the report of the directors on pages 12 and 13 is consistent with the financial statements; and the auditable part of the directors' remuneration report has been properly prepared in accordance with the Act.

The engagement partner responsible for the audit resulting in this independent auditor's report is FCPA Ashif Kassam, Practising Certificate No. 1126.

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



**8 April 2021.**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 KShs'000	2019 KShs'000
Revenue	8	757,488	1,757,353
Cost of sales	9 (b) (i)	(513,795)	(1,487,004)
<b>Gross profit</b>		<b>243,693</b>	<b>270,349</b>
Other operating income	9 (a)	37,859	15,691
Selling and distribution income/(costs)	9 (b) (ii)	42,704	( 198,149)
Administrative expenses	9 (b) (ii)	(140,356)	(403,921)
Other operating expenses	9 (b) (ii)	(20,367)	(274,067)
<b>Operating profit/(loss)</b>		<b>163,533</b>	<b>(590,097)</b>
Finance income	10	10,483	9,668
Finance costs	10	(118,778)	(95,229)
Share of profit of equity accounted investees (net of income tax)	18 (a)	16,497	15,135
<b>Profit/(loss) before income tax</b>		<b>71,735</b>	<b>(660,523)</b>
Income tax expense	11 (a)	(28,257)	(401,424)
<b>Profit/(loss) for the year</b>		<b>43,478</b>	<b>(1,061,947)</b>
<b>Other comprehensive income (net of tax)</b>			
<b>(a) Items that are or may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences for foreign operations		2,127	1,480
<b>Total other comprehensive income for the year</b>		<b>2,127</b>	<b>1,480</b>
<b>Total comprehensive profit/(loss) for the year</b>		<b>45,605</b>	<b>(1,060,467)</b>
<b>Earnings per share:</b>			
<b>Basic and diluted (KShs)</b>	12 (a)	<b>0.16</b>	<b>(3.82)</b>

The notes set out on pages 32 to 105 form an integral part of these financial statements.

**COMPANY STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 KShs'000	2019 KShs'000
Revenue	8	581,382	1,268,403
Cost of sales	9 (b) (i)	(411,085)	(1,069,243)
<b>Gross profit</b>		<b>170,297</b>	<b>199,160</b>
Other operating income	9 (a)	3,445	10,857
Selling and distribution costs	9 (b) (ii)	(222,212)	(96,136)
Administrative expenses	9 (b) (ii)	(117,479)	(273,124)
Other operating expenses	9 (b) (ii)	(20,120)	(122,515)
<b>Operating loss</b>		<b>(186,069)</b>	<b>(281,758)</b>
Finance income	10	125,127	7,318
Finance costs	10	(114,047)	(82,130)
<b>Loss before income tax</b>		<b>(174,989)</b>	<b>(356,570)</b>
Income tax expense	11 (a)	(18,811)	(340,505)
<b>Loss for the year</b>		<b>(193,800)</b>	<b>(697,075)</b>
<b>Other comprehensive income (net of tax)</b>			
<b>Total other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(193,800)</b>	<b>(697,075)</b>

The notes set out on pages 32 to 105 form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	2020 KShs '000	2019 KShs '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13 (a)	29,429	60,508
Investment properties	15 (a)	524,894	450,289
Prepaid operating lease rentals	16 (a)	338	342
Investment in associate	18	169,107	152,610
<b>Total non-current assets</b>		<b>723,768</b>	<b>663,749</b>
<b>Current assets</b>			
Inventories	19	2,375	419,779
Trade and other receivables	20	207,143	374,359
Current income tax	11 (c)	50,336	33,557
Cash and cash equivalents	21	63,533	39,403
<b>Total current assets</b>		<b>323,387</b>	<b>867,098</b>
<b>TOTAL ASSETS</b>		<b>1,047,155</b>	<b>1,530,847</b>
<b>EQUITY</b>			
Share capital	22 (a)	1,391,712	1,391,712
Accumulated losses	22 (b)	(1,104,892)	(1,148,370)
Translation reserve	22 (b)	(172,104)	(174,231)
<b>Total equity</b>		<b>114,716</b>	<b>69,111</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	23 (a)	708,588	455,218
Deferred income tax	24 (b)	5,263	5,263
<b>Total non-current liabilities</b>		<b>713,851</b>	<b>460,481</b>
<b>Current liabilities</b>			
Trade and other payables	25 (a)	181,522	586,576
Current income tax	11 (c)	1,416	-
Borrowings	23 (a)	35,620	414,679
<b>Total current liabilities</b>		<b>218,588</b>	<b>1,001,255</b>
<b>Total liabilities</b>		<b>932,439</b>	<b>1,461,736</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,047,155</b>	<b>1,530,847</b>

The financial statements on pages 24 to 105 were approved and authorised for issue by the Board of Directors on **8 April 2021**



**Eng. E.K. Mwongera**  
Chairman



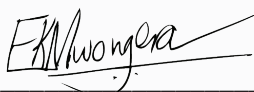
**Peter Gitonga**  
Managing Director

The notes set out on pages 32 to 105 form an integral part of these financial statements.

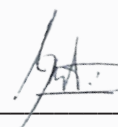
**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	2020 KShs '000	2019 KShs '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13 (a)	10,297	39,871
Investment properties	15 (a)	432,203	372,678
Prepaid operating lease rentals	16 (a)	338	342
Investment in subsidiaries	17	130,000	130,000
Investment in associate	18	137,026	137,026
<b>Total non-current assets</b>		<b>709,864</b>	<b>679,917</b>
<b>Current assets</b>			
Inventories	19	-	319,624
Trade and other receivables	20	198,036	534,275
Current income tax	11 (c)	11,924	6,920
Cash and cash equivalents	21	48,822	29,152
<b>Total current assets</b>		<b>258,782</b>	<b>889,971</b>
<b>TOTAL ASSETS</b>		<b>968,646</b>	<b>1,569,888</b>
<b>EQUITY</b>			
Share capital	22 (a)	1,391,712	1,391,712
Accumulated losses	22 (b)	(1,464,890)	(1,271,090)
<b>Total equity</b>		<b>(73,178)</b>	<b>120,622</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	23 (a)	708,588	455,218
<b>Total non-current liabilities</b>		<b>708,588</b>	<b>455,218</b>
<b>Current liabilities</b>			
Trade and other payables	25 (a)	297,616	579,369
Borrowings	23 (a)	35,620	414,679
<b>Total current liabilities</b>		<b>333,236</b>	<b>994,048</b>
<b>Total liabilities</b>		<b>1,041,824</b>	<b>1,449,266</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>968,646</b>	<b>1,569,888</b>

The financial statements on pages 24 to 105 were approved and authorised for issue by the Board of Directors on **8 April 2021**



**Eng. E.K. Mwongera**  
Chairman



**Peter Gitonga**  
Managing Director

The notes set out on pages 32 to 105 form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

2020	Share capital KShs'000	Retained earnings KShs'000	Translation reserve KShs'000	Total KShs'000
<b>At start of year</b>	1,391,712	(1,148,370)	( 174,231)	69,111
<b>Comprehensive income</b>				
<b>For the year</b>				
Profit for the year	-	43,478	-	43,478
Other comprehensive income	-	-	2,127	2,127
<b>Total comprehensive income</b>	-	43,478	2,127	45,605
<b>At end of year</b>	<b>1,391,712</b>	<b>(1,104,892)</b>	<b>(172,104)</b>	<b>114,716</b>
<b>2019</b>				
<b>At start of year</b>	1,391,712	(86,423)	(175,711)	1,129,578
<b>Comprehensive income</b>				
<b>For the year</b>				
Loss for the year	-	(1,061,947)	-	( 1,061,947)
Other comprehensive income	-	-	1,480	1,480
<b>Total comprehensive income</b>	-	(1,061,947)	1,480	(1,060,467)
<b>At end of year</b>	<b>1,391,712</b>	<b>(1,148,370)</b>	<b>( 174,231)</b>	<b>69,111</b>

The notes set out on pages 32 to 105 form an integral part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share capital KShs'000	Retained earnings KShs'000	Total KShs'000
<b>2020</b>			
At start of year	1,391,712	(1,271,090)	120,622
<b>Comprehensive income For the year</b>			
Loss for the year	-	(193,800)	(193,800)
<b>Total comprehensive income</b>	-	(193,800)	(193,800)
<b>At end of year</b>	<b>1,391,712</b>	<b>( 1,464,890)</b>	<b>(73,178)</b>
<b>2019</b>			
At start of year	1,391,712	(574,015)	817,697
<b>Comprehensive income For the year</b>			
Loss for the year	-	( 697,075)	( 697,075)
<b>Total comprehensive income</b>	-	(697,075)	(697,075)
<b>At end of year</b>	<b>1,391,712</b>	<b>(1,271,090)</b>	<b>120,622</b>

The notes set out on pages 32 to 105 form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 KShs'000	2019 KShs'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers	26	926,319	1,973,413
Cash payments for purchases	26	(288,695)	(1,002,085)
Cash payments for expenses	26	(328,642)	(748,799)
Cash generated from operating activities		308,982	222,529
Interest paid	10	(69,925)	(73,358)
Income tax paid	11(c)	(38,902)	(20,499)
<b>Net cash generated from operating activities</b>		<b>200,155</b>	<b>128,672</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	13 (a)	(22)	(7,745)
	15		
Additions to investment property	(a)	(45,596)	(34,817)
Proceeds from disposal of property, plant and equipment		-	5,296
<b>Net cash used in investing activities</b>		<b>(45,618)</b>	<b>(37,266)</b>
<b>Cash flows from financing activities</b>			
	23		
Proceeds from borrowings	(a)	288,990	455,218
	23		
Repayment of borrowings	(a)	-	(14,585)
<b>Net cash generated by financing activities</b>		<b>288,990</b>	<b>440,633</b>
<b>Increase in cash and cash equivalents</b>		<b>443,527</b>	<b>532,039</b>
<b>Movement in cash and cash equivalents:</b>			
At start of year		(375,276)	(913,362)
Increase in cash and cash equivalents		443,527	532,039
Effects of exchange movements on cash held		(4,718)	6,047
<b>At end of year</b>	21	<b>63,533</b>	<b>(375,276)</b>

The notes set out on pages 32 to 105 form an integral part of these financial statements.

**COMPANY STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 KShs'000	2019 KShs'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers	26	882,072	1,584,181
Cash payments for purchases	26	(232,650)	(945,321)
Cash payments for expenses	26	(503,244)	(386,329)
Cash generated from operating activities		146,178	252,531
Interest paid	10	(69,925)	(73,358)
Income tax paid	11(c)	(23,819)	(7,992)
<b>Net cash generated operating activities</b>		<b>52,434</b>	<b>171,181</b>
<b>Cash flows from investing activities</b>			
Dividends received	10	120,000	-
Purchase of property, plant and equipment	13(a)	-	(6,503)
Additions to investment property	15(a)	(27,075)	(34,467)
Proceeds from disposal of property, plant and equipment		-	1,668
<b>Net cash generated/(used in) investing activities</b>		<b>92,925</b>	<b>(39,302)</b>
<b>Cash flows from financing activities</b>			
Proceeds from long term borrowings	23(a)	288,990	455,218
Repayment of borrowings	23(a)	-	(14,585)
<b>Net cash generated by financing activities</b>		<b>288,990</b>	<b>440,633</b>
<b>Increase in cash and cash equivalents</b>		<b>434,349</b>	<b>572,512</b>
<b>Movement in cash and cash equivalents:</b>			
At start of year		( 385,527)	(958,039)
Increase in cash and cash equivalents		434,349	572,512
<b>At end of year</b>	21	<b>48,822</b>	<b>(385,527)</b>

The notes set out on pages 32 to 105 form an integral part of these financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

### **1. REPORTING ENTITY**

Sameer Africa Plc is a limited liability Company incorporated in Kenya under the Kenyan Companies Act 2015, and is domiciled in Kenya. The Consolidated financial statements of the company for the year ended 31 December 2020 comprise the company, its subsidiaries and associate (together referred to as the “Group”). The Group primarily is involved in the sourcing, importation and sale of tyres, tubes and flaps and letting of investment properties. The address of its registered office is as follows:

LR No. 12081/9  
Mombasa Road  
PO Box 30429 - 00100  
Nairobi

The Company’s shares are listed on the Nairobi Securities Exchange.

The Company’s parent Company is Sameer Investments Limited, a company incorporated in Kenya and which holds 72.48% of the company’s equity interest.

For Kenyan Companies Act 2015 reporting purposes, the balance sheet is represented in these financial statements by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income.

### **2. BASIS OF PREPARATION**

#### **(a) Statement of compliance**

The Consolidated and Separate financial statements (the financial statements) are prepared in accordance with and comply with International Financial Reporting Standards (IFRSs) and the Kenya Companies Act, 2015. Details of the Group’s and Company’s significant accounting policies are included in Note 3.

#### **(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except where mentioned.

#### **(c) Functional and presentation currency**

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in Kenya shillings (KShs), which is the Group’s and Company’s functional and presentation currency. All financial information presented in Kenya shillings (KShs) has been rounded to the nearest thousand, except where otherwise indicated.

#### **(d) Use of estimates and judgment**

In preparing these Consolidated and Separate financial statements, management has made judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**2. BASIS OF PREPARATION (Continued)**

**(d) Use of estimates and judgement (continued)**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

In particular, information about significant areas of estimation and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 7.

**3. SIGNIFICANT ACCOUNTING POLICIES**

Except for changes noted in Note 4, the Group has consistently applied the following accounting policies to all periods presented in these financial statements.

References to the Group's accounting policies apply equally to the Company unless otherwise specified.

**(a) Basis of Consolidation**

**(i) Subsidiaries**

Subsidiaries are investees controlled by the Group. The Group controls an investee 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.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the Consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred.

Investments in subsidiaries are accounted for at cost less impairment in the Separate financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group, and adjustments made where necessary.

**(ii) Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(a) Basis of consolidation (continued)**

**(iii) Loss of control**

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

**(iv) Interests in equity accounted investees**

The Group's interest in equity accounted investees, comprises its interest in an associate.

Associates are those entities in which the Group has between 20% and 50% of the voting rights and over which the Group exercises significant influence but which it does not control

Interests in the associate is accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the Consolidated financial statements includes the Group's share of profit or loss and other comprehensive income of the equity accounted investees until the date on which significant influence or joint control ceases.

Losses of an equity accounted investee in excess of the Group's interest in that entity are recognised only to the extent that the Group has incurred legal or constructive obligations to make payments on behalf of the investee.

Unrealised gains arising from transaction with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Investments in equity accounted investees are measured at cost less impairment loss in the Separate financial statements of the Company. They are initially recognised at cost which includes transaction costs.

**(b) Foreign currencies**

**(i) Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary assets and liabilities that are based on historical cost in a foreign currency are not retranslated.

**(b) Foreign currencies (continued)**

**(ii) Foreign operations**

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date.
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve.

**(c) Segment reporting**

Operating segments are identified on the basis of internal reports about components of the Group that are 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 and geographical lines and these are defined as the Group's reportable segments. The four business segments are Sourcing and Distribution, Regional Operations, Yana Tyre Centres and Property Rentals.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(d) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group and Company's activities. Net revenue is stated net of value-added tax (VAT), excise duty, returns, rebates and discounts and after eliminating sales within the Group.

Revenue is measured based on the consideration to which the Group and Company expects to be entitled in a contract with a customer. The Group and Company recognises revenue when it transfers control of a product or service to a customer.

The Group and Company recognises revenue in accordance with that core principle by applying the following five steps:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract;
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

#### **(e) Finance income and finance costs**

The Group's finance income and finance costs include:

- Interest income;
- Interest expense;
- Dividend income;
- Foreign currency exchange gain or loss on financial assets and financial liabilities;
- Impairment losses recognised on financial assets (other than trade receivables);
- Reclassification of net gains previously recognised in other comprehensive income.

Interest expense on borrowings is recognised in profit or loss using the effective interest rate unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalized to that asset.

Foreign exchange gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

#### **(f) Employee benefits**

##### **(i) Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(ii) Defined contribution plans**

The group and all its employees contribute to the respective National Social Security Funds in the countries in which the Group operates, which are defined contribution schemes.

The group and its employees also contribute to a retirement benefit scheme. The scheme is managed by an independent fund manager. The post-employment benefits received by an employee from the scheme are determined by the amount of contributions by the Group and the employee, together with investment returns arising from the contributions. In consequence, both the actuarial and investment risks fall, in substance, on the employee.

The group's contributions to the retirement benefit schemes are charged to the profit or loss in the year to which they relate. The group has no further obligation in respect of the retirement benefit scheme once the contributions have been paid.

**(f) Employee benefits (continued)**

**(iii) Termination benefits**

Termination benefits are recognised as an expense when the Group is demonstrably committed, without a 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 a restructuring or 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.

**(g) Taxation**

Income tax expense comprises both current tax and change in deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation. The current income tax charge is calculated on the basis of the tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A deferred tax asset is recognised only to the extent that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured using tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset and liability are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

OVERVIEW

OUR BUSINESS

OUR  
PERFORMANCE

GOVERNANCE

FINANCIAL  
STATEMENTSSHAREHOLDERS  
INFORMATIONOTHER  
INFORMATION

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Property, plant and equipment**

**(i) Recognition and measurement**

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Items of property, plant and equipment are initially recorded at cost and subsequently depreciated. After initial recognition, plant and equipment is carried at historical cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition or construction of the asset.

