



# 2021 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' on the left, composed of red, black, and grey geometric shapes. To the right of the 'Y' is the word 'ANA' 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

### Audit, Risk and Corporate Governance Committee

Lydia Mbuthia (Chairlady)  
Sameer Merali  
Mary Ngatia

### Finance, Strategy and Investment Committee

Akif Butt (Chairman)  
Peter Gitonga  
Sameer Merali

### Nominations and Remuneration Committee

Mary Ngatia (Chairlady)  
Eng. Erastus Mwongera  
Peter Gitonga

### Registered Office & Principal Place of Business

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

### Company Secretary

Mohamed Sheba - Resigned 30th September 2021  
Mercy Mbijiwe - Appointed 1st October 2021

### Listing

Nairobi Securities Exchange

### Share Registrars

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

### Advocates

Kipkorir, Titoo & Kiara  
Posta Sacco Plaza  
PO Box 10176  
00100 Nairobi

Waruhiu K'owade and Nganga Advocates  
Taj Towers, 4th Floor, Wing B

Upperhill Road  
PO Box 41722  
00100 Nairobi GPO

### Principal Bankers

NCBA Bank (Kenya) PLC  
NCBA House  
Masaba Road, off Uhuru Highway  
PO Box 44599  
00100 Nairobi GPO

Standard Chartered Bank Kenya PLC  
48, Westlands Road  
PO Box 30003  
00100 Nairobi GPO

### Auditors

RSM Eastern Africa LLP  
Certified Public Accountants  
1st Floor, Pacis Centre  
Slip road, off Waiyaki Way, Westlands  
PO Box 349 – 00606  
Nairobi



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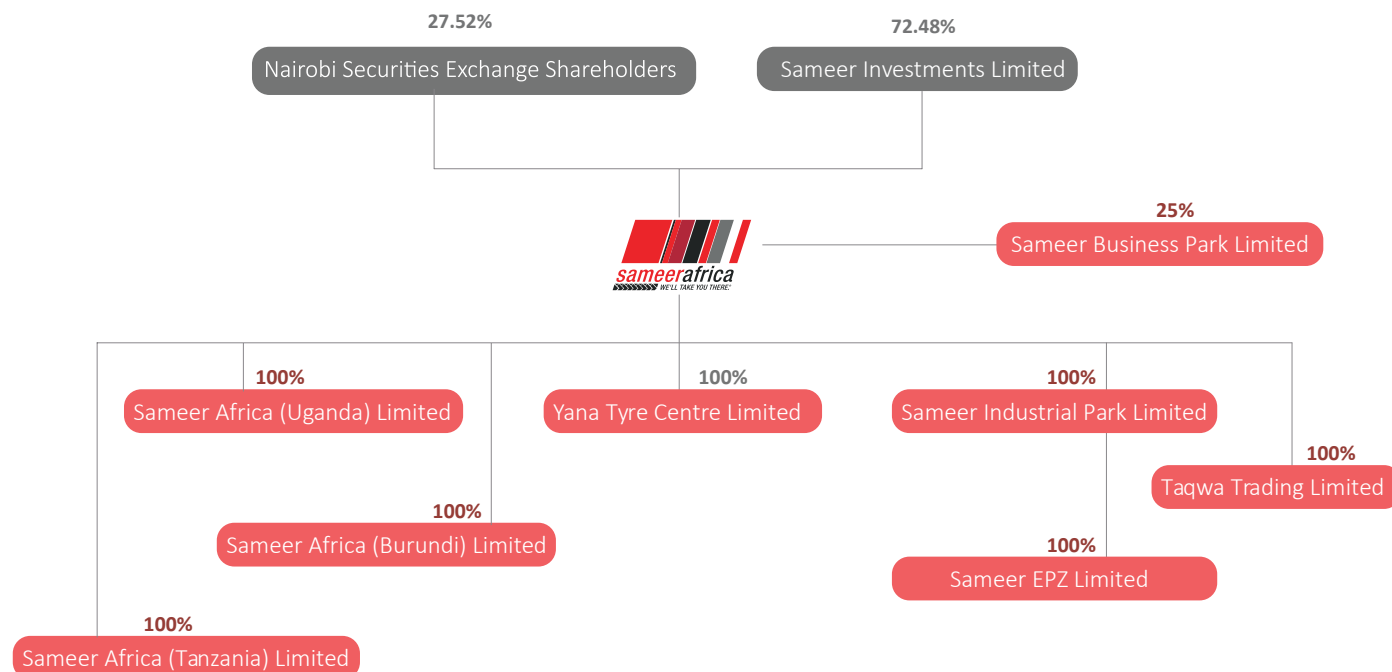
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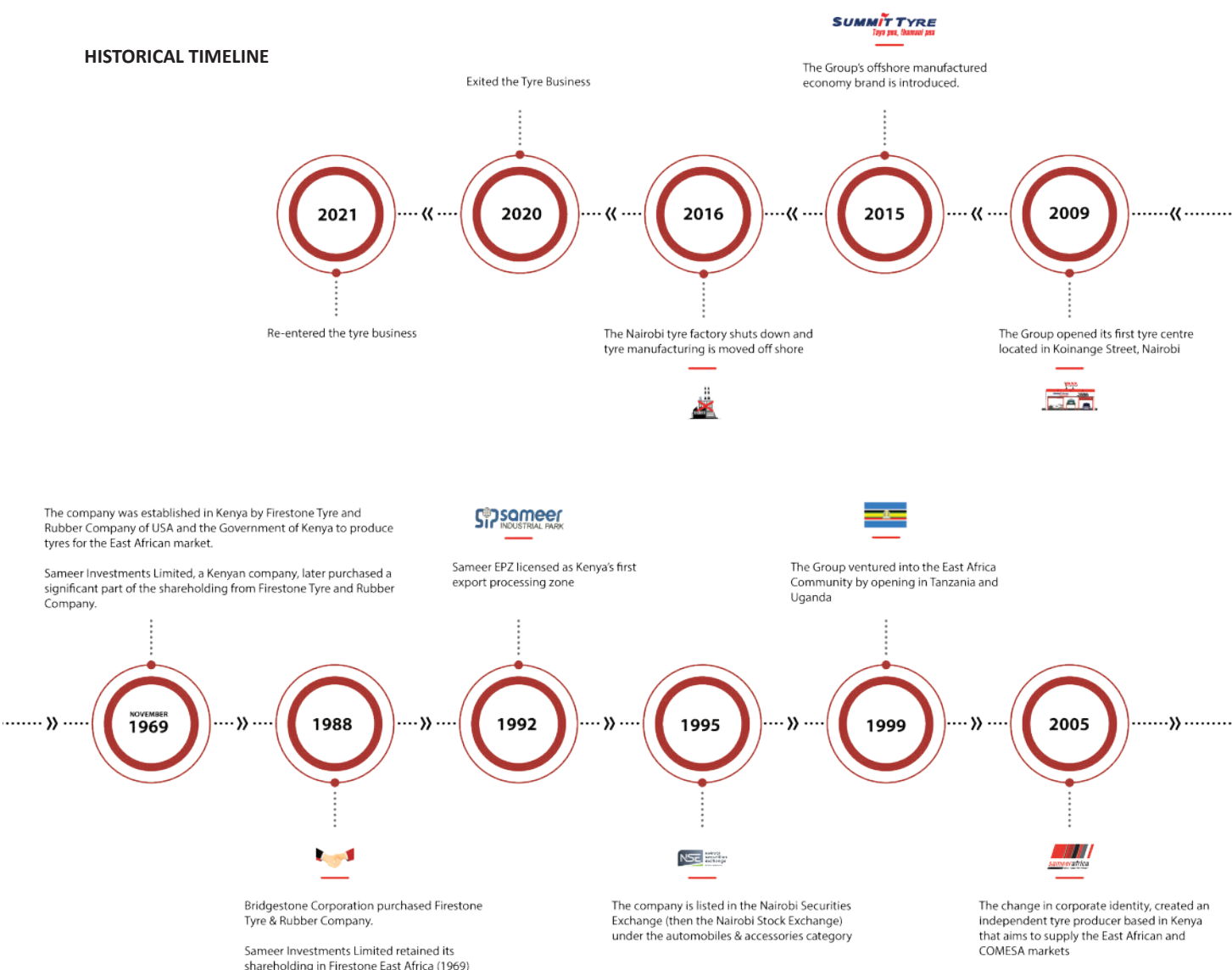
## WHO WE ARE

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.



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



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

## 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

“Extracting value from our existing portfolio of investment properties remains at the center of our growth agenda in the coming years...”



Eng. Erastus Mwongera

Chairman

Distinguished shareholders, members of the Board, ladies and gentlemen, it is with great pleasure that I welcome you to the 53rd Annual General Meeting of your company.

## OVERVIEW

Your company has delivered improved performance amidst a challenging operating environment, supply chain disruption, escalating freight charges and covid-19 restrictions during the year weighing heavily on our profitability. The lean and fit for purpose business model adopted since the onset of the covid-19 pandemic has been the key driver for the solid performance.

Operating profit increased 131% driven by sustained cost optimization and high occupancy levels of our investment properties. The Group registered a profit after tax of Ksh 217 million for the year ended 31 December 2021 against a profit of Ksh 44 million in the year 2020.

The Group's performance demonstrates the Board's commitment to the strategy, resilience of the business and our continuous efforts to ensure the business is future-ready.

## STRATEGY

2021 was our year of stabilization in line with our strategic plan, we attained most of our objectives in relation to efficiency in utilization of our working capital, improved our business processes and supply chain management. Enhancing capabilities in terms of reskilling and upskilling of our human resource capital is ongoing and is purposed to ensure employees remain future focused and are empowered to work in the dynamic post covid-19 work environment.

Digital agility remains a core pillar of our strategic objective with planned investments in digital training and digital tools to enable our employees remain engaged and motivated.

Our emphasis to unlock more value from our investment properties is ongoing as the Board explores various concepts for additional outlay in industrial warehouses at our sort-after Mombasa road complex. The Board will continue to amend and adjust strategies to match the prevailing circumstances brought

about by the uncertainty as a result of the covid-19 pandemic, Eastern Europe conflict and upcoming general elections.

Going into the future, the Board is cautious but optimistic about the risks and opportunities to be extracted from the new strategic direction the Group has taken.

## RISK MANAGEMENT

Sameer Africa is committed to proactive and effective risk management to mitigate adverse effects on our operations and to identify and explore business opportunities. Ultimately, effective risk management contributes to achieving our long-term strategic targets and short-term goals.

Sameer's Board of Directors is responsible for defining risk appetite for all main risk categories relevant to the company. The Board oversees the risk management process and carries out annual reviews of the company's most important risk categories and internal control arrangements.

In the coming financial year the Board has identified supply chain disruption, culture risk and cyber security exposure as some of the key risks requiring continuous monitoring.

Sameer Africa has implemented a framework with clear policies and procedures to facilitate risk management across our two businesses. This creates a stable environment within which we can deliver on our strategic and operational objectives and identify and seize business opportunities.

## GOVERNANCE AND REMUNERATION

Sameer's Corporate Governance and company processes are set up to meticulously oversee, control and manage the company's risks and opportunities. A transparent and active corporate governance is crucial for aligning the interests of all our stakeholders.

During the year 2021 there were no changes

in the Board Committees, our reconstituted Board committees continue to support the Board in implementation of the strategic plan and ensuring all company policies are adhered to.

## OUTLOOK

Globally we expect that the ongoing conflict in Ukraine will affect our supply chain. In Kenya, the upcoming general elections and the continued depreciation of the Kenya shilling is likely to impact negatively on the business and performance in the second half of the year.

The Board continues in its commitment to the strategy which enters its second phase in the year 2022. Extracting value from our existing portfolio of investment properties remains at the center of our growth agenda in the coming years, by developing sustainable and innovative industrial property products the group is poised to enter a new phase of value creation anchored on the property business.

Your Board is actively engaged in overseeing our ongoing strategy execution and we are confident that the Board has the right mix of diverse skills and experiences to continue to guide us in the years to come.

Finally, I wish to express my sincere gratitude and appreciation to all our 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 in returning Sameer Africa to profitability. God bless Sameer Africa and God bless each one of you.

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

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## HOTUBA YA MWENYEKITI

### “Kuchumathamani kutoka kwa jalada letu la mali la uwekezaji bado ni kitovu cha ajenda yetu ya ukuaji katika miaka ijayo.”

Wanahisa mashuhuri, wanachama wa Bodi, mabibi na mabwana, ni furaha kubwa kuwakaribisha kwenye Mkutano wa 53 wa Kila Mwaka wa kampuni yenu.

#### MAPITIO

Kampuni yenu imetoa utendakazi ulioboreshwa huku kukiwa na changamoto ya mazingira ya uendeshaji, kukatizwa kwa ugavi, kuongezeka kwa gharama za uchukuzi na vizuizi vya covid-19 katika mwaka huu viilivyolemea sana faida yetu. Mfano wenye mapungufu na unaofaa kwa madhumuni ya biashara uliopitishwa tangu kuanza kwa janga la covid-19 umekuwa kichocheo kikuu cha utendaji thabiti.

Faida ya uendeshaji iliongezeka kwa asilimia 131% kutokana na uboreshaji endelevu wa gharama na viwango vya juu vya umiliki wa mali zetu za uwekezaji. Kundi lilisajili faida baada ya ushuru wa Ksh 217 milioni kwa mwaka uliomalizika 31 Desemba 2021 dhidi ya faida ya Ksh 44 milioni katika mwaka wa 2020.

Utendaji wa Kikundi unaonyesha kujitolea kwa Bodi kwa mkakati, uthabiti wa biashara na juhudi zetu endelevu za kuhakikisha kuwa biashara iko tayari kwa siku zijazo.

#### MKAKATI

2021 ulikuwa mwaka wetu wa uthabiti kulingana na mkakati wetu, tulifikia mengi ya malengo yetu kuhusiana na ufanisi katika matumizi ya mtaji wetu wa kufanya kazi, kuboresha michakato yetu ya kibiashara na usimamizi wa ugavi. Uboreshaji wa uwezo katika suala la kuajiri upya na uboreshaji wa mtaji wa rasilimali za watu unaendelea na unakusudiwa kuhakikisha kuwa wafanyikazi wanabaki kulenga siku zijazo na wanawezeshwa kufanya kazi katika mazingira ya kazi yaliyobadilika baada ya Covid-19.

Umahiri wa kidijitali unasalia kuwa nguzo kuu ya lengo letu la kimkakati kwa uwekezaji uliopangwa katika mafunzo ya kidijitali na zana za kidijitali ili kuwawezesha wafanyakazi wetu kuendelea kujishughulisha na kuhamasishwa.

Msisitizo wetu wa kupata thamani zaidi kutoka kwa mali zetu za uwekezaji unaendelea huku Bodi ikichunguza dhana mbalimbali kwa ajili ya matumizi ya ziada katika maghala ya viwanda katika barabara yetu yenye shughuli nyingi ya Mombasa Road. Bodi itaendelea kubadilisha na kurekebisha mikakati ili kuendana na hali iliyopo inayoletwa na kutokuwa na uhakika kwa sababu ya janga la covid-19, mzozo wa Ulaya Mashariki na uchaguzi mkuu ujao.

Kwa kuangazia siku zijazo, Bodi iko makini lakini ina matumaini kuhusu hatari na fursa zitakazotolewa kutoka kwa mwelekeo mpya wa kimkakati ambao Kikundi kimeuchukua.

#### KUDHIBITI HATARI

Sameer Africa imejitolea kudhibiti hatari kwa uangalifu na kwa ufanisi ili kupunguza athari mbaya kwenye shughuli zetu na kutambua na kuchunguza fursa za biashara. Hatimaye, usimamizi madhubuti wa hatari huchangia katika kufikia malengo yetu ya kimkakati ya muda mrefu na malengo ya muda mfupi.

Bodi ya Wakurugenzi ya Sameer ina jukumu la kufafanua hamu ya hatari kwa aina zote kuu za hatari zinazohusiana na kampuni. Bodi inasimamia mchakato wa usimamizi wa hatari na kufanya mapitio ya kila mwaka ya kategoria muhimu zaidi za hatari za kampuni na mipangilio ya udhibiti wa ndani.

Katika mwaka ujao wa fedha, Bodi imebainisha kuvurugwa kwa msururu wa ugavi, hatari ya kitamaduni na udhihirisho wa usalama wa kimtandao kama baadhi ya hatari zinazohitaji ufuatiliaji wa mara kwa mara.

Sameer Africa imetekeleza mfumo ulio na sera na taratibu zilizo wazi ili kuwawezesha udhibiti wa hatari katika biashara zetu mbili. Hii inatengeneza mazingira dhabiti ambamo tunaweza kutimiza malengo yetu ya kimkakati na ya kiutendaji na kutambua na kuchukua fursa za biashara.

