# SAMEER AFRICA PLC

**ANNUAL FINANCIAL STATEMENTS AND REPORTS**

**AT**

**31 DECEMBER 2023**

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM

# SAMEER AFRICA PLC

## ANNUAL FINANCIAL STATEMENTS AND REPORTS

## FOR THE YEAR ENDED 31 DECEMBER 2023

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# SAMEER AFRICA PLC

## STATUTORY INFORMATION

**DIRECTORS**

| | |
|---|---|
| Eng. E.K. Mwongera | Chairman |
| P. Gitonga | |
| J. Mugo | Managing Director |
| A.H. Butt | |
| S. N. Merali | |
| L.M. Mbuthia | |
| M.W. Ngatia | |

**SECRETARY**

Mercy Mbijiwe

**AUDITOR**

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

**REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

LR No. 12081/13
Mombasa Road
PO Box 30429
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

**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

# SAMEER AFRICA PLC

## REPORT OF THE DIRECTORS
## FOR THE YEAR ENDED 31 DECEMBER 2023

The directors have the pleasure of presenting their report together with the audited financial statements for the year ended 31 December 2023, which discloses the state of affairs of the Group and the Company.

**1. Principal activities**

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

**2. Results**

The results for the year are set out on page 14 and 15.

**3. Dividend**

The directors do not recommend the payment of a dividend (2022 – Nil).

**4. Directors**

The directors who held office during the year and to the date of this report are set out on page 1.

**5. Business overview**

During the year under review, total revenue was KShs 390 million which showed a 36% decrease from the previous year (2022 – KShs 613 million). The reduced performance was mainly attributable to the scaling down of our tyre business in line with our strategic shift to industrial real estate.

Total operating expenses were KShs 149 million which was a 3% increase against the previous year (2022 – KShs 145 million).

The Board will continue to support management in execution of the 3 year strategic plan that pivots the business from its traditional business line of sourcing and trading in tyres to industrial real estate.

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

# SAMEER AFRICA PLC

## REPORT OF THE DIRECTORS
## FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

### 6. Relevant audit information

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

(i) There is no relevant audit information of which the Group's auditor is unaware; and
(ii) Each director has taken all the steps that they ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

### 7. Auditors

RSM Eastern Africa LLP having expressed their willingness, continues in office in accordance with Section 719 (2) of the Kenya Companies Act, 2015. The Directors approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of KShs 2,361,000 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 **5 April 2024.**

**BY ORDER OF THE BOARD**

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

**Date: 5 April 2024**

# SAMEER AFRICA PLC

## DIRECTORS REMUNERATION REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2023

### 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 2023, namely remuneration paid to directors and executive management during 2023 are included in page 7.

**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.<br>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:<br>— Personal and companywide performance.<br>— 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.<br>— The wider employee pay review.<br>— Basic salary is subject to tax and other statutory deductions such as NSSF and NHIF paid monthly. | Continued good performance. Overall individual and business performance is considered when setting and reviewing salaries. |

| Function | Purpose & 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.<br>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.<br><br>Contract gratuity is payable at the end of the contract period and is subject to tax under the PAYE system. | None<br><br>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.<br>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.<br><br>Additional benefits include company car, education support and club membership subscriptions.<br><br>Other ad-hoc benefits such as relocation can be offered, depending on personal circumstances.<br><br>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.<br><br>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 nomination and remuneration Committee following the year-end based on performance against objectives.<br><br>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:<br>1. Strategy, structure and people.<br>2. Profit and loss performance and sales.<br>3. Financial health.<br>4. Risk, compliance and reputation. |

# SAMEER AFRICA PLC

## DIRECTORS REMUNERATION REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

**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 & link to strategy | Operation | Performance metrics |
|---|---|---|---|
| Fees | To attract and retain non-executive directors of the highest calibre and experience relevant to Sameer Africa.<br><br>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.<br><br>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.<br><br>The chairman's remuneration is recommended by the nomination and remuneration committee and approved by the board.<br><br>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 | To ensure the overall compensation is competitive. | Non- executive directors are entitled to annual medical insurance. | None |

# SAMEER AFRICA PLC

## DIRECTORS REMUNERATION REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

**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.

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | 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 | 220 | 820 | 2,700 | 340 | 3,040 |
| S.N. Merali | 480 | 340 | 2,920 | 480 | 280 | 760 |
| A.H. Butt | 480 | 280 | 840 | 480 | 300 | 780 |
| L.M. Mbuthia | 480 | 320 | 760 | 480 | 320 | 800 |
| M.W. Ngatia | 480 | 320 | 840 | 480 | 360 | 840 |
| P.Gitonga | 480 | 360 | 840 | - | - | - |
| **Total** | **5,100** | **1,840** | **6,940** | **4,620** | **1,600** | **6,220** |

| Managing Director<br>**P.Gitonga** | **2023**<br>**KShs' 000** | **2022**<br>**KShs' 000** |
|---|---|---|
| Basic pay and other allowances | - | 13,126 |
| **Total** | **-** | **13,126** |
| **Total 29 (b) iii** | **-** | **13,126** |

| Managing Director<br>**J.Mugo** | **2023**<br>**KShs' 000** | **2022**<br>**KShs' 000** |
|---|---|---|
| Basic pay and other allowances | 13,440 | - |
| Pension and Gratuity | 3,360 | |
| **Total** | **16,800** | **-** |
| **Total 29 (b) iii** | **16,800** | **-** |

**BY ORDER OF THE BOARD**

**Mercy Mbijiwe**
**COMPANY SECRETARY**
**Date: 5 April 2024**

# SAMEER AFRICA PLC

## 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 14 to 87 which comprise the Consolidated and Company statements of financial position at 31 December 2023, 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 Company and its subsidiaries keep 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.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities

**Approval of the financial statements**

The financial statements, as indicated above, were approved and authorised for issue by the board of directors on **5 April 2024.**

| | |
|---|---|
| **Eng. E.K. Mwongera** | **John Mugo** |
| *Chairman* | *Managing Director* |

**Date: 5 April 2024**

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 14 to 87, which comprise, for both the Group and the Company, the balance sheet as at 31st December 2023, the statement of profit and loss and other comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st December 2023 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.

# 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 | 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.<br><br>The Group and Company have also to comply with IFRS 9 which involves significant judgement and estimates from management.<br><br>Our procedures performed included the following:<br>• Reviewed the expected credit loss (ECL) model for compliance with the principles of IFRS 9;<br>• Tested the ageing of trade receivables, reviewing the data and assumptions made by management in arriving at the provisions;<br>• Examined the historical recovery records and current credit status of customers; and<br>• Performed alternative procedures where confirmations were not received by checking subsequent receipts from customers after the year end. |
| Disclosure of fair value of investment property | The Group had investment property as at 31 December 2023 for which the fair value disclosure is required.<br><br>The valuation of investment property depends on certain key assumptions that require significant management judgement.<br><br>Our procedures in relation to the key assumptions used in management's valuation of investment property held by the Group's included:<br><br>• Evaluating the independent valuers' competence, capabilities and objectivity; and<br>• 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. |

## 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.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other matters prescribed by the Kenyan Companies Act, 2015 (the Act)**

In our opinion,

i. the information given in the report of the directors on pages 2 and 3 is consistent with the financial statements; and

ii. the auditable part of the directors' remuneration report has been properly prepared in accordance with the Act.

The engagement partner responsible for the audit resulting in this independent auditor's report is **CPA Elvis Ogeto** Practising Certificate No. 2303.

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

5 April
**..................................................2024**

**125/2024**

# SAMEER AFRICA PLC

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

| | Note | 2023 KShs'000 | 2022 KShs'000 |
|---|---|---|---|
| Revenue | 8 | 390,498 | 613,065 |
| Cost of sales | 9 (b) (i) | ( 34,483) | ( 242,974) |
| **Gross profit** | | **356,015** | **370,091** |
| Other operating income | 9 (a) | 23,844 | 22,294 |
| Selling and distribution costs | 9 (b) (ii) | ( 7,621) | ( 14,824) |
| Administrative expenses | 9 (b) (ii) | ( 73,127) | ( 94,740) |
| Other operating expenses | 9 (b) (ii) | ( 68,174) | ( 35,814) |
| **Operating profit** | | **230,937** | **247,007** |
| Finance income | 10 | 30,865 | 11,168 |
| Finance costs | 10 | ( 171,656) | ( 82,086) |
| Share of profit of equity accounted investees (net of income tax) | 19 (a) | 37,247 | 12,275 |
| **Profit before income tax** | | **127,393** | **188,364** |
| Income tax expense | 11 (a) | ( 81,058) | ( 88,100) |
| **Profit for the year** | | **46,335** | **100,264** |
| **Other comprehensive income (net of tax)** | | | |
| **(a) Items that are or may be reclassified subsequently to profit or loss** | | | |
| Foreign currency translation differences for foreign operations | | ( 3,877) | ( 4,194) |
| **Total other comprehensive loss for the year** | | **( 3,877)** | **( 4,194)** |
| **Total comprehensive profit for the year** | | **42,458** | **96,070** |
| **Earnings per share:** | | | |
| **Basic and diluted (KShs)** | 12 (a) | **0.17** | **0.36** |

The notes set out on pages 22 to 87 form an integral part of these financial statements.