Where an item of property, plant and equipment is developed or constructed over a period of time, the costs attributable to the item are accumulated in a “capital work in progress” account until the item is commissioned and the cost transferred to the relevant class of property, plant and equipment. Assets under capital work in progress are not depreciated until they are commissioned or are put into active use and transferred to the relevant class of property, plant and equipment.

Assets still under development or construction at the reporting date are shown under “capital works in progress” in the notes to the financial statements. These are capitalised when ready for intended use.

**(ii) Reclassification to investment property**

When the use of a material part of property, or part thereof, changes from owner – occupied to investment property, the property is classified accordingly using the depreciated cost less impairment loss or a proportionate share of the depreciated cost less impairment loss in cases where only a portion of the property is transferred.

**(iii) Subsequent costs**

The cost of replacing a component of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

**(iv) Depreciation**

Depreciation of an item of property, plant and equipment begins when the item is available for use and continues being depreciated until it is derecognised.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. The annual rates of depreciation used are as follows:

Buildings	5-25 years
Tyre and tube molds and fittings	3 - 8 years
Computer equipment	3 years

**(h) Property, plant and equipment (Continued)**

**(iv) Depreciation (Continued)**

Vehicles	4 years
Furniture, fittings and equipment	8 years

The assets' residual values and useful lives are reviewed and adjusted as appropriate at each reporting date.

**(v) De-recognition**

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition is included in profit or loss. The gain or loss is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

**(i) Investment property**

Investment property is property held to earn rentals or for capital appreciation or both. Investment property, which can include right-of-use assets, is initially recognised at cost including the transaction costs. It is subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method to write down the cost of the property to its residual value over its estimated useful life. Gains or losses on disposal are recognised in profit or loss.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

**(j) Intangible assets – computer software**

Computer software development costs and the acquisition cost of software licenses are capitalized on the basis of the costs incurred to develop or acquire and bring to use the specific software. Software costs are capitalized only if the expenditure can be reliably measured, the product is technically and commercially viable, future economic benefits are probable and the Group intends to and has resources to complete development and use or sell the asset. Subsequent to initial recognition, software acquisition and development expenditure is carried at cost less accumulated amortisation and any accumulated impairment losses. Computer software development and acquisition costs are amortised on a straight line basis over 8 years.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Inventories**

Stores and supplies, and finished goods are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimate of the selling price in the ordinary course of business, less any costs of completion and selling expenses. If the purchase or production cost is higher than net realisable value, inventories are written down to net realisable value.

**(l) Financial instruments**

**(i) Classification**

The Group and Company classify financial instruments into the following categories:

- a. Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost.
- b. Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at fair value through other comprehensive income.
- c. All other financial assets are classified and measured at fair value through profit or loss.
- d. Notwithstanding the above, the Group and Company may:
  - i. on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it at fair value through other comprehensive income;
  - ii. on initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.
- e. Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The Company may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.
- f. All other financial liabilities are classified and measured at amortised cost.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial instruments held during the year were classified as follows:

- Trade and other receivables were classified as at amortised cost;
- Borrowings and trade and other liabilities were classified as at amortised cost.

**(ii) Recognition and initial measurement**

Financial assets and financial liabilities are recognised in the Group and Company's statement of financial position when the Group or Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**(iii) Classification and subsequent measurement**

The Group and Company classify their financial assets in the following categories; amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The classification of financial assets and their subsequent accounting will be determined by the application of dual tests examining the contractual cash flow characteristics of the financial instruments and the Group's business model for managing the assets.

Financial assets may be held at amortised cost only where both:

- the asset is held in a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that consist solely of principal and interest on the outstanding principal.

**(iv) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(v) Impairment of financial assets**

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVOCI, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

**(v) Impairment of financial assets (Continued)**

For financial assets carried at amortised cost (including loans and other receivables such as trade debtors), impairment losses are recognised under the “expected loss model”, building up a debtors’ provision / allowance account against credit losses over the life of the financial asset (including an estimate of initial credit risk).

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

**(vi) Derecognition of financial assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**(m) Leases**

**(i) Leases under which the Group is the lessee**

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Company recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Company is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used.

For leases that contain non-lease components, the Group allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) Leases (Continued)**

**(i) Leases under which the Group is the lessee (Continued)**

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

Leasehold land and buildings are subsequently carried at revalued amounts, based on annual/triennial valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. All other right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the Company at the end of the lease term, the estimated useful life would not exceed the lease term.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the profit and loss account. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation surplus reserve to retained earnings.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

**(ii) Leases under which the Group is the lessor**

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments received under operating leases are recognised as income in the profit and loss account on a straight-line basis over the lease term. The Group has not entered into any finance leases.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) Provisions**

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

- (i) Restructuring: A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating losses are not provided for.

**(o) Fair value measurement**

'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 in the principal or, in its absence, the most advantageous market to which the group has access at that date. The fair value of a liability reflects its non-performance risk.

The group measures the fair value of an instrument using the quoted price, if one is available, in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(p) Fair value measurement (Continued)**

Transfers between levels of the fair value hierarchy are recognised by the Group at the end of the reporting period during which the change occurred.

**(q) Dividends**

Dividends are recognised as a liability in the period in which they are declared. Proposed dividends are not recognised until they have been declared at an annual general meeting.

**(r) Share capital**

Ordinary shares are classified as 'share capital' in equity. Equity instruments issued by a Group entity are recognised at the value of proceeds received, net of direct issue costs. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a reduction from equity.

**(s) Earnings per share**

The Group 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**4. NEW STANDARDS, AMENDMENT AND INTERPRETATIONS**

**(a) New standards, amendments and interpretations effective and adopted during the year**

Three Amendments to standards became effective for the first time in the financial year beginning 1st January 2020 and have been adopted by the Group. None of the Amendments has had an effect on the Group's financial statements.

**(b) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2020**

The Group has not applied any of the new or revised Standards and Interpretations that have been published but are not yet effective for the year beginning 1st January 2020, and the Directors do not plan to apply any of them until they become effective. Note 34 lists all such new or revised standards and interpretations, with their effective dates, none of which is expected to have a significant impact on the Group's financial statements in the period of initial application.

- i. Amendments to IFRS 16 titled Covid-19 Related Rent Concessions (issued in May 2020). The amendments, applicable to annual periods beginning on or after 1 June 2020.
- ii. Amendments to IAS 37 titled Onerous Contracts - Cost of Fulfilling a Contract (issued in May 2020). They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022.
- iii. Amendment to IFRS 1 titled Subsidiary as a First-time Adopter (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020). The amendment, applicable to annual periods beginning on or after 1 January 2022.
- iv. Amendment to IFRS 9 titled Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020). The amendment, applicable to annual periods beginning on or after 1 January 2022.
- v. Amendment to IFRS 9 titled Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020). The amendment, applicable to annual periods beginning on or after 1 January 2022.
- vi. Amendment to IAS 41 titled Taxation in Fair Value Measurements (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020). The amendment, applicable to annual periods beginning on or after 1 January 2022.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT**

**Overview**

The Group's activities expose it to a variety of financial risks including credit, liquidity and market risks. The Group's overall risk management policies are set out by the board and implemented by the management, and focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on the Group's performance by setting acceptable levels of risk. The Group does not hedge against any risks.

**(a) Credit risk and expected credit losses**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a group-wide basis.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings.

***Trade and other receivables***

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting a credit limit and credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

In assessing whether the credit risk on a financial asset has increased significantly, the Group compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Group considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purposes default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that default does not occur later than when a financial asset is 90 days past due.

If the Group does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the Company groups financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument
- industry in which the debtor operates
- nature of collateral

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)**

**(a) Credit risk and expected credit losses (Continued)**

*Trade and other receivables (continued)*

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 include observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

**(i) Group**

	Basis for measurement of loss allowance				
	12-month expected credit losses	Lifetime expected credit losses (see note below)			Total
	KSh'000	(a) KSh'000	(b) KSh'000	(c) KSh'000	
<b>At 31st December 2020</b>					
Trade receivables	-	-	-	248,723	248,723
Other receivables	108,569	-	-	-	108,569
Cash at bank	63,533	-	-	-	63,533
<b>Gross carrying amount</b>	<b>172,102</b>	<b>-</b>	<b>-</b>	<b>248,723</b>	<b>420,825</b>
Loss allowance	(5,787)	-	-	(158,120)	(158,120)
<b>Exposure to credit risk</b>	<b>166,315</b>	<b>-</b>	<b>-</b>	<b>90,603</b>	<b>256,918</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)**

**(a) Credit risk and expected credit losses (Continued)**

**i) Group (continued)**

	Basis for measurement of loss allowance				
	12-month expected credit losses	Lifetime expected credit losses (see note below)			
	(a)	(b)	(c)	Total	
	KSh'000	KSh'000	KSh'000	KSh'000	KSh'000
<b>At 31st December 2019</b>					
Trade receivables	-	-	-	523,303	523,303
Other receivables	65,070	-	-	-	65,070
Cash at bank	39,403	-	-	-	39,403
<b>Gross carrying amount</b>	<b>104,473</b>	-	-	<b>523,303</b>	<b>627,776</b>
Loss allowance	-	-	-	(247,734)	(247,734)
<b>Exposure to credit risk</b>	<b>104,473</b>	-	-	<b>275,569</b>	<b>380,042</b>

**(ii) Company**

	Basis for measurement of loss allowance				
	12-month expected credit losses	Lifetime expected credit losses (see note below)			
	(a)	(b)	(c)	Total	
	KSh'000	KSh'000	KSh'000	KSh'000	KSh'000
<b>At 31st December 2020</b>					
Trade receivables	-	-	-	89,484	89,484
Amount due from subsidiaries	-	-	364,131	-	364,131
Other receivables	44,211	-	-	-	44,211
Cash at bank	48,822	-	-	-	48,822
<b>Gross carrying amount</b>	<b>93,033</b>	-	<b>364,131</b>	<b>89,484</b>	<b>546,648</b>
Loss allowance	(4,777)	-	(253,127)	(51,786)	(309,690)
<b>Exposure to credit risk</b>	<b>88,256</b>	-	<b>111,004</b>	<b>37,698</b>	<b>236,958</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)**

**(a) Credit risk and expected credit losses (Continued)**

**(ii) Company  
(continued)**

	Basis for measurement of loss allowance				
	12-month expected credit losses	Lifetime expected credit losses (see note below)			
	KSh'000	(a) KSh'000	(b) KSh'000	(c) KSh'000	Total KSh'000
<b>At 31st December 2019</b>					
Trade receivables	-	-	-	325,135	325,135
Amount due from subsidiaries	290,078	-	-	-	290,078
Other receivables	8,561	-	-	-	8,561
Cash at bank	29,152	-	-	-	29,152
<b>Gross carrying amount</b>	<b>327,791</b>	<b>-</b>	<b>-</b>	<b>325,135</b>	<b>652,926</b>
Loss allowance	-	-	-	(111,209)	(111,209)
<b>Exposure to credit risk</b>	<b>327,791</b>	<b>-</b>	<b>-</b>	<b>213,926</b>	<b>541,717</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)**

**(a) Credit risk and expected credit losses (Continued)**

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

- (a) financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired;
- (b) financial assets that are credit impaired at the balance sheet date;
- © trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

The age analysis of the trade receivables at the end of each year was as follows:

	Group		Company	
	2020 KShs '000	2019 KShs '000	2020 KShs '000	2019 KShs '000
<b>Not past due</b>	<b>9,205</b>	<b>105,823</b>	<b>13,420</b>	<b>87,053</b>
Past due				
:by 31 to 60 days	20,264	91,214	15,188	75,099
:by 61 to 90 days	9,869	59,535	4,116	49,145
:by 91 to 180 days	51,265	18,997	4,974	2,629
:over 181 days	-	-	-	-
<b>Total past due</b>	<b>81,398</b>	<b>169,746</b>	<b>24,278</b>	<b>126,873</b>
<b>Net trade receivables</b>	<b>90,603</b>	<b>275,569</b>	<b>37,698</b>	<b>213,926</b>
<b>Loss allowance</b>	<b>158,120</b>	<b>247,734</b>	<b>51,786</b>	<b>111,209</b>
<b>Total trade receivables</b>	<b>248,723</b>	<b>523,303</b>	<b>89,484</b>	<b>325,135</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES (Continued)**

**(a) Credit risk and expected credit losses (Continued)**

The changes in the loss allowance during the year were as follows:

(i)	Group	Basis for measurement of loss allowance				Total KSh'000
		12-month expected credit losses  KSh'000	Lifetime expected credit losses (see note above)			
			(a)	(b)	(c)	
			KSh'000	KSh'000	KSh'000	
<b>Year ended 31st December 2020</b>						
At start of year		-	-	-	247,734	247,734
The changes in the loss allowance during the year were as follows:						
Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses		5,787	-	-	(89,614)	(83,827)
<b>At end of year</b>		<b>5,787</b>	<b>-</b>	<b>-</b>	<b>158,120</b>	<b>163,907</b>
<b>Year ended 31st December 2019</b>						
At start of year		10,062	-	-	204,944	215,006
The changes in the loss allowance during the year were as follows:						
Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses		-	-	-	42,790	42,790
Changes because of financial assets that were written off during the year						
Other changes		(10,062)	-	-	-	(10,062)
<b>At end of year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>247,73</b>	<b>247,734</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**5. FINANCIAL INSTRUMENTS - RISK MANAGEMEN (CONTINUED)**

**(a) Credit risk and expected credit losses (Continued)**

The changes in the loss allowance during the year were as follows:

(ii)	Company	Basis for measurement of loss allowance				Total KSh'000
		12-month expected credit losses	Lifetime expected credit losses (see note above)			
		KSh'000	(a) KSh'000	(b) KSh'000	(c) KSh'000	
<b>Year ended 31st December 2020</b>						
	At start of year		-	-	111,209	111,209
	Changes arising from whether the loss allowance is measured at an amount equal to 12- month or lifetime expected credit losses	4,777		253,127	(59,423)	198,481
	<b>At end of year</b>	<b>4,777</b>	<b>-</b>	<b>253,12</b>	<b>51,786</b>	<b>304,690</b>
<b>Year ended 31st December 2019</b>						
	At start of year	-	-	-	82,091	82,091
	Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses	-	-	-	29,118	29,118
	<b>At end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>111,209</b>	<b>111,209</b>

The Company does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due receivables.

**(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. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group also monitors the level of expected cash flows from trade and other receivables together with expected cash outflows on trade and other payables.

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include expected interest payments.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

### 5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES (Continued)

#### (b) Liquidity risk (continued)

(i) Group	Carrying amount	1 - 3 months	3 months - 1 year	1-3 years	Total
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
<b>31 December 2020:</b>					
<b>Non - derivative financial liabilities</b>					
Borrowing (Note 23 (a))	744,208	6,365	29,255	708,588	744,208
Trade and other payables (Note 25 (a))	181,552	181,552	-	-	181,552
<b>At 31 December 2020</b>	<b>925,760</b>	<b>187,917</b>	<b>29,255</b>	<b>708,588</b>	<b>925,760</b>

#### 31 December 2019:

<b>Non - derivative financial liabilities</b>					
Short term facilities (Note 23 (a))	414,679	216,442	198,237	-	414,679
Long term loan (Note 23 (a))	455,218	-	-	455,218	455,218
Trade and other payables (Note 25 (a))	586,576	586,576	-	-	586,576
<b>At 31 December 2019</b>	<b>1,456,473</b>	<b>803,018</b>	<b>198,238</b>	<b>455,218</b>	<b>1,456,473</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES (Continued)**

**(b) Liquidity risk (continued)**

(ii) Company	Carrying amount KShs '000	1 - 3 months KShs '000	3 months - 1 year KShs '000	1-3 years KShs '000	Total KShs '000
<b>31 December 2020:</b>					
<b>Non - derivative financial liabilities</b>					
Borrowings (Note 23 (a))	744,208	6,365	29,255	708,588	744,208
Trade and other payables (Note 25 (a))	297,616	297,616	-	-	297,616
<b>At 31 December 2020</b>	<b>1,041,824</b>	<b>303,981</b>	<b>29,255</b>	<b>708,588</b>	<b>1,041,824</b>
<b>31 December 2019:</b>					
<b>Non - derivative financial liabilities</b>					
Short term facilities (Note 23 (a))	414,679	216,442	198,237	-	414,679
Long term loan (Note 23 (a))	455,218	-	-	455,218	455,218
Trade and other payables (Note 25 (a))	579,369	579,369	-	-	579,369
<b>At 31 December 2019</b>	<b>1,449,266</b>	<b>795,811</b>	<b>198,237</b>	<b>455,218</b>	<b>1,449,266</b>

5. **FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES (Continued)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**(c) Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange and interest rates will affect the Group's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

**(i) Foreign exchange risk - Group exchange risk from recognised financial assets and liabilities**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from recognised foreign currency assets and liabilities and net investments in foreign operations.