#### UTAWALA NA MSHAHARA

Utawala wa Biashara wa Sameer na michakato ya kampuni imewekwa ili kusimamia, na kudhibiti hatari na fursa za kampuni. Utawala wa shirika ulio wazi na unaofanya kazi ni muhimu kwa kuoanisha maslahi ya washikadau wetu wote.

Katika mwaka wa 2021 hakukuwa na mabadiliko katika Kamati za Bodi, kamati zetu za Bodi zilizoundwa upya zinaendelea kuunga mkono Bodi katika utekelezaji wa mkakati na kuhakikisha sera zote za kampuni zinafuatwa.

#### MTAZAMO

Ulimwenguni tunatarajia kwamba mzozo unaoendelea nchini Ukraine utaathiri ugavi wetu. Nchini Kenya, uchaguzi mkuu ujao na kuendelea kushuka kwa thamani ya shilingi ya Kenya huenda kukaathiri vibaya biashara na utendakazi katika nusu ya pili ya mwaka.

Bodi inaendelea na ahadi yake kwa mkakati unaolingia katika awamu yake ya pili mwaka wa 2022. Kuchota thamani kutoka kwa jalada letu lililopo la mali za uwekezaji bado ni kitovu cha ajenda yetu ya ukuaji katika miaka ijayo, kwa kuunda bidhaa endelevu na za ubunifu za mali ya kiviwanda kikundi kiko tayari kuingia katika awamu mpya ya uundaji wa thamani inayozingatia biashara ya mali.

Bodi yenu inashiriki kikamilifu katika kusimamia utekelezaji wetu wa mkakati unaoendelea na tuna uhakika kwamba Bodi ina mchanganyiko sahihi wa ujuzi na uzoefu mbalimbali ili kuendelea kutuongoza katika miaka ijayo.

Hatimaye, ningependa kutoa shukrani zangu za dhiti na niwashukuru wanahisa wetu wote, washirika wetu wa kibiashara, washauri na wateja kwa usaidizi wao usioyumba na nia njema. Shukrani zangu pia ziende kwa wanachama wa Bodi, wasimamizi na wafanyakazi kwa juhudi na mchango wao katika kuirejesha Sameer Africa kwenye faida.

Mungu ibariki Sameer Africa na Mungu abariki kila mmoja wenu.

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

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## MANAGING DIRECTOR'S STATEMENT

**“Sameer Africa has built an excellent brand equity that will be leveraged in the growth phase of its strategic plan.”**

Peter Gitonga  
**Managing Director**



Withdrawal from the tyre business in the regional markets and retail segments in Kenya continues to significantly affect our group turnover. The group reported a reduction in turnover from Ksh 757 million reported in 2020 to Ksh 652 million in 2021. Our property business segment confirmed its resilience with a 15% increase in turnover during the period.

Operating overheads remained at par with the previous year confirming our commitment to a lean and profitable organization structure and business model. Despite the effects of the pandemic and existing competition in both the tyre and property industry we reported a fivefold increase in profit after tax from the Ksh 44 million reported in 2020 to Ksh 217 million in 2021.

In line with our first year strategy plan our business operations were streamlined and we reported a number of wins in working capital management, supply chain efficiency and business process improvements, it is on this pillars that we plan to lay a strong foundation for the next phase of the strategy.

#### STRATEGY

Our strategic objectives for 2021 aimed at stabilizing the business were largely achieved. Freeing capital, improving business processes, creating new market innovations and enhancing capabilities for the growth stage of the strategic plan were some of the silver linings as we head into the 2nd year of our plan.

Management remains focused in executing a highly digitized low opex model to position the business in the “new normal” operating environment.

Our property business remains front and center to support future growth of the

business, the infill project at our Mombasa road complex is at an advanced planning stage and ground breaking is projected for the 1st quarter of 2023. Existing properties are continuously being upgraded to meet the demands of our diverse client. The next phase of our investment in the property business will be the development of modern, high tech and efficient Grade “A” warehouses at our strategically located industrial area premises.

#### PEOPLE

The future of work is now well defined to include diversity, inclusivity and digitally enabled employees who are able to counter the challenges brought about by the covid-19 pandemic. Ensuring employees are engaged, motivated and productive will remain critical in our growth objectives.

Upskilling and equipping of employees is ongoing to align skills to strategy, our approach to the balanced scorecard is aimed at making each employee feel and act as part of a specific purpose.

#### OUTLOOK

In summary, Sameer Africa has built an excellent brand equity that will be leveraged in the growth phase of its strategic plan, we have set our sights on the industrial property market as the arena for our growth and profitability in the coming years.

Sameer Africa’s priorities for the year ahead are:

- Developing our portfolio of investment property to secure our share of the growing demand for industrial property.
- Broadening our product innovation to support the sustainability agenda with investments in green energy under our solar roof license agreements.
- Digital transformation to enhance efficiencies, promote collaboration and

maintain a low opex and agile operating model.

- Ensuring that our risk framework is continuously monitored to mitigate any downside and take advantage of opportunities.

Management still maintains a cautious approach for the year 2022, the upcoming general elections, the ongoing conflict in Ukraine and the depreciation of the Kenya shilling is expected to weigh in on our performance in the second half of the year.

Finally I am grateful to all our shareholders, customers, the board, our employees and other stakeholders for their support in delivering the excellent performance in 2022.

Peter Gitonga  
**Managing Director**

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## “Sameer Africa imeunda usawa bora wa chapa ambayo itasaidiwa katika awamu ya ukuaji wa mpango wake wa kimkakati.”

Kujiondoa kwenye biashara ya magurudumu katika masoko ya kikanda na sehemu za rejareja nchini Kenya kunaendelea kuathiri pakubwa mauzo ya kikundi chetu. Kikundi kiliripoti kupungua kwa mauzo kutoka shillingi 757 milioni yaliyoripotiwa mwaka wa 2020 hadi shillingi 652 milioni mwaka wa 2021. Sehemu yetu ya biashara ya mali ilithibitisha uthabiti wake na ongezeko la 15% la mauzo katika kipindi hicho. Viwango vya uendeshaji vilibaki sawa na mwaka uliopita kuthibitisha kujitolea kwetu kwa muundo wa shirika ulio na mapungufu na faida na mfumo wa biashara. Licha ya athari za janga hili na ushindani uliopo katika tasnia ya magurudumu na mali, tuliripoti ongezeko mara tano la faida baada ya ushuru kutoka shillingi 44 milioni zilizoripotiwa 2020 hadi shillingi 217 milioni mnamo 2021.

Kulingana na mkakati wetu wa mwaka wa kwanza shughuli zetu za biashara ziliratibiwa na tuliripoti mafanikio kadhaa katika usimamizi wa mtaji wa kufanya kazi, ufanisi wa ugavi na uboreshaji wa mchakato wa biashara, ni kwa msingi huu tunapanga kuweka msingi thabiti wa awamu inayofuata ya mkakati.

### MIKAKATI

Malengo yetu ya kimkakati ya 2021 yanayolenga kuleta utulivu wa kibiashara yalifikwa kwa kiasi kikubwa. Kuweka huru mtaji, kuboresha mchakato ya biashara, kuunda ubunifu mpya wa soko na kuongeza uwezo kwa hatua ya ukuaji wa mkakati zilikuwa baadhi ya matarajio yenye matumaini tunapoelekea katika mwaka wa 2 wa mpango wetu.

Usimamizi unasalia kulenga katika kutekeleza mfumo wa chini wa kidijitali wa opex ili kuweka biashara katika “mazingira mpya” ya utendaji kazi.

Biashara yetu ya umilisi wa mali inasalia kuwa mbele na kitovu ili kusaidia ukuaji wa biashara wa siku zijazo, mradi wa kujaza bidhaa katika barabara yetu ya Mombasa uko katika hatua ya juu ya upangaji na uwekaji msingi unatarajiwa katika robo ya 1 ya 2023. Mali zilizopo zinaendelea kuboreshwa ili kukidhi mahitaji ya wateja wetu mbalimbali. Awamu inayofuata ya uwekezaji wetu katika biashara ya kumiliki mali itakuwa ni uundaji wa maghala ya kisasa, ya hali ya juu na yenye ufanisi wa daraja la A” katika eneo letu la kimkakati la viwanda lililowekwa.

### WATU

Mustakabali wa kazi sasa umefafanuliwa vyema kujumuisha utofauti, ushirikishwaji na wafanyikazi waliowezeshwa kidijitali ambao wanaweza kukabiliana na changamoto zinazoletwa na janga la covid-19. Kuhakikisha wafanyakazi wanajishughulisha, wanahamasishwa na wana tija kutasalia kuwa muhimu katika malengo yetu ya ukuaji. Uboreshaji wa ujuzi na utayarishaji wa wafanyakazi unaendelea ili kuoanisha ujuzi kwa mkakati, mbinu yetu ya kupata matokeo yaliyosawazishwa inalenga kumfanya kila mfanyakazi kujisikia na kutenda kama sehemu ya madhumuni mahususi.

### MTAZAMO

Kwa muhtasari, Sameer Africa imeunda usawa bora wa chapa ambao utasaidiwa katika awamu ya ukuaji wa mkakati wake, tumeweka malengo yetu kwenye soko la mali ya viwanda kama uwanja wa ukuaji na faida yetu katika miaka ijayo.

Vipaumbele vya Sameer Afrika kwa mwaka ujao ni:

- Kuendeleza jalada letu la mali ya uwekezaji ili kupata sehemu yetu ya mahitaji yanayokua ya mali ya viwanda.

- Kupanua ubunifu wa bidhaa zetu ili kusaidia ajenda ya uendeleu na uwekezaji katika nishati inayotokana na vyanzo vya asili chini ya makubaliano yetu ya leseni ya paa la nishati ya jua.
- Mabadiliko ya kidijitali ili kuongeza utendakazi, kukuza ushirikiano na kudumisha muundo wa chini wa uendeshaji wa opex na agile.
- Kuhakikisha kwamba mfumo wetu wa hatari unafuatiliwa kila mara ili kupunguza kasoro yoyote na kutumia fursa kwa manufaa yetu.

Usimamizi bado unashikilia mtazamo wa kitahadhari kwa mwaka wa 2022, uchaguzi mkuu ujao, mzozo unaoendelea nchini Ukraini na kushuka kwa thamani ya shilingi ya Kenya kunatarajiwa kupima utendakazi wetu katika nusu ya pili ya mwaka.

Mwisho, ninawashukuru wanahisa wetu wote, wateja, bodi, wafanyakazi wetu na washikadau wengine kwa usaidizi wao katika kuleta utendakazi bora katika mwaka wa 2022.

Peter Gitonga  
**Mkurugenzi Mtendaji**



**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



## OUR STRATEGY

Demands placed on organizations by the “new normal” not only requires businesses to remain adaptable but also resilient through innovation and setting strategic objectives that are able to meet the needs of their customers and other stakeholders. Our strategy has positioned us to leverage on our brand equity to deliver our value proposition to our customers.

### OVERVIEW

Following the re-entry in to the tyre business in 2021, our strategic priorities were reviewed and aligned to the objectives that had been set for the coming year. Digitization and cost optimization will remain a focus area in achieving efficiency and maintaining a low opex model, the property business will be a key driver of value creation for the group

### OUR FOCUS



### DELIVERING ON STRATEGY

- Upskilling and reskilling of our employees to enhance capabilities in the digital ecosystem.
- Expand our digital agenda with digital tools and technology that entrench collaboration.
- Drive cost optimization.
- Increase our investment in industrial property.

In delivering our strategy we remain committed to our core values of Integrity, respect, innovation and accountability.



#### INTEGRITY

We strive to be honest, fair and ethical in all dealings with our customers, suppliers, investors, co-workers and the communities in which we operate.



#### RESPECT

We will treat our customers, suppliers, stakeholders and each other with respect in a consistent and fair manner that promotes teamwork and embraces diversity.



#### INNOVATION

We will continuously develop market relevant products through innovation and efficient service delivery.



#### ACCOUNTABILITY

We will individually and collectively take full responsibility for our actions and hold ourselves accountable to each other and to all stakeholders.

## RISK & OPPORTUNITIES

The Board of Sameer Africa, following recommendations from the Board audit, risk and corporate governance committee approves the groups risk appetite. The identification and assessment of these risks is informed by an understanding of the dynamic environment we operate in, strategic objectives, the interest of all our stakeholders and other significant trends.

### KEY RISKS

In the coming year the following risks are considered key and hence keenly monitored.

- **Supply chain risk**  
The global supply of goods is likely to be disrupted by the on-going conflict in Ukraine as well as possible new variants of covid-19. To mitigate this risk the group is looking at diversifying sources of inputs before global supply of goods is normalized.
- **Cyber security risk**  
Cyber threats where infiltrators are constantly making use of information technology to perpetrate illegal acts and steal data are increasing significantly, as a mitigation the group has an efficient firewall and back up procedures in place and these have been fully tested.
- **Exchange rate risk**  
The conflict in Europe and the upcoming general election is likely to weaken the Ksh against major currencies.

Other risks include:

- **Emerging/Disruptive technology risk.**  
Disruptive technologies such as Artificial Intelligence, Robotic Process Automation, Block chain, and Drones are exposing organizations to new risks, requiring them to rethink their strategy, governance and architecture.
- **Operational risk.**  
The Board is continuously updating policies, processes and controls to mitigate risks in the environment that we operate in.
- **Tax risk.**  
The pandemic caused a significant deterioration in public finances and this is likely to expose businesses to tax risk as governments adopt tax policies that can support inclusive and sustainable growth post covid-19.

### KEY OPPORTUNITIES

- Industrial Property-Grade A warehouses.
- Value addition to our Grade B warehouses.
- Digitized model in the discount tyre segment.





## OUR CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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## RISK MANAGEMENT FRAMEWORK

Sameer Africa's risk management policy is modelled across the COSO framework, while the latest COSO enterprise risk management framework retains many of the same characteristics as the original, it places greater emphasis on strategy. The updated framework places greater emphasis on the importance of integrating risk considerations when designing and implementing strategies to accomplish the organization's performance goals and objectives.

The COSO framework is summed up by the diagram below;



Besides focusing more on strategic objectives, the new framework places greater emphasis on culture, risk appetite and integrating risk management throughout the organization.

The framework includes five components:

- 1. Governance and Culture** – Forms the basis of the other components by providing guidance on board oversight responsibilities, operating structures, leadership's tone, and attracting, developing, and retaining the right individuals.
- 2. Strategy & Objective-Setting** – This component focuses on strategic planning and how the organization can understand the effect of internal and external factors on risk. This section provides guidance on analyzing business context, defining risk appetite, and formulating objectives.
- 3. Performance** – After an organization develops its strategy, it then moves on to identify and assess risks that could affect its ability to achieve these goals. This section not only helps guide the organization's risk identification and assessment, but also how to prioritize and respond to risks.
- 4. Review and Revision** – After risks have been prioritized and a course of action chosen, the organization moves into the review and revision phase where it assesses any changes that have taken place. This provides the opportunity to understand how the enterprise risk management process in the organization can be improved.
- 5. Information, Communication, and Reporting** – The last component of the framework involves sharing information from internal and external sources throughout the organization. Systems are used to capture, process, manage, and report on the organization's risk, culture, and performance.

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## AUDIT RISK AND CORPORATE GOVERNANCE COMMITTEE

The audit, risk and corporate governance committee is established by the Board of directors of the company to assist in fulfilling its responsibilities for internal controls, risk management, corporate governance, compliance with laws and regulations and oversight of internal and external audit and the risk management function.

### Composition of the Committee

- Dr. Lydia M. Mbuthia (Chair)
- Mr. Sameer N. Merali
- Ms. Mary Ngatia

### Attendance of the committee

#### Attendance

Member	16.04.2021	22.07.2021	18.11.2021
<b>Dr. Lydia M. Mbuthia (Chair)</b>	✓	✓	✓
<b>Mr. Sameer N. Merali</b>	✓	✓	✓
<b>Ms. Mary Ngatia</b>	✓	✓	✓

### Other attendees at committee meetings in 2021 included:

- The Managing Director
- The Head of Operations and Strategy
- The Head of Internal Audit and Risk
- The Company Secretary

All of whom are permanent invitees to committee meetings.

### Committee responsibilities

The committee's role is to review, on behalf of the board, the Group's internal financial controls. It is also responsible for oversight and advice to the board on matters relating to reporting and risk and has exercised oversight of the work undertaken by the internal auditor and the external auditor, RSM Eastern Africa LLP.