# SAMEER AFRICA PLC

## COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

| | Note | 2023 KShs'000 | 2022 KShs'000 |
|---|---|---|---|
| Revenue | 8 | 324,798 | 539,576 |
| Cost of sales | 9 (b) (i) | ( 30,385) | (236,202) |
| **Gross profit** | | **294,413** | **303,374** |
| Other operating income | 9 (a) | 9,388 | 5,406 |
| Selling and distribution costs | 9 (b) (ii) | ( 7,621) | ( 14,723) |
| Administrative expenses | 9 (b) (ii) | ( 56,264) | ( 50,370) |
| Other operating expenses | 9 (b) (ii) | ( 53,559) | ( 28,598) |
| **Operating profit** | | **186,357** | **215,089** |
| Finance income | 10 | 13,676 | 5,764 |
| Finance costs | 10 | ( 155,985) | ( 76,604) |
| **Profit before income tax** | | **44,048** | **144,249** |
| Income tax expense | 11 (a) | ( 62,796) | ( 72,748) |
| **(Loss)/profit for the year** | | **( 18,748)** | **71,501** |
| **Other comprehensive income (net of tax)** | | | |
| **Total other comprehensive income for the year** | | - | - |
| **Total comprehensive income for the year** | | **( 18,748)** | **71,501** |

The notes set out on pages 22 to 87 form an integral part of these financial statements.

# SAMEER AFRICA PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

| | Note | 2023 KShs '000 | 2022 KShs '000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 13 (a) | 12,747 | 13,648 |
| Investment properties | 15 (a) | 776,571 | 643,647 |
| Prepaid operating lease rentals | 17 (a) | 326 | 330 |
| Investment in associate | 19 | 227,084 | 189,837 |
| **Total non-current assets** | | **1,016,728** | **847,462** |
| **Current assets** | | | |
| Inventories | 20 | - | 30,323 |
| Non-current assets held for sale | 16 | 15 | 15 |
| Trade and other receivables | 21 | 274,453 | 166,742 |
| Current income tax | 11 (c) | 36,908 | 25,270 |
| Cash and cash equivalents | 22 | 154,992 | 142,874 |
| **Total current assets** | | **466,368** | **365,224** |
| **TOTAL ASSETS** | | **1,483,096** | **1,212,686** |
| **EQUITY** | | | |
| Share capital | 23 (a) | 1,391,712 | 1,391,712 |
| Retained earnings | | ( 740,905) | ( 787,240) |
| Translation reserve | 23 (b) | ( 178,180) | ( 174,303) |
| **Total equity** | | **472,627** | **430,169** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 24 (a) | 540,692 | 445,446 |
| Deferred income tax | 25 (b) | 12,060 | 6,940 |
| **Total non-current liabilities** | | **552,752** | **452,386** |
| **Current liabilities** | | | |
| Trade and other payables | 26 (a) | 457,681 | 328,119 |
| Current income tax | 11 (c) | 36 | 2,012 |
| **Total current liabilities** | | **457,717** | **330,131** |
| **Total liabilities** | | **1,010,469** | **782,517** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,483,096** | **1,212,686** |

The financial statements on pages 14 to 87 were approved and authorised for issue by the Board of Directors on **5 April 2024**

EKMwongera

| | |
|---|---|
| **Eng. E.K. Mwongera** | **John Mugo** |
| *Chairman* | *Managing Director* |

The notes set out on pages 22 to 87 form an integral part of these financial statements.

# SAMEER AFRICA PLC

## COMPANY STATEMENT OF FINANCIAL POSITION
## AS AT 31 DECEMBER 2023

| | Note | 2023 KShs '000 | 2022 KShs '000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 13 (a) | 10,988 | 11,339 |
| Investment properties | 15 (a) | 640,833 | 554,382 |
| Prepaid operating lease rentals | 17 (a) | 326 | 330 |
| Investment in subsidiaries | 18 | 120,000 | 120,000 |
| Equity accounted investees | 19 | 137,026 | 137,026 |
| **Total non-current assets** | | **909,173** | **823,077** |
| **Current assets** | | | |
| Inventories | 20 | - | 29,486 |
| Non-current assets held for sale | 16 | 15 | 15 |
| Trade and other receivables | 21 | 301,269 | 144,813 |
| Current income tax | 11 (c) | 17,737 | 12,961 |
| Cash and cash equivalents | 22 | 106,378 | 141,071 |
| **Total current assets** | | **425,399** | **328,346** |
| **TOTAL ASSETS** | | **1,334,572** | **1,151,423** |
| **EQUITY** | | | |
| Share capital | 23 (a) | 1,391,712 | 1,391,712 |
| Retained earnings | | ( 1,211,299) | ( 1,192,551) |
| **Total equity** | | **180,413** | **199,161** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 24 (a) | 540,692 | 445,446 |
| Amounts due to subsidiaries | 26 (a) | 268,532 | 226,299 |
| **Total non-current liabilities** | | **809,224** | **671,745** |
| **Current liabilities** | | | |
| Trade and other payables | 26 (a) | 344,935 | 280,517 |
| Current income tax | 11 (c) | - | - |
| **Total current liabilities** | | **344,935** | **280,517** |
| **Total liabilities** | | **1,154,159** | **952,262** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,334,572** | **1,151,423** |

The financial statements on pages 14 to 87 were approved and authorised for issue by the Board of Directors on **5 April 2024**

EKMwongera

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

**John Mugo**
*Managing Director*

The notes set out on pages 22 to 87 form an integral part of these financial statements.

# SAMEER AFRICA PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2023

| 2023 | Share capital KShs'000 | Accumulated losses KShs'000 | Translation reserve KShs'000 | Total KShs'000 |
|---|---|---|---|---|
| **At start of year** | 1,391,712 | (787,240) | ( 174,303) | 430,169 |
| **Comprehensive income For the year** | | | | |
| Profit for the year | - | 46,335 | - | 46,335 |
| Other comprehensive loss | - | - | (3,877) | (3,877) |
| **Total comprehensive income** | - | 46,335 | (3,877) | 42,458 |
| **At end of year** | **1,391,712** | **( 740,905)** | **( 178,180)** | **472,627** |
| **2022** | | | | |
| **At start of year** | 1,391,712 | (887,504) | ( 170,109) | 334,099 |
| **Comprehensive income For the year** | | | | |
| Profit for the year | - | 100,264 | - | 100,264 |
| Other comprehensive income | - | - | (4,194) | (4,194) |
| **Total comprehensive income** | - | 100,264 | (4,194) | 96,070 |
| **At end of year** | **1,391,712** | **( 787,240)** | **( 174,303)** | **430,169** |

The notes set out on pages 22 to 87 form an integral part of these financial statements.

# SAMEER AFRICA PLC

## COMPANY STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2023

| | Share capital KShs'000 | Accumulated losses KShs'000 | Total KShs'000 |
|---|---|---|---|
| **2023** | | | |
| **At start of year** | 1,391,712 | (1,192,551) | 199,161 |
| **Comprehensive income For the year** | | | |
| Loss for the year | - | (18,748) | (18,748) |
| **Total comprehensive income** | - | (18,748) | (18,748) |
| **At end of year** | **1,391,712** | **( 1,211,299)** | **180,413** |
| **2022** | | | |
| **At start of year** | 1,391,712 | (1,264,052) | 127,660 |
| **Comprehensive income For the year** | | | |
| Profit for the year | - | 71,501 | 71,501 |
| **Total comprehensive income** | - | 71,501 | 71,501 |
| **At end of year** | **1,391,712** | **( 1,192,551)** | **199,161** |

The notes set out on pages 22 to 87 form an integral part of these financial statements.

# SAMEER AFRICA PLC

## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 DECEMBER 2023

| | Note | 2023<br>KShs'000 | 2022<br>KShs'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash receipts from customers | 27 | 407,691 | 685,937 |
| Cash payments for purchases | 27 | ( 28,814) | ( 217,929) |
| Cash payments for expenses | 27 | ( 107,573) | ( 73,648) |
| **Cash generated from operating activities** | | **271,304** | **394,360** |
| Interest paid | 10 | ( 38,157) | ( 38,603) |
| Income tax paid | 11(c) | ( 84,774) | ( 130,636) |
| **Net cash generated from operating activities** | | **148,373** | **225,121** |
| **Cash flows from investing activities** | | | |
| Interest received | 10 | 9,033 | 2,440 |
| Purchase of property, plant and equipment | 13 (a) | ( 877) | ( 3,388) |
| Additions to investment property | 15 (a) | ( 144,411) | ( 69,764) |
| **Net cash used in investing activities** | | **( 136,255)** | **( 70,712)** |
| **Cash flows from financing activities** | | | |
| Repayment of borrowings | 24 (a) | - | ( 50,548) |
| **Net cash used in financing activities** | | **-** | **( 50,548)** |
| **Increase in cash and cash equivalents** | | **12,118** | **103,861** |
| **Movement in cash and cash equivalents:** | | | |
| At start of year | | 142,874 | 38,876 |
| Increase in cash and cash equivalents | | 12,118 | 103,861 |
| Effects of exchange movements on cash held | | - | 137 |
| **At end of year** | 22 | **154,992** | **142,874** |

The notes set out on pages 22 to 87 form an integral part of these financial statements.

# SAMEER AFRICA PLC

## COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

| | Note | 2023 KShs'000 | 2022 KShs'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash receipts from customers | 27 | 334,578 | 615,259 |
| Cash payments for purchases | 27 | ( 18,964) | ( 227,529) |
| Cash payments for expenses | 27 | ( 158,885) | ( 13,315) |
| Cash generated from operating activities | | **156,729** | **374,415** |
| Interest paid | 10 | ( 38,157) | ( 38,603) |
| Income tax paid | 11(c) | ( 67,573) | ( 111,572) |
| **Net cash generated from operating activities** | | **50,999** | **224,240** |
| **Cash flows from investing activities** | | | |
| Interest received | 10 | 9,033 | 2,440 |
| Purchase of property, plant and equipment | 13(a) | ( 877) | ( 1,978) |
| Additions to investment property | 15(a) | ( 93,848) | ( 65,131) |
| **Net cash used in investing activities** | | **( 85,692)** | **( 64,669)** |
| **Cash flows from financing activities** | | | |
| Repayment of borrowings | 24 (a) | - | ( 50,548) |
| **Net cash used in from financing activities** | | **-** | **( 50,548)** |
| **(Decrease)/increase in cash and cash equivalents** | | **( 34,693)** | **109,023** |
| **Movement in cash and cash equivalents:** | | | |
| At start of year | | 141,071 | 32,048 |
| (Decrease)/increase in cash and cash equivalents | | ( 34,693) | 109,023 |
| **At end of year** | 22 | **106,378** | **141,071** |

The notes set out on pages 22 to 87 form an integral part of these financial statements.