**Exposure to currency risk**

The summary quantitative data about the Group and Company's exposure to currency risk as reported to the management of the Group is as follows; (amounts in KShs '000)

**Financial instruments**

	31 DECEMBER 2020					31 DECEMBER 2019				
	USD	TZS	UGX	BIF		USD	TZS	UGX	BIF	
<b>Financial assets</b>										
Cash and cash equivalents	7,276	9,083	1,601	394		2,128	11	2,098	5,885	
Trade receivables	18,283	56,855	10,004	38,827		18,078	76,287	41,740	39,937	
	<b>25,559</b>	<b>65,938</b>	<b>11,606</b>	<b>39,221</b>		<b>20,206</b>	<b>76,298</b>	<b>43,838</b>	<b>45,822</b>	
<b>Financial liabilities</b>										
Long term facilities	(744,208)	-	-	-		(455,218)	-	-	-	
Short term facilities	-	-	-	-		(333,831)	-	-	-	
Trade and other payables	15,443	(2,068)	(141)	(2,595)		(38,989)	(13,383)	(773)	(603)	
	<b>(728,765)</b>	<b>(2,068)</b>	<b>(141)</b>	<b>(2,595)</b>		<b>(828,038)</b>	<b>(13,383)</b>	<b>(773)</b>	<b>(603)</b>	
<b>Net financial exposure</b>	<b>(703,206)</b>	<b>63,870</b>	<b>11,465</b>	<b>36,626</b>		<b>(807,831)</b>	<b>62,915</b>	<b>43,065</b>	<b>45,219</b>	

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES (Continued)**

**(c) Market risk (continued)**

**(i) Foreign exchange risk (continued)**

The following significant exchange rates have been applied during the year.

	Average rate		Year-end spot rate	
	2020	2019	2020	2019
USD	106.6301	102.1550	109.2850	101.3365
TZS	0.0471	0.0441	0.0461	0.0443
UGX	0.0297	0.0276	0.0286	0.0276
BIF	0.0563	0.0539	0.0557	0.0556

**Sensitivity analysis**

A reasonably possible strengthening or (weakening) of the key currencies against the Kenya shilling, would have affected the measurement of financial instruments denominated in foreign currency and affected the profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant and ignores the impact of forecast sales and purchases.

Effect in KShs '000		Profit or loss/equity	
		Strengthening	Weakening
<b>31 December 2020</b>			
Currency	% movement		
USD	3%	(21,096)	21,096
TSH	10%	6,387	(6,387)
UGX	5%	573	(573)
BIF	3%	1,099	(1,099)
<b>31 December 2019</b>			
USD	3%	(24,235)	24,235
TSH	10%	6,292	(6,292)
UGX	5%	2,153	(2,153)
BIF	3%	1,357	(1,357)

The Group does not hold any derivative financial instruments or financial assets measured at fair value through other comprehensive income. All exchange gains and losses arising from exposure to foreign exchange risks on its non-derivative financial instruments, are charged to profit or loss. The above sensitivity analysis would therefore have no direct effect on equity.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES (Continued)**

**(c) Market risk (continued)**

**(i) Foreign exchange risk (continued)**

***Exchange risk from net investments in foreign operations***

The Group has subsidiaries in Uganda, Burundi and Tanzania. Therefore, the net investments in these subsidiaries are exposed to foreign exchange risk upon consolidation of the financial statements and any losses/ (gains) are charged / (credited) to other comprehensive income. The effect of changes in the exchange rates as at 31 December 2020 would have had on the translation reserve are shown below:

**Uganda**

At 31 December 2020, if the Ugandan Shilling had weakened/strengthened by 5% (2019 – 5%) against the Kenyan Shilling with all other variables held constant, the net (charge)/credit to the other comprehensive income would have been KShs 3,402,895 (2019 – KShs 2,338,329) higher/lower.

**Burundi**

At 31 December 2020, if the Burundi Franc had weakened/strengthened by 3% (2019 – 3%) against the Kenyan Shilling with all other variables held constant, the net (charge)/credit to other comprehensive income would have been KShs 165,254 (2019 – KShs 873,502) higher/lower.

**Tanzania**

At 31 December 2020, if the Tanzanian Shilling had weakened/strengthened by 10% (2019 – 10%) against the Kenyan Shilling with all other variables held constant, the net (charge)/credit to other comprehensive income would have been KShs 1,194,424 (2019 – KShs 1,477,749) higher/lower.

***Company exchange risk from recognised financial assets and liabilities***

At 31 December 2020, if the Kenya Shilling had weakened/strengthened by 3% against the US dollar with all other variables held constant, company profit for the year would have been KShs 21,096,171 (2019 – KShs 24,234,933) higher/lower, mainly as a result of US dollar denominated financial instruments.

The company does not hold any derivative financial instruments or financial assets measured at fair value through other comprehensive income. All exchange gains and losses arising from exposure to foreign exchange risks on its non-derivative financial instruments, are charged to profit or loss. The above sensitivity analysis would therefore have no direct effect on equity.

**(ii) Interest rate risk**

The Group also has borrowings at fixed rates. No limits are placed on the ratio of variable rate borrowing to fixed rate borrowing

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES (Continued)**

**(c) Market risk (continued)**

**(ii) Interest rate risk (continued)**

***Exposure to interest rate risk***

The interest rate profile of the Group's and Company's fixed interest-bearing financial instruments as reported to management of the Group is as follows;

	Group		Company	
	2020 KShs '000	2019 KShs '000	2020 KShs '000	2019 KShs '000
<b><i>Fixed rate instruments</i></b>				
Financial liabilities (Note 23 (a))	(744,208)	(869,897)	(744,208)	(869,897)
<b>Exposure</b>	<b>(744,208)</b>	<b>(869,897)</b>	<b>(744,208)</b>	<b>(869,897)</b>

Financial liabilities relate to borrowings.

***Fair value sensitivity analysis on fixed rate instruments***

The Group does not account for its fixed-rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would have no effect on profit or loss or equity.

**(d) Capital management**

The board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or adjust the amount of capital expenditure. The Group monitors capital on the basis of the debt-to-adjusted capital ratio, calculated as net debt to capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of equity (i.e. share capital, retained earnings, and other reserves).

The director's target is to maintain a gearing ratio not exceeding 10% for the Group and 20% for the company.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES (Continued)**

**(d) Capital management (continued)**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>KShs '000</b>	<b>KShs '000</b>	<b>KShs '000</b>	<b>KShs '000</b>
Total borrowings (Note 23)	744,208	869,897	744,208	869,897
Less: Cash and cash equivalents (Note 21)	(63,533)	(39,403)	(48,822)	(29,152)
Net debt	680,675	830,354	695,386	840,745
Total equity	114,716	69,111	(73,178)	120,622
<b>Total capital</b>	<b>795,391</b>	<b>899,605</b>	<b>622,208</b>	<b>961,367</b>
<b>Gearing ratio</b>	<b>85.58%</b>	<b>92.30%</b>	<b>111.76%</b>	<b>87.45%</b>

**(e) Fair values**

None of the Group's financial instruments are measured at fair value. The Group has not disclosed fair values for financial instruments not measured at fair value, such as short-term trade receivables and payables and borrowings, because their carrying amounts are a reasonable estimation of their fair values.

**6. OPERATING SEGMENTS**

**(a) Basis of segmentation**

The Group identifies primary segments based on the dominant source, nature of risks and returns, geographical distribution and internal organization and management structure. The operating segments are the segments for which Separate financial information is available and for which operating profit /(loss) is evaluated regularly by the Managing Director and Executive management in deciding how to allocate resources and assess performance.

The following summary describes the operations of each segment.

<b>Reportable segment</b>	<b>Operations</b>
Sourcing and distribution	Sourcing, buying and distribution of tyres, tubes and flaps
Regional operations	Buying and distribution of tyres, tubes and flaps in the Eastern Africa Region
Yana Tyre Centre	Retailing of tyres, tubes and flaps and provision of tyre related services
Rental business	Letting of investment properties

There is a significant level of integration between the distribution, regional operations and Yana Tyre Centre segments. This includes inter segment sales of products as well as shared marketing and sales services. Inter-segment pricing is determined on an arm's length basis.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**6. OPERATING SEGMENTS (Continued)**

**(b) Information about reportable segments**

Information related to each reportable segment is set out below. Segment profit/(loss) after tax is used to measure performance because management believes that this information is the most relevant in evaluating results of the respective segments relative to other entities in similar operations.

	Reportable segments									
	Sourcing & distribution		Regional operations		Yana Tyre centres		Rental business		Total	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
External revenues	345,562	833,074	26,517	281,528	96,449	378,596	288,961	264,155	757,488	1,757,353
Inter-segment revenues	9,083	217,851	-	-	-	-	-	-	9,083	217,851
<b>Segment revenue</b>	<b>354,645</b>	<b>1,050,925</b>	<b>26,517</b>	<b>281,528</b>	<b>96,449</b>	<b>378,596</b>	<b>288,961</b>	<b>264,155</b>	<b>766,571</b>	<b>1,975,204</b>
Segment (loss)/profit before tax	(211,302)	(419,527)	39,769	(155,859)	22,246	(200,516)	118,443	97,686	(30,844)	(678,217)
Income tax	-	(327,203)	(6,492)	(2,140)	-	(43,261)	(21,765)	(28,820)	(28,257)	(401,424)
<b>Segment profit after tax</b>	<b>(211,302)</b>	<b>(746,730)</b>	<b>33,277</b>	<b>(158,000)</b>	<b>22,246</b>	<b>(243,777)</b>	<b>96,678</b>	<b>68,866</b>	<b>(59,101)</b>	<b>(1,079,641)</b>
Dividend earned	120,000	-	-	-	-	-	-	-	120,000	-
Interest expense	(69,925)	(73,358)	-	-	-	-	-	-	(69,925)	73,358
Depreciation and amortisation	(471)	(50,811)	-	(7,059)	(921)	(27,203)	(8,982)	(14,113)	(10,374)	(99,186)
Share of profit from equity accounted investees	16,497	15,135	-	-	-	-	-	-	16,497	15,135
<b>Segment assets</b>	<b>553,463</b>	<b>1,219,298</b>	<b>74,907</b>	<b>150,207</b>	<b>32,693</b>	<b>109,782</b>	<b>781,884</b>	<b>773,491</b>	<b>1,442,947</b>	<b>2,252,777</b>
Equity accounted investees	169,10	152,610	-	-	-	-	-	-	169,107	152,610
Capital expenditure	-	(6,053)	-	(235)	-	(83)	(45,617)	(35,742)	(45,617)	(42,563)
<b>Segment liabilities</b>	<b>(1,053,238)</b>	<b>(1,460,680)</b>	<b>(67,946)</b>	<b>(174,468)</b>	<b>(234,770)</b>	<b>(334,102)</b>	<b>(145,381)</b>	<b>(98,161)</b>	<b>(1,501,335)</b>	<b>(2,067,411)</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**6. OPERATING SEGMENTS (Continued)**

**(c) Reconciliation of information on reportable segments to IFRS measures**

The Group's internal accounting policies and measures are consistent with IFRS. Therefore, the reconciling items are limited to items that are not allocated to reportable segments and inter-segment eliminations, as opposed to a difference in the basis of preparation of the information.

	<b>2020</b> <b>KShs'000</b>	<b>2019</b> <b>KShs'000</b>
<b>(i) Revenues</b>		
Total revenues for reportable segments	766,571	1,975,204
Elimination of intersegment revenues	(9,083)	(217,851)
<b>Consolidated revenue</b>	<b>757,488</b>	<b>1,757,353</b>
<b>(ii) Profit/(loss) before tax</b>		
Segments loss before tax	(30,844)	(678,217)
Provision due from subsidiaries	253,127	-
Share of profit on equity accounted investee	16,497	15,135
Elimination of intersegment expenses	(170,000)	-
Inter-segment unrealised profits	2,955	2,559
<b>Consolidated loss before tax</b>	<b>71,735</b>	<b>(660,523)</b>
<b>(iii) Assets</b>		
Total segment assets	1,442,947	2,252,777
Elimination of inter-segment;		
- Net unrealised profits on inventories	-	(2,955)
- Receivables	(284,210)	(574,117)
- Intercompany provisions	-	-
Investment in subsidiaries	(194,000)	(194,000)
Share of profit/(loss) of equity accounted investees	32,082	15,585
<b>Consolidated total assets</b>	<b>996,819</b>	<b>1,497,290</b>
<b>(iv) Liabilities</b>		
Total segment liabilities	1,501,335	2,067,411
Elimination of inter-segment payables	(574,159)	(610,938)
<b>Consolidated total liabilities</b>	<b>927,176</b>	<b>1,456,473</b>

Segment assets and liabilities exclude current and deferred taxes

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**6. OPERATING SEGMENTS (Continued)**

**(d) Geographic information**

The Group operates in various markets within the greater Eastern and Southern Africa markets. The sourcing plant is domiciled in Kenya with other markets involved in distribution, retail and trading. The geographic information below analyses the Group's revenues and non-current assets by the country of domicile and other countries. In preparing the following information, segment revenue has been based on geographic location of customers and segment non-current assets were based on the geographic location of the assets. Non-current assets exclude financial instruments, employee benefits assets and deferred tax assets.

	<b>2020</b>	<b>2019</b>
	<b>KShs'000</b>	<b>KShs'000</b>
<b>(i) Revenues</b>		
<i>Country of domicile</i>		
Kenya	592,052	1,050,552
<i>All foreign countries</i>		
Uganda	19,278	103,383
Tanzania	4,270	144,364
Burundi	2,969	31,103
Others	138,919	427,951
<b>Consolidated revenue</b>	<b>757,488</b>	<b>1,757,353</b>
<b>(ii) Non-current assets</b>		
<i>Country of domicile</i>		
Kenya	723,768	633,749
<i>All foreign countries</i>		
Uganda	-	-
Tanzania	-	-
Burundi	-	-
<b>Consolidated total non-current assets</b>	<b>723,768</b>	<b>663,749</b>

**(e) Major customer**

The Group and its entities do not place reliance on any particular customer for its operations. None of the Group's individual customers transacts revenues of 10% or more of the Group's turnover.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

**(a) Critical accounting estimates and assumptions**

In preparing the annual financial statements management is required to make estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. Use of available information and application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant estimates and judgements include:

— ***Impairment***

The Group assesses its trade receivables and other financial and non-financial assets for impairment at each reporting date. In determining whether an impairment loss should be recorded in the profit or loss, the Group makes assumptions underlying recoverable amounts as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the asset.

— ***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 a framework with respect to measurement of fair values.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the team assesses the evidence obtained from third parties to support the conclusion that such valuations meet the requirements of IFRS including the fair value hierarchy in which such valuation should be classified.

— ***Taxation***

Judgement is required in determining the liability for income taxes due to the complexity of tax legislations. There are many transactions and calculations for which ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax liability in the period in which such determination is made.

The company recognises the net future tax benefit relating to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the reporting date could be impacted.

— ***Useful lives and residual values of property, plant and equipment***

The company tests annually whether the useful life and residual value estimates were appropriate and in accordance with its accounting policy. Useful lives and

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

residual values of property and equipment have been determined based on previous experience and anticipated disposal values when the assets are disposed.

**7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)**

**(a) Critical accounting estimates and assumptions (Continued)**

— **Investment property**

Critical estimates are made by the directors in determining depreciation rates for investment property.

**(b) Critical judgements in applying the Group's accounting policies**

In the process of applying the Group's accounting policies, management has made judgements which are noted in the following notes:

- (i) Note 3 (a): Basis of consolidation – whether the Group has de facto control over an investee;
- (ii) Note 24: Deferred tax – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used.