### Activities in the year

During the year the committee:

- Reviewed and approved the risk identification and 2021 audit plan.
- Monitored the work of the internal auditor.
- Reviewed risk management reports.
- Reviewed corporate governance reports.
- Reviewed litigation status reports.
- Reviewed new and updated policies.
- Engaged the external auditor and received their reports.
- Considered and reviewed the external auditor's appointment and fees.
- Received and discussed key audit matters reviewed by the external auditor.
- Followed up for closure of issues raised by the internal and external auditors.

### Legal and compliance audit and risk assessment review.

During the year the company conducted a legal and compliance audit and risk assessment review. The purpose of the audit was to lay a foundation to establish a continuing legal compliance program in order to ensure that Sameer's goals, structures and operations are consistent with the latest development in corporate and business law.

The scope of the audit covered the following:

- Past, ongoing and potential litigation matters.
- Employee matters and related party transactions.
- Review of contracts and agreements entered into by the company.
- Review of title documents, leases and intellectual property.
- Review of compliance to various laws regulating the industry.

The company was found to be largely compliant and recommendations were provided for improvement.

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## 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.



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

#### 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 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.

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## GOVERNANCE

## Board of Directors (Continued)

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

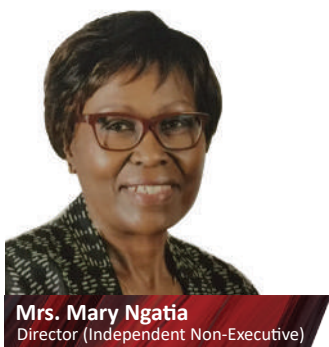
**Appointed: 22 November 2012**

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

**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.

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**Benard Ndirangu** - Head of Operations & Strategy

Benard is responsible for leading the financial operations, supply chain management and executing the Company's strategy.

Benard joined the company in August 2013 as the Manager-Management Accounting. Previously, he headed the finance department at Booth Extrusions Limited, a part of the Comcraft Group. Prior to Booth

Extrusions Limited, Benard held various finance roles in ARM Cement Ltd.

Benard holds a Bachelor of Commerce degree (Accounting & Finance) from Strathmore University. He is a Certified Public Account-CPA (K) and a member of the institute of Certified Public Accountants of Kenya.

OUR BUSINESS

**Mercy Kagiri Mbijiwe** - Company Secretary

Mercy Kagiri Mbijiwe has been working both in the public and private corporate sector. In her career she has served in the position of a Company Secretary for a number of years in the banking and hospitality industry.

Mercy is a graduate holder of Bachelors of Laws (LLB) from the University of Nairobi and Diploma in Law

from the Kenya School of Law. She is also a holder of a Masters in Business Administration (MBA) majoring in HR from the African Nazarene University. Mercy is an Advocate of the High Court of Kenya and a Member of the Law Society of Kenya (LSK) and also the Institute of Certified Secretaries (ICS) where she is registered as a Certified Public Secretary.

OUR PERFORMANCE

**Eunice Macharia** - Head of Commercial (Tyre Business)

Eunice Macharia- Head of Commercial (Tyre Business) Eunice is responsible for formulating and implementing the strategy of the commercial department through sales and marketing initiatives and to ensure a strong, innovative, well positioned and growing sales operations in line with business objectives.

Eunice has vast experience in sales and marketing functions in both the FMCG and FMCD sectors. She holds a degree in Economics from Egerton University, a professional diploma in Marketing from CIM-UK and is a member of the Marketing Society of Kenya (MSK).

GOVERNANCE

**Jones Mutinda** - Head of Property

Jones is the Head of Property, a division of Sameer Africa PLC that endeavors to maximize net income through increasing rental income, minimizing operating expenses and arrears in the company leased properties which include the Sameer Ex-factory Complex, Sameer Industrial Park, Sameer EPZ Limited among other properties within the country.

Jones joined the company in January 2022 from New Kenya Co-operative Creameries Limited (New

KCC) where he was in charge of the company's land, investments and property portfolio since 2016.

Jones is a Registered Valuer by the Valuers' Registration Board (VRB) and also a Full Member of the Institution of Surveyors of Kenya (ISK). He holds a First Class Degree in Land Economics from the University of Nairobi, and a Master of Arts Degree in Valuation and Property Management from the same university.

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## Executive Committee (Continued)

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### 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).

OUR BUSINESS



### Sylvestre - 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.

OUR PERFORMANCE

## OUR WHISTLE BLOWING POLICY



An important aspect of accountability and transparency is a mechanism to enable all individuals to voice concerns internally in a responsible and effective manner when they become aware, or reasonably believe that others are not meeting the expected standards in business ethics. We have an ethics email: [whistleblowing@sameerafrica.com](mailto:whistleblowing@sameerafrica.com) through the email, anonymous reports on unethical/suspicious activity can be made without fear of retaliation from the suspected individuals.

Our whistle blowing policy is fundamental to our professional integrity and reinforces the Group's core values of Integrity, Respect, Innovation and Accountability. The objectives of the policy are summarized below:

- To give employees, shareholders, customers, vendors, and other stakeholders a platform whereon they can raise their concern against any wrongdoing done by the company.
- To protect employees against retaliation due to whistle blowing policy.
- To identify and mitigate any risk or potential risks.
- To keep employees vigilant on our core values.
- To encourage inclusivity by giving each employee authority to raise concerns.

The key aspects of the policy include:

- Anonymity
- Good faith
- Confidentiality

The whistleblowing policy has been uploaded on the Company's website.

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## DIRECTORS' REPORT

The directors have the pleasure of presenting their report together with the audited financial statements for the year ended 31 December 2021, 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 30 and 31.

### 3.Dividend

The directors do not recommend the payment of a dividend (2020 – Nil).

### 4.Directors

The directors who held office during the year and to the date of this report are set out on page 17 and 18.

### 5.Business overview

During the year under review, total revenue was KShs 652 million which showed a 14% decrease from the previous year (2020 – KShs 757 million). The reduced performance was mainly attributable to unavailability of key stocking units as a result of the previously planned closure of the tyre business.

Total operating expenses were KShs 118 million which was at par with the previous year (2020 – KShs 118 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 KSh 2,034,000 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 14 April 2022.

### BY ORDER OF THE BOARD



**Mercy Mbijiwe**  
**COMPANY SECRETARY**

**Date: 14 April 2022**

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## 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 2021, namely remuneration paid to directors and executive management during 2021 are included in page 24.

#### 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: <ul style="list-style-type: none"> <li>- Personal and companywide performance.</li> <li>- 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.</li> <li>- The wider employee pay review.</li> <li>- Basic salary is subject to tax and other statutory deductions such as NSSF and NHIF paid monthly.</li> </ul>	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 overall 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.

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## 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	To attract and retain non-executive directors of the highest calibre and experience relevant to Sameer Africa.  Directors' fees are fixed and payable monthly in arrears.	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.  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.  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.	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.

	2021			2020		
	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	280	760
P. Gitonga	-	-	280	280	-	280
A.H. Butt	480	240	720	480	240	720
L.M. Mbuthia	480	360	840	480	360	840
M.W. Ngatia	480	340	820	480	340	820
W. Nyamute	-	180	420	240	180	420
<b>Total</b>	<b>4,620</b>	<b>1,400</b>	<b>6,020</b>	<b>5,140</b>	<b>1,745</b>	<b>6,885</b>

Managing Director	2020	2019
P.Gitonga	KShs' 000	KShs' 000
Basic pay and other allowances	12,000	7,920
<b>Total</b>	<b>12,000</b>	<b>7,920</b>
<b>Total 29 (b) iii</b>	<b>12,000</b>	<b>7,920</b>

## BY ORDER OF THE BOARD

Mercy Mbijiwe  
COMPANY SECRETARY  
Date: 14 April 2022



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 30 to 109 which comprise the Consolidated and Company statements of financial position at 31 December 2021, 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.

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.

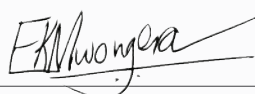
The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan 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.

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 **14 April 2022**.



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



Peter Gitonga  
**Managing Director**

**Date: 14 April 2022**



**RSM Eastern Africa LLP**  
**Certified Public Accountants**

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## REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF SAMEER AFRICA PLC

### Opinion

We have audited the accompanying financial statements of Sameer Africa PLC ("the Company") and its subsidiaries (together, "the Group"), set out on pages 30 to 109, which comprise, for both the Group and the Company, the balance sheet as at 31st December 2021, 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 material 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 2021 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (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 POWER OF BEING UNDERSTOOD**  
 AUDIT | TAX | CONSULTING

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**Registration number:** LLP-3A1VXM

**Partners:** Ashif Kassam, Lina Ratansi, Nihla Mazrui, Elvis Ogeto

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**REPORT OF THE INDEPENDENT AUDITOR  
TO THE MEMBERS OF SAMEER AFRICA PLC (CONTINUED)**

**Key Audit Matters (continued)**

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 2021 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>• 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)

### 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.





## REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF SAMEER AFRICA PLC (CONTINUED)

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

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.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 KShs'000	2020 KShs'000
Revenue	8	651,606	757,488
Cost of sales	9 (b) (i)	(160,517)	(513,795)
<b>Gross profit</b>		<b>491,089</b>	<b>243,693</b>
Other operating income	9 (a)	4,480	37,859
Selling and distribution (costs)/income	9 (b) (ii)	(9,885)	42,704
Administrative expenses	9 (b) (ii)	(82,324)	(140,356)
Other operating expenses	9 (b) (ii)	(25,520)	(20,367)
<b>Operating profit</b>		<b>377,480</b>	<b>163,533</b>
Finance income	10	57,399	10,483
Finance costs	10	(125,175)	(118,778)
Share of profit of equity accounted investees (net of income tax)	18 (a)	8,454	16,497
<b>Profit before income tax</b>		<b>318,518</b>	<b>71,735</b>
Income tax expense	11 (a)	(101,130)	(28,257)
<b>Profit for the year</b>		<b>217,388</b>	<b>43,478</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		1,995	2,127
<b>Total other comprehensive income for the year</b>		<b>1,995</b>	<b>2,127</b>
<b>Total comprehensive profit for the year</b>		<b>219,383</b>	<b>45,605</b>
<b>Earnings per share:</b>			
<b>Basic and diluted (KShs)</b>	12 (a)	<b>0.78</b>	<b>0.16</b>

The notes set out on pages 38 to 109 form an integral part of these financial statements.

**COMPANY STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

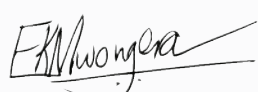
	Note	2021 KShs'000	2020 KShs'000
Revenue	8	566,461	581,382
Cost of sales	9 (b) (i)	(162,060)	(411,085)
<b>Gross profit</b>		<b>404,401</b>	<b>170,297</b>
Other operating income	9 (a)	3,578	3,445
Selling and distribution costs	9 (b) (ii)	(5,805)	(222,212)
Administrative expenses	9 (b) (ii)	(58,229)	(117,479)
Other operating expenses	9 (b) (ii)	(14,050)	(20,120)
<b>Operating profit/(loss)</b>		<b>329,895</b>	<b>( 186,069)</b>
Finance income	10	54,008	125,127
Finance costs	10	(120,251)	(114,047)
<b>Profit/(loss) before income tax</b>		<b>263,652</b>	<b>( 174,989)</b>
Income tax expense	11 (a)	(62,814)	(18,811)
<b>Profit/(loss) for the year</b>		<b>200,838</b>	<b>(193,800)</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>200,838</b>	<b>(193,800)</b>

The notes set out on pages 38 to 109 form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Note	2021 KShs '000	2020 KShs '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13 (a)	27,744	29,429
Investment properties	15 (a)	575,734	524,894
Prepaid operating lease rentals	16 (a)	334	338
Investment in associate	18	177,561	169,107
<b>Total non-current assets</b>		<b>781,373</b>	<b>723,768</b>
<b>Current assets</b>			
Inventories	19	35,705	2,375
Trade and other receivables	20	256,270	207,143
Current income tax	11 (c)	11,866	50,336
Cash and cash equivalents	21	38,876	63,533
<b>Total current assets</b>		<b>342,717</b>	<b>323,387</b>
<b>TOTAL ASSETS</b>		<b>1,124,090</b>	<b>1,047,155</b>
<b>EQUITY</b>			
Share capital	22 (a)	1,391,712	1,391,712
Retained earnings	22 (b)	( 887,504)	(1,104,892)
Translation reserve	22 (b)	( 170,109)	(172,104)
<b>Total equity</b>		<b>334,099</b>	<b>114,716</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	23 (a)	495,994	708,588
Deferred income tax	24 (b)	5,630	5,263
<b>Total non-current liabilities</b>		<b>501,624</b>	<b>713,851</b>
<b>Current liabilities</b>			
Trade and other payables	25 (a)	255,537	181,522
Current income tax	11 (c)	32,830	1,416
Borrowings	23 (a)	-	35,620
<b>Total current liabilities</b>		<b>288,367</b>	<b>218,588</b>
<b>Total liabilities</b>		<b>789,991</b>	<b>932,439</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,124,090</b>	<b>1,047,155</b>

The financial statements on pages 30 to 109 were approved and authorised for issue by the Board of Directors on **14 April 2022**



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



**Peter Gitonga**  
Managing Director

The notes set out on pages 38 to 109 form an integral part of these financial statements.



**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Note	2021 KShs '000	2020 KShs '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13 (a)	10,064	10,297
Investment properties	15 (a)	477,591	432,203
Prepaid operating lease rentals	16 (a)	334	338
Investment in subsidiaries	17	130,000	130,000
Equity accounted investees	18	137,026	137,026
<b>Total non-current assets</b>		<b>755,015</b>	<b>709,864</b>
<b>Current assets</b>			
Inventories	19	34,576	-
Trade and other receivables	20	248,485	198,036
Current income tax	11 (c)	-	11,924
Cash and cash equivalents	21	32,048	48,822
<b>Total current assets</b>		<b>315,109</b>	<b>258,782</b>
<b>TOTAL ASSETS</b>		<b>1,070,124</b>	<b>968,646</b>
<b>EQUITY</b>			
Share capital	22 (a)	1,391,712	1,391,712
Retained earnings	22 (b)	(1,264,052)	(1,464,890)
<b>Total equity</b>		<b>127,660</b>	<b>(73,178)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	23 (a)	495,994	708,588
Amounts due to subsidiaries	25 (a)	209,620	-
<b>Total non-current liabilities</b>		<b>705,614</b>	<b>708,588</b>
<b>Current liabilities</b>			
Trade and other payables	25 (a)	210,981	297,616
Current income tax	11 (c)	25,869	-
Borrowings	23 (a)	-	35,620
<b>Total current liabilities</b>		<b>236,850</b>	<b>333,626</b>
<b>Total liabilities</b>		<b>942,464</b>	<b>1,041,824</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,070,124</b>	<b>968,646</b>

The financial statements on pages 30 to 109 were approved and authorised for issue by the Board of Directors on **14 April 2022**



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



**Peter Gitonga**  
Managing Director

The notes set out on pages 38 to 109 form an integral part of these financial statements.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital KShs'000	Accumulated losses KShs'000	Translation reserve KShs'000	Total KShs'000
<b>2021</b>				
<b>At start of year</b>	<u>1,391,712</u>	<u>(1,104,892)</u>	<u>(172,104)</u>	<u>114,716</u>
<b>Comprehensive income</b>				
<b>For the year</b>				
Profit for the year	-	217,388	-	217,388
Other comprehensive income	<u>-</u>	<u>-</u>	<u>1,995</u>	<u>1,995</u>
<b>Total comprehensive income</b>	<u>-</u>	<u>217,388</u>	<u>1,995</u>	<u>219,383</u>
<b>At end of year</b>	<u><b>1,391,712</b></u>	<u><b>(887,504)</b></u>	<u><b>(170,109)</b></u>	<u><b>334,099</b></u>
<b>2020</b>				
<b>At start of year</b>	<u>1,391,712</u>	<u>(1,148,370)</u>	<u>(174,231)</u>	<u>69,111</u>
<b>Comprehensive income</b>				
<b>For the year</b>				
Profit for the year	-	43,478	-	43,478
Other comprehensive income	<u>-</u>	<u>-</u>	<u>2,127</u>	<u>2,127</u>
<b>Total comprehensive income</b>	<u>-</u>	<u>43,478</u>	<u>2,127</u>	<u>45,605</u>
<b>At end of year</b>	<u><b>1,391,712</b></u>	<u><b>(1,104,892)</b></u>	<u><b>(172,104)</b></u>	<u><b>114,716</b></u>

The notes set out on pages 38 to 109 form an integral part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital KShs'000	Accumulated losses KShs'000	Total KShs'000
<b>2021</b>			
<b>At start of year</b>	<u>1,391,712</u>	<u>(1,464,890)</u>	<u>(73,178)</u>
<b>Comprehensive income For the year</b>			
Profit for the year	<u>-</u>	<u>200,838</u>	<u>200,838</u>
<b>Total comprehensive income</b>	<u>-</u>	<u>200,838</u>	<u>200,838</u>
<b>At end of year</b>	<u><u>1,391,712</u></u>	<u><u>(1,264,052)</u></u>	<u><u>127,660</u></u>

**2020**

<b>At start of year</b>	<u>1,391,712</u>	<u>(1,271,090)</u>	<u>120,622</u>
<b>Comprehensive income For the year</b>			
Loss for the year	<u>-</u>	<u>( 193,800)</u>	<u>( 193,800)</u>
<b>Total comprehensive income</b>	<u>-</u>	<u>(193,800)</u>	<u>(193,800)</u>
<b>At end of year</b>	<u><u>1,391,712</u></u>	<u><u>(1,464,890)</u></u>	<u><u>(73,178)</u></u>

The notes set out on pages 38 to 109 form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 KShs'000	2020 KShs'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers	26	592,867	926,319
Cash payments for purchases	26	(167,354)	(288,695)
Cash payments for expenses	26	(57,854)	(328,642)
Cash generated from operating activities		367,659	308,982
Interest paid	10	(56,843)	(69,925)
Income tax paid	11(c)	(30,858)	(38,902)
<b>Net cash generated from operating activities</b>		<b>279,958</b>	<b>200,155</b>
<b>Cash flows from investing activities</b>			
Interest received	10	5,152	-
Purchase of property, plant and equipment	13 (a)	-	(22)
Additions to investment property	15 (a)	(60,818)	(45,596)
<b>Net cash used in investing activities</b>		<b>(55,666)</b>	<b>(45,618)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	23 (a)	-	288,990
Repayment of borrowings	23 (a)	(248,214)	-
<b>Net cash (used)/generated by financing activities</b>		<b>(248,214)</b>	<b>288,990</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(23,922)</b>	<b>443,527</b>
<b>Movement in cash and cash equivalents:</b>			
At start of year		63,533	(375,276)
(Decrease)/increase in cash and cash equivalents		(23,922)	443,527
Effects of exchange movements on cash held		(735)	(4,718)
<b>At end of year</b>	21	<b>38,876</b>	<b>63,533</b>

The notes set out on pages 38 to 109 form an integral part of these financial statements.