# SAMEER AFRICA PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

## 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 2023 comprise the company, its subsidiaries and associate (together referred to as the "Group"). The Group primarily is involved in the letting of investment properties. The address of its registered office is as follows:

LR No. 12081/13
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 otherwise indicated.

### (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.

## 2. BASIS OF PREPARATION

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

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

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

### (a) Basis of Consolidation

#### *(i) Subsidiaries*

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement in the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

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

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

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of consolidation (continued)

#### *(iii) Loss of control*

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

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

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

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

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

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

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

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

### (b) Foreign currencies

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

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

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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Foreign currencies (continued)

*(ii) Foreign operations*

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

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date.

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve.

### (c) Segment reporting

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Group organizes its activity by business and geographical lines and these are defined as the Group's reportable segments. The four business segments are Sourcing and Distribution, Regional Operations 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; and
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Employee benefits (continued)

#### *(iii) Termination benefits*

Termination benefits are recognised as an expense when the Group is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of a restructuring or an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

### (g) Taxation

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

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

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

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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Property, plant and equipment

#### *(i) Recognition and measurement*

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

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

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

#### *(ii) Reclassification to investment property*

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

#### *(iii) Subsequent costs*

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

#### *(iv) Depreciation*

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

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 |

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

***(iv) Depreciation (continued)***

| | |
|---|---|
| Vehicles | 4 years |
| Furniture, fittings and equipment | 8 years |

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

***(v) De-recognition***

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

### (i) Investment property

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

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

### (j) Intangible assets – computer software

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

### (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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Financial instruments

#### *(i) Classification*

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

a. Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost.

b. Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at fair value through other comprehensive income.

c. All other financial assets are classified and measured at fair value through profit or loss.

d. Notwithstanding the above, the Group and Company may:
   i. on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it at fair value through other comprehensive income; and
   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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Financial instruments (continued)

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

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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Financial instruments (continued)

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

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

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

*(vi) Derecognition*

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 derecognised 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Leases (continued)

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

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

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

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

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

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

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (n) Provisions

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

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

### (o) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the group has access at that date. The fair value of a liability reflects its non-performance risk.

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

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

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

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (o) Fair value measurement (continued)

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

### (p) 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.

### (q) 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.

### (r) 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.

### (s) Non-current assets held for sale

A non-current asset held for sale represents an asset whose carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the sale must be highly probable and the non-current asset must be available for immediate sale in its present condition. The appropriate level of management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from its classification. Non-current assets held for sale are included in the consolidated statement of financial position at fair value less costs to sell, if this is lower than the previous carrying amount.

Once an asset is classified as held for sale no further depreciation or amortisation is recorded.

## 4. NEW STANDARDS, AMENDMENT AND INTERPRETATIONS

### a. New and revised standards and interpretations published but not yet effective for the year beginning 1st January 2023

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 2023, and the Directors do not plan to apply any of them until they become effective. Below are the 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.

| Standard | Details of amendment | Annual periods beginning on or after |
|---|---|---|
| IAS 1 *Presentation of Financial Statements* | *Classification of Liabilities as Current or Non- current*: The amendments, applicable to annual periods beginning on or after 1st January 2024, 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.<br>*Non-current liabilities with Covenants:* The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. | 1 January 2024 |
| IAS 16 *Property, Plant and Equipment* | *Property, Plant and Equipment: Lease liability in a sale and leaseback:* The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss. | 1 January 2024 |
| IAS 7 *Statement of Cash Flows* | *Supplier Finance Arrangements*: The amendment supplements existing disclosure requirements by requiring a company to disclose specific information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the company's liabilities and cash flows and on the company's exposure to liquidity risk. | 1 January 2024 |
| IAS 21 *The Effects of Changes in Foreign Exchange Rates* | *Lack of Exchangeability*: The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. | 1 January 2025 |
| IFRS 10 *Consolidated Financial Statements* | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*: Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. | The effective date of this amendment has been deferred indefinitely until further notice |

## 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

## 5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

### (a) Credit risk and expected credit losses (continued)

*Trade and other receivables (continued)*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

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

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

**(i) Group**

| | **Basis for measurement of loss allowance** | | | | |
|---|---|---|---|---|---|
| | **12-month expected credit losses** | **Lifetime expected credit losses (see note below)** | | | |
| | | **(a)** | **(b)** | **(c)** | **Total** |
| | **KSh'000** | **KSh'000** | **KSh'000** | **KSh'000** | **KSh'000** |
| **At 31st December 2023** | | | | | |
| Trade receivables | - | - | - | 188,286 | 188,286 |
| Other receivables | 80,916 | - | - | - | 80,916 |
| Cash at bank | 154,992 | - | - | - | 154,992 |
| **Gross carrying amount** | **235,908** | - | - | **188,286** | **424,194** |
| Loss allowance | - | - | - | ( 51,159) | ( 51,159) |
| **Exposure to credit risk** | **235,908** | - | - | **137,127** | **373,035** |

## 5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

### (a) Credit risk and expected credit losses (continued)

**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 |
| **At 31st December 2022** | | | | | |
| Trade receivables | - | - | - | 92,707 | 92,707 |
| Other receivables | 95,912 | - | - | - | 95,912 |
| Cash at bank | 142,874 | - | - | - | 142,874 |
| **Gross carrying amount** | **238,786** | - | - | **92,707** | **331,493** |
| Loss allowance | - | - | - | ( 49,849) | ( 49,849) |
| **Exposure to credit risk** | **238,786** | - | - | **42,858** | **281,644** |

**(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 |
| **At 31st December 2023** | | | | | |
| Trade receivables | - | - | - | 184,685 | 184,685 |
| Amount due from subsidiaries | - | - | 388,525 | - | 388,525 |
| Other receivables | 660 | - | - | - | 660 |
| Cash at bank | 106,378 | - | - | - | 106,378 |
| **Gross carrying amount** | **107,038** | - | **388,525** | **184,685** | **680,248** |
| Loss allowance | - | - | (253,127) | (47,350) | (300,477) |
| **Exposure to credit risk** | **107,038** | - | **135,398** | **137,335** | **379,771** |

## 5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

### (a) Credit risk and expected credit losses (continued)

### (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 |
| **At 31st December 2022** | | | | | |
| Trade receivables | - | - | - | 88,214 | 88,214 |
| Amount due from subsidiaries | - | - | 316,138 | - | 316,138 |
| Other receivables | 13,081 | - | - | - | 13,081 |
| Cash at bank | 141,071 | - | - | - | 141,071 |
| **Gross carrying amount** | **154,152** | - | **316,138** | **88,214** | **558,504** |
| Loss allowance | - | - | (253,127) | (46,040) | (299,167) |
| **Exposure to credit risk** | **154,152** | - | **63,011** | **42,174** | **259,337** |

## 5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

### (a) Credit risk and expected credit losses (continued)

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

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

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | KShs '000 | KShs '000 | KShs '000 | KShs '000 |
| **Not past due** | 91,494 | 690 | 71,905 | 485 |
| Past due | | | | |
| :by 31 to 60 days | 7,197 | 12,388 | 6,547 | 12,126 |
| :by 61 to 90 days | 1,320 | 26,542 | 1,110 | 26,491 |
| :by 91 to 180 days | 61,918 | 3,238 | 53,154 | 3,072 |
| :over 181 days | 2,503 | - | 4,619 | - |
| **Total past due** | **72,938** | **42,168** | **65,430** | **41,689** |
| **Total** | **164,432** | **42,858** | **137,335** | **42,174** |
| **Loss allowance** | **51,159** | **49,849** | **47,350** | **46,040** |
| **Total trade receivables** | **215,591** | **92,707** | **184,685** | **88,214** |

## 5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

### (a) Credit risk and expected credit losses (continued)

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

| (i) Group | Basis for measurement of loss allowance | | | | |
|---|---|---|---|---|---|
| | 12-month expected credit losses | Lifetime expected credit losses (see note above) | | | |
| | | (a) | (b) | (c) | Total |
| | KSh'000 | KSh'000 | KSh'000 | KSh'000 | KSh'000 |
| **Year ended 31st December 2023** | | | | | |
| At start of year | - | - | - | 49,849 | 49,849 |
| 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 | - | - | - | 1,310 | 1,310 |
| **At end of year** | **-** | **-** | **-** | **51,159** | **51,159** |
| **Year ended 31st December 2022** | | | | | |
| At start of year | - | - | - | 47,781 | 47,781 |
| 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 | - | - | - | 2,068 | 2.068 |
| **At end of year** | **-** | **-** | **-** | **49,849** | **49,849** |

## 5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

### (a) Credit risk and expected credit losses (continued)

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

| (ii) Company | Basis for measurement of loss allowance | | | | |
|---|---|---|---|---|---|
| | 12-month expected credit losses | Lifetime expected credit losses (see note above) | | | |
| | | (a) | (b) | (c) | Total |
| | KSh'000 | KSh'000 | KSh'000 | KSh'000 | KSh'000 |
| **Year ended 31st December 2023** | | | | | |
| At start of year | - | - | 253,127 | 46,040 | 299,167 |
| Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses | - | - | - | 1,310 | 1,310 |
| **At end of year** | **-** | **-** | **253,127** | **47,350** | **300,477** |
| **Year ended 31st December 2022** | | | | | |
| At start of year | - | - | 253,127 | 41,283 | 294,410 |
| Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses | - | - | - | 4,757 | 4,757 |
| **At end of year** | **-** | **-** | **253,127** | **46,040** | **299,167** |

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.