**8. REVENUE**

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Sales of manufactured goods	54,175	116,893	20,594	36,624
Sales of imported goods	411,292	1,357,252	315,609	1,019,298
Rendering of services	6,112	25,801	946	4,706
Discounts, claims and warranties	(3,052)	(9,426)	(2,257)	(7,024)
Investment property rentals (Note 15(b))	288,961	266,833	246,490	214,799
	<b>757,488</b>	<b>1,757,353</b>	<b>581,382</b>	<b>1,268,403</b>

**9. OTHER OPERATING INCOME AND EXPENSES**

**(a) Other operating income**

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Gain on sale of property plant and equipment	-	5,297	-	1,668
Other income	37,859	10,394	3,445	9,189
	<b>37,859</b>	<b>15,691</b>	<b>3,445</b>	<b>10,857</b>

Other income includes income from the sale of impaired assets and scrap materials.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**9. OTHER OPERATING INCOME AND EXPENSES (Continued)**

**(b) Expenses by function**

**(i) Cost of sales**

	Group		Company	
Prime costs	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Changes in inventories of finished goods	5,822	16,209	5,822	16,209
	<b>5,822</b>	<b>16,209</b>	<b>5,822</b>	<b>16,209</b>
<b>Sourcing and distribution overheads</b>				
Indirect labour	6,002	14,190	6,002	14,021
Depreciation and amortisation	8,372	70,524	4,931	52,993
Consumables	310	1,206	304	1,206
Transport and insurance	391	864	391	864
Others	113	(533)	113	(533)
	<b>15,188</b>	<b>86,231</b>	<b>11,741</b>	<b>68,531</b>
Cost of imported trading goods sold	319,369	1,384,564	228,722	984,503
Write down of inventories	173,416	-	164,800	-
<b>Total cost of sales</b>	<b>513,795</b>	<b>1,487,004</b>	<b>411,085</b>	<b>1,069,243</b>

**(ii) Operating expenses**

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
<b>Selling and distribution costs</b>				
Distribution costs	10,415	26,400	8,182	21,444
Selling expenses	32,157	110,723	14,455	32,607
Trade receivables loss allowance	( 83,827)	42,790	198,481	29,119
Marketing and sales promotions	( 1,449)	18,236	1,094	12,966
	<b>(42,704)</b>	<b>198,149</b>	<b>222,212</b>	<b>96,136</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**9. OTHER OPERATING INCOME AND EXPENSES (Continued)**

**(b) Expenses by function (continued)**

**(ii) Operating expenses - continued**

**Administrative expenses**

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Indirect staff costs	99,472	337,033	83,194	232,737
Other administrative expenses	40,884	66,888	34,285	40,387
	<b>140,356</b>	<b>403,921</b>	<b>117,479</b>	<b>273,124</b>
Legal & professional fees	8,973	67,650	5,246	56,577
Travel and vehicle maintenance	3,784	18,915	2,412	14,455
Establishment expenses	( 393)	173,017	4,996	39,543
Impairment allowance on cash and cash equivalents	-	(10,062)	-	-
Bank charges and fees	8,003	24,547	7,466	11,940
	<b>20,367</b>	<b>274,067</b>	<b>20,120</b>	<b>122,515</b>
<b>Total operating expenses</b>	<b>118,019</b>	<b>876,137</b>	<b>359,811</b>	<b>491,775</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**9. OTHER OPERATING INCOME AND EXPENSES (Continued)**

**(c) Expenses by nature**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
Changes in inventories of finished goods	5,822	16,209	5,822	16,209
Cost of imported trading goods sold	492,785	1,384,564	393,522	984,503
Employee benefits expense (Note 9 (d))	105,034	350,811	88,879	246,421
Audit fees	3,462	3,646	1,600	1,450
Bank charges	8,003	14,345	7,466	11,940
Consumables	304	1,206	304	1,206
Depreciation and amortisation	10,374	99,186	5,406	61,166
General expenses	3,282	22,109	2,573	6,835
Legal and professional fees	(7,742)	51,802	(6,873)	46,904
Advertising and promotions	(1,447)	18,422	1,096	12,990
Electricity, water and fuel	44,839	19,169	39,927	11,232
Repairs and Maintenance	(13,529)	177,561	(6,728)	61,491
Trade receivables loss allowance	(83,827)	42,790	198,481	29,119
Sales commissions and bonuses	7,368	6,127	7,368	3,833
Rent and rates	23,242	76,963	6,302	8,233
Telephone and postage	4,730	8,998	3,973	5,891
Transport, travelling and insurance	29,113	69,233	21,778	51,596
<b>Total cost of sales, selling and distribution, administrative and other operating expenses</b>	<b>631,814</b>	<b>2,363,141</b>	<b>770,896</b>	<b>1,561,018</b>

OVERVIEW

OUR BUSINESS

OUR PERFORMANCE

GOVERNANCE

FINANCIAL STATEMENTS

SHAREHOLDERS INFORMATION

OTHER INFORMATION

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**9. OTHER OPERATING INCOME AND EXPENSES (Continued)**

**(d) Employee benefits expense**

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Salaries and wages	69,440	263,654	64,007	190,237
Allowances and other benefits	33,645	79,250	23,541	50,797
Defined contribution scheme	1,762	6,388	1,260	5,214
National Social Security Fund	187	1,519	71	173
	<b>105,034</b>	<b>350,811</b>	<b>88,879</b>	<b>246,421</b>

**(e) Employee particulars for the year**

**(i) Average number of employees per employee category**

Management and administration	34	109	26	71
Unionisable	-	32	-	1
<b>Total</b>	<b>34</b>	<b>141</b>	<b>26</b>	<b>72</b>

**10. NET FINANCE (COSTS)/INCOME**

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
<b>Finance income</b>				
Interest income	-	-	-	-
Dividend receivable	-	-	120,000	-
Foreign exchange gains	10,483	9,668	5,127	7,318
	<b>10,483</b>	<b>9,668</b>	<b>125,127</b>	<b>7,318</b>
<b>Finance costs</b>				
Foreign exchange losses	48,853	21,871	44,122	8,772
Interest expense on bank borrowings	69,925	73,358	69,925	73,358
	<b>118,778</b>	<b>95,229</b>	<b>114,047</b>	<b>82,130</b>
<b>Net finance (costs)/income</b>	<b>(108,295)</b>	<b>(85,561)</b>	<b>11,080</b>	<b>(74,812)</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**11. INCOME TAXES**

**(a) Amounts recognised in profit or loss**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
<b>Current tax expense:</b>				
Current income tax	23,539	31,669	18,815	21,111
Provision in prior period	4,718	-	(4)	-
	<b>28,257</b>	<b>31,669</b>	<b>18,111</b>	<b>21,111</b>
<b>Deferred tax expense (Note 24(b)):</b>				
Deferred income tax	-	369,755	-	319,394
	<b>-</b>	<b>369,755</b>	<b>-</b>	<b>319,394</b>
<b>Income tax expense</b>	<b>28,257</b>	<b>401,424</b>	<b>18,811</b>	<b>340,505</b>

The Group income tax (credit)/expense excludes the Group's share of income tax expense/ (credit) of its equity accounted investee of KShs'000 -7,680, 2019: KShs'000- 5,480, which has been included in "share of profit/(loss) of equity accounted investee, net of tax".

**(b) Reconciliation of effective tax rate**

The tax on the Group's and company's profit/ (loss) before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

<b>Group</b>	<b>2020</b>		<b>2019</b>	
	<b>Rate %</b>	<b>KShs'000</b>	<b>Rate %</b>	<b>KShs'000</b>
<b>Profit/(loss) before income tax</b>		<b>71,735</b>		<b>(660,523)</b>
Tax calculated at domestic rates applicable to profits in the respective countries – 25% (2019 - 30%)	25%	17,934	30%	(198,157)
Tax effect of:				
Share of profit of equity accounted investee	0%		0.69%	(4,541)
Expenses not deductible for income tax purposes	14.39%	10,323	(0.43%)	2,852
Effects of unrecognised deferred tax	0%		(34.93)%	230,751
Derecognition of deferred tax	0%	-	(55.95)%	369,556
Effect of lower tax rates in Sameer EPZ Ltd	0%		(0.15)%	963
<b>Income tax expense</b>	<b>39.39%</b>	<b>28,257</b>	<b>(60.77)%</b>	<b>401,424</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**11. INCOME TAXES (Continued)**

**(b) Reconciliation of effective tax rate (continued)**

Company	2020		2019	
	Rate %	KShs'000	Rate %	KShs'000
<b>Loss before income tax</b>		<b>(174,989)</b>		<b>(356,570)</b>
Tax calculated at domestic rates applicable to profits in the respective countries – 25% (2019 - 30%)	25%	(43,747)	30%	(106,971)
Tax effect of:				
Expenses not deductible for income tax purposes	(35.75)%	62,558	(0.79)%	2,803
Derecognition of deferred tax	0%		(53.37)%	352,553
Effects of unrecognised deferred tax	0%		(13.95)%	92,120
<b>Income tax expense</b>	<b>(10.75)%</b>	<b>18,811</b>	<b>(95.49)%</b>	<b>340,505</b>

**(c) Reconciliation of carrying amounts**

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Net liability / (asset) at start of year	(33,557)	(44,727)	( 6,920)	(20,039)
Charge for the year - profit or loss (note 11(a))	23,539	31,669	18,815	21,111
Income tax paid	( 38,902)	( 20,499)	( 23,819)	( 7,992)
<b>Net asset at end of year</b>	<b>(48,920)</b>	<b>(33,557)</b>	<b>(11,924)</b>	<b>(6,920)</b>
<b>Represented by:</b>				
Income tax assets	(50,336)	(33,557)	(11,924)	(6,920)
Income tax liability	1,416	-	-	-
	<b>(48,920)</b>	<b>(33,557)</b>	<b>(11,924)</b>	<b>(6,920)</b>

The Group believes that its accruals for current tax liabilities / assets are adequate for all open tax matters based on its assessment of various factors, including interpretations of tax laws and prior experience.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**12. EARNINGS PER SHARE**

**(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2020	2019
Profit/(loss) attributable to equity holders of the Company (KShs '000)	43,478	(1,061,947)
Weighted average number of ordinary shares in issue ('000)	278,342	278,342
Basic earnings per share (KShs)	0.16	(3.81)

**(b) Diluted earnings per share**

The calculation of diluted earnings per share is based on profit attributable to ordinary shareholders and the weighted average number of shares outstanding after adjustment for the effect of all dilutive potential ordinary shares. There were no potentially dilutive shares outstanding at 31 December 2020 or 2019. Diluted earnings per share are therefore the same as basic earnings per share.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**13. PROPERTY, PLANT AND EQUIPMENT**

**(a) Reconciliation of carrying amounts**

Group	Buildings KShs'000	Furniture, fittings & equipment KShs'000	Total KShs'000
<b>2020:</b>			
<b>Cost</b>			
At 1 January 2020	184,711	5,823	190,534
Additions	-	22	22
Transfers	(149,906)	-	(149,906)
<b>At 31 December 2020</b>	<b>34,805</b>	<b>5,845</b>	<b>40,650</b>
<b>Accumulated depreciation and impairment</b>			
At 1 January 2020	126,629	3,397	130,026
Charge for the year	1,392	606	1,998
Transfers	(120,803)	-	(120,803)
<b>At 31 December 2020</b>	<b>7,218</b>	<b>4,003</b>	<b>11,221</b>
<b>Carrying amounts - At 31 December 2020</b>	<b>27,587</b>	<b>1,842</b>	<b>29,429</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**13. PROPERTY PLANT AND EQUIPMENT (Continued)**

**(a) Reconciliation of carrying amounts (continued)**

Group	Buildings KShs'000	Plant & machinery KShs'000	Motor vehicles KShs'000	Furniture, fittings & equipment KShs'000	Capital Work in Progress KShs'000	Total KShs'000
<b>2019:</b>						
<b>Cost</b>						
At 1 January 2019	208,429	364,276	64,533	337,595	7,953	982,786
Additions	3,229	1,546	-	2,767	203	7,745
Disposal	-	(3,682)	(13,508)	(21,059)	-	(38,249)
Transfers	2	4,078	-	2,522	(6,602)	-
Currency translation	-	(99)	(359)	(1,177)	-	(1,635)
Impairment	(26,949)	(366,119)	(50,666)	(314,825)	(1,554)	(760,113)
<b>At 31 December 2019</b>	<b>184,711</b>	<b>-</b>	<b>-</b>	<b>5,823</b>	<b>-</b>	<b>190,534</b>
<b>Accumulated depreciation and impairment</b>						
At 1 January 2019	124,394	193,138	57,966	250,900	-	626,398
Charge for the year	5,526	61,993	2,957	20,290	-	90,766
Transfers	-	(884)	-	884	-	-
Disposal	-	(1,621)	(12,966)	(17,671)	-	(32,258)
Currency translation	-	(370)	(359)	(854)	-	(1,583)
Impairment	(3,291)	(252,256)	(47,598)	(250,152)	-	(553,297)
<b>At 31 December 2019</b>	<b>126,629</b>	<b>-</b>	<b>-</b>	<b>3,397</b>	<b>-</b>	<b>130,026</b>
<b>Carrying amounts - At 31 December 2019</b>	<b>58,082</b>	<b>-</b>	<b>-</b>	<b>2,426</b>	<b>-</b>	<b>60,508</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**13. PROPERTY PLANT AND EQUIPMENT (Continued)**

**(a) Reconciliation of carrying amounts (continued)**

Company	Buildings KShs'000	Total KShs'000
<b>2020</b>		
<b>Cost</b>		
At 1 January 2020	161,679	161,679
Transfers	(149,906)	(149,906)
<b>At 31 December 2020</b>	<b>11,773</b>	<b>11,773</b>
<b>Depreciation and impairment</b>		
At 1 January 2020	121,808	121,808
Charge for the year	471	471
Transfers	(120,803)	(120,803)
<b>At 31 December 2020</b>	<b>1,476</b>	<b>1,476</b>
<b>Carrying amounts</b>		
At 31 December 2020	<b>10,297</b>	<b>10,297</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**13. PROPERTY PLANT AND EQUIPMENT (Continued)**

**(a) Reconciliation of carrying amounts (continued)**

Company	Buildings KShs'000	Plant & machinery KShs'000	Motor vehicles KShs'000	Furniture, fittings & equipment KShs'000	Capital Work in Progress KShs'000	Total KShs'000
<b>2019</b>						
<b>Cost</b>	160,109	181,206	13,742	190,356	4,017	549,430
At 1 January 2019	3,229	1,546	-	1,525	203	6,503
Additions	-	3,216	-	-	(3,216)	-
Transfers of capital work in progress	-	-	(3,562)	-	-	(3,562)
Disposals	(1,659)	(185,968)	(10,180)	(191,881)	(1,004)	(390,692)
Impairment	-	-	-	-	-	-
<b>At 31 December 2019</b>	<b>161,679</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>161,679</b>
<b>Depreciation and impairment</b>	<b>118,403</b>	<b>72,861</b>	<b>12,346</b>	<b>177,163</b>	<b>-</b>	<b>380,773</b>
At 1 January 2019	3,593	46,342	820	5,229	-	55,984
Charge for the year	-	171	-	(171)	-	-
Transfers	(188)	(119,374)	(9,604)	(182,221)	-	(311,387)
Impairment	-	-	(3,562)	-	-	(3,562)
Disposals	-	-	-	-	-	-
<b>At 31 December 2019</b>	<b>121,808</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>121,808</b>
<b>Carrying amounts</b>	<b>39,871</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,871</b>
<b>At 31 December 2019</b>	<b>39,871</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,871</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**13. PROPERTY PLANT AND EQUIPMENT (Continued)**

**(b) Change in estimates**

The policy of the Group is to review accounting estimates annually or when circumstances on which estimates used changes or as a result of new information or more experience. A review by a team of technical experts within the Group in 2020 confirmed that no additional information was gained during the year to warrant any revisions.

**(c) Transfer to investment property**

During 2020, some items previously classified under property, plant and equipment were transferred to investment property (Note 15 (a)). These items form an integral part of the building that they are part of.

**(d) Impairment loss**

Following a change in the group business strategy, the Group's plan to close several retail outlets. The Group tested the plant and equipment for impairment and recognised an impairment loss of KShs Nil (2019: KShs – 206,816,000).

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**14. INTANGIBLE ASSETS**

**Computer software**

**(a) Reconciliation of carrying amounts**

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
<b>Cost</b>				
At 1 January and 31 <sup>st</sup> December	138,348	138,348	138,030	138,030
<b>Amortisation and impairment</b>				
At 1 January	138,348	137,296	138,030	136,978
Charge for the year	-	1,052	-	1,052
<b>At 31 December</b>	<b>138,348</b>	<b>138,348</b>	<b>138,030</b>	<b>138,030</b>
<b>Carrying amount at 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**(b) Impairment loss**

Specialised computer software used for production planning was tested for impairment after the factory closure and an impairment loss of KShs 2,392,000 was recognised. The Group continues to use other modules of this software that remain relevant to its operations.

**(c) Classification**

The Group accounts for computer software development and licenses costs that are not an integral part of the related hardware as intangible assets, which are amortized over their useful lives. All other computer software that form an integral part of the related hardware, are included in property plant and equipment.

**15. INVESTMENT PROPERTIES**

**(a) Reconciliation of carrying amounts**

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
At start of year	450,289	422,836	372,678	342,337
Transfers from buildings (Note 13)	149,906	-	149,906	-
Additions	45,596	34,817	27,075	34,467
Assets write back	8,278	-	8,278	-
Transfers from buildings (Note 13)	(120,803)	-	(120,803)	-
Depreciation	(8,372)	(7,364)	(4,931)	(4,126)
<b>At end of year</b>	<b>524,894</b>	<b>450,289</b>	<b>432,203</b>	<b>372,678</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**15. INVESTMENT PROPERTIES (Continued)**

**(a) Reconciliation of carrying amounts (Continued)**

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
<b>Comprising</b>				
Cost	774,275	558,034	625,956	428,236
Accumulated depreciation	(249,381)	(107,745)	(193,753)	(55,558)
<b>At end of year</b>	<b>524,894</b>	<b>450,289</b>	<b>432,203</b>	<b>372,678</b>

Investment property comprises:

- (i) Leasehold land held for future development or capital appreciation;
- (ii) Residential houses
- (iii) Commercial properties

**(b) Rental income and operating expenses**

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
<b>Rental income</b>	<b>288,961</b>	<b>266,833</b>	<b>246,490</b>	<b>214,799</b>
<b>Operating expenses</b>				
Staff costs	66,905	47,111	60,707	44,124
Administrative expenses	62,703	76,572	64,332	71,784
Security expenses	15,657	15,571	13,850	13,172
Legal and professional fees	10,602	11,404	6,988	7,852
Repairs and maintenance	5,669	4,377	4,367	3,940
Depreciation	8,982	14,112	4,935	10,355
	<b>170,518</b>	<b>169,147</b>	<b>155,179</b>	<b>151,227</b>
<b>Net rental income before tax</b>	<b>118,443</b>	<b>97,686</b>	<b>91,311</b>	<b>63,572</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**15. INVESTMENT PROPERTIES (Continued)**

**(c) Measurement of fair value**

**(i) Fair value hierarchy**

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications every 3 years. In the intervening periods between valuations, management adjusts fair values on the basis of annual housing index reports provided by professional consultants. During the year, management used the Knight Frank Kenya Ltd as independent valuers for reporting purposes in 2019 management used "The Hass Property Index" report provided by Hass Consult – a Real Estate Consultancy firm in association with Investment Managers Stanlib. The annual growth rate used to value the group's investment properties as at 31 December 2020, was 5.1%

The fair value measurement of – Group KShs'000 – 7,848,700 (2019: KShs'000 – 8,198,626); Company KShs'000 – 6,001,700 (2019: KShs'000 – 6,684,440) has been categorized as level 2 fair value (2019 level 2) based on the inputs to the valuation techniques used.