**COMPANY STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 KShs'000	2020 KShs'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers	26	505,038	882,072
Cash payments for purchases	26	( 174,781)	(232,650)
Cash payments for expenses	26	29,368	(503,244)
Cash generated from operating activities		359,625	146,178
Interest paid	10	(56,843)	(69,925)
Income tax paid	11(c)	(25,022)	(23,819)
<b>Net cash generated operating activities</b>		<b>277,760</b>	<b>52,434</b>
<b>Cash flows from investing activities</b>			
Dividends received	10	-	120,000
Interest received	10	5,152	-
Additions to investment property	15(a)	(51,472)	(27,075)
<b>Net cash (used)/generated by investing activities</b>		<b>(46,320)</b>	<b>92,925</b>
<b>Cash flows from financing activities</b>			
Proceeds from long term borrowings	23 (a)	-	288,990
Repayment of borrowings	23 (a)	(248,214)	-
<b>Net cash (used)/generated by financing activities</b>		<b>(248,214)</b>	<b>288,990</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(16,774)</b>	<b>434,349</b>
<b>Movement in cash and cash equivalents:</b>			
At start of year		48,822	(385,527)
(Decrease)/increase in cash and cash equivalents		(16,774)	434,349
<b>At end of year</b>	21	<b>32,048</b>	<b>48,822</b>

The notes set out on pages 38 to 109 form an integral part of these financial statements.



## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2021**

### **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 2021 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 2021**

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

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

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 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of consolidation

##### (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.

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (b) Foreign currencies

##### (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.

#### (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.



## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2021**

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **(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.

##### **(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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (f) Employee benefits

##### (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.

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

##### (iv) Depreciation

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.

#### (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.



## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2021**

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **(I) 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.

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.

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2021**

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **(i) Financial instruments**

##### **(ii) Recognition and initial measurement**

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.

##### **(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.

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2021**

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **(l) Financial instruments**

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

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***

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.

Financial Liabilities are derecognized only when the obligation specified in the Contract is discharged or Cancelled or Expires

#### **(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.

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.

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2021**

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **(m) Leases**

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

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 2021**

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **(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.

- (ii) 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 2021**

**3. SIGNIFICANT ACCOUNTING POLICIES**

**(p) Fair value measurement**

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 2021**

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

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

Two Amendments to standards became effective for the first time in the financial year beginning 1st January 2021 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 2021**

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 2021, and the Directors do not plan to apply any of them until they become effective. Note 4 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 IAS 37 titled Onerous Contracts - Cost of Fulfilling a Contract (issued in May 2020) The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022
- ii. Amendments to IAS 16 titled Property, Plant and Equipment: Proceeds before Intended Use (issued in May 2020) The amendments, applicable to annual periods beginning on or after 1 January 2022, prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing an asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- 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, provides a subsidiary that becomes a first-time adopter later than its parent with an exemption relating to the measurement of its assets and liabilities. The exemption does not apply to components of equity
- 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, to IFRS 9 clarifies the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- v. 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, to IAS 41 removed the requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS Standards.
- vi. IFRS 17 Insurance Contracts (issued in May 2017) The new standard, effective for annual periods beginning on or after 1st January 2023, establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2021**

faithfully represents those contracts. The Company does not issue insurance contracts.

- vii. Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020) The amendments, applicable to annual periods beginning on or after 1 January 2023, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.
- viii. Amendments to IAS 8 titled Definition of Accounting Estimates (issued in February 2021) The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.
- ix. Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021) The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their material accounting policy information rather than their significant accounting policies.
- x. Amendments to IFRS 16 titled Covid-19-Related Rent Concessions Beyond 30th June 2021 (issued in March 2021) The previous amendment to IFRS 16 permitted the practical expedient to be applied only to reductions in lease payments that did not extend beyond 30th June 2021. This amendment, applicable to annual periods beginning on or after 1st April 2021 allows the practical expedient to be applied to reductions in lease payments that do not extend beyond 30th June 2022.
- xi. Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021) The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.
- xii. Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014) The amendments, applicable from a date yet to be determined, address a current conflict between the two standards and clarify that a gain or loss should be recognised fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.



## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2021**

### **5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE**

#### **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**  
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**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE**

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

*Trade and other receivables*

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)			
	KSh'000	(a) KSh'000	(b) KSh'000	(c) KSh'000	Total KSh'000
<b>At 31st December 2021</b>					
Trade receivables	-	-	-	137,583	137,583
Other receivables	102,807	-	-	-	102,807
Cash at bank	38,876	-	-	-	38,876
<b>Gross carrying amount</b>	<b>141,683</b>	<b>-</b>	<b>-</b>	<b>137,583</b>	<b>279,266</b>
Loss allowance	-	-	-	(47,781)	(47,781)
<b>Exposure to credit risk</b>	<b>141,683</b>	<b>-</b>	<b>-</b>	<b>89,802</b>	<b>231,485</b>

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**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE**

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

**i) Group**

	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	-	-	-	248,723	248,723
Other receivables	102,782	-	-	-	102,782
Cash at bank	63,533	-	-	-	63,533
<b>Gross carrying amount</b>	<b>166,315</b>	<b>-</b>	<b>-</b>	<b>248,723</b>	<b>415,038</b>
Loss allowance	-	-	-	(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>

**(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 2021</b>					
Trade receivables	-	-	-	108,254	108,254
Amount due from subsidiaries	-	-	349,501	-	349,501
Other receivables	23,550	-	-	-	23,550
Cash at bank	32,048	-	-	-	32,048
<b>Gross carrying amount</b>	<b>55,598</b>	<b>-</b>	<b>349,501</b>	<b>108,254</b>	<b>513,353</b>
Loss allowance	-	-	(253,127)	(41,283)	(294,410)
<b>Exposure to credit risk</b>	<b>55,598</b>	<b>-</b>	<b>96,374</b>	<b>66,971</b>	<b>218,943</b>

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**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE**

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

**(ii) Company**

	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 2020</b>					
Trade receivables	-	-	-	89,484	89,484
Amount due from subsidiaries	-	-	364,131	-	364,131
Other receivables	39,435	-	-	-	39,435
Cash at bank	48,822	-	-	-	48,822
<b>Gross carrying amount</b>	<b>88,257</b>	<b>-</b>	<b>364,131</b>	<b>89,484</b>	<b>541,872</b>
Loss allowance	-	-	(253,127)	(51,786)	(304,913)
<b>Exposure to credit risk</b>	<b>88,257</b>	<b>-</b>	<b>111,004</b>	<b>37,698</b>	<b>236,959</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE**

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

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:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>KShs '000</b>	<b>KShs '000</b>	<b>KShs '000</b>	<b>KShs '000</b>
<b>Not past due</b>	<b>6,629</b>	<b>9,205</b>	<b>5,041</b>	<b>13,420</b>
Past due				
:by 31 to 60 days	7,450	20,264	6,184	15,188
:by 61 to 90 days	53,362	9,869	38,930	4,116
:by 91 to 180 days	22,361	51,265	16,816	4,974
:over 181 days	-	-	-	-
<b>Total past due</b>	<b>83,173</b>	<b>81,398</b>	<b>61,930</b>	<b>24,278</b>
<b>Total</b>	<b>89,802</b>	<b>90,603</b>	<b>66,971</b>	<b>37,698</b>
<b>Loss allowance</b>	<b>47,781</b>	<b>158,120</b>	<b>41,283</b>	<b>51,786</b>
<b>Total trade receivables</b>	<b>137,583</b>	<b>248,723</b>	<b>108,254</b>	<b>89,484</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
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**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE**

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

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) KSh'000	(b) KSh'000	(c) KSh'000	
<b>Year ended 31st December 2021</b>						
At start of year		-	-	-	158,120	158,120
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		-	-	-	(110,339)	(110,339)
<b>At end of year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>47,781</b>	<b>47,781</b>
<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		-	-	-	(89,614)	(89,614)
<b>At end of year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>158,120</b>	<b>158,120</b>

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**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE**

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

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  KSh'000	Lifetime expected credit losses (see note above)			
			(a)	(b)	(c)	
			KSh'000	KSh'000	KSh'000	
<b>Year ended 31st December 2021</b>						
	At start of year		-	253,127	51,786	304,913
	Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses	-	-	-	(10,503)	(10,503)
	<b>At end of year</b>	-	-	<b>253,127</b>	<b>41,283</b>	<b>294,410</b>
<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	-	-	253,127	(59,423)	193,704
	<b>At end of year</b>	-	-	<b>253,127</b>	<b>51,786</b>	<b>304,913</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 2021

### 5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE

#### (b) Liquidity risk

##### (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 2021:</b>					
<b>Non - derivative financial liabilities</b>					
Borrowing (Note 23 (a))	495,994	-	-	495,994	495,994
Trade and other payables (Note 25 (a))	255,537	255,537	-	-	255,537
<b>At 31 December 2021</b>	<b>751,531</b>	<b>255,537</b>	<b>-</b>	<b>495,994</b>	<b>751,531</b>

#### 31 December 2020:

##### Non - derivative financial liabilities

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>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE**

**(b) Liquidity risk**

**(ii) Company**

<b>31 December 2021:</b>	<b>Carrying amount KShs '000</b>	<b>1 - 3 months KShs '000</b>	<b>3 months - 1 year KShs '000</b>	<b>1-3 years KShs '000</b>	<b>Total KShs '000</b>
<b>Non - derivative financial liabilities</b>					
Borrowings (Note 23 (a))	495,994	-	-	495,994	495,994
Trade and other payables (Note 25 (a))	420,601	210,981	-	209,620	420,601
<b>At 31 December 2021</b>	<b>916,595</b>	<b>210,981</b>	<b>-</b>	<b>705,614</b>	<b>916,595</b>
<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>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE

#### (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 2021				31 DECEMBER 2020			
	USD '000	TZS '000	UGX '000	BIF '000	USD '000	TZS '000	UGX '000	BIF '000
<b>Financial assets</b>								
Cash and cash equivalents	8,650	193	421	448	7,276	9,083	1,601	394
Trade receivables	18,928	-	-	-	18,283	56,855	10,004	38,827
	<b>27,578</b>	<b>193</b>	<b>421</b>	<b>448</b>	<b>25,559</b>	<b>65,938</b>	<b>11,605</b>	<b>39,221</b>
<b>Financial liabilities</b>								
Long term facilities	(495,994)	-	-	-	(744,208)	-	-	-
Trade and other payables	7,936	(2,223)	(899)	(2,528)	15,443	(2,068)	(141)	(2,595)
	<b>(488,058)</b>	<b>(2,223)</b>	<b>(899)</b>	<b>(2,528)</b>	<b>(728,765)</b>	<b>(2,068)</b>	<b>(141)</b>	<b>(2,595)</b>
<b>Net financial exposure</b>	<b>(460,480)</b>	<b>(2,030)</b>	<b>(478)</b>	<b>(2,080)</b>	<b>(703,206)</b>	<b>63,870</b>	<b>11,464</b>	<b>36,626</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE**

**(c) Market risk**

**(i) Foreign exchange risk**

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

	Average rate		Year-end spot rate	
	2021	2020	2021	2020
USD	109.8650	106.6301	113.1400	109.2850
TZS	0.0491	0.0471	0.0475	0.0461
UGX	0.0319	0.0297	0.0307	0.0286
BIF	0.0567	0.0563	0.0557	0.0557

***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 2021</b>			
	%		
Currency	movement		
USD	3%	(13,814)	13,814
TSH	10%	(203)	203
UGX	5%	42	(42)
BIF	3%	(62)	62

**31 December 2020**

USD	3%	(21,096)	21,096
TSH	10%	6,387	(6,387)
UGX	5%	573	(573)
BIF	3%	1,099	(1,099)

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 2021**

**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE**

**(c) Market risk**

**(i) Foreign exchange risk**

***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 2021 would have had on the translation reserve are shown below:

**Uganda**

At 31 December 2021, if the Ugandan Shilling had weakened/strengthened by 5% (2020 – 5%) against the Kenyan Shilling with all other variables held constant, the net (charge)/credit to the other comprehensive income would have been KShs 3,542,274 (2020 – KShs 3,402,895) higher/lower.

**Burundi**

At 31 December 2021, if the Burundi Franc had weakened/strengthened by 3% (2020 – 3%) against the Kenyan Shilling with all other variables held constant, the net (charge)/credit to other comprehensive income would have been KShs 861,183 (2020 – KShs 165,254) higher/lower.

**Tanzania**

At 31 December 2021, if the Tanzanian Shilling had weakened/strengthened by 10% (2020 – 10%) against the Kenyan Shilling with all other variables held constant, the net (charge)/credit to other comprehensive income would have been KShs 4,320,738 (2020 – KShs 1,194,424) higher/lower.

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

At 31 December 2021, 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 14,879,829 (2020 – KShs 21,096,171) 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 2021**

**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE**

**(c) Market risk**

**(ii) Interest rate risk**

***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;

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>KShs '000</b>	<b>KShs '000</b>	<b>KShs '000</b>	<b>KShs '000</b>
<b><i>Fixed rate instruments</i></b>				
Financial liabilities (Note 23 (a))	(495,994)	(744,208)	(495,994)	(744,208)
<b>Exposure</b>	<b>(495,994)</b>	<b>(744,208)</b>	<b>(495,994)</b>	<b>(744,208)</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 2021**

**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE**

**(d) Capital management**

	Group		Company	
	2021	2020	2021	2020
	KShs '000	KShs '000	KShs '000	KShs '000
Total borrowings (Note 23)	495,994	744,208	495,994	744,208
Less: Cash and cash equivalents (Note 21)	(38,876)	(63,533)	(32,048)	(48,822)
Net debt	457,118	680,675	463,946	695,386
Total equity	334,099	114,716	127,660	(73,178)
<b>Total capital</b>	<b>791,217</b>	<b>795,391</b>	<b>591,606</b>	<b>622,208</b>
<b>Gearing ratio</b>	<b>57.77%</b>	<b>85.58%</b>	<b>78.42%</b>	<b>111.76%</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.