## 5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

### (b) Liquidity risk (continued)

**(i) Group**

| | Carrying amount | 1 - 3 months | 3months - 1 year | 1-3 years | Total |
|---|---|---|---|---|---|
| **31 December 2023:** | **KShs '000** | **KShs '000** | **KShs '000** | **KShs '000** | **KShs '000** |
| **Non - derivative financial liabilities** | | | | | |
| Borrowing (Note 24 (a)) | 540,692 | - | - | 540,692 | 540,692 |
| Trade and other payables (Note 26 (a)) | 457,681 | 457,681 | - | - | 457,681 |
| **At 31 December 2023** | **998,373** | **457,681** | **-** | **540,692** | **998,373** |
| **31 December 2022:** | | | | | |
| **Non - derivative financial liabilities** | | | | | |
| Borrowing (Note 24 (a)) | 445,446 | - | - | 445,446 | 445,446 |
| Trade and other payables (Note 26 (a)) | 328,119 | 328,119 | - | - | 328,119 |
| **At 31 December 2022** | **773,565** | **328,119** | **-** | **445,446** | **773,565** |

**5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE (CONTINUED)**

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

**(ii) Company**

| **31 December 2023:** | **Carrying amount KShs '000** | **1 - 3 months KShs '000** | **3months - 1 year KShs '000** | **1-3 years KShs '000** | **Total KShs '000** |
|---|---|---|---|---|---|
| **Non - derivative financial liabilities** | | | | | |
| Borrowings (Note 24 (a)) | 540,692 | - | - | 540,692 | 540,692 |
| Trade and other payables (Note 26 (a)) | 613,467 | 344,935 | - | 268,532 | 613,467 |
| **At 31 December 2023** | **1,154,159** | **344,935** | - | **809,224** | **1,154,159** |
| **31 December 2022:** | | | | | |
| **Non - derivative financial liabilities** | | | | | |
| Borrowings (Note 24 (a)) | 445,446 | - | - | 445,446 | 445,446 |
| Trade and other payables (Note 26 (a)) | 506,816 | 280,517 | - | 226,299 | 506,816 |
| **At 31 December 2022** | **952,262** | **280,517** | - | **671,745** | **952,262** |

## 5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

### (c) Market risk

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

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

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

***Exposure to currency risk***

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

**Financial instruments**

| | 31 DECEMBER 2023 | | | | 31 DECEMBER 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | USD | TZS | UGX | BIF | USD | TZS | UGX | BIF |
| | '000 | '000 | '000 | '000 | '000 | '000 | '000 | '000 |
| **Financial assets** | | | | | | | | |
| Cash and cash equivalents | 75,639 | 225 | 44 | 463 | 30,766 | 198 | 74 | 386 |
| Trade receivables | 34,338 | - | - | - | 1,066 | - | - | - |
| | **109,976** | **225** | **44** | **463** | **31,832** | **198** | **74** | **386** |
| **Financial liabilities** | | | | | | | | |
| Long term facilities | ( 440,692) | - | - | - | ( 345,446) | - | - | - |
| Trade and other payables | - | (2,081) | (597) | ( 62) | - | (4,526) | (513) | ( 2,653) |
| | **( 440,692)** | **(2,081)** | **(597)** | **(62)** | **( 345,446)** | **(4,526)** | **(513)** | **(2,653)** |
| **Net financial exposure** | **( 330,716)** | **(2,081)** | **(552)** | **402** | **( 313,614)** | **(4,328)** | **(439)** | **(2,267)** |

## 5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

### (c) Market risk (continued)

#### *(i) Foreign exchange risk*

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

| | Average rate | | Year-end spot rate | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| USD | 141.3367 | 118.2988 | 157.3900 | 123.3735 |
| TZS | 0.0625 | 0.0529 | 0.0582 | 0.0508 |
| UGX | 0.0413 | 0.0332 | 0.0377 | 0.0319 |
| BIF | 0.0552 | 0.0595 | 0.0547 | 0.0577 |

***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.

| | | Profit or loss/equity | |
|---|---|---|---|
| **Effect in KShs '000** | | **Strengthening** | **Weakening** |
| **31 December 2023** | | | |
| Currency | % movement | | |
| USD | 3% | (9,921) | 9,921 |
| TSH | 10% | (186) | 186 |
| UGX | 5% | (28) | 28 |
| BIF | 3% | 12 | (12) |
| **31 December 2022** | | | |
| USD | 3% | (9,408) | 9,408 |
| TSH | 10% | (433) | 433 |
| UGX | 5% | (22) | 22 |
| BIF | 3% | (68) | 68 |

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.

## 5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

### (c) Market risk (continued)

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

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

The Group has subsidiaries in Uganda, Burundi and Tanzania. Therefore, the net investments in these subsidiaries are exposed to foreign exchange risk upon consolidation of the financial statements and any losses/ (gains) are charged / (credited) to other comprehensive income. The effect of changes in the exchange rates as at 31 December 2023 would have had on the translation reserve are shown below:

**Uganda**
At 31 December 2023, if the Ugandan Shilling had weakened/strengthened by 5% (2022 – 5%) against the Kenyan Shilling with all other variables held constant, the net (charge)/credit to the other comprehensive income would have been KShs 2,404,662 (2022 – KShs 3,879,762) higher/lower.

**Burundi**
At 31 December 2023, if the Burundi Franc had weakened/strengthened by 3% (2022 – 3%) against the Kenyan Shilling with all other variables held constant, the net (charge)/credit to other comprehensive income would have been KShs 952,956 (2022 – KShs 854,331) higher/lower.

**Tanzania**
At 31 December 2023, if the Tanzanian Shilling had weakened/strengthened by 10% (2022 – 10%) against the Kenyan Shilling with all other variables held constant, the net (charge)/credit to other comprehensive income would have been KShs 14,000,060 (2022 – KShs 10,516,519) higher/lower.

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

At 31 December 2023, 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 16,220,760 (2022 – KShs 13,363,374) 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.

## 5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

### (c) Market risk (continued)

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

***Exposure to interest rate risk***

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | KShs '000 | KShs '000 | KShs '000 | KShs '000 |
| ***Fixed rate instruments*** | | | | |
| Financial liabilities (Note 23 (a)) | (540,692) | (445,446) | (540,692) | (445,446) |
| **Exposure** | **(540,692)** | **(445,446)** | **(540,692)** | **(445,446)** |

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.

## 5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

### (d) Capital management (continued)

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | KShs '000 | KShs '000 | KShs '000 | KShs '000 |
| Total borrowings (Note 24) | 540,692 | 445,446 | 540,692 | 445,446 |
| Less: Cash and cash equivalents (Note 22) | ( 154,992) | ( 142,874) | ( 106,378) | ( 141,071) |
| Net debt | 385,700 | 302,572 | 434,314 | 304,375 |
| Total equity | 472,627 | 430,169 | 180,413 | 199,161 |
| **Total capital** | **858,327** | **732,741** | **614,727** | **503,536** |
| **Gearing ratio** | **44.94%** | **41.29%** | **70.65%** | **60.45%** |

### (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. However, no revenue wasa reported during the year. |
| 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.

## 6. OPERATING SEGMENTS (CONTINUED)

### (b) Information about reportable segments

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

| | Reportable segments | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Sourcing & distribution | | Regional operations | | Yana Tyre centres | | Rental business | | Total | |
| | 2023 KShs'000 | 2022 KShs'000 | 2023 KShs'000 | 2022 KShs'000 | 2023 KShs'000 | 2022 KShs'000 | 2023 KShs'000 | 2022 KShs'000 | 2023 KShs'000 | 2022 KShs'000 |
| External revenues | 30,313 | 248,663 | - | - | 9 | 35,760 | 360,176 | 328,643 | 390,498 | 613,065 |
| Inter-segment revenues | - | 16,087 | - | - | - | - | - | - | - | 16,087 |
| **Segment revenue** | **30,313** | **264,750** | - | - | **9** | **35,760** | **360,176** | **328,643** | **390,498** | **629,152** |
| Segment profit/(loss) before tax | (39,260) | (53,780) | ( 15,063) | ( 38,646) | (2,471) | 11,168 | 105,667 | 269,622 | 127,393 | 188,364 |
| Income tax | - | - | - | - | - | - | (81,058) | (88,100) | ( 81,058) | ( 88,100) |
| **Segment profit after tax** | **(39,620)** | **(53,780)** | **( 15,063)** | **( 38,646)** | **(2,471)** | **11,168** | **24,609** | **181,522** | **( 46,335)** | **100,264** |
| Dividend earned | - | - | - | - | - | - | - | - | - | - |
| Interest expense | ( 38,157) | ( 38,603) | - | - | - | - | - | - | ( 38,157) | ( 38,603) |
| Depreciation and amortisation | - | ( 711) | - | - | - | - | ( 13,269) | ( 11,152) | ( 13,269) | ( 11,863) |
| Share of profit from equity accounted investees | 37,247 | 12,275 | - | - | - | - | - | - | 37,247 | 12,275 |
| **Segment assets** | **718,245** | **621,039** | **35,929** | **70,100** | **10,458** | **10,892** | **1,241,044** | **1,029,834** | **2,005,675** | **1,731,864** |
| Equity accounted investees | 227,084 | 189,837 | - | - | - | - | - | - | 227,084 | 189,837 |
| Capital expenditure | - | - | - | - | - | - | ( 145,288) | ( 73,152) | ( 145,288) | ( 73,512) |
| **Segment liabilities** | **(77,054)** | **(269,584)** | **( 176,730)** | **( 137,953)** | **(175,462)** | **(173,425)** | **(581,223)** | **(201,555)** | **(1,010,469)** | **(782,517)** |

## 6. OPERATING SEGMENTS (CONTINUED)

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

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

| | 2023 KShs'000 | 2022 KShs'000 |
|---|---|---|
| **(i) Revenues** | | |
| Total revenues for reportable segments | 390,498 | 629,152 |
| Elimination of intersegment revenues | - | (16,087) |
| **Consolidated revenue** | **390,498** | **613,065** |
| **(ii) Profit before tax** | | |
| Segments profit before tax | 39,448 | 166,089 |
| Provision due from subsidiaries | - | - |
| Share of profit on equity accounted investee | 37,247 | 12,275 |
| Elimination of intersegment expenses | 50,697 | 10,000 |
| Inter-segment unrealised profits | - | - |
| **Consolidated profit before tax** | **127,392** | **188,364** |
| **(iii) Assets** | | |
| Total segment assets | 2,042,583 | 1,757,134 |
| Elimination of inter-segment; | | |
| -Net unrealised profits on inventories | - | - |
| - Receivables | ( 465,545) | ( 413,260) |
| - Intercompany provisions | - | - |
| Investment in subsidiaries | ( 184,000) | ( 184,000) |
| Share of profit/(loss) of equity accounted investees | 90,058 | 52,812 |
| **Consolidated total assets** | **1,483,096** | **1,212,686** |
| **(iv) Liabilities** | | |
| Total segment liabilities | 1,816,663 | 1,485,726 |
| Elimination of inter-segment payables | ( 806,194) | ( 703,209) |
| **Consolidated total liabilities** | **1,010,469** | **782,517** |

Segment assets and liabilities exclude current and deferred taxes.