The Group accounts for its investment property at cost less accumulated depreciation and any impairment losses. The fair value gains which would have been recognised in profit or loss had the Group accounted for its investment property at fair values would have been as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
<b>Fair values</b>				
Properties	7,848,700	8,198,626	6,001,700	6,648,440
	<b>7,848,700</b>	<b>8,198,626</b>	<b>6,001,700</b>	<b>6,648,440</b>
<b>Carrying amounts</b>				
Commercial properties	524,556	449,947	431,865	372,336
Leasehold land	338	342	338	342
	<b>524,894</b>	<b>450,289</b>	<b>432,203</b>	<b>372,678</b>
<b>Fair value gains not recognised in profit or loss</b>	<b>7,323,806</b>	<b>7,748,337</b>	<b>5,569,497</b>	<b>6,275,762</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**15. INVESTMENT PROPERTY (continued)**

**(c) Measurement of fair value (continued)**

**(ii) Valuation techniques and significant unobservable inputs**

The table below shows the valuation techniques used in measuring fair values as well as significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationships between unobservable inputs and fair value measurements
<b>(a) Investment property</b>		The estimated fair values would increase / (decrease) if;
<b>Discounted cash flows:</b> The valuation model considers the present value of net cash flows to be generated from the property taking into account expected rental growth, occupancy rates and other costs not paid by tenants. The net cash flows are discounted using the risk adjusted discount rate.	1. Expected market rental growth (2020 and 2019: 3.75-5.8%)	1. Expected rental growth were higher / (lower)
	2. Occupancy rates (2020 and 2019: 90% - 95%)	2. Occupancy rates were higher / (lower)
	3. Risk-adjusted discount rate (2020 and 2019: 9%)	3. Risk-adjusted discount rate was lower / (higher)
<b>(b) Leasehold land held for value appreciation and development.</b>		The estimated fair values would increase / (decrease);
<b>Market approach:</b> 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	1. If property prices were higher / (lower)
	2. Infrastructure developments	2. Increase with improvements in infrastructure.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**16. PREPAID OPERATING LEASE RENTALS**

**(a) Reconciliation of carrying amount**

	Group and Company	
	2020 KShs'000	2019 KShs'000
At start of year	342	345
Amortisation charge for the year	(4)	(3)
<b>At end of year</b>	<b>338</b>	<b>342</b>

**(b) Classification**

The Group classifies leasehold land under development of factory buildings, administration block roads and other buildings as prepaid operating leases. Undeveloped leasehold land held for future development or value appreciation is accounted for under investment property.

**17. INVESTMENT IN SUBSIDIARIES - Company**

**(a) Investment and structure**

The company's interest in its subsidiaries, all of which are unlisted and all of which have the same year end as the parent company, were as follows:

Country of incorporation	% interest held		2020 KShs'000	2019 KShs'000
Sameer Africa (Uganda) Limited	Uganda	100%	26,612	26,612
Sameer Africa (Tanzania) Limited	Tanzania	100%	155,100	155,100
Yana Tyre Centre Limited	Kenya	100%	10,000	10,000
Sameer Industrial Park Limited	Kenya	100%	120,000	120,000
Sameer Africa (Burundi) Limited	Burundi	100%	221,913	221,913
Taqwa Trading Limited	Kenya	100%	35,000	35,000
			568,625	568,625
Less: Provision for impairment			(438,625)	(438,625)
<b>Carrying amount</b>			<b>130,000</b>	<b>130,000</b>

The provision for impairment relates to subsidiaries except Yana Tyre Centre Limited and Sameer Industrial Park Limited. Taqwa Trading Limited which ceased trading in 2017 and has since been dormant. Other impairments of the investments in subsidiary companies done in 2018 were: Sameer Africa (Tanzania) Limited - KShs 155,100,000, Sameer Africa (Burundi) Limited - KShs 221,913,000 and Sameer Africa (Uganda) Limited - KShs 26,612,000.

**(b) Nature and extent of significant restrictions**

The company does not have any significant restrictions on any of its subsidiary companies, whether contractual, statutory or regulatory that limits its ability to access or use the assets and settle liabilities of the Group.

**(c) Nature of risks associated with subsidiaries**

The Group has no contractual arrangements that require the parent or its subsidiaries to provide financial support to a Consolidated structured entity.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**18. INVESTMENT IN ASSOCIATE**

The following table summarizes the carrying amounts and the Group's share of profit or loss and other comprehensive income of its investment in associate as well as the carrying amounts in the financial statements of the company.

	Group		Company	
	2020	2019	2020	2019
Carrying amount	KShs'000	KShs'000	KShs'000	KShs'000
Interest in associates (Note 18(a))	169,107	152,610	137,026	137,026
At end of year	<b>169,107</b>	<b>152,610</b>	<b>137,026</b>	<b>137,026</b>

**(a) Reconciliation of carrying amount - Group**

	2020	2019
	KShs'000	KShs'000
At 1 January 2020	152,610	137,475
Share of profit	16,497	15,135
At end of year	<b>169,107</b>	<b>152,610</b>

**(a) Associate**

The Group's has an interest of 25% (2019: 25%) in the equity and voting rights of in Sameer Business Park Limited. Sameer Business Park Limited is incorporated in Kenya and is unlisted. The principal place of business is along Mombasa Road, Nairobi.

The principal business of the associate is the letting of investment properties to third parties.

The Group accounts for its investment in associate using the equity method. The investment in associate is measured at cost less any impairment losses in the Separate financial statements of the company.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**18. INVESTMENT IN ASSOCIATE (Continued)**

**(a) Associate (continued)**

**(i) Summarised financial information**

The summarized financial information of the associate is set out below;

	<b>2020</b>	<b>2019</b>
	<b>KShs'000</b>	<b>KShs'000</b>
<b><i>Financial position</i></b>		
Non-current assets	1,975,357	2,070,075
Current assets	205,856	172,625
Current liabilities	(17,987)	(39,629)
Non-current liabilities	(1,486,799)	(1,592,631)
<b>Net assets</b>	<b>676,427</b>	<b>610,440</b>
<b><i>Profit or loss and other comprehensive income</i></b>		
Revenue	334,543	397,184
Expenses	(268,555)	(336,644)
Profit after tax	65,988	60,540
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>65,988</b>	<b>60,540</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**19. INVENTORIES**

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Stores and supplies	-	4,431	-	3,483
Finished goods	2,375	415,348	-	316,141
	<b>2,375</b>	<b>419,779</b>	<b>-</b>	<b>319,624</b>

The amounts of inventories recognised as an expense during the period are as shown below:

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Changes in inventories of work in progress and finished goods	5,822	16,209	5,822	16,209
Write down of inventories	173,416	-	164,800	-
Cost of trading goods sold	319,369	1,384,564	228,722	984,503
	<b>498,607</b>	<b>1,400,773</b>	<b>399,522</b>	<b>1,000,712</b>

**(a) Security**

The Company's borrowings are secured through a first ranking debenture over the trade receivables and inventories of the company for KShs'000 – 371,200 (2019: KShs'000 1,261,600) shared pari –passu between the company's principal bankers (Note 23).

**(b) Amounts recognised in profit or loss**

In 2020, inventories of KShs'000 498,607 (2019 – KShs'000 1,400,773) for the group and KShs '000 399,522 (2019 – KShs '000 1,000,712) were recognised as an expense during the year and included in 'cost of sales.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**20. TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
<b>Current</b>				
Trade receivables	248,723	523,303	89,484	325,135
Less: Provision for impairment	(158,120)	(247,734)	( 51,786)	( 111,209)
	<b>90,603</b>	<b>275,569</b>	<b>37,698</b>	<b>213,926</b>
Amounts due from related companies (Note 30(d)(i))	5,010	9,173	4,695	8,998
Other receivables	97,772	55,897	34,740	( 437)
Receivables from subsidiaries (Note 30(d)(i))	-	-	111,044	290,078
Trade and other receivables	193,385	340,639	118,177	512,565
Prepayments	13,758	33,720	9,859	21,710
	<b>207,143</b>	<b>374,359</b>	<b>198,036</b>	<b>534,275</b>

**(a) Security**

The Company's borrowings are secured through a first ranking debenture over the trade receivables and inventories of the company for KShs'000 – 371,200 (2019: KShs'000 1,261,600) shared *pari-passu* between the company's principal bankers (Note 23).

**(b) Credit and market risks, and impairment losses**

Information about the Group's exposure to credit and market risks and impairment losses for trade and other receivables is included in Note 5 (a).

**21. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as shown in the statements of financial position and cash flows comprise the following:

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Cash at bank and in hand	63,533	39,403	48,822	29,152
IFRS 9 adjustment	-	-	-	-
<b>Cash and bank balances in statement of financial position</b>	<b>63,533</b>	<b>39,403</b>	<b>48,822</b>	<b>29,152</b>
Short term facilities used for cash management (Note 23(a))	-	(414,679)	-	(414,679)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>63,533</b>	<b>(375,276)</b>	<b>48,822</b>	<b>(385,527)</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**22. CAPITAL AND RESERVES**

**(a) Ordinary share capital**

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at the General Meetings of the company. All ordinary shares rank *pari passu* with regard to the company's residual assets.

	<b>2020</b>	<b>2019</b>
Authorised ordinary shares	300,000,000	300,000,000
Authorised par value (KShs each)	5	5
<b>Authorised share capital (KShs'000)</b>	<b><u>1,500,000</u></b>	<b><u>1,500,000</u></b>
<b><i>Issued and fully paid up capital</i></b>		
Issued ordinary shares	278,342,393	278,342,393
Issued par value (KShs each)	5	5
<b>Issued and fully paid up capital (KShs'000)</b>	<b><u>1,391,712</u></b>	<b><u>1,391,712</u></b>

**(b) Nature and purpose of reserves**

**(i) Translation reserve**

The translation reserve comprise all foreign currency differences arising from the translation of financial statements of foreign operations. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

**(ii) Retained earnings**

Retained earnings comprises accumulated profit or loss from continuing operations and other comprehensive income net of any dividends declared and paid out to ordinary shareholders. Retained earnings represent amounts available to the shareholders of the Group and are usually utilised to finance business activity.

**(c) Dividends**

The directors do not recommend the declaration of a dividend for the year (2019:Nil).

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**23. BORROWINGS**

	<b>Group</b>		<b>Company</b>	
<b>Carrying amounts</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
<b>Non-current</b>				
At start of year	455,218	14,585	455,218	14,585
Long term loans	253,370	455,218	253,370	455,218
Repayment	-	(14,585)	-	(14,585)
	708,588	455,218	708,588	455,218
<b>Current</b>				
Short term facilities –	-	322,515	-	322,515
Import loans				
Insurance premium	-	8,076	-	8,076
finance				
Long term loans	35,620	83,604	35,620	83,604
Finance lease	-	484	-	484
liabilities				
	35,620	414,679	35,620	414,679
<b>Total borrowings</b>	<b>744,208</b>	<b>869,897</b>	<b>744,208</b>	<b>869,897</b>

OVERVIEW

OUR BUSINESS

OUR  
PERFORMANCE

GOVERNANCE

FINANCIAL  
STATEMENTSSHAREHOLDERS  
INFORMATIONOTHER  
INFORMATION

## SAMEER AFRICA PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

#### 23. BORROWINGS (Continued)

##### Terms and repayment schedule

Group and company	Currency	Nominal interest	Maturity	31 December 2020		31 December 2019	
				Face value	Carrying amount	Face value	Carrying amount
				KShs'000	KShs'000	KShs'000	KShs'000
Import Financing loan – NCBA Bank	USD	8.00%	2020	327,855	-	304,010	136,448
Import Financing loan – Standard Chartered Bank	USD	6.50%	2020	327,855	-	304,010	66,003
Term Loan-NCBA	KSH	11.50%	2024	135,411	134,468	-	-
Term loan –Standard Chartered Bank	USD	6.50%	2020	121,604	-	121,603	11,316
Term loan –Stanbic Bank	KSH	14.00%	2020	143,350	-	143,350	72,289
Bank overdraft – NCBA Bank	USD	8.00%	2020	120,000	-	120,000	120,064
Finance lease liabilities	KSH	14.00%	2020	10,152	-	10,152	484
Insurance premium finance- NCBA	KSH	5.20%	2020	9,738	-	9,738	8,076
Term loan –SIL	USD	7.00%	2022	379,740	379,740	355,218	355,218
Term loan –STL	KSH	11.00%	2022	230,000	230,000	100,000	100,000
				<b>1,805,705</b>	<b>744,208</b>	<b>1,468,082</b>	<b>869,897</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**23. BORROWINGS (Continued)**

**(a) Finance lease liabilities**

	Future minimum lease payments		Interest		Present value of future minimum lease payments	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Less than 1 year	-	484	-	13	-	484

The Group leases motor vehicles with a carrying amount of KShs Nil (2019 – KShs '000 3,923) under finance leases expiring within three years. Under the terms of the leases, the Group has joint ownership and title in the motor vehicles until expiry of the leases, when full title passes to the Group. This option lapses in the event the Group fails to meet all periodic lease payments.

**(b) Security and effective interest rates**

The Company's borrowings are secured through a first ranking debenture over the trade receivables and inventories of the company for KShs'000 371,200 (2019 – KShs'000 1,261,000) shared pari-passu between the company's principal bankers.

The weighted average effective interest rates at the year-end were:

	2020 %	2019 %
Bank overdrafts – USD	8.00	8.00
Bank borrowings – KShs	11.50	13.50
Related party borrowings – USD	7.00	7.00
Related party borrowings – KShs	10.00	11.00

In the opinion of the directors, the carrying amounts of borrowings approximate to their fair values. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that directors expect would be available to the Group at the statement of financial position date.

**(c) Compliance with loan covenants**

The Group has complied with the financial covenants of its borrowing facilities during the 2020 and 2019 reporting period.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**24. DEFERRED INCOME TAX**

**(a) Carrying amounts**

Deferred income tax is calculated using the enacted income tax rates of 25% and 30% that apply to the different Group companies. The movement on the deferred income tax account is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
At start of year	5,263	(364,492)	-	(319,394)
Charge to statement of profit or loss (Note 11 (a))	-	369,756	-	319,394
Currency translation differences (Note 11(a))	-	( 1)	-	-
Provisions				
<b>At end of year</b>	<b>5,263</b>	<b>5,263</b>	<b>-</b>	<b>-</b>
<b>As disclosed on the balance sheet:</b>				
Deferred income tax assets	-	-	-	-
Deferred income tax liabilities	5,263	5,263	-	-
	<b>5,263</b>	<b>5,263</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**24. DEFERRED INCOME TAX (Continued)**

**(b) Movement in deferred tax balances**

**Group 2020**

	Net balance at 1 January KShs'000	Recognised in profit or loss KShs'000	Net balance at 31 December KShs'000
<b><i>Deferred income tax asset</i></b>			
Property, plant and equipment and intangibles	( 56,982)	10,151	(46,831)
Investment property	57,497	7,837	65,334
Provisions	( 54,465)	(84,838)	(139,303)
Tax losses	(573,129)	(38,692)	(611,821)
Effects of movements in exchange rates	5,615	(5,802)	(187)
Prior year under provision	(11,229)	-	(11,229)
<b>Total deferred tax asset</b>	<b>(632,693)</b>	<b>(111,344)</b>	<b>(744,037)</b>
<b>Unrecognized deferred tax asset</b>	<b>632,693</b>	<b>111,344</b>	<b>744,037</b>
	-	-	-
<b><i>Deferred income tax liability</i></b>			
Investment property	6,229	-	6,229
Provisions	(899)	-	( 899)
Effects of movements in exchange rates	(67)	-	(67)
	<b>5,263</b>	<b>-</b>	<b>5,263</b>
<b>Net deferred income tax asset</b>	<b>5,263</b>	<b>-</b>	<b>5,263</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**24. DEFERRED INCOME TAX (Continued)**

**(b) Movement in deferred tax balances (continued)**

**Group 2019**

	Net balance at 1 January KShs'000	Recognised in profit or loss KShs'000	Net balance at 31 December KShs'000
<b><i>Deferred income tax asset</i></b>			
Property, plant and equipment and intangibles	(102,324)	45,342	(56,982)
Investment property	82,618	(25,121)	57,497
Provisions	(102,086)	47,621	(54,465)
Tax Losses	(416,658)	(156,471)	(573,129)
Effects of movements in exchange rates	2,098	3,517	5,615
Prior year under provision	1,144	(12,373)	(11,229)
Total deferred tax asset	(535,208)	(97,485)	(632,693)
Unrecognized deferred tax asset	<b>165,652</b>	<b>467,041</b>	<b>632,693</b>
	<hr/>	<hr/>	<hr/>
	(369,556)	369,556	-
<b><i>Deferred income tax liability</i></b>			
Investment property	5,028	1,201	6,229
Provisions	(10)	(945)	(899)
Effects of movements in exchange rates	46	(57)	(67)
	<hr/>	<hr/>	<hr/>
	<b>5,064</b>	<b>199</b>	<b>5,263</b>
<b>Net deferred income tax asset</b>	<b>(364,492)</b>	<b>369,755</b>	<b>5,263</b>

OVERVIEW

OUR BUSINESS

OUR PERFORMANCE

GOVERNANCE

FINANCIAL STATEMENTS

SHAREHOLDERS INFORMATION

OTHER INFORMATION

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**24. DEFERRED INCOME TAX (Continued)**

**(b) Movement in deferred tax balances (continued)**

Company 2020	Net balance at 1 January	Recognised in profit or loss	Net balance at 31 December
	KShs'000	KShs'000	KShs'000
<b>Deferred income tax asset</b>			
Property, plant and equipment and intangibles	(68,296)	10,151	(58,145)
Investment property	(5,418)	7,837	2,419
Provisions for expenses	(63,561)	(84,838)	(148,399)
Tax losses	(407,504)	(33,697)	(441,201)
Under provision on prior year	(12,373)	-	(12,373)
Exchange differences	1,585	(5,802)	(4,217)
Total deferred tax asset	(555,567)	(106,349)	(661,916)
Unrecognized deferred tax asset	555,567	106,349	661,916
	-	-	-

**Company 2019**

	Net balance at 1 January	Recognised in profit or loss	Net balance at 31 December
	KShs'000	KShs'000	KShs'000
<b>Deferred income tax asset</b>			
Property, plant and equipment and intangibles	(98,398)	30,102	(68,296)
Investment property	19,703	( 25,121)	(5,418)
Provisions for expenses	(99,142)	35,581	(63,561)
Tax losses	(318,917)	(88,587)	(407,504)
Under provision on prior year	-	(12,373)	(12,373)
Exchange differences	(1,932)	3,517	1,585
Total deferred tax asset	(498,686)	56,881	(555,567)
Unrecognized deferred tax asset	179,292	(376,275)	555,567
	<b>(319,394)</b>	<b>319,394</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**24. DEFERRED INCOME TAX (Continued)**

**(c) Carrying amount**

The Group has recognised all deferred tax liabilities arising from temporary differences associated with the Group's investments in subsidiaries and equity accounted investees.