Reportable segment	Operations
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 2021

### 6. OPERATING SEGMENTS

#### (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
							2021	2020	2021	
	2021	2020	2021	2020	2021	2020	KShs'000	KShs'000	KShs'000	KShs'000
External revenues	266,584	345,562	2,630	26,517	50,861	96,449	331,532	288,961	651,606	757,488
Inter-segment revenues	27,345	9,083	-	-	-	-	-	-	27,345	9,083
<b>Segment revenue</b>	<b>293,928</b>	<b>354,645</b>	<b>2,630</b>	<b>26,517</b>	<b>50,861</b>	<b>96,449</b>	<b>331,532</b>	<b>288,961</b>	<b>678,951</b>	<b>766,571</b>
Segment profit/(loss) before tax	52,083	(211,302)	(33,396)	39,769	27,864	22,244	263,592	118,443	310,142	(30,844)
Income tax	(3,986)	-	(20,007)	(6,492)	-	-	(77,138)	(21,765)	(101,130)	(28,257)
<b>Segment profit after tax</b>	<b>48,097</b>	<b>(211,302)</b>	<b>(53,403)</b>	<b>33,277</b>	<b>27,864</b>	<b>22,244</b>	<b>186,454</b>	<b>96,678</b>	<b>209,012</b>	<b>(59,101)</b>
Dividend earned	-	120,000	-	-	-	-	-	-	-	120,000
Interest expense	(56,843)	(69,925)	-	-	-	-	-	-	(56,843)	(69,925)
Depreciation and amortisation	(240)	(471)	-	-	(921)	(921)	(10,506)	(8,982)	(11,667)	(10,374)
Share of profit from equity accounted investees	8,454	16,497	-	-	-	-	-	-	8,454	16,497
<b>Segment assets</b>	<b>620,967</b>	<b>553,463</b>	<b>64,365</b>	<b>74,907</b>	<b>40,575</b>	<b>32,693</b>	<b>880,684</b>	<b>781,884</b>	<b>1,606,591</b>	<b>1,442,947</b>
Equity accounted investees	177,561	169,107	-	-	-	-	-	-	177,561	169,107
Capital expenditure	-	-	-	-	-	-	(60,818)	(45,617)	(60,818)	(45,617)
<b>Segment liabilities</b>	<b>(959,767)</b>	<b>(1,053,238)</b>	<b>(88,851)</b>	<b>(67,946)</b>	<b>(214,276)</b>	<b>(234,770)</b>	<b>(152,240)</b>	<b>(145,381)</b>	<b>(1,415,134)</b>	<b>(1,501,335)</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
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**6. OPERATING SEGMENTS**

**(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>2021</b>	<b>2020</b>
	<b>KShs'000</b>	<b>KShs'000</b>
<b>(i) Revenues</b>		
Total revenues for reportable segments	678,951	766,571
Elimination of intersegment revenues	(27,345)	(9,083)
<b>Consolidated revenue</b>	<b>651,606</b>	<b>757,488</b>
<b>(ii) Profit/(loss) before tax</b>		
Segments profit/(loss) before tax	310,142	(30,844)
Provision due from subsidiaries	-	253,127
Share of profit on equity accounted investee	8,454	16,497
Elimination of intersegment expenses	-	(170,000)
Inter-segment unrealised profits	(78)	2,955
<b>Consolidated loss before tax</b>	<b>318,518</b>	<b>71,735</b>
<b>(iii) Assets</b>		
Total segment assets	1,606,591	1,442,947
Elimination of inter-segment;		
-Net unrealised profits on inventories	(78)	-
- Receivables	(340,823)	(284,210)
- Intercompany provisions	-	-
Investment in subsidiaries	(194,000)	(194,000)
Share of profit/(loss) of equity accounted investees	40,534	32,082
<b>Consolidated total assets</b>	<b>1,112,224</b>	<b>996,819</b>
<b>(iv) Liabilities</b>		
Total segment liabilities	1,415,134	1,501,335
Elimination of inter-segment payables	(630,773)	(574,159)
<b>Consolidated total liabilities</b>	<b>784,361</b>	<b>927,176</b>

Segment assets and liabilities exclude current and deferred taxes

**NOTES TO THE FINANCIAL STATEMENTS**  
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**6. OPERATING SEGMENTS**

**(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>2021</b>	<b>2020</b>
	<b>KShs'000</b>	<b>KShs'000</b>
<b>(i) Revenues</b>		
<i>Country of domicile</i>		
Kenya	539,116	592,052
<i>All foreign countries</i>		
Uganda	-	19,278
Tanzania	2,630	4,270
Burundi	-	2,969
Others	109,860	138,919
<b>Consolidated revenue</b>	<b>651,606</b>	<b>757,488</b>
<b>(ii) Non-current assets</b>		
<i>Country of domicile</i>		
Kenya	781,373	723,768
<i>All foreign countries</i>		
Uganda	-	-
Tanzania	-	-
Burundi	-	-
<b>Consolidated total non-current assets</b>	<b>781,373</b>	<b>723,768</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 2021 (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 residual values of property and equipment have been determined based on previous experience and anticipated disposal values when the assets are disposed.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

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

— *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**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>(a) Revenue from Contracts worth customer' Recognized at a point in time:</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
Sales of manufactured goods	26,238	54,175	14,365	20,594
Sales of imported goods	292,583	411,292	279,878	315,609
Rendering of services	2,135	6,112	503	946
<b>Recognized Overtime:</b>				
Discounts, claims and warranties	(882)	(3,052)	(817)	(2,257)
<b>(b) Other revenue</b>				
Investment property rentals (Note 15(b))	331,532	288,961	272,532	246,490
	<b>651,606</b>	<b>757,488</b>	<b>566,461</b>	<b>581,382</b>

**9. OTHER OPERATING INCOME AND EXPENSES**

**(a) Other operating income**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
Other income	4,480	37,859	3,758	3,445
	<b>4,480</b>	<b>37,859</b>	<b>3,758</b>	<b>3,445</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
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**9. OTHER OPERATING INCOME AND EXPENSES**

**(b) Expenses by function**

**(i) Cost of sales**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
<b>Prime costs</b>				
<b>Inventories expensed during the year (Note 19)</b>	142,066	498,607	151,503	399,344
	<b>142,066</b>	<b>498,607</b>	<b>151,503</b>	<b>399,344</b>
<b>Sourcing and distribution overheads</b>				
Indirect labour	4,473	6,002	4,473	6,002
Depreciation	9,978	8,372	6,084	4,931
Consumables	-	310	-	304
Transport and insurance	-	391	-	391
Others	-	113	-	113
	<b>14,451</b>	<b>15,188</b>	<b>10,557</b>	<b>11,741</b>
<b>Total cost of sales</b>	<b>160,517</b>	<b>513,795</b>	<b>162,060</b>	<b>411,085</b>

**(ii) Operating expenses**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
<b>Selling and distribution costs</b>				
Distribution costs	2,376	10,415	2,322	8,182
Selling expenses	16,529	32,157	10,891	14,455
Trade receivables loss allowance	( 12,415)	( 83,827)	(10,503)	198,481
Marketing and sales promotions	3,095	( 1,449)	3,095	1,094
	<b>9,885</b>	<b>(42,704)</b>	<b>5,805</b>	<b>222,212</b>

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**9. OTHER OPERATING INCOME AND EXPENSES**

**(b) Expenses by function**

**(ii) Operating expenses - continued**

*Administrative expenses*

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
Indirect staff costs	62,670	99,472	53,880	83,194
Other administrative expenses	19,654	40,884	4,349	34,285
	<b>82,324</b>	<b>140,356</b>	<b>58,229</b>	<b>117,479</b>
Legal & professional fees	13,557	8,973	5,839	5,246
Travel and vehicle maintenance	886	3,784	530	2,412
Establishment expenses	10,302	( 393)	7,422	4,996
Bank charges and fees	775	8,003	259	7,466
	<b>25,520</b>	<b>20,367</b>	<b>14,050</b>	<b>20,120</b>
<b>Total operating expenses</b>	<b>117,729</b>	<b>118,019</b>	<b>78,084</b>	<b>359,811</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**9. OTHER OPERATING INCOME AND EXPENSES**

**(c) Expenses by nature**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
Changes in inventories of finished goods	3,859	5,822	3,859	5,822
Cost of imported trading goods sold	142,207	492,785	147,644	393,522
Employee benefits expense (Note 9 (d))	67,500	105,034	58,709	88,879
Audit fees	2,034	3,462	1,100	1,600
Bank charges	775	8,003	259	7,466
Consumables	-	304	-	304
Depreciation and amortisation	11,667	10,374	6,321	5,406
General expenses	3,102	3,282	(11,709)	2,573
Legal and professional fees	2,083	(7,742)	(4,074)	(6,873)
Advertising and promotions	3,098	(1,447)	3,098	1,096
Electricity, water and fuel	3,817	44,839	3,632	39,927
Repairs and Maintenance	17,360	(13,529)	15,909	(6,728)
Trade receivables loss allowance	(12,415)	(83,827)	(10,503)	198,481
Sales commissions and bonuses	8,012	7,368	7,935	7,368
Rent and rates	9,086	23,242	3,278	6,302
Telephone and postage	3,713	4,730	3,404	3,973
Transport, travelling and insurance	12,348	29,114	11,282	21,778
<b>Total cost of sales, selling and distribution, administrative and other operating expenses</b>	<b>278,246</b>	<b>631,814</b>	<b>240,144</b>	<b>770,896</b>

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**9. OTHER OPERATING INCOME AND EXPENSES**

**(d) Employee benefits expense**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
Salaries and wages	52,445	69,440	46,725	64,007
Allowances and other benefits	11,565	33,645	8,803	23,541
Defined contribution scheme	3,424	1,762	3,133	1,260
National Social Security Fund	66	187	48	71
	<b>67,500</b>	<b>105,034</b>	<b>58,709</b>	<b>88,879</b>

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

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

Management and administration	28	34	24	26
<b>Total</b>	<b>28</b>	<b>34</b>	<b>24</b>	<b>26</b>

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

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
<b>Finance income</b>				
Interest income	5,152	-	5,152	-
Dividend receivable	-	-	-	120,000
Foreign exchange gains	52,247	10,483	48,856	5,127
	<b>57,399</b>	<b>10,483</b>	<b>54,008</b>	<b>125,127</b>
<b>Finance costs</b>				
Foreign exchange losses	68,332	48,853	63,408	44,122
Interest expense on bank borrowings	56,843	69,925	56,843	69,925
	<b>125,175</b>	<b>118,778</b>	<b>120,251</b>	<b>114,047</b>
<b>Net finance (costs)/income</b>	<b>(67,776)</b>	<b>(108,295)</b>	<b>(66,243)</b>	<b>11,080</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**11. INCOME TAXES**

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

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</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	77,138	23,539	62,814	18,815
Provision in prior period	23,625	4,718	-	(4)
	<b>100,763</b>	<b>28,257</b>	<b>62,814</b>	<b>18,111</b>
<b>Deferred tax expense</b>				
<b>(Note 24(b)):</b>				
Deferred income tax	367	-	-	-
	<b>367</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income tax expense</b>	<b>101,130</b>	<b>28,257</b>	<b>62,814</b>	<b>18,811</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 -4,769, 2020: KShs'000- 7,680, 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>2021</b>		<b>2020</b>	
	<b>Rate %</b>	<b>KShs'000</b>	<b>Rate %</b>	<b>KShs'000</b>
<b>Profit/(loss) before income tax</b>		<b>318,518</b>		<b>71,735</b>
Tax calculated at domestic rates applicable to profits in the respective countries – 30% (2020 - 25%)	30%	95,555	25%	17,934
Tax effect of:				
Expenses not deductible for income tax purposes	4.69%	14,927	14.39%	10,323
Effects of unrecognised deferred tax	(10.35)%	(32,977)	0%	-
Under provision in prior period	7.42%	23,625	0%	-
Effect of lower tax rates in Sameer EPZ Ltd	0%	-	0%	-
<b>Income tax expense</b>	<b>31.75%</b>	<b>101,130</b>	<b>39.39%</b>	<b>28,257</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**11. INCOME TAXES**

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

Company	2021		2020	
	Rate %	KShs'000	Rate %	KShs'000
<b>Loss before income tax</b>		<b>263,652</b>		<b>(174,989)</b>
Tax calculated at domestic rates applicable to profits in the respective countries – 30% (2020 - 25%)	30%	79,096	25%	(43,747)
Tax effect of:				
Expenses not deductible for income tax purposes	0.75%	1,989	(35.75)%	62,558
Effects of unrecognised deferred tax	(5.74%)	(18,271)	0%	-
<b>Income tax expense</b>	<b>23.82%</b>	<b>62,814</b>	<b>(10.75)%</b>	<b>18,811</b>

**(c) Reconciliation of carrying amounts**

	Group		Company	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Net liability / (asset) at start of year	(48,920)	(33,557)	(11,924)	( 6,920)
Charge for the year - profit or loss (note 11(a))	77,138	23,539	62,814	18,815
Over provision in prior period	(21)	-	-	-
Provision in prior period	23,625	-	1	-
Income tax paid	( 30,858)	( 38,902)	(25,022)	(23,819)
<b>Net liability/(asset) at end of year</b>	<b>20,964</b>	<b>(48,920)</b>	<b>25,869</b>	<b>(11,924)</b>
<b>Represented by:</b>				
Income tax assets	(11,866)	(50,336)	-	(11,924)
Income tax liability	32,830	1,416	25,869	-
	<b>20,964</b>	<b>(48,920)</b>	<b>25,869</b>	<b>(11,924)</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 2021 (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.

	<b>2021</b>	<b>2020</b>
Profit/(loss) attributable to equity holders of the Company (KShs '000)	217,388	43,478
Weighted average number of ordinary shares in issue ('000)	278,342	278,342
Basic earnings per share (KShs)	0.78	0.16

**(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 2021 or 2020. Diluted earnings per share are therefore the same as basic earnings per share.

**NOTES TO THE FINANCIAL STATEMENTS  
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**13. PROPERTY, PLANT AND EQUIPMENT**

**(a) Reconciliation of carrying amounts**

Group	Buildings KShs'000	Furniture, fittings & equipment KShs'000	Total KShs'000
<b>2021:</b>			
<b>Cost</b>			
At 1 January 2021	34,805	5,845	40,650
<b>At 31 December 2021</b>	<b>34,805</b>	<b>5,845</b>	<b>40,650</b>
<b>Accumulated depreciation and impairment</b>			
At 1 January 2021	7,218	4,003	11,221
Charge for the year	1,154	531	1,685
<b>At 31 December 2021</b>	<b>8,372</b>	<b>4,534</b>	<b>12,906</b>
<b>Carrying amounts - At 31 December 2021</b>	<b>26,433</b>	<b>1,311</b>	<b>27,744</b>

## 13.

## PROPERTY PLANT AND EQUIPMENT

NOTES TO THE FINANCIAL STATEMENTS  
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## (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  
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**13. PROPERTY PLANT AND EQUIPMENT**

**(a) Reconciliation of carrying amounts**

Company	Buildings KShs'000	Total KShs'000
<b>2021</b>		
<b>Cost</b>		
At 1 January 2021	11,773	11,773
<b>At 31 December 2021</b>	<b>11,773</b>	<b>11,773</b>
<b>Depreciation and impairment</b>		
At 1 January 2021	1,476	1,476
Charge for the year	233	233
<b>At 31 December 2021</b>	<b>1,709</b>	<b>1,709</b>
<b>Carrying amounts</b>		
At 31 December 2021	10,064	10,064

**NOTES TO THE FINANCIAL STATEMENTS  
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**13. PROPERTY PLANT AND EQUIPMENT**

**(a) Reconciliation of carrying amounts**

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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**13. PROPERTY PLANT AND EQUIPMENT**

**(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 2021 confirmed that no additional information was gained during the year to warrant any revisions.