## 6. OPERATING SEGMENTS (CONTINUED)

### (d) Geographic information

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

| | 2023 | 2022 |
|---|---|---|
| | **KShs'000** | **KShs'000** |
| **(i) Revenues** | | |
| *Country of domicile* | | |
| Kenya | 390,498 | 613,065 |
| *All foreign countries* | | |
| Uganda | - | - |
| Tanzania | - | - |
| Burundi | - | - |
| Others | - | - |
| **Consolidated revenue** | **390,498** | **613,065** |
| **(ii) Non-current assets** | | |
| *Country of domicile* | | |
| Kenya | 1,016,728 | 847,462 |
| *All foreign countries* | | |
| Uganda | - | - |
| Tanzania | - | - |
| Burundi | - | - |
| **Consolidated total non-current assets** | **1,016,728** | **847,477** |

### (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.

## 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.

## 7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### (a) Critical accounting estimates and assumptions (continued)

— *Investment property*

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

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

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

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

## 8. REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **KShs'000** | **KShs'000** | **KShs'000** | **KShs'000** |
| **(a) Revenue from contracts with customers** | | | | |
| **Recognised at a point in time:** | | | | |
| Sale of imported goods | 30,357 | 278,044 | 30,348 | 259,714 |
| Discounts, claims and warranties | (44) | 4,578 | (44) | 4,619 |
| **Recognised over time:** | | | | |
| Rendering of services | 9 | 1,800 | 9 | 417 |
| **(b) Other revenue** | | | | |
| Investment property rentals | 360,176 | 328,643 | 294,485 | 274,826 |
| | **390,498** | **613,065** | **324,798** | **539,576** |

## 9. OTHER OPERATING INCOME AND EXPENSES

### (a) Other operating income

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **KShs'000** | **KShs'000** | **KShs'000** | **KShs'000** |
| Insurance compensation | 10,053 | 15,440 | - | - |
| Other income | 13,791 | 6,854 | 9,388 | 5,406 |
| | **23,844** | **22,294** | **9,388** | **5,406** |

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

## 9. OTHER OPERATING INCOME AND EXPENSES (CONTINUED)

### (b) Expenses by function

*(i) Cost of sales*

| | Group | | Company | |
|---|---|---|---|---|
| **Prime costs** | **2023** | **2022** | **2023** | **2022** |
| | **KShs'000** | **KShs'000** | **KShs'000** | **KShs'000** |
| Inventories expensed during the year (Note 20) | 20,921 | 229,780 | 20,913 | 226,959 |
| | **20,921** | **229,780** | **20,913** | **226,959** |
| **Sourcing and distribution overheads** | | | | |
| Indirect labour | 2,075 | 2,451 | 2,075 | 2,451 |
| Depreciation | 11,487 | 10,743 | 7,397 | 6,792 |
| | **13,562** | **13,194** | **9,472** | **9,243** |
| **Total cost of sales** | **34,483** | **242,974** | **30,385** | **236,202** |

*(ii) Operating expenses*

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **KShs'000** | **KShs'000** | **KShs'000** | **KShs'000** |
| ***Selling and distribution costs*** | | | | |
| Distribution costs | 266 | 1,828 | 266 | 1,294 |
| Selling expenses | 3,180 | 7,158 | 3,180 | 7,044 |
| Trade receivables loss allowance | 1,310 | 4,425 | 1,310 | 4,972 |
| Marketing and sales promotions | 2,865 | 1,413 | 2,865 | 1,413 |
| | **7,621** | **14,824** | **7,621** | **14,723** |

## 9. OTHER OPERATING INCOME AND EXPENSES (CONTINUED)

### (b) Expenses by function (continued)

#### *(ii) Operating expenses - continued*

*Administrative expenses*

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **KShs'000** | **KShs'000** | **KShs'000** | **KShs'000** |
| Indirect staff costs | 77,566 | 71,756 | 68,566 | 63,850 |
| Impairment of subsidiary | - | - | - | 10,000 |
| Other administrative expenses | (4,439) | 22,984 | (12,302) | (23,480) |
| | **73,127** | **94,740** | **56,264** | **50,370** |
| Legal and professional fees | 54,350 | 22,878 | 42,201 | 18,757 |
| Travel and vehicle maintenance | 584 | 624 | 559 | 588 |
| Establishment expenses | 11,842 | 10,378 | 9,549 | 7,715 |
| Bank charges and fees | 1,398 | 1,934 | 1,250 | 1,538 |
| | **68,174** | **35,814** | **53,559** | **28,598** |
| **Total operating expenses** | **148,922** | **145,378** | **117,444** | **93,691** |

## 9. OTHER OPERATING INCOME AND EXPENSES (CONTINUED)

### (c) Expenses by nature

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | KShs'000 | KShs'000 | KShs'000 | KShs'000 |
| Cost of imported trading goods sold | 20,921 | 229,780 | 20,913 | 226,959 |
| Employee benefits expense (Note 9 (d)) | 80,667 | 74,353 | 71,667 | 66,465 |
| Audit fees | 2,361 | 2,068 | 1,200 | 1,100 |
| Bank charges | 1,398 | 1,934 | 1,250 | 1,538 |
| Depreciation and amortisation | 13,269 | 11,862 | 8,630 | 7,499 |
| General expenses | (13,636) | 24,643 | (16,735) | (19,988) |
| Impairment of subsidiary | - | - | - | 10,000 |
| Legal and professional fees | 22,971 | 6,601 | 11,987 | 4,596 |
| Advertising and promotions | 2,865 | 1,434 | 2,865 | 1,433 |
| Electricity, water and fuel | (2,215) | (13,860) | (6,964) | (15,711) |
| Repairs and maintenance | 18,815 | 19,260 | 17,082 | 16,944 |
| Trade receivables loss allowance | 1,310 | 4,425 | 1,310 | 4,972 |
| Sales commissions and bonuses | 1,172 | 3,781 | 1,172 | 3,781 |
| Rent and rates | 16,811 | 3,989 | 16,797 | 3,989 |
| Telephone and postage | 1,686 | 2,810 | 1,671 | 2,810 |
| Transport, travelling and insurance | 15,010 | 15,272 | 14,984 | 13,506 |
| **Total cost of sales, selling and distribution, administrative and other operating expenses** | **183,405** | **388,352** | **147,828** | **329,893** |

## 9. OTHER OPERATING INCOME AND EXPENSES

### (d) Employee benefits expense

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | KShs'000 | KShs'000 | KShs'000 | KShs'000 |
| Salaries and wages | 48,630 | 53,477 | 41,144 | 48,474 |
| Allowances and other benefits | 12,966 | 17,397 | 12,022 | 14,673 |
| Defined contribution scheme | 18,934 | 3,405 | 18,396 | 3,259 |
| National Social Security Fund | 137 | 74 | 105 | 59 |
| | **80,667** | **74,353** | **71,667** | **66,465** |

### (e) Employee particulars for the year

| | | | | |
|---|---|---|---|---|
| **(i) Average number of employees per employee category** | | | | |
| Management and administration | 15 | 33 | 15 | 29 |
| **Total** | **15** | **33** | **15** | **29** |

## 10. NET FINANCE (COSTS)/INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | KShs'000 | KShs'000 | KShs'000 | KShs'000 |
| **Finance income** | | | | |
| Interest income | 9,033 | 2,440 | 9,033 | 2,440 |
| Foreign exchange gains | 21,832 | 8,728 | 4,643 | 3,324 |
| | **30,865** | **11,168** | **13,676** | **5,764** |
| **Finance costs** | | | | |
| Foreign exchange losses | 133,499 | 43,483 | 117,828 | 38,001 |
| Interest expense | 38,157 | 38,603 | 38,157 | 38,603 |
| | **171,656** | **82,086** | **155,985** | **76,604** |
| **Net finance (costs)/income** | **(140,791)** | **( 70,918)** | **(142,309)** | **( 70,840)** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

## 11. INCOME TAXES

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | KShs'000 | KShs'000 | KShs'000 | KShs'000 |
| **Current tax expense:** | | | | |
| Current income tax | 75,938 | 86,790 | 62,796 | 72,748 |
| Provision in prior period | - | - | - | - |
| | **75,938** | **86,790** | **62,796** | **72,748** |
| **Deferred tax expense (Note 25(b)):** | | | | |
| Deferred income tax | 5,210 | 1,310 | - | - |
| | **5,210** | **1,310** | **-** | **-** |
| **Income tax expense** | **81,058** | **88,100** | **62,796** | **72,748** |

The Group income tax expense excludes the Group's share of income tax expense of its equity accounted investee of KShs'000 –56 ( 2022: KShs'000- 10,686) which has been included in "share of profit of equity accounted investee, net of tax".