**(d) Unrecognised deferred tax assets**

The deferred tax asset has not been recognised on deductible temporary differences and tax losses carried forward amounting to KShs 2,039,406 (2019: KShs 1,910,432,000) for the group and KShs 1,470,671 (2019: KShs 1,358,347,000) for the company due to lack of certainty of availability of future taxable profits against which such deductible temporary differences and tax losses could be utilised. Under the Kenyan Income Tax Act, tax losses are allowable as a deduction only in the nine years succeeding the year in which they occurred.

**(e) Tax losses carried forward**

Tax losses for which no deferred tax asset was recognised expire as follows

<b>Group</b>		
<b>Summary of deferred tax assets-Tax loss</b>		
<b>Year of origin</b>	<b>Tax loss</b>	<b>Deferred Tax</b>
2014	(347,753)	(104,326)
2015	(35,490)	(10,647)
2016	(859,126)	(257,738)
2019	(426,885)	(128,065)
2020	(241,178)	(72,353)
2020	(128,974)	(38,692)
<b>Total</b>	<b>(2,039,406)</b>	<b>(611,821)</b>

<b>Company</b>		
<b>Summary of deferred tax assets-Tax loss</b>		
<b>Year of origin</b>	<b>Tax loss</b>	<b>Year of expiry</b>
2016	836,774	2025
2018	356,326	2027
2019	165,247	2028
2020	<u>112,324</u>	2029
<b>Total</b>	<b><u>1,470,671</u></b>	

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**24. DEFERRED INCOME TAX (Continued)**

**(e) Tax losses carried forward (continued)**

In 2020, the Company incurred a tax loss of KShs 112,324,182 increasing cumulative tax losses to KShs 1,470,671,409 management found it prudent not to recognize any further deferred tax asset until the strategic plan in action turns the company to profitability in 2024.

In 2020, the Group's Burundi subsidiary incurred a tax loss of KShs 4,798,000 increasing cumulative tax losses to KShs 192,619,204. Management has determined that the recoverability of cumulative tax losses is uncertain due to the political uncertainty and shortage of hard currency, management has therefore opted not to recognize further deferred tax until the subsidiary is profitable.

In 2020, the Group's Tanzania subsidiary incurred a tax loss of KShs Nil retaining cumulative tax losses to KShs 310,360,456 management found it prudent not to recognize any further deferred tax asset until the strategic plan in action turns the company to profitability in 2024.

In 2020, the Group's Uganda subsidiary had a tax profit of KShs 405,501 reducing cumulative tax losses to KShs 69,432,198 management found it prudent not to recognize any further deferred tax asset until the strategic plan in action turns the company to profitability in 2024.

In 2020, the Group's Local subsidiary Yana Tyre Centre Ltd incurred a tax loss of KShs 11,447,846 increasing cumulative tax losses to KShs 197,712,245 management found it prudent not to recognize any further deferred tax asset until the strategic plan in action turns the company to profitability in 2024.

**25. TRADE AND OTHER PAYABLES**

**(a) Carrying amounts**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
Trade payables	35,524	229,924	20,285	158,604
Amounts due to related companies (Note 29(d))	4,360	14,288	4,313	11,427
Amounts due to subsidiaries (Note 29(d))	-	-	185,763	177,702
Accrued expenses and other payables	141,668	342,364	87,255	231,636
	<b>181,552</b>	<b>586,576</b>	<b>297,616</b>	<b>579,369</b>

Information on the Group's exposure to currency and liquidity risk is included in Note 5(b) and (e).

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**26. STATEMENT OF CASH FLOWS – RECONCILIATION OF RECEIPTS AND PAYMENTS**

	Note	Group		Company	
		2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
<b>Cash receipts from customers</b>					
Revenue	8	757,488	1,757,353	581,382	1,268,403
Other income	9 (a)	37,859	10,394	3,445	9,189
Net foreign exchange losses	10	(38,370)	(12,203)	(38,995)	(1,454)
Translation differences		2,127	1,480	-	-
Movement in trade and other receivables	20	167,216	216,391	336,239	308,043
<b>Cash collections from customers</b>		<b>926,319</b>	<b>1,973,413</b>	<b>882,072</b>	<b>1,584,181</b>
<b>Cash payments for purchases</b>					
Opening inventory stock	19	(419,779)	(617,406)	(319,624)	(313,617)
Cost of sales	9 (b)	513,795	1,487,004	411,085	1,069,243
Closing inventory stock	19	2,375	419,779	-	319,624
Movement in trade payables	25 (a)	194,400	18,708	138,318	10,542
		<b>290,791</b>	<b>1,308,085</b>	<b>229,778</b>	<b>1,085,792</b>
<b>Adjustments for non-cash expenses</b>					
Depreciation and amortisation	9 (c)	10,374	99,186	5,406	61,166
Transfers		(8,278)	-	(8,278)	-
Impairment loss of plant and equipment		-	206,816	-	79,305
		<b>2,096</b>	<b>306,002</b>	<b>(2,872)</b>	<b>140,471</b>
<b>Cash payment for purchases</b>		<b>288,695</b>	<b>1,002,085</b>	<b>232,650</b>	<b>945,321</b>
<b>Cash payments for expenses</b>					
Other operating expenses	9(b)(ii)	118,019	876,137	359,811	491,775
Movement in accruals and other payables	25(a)	210,623	(127,338)	143,433	(105,446)
<b>Cash payments for expenses</b>		<b>328,642</b>	<b>748,799</b>	<b>503,244</b>	<b>386,329</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**(b) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

<b>Group</b>			
	<b>Net balance at 1 January KShs'000</b>	<b>Proceed KShs'000</b>	<b>Net balance at 31 December KShs'000</b>
<b>Non-current</b>			
Long term loans	455,218	288,990	744,208
<b>Total borrowings</b>	<b>455,218</b>	<b>288,990</b>	<b>744,208</b>

**27. COMMITMENTS**

Capital expenditure contracted for as at the reporting date but not recognised in the financial statements was as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2020 KShs '000</b>	<b>2019 KShs '000</b>	<b>2020 KShs '000</b>	<b>2019 KShs '000</b>
Property, plant and equipment	<b><u>67,500</u></b>	<b><u>21,800</u></b>	<b><u>59,000</u></b>	<b><u>3,000</u></b>

**28. CONTINGENT LIABILITIES**

A subsidiary has disputed an assessment by the revenue authority of the subsidiaries jurisdiction. Although the subsidiary has appealed against the assessment, should the appeal not be successful, then additional tax, interest, penalties and legal costs are estimated to amount to KShs 54 million. Based on legal and tax advice, the directors believe that the defence against the action will be successful.

As at the year-end there were ongoing legal cases against the Group of Ksh 30 Million. Based on legal advice, the directors believe that the defence against the action will be successful.

**29. RELATED PARTY TRANSACTIONS**

**(a) Parent and ultimate controlling party**

The Group's majority shareholding is held by Sameer Investments Limited a company incorporated in Kenya. The parent company held equity interest and voting rights in the company of 72.48% (2019: 72.48%).

The ultimate controlling party is Yana Towers Limited; a company incorporated in Kenya.

Neither the parent nor the ultimate controlling party nor any intermediary parents produces Consolidated financial statements available for public use.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**29. RELATED PARTY TRANSACTIONS (Continued)**

**(b) Transactions with key management personnel**

**(i) Key management compensation**

Key management compensation comprised the following;

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
Basic pay and other allowances	24,641	56,441	23,123	50,020
Pension/gratuity	614	3,799	545	3,799
<b>Total</b>	<b>25,255</b>	<b>60,240</b>	<b>23,668</b>	<b>53,819</b>

**(ii) Directors' shareholding**

At 31 December 2020 directors' shareholding in the company was as follows:

	<b>2020</b>	<b>2019</b>
	<b>Shares</b>	<b>Shares</b>
Peter Gitonga	12,750	12,750
Akif H. Butt	450	450
Sameer N. Merali	15,000	15,000
Akif H. Butt (jointly with another party)	20,000	20,000

**(iii) Directors' remuneration**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
<b>Directors' remuneration</b>				
Fees as directors	5,140	5,580	5,140	5,580
Other emoluments (included under key management compensation above)	1,745	2,505	1,745	2,505
Managing director	7,920	22,979	7,920	22,979
<b>Total remuneration of directors of the company</b>	<b>14,805</b>	<b>31,064</b>	<b>14,805</b>	<b>31,064</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**29. RELATED PARTY TRANSACTIONS (Continued)**

**(c) Transactions with other related parties**

In addition to the parent and the ultimate controlling party, the Group also has other companies that are related through common shareholdings or common directorships.

Transactions with related parties included the following:

**(i) Sale of goods and services**

	Company	
	2020	2019
	KShs'000	KShs'000
<b>Subsidiaries</b>		
Sameer Africa (Tanzania) Limited	-	1,523
Sameer Africa (Uganda) Limited	-	602
Yana Tyre Centre Limited	36,775	215,726
	<b>36,775</b>	<b>217,851</b>

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
<b>Other related parties</b>				
Ryce East Africa Limited	5,544	7,929	5,544	7,929
Eveready E.A PLC	-	8,070	-	7,918
Sasini PLC	92	592	92	-
	<b>5,636</b>	<b>16,591</b>	<b>5,636</b>	<b>15,847</b>

**(ii) Purchase of goods and services**

	Group and Company	
	2020	2019
	KShs'000	KShs'000
<b>Other related parties</b>		
Ryce East Africa Limited	2,698	21,182
Sameer Management Limited	6,129	5,000
Sameer Africa (Tanzania) Limited	20,864	-
Sameer Africa (Uganda) Limited	12,279	-
Sameer Africa (Burundi) Limited	14,302	-
Sameer Investments	-	5
Sameer Agriculture	-	19
	<b>56,272</b>	<b>26,206</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**29. RELATED PARTY TRANSACTIONS (Continued)**

**(c) Transactions with other related parties (continued)**

**(ii) Purchase of goods and services - continued**

***Other related party transactions***

***Banking facilities***

A related party – Spire Bank provides banking facilities to the Group. The facilities which have been utilized by the Group from the bank was banking services.

The outstanding balances included in cash and cash equivalents as at 31 December 2020 as are follows:

	<b>Group and Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>KShs'</b>	<b>KShs'</b>
	<b>000</b>	<b>000</b>
Bank balances	-	11
	<b>-</b>	<b>11</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**29. RELATED PARTY TRANSACTIONS (Continued)**

**(d) Outstanding balances**

At 31 December 2020, outstanding balances with related parties comprised the following;

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
<b>(i) Amounts due from:</b>				
<b><i>Subsidiaries</i></b>				
Yana Tyre Centre Limited	-	-	-	225,327
Sameer Industrial Park Limited	-	-	111,044	-
Sameer Africa(Tanzania) Limited	-	-	-	13,242
Sameer Africa (Uganda)	-	-	-	24,430
Sameer Africa(Burundi) Limited	-	-	-	27,078
	-	-	<b>111,044</b>	<b>290,077</b>
<b><i>Associate</i></b>				
Sameer Business Park Limited	<b>286</b>	<b>1,731</b>	<b>286</b>	<b>1,731</b>
<b><i>Other related parties</i></b>				
Ryce East Africa Limited	1,783	4,825	1,783	4,825
Sameer Agriculture	-	179	-	179
Eveready E.A. PLC	2,770	2,302	2,521	2,128
Sasini Avocado EPZ	66	-	-	-
Sasini PLC	150	-	105	-
	<b>4,724</b>	<b>7,306</b>	<b>4,409</b>	<b>7,132</b>
<b>Total due from other related parties</b>	<b>5,010</b>	<b>9,037</b>	<b>4,695</b>	<b>8,863</b>
<b>(ii) Amounts due to:</b>				
<b><i>Subsidiaries</i></b>				
Sameer Industrial Park Limited	-	-	-	29,473
Sameer Africa(Uganda) Limited	-	-	31,667	-
Sameer EPZ Limited	-	-	154,096	148,229
	-	-	<b>185,763</b>	<b>177,702</b>
<b><i>Other related parties</i></b>				
Ryce East Africa Limited	346	11,388	299	7,932
First Assurance Company Limited	1,296	-	1,296	595
Sameer Management	2,718	2,900	2,718	2,900
	<b>4,360</b>	<b>14,288</b>	<b>4,313</b>	<b>11,427</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**29. RELATED PARTY TRANSACTIONS (Continued)**

**(e) Borrowings from related parties**

Group and company	Currency	ninal interest	31 December 2020	
			Face value	Carrying amount
			KShs'000	KShs'000
Term loan –Sameer Investments	USD	7.00%	379,740	379,740
Term loan –Sameer Telkom	KSH	11.00%	230,000	230,000
			<b>609,740</b>	<b>609,740</b>

Group and company	Currency	ninal interest	31 December 2019	
			Face value	Carrying amount
			KShs'000	KShs'000
Term loan –Sameer Investments	USD	7.00%	355,218	355,218
Term loan –Sameer Telkom	KSH	11.00%	100,000	100,000
			<b>455,218</b>	<b>455,218</b>

**(f) Bad debts provisions**

Doubtful debts provision of KShs 253,127,000 has been made in respect of receivables outstanding from related parties. The group has reviewed individually the outstanding balances for impairment loss and based on the review considers the amounts of KShs 111,044,000 to be recoverable.

**(g) Trading terms and settlement**

All transactions with related parties are in the ordinary course of business. Outstanding balances are to be settled in cash. No guarantees have been given or received to any related party.

**30. EVENTS AFTER THE REPORTING PERIOD**

On 22nd January 2021, the Board of Directors approved a four years' strategic plan (FY 2021 – 2024). The Plan is set on a well-defined growth strategy anchored on both the Company's real estate portfolio and its extensive tyre industry experience. The board's decision to return to the tyre business reverses the earlier communicated decision made on 20th April 2020, to exit from the tyre business. These events have not resulted in any additional adjustments to the financial statements for the year ended 31 December 2020.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**31. PRINCIPAL SHAREHOLDERS AND SHARE DISTRIBUTION**

**Principal shareholders**

The ten largest shareholdings in the Company and the respective number of shares held at 31 December 2020 are as follows:

Name	Number of shares	%
1. Sameer Investments Limited	201,743,205	72.48%
2. Peter Njogu Kariuki	5,624,800	2.02%
3. Yana Trading Limited	4,642,200	1.67%
4. Andrew Mukite Musangi	3,320,000	1.19%
5. Best Investment Decisions Ltd	2,495,400	0.90%
6. Bid Management Consultancy Limited	2,319,400	0.83%
7. Kenyalogy.Com Limited	2,189,200	0.79%
8. Kenya Commercial Bank Nominees Limited A/C 915B	1,892,517	0.68%
9. Freight Forwarders Kenya Limited	1,875,000	0.67%
10. Shah Ekta Bimal & Kunal Kamlesh	1,200,000	0.43%

**Distribution of shareholders**

Share range	Number of shareholders	Number of shares	%
0 - 500	8,064	2,151,678	0.77%
501 – 5,000	4,860	7,622,699	2.74%
5,001 – 10,000	431	3,275,686	1.18%
10,001 – 100,000	435	13,349,021	4.80%
100,001 – 1,000,000	72	22,416,187	8.05%
Over 1,000,000	12	229,527,122	82.46%
<b>Total</b>	<b>13,874</b>	<b>278,342,393</b>	<b>100%</b>

**32. GOING CONCERN**

The financial statements have been prepared on a going concern basis on the assumption that the turnaround strategies adopted by the directors will be effective or the shareholders will not recall the outstanding loan liabilities as they fall due.