**14. INTANGIBLE ASSETS**

**Computer software**

**(a) Reconciliation of carrying amounts**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
<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	138,348	138,030	138,030
Charge for the year	-	-	-	-
<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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**15. INVESTMENT PROPERTIES**

**(a) Reconciliation of carrying amounts**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
At start of year	524,894	450,289	432,203	372,678
Transfers from buildings (Note 13)	-	149,906	-	149,906
Additions	60,818	45,596	51,472	27,075
Assets write back	-	8,278	-	8,278
Transfers from buildings (Note 13)	-	(120,803)	-	(120,803)
Depreciation	(9,978)	(8,372)	(6,084)	(4,931)
<b>At end of year</b>	<b>575,734</b>	<b>524,894</b>	<b>477,591</b>	<b>432,203</b>

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**15. INVESTMENT PROPERTIES**

**(a) Reconciliation of carrying amounts**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
<b>Comprising</b>				
Cost	835,093	774,275	677,429	625,956
Accumulated depreciation	(259,359)	(249,381)	(199,838)	(193,753)
<b>At end of year</b>	<b>575,734</b>	<b>524,894</b>	<b>477,591</b>	<b>432,203</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**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
<b>Rental income</b>	<b>331,532</b>	<b>288,961</b>	<b>272,532</b>	<b>246,490</b>
<b>Operating expenses</b>				
Staff costs	12,615	66,905	6,824	60,707
Administrative expenses	19,164	62,703	19,546	64,332
Security expenses	12,647	15,657	9,899	13,850
Legal and professional fees	4,553	10,602	2,552	6,988
Repairs and maintenance	8,455	5,669	7,072	4,367
Depreciation	10,506	8,982	6,088	4,935
	<b>67,940</b>	<b>170,518</b>	<b>51,981</b>	<b>155,179</b>
<b>Net rental income before tax</b>	<b>263,592</b>	<b>118,443</b>	<b>220,551</b>	<b>91,311</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**15. INVESTMENT PROPERTIES**

**(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 “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 2021, was 2.9%

The fair value measurement of – Group KShs’000 – 8,076,312 (2020: KShs’000 - 7,848,700); Company KShs’000 – 6,175,749 (2020: KShs’000 – 6,001,700) has been categorized as level 2 fair value (2020 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>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>KShs’000</b>	<b>KShs’000</b>	<b>KShs’000</b>	<b>KShs’000</b>
<b>Fair values</b>				
Properties	8,076,312	7,848,700	6,175,749	6,001,700
	<b>8,076,312</b>	<b>7,848,700</b>	<b>6,175,749</b>	<b>6,001,700</b>
<b>Carrying amounts</b>				
Commercial properties	575,400	524,556	477,257	431,865
Leasehold land	334	338	334	338
	<b>575,734</b>	<b>524,894</b>	<b>477,591</b>	<b>432,203</b>
<b>Fair value gains not recognised in profit or loss</b>	<b>7,500,578</b>	<b>7,323,806</b>	<b>5,698,158</b>	<b>5,569,497</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**15. INVESTMENT PROPERTY**

**(c) Measurement of fair value**

**(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>  <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 (2021 and 2020: 3.75-5.8%) 2. Occupancy rates (2021 and 2020: 90% - 95%) 3. Risk-adjusted discount rate (2021 and 2020:9%)	The estimated fair values would increase / (decrease) if; 1. Expected rental growth were higher / (lower)  2. Occupancy rates were higher / (lower)  3. Risk-adjusted discount rate was lower / (higher)
<b>(b)Leasehold land held for value appreciation and development.</b> <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  2. Infrastructure developments	The estimated fair values would increase / (decrease); 1. If property prices were higher / (lower)  2. Increase with improvements in infrastructure.

**NOTES TO THE FINANCIAL STATEMENTS  
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**16. PREPAID OPERATING LEASE RENTALS**

**(a) Reconciliation of carrying amount**

	<b>Group and Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>KShs'000</b>	<b>KShs'000</b>
At start of year	338	342
Amortisation charge for the year	(4)	(4)
<b>At end of year</b>	<b>334</b>	<b>338</b>

**(b) Classification**

The Group classifies leasehold land under development of warehouses, 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:

	<b>Country of incorporation</b>	<b>% interest held</b>	<b>2021</b>	<b>2020</b>
			<b>KShs'000</b>	<b>KShs'000</b>
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 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**  
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**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	
	2021	2020	2021	2020
	KShs'000	KShs'000	KShs'000	KShs'000
<b>Carrying amount</b>				
Interest in associates (Note 18(a))	177,561	169,107	137,026	137,026
<b>At end of year</b>	<b>177,561</b>	<b>169,107</b>	<b>137,026</b>	<b>137,026</b>

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

	2021	2020
	KShs'000	KShs'000
At 1 January 2021	169,107	152,610
Share of profit	8,454	16,497
<b>At end of year</b>	<b>177,561</b>	<b>169,107</b>

**(a) Associate**

The Group's has an interest of 25% (2020: 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  
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**18. INVESTMENT IN ASSOCIATE**

**(a) Associate**

**(i) Summarised financial information**

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

	<b>2021</b>	<b>2020</b>
	<b>KShs'000</b>	<b>KShs'000</b>
<b><i>Financial position</i></b>		
Non-current assets	1,904,124	1,975,357
Current assets	166,344	205,856
Current liabilities	(16,425)	(17,987)
Non-current liabilities	(1,343,512)	(1,486,799)
<b>Net assets</b>	<b>710,531</b>	<b>676,427</b>
<b><i>Profit or loss and other comprehensive income</i></b>		
Revenue	297,183	334,543
Expenses	(263,367)	(268,555)
Profit after tax	33,816	65,988
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>33,816</b>	<b>65,988</b>

**NOTES TO THE FINANCIAL STATEMENTS  
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**19. INVENTORIES**

	Group		Company	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Finished goods	35,705	2,375	34,756	-
	<b>35,705</b>	<b>2,375</b>	<b>34,756</b>	<b>-</b>

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

	Group		Company	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Changes in inventories of work in progress and finished goods	3,859	5,822	3,859	5,822
Write down of inventories	-	173,416	-	164,800
Cost of trading goods sold	142,207	319,369	147,644	228,722
	<b>146,066</b>	<b>498,607</b>	<b>151,503</b>	<b>399,522</b>

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

In 2021, inventories of KShs'000 146,066 (2020 – KShs'000 498,607) for the group and KShs '000 151,503 (2020 – KShs '000 399,344) were recognised as an expense during the year and included in 'cost of sales.

**NOTES TO THE FINANCIAL STATEMENTS  
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**20. TRADE AND OTHER RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
<b>Current</b>				
Trade receivables	137,583	248,723	108,254	89,484
Less: Provision for impairment	(47,781)	(158,120)	(41,283)	(51,786)
	<b>89,802</b>	<b>90,603</b>	<b>66,971</b>	<b>37,698</b>
Amounts due from related companies (Note 30(d)(i))	2,520	5,010	1,899	4,695
Other receivables	100,287	97,772	21,651	34,740
Receivables from subsidiaries (Note 30(d)(i))	-	-	96,374	111,044
Trade and other receivables	192,609	193,385	186,895	118,177
Prepayments	63,661	13,758	61,590	9,859
	<b>256,270</b>	<b>207,143</b>	<b>248,485</b>	<b>198,036</b>

**(a) 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:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
Cash at bank and in hand	38,876	63,533	32,048	48,822
<b>Cash and bank balances in statement of financial position</b>	<b>38,876</b>	<b>63,533</b>	<b>32,048</b>	<b>48,822</b>
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>38,876</b>	<b>63,533</b>	<b>32,048</b>	<b>48,822</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (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>2021</b>	<b>2020</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>
<i>Issued and fully paid up capital</i>		
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 (2020:Nil).

**NOTES TO THE FINANCIAL STATEMENTS  
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**23. BORROWINGS**

a.	Carrying amounts	Group	Company		
		2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
	<b>Non-current</b>				
	Bank loan	-	98,848	-	98,848
	Sameer Investments Limited	375,994	379,740	375,994	379,740
	Sameer Telkom Limited	100,000	230,000	100,000	230,000
		495,994	708,588	495,994	708,588
	<b>Current</b>				
	Bank loan	-	35,620	-	35,620
	<b>Total borrowings</b>	<b>495,994</b>	<b>744,208</b>	<b>495,994</b>	<b>744,208</b>

**Reconciliation of liabilities arising from financing activities:**

	31 December 2021		31 December 2020	
	Bank loan KShs'000	Related parties loan KShs'000	Bank loan KShs'000	Related parties loan KShs'000
At start of year	135,468	609,740	83,604	455,2018
Proceeds from long-term borrowings	-	-	135,468	154,522
Repayments of long-term borrowings	(135,468)	(113,746)	(83,604)	-
	-	495,994	135,468	609,740



**NOTES TO THE FINANCIAL STATEMENTS  
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**Terms and repayment schedule**

**Group and company**

	Curr- ency	Nominal interest	Maturity	31 December 2021		31 December 2020	
				Face value	Carrying amount	Face value	Carrying amount
Term Loan-NCBA	KSH	11.50%	2024	KShs'000	KShs'000	KShs'000	KShs'000
				135,411	-	135,411	134,468
Term loan – Sameer Investments Limited	USD	7.00%	2025	395,994	395,994	379,740	379,740
Term loan – Sameer Telkom Limited	KSH	11.00%	2025	100,000	100,000	230,000	230,000
				<b>631,405</b>	<b>495,994</b>	<b>745,151</b>	<b>744,208</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
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**23. BORROWINGS**

**(a) Effective interest rates**

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

	2021 %	2020 %
Bank borrowings – KShs	11.50	11.50
Related party borrowings-USD	7.00	7.00
Related party borrowings-Ksh	<u>11.00</u>	<u>11.00</u>

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.

**(b) Compliance with loan covenants**

The Group has complied with the financial covenants of its borrowing facilities during the 2021 and 2020 reporting period.

**24. DEFERRED INCOME TAX**

**(a) Carrying amounts**

Deferred income tax is calculated using the enacted income tax rates of 25% and 30% (2020:25%) that apply to the different Group companies. The movement on the deferred income tax account is as follows:

	<b>Group</b>		<b>Company</b>	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
At start of year	5,263	5,263	-	-
Charge to statement of profit or loss (Note 11 (a))	-	-	-	-
Currency translation differences (Note 11(a))	-	-	-	-
Prior period under revisions	367			
<b>At end of year</b>	<b>5,630</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	5,630	5,263	-	-
	<b>5,630</b>	<b>5,263</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
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**(b) Movement in deferred tax balances**

**Group 2021**

	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	( 46,831)	(17,093)	(63,924)
Investment property	65,334	61,206	126,540
Provisions	( 139,303)	(10,529)	(149,832)
Tax losses	(611,821)	(14,419)	(626,240)
Effects of movements in exchange rates	(187)	1,439	1,252
Prior year under provision	(11,229)	12,373	1,144
	<b>(744,037)</b>	<b>32,977</b>	<b>(711,060)</b>
Total deferred tax asset	<b>(744,037)</b>	<b>32,977</b>	<b>(711,060)</b>
Unrecognized deferred tax asset	<b>744,037</b>	<b>(32,977)</b>	<b>711,060</b>
	<b>-</b>	<b>-</b>	<b>-</b>
<b><i>Deferred income tax liability</i></b>			
Investment property	6,229	-	6,229
Provisions	(899)	367	( 532)
Effects of movements in exchange rates	(67)	-	(67)
	<b>5,263</b>	<b>367</b>	<b>5,630</b>
<b>Net deferred income tax liabilities</b>	<b>5,263</b>	<b>367</b>	<b>5,630</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**24. DEFERRED INCOME TAX**

**(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)
Total deferred tax asset	(632,693)	(111,344)	(744,037)
Unrecognized deferred tax asset	<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>5,263</b>
<b>Net deferred income tax asset</b>	<b>5,263</b>	-	<b>5,263</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**24. DEFERRED INCOME TAX**

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

**Company 2021**

	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	(58,145)	(17,112)	(75,257)
Investment property	2,419	61,206	63,625
Provisions for expenses	(148,399)	(12,303)	(160,702)
Tax losses	(441,201)	41,906	(399,295)
Under provision on prior year	(12,373)	12,373	-
Exchange differences	(4,217)	1,584	(2,633)
<b>Total deferred tax asset</b>	<b>(661,916)</b>	<b>87,654</b>	<b>(574,262)</b>
Unrecognized deferred tax asset	661,916	(87,654)	574,262
	-	-	-

**Company 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	(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)
<b>Total deferred tax asset</b>	<b>(555,567)</b>	<b>(106,349)</b>	<b>(661,916)</b>
Unrecognized deferred tax asset	555,567	106,349	661,916
	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**24. DEFERRED INCOME TAX**

**(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 2,087,470,000 (2020: KShs 2,039,406,000) for the group and KShs 1,331,000 (2020: KShs 1,470,671,000) 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, with effect from 1 July 2021, the tax losses of KShs 1,329,526,000 (2020: KShs 1,470,671,000) can be carried forward indefinitely.

**(e) Tax losses carried forward**

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

**Group**

**Summary of deferred tax assets-Tax loss**

<b>Year of origin</b>	<b>Tax loss</b>	<b>Deferred Tax</b>
2014	(395,817)	(118,745)
2015	(35,490)	(10,647)
2016	(859,126)	(257,738)
2018	(426,885)	(128,065)
2019	(241,178)	(72,353)
2020	(128,974)	(38,692)
<b>Total</b>	<b>(2,087,470)</b>	<b>(626,240)</b>

**Company**

**Summary of deferred tax assets-Tax loss**

<b>Year of origin</b>	<b>Tax loss</b>	<b>Deferred tax</b>
<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
2016	(697,090)	(209,127)
2018	(356,325)	(106,897)
2019	(165,247)	(49,574)
2020	(112,324)	(33,697)
<b>Total</b>	<b>(1,330,986)</b>	<b>(399,295)</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**24. DEFERRED INCOME TAX**

**(e) Tax losses carried forward**

In 2021, the Company incurred a tax profit of KShs 2,279,611,000 reducing cumulative tax losses to KShs 1,330,986,000 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 2021, the Group's Burundi subsidiary incurred a tax loss of KShs 4,499,386 increasing cumulative tax losses to KShs 197,118,590. 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 2021, the Group's Tanzania subsidiary incurred a tax loss of KShs 17,758,525 increasing cumulative tax losses to KShs 299,508,860 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 2021, the Group's Uganda subsidiary had a tax loss of KShs 1,922,458 increasing cumulative tax losses to KShs 91,132,689 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 2021, the Group's Local subsidiary Yana Tyre Centre Ltd incurred a tax profit of KShs 27,527,740 reducing cumulative tax losses to KShs 170,183,382 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>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
<b>Non - current</b>				
Amounts due to subsidiaries (Note 29(d))	-	-	209,620	-
<b>Current</b>				
Trade payables	49,633	35,524	35,817	20,285
Amounts due to related companies (Note 29(d))	3,079	4,360	3,079	4,313
Amounts due to subsidiaries (Note 29(d))	-	-	-	185,763
Accrued expenses and other payables	202,825	141,668	172,085	87,255
	<b>255,537</b>	<b>181,552</b>	<b>210,981</b>	<b>297,616</b>
	<b>255,537</b>	<b>181,552</b>	<b>420,601</b>	<b>297,616</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 2021 (CONTINUED)**

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

	Note	Group		Company	
		2021	2020	2021	2020
		KShs'000	KShs'000	KShs'000	KShs'000
<b>Cash receipts from customers</b>					
Revenue	8	651,606	757,488	566,461	581,382
Other income	9 (a)	4,480	37,859	3,578	3,445
Net foreign exchange losses	10	(16,087)	(38,370)	(14,552)	(38,995)
Translation differences		1,995	2,127	-	-
Movement in trade and other receivables	20	(49,127)	167,216	(50,449)	336,239
<b>Cash collections from customers</b>		<b>592,867</b>	<b>926,319</b>	<b>505,038</b>	<b>882,072</b>
<b>Cash payments for purchases</b>					
Opening inventory stock	19	(2,375)	(419,779)	-	(319,624)
Cost of sales	9 (b)	160,517	513,795	162,060	411,085
Closing inventory stock	19	35,705	2,375	34,576	-
Movement in trade payables	25 (a)	(14,109)	194,400	(15,532)	138,318
		<b>179,738</b>	<b>290,791</b>	<b>181,104</b>	<b>229,778</b>
<b>Adjustments for non-cash expenses</b>					
Depreciation and amortisation	9 (c)	11,667	10,374	6,321	5,406
Prior period provisions		717	-	-	-
Transfers		-	(8,278)	-	(8,278)
		<b>12,384</b>	<b>2,096</b>	<b>6,321</b>	<b>(2,872)</b>
<b>Cash payment for purchases</b>		<b>167,354</b>	<b>288,695</b>	<b>174,781</b>	<b>232,650</b>
<b>Cash payments for expenses</b>					
Other operating expenses	9(b)(ii)	117,729	118,019	78,084	359,811
Movement in accruals and other payables	25(a)	(59,875)	210,623	(107,452)	143,433
<b>Cash payments for expenses</b>		<b>57,854</b>	<b>328,642</b>	<b>(29,368)</b>	<b>503,244</b>

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

**Group**

	Net balance at 1 January KShs'000	Net Repayment KShs'000	Net balance at 31 December KShs'000
<b>Non-current</b>			
Long term loans	744,208	(248,214)	495,994
<b>Total borrowings</b>	<b>744,208</b>	<b>(248,214)</b>	<b>495,994</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**26. COMMITMENTS**

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

	Group		Company	
	2021	2020	2021	2020
	KShs '000	KShs '000	KShs '000	KShs '000
Property, plant and equipment	<u>78,701</u>	<u>67,500</u>	<u>73,501</u>	<u>59,000</u>

**27. 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.

The Company has several ongoing legal cases, claims are estimated at Ksh 38 million. Based on legal advice, the directors believe that the defence against the claims will be successful.