### (b) Reconciliation of effective tax rate

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

| **Group** | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Rate %** | **KShs'000** | **Rate %** | **KShs'000** |
| **Profit before income tax** | | **127,393** | | **188,364** |
| Tax calculated at domestic rates applicable to profits in the respective countries – 30% (2022 - 30%) | 30% | 38,218 | 30% | 56,509 |
| Tax effect of: | | | | |
| Share of profit of equity accounted investee | (8.77)% | (11,174) | (1.96)% | (3,683) |
| Expenses not deductible for income tax purposes | 28.36% | 36,130 | 3.27% | 6,164 |
| Effects of unrecognised deferred tax | 4.02% | 5,120 | 7.88% | 14,835 |
| Under provision of current income tax in prior years | 10.12% | 12,764 | 7.58% | 14,275 |
| Effect of lower tax rates in Sameer EPZ Ltd | 0% | - | 0% | - |
| **Income tax expense** | **63.63%** | **81,058** | **46.77%** | **88,100** |

## 11. INCOME TAXES (CONTINUED)

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

| Company | 2023 | | 2022 | |
|---|---|---|---|---|
| | Rate % | KShs'000 | Rate % | KShs'000 |
| **Profit before income tax** | | **44,048** | | **144,249** |
| Tax calculated at domestic rates applicable to profits in the respective countries – 30% (2022 - 30%) | 30% | 13,214 | 30% | 43,275 |
| Tax effect of: | | | | |
| Expenses not deductible for income tax purposes | 83.59% | 36,818 | 0.17% | 246 |
| Under provision of current income tax in prior years | 28.98% | 12,764 | 9.90% | 14,275 |
| Effects of unrecognised deferred tax | 0% | - | 10.37% | 14,952 |
| **Income tax expense** | **142.56%** | **62,796** | **50.43%** | **72,748** |

### (c) Reconciliation of carrying amounts

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | KShs'000 | KShs'000 | KShs'000 | KShs'000 |
| Net liability/(asset) at start of year | (23,258) | 20,964 | (12,961) | 25,869 |
| Charge for the year - profit or loss (note 11(a)) | 75,938 | 86,790 | 62,796 | 72,748 |
| Provision in prior period | (4,778) | (376) | - | (6) |
| Income tax paid | (84,774) | (130,636) | (67,573) | (111,572) |
| **Net (asset)/liability at end of year** | **(36,872)** | **(23,258)** | **(17,737)** | **(12,961)** |
| **Represented by:** | | | | |
| Income tax assets | (36,908) | (25,270) | (17,737) | (12,961) |
| Income tax liability | 36 | 2,012 | - | - |
| | **(36,872)** | **(23,258)** | **(17,737)** | **(12,961)** |

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.

## 12. EARNINGS PER SHARE

### (a) Basic earnings per share

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

| | 2023 | 2022 |
|---|---|---|
| Profit attributable to equity holders of the Company (KShs '000) | 46,335 | 100,264 |
| Weighted average number of ordinary shares in issue ('000) | 278,342 | 278,342 |
| Basic earnings per share (KShs) | 0.17 | 0.36 |

### (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 2023 or 2022. Diluted earnings per share are therefore the same as basic earnings per share.

## 13. PROPERTY, PLANT AND EQUIPMENT

### (a) Reconciliation of carrying amounts

| Group<br>2023: | Buildings KShs'000 | Furniture, fittings & equipment KShs'000 | Total KShs'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2023 | 11,773 | 9,233 | 21,006 |
| Additions | - | 877 | 877 |
| **At 31 December 2023** | **11,773** | **10,110** | **21,883** |
| **Accumulated depreciation and impairment** | | | |
| At 1 January 2023 | 2,180 | 5,178 | 7,358 |
| Charge for the year | 471 | 1,307 | 1,778 |
| **At 31 December 2023** | **2,651** | **6,458** | **9,136** |
| **Carrying amounts - At 31 December 2023** | **9,122** | **3,625** | **12,747** |

## 13. PROPERTY PLANT AND EQUIPMENT (CONTINUED)

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

**Group**

| 2022: | Buildings KShs'000 | Furniture, fittings & equipment KShs'000 | Total KShs'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2022 | 34,805 | 5,845 | 40,650 |
| Additions | - | 3,388 | 3,388 |
| Transfer to investment property (Note 15) | (23,032) | - | (23,032) |
| **At 31 December 2022** | **11,773** | **9,233** | **21,006** |
| **Accumulated depreciation and impairment** | | | |
| At 1 January 2022 | 8,372 | 4,534 | 12,906 |
| Charge for the year | 471 | 644 | 1,115 |
| Transfer to investment property (Note 15) | (6,663) | - | (6,663) |
| **At 31 December 2022** | **2,180** | **5,178** | **7,358** |
| **Carrying amounts - At 31 December 2022** | **9,593** | **4,055** | **13,648** |

**Company**

| 2023: | Buildings KShs'000 | Furniture, fittings & equipment KShs'000 | Total KShs'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2023 | 11,773 | 1,978 | 13,751 |
| Additions | - | 877 | 877 |
| **At 31 December 2023** | **11,773** | **2,855** | **14,628** |
| **Accumulated depreciation and impairment** | | | |
| At 1 January 2023 | 2,180 | 232 | 2,412 |
| Charge for the year | 471 | 757 | 1,228 |
| **At 31 December 2023** | **2,651** | **989** | **3,640** |
| **Carrying amounts - At 31 December 2023** | **9,122** | **1,866** | **10,988** |

## 13. PROPERTY PLANT AND EQUIPMENT (CONTINUED)

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

| Company<br>2022: | Buildings<br>KShs'000 | Furniture, fittings & equipment<br>KShs'000 | Total<br>KShs'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2022 | 11,773 | - | 11,773 |
| Additions | - | 1,978 | 1,978 |
| **At 31 December 2022** | **11,773** | **1,978** | **13,751** |
| **Accumulated depreciation and impairment** | | | |
| At 1 January 2022 | 1,709 | - | 1,709 |
| Charge for the year | 471 | 232 | 703 |
| **At 31 December 2022** | **2,180** | **232** | **2,412** |
| **Carrying amounts - At 31 December 2022** | **9,593** | **1,746** | **11,339** |

## 14. INTANGIBLE ASSETS

*Computer software*

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>KShs'000 | 2022<br>KShs'000 | 2023<br>KShs'000 | 2022<br>KShs'000 |
| **Cost** | | | | |
| At 1 January and 31st December | 138,348 | 138,348 | 138,030 | 138,030 |
| **Amortisation and impairment** | | | | |
| At 1 January | 138,348 | 138,348 | 138,030 | 138,030 |
| Charge for the year | - | - | - | - |
| **At 31 December** | **138,348** | **138,348** | **138,030** | **138,030** |
| **Carrying amount at 31 December** | - | - | - | - |

### (a) 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.

## 14. INTANGIBLE ASSETS (CONTINUED)

### (b) Classification

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

## 15. INVESTMENT PROPERTIES

### (a) Reconciliation of carrying amounts

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | KShs'000 | KShs'000 | KShs'000 | KShs'000 |
| At start of year | 643,647 | 575,734 | 554,382 | 477,591 |
| Additions | 144,411 | 69,764 | 93,848 | 65,131 |
| Impairment | - | ( 9,560) | - | - |
| Assets held for sale | - | (15) | - | (15) |
| Transfer from buildings | - | 18,467 | - | 18,467 |
| Depreciation | ( 11,487) | ( 10,743) | ( 7,397) | ( 6,792) |
| **At end of year** | **776,571** | **643,647** | **640,833** | **554,382** |

Transfer from buildings relates to cost of building and its accumulated depreciated from our subsidiary Yana Tyre Center Limited.

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | KShs'000 | KShs'000 | KShs'000 | KShs'000 |
| **Comprising** | | | | |
| Cost | 1,056,724 | 912,608 | 859,145 | 765,591 |
| Assets held for sale | - | (15) | - | (15) |
| Accumulated depreciation | (280,153) | (268,946) | (218,312) | (211,194) |
| **At end of year** | **776,571** | **643,647** | **640,833** | **554,382** |

Investment property comprises:

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

## 15. INVESTMENT PROPERTIES (CONTINUED)

### (b) Rental income and operating expenses

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | KShs'000 | KShs'000 | KShs'000 | KShs'000 |
| **Rental income** | **360,176** | **328,643** | **294,485** | **274,826** |
| **Operating expenses** | | | | |
| Staff costs | 64,071 | 6,564 | 55,483 | 2,826 |
| Administrative expenses | 10,960 | 30,594 | 15,572 | 41,323 |
| Security expenses | 14,451 | 14,809 | 8,021 | 7,835 |
| Legal and professional fees | 12,381 | 8,948 | 12,897 | 5,687 |
| Repairs and maintenance | 10,060 | 9,229 | 8,317 | 7,008 |
| Depreciation | 13,269 | 11,152 | 8,629 | 6,796 |
| Net other income | (12,201) | - | - | - |
| | **112,991** | **81,296** | **108,919** | **71,475** |
| **Net rental income before tax** | **247,185** | **247,347** | **185,566** | **203,351** |

### (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 Valuation Report" by Knight Frank – a Real Estate Property Valuation firm.