The board plans to return the company back to profitability through various strategies, key of which are:

- i. Focus customers - The group has adopted a new business model for its wholesale customers whereby it will only sell to customers who a) have a history of prompt payment; b) cash sales; and customers who pay in advance.
- ii. Rental income - Focus on the rental business and target to achieve a 100% occupancy.
- iii. Proposed sale of a property to facilitate stabilisation of the liquidity position of the company.

## NOTICE AND AGENDA OF THE 52ND ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 52nd Annual General Meeting of the Company will be held virtually on Thursday 10 June 2021 at 10.00 am for the following purposes:

### AGENDA

#### 1. Constitution of the Meeting

The Secretary to read the notice convening the meeting, table the proxies and determine if a quorum is present.

#### 2. Confirmation of Minutes

Confirmation of the 51st Annual General Meeting held on Monday 29th June 2020.

#### 3. Financial Statements and Reports

To receive, consider and if deemed fit, adopt the Financial Statements for the year ended 31st December 2020 together with the reports thereon of the Directors and the Auditors.

#### 4. Election of Directors

##### 4.1 On account of rotation:

- i. In accordance with Article 1.123 of the Company's Article of Association, Director Akif Butt retires by rotation and being eligible, offers himself for re-election as a Director.
- ii. In accordance with Article 1.123 of the Company's Article of Association, Director Dr Lydia Muthoni Mbuthia retires by rotation and being eligible, offers herself for re-election as a Director.

#### 5. Confirmation of Members of the Audit, Risk and Corporate Governance Committee of the Board

To approve the following:

In accordance with section 769(1) of the Companies Act 2015, the following being members of the Audit, Risk and Corporate Governance Committee of the Board, be confirmed to continue to serve on the said Committee.

- i. Dr. Lydia Muthoni Mbuthia
- ii. Ms. Mary Wacuka Ngatia
- iii. Mr. Sameer Naushad Merali

#### 6. Directors Remuneration Report

To approve the Directors' remuneration report for the year ended 31st December 2020, and to authorize the Board to fix the Directors remuneration.

#### 7. Appointment of Auditors

To re-appoint RSM Eastern Africa to continue in office as the company's auditors who being eligible, have expressed their willingness to continue serve as auditors of the company in accordance with the provisions of section 721(2) of the Companies Act, 2015 and to authorize the directors to fix their remuneration for the ensuing financial year.

#### 8. Any Other Business

To transact any other business that may be transacted at an Annual General Meeting.

### By Order of the Board

**Sheba Mohamed**  
Company Secretary  
19th May 2021

**Notes:**

1. Shareholders wishing to participate in the meeting should register for the AGM by visiting the online portal [https:// digital.candrgroup.co.ke](https://digital.candrgroup.co.ke) or dialling \*384\*043# and following the various prompts regarding the registration process. Shareholders will not incur any cost for such registration. In order to complete the registration process, shareholders will need to have their ID/Passport numbers which were used to purchase their shares and their Shares Account or CDSC Account Number at hand. For assistance shareholders should dial the following helpline numbers (020) 760 8216 from 8:00am to 4:00pm from Monday to Friday. Any shareholder outside Kenya should dial the helpline numbers or email [digital@candrgroup.co.ke](mailto:digital@candrgroup.co.ke) to be assisted to register.
2. Registration for the AGM opens on Monday May 31, 2021 at 8:00am and will close on Wednesday June 09, 2021 at 12:00Noon. Shareholders will not be able to register after Wednesday June 09, 2021.
3. In accordance with Section 283 (3) of the Companies Act, 2015, the following documents may be viewed on the Company's website [www.sameerafrica.com](http://www.sameerafrica.com) i) a copy of this Notice and the proxy form; ii) the Company' Integrated Report together with the audited financial statements for the year 2020
4. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:
  - a. Sending their written questions by email to [digital@candrgroup.co.ke](mailto:digital@candrgroup.co.ke) or
  - b. Shareholders who will have registered to participate in the meeting shall be able to ask questions via SMS by dialing the USSD code \*384\*043# and selecting the option (ask Question) on the prompts or
  - c. By visiting <https://digital.candrgroup.co.ke> platform; Select Attend Event; Select "Sameer Africa Plc AGM" Select "Q&A" option tab and submit questions in text box provided; or
  - d. To the extent possible, physically delivering their written questions by June 08, 2021 12:00 Noon with a return physical address or email address to the Company Registrars address: Custody & Registrars, at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue
5. Shareholders must provide their full details (full names, ID/Passport Number, Shares CDSC Account Number) when submitting their questions and clarifications by email, post or delivery. All questions and clarifications must reach the Company on or before Tuesday June 08, 2021 at 12:00 noon.
6. Shareholders wishing to vote may do so by:
  - a. Accessing Virtual AGM via <https://digital.candrgroup.co.ke> platform; Select Attend Event; Select "Sameer Africa Plc AGM"; Select "Voting" option tab and vote; or
  - b. Accessing Virtual AGM via USSD platform\*384\*043# ; Use the menu prompts to Select "Sameer Africa Plc AGM"; Select the menu option for "Voting" and follow the various prompts regarding the voting process
7. In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf.
  - ◇ A proxy need not be a member of the Company. If the Proxy appointed is not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone.
  - ◇ A proxy form is available on the Company's website via this link: [website www.sameerafrica.com](http://www.sameerafrica.com) Physical copies of the proxy form are also available at the Company Registrars address: Custody & Registrars, IKM Place, Tower B, 1st Floor, 5th Ngong Avenue, Nairobi.
  - ◇ A proxy must be signed by the appointer or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorized attorney of such body corporate.
  - ◇ A completed form of proxy should be emailed to [proxy@candrgroup.co.ke](mailto:proxy@candrgroup.co.ke) or delivered to Custody & Registrars, at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue, Nairobi so as to be received not later than 48 hours before the time of holding the meeting i.e. Tuesday June 08 2021 at 12.00 Noon. Any person appointed as a proxy should submit his/her email or mobile telephone number to the Company no later than Tuesday June 08, 2021 at 12.00 Noon.
  - ◇ Any proxy registration that is rejected will be communicated to the shareholder concerned no later than Tuesday June 08, 2021 to allow time to address any issues.
8. The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies will receive a short message service SMS/ and/or an email prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS and/or an email prompt shall be sent one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hours' time and providing a link to the live stream
9. Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform and may access the agenda. Duly registered shareholders and proxies may vote (when prompted by the Chairman) via the USSD \*384\*043# or via <https://digital.candrgroup.co.ke>.
10. A poll shall be conducted for all the resolutions put forward in the notice.
11. Results of the AGM shall be published within 24 hours following conclusion of the AGM
12. The preferred method of paying dividends which are below Kshs 140,000.00 is through M-PESA. Shareholders who wish to receive their dividend through M-PESA and who have not registered for this mode of payment can opt to receive future dividends by dialing \*483\*038# or contacting the Share Registrar, Custody & Registrars Services Limited
13. All present and former shareholders of the Company are hereby notified that pursuant to the provisions of the Unclaimed Financial Assets Act No 40 of 2011 Parts II and III, dividends and shares which have not been claimed for a period of three (3) years or more will require to be delivered to the Unclaimed Financial Assets Authority ('the Authority) as abandoned assets on the appointed date.

Therefore, all present and former shareholders with unpaid dividends are requested to urgently contact the Share Registrar, Custody & Registrars Services Limited at the address indicated below to claim any unpaid dividends to avert the risk of the dividends being forwarded to the Authority.

Custody & Registrars Services Ltd IKM Place, Tower B, 1st Floor,  
5th Ngong Avenue, Nairobi

Tel: Mobile: +254 20 7608216,  
Email: [info@candrgroup.co.ke](mailto:info@candrgroup.co.ke)

## ILANI NA AJENDA YA MKUTANO MKUU WA 52 WA MWAKA

**ILANI IMETOLEWA KWAMBA** Mkutano Mkuu wa 52 wa Kampuni utafanyika siku ya Alhamisi 10 Juni 2021 saa nne asubuhi kwa madhumuni yafuatayo:

### AJENDA

#### 1. Kuitisha Mkutano

Katibu kusoma ilani inayoitisha mkutano huo, awasilishe hoja na kuamua ikiwa kiwango cha watu wanaohudhuria kinatosha.

#### 2. Kuhakiki mukhtasari wa Kikao

Kuhakiki mukhtasari wa Kikao Kikuu cha 51 kilichofanyika Jumatatu 29 Juni 2020.

#### 3. Taarifa za Fedha na Ripoti

Kupokea, kujadili na kupitisha Taarifa za Fedha kwa mwaka uliokamilika 31 Desemba 2020 pamoja na ripoti za Wakurugenzi na Wakaguzi.

#### 4. Uchaguzi wa Wakurugenzi

##### 4.1 Kwa mpangilio wa kuzunguka:

- Kwa mujibu wa Kifungu cha 1.123 cha Chama cha Kampuni, Mkurugenzi Akf Butt anastaafu kwa kuzunguka na kwa kustahiki, anajitolea kuchaguliwa tena kama Mkurugenzi.
- Kwa mujibu wa Kifungu cha 1.123 cha Chama cha Kampuni, Mkurugenzi Dkt Lydia Muthoni Mbuthia anastaafu kwa mzunguko na kuwa anayestahiki, anajitolea kuchaguliwa tena kama Mkurugenzi.

#### 5. Uthibitisho wa Wajumbe wa Kamati ya Ukaguzi, Hatari na Utawala wa Kampuni

Ili kuidhinisha yafuatayo:

Kwa mujibu wa kifungu cha 769 (1) cha Sheria ya Makampuni ya 2015, wafuatao wakiwa wajumbe wa Kamati ya Ukaguzi, Hatari na Utawala wa Kampuni, wathibitishwa kuendelea kutumikia Kamati iliyotajwa.

- Dkt. Lydia Muthoni Mbuthia
- Bi. Mary Wacuka Ngatia
- Bw. Sameer Naushad Merali

#### 6. Ripoti ya Malipo ya Wakurugenzi

Kuidhinisha ripoti ya malipo ya Wakurugenzi kwa mwaka ulioisha 31 Desemba 2020, na kuidhinisha halmashauri kurekebisha malipo ya Wakurugenzi.

#### 7. Uteuzi wa Wakaguzi

Kuteua tena RSM Afrika Mashariki kuendelea kama wakaguzi wa Kampuni ambao kwa kuwa wanastahiki, wameeleza nia yao ya kuendelea kuwa wakaguzi wa Kampuni kulingana na vifungu vya kipengee cha 721 (2) cha Sheria ya Makampuni, ya 2015 na kuidhinisha wakurugenzi kurekebisha malipo yao kwa mwaka ujao wa fedha.

#### 8. Mengineo

Kuzungumzia mada zingine zoyote ambazo zitatekeleza katika Mkutano Mkuu wa Mwaka.

**Kwa amri ya halmashauri**

**Sheba Mohamed**  
**Katibu wa Kampuni**  
**19 MEI 2021**

**Notes:**

1. Shareholders wishing to participate in the meeting should register for the AGM by visiting the online portal <https://digital.candrgroup.co.ke> or dialling \*384\*043# and following the various prompts regarding the registration process. Shareholders will not incur any cost for such registration. In order to complete the registration process, shareholders will need to have their ID/Passport numbers which were used to purchase their shares and their Shares Account or CDSC Account Number at hand. For assistance shareholders should dial the following helpline numbers (020) 760 8216 from 8:00am to 4:00pm from Monday to Friday. Any shareholder outside Kenya should dial the helpline numbers or email [digital@candrgroup.co.ke](mailto:digital@candrgroup.co.ke) to be assisted to register.
2. Registration for the AGM opens on Monday May 31, 2021 at 8:00am and will close on Wednesday June 09, 2021 at 12:00Noon. Shareholders will not be able to register after Wednesday June 09, 2021.
3. In accordance with Section 283 (3) of the Companies Act, 2015, the following documents may be viewed on the Company's website [www.sameerafrica.com](http://www.sameerafrica.com) i) a copy of this Notice and the proxy form; ii) the Company' Integrated Report together with the audited financial statements for the year 2020
4. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:
  - a. Sending their written questions by email to [digital@candrgroup.co.ke](mailto:digital@candrgroup.co.ke) or
  - b. Shareholders who will have registered to participate in the meeting shall be able to ask questions via SMS by dialling the USSD code \*384\*043# and selecting the option (ask Question) on the prompts or
  - c. By visiting <https://digital.candrgroup.co.ke> platform; Select Attend Event; Select "Sameer Africa Plc AGM" Select "Q&A" option tab and submit questions in text box provided; or
  - d. To the extent possible, physically delivering their written questions by June 08, 2021 12:00 Noon with a return physical address or email address to the Company Registrars address: Custody & Registrars, at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue
5. Shareholders must provide their full details (full names, ID/Passport Number, Shares CDSC Account Number) when submitting their questions and clarifications by email, post or delivery. All questions and clarifications must reach the Company on or before Tuesday June 08, 2021 at 12:00 noon.
6. Shareholders wishing to vote may do so by:
  - a. Accessing Virtual AGM via <https://digital.candrgroup.co.ke> platform; Select Attend Event; Select "Sameer Africa Plc AGM"; Select "Voting" option tab and vote; or
  - b. Accessing Virtual AGM via USSD platform\*384\*043# ; Use the menu prompts to Select "Sameer Africa Plc AGM"; Select the menu option for "Voting" and follow the various prompts regarding the voting process
7. In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf.
  - ♦ A proxy need not be a member of the Company. If the Proxy appointed is not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone.
  - ♦ A proxy form is available on the Company's website via this link: [website www.sameerafrica.com](http://www.sameerafrica.com) Physical copies of the proxy form are also available at the Company Registrars address: Custody & Registrars, IKM Place, Tower B, 1st Floor, 5th Ngong Avenue, Nairobi.
  - ♦ A proxy must be signed by the appointer or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorized attorney of such body corporate.
  - ♦ A completed form of proxy should be emailed to [proxy@candrgroup.co.ke](mailto:proxy@candrgroup.co.ke) or delivered to Custody & Registrars, at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue, Nairobi so as to be received not later than 48 hours before the time of holding the meeting i.e. Tuesday June 08 2021 at 12.00 Noon. Any person appointed as a proxy should submit his/her email or mobile telephone number to the Company no later than Tuesday June 08, 2021 at 12.00 Noon.
  - ♦ Any proxy registration that is rejected will be communicated to the shareholder concerned no later than Tuesday June 08, 2021 to allow time to address any issues.
8. The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies will receive a short message service SMS/ and/or an email prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS and/or an email prompt shall be sent one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hours' time and providing a link to the live stream
9. Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform and may access the agenda. Duly registered shareholders and proxies may vote (when prompted by the Chairman) via the USSD \*384\*043# or via <https://digital.candrgroup.co.ke>.
10. A poll shall be conducted for all the resolutions put forward in the notice.
11. Results of the AGM shall be published within 24 hours following conclusion of the AGM
12. The preferred method of paying dividends which are below Kshs 140,000.00 is through M-PESA. Shareholders who wish to receive their dividend through M-PESA and who have not registered for this mode of payment can opt to receive future dividends by dialling \*483\*038# or contacting the Share Registrar, Custody & Registrars Services Limited
13. All present and former shareholders of the Company are hereby notified that pursuant to the provisions of the Unclaimed Financial Assets Act No 40 of 2011 Parts II and III, dividends and shares which have not been claimed for a period of three (3) years or more will require to be delivered to the Unclaimed Financial Assets Authority ('the Authority) as abandoned assets on the appointed date.

Therefore, all present and former shareholders with unpaid dividends are requested to urgently contact the Share Registrar, Custody & Registrars Services Limited at the address indicated below to claim any unpaid dividends to avert the risk of the dividends being forwarded to the Authority.

Custody & Registrars Services Ltd IKM Place, Tower B, 1st Floor,  
5th Ngong Avenue, Nairobi

Tel: Mobile: +254 20 7608216,  
Email: [info@candrgroup.co.ke](mailto:info@candrgroup.co.ke)

# TYRE CARE TIPS FROM SAMEER AFRICA PLC

OVERVIEW

OUR BUSINESS

OUR PERFORMANCE

GOVERNANCE

FINANCIAL STATEMENTS

SHAREHOLDERS INFORMATION

OTHER INFORMATION

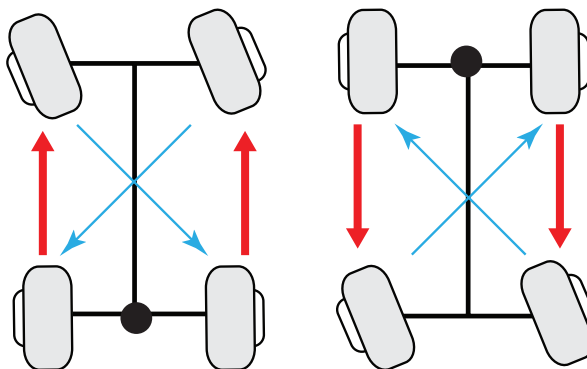
## The functions of tyres

- Supporting the weight of the vehicle
- Absorbing road shocks
- Transmitting traction and braking forces
- Changing and maintaining direction of travel

## What tires are right for your vehicle?

### Consider:

- Manufacturer's recommendation on tyre size and inflation pressure
- The load, speed and driving habits.
- The most common terrain / road conditions.
- The tyre design & construction in all aspects.
- Seek expert advice before choosing a tyre



## Dangers of low inflation pressure

- Overheating of tyres leading to bursts
- Irregular tyre wear
- Reduced tyre life - 10% pressure reduction causes 5-10% less life
- Reduced fuel economy - 10% pressure reduction can cause 1.4% extra fuel consumption
- Always use the recommended inflation pressure

## Dangers of excessive inflation pressure

- Reduced riding comfort
- Irregular wear – concentrated at the centre
- Reduced tyre life
- Tyre bursts – hence accidents
- Always use the recommended inflation pressure

## Benefits of wheel alignment

- Increased wear resistance – longer tyre life
- Better vehicle control and braking
- Softer steering
- Safer cornering

## What to check before you drive

- Correct air pressure
- Sufficient tread depth
- Any irregular wear
- Any tear or crack

## Proper tyre rotation

- Is critical since it ensures even wearing of all tyres
- Can increase tyre life by up to 20%
- Newer tyres require frequent rotation
- Rotate tires regularly : tyres should be rotated every 5000kms, to prevent irregular wear and prolonged tyre life
- Ask your Yana Tyre Centre experts for more advice on tyre rotation

## Important tyre care tips for Africa

- Ensure correct inflation pressure
- Rotate your tyres regularly
- Check your wheel alignment often
- Avoid speeding
- Seek expert advice on specific tyre care problems

## What unique tyre features are suitable for African road conditions?

- Reinforced side walls to resist damage caused by pot holes, objects, sharp road edges, curbs and rough terrain
- Reinforced bead and tread area to withstand varied load, unique usage habits and possible abuse
- Warranty/guarantee on purchase of new tyres
- Reliable, durable and relevant tyres

# RIDE HIGH ON RELIABILITY

Optimize your driving experience with YANA TYRES.  
Built with **NEXT-GEN** Tyre Technology.