**28. 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% (2020: 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 2021 (CONTINUED)**

**29. RELATED PARTY TRANSACTIONS**

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

**(i) Key management compensation**

Key management compensation comprised the following;

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
Basic pay and other allowances	30,782	24,641	26,932	23,123
Pension/gratuity	3,214	641	3,000	545
<b>Total</b>	<b>33,996</b>	<b>25,255</b>	<b>29,932</b>	<b>23,668</b>

**(ii) Directors' shareholding**

At 31 December 2021 directors' shareholding in the company was as follows:

	<b>2021</b>	<b>2020</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>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
<b>Directors' remuneration</b>				
Fees as directors	4,620	5,140	4,620	5,140
Other emoluments (included under key management compensation above)	1,400	1,745	1,400	1,745
Managing director	12,000	7,920	12,000	7,920
<b>Total remuneration of directors of the company</b>	<b>18,020</b>	<b>14,805</b>	<b>18,020</b>	<b>14,805</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**29. RELATED PARTY TRANSACTIONS**

**(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	
	2021 KShs'000	2020 KShs'000
<b>Subsidiaries</b>		
Yana Tyre Centre Limited	29,419	36,775
	<b>29,419</b>	<b>36,775</b>

	Group		Company	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
<b>Other related parties</b>				
Ryce East Africa Limited	4,265	5,544	4,265	5,544
Sasini PLC	206	92	50	92
	<b>4,471</b>	<b>5,636</b>	<b>4,315</b>	<b>5,636</b>

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

	Group and Company	
	2021 KShs'000	2020 KShs'000
<b>Other related parties</b>		
Ryce East Africa Limited	828	2,698
Sameer Management Limited	-	6,129
Sameer Africa (Tanzania) Limited	2,074	20,864
Sameer Africa (Uganda) Limited	-	12,279
Sameer Africa (Burundi) Limited	-	14,302
	<b>2,902</b>	<b>56,272</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**29. RELATED PARTY TRANSACTIONS**

**(d) Outstanding balances**

At 31 December 2021, outstanding balances with related parties comprised the following;

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
<b>(i) Amounts due from:</b>				
<b><i>Subsidiaries</i></b>				
Sameer Industrial Park Limited	-	-	96,374	111,044
	-	-	<b>96,374</b>	<b>111,044</b>
<b><i>Associate</i></b>				
Sameer Business Park Limited	<b>468</b>	<b>286</b>	<b>468</b>	<b>286</b>
<b><i>Other related parties</i></b>				
Ryce East Africa Limited	1,248	1,783	1,248	1,783
Eveready E.A. PLC	183	2,770	183	2,521
Sasini Avocado EPZ	619	66	-	-
Sasini PLC	2	150	-	105
	<b>2,052</b>	<b>4,724</b>	<b>1,431</b>	<b>4,409</b>
<b>Total due from other related parties</b>	<b>2,520</b>	<b>5,010</b>	<b>1,899</b>	<b>4,695</b>
<b>(ii) Amounts due to:</b>				
<b><i>Subsidiaries</i></b>				
Sameer Africa(Uganda) Limited	-	-	34,052	31,667
Sameer EPZ Limited	-	-	175,756	154,096
	-	-	<b>209,808</b>	<b>185,763</b>
<b><i>Other related parties</i></b>				
Ryce East Africa Limited	361	346	361	299
First Assurance Company Limited	-	1,296	-	1,296
Sameer Management	2,718	2,718	2,718	2,718
	<b>3,079</b>	<b>4,360</b>	<b>3,079</b>	<b>4,313</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**29. RELATED PARTY TRANSACTIONS**

**(e) Borrowings from related parties**

Group and company	Currency	Nominal interest	31 December 2021	
			Face value	Carrying amount
			KShs'000	KShs'000
Term loan –Sameer Investments	USD	7.00%	395,994	395,994
Term loan –Sameer Telkom	KSH	11.00%	100,000	100,000
			<u>495,994</u>	<u>495,994</u>

Group and company	Currency	Nominal 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
			<u>609,740</u>	<u>609,740</u>

**(f) Trading terms and settlement**

All transactions with related parties are at an arm's length basis and 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.

**29. EVENTS AFTER THE REPORTING PERIOD**

There were no adjusting or non-adjusting events after the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**30. PRINCIPAL SHAREHOLDERS AND SHARE DISTRIBUTION**

**Principal shareholders**

The ten largest shareholdings in the Company and the respective number of shares held at 31 December 2021 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	5,273,700	1.89%
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	%
1 - 500	8,112	2,153,744	0.77%
501 – 5,000	4,833	7,530,685	2.71%
5,001 – 10,000	417	3,165,336	1.14%
10,001 – 100,000	430	13,479,642	4.84%
100,001 – 1,000,000	70	21,854,364	7.85%
Over 1,000,000	12	230,158,622	82.69%
<b>Total</b>	<b>13,874</b>	<b>278,342,393</b>	<b>100%</b>

**31. 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 pays 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 53RD ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 53rd Annual General Meeting of the Company will be held on Thursday 9th June 2022 starting at 10.00 am to conduct the following business:

### 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

To confirm the minutes of the 52nd Annual General Meeting held on Thursday 10th June 2021.

#### 3. Financial Statements and Reports

To receive, consider and if deemed fit, adopt the financial statements for the year ended 31 December 2021, 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 Mr. Sameer Naushad Merali 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 Mrs. Mary Ngatia 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 of the Companies Act 2015, the following 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. Mrs. Mary Wachuka Ngatia
- iii. Mr. Sameer Naushad Merali

#### 6. Directors Remuneration Report

To approve the Directors remuneration report for the year ended 31st December 2021 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 of the company who being eligible have expressed their willingness to continue to 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 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**

**Mrs Mercy Mbijiwe**  
**Company Secretary**  
**12th May 2022, Nairobi**

**Please Note:**

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 \*483\*337# for all Kenyan telephone networks or via a link to the AGM Platform that will be sent to them via SMS and/or Email and following the various prompts regarding the registration process. 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) 7608216 from 8.00 am to 4.00 pm 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 30th May 2022 at 8.00 am and will close on Wednesday June 8th 2022 at 12 Noon. Shareholders will not be able to register after Wednesday June 8th 2022.
3. In accordance with section 283(3) of the Companies Act 2015, the following documents may be viewed on the Company's website [www.sameer-africa.com](http://www.sameer-africa.com)) a copy of this Notice and the proxy form ii) the Company' Integrated Report together with audited financial statements for the year 2021.
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 \*483\*337# and selection the option (ask Question) on the prompts; or
  - c. By visiting <https://digital.candrgroup.co.ke> or via a direct link to the AGM platform; select attend event; select "Sameer Africa PLC AGM" select "Q&A" option tab and submit questions in the text box provided; or
  - d. To the extent possible physically delivering their questions by June 7th 2022 at 12.00 Noon with a return physical address or email address to the Company.
  - e. Registrars address; Custody & Registrar, 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 7th 2022.
6. Shareholders wishing to vote may do so by:
  - a. Accessing Virtual AGM via <https://digital.candrgroup.co.ke> via a direct link to the AGM platform; Select attend event; select "Sameer Africa Plc. AGM" select "Voting " option tab and vote; or
  - b. Accessing Virtual AGM via USSD platform \*483\*337# Use the menu prompts to select 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. 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.
  - b. 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 forms are also available at the Company Registrars address: custody & Registrars, IKM Place, Tower B, 1st Floor, 5th Ngong Avenue, Nairobi.
  - c. A Proxy must be signed by the appointer or his attorney duly authorised in writing. If the appointer is a body corporate, the instruments appointing the proxy shall be given its common seal or under the hand of an officer or duly authorised attorney of such body corporate.
  - d. 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 7th 2022 at 12.00 O'clock.
  - e. Any person appointed as a Proxy should submit his/her email or mobile telephone number to the Company no later than Tuesday 7th June 2022 at 12.00 Noon.
  - f. Any Proxy registration that is rejected will be communicated to the Shareholder concerned no later than Wednesday June 8th 2022 to allow time to address any issue.
8. The AGM will be streamlined live 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 number, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS and/or email prompt shall be sent two hours ahead of the AGM acting as a reminder of the AGM, reminding duly registered Shareholders and proxies that the AGM will begin in two 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 \*483\*337# or voting matters tab on the live stream display screen.
10. A poll shall be conducted for all 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 140,000.00 is through Mpesa. Shareholders who wish to receive their dividend through Mpesa 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 & Registrar Services Limited.
13. A 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 11 and 111, 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 dividend being forwarded to the Authority.

Custody & Registrar Services  
 IKM Place, Tower B, 1st Floor  
 5th Ngong Avenue, Nairobi  
 Tel: +254 20 7608216  
 Email: [info@candrgroup.co.ke](mailto:info@candrgroup.co.ke)

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## TANGAZO LA MKUTANO MKUU WA 53 WA KILA MWAKA

ILANI IMETOLEWA HAPA kwamba Mkutano Mkuu wa 53 wa Kila Mwaka wa Kampuni utafanyika Alhamisi tarehe 9 Juni 2022 kuanzia saa 10.00 asubuhi ili kufanya shughuli zifuatazo:

### AJENDA

#### 1. Kuitisha Mkutano

Katibu kusoma tangazo la kuitisha mkutano, kuwasilisha wawakilishi na kuamua kama akidi ipo.

#### 2. Kuthibitishwa kwa yaliyozungumzwa

Kuthibitishwa kwa yaliyozungumzwa katika Mkutano wa 52 wa Kila Mwaka uliofanyika tarehe 10 Alhamisi mwezi wa Juni mwaka wa 2021.

#### 3. Taarifa na ripoti za kifedha

Ili kupokea, kuzingatia na ikionekana kuwa inafaa, kupitisha taarifa za fedha za mwaka uliomalizika tarehe 31 Desemba 2021, pamoja na ripoti za Wakurugenzi na Wakaguzi wa Hesabu za kifedha.

#### 4. Uchaguzi wa Mkurugenzi

##### 4.1 Kwa kuzingatia zamu:

- Kwa mujibu wa Kifungu cha 1.123 cha Kifungu cha Kushirikiana cha Kampuni, Mkurugenzi Bw. Sameer Naushad Merali anastaafu kwa zamu na kwa kuwa anastahili, anajitolea kuchaguliwa tena kama Mkurugenzi.
- Kwa mujibu wa Kifungu cha 1.123 cha Kifungu cha Kushirikiana cha Kampuni, Mkurugenzi Bi. Mary Ngatia anastaafu kwa zamu na kwa kuwa anastahili, anajitolea kuchaguliwa tena kama Mkurugenzi.

#### 5. Uthibitisho wa Wanachama wa Kamati ya Ukaguzi wa hesabu, Hatari na Utawala wa mashirika ya Bodi

Kuidhinisha yafuatayo;

Kwa mujibu wa kifungu cha 769 cha Sheria ya Makampuni ya 2015, wanachama wafuatao wa Kamati ya Ukaguzi wa hesabu, Hatari na Utawala wa mashirika ya Bodi, wathibitishwe kuendelea kuhudumu katika Kamati hiyo.

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

#### 6. Ripoti ya Mishahara ya Wakurugenzi

Kuidhinisha ripoti ya mishahara ya Wakurugenzi kwa mwaka uliomalizika tarehe 31 Desemba 2021 na kuidhinisha Bodi kurekebisha mishahara ya Wakurugenzi.

#### 7. Uteuzi wa Wakaguzi wa hesabu

Kuteua tena RSM Eastern Africa kuendelea kuhudumu kama wakaguzi wa Kampuni ambao wanastahiki na wameeleza nia yao ya kutaka kuendelea kufanya kazi kama Wakaguzi wa Kampuni kwa mujibu wa masharti ya kifungu cha 721(2) cha Sheria ya Makampuni ya 2015 na kuwaidhinisha Wakurugenzi kurekebisha mishahara yao kwa mwaka wa fedha unaofuata.

#### 8. Shughuli nyingine yoyote

Kufanya shughuli nyingine yoyote ambayo inaweza kutekelezwa katika Mkutano wa Kila Mwaka.