The fair value measurement of – Group KShs'000 – 8,784,962 (2022: KShs'000 - 7,584,939); Company KShs'000 –6,718,962 (2022: KShs'000 – 5,593,149) has been categorized as level 2 fair value (2022 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:

## 15. INVESTMENT PROPERTIES (CONTINUED)

### (c) Measurement of fair value

#### *(i) Fair value hierarchy*

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | KShs'000 | KShs'000 | KShs'000 | KShs'000 |
| **Fair values** | | | | |
| Properties | 8,784,962 | 7,584,939 | 6,718,962 | 5,593,149 |
| | **8,784,962** | **7,584,939** | **6,718,962** | **5,593,149** |
| **Carrying amounts** | | | | |
| Commercial properties | 776,571 | 643,647 | 640,833 | 554,382 |
| Leasehold land | 326 | 330 | 326 | 330 |
| | **776,897** | **643,977** | **641,159** | **554,712** |
| **Fair value gains not recognised in profit or loss** | **8,008,065** | **6,940,962** | **6,077,803** | **5,038,437** |

#### *(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 |
|---|---|---|
| **(a) Investment property** | | The estimated fair values would increase / (decrease) if; |
| ***Discounted cash flows:*** 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 (2023 and 2022: 3%-5%)<br>2. Occupancy rates (2023 and 2022: 88% - 95%)<br>3. Risk-adjusted discount rate (2023 and 2022:9%) | 1. Expected rental growth were higher /(lower)<br>2. Occupancy rates were higher / (lower)<br>3. Risk-adjusted discount rate was lower / (higher) |

## 15. INVESTMENT PROPERTIES (CONTINUED)

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

| Valuation technique | Significant unobservable inputs | Inter-relationships between unobservable inputs and fair value measurements |
|---|---|---|
| **(b)Leasehold land held for value appreciation and development.**<br>***Market approach:*** 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<br>2. Infrastructure developments | The estimated fair values would increase/ (decrease);<br>1. If property prices were higher / (lower)<br>2. Increase with improvements in infrastructure. |

## 16. NON-CURRENT ASSETS HELD FOR SALE

Assets held for sale relates to 3.75 acres of undeveloped leasehold land,the sale was initiated in 2022 and likely to conclude by the 2nd quarter of 2024.
The transaction value of the asset held for sale is USD 7,128,891 or equivalent Ksh 1,122,016,000 at the year end USD closing rate of 157.39

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | KShs'000 | KShs'000 | KShs'000 | KShs'000 |
| Assets held for sale (land) | 15 | 15 | 15 | 15 |
| **At end of year** | **15** | **15** | **15** | **15** |

## 17. PREPAID OPERATING LEASE RENTALS

### (a) Reconciliation of carrying amount

| | Group and Company | |
|---|---|---|
| | 2023 | 2022 |
| | KShs'000 | KShs'000 |
| At start of year | 330 | 334 |
| Amortisation charge for the year | ( 4) | ( 4) |
| **At end of year** | **326** | **330** |

## 17. PREPAID OPERATING LEASE RENTALS (CONTINUED)

### (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.

## 18. INVESTMENT IN SUBSIDIARIES - COMPANY

### (a) Investment and structure

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

| | Country of incorporation | % interest held | 2023 KShs'000 | 2022 KShs'000 |
|---|---|---|---|---|
| Sameer Africa (Uganda) Limited | Uganda | 100% | 26,612 | 26,612 |
| Sameer Africa (Tanzania) Limited | Tanzania | 100% | 155,100 | 155,100 |
| Yana Tyre Centre Limited | Kenya | 100% | 10,000 | 10,000 |
| Sameer Industrial Park Limited | Kenya | 100% | 120,000 | 120,000 |
| Sameer Africa (Burundi) Limited | Burundi | 100% | 221,913 | 221,913 |
| Taqwa Trading Limited | Kenya | 100% | 35,000 | 35,000 |
| | | | 568,625 | 568,625 |
| Less: Provision for impairment | | | (448,625) | (448,625) |
| **Carrying amount** | | | **120,000** | **120,000** |

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,Sameer Africa (Uganda) Limited - KShs 26,612,000 and Yana Tyre Centre Limited impaired in 2023 -Kshs 10,000,000.

### (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.

## 19. 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 | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **Carrying amount** | KShs'000 | KShs'000 | KShs'000 | KShs'000 |
| Interest in associates | 227,084 | 189,837 | 137,026 | 137,026 |
| **At end of year** | **227,084** | **189,837** | **137,026** | **137,026** |

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

| | 2023 | 2022 |
|---|---|---|
| | KShs'000 | KShs'000 |
| At 1 January 2023 | 189,837 | 177,561 |
| Prior year under provision | - | 2,491 |
| Share of profit | 37,247 | 9,785 |
| **At end of year** | **227,084** | **189,837** |

**(a) Associate**

The Group's has an interest of 25% (2022: 25%) in the equity and voting rights of 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.

## 19. INVESTMENT IN ASSOCIATE

### (a) Associate (continued)

#### *(i) Summarised financial information*

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

| | 2023 KShs'000 | 2022 KShs'000 |
|---|---|---|
| ***Financial position*** | | |
| Non-current assets | 1,806,511 | 1,854,354 |
| Current assets | 279,401 | 296,170 |
| Current liabilities | ( 38,237) | ( 117,235) |
| Non-current liabilities | (1,140,338) | (1,273,941) |
| **Net assets** | **907,337** | **759,348** |
| ***Profit or loss and other comprehensive income*** | | |
| Revenue | 382,470 | 324,182 |
| Expenses | (233,480) | (275,082) |
| Profit after tax | 148,990 | 49,100 |
| Other comprehensive income | - | - |
| **Total comprehensive income** | **148,990** | **49,100** |

## 20. INVENTORIES

| | Group 2023 KShs'000 | Group 2022 KShs'000 | Company 2023 KShs'000 | Company 2022 KShs'000 |
|---|---|---|---|---|
| Finished goods | - | 30,323 | - | 29,486 |
| | **-** | **30,323** | **-** | **29,486** |

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

| | Group 2023 KShs'000 | Group 2022 KShs'000 | Company 2023 KShs'000 | Company 2022 KShs'000 |
|---|---|---|---|---|
| Changes in inventories of work in progress and finished goods | - | - | - | - |
| Cost of trading goods sold | 20,921 | 229,780 | 20,913 | 226,959 |
| | **20,921** | **229,780** | **20,913** | **226,959** |

## 20. INVENTORIES (CONTINUED)

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

In 2023, inventories of KShs'000 20,921 (2022 – KShs'000 229,780) for the group and KShs '000 20,913 (2022 – KShs '000 226,959) were recognised as an expense during the year and included in cost of sales.

## 21. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | KShs'000 | KShs'000 | KShs'000 | KShs'000 |
| **Current** | | | | |
| Trade receivables | 188,286 | 92,707 | 161,037 | 88,214 |
| Less: Provision for impairment | ( 51,159) | ( 49,849) | ( 47,350) | ( 46,040) |
| | **137,127** | **42,858** | **113,687** | **42,174** |
| Amounts due from related companies (Note 30(d)(i)) | 27,305 | 5,214 | 23,648 | 4,335 |
| Other receivables | 80,916 | 90,698 | 661 | 8,746 |
| Receivables from subsidiaries net of impairment (Note 30(d)(i)) | - | - | 135,398 | 63,011 |
| Trade and other receivables | 245,348 | 138,770 | 273,394 | 118,266 |
| Prepayments | 29,105 | 27,972 | 27,875 | 26,547 |
| | **274,453** | **166,742** | **301,269** | **144,813** |

### (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).

## 22. CASH AND CASH EQUIVALENTS

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | KShs'000 | KShs'000 | KShs'000 | KShs'000 |
| Cash at hand and in bank | 77,450 | 54,658 | 28,836 | 52,855 |
| Call deposits | 77,542 | 88,216 | 77,542 | 88,216 |
| | **154,992** | **142,874** | **106,378** | **141,071** |

## 23. 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.

| | **2023** | **2022** |
|---|---|---|
| Authorised ordinary shares | 300,000,000 | 300,000,000 |
| Authorised par value (KShs each) | 5 | 5 |
| **Authorised share capital (KShs'000)** | **1,500,000** | **1,500,000** |
| ***Issued and fully paid up capital*** | | |
| Issued ordinary shares | 278,342,393 | 278,342,393 |
| Issued par value (KShs each) | 5 | 5 |
| **Issued and fully paid up capital (KShs'000)** | **1,391,712** | **1,391,712** |

### (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 (2022:Nil).

## 24. BORROWINGS

| (a) Carrying amounts | Group 2023 KShs'000 | Group 2022 KShs'000 | Company 2023 KShs'000 | Company 2022 KShs'000 |
|---|---|---|---|---|
| **Non-current** | | | | |
| Sameer Investments Limited | 440,692 | 345,446 | 440,692 | 345,446 |
| Sameer Telkom Limited | 100,000 | 100,000 | 100,000 | 100,000 |
| **Total borrowings** | **540,692** | **445,446** | **540,692** | **445,446** |

| Reconciliation of liabilities arising from financing activities: | 31 December 2023 Bank loan KShs'000 | 31 December 2023 Related parties loan KShs'000 | 31 December 2022 Bank loan KShs'000 | 31 December 2022 Related parties loan KShs'000 |
|---|---|---|---|---|
| At start of year | - | 445,446 | - | 495,994 |
| Foreign exchange revaluation | - | 95,246 | - | (50,548) |
| | **-** | **540,692** | **-** | **445,446** |

## 24. BORROWINGS (CONTINUED)

**Terms and repayment schedule**

| Group and company | Currency | Nominal interest | Maturity | 31 December 2023 Face value | 31 December 2023 Carrying amount | 31 December 2022 Face value | 31 December 2022 Carrying amount |
|---|---|---|---|---|---|---|---|
| | | | | KShs'000 | KShs'000 | KShs'000 | KShs'000 |
| Term loan –Sameer Investments Limited | USD | 7.00% | 2025 | 440,692 | 440,692 | 345,446 | 345,446 |
| Term loan –Sameer Telkom Limited | KSH | 11.00% | 2025 | 100,000 | 100,000 | 100,000 | 100,000 |
| | | | | **540,692** | **540,692** | **445,446** | **445,446** |