## MODERN TREAD PATTERN

| Stylish | Puncture  
& wear resistance

## IMPROVED SIDEWALL

| Comfortable ride  
| Better stability

## STRONGER BELTS

| Enhanced  
puncture resistance

## STRONGER CASING

| Takes extra load  
| Tyre-burst safe

**Yana Pamoja**

*For Medium Trucks/Buses*



Custody and Registrars Services Limited  
IKM House, Tower B, 1st Floor, 5th Ngong Avenue  
P. O Box 8484-00100, Nairobi

\*I/We \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ being \*a

member/members of Sameer Africa PLC, hereby appoint:

\_\_\_\_\_ of (address, email and telephone number)

or failing \*him/her \_\_\_\_\_

\_\_\_\_\_ of (address, email and telephone number)

and failing \*him/her the Chairman of the meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Fifty Second Annual General Meeting of the Company to be held on 10th June 2021 and at any adjournment thereof.

As witness \*I/we affix \*my/our \*hand/hands this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

Signature(s) \_\_\_\_\_

Unless otherwise instructed, the proxy will vote as \*he/she thinks fit.

\*Delete whichever is not applicable.

1. Shareholders wishing to participate in the meeting should register for the AGM by visiting the online portal [https:// digital.candrgroup.co.ke](https://digital.candrgroup.co.ke) or dialling \*384\*043# and following the various prompts regarding the registration process. Shareholders will not incur any cost for such registration. In order to complete the registration process, shareholders will need to have their ID/ Passport numbers which were used to purchase their shares and their Shares Account or CDSC Account Number at hand. For assistance shareholders should dial the following helpline numbers (020) 760 8216 from 8:00am to 3:00pm from Monday to Friday. Any shareholder outside Kenya should dial the helpline numbers or email [digital@candrgroup.co.ke](mailto:digital@candrgroup.co.ke) to be assisted to register.

2. Registration for the AGM opens on Monday May 31, 2021 at 8:00am and will close on Wednesday June 09, 2021 at 12:00 noon. Shareholders will not be able to register after Wednesday June 09 2021.

3. In accordance with Section 283 (3) of the Companies Act, 2015, the following documents may be viewed on the Company's website [www.sameerafrica.com](http://www.sameerafrica.com) i) a copy of this Notice and the proxy form; ii) the Company's Annual Report together with the audited financial statements for the year 2020, iii) the draft minutes in respect of the Annual General Meeting held on 29th June 2020.

4. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:

- (i) Accessing <https://digital.candrgroup.co.ke>; selecting "Attend Event", "SAMEER AFRICA AGM", "Q&A" tab and submitting their questions.
- (ii) Sending their written questions by email to [digital@candrgroup.co.ke](mailto:digital@candrgroup.co.ke); or
- (iii) To the extent possible, physically delivering their written questions with a return postal address or email address to the registered office of the Company at , Nairobi or to Custody and Registrars Services offices at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue; or
- (iv) Sending their written questions with a return postal address or email address by registered post to the Company's address at P.O. Box 30429-00100 Nairobi

Shareholders must provide their full details (full names, ID/Passport Number, Shares CDSC Account Number) when submitting their questions and clarifications by email, post or delivery. All questions and clarifications must reach the Company on or before Wednesday June 9, 2021 at 12:00 noon.

5. Following receipt of the questions and clarifications, the directors of the Company shall provide written responses to the questions received to the return postal address or email address provided by the shareholder, no later than 6 hours before the start of the general meeting. A full list of questions received and the answers thereto will be published on the Company's website no later than 6 hours before the start of the general meeting.

6. In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company but if not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone. A proxy form is attached to this

Notice and is available on the Company's website [www.sameerafrica.com](http://www.sameerafrica.com) Physical copies of the proxy form are also available at the following address: Custody and Registrars Services offices, IKM Place, Tower B, 1st Floor, 5th Ngong Avenue. To be valid, the proxy form must be duly completed by the shareholder or his attorney duly authorized in writing. If the shareholder is a body corporate, the instrument appointing the proxy shall be give under its common seal (if any) or under the hand of an officer or duly authorized attorney of such body corporate. A completed form of proxy should be emailed to [proxy@candrgroup.co.ke](mailto:proxy@candrgroup.co.ke) in pdf format or delivered to Custody and Registrars Services, IKM Place, Tower B, 1st Floor, 5th Ngong Avenue Nairobi or be posted to Custody and Registrars Services, P. O. Box 8484-00100 Nairobi, so as to reach the Registrar not later than 12.00 noon on Tuesday June 08, 2021. Duly completed form must be supported by a copy of ID/ valid Passport of the member and include the ID/Passport, email or telephone number of the proxy to facilitate registration. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than Tuesday June 08, 2021 to allow time to address any issues.

7. The AGM will be accessible to shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, one (1) weeks prior to the AGM as a reminder of the AGM and the open voting period. A second SMS/USSD prompt shall be sent one (1) day before the AGM, reminding duly registered shareholders and proxies that the AGM will be the following day.

8. Duly registered shareholders and proxies can access the Virtual AGM using their log in credentials via <https://digital.candrgroup.co.ke>. Shareholders without internet access can access the Virtual AGM using their log in credentials via USSD \*384\*043#.

9. Results of the AGM shall be announced in the meeting and published within 24 hours following conclusion of the AGM on the Company's website: [www.sameerafrica.com](http://www.sameerafrica.com)

Custody and Registrars Services Limited  
IKM House, Tower B, ghorofa ya kwanza, barabara 5 Ngong  
Anwani S.L.P. 8484-00100, Nairobi

\*Mimi/Sisi \_\_\_\_\_  
\_\_\_\_\_ wa \_\_\_\_\_  
\_\_\_\_\_ \*nikiwa /tukiwa

\*mwanachama/wanachama wa Sameer Africa PLC, namteua/tunamteua:

wa (anwani, barua pepe na nambari ya simu)

au akikosa yeye \_\_\_\_\_

wa (anwani, barua pepe na nambari ya simu)

au akikosa yeye, mwenyekiti wa mkutano kuwa mwakilishi \*wangu/wetu kupiga kura kwa niaba \*yangu/yetu katika mkutano mkuu wa kila mwaka wa 52 wa Kampuni utakaofanyika tarehe 10 Juni 2021 na kwenye uahirishwaji wake wowote.

Kama ushahidi \* wangu/wetu \*ninatia/tunatia sahihi Mwezi \_\_\_\_\_ siku ya \_\_\_\_\_ 2021.

Sahihi \_\_\_\_\_

Isipokuwa ikishauriwa vingine mwakilishi atapiga kura anvyofikiria ni sawa.

\* Futa lisilohusika

1. Wanahisa wenye nia ya kushiriki katika mkutano wanapaswa kujisajili kwa mkutano mkuu wa kila mwaka mtandaoni kutumia anwani <https://digital.candrgroup.co.ke> au kupiga nambari \*384\*043# na kufuata vielekezo kadhaa kuhusu taratibu za usajili. Wanahisa hawatagharimika chochote kwa usajili huo. Ilikukamilisha mchakato wa kujisajili, wanahisa watahitajika kuwa nazo mkononi nambari za vitambulisho/pasipoti zao zilizotumika waliponunua hisa zao na nambari za akaunti zao za hisa au nambari za akaunti za CDSC. Kwa usaidizi, wanahisa wanapaswa kupiga simu nambari ya usaidizi ifuatayo (020) 760 8216 kati ya saa mbili asubuhi na saa tisa mchana kuanzia Jumatatu hadi Ijumaa. Mwanahisa yoyote alie nje ya Kenya anapaswa kupiga nambari za simu za usaidizi au kutumia barua pepe [digital@candrgroup.co.ke](mailto:digital@candrgroup.co.ke) ili wasaidiwe kujisajili

2. Kusajili kwa ajili ya mkutano mkuu wa mwaka kunaanza Jumatatu tarehe 3 Mei 2021 saa mbili asubuhi na kutamalizika Jumatano 09 Juni 2021 saa sita mchana.

3. Kwa mujibu wa kifungu 283 (3) cha sheria ya Makampuni 2015, nyaraka zifuatazo zinaweza kuangaliwa katika tovuti ya kampuni [www.sameerafrica.com](http://www.sameerafrica.com) i) Nakala ya ilani hii na fomu za uwakilishi, ii) ripoti jumuishi ya kampuni pamoja na taarifa zilizokaguliwa za fedha za mwaka 2020, iii) kumbukumbu rasimu ya mkutano mkuu wa kila mwaka uliofanyika 29 Juni 2019.

4. Wanahisa wenye nia ya kuuliza maswali yoyote au ufafanuzi kuhusu mkutano mkuu wa kila mwaka wanaweza kufanya hivyo kwa:
- (i) Kujiunga na <https://digital.candrgroup.co.ke>; kuchagua "Attend Event"(jiunge na hadhara), "SAMEER AFRICA AGM", "Q&A"(maswali na ,ajibu) na kuwasilisha maswali.
  - (ii) Kutuma maswali yao yalioandikwa kwa barua pepe [digital@candrgroup.co.ke](mailto:digital@candrgroup.co.ke); au
  - (iii) Kwa kiasi kinachowezekana, kuwasilisha binafsi maswali yalioandikwa na kuwacha anwani ya mahali pa kurejesha majibu au barua pepe hapo katika ofisi za Kampuni Nairobi au ofisi za Custody and Registrars Services Ltd, IKM Place, Tower B, ghorofa ya kwanza Barabara 5 Ngong; au
  - (iv) Kutuma maswali yao yalioandikwa, na kuwacha anwani ya mahali pa kurejesha majibu au barua pepe, kwa kutumia barua iliosajiliwa na posta itumwe kwa anwani ya Kampuni S.L.P 30429-00100 Nairobi.

Wanahisa wanawajibika kupeana maelezo yao kamili ( Majina kamili , nambari ya Kitambulisho/Pasipoti, nambari ya akaunti ya CDSC) wanapo wasilisha maswali yao na kutaka ufafanuzi wanapotumia barua pepe, posta au kufikisha waraka. Maswali yote na ufafanuzi lazima yafikie Kampuni siku ya, au kabla ya, Jumatano 09 Juni 2021 saa sita mchana.

5. Baada ya kupokea maswali na ufafanuzi wakurugenzi wa kampuni watotoa majibu yalioandikwa kujibu maswali yaliopokewa na kuyatuma kwa anwani za posta za kurejesha majibu au kwa barua pepe zilizopeanwa na wanahisa, katika muda usio punguwa masaa 6 kabla ya kuanza mkutano mkuu. Orodha kamili ya maswali na majibu yake itachapishwa katika tovuti ya Kampuni katika muda usio punguwa masaa 6 kabla ya kuanza mkutano mkuu.

6. Kwa mujibu wa kifungu 298(1) cha Sheria Ya Makampuni ,wanahisa wanahaki ya kuhudhuria na kupiga kura katika Mkutano Mkuu wa Kila mwaka, wanahaki ya kumteua wakala ilikupiga kura kwa niaba yao. Wakala si lazima awe mwanachama wa kampuni akikosekana wakala basi ni Mwenyekiti wa mkutano mkuu wa mwaka, wakala alieteuliwa atahitaji kutumia simu ya rununu. Fomu ya uwakilishi imeambatishwa na ilani hii na inapatikana katika tovuti ya kampuni [www.sameerafrica.com](http://www.sameerafrica.com) Nakala halisi pia zinapatikana katika anwani ifuatayo ofisi ya Custody and Registrars Services IKM Place, Tower B, ghorofa ya kwanza, barabara 5 Ngong. Ili kuwa halali, fomu ya uwakilishi lazima ijazwe itakikanavyo na mwanahisa au wakili wake alieidhinishwa itakikanavyo kwa maandishi. Ikiwa mwanahisa ni shirika, waraka wakumteua wakala upeanwe ukiwa umepigwa muhuri wa kawaida(ukiwepo) au kwa kutiwa sahihi na afisa au wakili wa shirika alieidhinishwa itakikanavyo na shirika hilo. Fomu ya uwakilishi iliyojazwa inapaswa itumwe kwa barua pepe kwa anwani [proxy@candrgroup.co.ke](mailto:proxy@candrgroup.co.ke) kwa mfumo wa PDF au iwasilishwe kwa Custody and Registrars Services, IKM Place, Tower B, ghorofa ya kwanza, barabara 5 Ngong, Nairobi au itumwe kwa njia ya posta kupitia anwani Custody and Registrars Services, S.L.P. 8484-00100 Nairobi ilikumfikia msajili kabla ya saa sita mchana Jumanne 08 Juni 2021. Fomu zilizojazwa itakikanavyo lazima ziandamane na nakala ya kitambulisho/pasipoti inayotumika ya mwanachama na ijumuishe kitambulisho/pasipoti, barua pepe au nambari ya simu ya wakala kusahilisha usajili. Usajili wowote wa wakala utakaokataliwa mwanahisa muhusika ataarifiwa kabla ya Jumanne Juni 08,2021 ilikuruhusu wakati wa kushughulikia masuala yoyote.

7. Mkutano Mkuu wa Mwaka utaweza kupatikana mtandaoni na wanahisa wale watakao kuwa walijisajili kushiriki katika mkutano mkuu. Wanahisa waliojisajili itakikanavyo na mawakala watapokea agizo kupitia huduma ya ujumbe mfupi (SMS/USSD) katika nambari za simu zao zilizosajiliwa wiki moja kabla ya mkutano mkuu wa mwaka kama tanabahisho la mkutano mkuu wa mwaka na kipindi wazi cha upigaji kura. Agizo la pili la ujumbe mfupi litatumwa siku moja kabla ya mkutano mkuu wa kila mwaka, kuwakumbusha wanahisa waliosajiliwa na mawakala kuwa mkutano mkuu wa kila mwaka utakuwa siku ifuatayo.

8. Wanahisa waliosajiliwa itakikanavyo na mawakala wanaweza kujiunga na mkutano mkuu wa kila mwaka mtandaoni kupitia uwezo maalum wa kuingia mtandaoni kupitia <https://digital.candrgroup.co.ke>. wanahisa wasiokuwa na mtandao wanaweza kujiunga na mkutano mkuu wa kila mwaka mtandaoni kupitia uwezo wao maalum wa kuingia kupitia jumbe fupi \*384\*043#.

9. Matokeo ya Mkutano mkuu wa kila mwaka yatatangazwa katika mkutano na kuchapishwa katika tovuti ya kampuni [www.sameerafrica.com](http://www.sameerafrica.com) ndani ya masaa 24 kufuatia kumalizika mkutano mkuu wa kila mwaka.



## ***SUMMIT TYRE RANGE***



**HAWK**



**TOSHA**



**KIFARU**



**KIFARU-D**



**KIFARU-ST**



## Sameer Africa Sales Depot Addresses

### Kenya

#### Nairobi – Mombasa Road

P.O. Box 30429 - 00100, Nairobi

Mobile: 0733 611138/9

0722 204674/5

0730 156222

Fax: 020 - 3962 888

Email: [info@sameerafrica.com](mailto:info@sameerafrica.com)

## Yana Tyre Centres Addresses

#### Yana Tyre Centre – SBP

Sameer Business Park

Mombasa road

P.O. Box 30429- 00100

Nairobi, Kenya

Mobile: 0732808057

Email: [yana.sbp@sameerafrica.com](mailto:yana.sbp@sameerafrica.com)

OVERVIEW

OUR BUSINESS

OUR  
PERFORMANCE

GOVERNANCE

FINANCIAL  
STATEMENTSSHAREHOLDERS  
INFORMATIONOTHER  
INFORMATION



**Head office**

**Sameer Africa PLC, Mombasa/Enterprise Road Junction,**

P.O. Box 30429 - 00100, Nairobi, Kenya.

Tel: +254 20 3962 000 | Mobile: +254 733 - 611138/9, 722 - 204674/5

Customer Service Number: +254 20 3962 601

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