### Kwa Agizo la Bodi

#### Katibu wa kampuni

**Bi. Mercy Mbijiwe,**  
tarehe 12 mwezi wa Mei  
mwaka wa 2022, Nairobi

**Tafadhali zingatia:**

1. Wanahisa ambao wana nia ya kushiriki katika mkutano wanafaa wajisajili kwa ajili ya Mkutano wa Kila Mwaka kwa kutembelea tovuti mtandaoni ambayo ni <https://digital.candrgroup.co.ke> au kwa kubonyeza \*483\*337# kwa mitandao yote ya simu ya Kenya au kupitia kwa kiungo cha kuhudhuria Mkutano wa Kila Mwaka ambacho kitatumwa kwao kupitia arafa na/au Barua pepe na kufuata madokezo mbalimbali kuhusu mchakato wa usajili. Ili kukamilisha mchakato wa usajili, Wanahisa watahitaji kuwa na nambari zao za Vitambulisho/Pasipoti ambazo zilitumika kununua hisa zao na akaunti zao za hisa au Nambari ya Akaunti ya CDSC iliyo karibu. Kwa usaidizi wowote, wanahisa wanapaswa kupiga nambari zifuatazo za simu (020) 7608216 kutoka saa mbili asubuhi hadi saa kumi jioni kutoka Jumatatu hadi Ijumaa. Mwanahisa yeyote aliye nje ya Kenya anafaa kupiga nambari za simu za usaidizi au barua pepe [digital@candrgroup.co.ke](mailto:digital@candrgroup.co.ke) ili kusaidiwa kujisajili.
2. Usajili wa Mkutano wa Kila Mwaka utafunguliwa Jumatatu tarehe 30 Mei 2022 saa mbili asubuhi na utafungwa Jumatano tarehe 8 Juni 2022 saa sita Mchana. Wanahisa hawataweza kujisajili baada ya Jumatano Juni 8, 2022.
3. Kwa mujibu wa kifungu cha 283(3) cha Sheria ya Makampuni ya 2015, hati zifuatazo zinaweza kutazamwa kwenye tovuti ya Kampuni [www.sameerafrica.com](http://www.sameerafrica.com)) nakala ya tangazo hili na fomu ya wakala ii) Ripoti Jumuishi ya Kampuni pamoja na taarifa za kifedha zilizokaguliwa za mwaka wa 2021.
4. Wanahisa wanaotaka kuuliza maswali au ufafanuzi wowote kuhusu Mkutano Mkuu wa Kila Mwaka wanaweza kufanya hivyo kwa;
  - a. Kutuma maswali yao kwa kutumia barua pepe kwa [digital@candrgroup.co.ke](mailto:digital@candrgroup.co.ke) au
  - b. Wanahisa ambao watakuwa wamejiandikisha kushiriki katika mkutano wataweza kuuliza maswali kupitia ujumbe wa arafa kwa kupiga kodi ya USSD \*483\*337# na kuchagua chaguo.(uliza swali) kwa ufafanuzi; au
  - c. Kwa kutembelea <https://digital.candrgroup.co.ke> au kupitia kwa kiungo cha moja kwa moja cha kushiriki kwenye Mkutano wa Kila Mwaka; chagua kuhudhuria hafla; chagua "Sameer Africa PLC AGM" chagua "Q&A" chagua na uwasilishe maswali kwenye kisanduku cha maandishi kilichotolewa; au
  - d. Kwa kadiri inavyoweza kuwasilisha maswali yao kihalisi ifikapo tarehe 7 Juni 2022 saa 12.00 Mchana pamoja na anwani ya , majibu ya mahali halisi au anwani ya barua pepe kwa Kampuni
  - e. Anwani ya wasajili; Utunzaji na Usajili, katika Jumba la IKM, jengo la B, Ghorofa ya 1, 5th Ngong Avenue.
5. Wanahisa lazima watoe taarifa zao kamili (majina kamili, Nambari ya Kitambulisho/Pasipoti, Nambari ya Akaunti ya CDSC ya Hisa) wanapowasilisha maswali na ufafanuzi wao kwa barua pepe, chapisho au uwasilishaji. Maswali na ufafanuzi wote lazima yafike kwenye Kampuni mnamo au kabla ya Jumanne Juni 7, 2022.
6. Wanahisa wanaotaka kupiga kura wanaweza kufanya hivyo kwa:
  - a. Kuhudhuria Mkutano wa Kila Mwaka mtandaoni kupitia <https://digital.candrgroup.co.ke> kupitia kiungo cha moja kwa moja ili kuhudhuria Mkutano wa Kila Mwaka; Chagua hudhuria hafla; chagua "Sameer Africa Plc. AGM" chagua chaguo la "kupiga kura" chagua na upige kura; au
  - b. Kuhudhuria Mkutano wa Kila Mwaka mtandaoni kwa kutumia kodi ya USSD bonyeza \*483\*337# Tumia vidokezo vya menyu ili kuchagua chaguo la "Kupiga Kura" na ufuate maagizo mbalimbali kuhusu mchakato wa kupiga kura.
7. Kwa mujibu wa Kifungu cha 298(1) cha Sheria ya Makampuni, Wanahisa walio na haki ya kuhudhuria na kupiga kura kwenye Mkutano wa Kila Mwaka wa Jumla wana haki ya kuteua wakala wa kupiga kura kwa niaba yao.
  - a. Wakala si lazima awe mwanachama wa Kampuni. Ikiwa Wakala aliyeteuliwa si Mwenyekiti wa Mkutano wa Kila Mwaka, Wakala aliyeteuliwa atahitaji ufikiaji wa simu ya rununu.
  - b. Fomu ya Wakala inapatikana kwenye tovuti ya Kampuni kupitia kiungo hiki: tovuti [www.sameerafrica.com](http://www.sameerafrica.com) Nakala halisi za fomu za Wakala zinapatikana pia katika anwani za Wasajili wa Kampuni: Utunzaji na Usajili, IKM Place , Jumba la B, Ghorofa ya 1, 5th Ngong Avenue, Nairobi.
  - c. Fomu ya wakala lazima itive sahihi na mteuaji au wakili wake aliyeidhinishwa kwa njia ya maandishi. Iwapo mteuaji ni mwakilishi wa shirika, watakaomteua wakala watapewa muhuri wake wa pamoja au kwa kuandika na afisa au wakili aliyeidhinishwa ipasavyo wa shirika hilo kuu.
  - d. Fomu iliyojazwa ya Wakala inapaswa kutumwa kwa barua pepe kwa [proxy@candrgroup.co.ke](mailto:proxy@candrgroup.co.ke) au kuwasilishwa kwa Utunzaji na Usajili, IKM Place, Jengo la B, Ghorofa ya 1, 5th Ngong Avenue, Nairobi ili kupokelewa kabla ya saa 48 kabla ya wakati wa kufanya mkutano yaani Jumanne Juni 7, 2022 saa 12.00.
  - e. Mtu yeyote aliyeteuliwa kama Wakala anapaswa kuwasilisha barua pepe yake au nambari ya simu ya rununu kwa Kampuni kabla ya Jumanne tarehe 7 Juni 2022 saa 12.00 mchana.
  - f. Usajili wowote wa Wakala ambao umekataliwa utawasilishwa kwa Mwanahisa anayehusika kabla ya Jumatano Juni 8, 2022 ili kutoa muda wa kushughulikia suala lolote.
8. Mkutano wa Kila Mwaka utapeperushwa moja kwa moja kupitia kwa kiungo ambacho kitatolewa kwa Wanahisa wote ambao watakuwa wamejisajili kushiriki katika Mkutano huo Mkuu. Wanahisa na Mawakala waliosajiliwa ipasavyo watapokea huduma ya ujumbe mfupi wa arafa/ na au barua pepe  
Moja kwa moja kwenye nambari zao za simu zilizosajiliwa, saa 24 kabla ya Mkutano wa Kila Mwaka kama ukumbusho wa Mkutano huo. Arafa ya pili na/au kidokezo cha barua pepe kitatumwa saa mbili kabla ya Mkutano wa Kila Mwaka ikiwa ni ukumbusho wa Mkutano huo, kuwakumbusha Wanahisa na mawakala waliosajiliwa ipasavyo kwamba Mkutano wa Kila Mwaka utaanza baada ya saa mbili na kutoa kiungo cha upeperushaji wa moja kwa moja kwenye mtandao.
9. Wanahisa na Wawakilishi waliosajiliwa ipasavyo wanaweza kufuata shughuli za Mkutano huo wa Kila Mwaka kwa kutumia mfumo wa upeperushaji wa moja kwa moja na wanaweza kufikia ajenda. Wanahisa na Wawakilishi waliosajiliwa ipasavyo wanaweza kupiga kura (watakapoombwa na Mwenyekiti) kupitia USSD\*483\*337# au chaguo la mambo ya kupiga kura kwenye skrini ya upeperushaji wa moja kwa moja.
10. Uchaguzi utafanyika kwa ajili ya maamuzi yaliyotolewa kwenye tangazo hilo.
11. Matokeo ya Mkutano wa Kila Mwaka yatachapishwa ndani ya saa 24 baada ya kumalizika kwa Mkutano Mkuu wa Kila Mwaka.
12. Njia inayopendekezwa ya kulipa gawio ambazo ni chini ya 140,000.00 ni kupitia kwa simu (Mpesa). Wanahisa ambao wangependa kupokea mgao wao kupitia Mpesa na ambao hawajajisajili kwa njia hii ya malipo wanaweza kuchagua kupokea gawio za siku zijazo kwa kubonyeza\*483\*038# au kuwasiliana na Msajili wa Hisa, Custody & Registrar Services Limited.
13. Wanahisa wote waliopo na wa zamani wa Kampuni wanafahamishwa kwamba kwa mujibu wa masharti ya Sheria ya Mali Zisizodaiwa Nambari 40 ya 2011 Sehemu za 11 na 111, gawio na hisa ambazo hazijadaiwa kwa muda wa miaka mitatu (3) au zaidi itahitaji kuwasilishwa kwa Mamlaka ya Mali Isiyodaiwa ("Mamlaka hiyo") kama mali iliyoachwa kwa tarehe iliyoteuliwa.

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**Tafadhali zingatia:**

Kwa hivyo, Wanahisa wote waliopo na wa zamani walio na gawio ambazo hazijalipwa wanaombwa kuwasiliana haraka na Msajili wa Hisa, huduma za Utunzaji na Usajili kwa anwani iliyoonyeshwa hapa chini ili kudai mgao wowote ambao haujalipwa ili kuepusha hatari ya mgao huo kutumwa kwa Mamlaka.

**Custody & Registrars Services**

IKM Place

Tower B, 1st Floor 5th Ngong Avenue Nairobi

Nambari ya simu: +254 20 7608216

Barua pepe: info@candrgroup.co.ke

# TYRE CARE TIPS FROM SAMEER AFRICA PLC

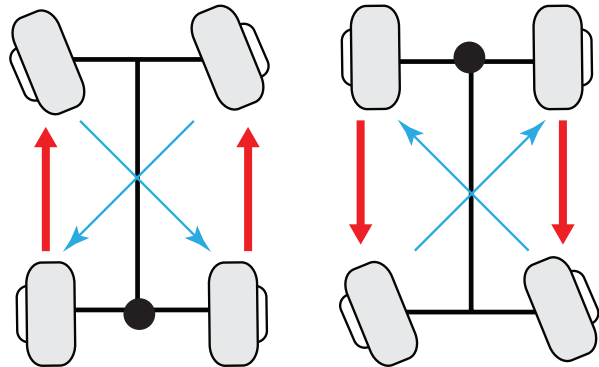
## The functions of tyres

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

## What tyres 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

## 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 tyres 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

## 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

## 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

## 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

## 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 Third Annual General Meeting of the Company to be held on 9th June 2022 and at any adjournment thereof.

As witness \*I/we affix \*my/our \*hand/hands this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

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 \*483\*337# and following the various prompts regarding the registration process. 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 30th May 2022 at 8:00am and will close on Wednesday June 8th 2022 at 12:00am. Shareholders will not be able to register after Wednesday June 8th 2022.
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 2021, iii) the draft minutes in respect of the Annual General Meeting held on 10th June 2021.

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 Tuesday June 7th 2022.

5. In accordance with Section 298(1) of the Companies Act 2015, 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 7th 2022. Duly completed form must be supported by a copy of ID/ valid Passport of the Shareholder 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 Wednesday June 8th 2022 to allow time to address any issues.
6. The AGM will be streamlined live a link which shall be provided to all Shareholders who will have registered to participate in the Annual General Meeting. Duly registered Shareholders and Proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM as a reminder of the AGM and the open voting period. A second SMS/USSD prompt shall be sent two (2 hours before the AGM, reminding duly registered Shareholders and Proxies that the AGM will begin in two hours' time and providing a link to the live stream
7. Duly registered Shareholders and proxies may follow the proceedings of the AGM using the live stream platform and access the agenda. Duly registered Shareholders and Proxies may vote (when prompted by the Chairman) via the USSD\*483\*337#.
8. A poll shall be conducted for all resolutions put forward in the Notice.
9. Results of the AGM shall be 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)

na yeye kutokuwepo Mwenyekiti wa mkutano kama wakala wangu/wetu apige kura kwa niaba yangu/yetu kwenye Mkutano wa Hamsni na tatu Wa Kila Mwaka wa Kampuni utakaofanyika tarehe 9 Juni 2022 na kuahirishwa kwake.

Kama ushahidi \* wangu/wetu \*ninatia/tunatia sahihi Mwezi \_\_\_\_\_ siku ya \_\_\_\_\_ 2022.

Sahihi \_\_\_\_\_

Isipokuwa ikishauriwa vingine mwakilishi atapiga kura anvyofikiria ni sawa.

\* Futa lisilohusika

1. Wanahisa wanaotaka kushiriki katika mkutano wanapaswa kujiandikisha kwa Mkutano Wa Kila Mwaka kwa kutembelea tovuti ya mtandaoni <https://digital.candrgroup.co.ke> or dialling \*483\*337# na kwa kufuata maagizo mbalimbali kuhusu mchakato wa usajili. Ili kukamilisha mchakato wa usajili, Wanahisa watahitaji kuwa na nambari zao za Vitambulisho/Pasipoti ambazo zilitumika kununua hisa zao na Akaunti zao za Hisa au Nambari ya Akaunti ya CDSC karibu. Kwa usaidizi Wanahisa wanapaswa kupiga nambari zifuatazo za simu (020) 760 8216 kutoka saa mbili asubuhi hadi saa tisa adhuhuri kutoka Jumatatu hadi Ijumaa. Mwanahisa yeyote nje ya Kenya anafaa kupiga nambari za simu au atume ujumbe wa barua pepe kwa [digital@candrgroup.co.ke](mailto:digital@candrgroup.co.ke) ili kusaidiwa kujisajili.

2. Usajili wa Mkutano Wa Kila Mwaka utafunguliwa Jumatatu tarehe 30 Mei 2022 saa 8:00 asubuhi na utafungwa Jumatano tarehe 8 Juni 2022 saa sita mchana.. Wanahisa hawataweza kujisajili baada ya Jumatano Juni 8, 2022.

FOLD 2

Affix  
Stamp  
Here

To The Company Secretary  
Sameer Africa PLC  
P.O. Box 30429- 00100  
Nairobi, Kenya



FOLD 3

Insert Flap Inside



FOLD 1



3. Kwa mujibu wa Kifungu cha 283 (3) cha Sheria ya Makampuni, 2015, hati zifuatazo zinaweza kutazamwa kwenye Tovuti ya kampuniwebsite [www.sameerafrica.com](http://www.sameerafrica.com); i)nakala ya Tangazo hili na fomu ya uwakilishi, ii) Ripoti ya Kila Mwaka ya Kampuni pamoja na taarifa za fedha zilizokaguliwa za mwaka wa 2021, iii) rasimu ya muhtasari wa kikundi Mkutano wa Kila Mwaka uliofanyika tarehe 10 Juni 2021

4. Wanahisa wanaotaka kuuliza maswali au ufafanuzi wowote kuhusu AGM wanaweza kufanya hivyo kwa:

(i) Kujiunga na tovuti ya <https://digital.candrgroup.co.ke>'s chagua “Hudhuria Hafla”, “SAMEER AFRICA AGM”, “Maswali na Majibu” na kuwasilisha maswali yao.

(ii) Kutuma maswali yao yaliyoandikwa kwa kutumia barua pepe kwa [digital@candrgroup.co.ke](mailto:digital@candrgroup.co.ke); au

(iii) Kwa kadiri inavyowezekana, wakiwasilisha maswali yao kimaandishi wakiwa na anwani ya kupokea majibu ya posta au barua pepe kwa afisi iliyosajiliwa ya Kampuni iliyoko, Nairobi au kwa Custody and Registrars Services offices at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue; au

(iv) Kutuma maswali yao yaliyoandikwa na anwani ya kupokea majibu ya posta au barua pepe kwa chapisho lililosajiliwa kwa anwani ya Kampuni iliyo S.L.P 30429-00100 Nairobi

Wanahisa lazima watoe taarifa zao kamili (majina kamili, Nambari ya Kitambulisho/Pasipoti, Nambari ya Akaunti ya CDSC ya Hisa) wanapowasilisha maswali na ufafanuzi wao kwa barua pepe, chapisho au uwasilishaji. Maswali na ufafanuzi wote lazima ufikie Kampuni mnamo au kabla ya Jumanne Juni 7, 2022.

5. Kwa mujibu wa Kifungu cha 298(1) cha Sheria ya Makampuni ya 2015, Wanahisa walio na haki ya kuhudhuria na kupiga kura katika Mkutano wa Kila Mwaka wana haki ya kuteua Wakala kupiga kura kwa niaba yao. Wakala si lazima awe mwanachama wa Kampuni lakini kama si Mwenyekiti wa AGM, wakala aliyeteuliwa atahitaji kupata simu ya mkononi. Fomu ya wakala imeambathishwa kwa

Tangazo hili na linapatika kwenye tovuti ya Kampuni [www.sameerafrica.com](http://www.sameerafrica.com). Nakala halisi za fomu ya wakala zinapatikana pia katika anwani ifuatayo: Custody and Registrars Services offices, IKM Place, Tower B, 1st Floor, 5th Ngong Avenue. Ili kuwa halali, ni lazima fomu ya uwakilishi ijazwe ipasavyo na Mwenyekiti au wakili wake aliyeidhinishwa kwa maandishi. Ikiwa Mwenyekiti ni sehemu ya shirika, anayeteua Wakala atatolewa chini ya muhuri wake wa pamoja (ikiwa upo) au chini ya sahihi ya afisa au wakili aliyeidhinishwa ipasavyo wa shirika hilo. Fomu iliyojazwa ya uwakilishi inapaswa kutumwa kwa barua pepe kwa [proxy@candrgroup.co.ke](mailto:proxy@candrgroup.co.ke) katika muundo wa pdf au iwasilishwe kwa Huduma za Udhidi na Wasajili, IKM Place, Tower B, Ghorifa ya 1, 5th Ngong Avenue Nairobi au ichapishwe kwa Custody and Registrars Services, S.L.P 8484-00100 Nairobi. Fomu iliyojazwa ipasavyo inafaa iambatane na nakala ya Kitambulisho/ Pasipoti halali ya Mwanahisa na kujumuisha kitambulisho/Pasipoti, barua pepe au nambari ya simu ya Wakala ili kuwezesha usajili. Usajili wowote wa Wakala ambao umekataliwa utawasilishwa kwa Mwanahisa anayehusika kabla ya Jumatano Juni 8, 2022 ili kutoa muda wa kushughulikia masuala yoyote.

6. Mkutano wa Kila Mwaka utapeperushwa moja kwa moja na kiungo ambacho kitatolewa kwa Wanahisa wote ambao watakuwa wamejisajili kushiriki katika Mkutano wa Kila Mwaka. Wanahisa na Wawakilishi waliosajiliwa ipasavyo watapokea huduma ya ujumbe mfupi (SMS/USSD) kwenye nambari zao za simu zilizosajiliwa, saa 24 kabla ya Mkutano wa Kila Mwaka kama ukumbusho wa AGM na kipindi cha wazi cha kupiga kura. Ujumbe wa pili wa ARAFA/USSD utatumwa (saa 2 kabla ya Mkutano Wa Kila Mwaka, kuwakumbusha Wanahisa na Wawakilishi waliosajiliwa ipasavyo kwamba Mkutano wa Kila Mwaka utanza baada ya saa mbili na kutoa kiungo cha kupeperusha moja kwa moja.

7. Wanahisa na washirika waliosajiliwa ipasavyo wanaweza kufuata shughuli za Mkutano wa Kila Mwaka kwa kutumia mfumo wa upeperushaji wa moja kwa moja na kufikia ajenda. Wanahisa na Wawakilishi waliosajiliwa ipasavyo wanaweza kupiga kura (wakiombwa na Mwenyekiti) kupitia USSD\*483\*33.

8. Kura ya maoni itafanywa kwa maazimio yote yaliyowekwa kwenye Tangazo.

9. Matokeo ya Mkutano wa Kila Mwaka utachapishwa ndani ya saa 24 baada ya kukamilika kwa AGM kwenye tovuti ya Kampuni: [www.sameerafrica.com](http://www.sameerafrica.com)



# **SUMMIT TYRE**

*Taya poa, thamani poa.*

## **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)





**Head office**

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**Customer Service Number: +254 20 3962 601**

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**Email: [customer.service@sameerafrica.com](mailto:customer.service@sameerafrica.com) or [info@sameerafrica.com](mailto:info@sameerafrica.com)**

**Website: [www.sameerafrica.com](http://www.sameerafrica.com)**