## 24. BORROWINGS (CONTINUED)

### (b) Effective interest rates

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

| | 2023<br>% | 2022<br>% |
|---|---|---|
| Related party borrowings - USD | 7.00 | 7.00 |
| Related party borrowings - KShs | 11.00 | 11.00 |

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

### (c) Compliance with loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 reporting periods.

## 25. DEFERRED INCOME TAX

### (a) Carrying amounts

Deferred income tax is calculated using the enacted income tax rates of 30% (2022: 30%) that apply to the different Group companies. The movement on the deferred income tax account is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>KShs'000 | 2022<br>KShs'000 | 2023<br>KShs'000 | 2022<br>KShs'000 |
| At start of year | 6,940 | 5,630 | - | - |
| Charge to statement of profit or loss (Note 11 (a)) | 5,120 | 1,310 | - | - |
| Currency translation differences (Note 11(a)) | - | - | - | - |
| Prior period under provisions | - | - | | |
| **At end of year** | **12,060** | **6,940** | **-** | **-** |
| **As disclosed on the balance sheet:** | | | | |
| Deferred income tax assets | - | - | - | - |
| Deferred income tax liabilities | 12,060 | 6,940 | - | - |
| | **12,060** | **6,940** | **-** | **-** |

## 25. DEFERRED INCOME TAX (CONTINUED)

### (b) Movement in deferred tax balances

| Group 2023 | Net balance at 1 January KShs'000 | Recognised in profit or loss KShs'000 | Net balance at 31 December KShs'000 |
|---|---|---|---|
| ***Deferred income tax asset*** | | | |
| Property, plant and equipment and intangibles | (60,922) | 3,070 | (57,852) |
| Investment property | 137,143 | 7,307 | 144,451 |
| Provisions | (153,029) | 61,528 | (91,501) |
| Tax losses | (651,338) | (42,524) | (693,862) |
| Effects of movements in exchange rates | (7,439) | (14,995) | (22,434) |
| Prior year under provision | 1,144 | (1,144) | - |
| | **(734,441)** | **13,243** | **(721,198)** |
| Total deferred tax asset | **(734,441)** | **13,243** | **(721,198)** |
| Unrecognized deferred tax asset | **734,441** | **(13,243)** | **721,198** |
| | - | - | - |
| ***Deferred income tax liability*** | | | |
| Investment property | 7,683 | 3,099 | 10,782 |
| Provisions | ( 532) | 532 | - |
| Effects of movements in exchange rates | (211) | 1,489 | 1,278 |
| | **6,940** | **5,210** | **12,060** |
| **Net deferred income tax liabilities** | **6,940** | **5,210** | **12,060** |

## 25. DEFERRED INCOME TAX (CONTINUED)

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

**Group 2022**

| | Net balance at 1 January KShs'000 | Recognised in profit or loss KShs'000 | Net balance at 31 December KShs'000 |
|---|---|---|---|
| ***Deferred income tax asset*** | | | |
| Property, plant and equipment and intangibles | (63,924) | 3,002 | (60,922) |
| Investment property | 126,540 | 10,603 | 137,143 |
| Provisions | (149,832) | (3,197) | (153,029) |
| Tax losses | (626,240) | (25,098) | (651,338) |
| Effects of movements in exchange rates | 1,252 | (8,691) | (7,439) |
| Prior year under provision | 1,144 | - | 1,144 |
| | **(711,060)** | **(23,381)** | **(734,441)** |
| Total deferred tax asset | **(711,060)** | **(23,381)** | **(734,441)** |
| Unrecognized deferred tax asset | **711,060** | **23,381** | **734,441** |
| | **-** | **-** | **-** |
| ***Deferred income tax liability*** | | | |
| Investment property | 6,229 | 1,454 | 7,683 |
| Provisions | ( 532) | - | ( 532) |
| Effects of movements in exchange rates | (67) | (144) | (211) |
| | **5,630** | **1,310** | **6,940** |
| **Net deferred income tax liabilities** | **5,630** | **1,310** | **6,940** |

## 25. DEFERRED INCOME TAX (CONTINUED)

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

| Company 2023 | Net balance at 1 January KShs'000 | Recognised in profit or loss KShs'000 | Net balance at 31 December KShs'000 |
|---|---|---|---|
| ***Deferred income tax asset*** | | | |
| Property, plant and equipment and intangibles | (67,691) | 7,234 | (60,457) |
| Investment property | 74,228 | 7,307 | 81,536 |
| Provisions for expenses | (157,116) | 64,363 | (92,754) |
| Tax losses | (418,776) | (36,963) | (455,740) |
| Exchange differences | (11,305) | (14,995) | (26,300) |
| Total deferred tax asset | (580,660) | 26,946 | (553,715) |
| Unrecognized deferred tax asset | 580,660 | (26,946) | 553,715 |
| | - | - | - |

| Company 2022 | Net balance at 1 January KShs'000 | Recognised in profit or loss KShs'000 | Net balance at 31 December KShs'000 |
|---|---|---|---|
| ***Deferred income tax asset*** | | | |
| Property, plant and equipment and intangibles | (75,257) | 7,566 | (67,691) |
| Investment property | 63,625 | 10,603 | 74,228 |
| Provisions for expenses | (160,702) | 3,586 | (157,116) |
| Tax losses | (399,295) | (19,481) | (418,776) |
| Exchange differences | (2,633) | (8,672) | (11,305) |
| Total deferred tax asset | (574,262) | (6,398) | (580,660) |
| Unrecognized deferred tax asset | 574,262 | 6,398 | 580,660 |
| | - | - | - |

## 25. DEFERRED INCOME TAX (CONTINUED)

### (c) Carrying amount

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

### (d) Unrecognised deferred tax assets

The deferred tax asset has not been recognised on deductible temporary differences and tax losses carried forward amounting to KShs 2,312,874,000 (2022: KShs 2,171,130,000) for the group and KShs 1,519,133,000 (2022: KShs 1,396,000,000) 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 2023, the tax losses of KShs 1,519,133,000 (2022: KShs 1,396,000,000) 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**

| Year of origin | Tax loss KShs'000 | Deferred tax KShs'000 |
|---|---|---|
| 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) |
| 2021 | (128,974) | (38,692) |
| 2022 | (83,660) | (25,098) |
| 2023 | (141,744) | (42,524) |
| **Total** | **(2,312,874)** | **(693,862)** |

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

| Year of origin | Tax loss KShs'000 | Deferred tax KShs'000 |
|---|---|---|
| 2016 | (697,090) | (209,127) |
| 2018 | (356,325) | (106,897) |
| 2019 | (165,247) | (49,574) |
| 2021 | (112,324) | (33,697) |
| 2022 | (64,937) | (19,481) |
| 2023 | ( 123,210) | (36,965) |
| **Total** | **(1,519,133)** | **(455,740)** |

## 25. DEFERRED INCOME TAX (CONTINUED)

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

In 2023, the Company incurred a tax loss of KShs 123,210,000 increasing cumulative tax losses to KShs 1,519,133,000 management found it prudent not to recognize any further deferred tax asset until the strategic plan in action turns the company to profitability.

In 2023, the Group's Burundi subsidiary incurred a tax loss of KShs 5,332,841 increasing cumulative tax losses to KShs 132,656,000. 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 2023, the Group's Tanzania subsidiary incurred a tax loss of KShs 21,248,243 increasing cumulative tax losses to KShs 386,248,174 management found it prudent not to recognize any further deferred tax asset until the strategic plan in action turns the company to profitability.

In 2023, the Group's Uganda subsidiary had a tax profit of KShs 1,594,409 reducing cumulative tax losses to KShs 34,962,841 management found it prudent not to recognize any further deferred tax asset until the strategic plan in action turns the company to profitability.

In 2023, the Group's Local subsidiary Yana Tyre Centre Ltd incurred a tax loss of KShs 776,000 increasing cumulative tax losses to KShs 49,082,000 management found it prudent not to recognize any further deferred tax asset until the strategic plan in action turns the company to profitability.

## 26. TRADE AND OTHER PAYABLES

### (a) Carrying amounts

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | KShs'000 | KShs'000 | KShs'000 | KShs'000 |
| **Non - current** | | | | |
| Amounts due to subsidiaries (Note 30(d)) | - | - | 268,532 | 226,299 |
| **Current** | | | | |
| Trade payables | 33,761 | 50,485 | 32,901 | 41,656 |
| Amounts due to related companies (Note 30(d)) | - | 288 | - | 288 |
| Deposit paid (asset held for sale) | 113,582 | 89,034 | 113,582 | 89,034 |
| Accrued expenses and other payables | 310,338 | 188,312 | 198,452 | 149,539 |
| | 457,681 | 328,119 | 344,935 | 280,517 |
| | **457,681** | **328,119** | **613,467** | **506,816** |

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

## 27. STATEMENT OF CASH FLOWS – RECONCILIATION OF RECEIPTS AND PAYMENTS

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 |
| | | KShs'000 | KShs'000 | KShs'000 | KShs'000 |
| **Cash receipts from customers** | | | | | |
| Revenue | 8 | 390,498 | 613,065 | 324,798 | 539,576 |
| Other income | 9 (a) | 23,844 | 22,294 | 9,388 | 5,406 |
| Net foreign exchange losses | | - | ( 34,756) | - | ( 34,677) |
| Translation differences | | (3,877) | ( 4,194) | - | - |
| Movement in trade and other receivables | 21 | (2,775) | 89,528 | 392 | 104,954 |
| **Cash collections from customers** | | **407,690** | **685,937** | **334,578** | **615,259** |
| **Cash payments for purchases** | | | | | |
| Opening inventory stock | 20 | ( 30,323) | ( 35,705) | (29,486) | (34,576) |
| Cost of sales | 9 (b) | 34,483 | 242,974 | 30,385 | 236,202 |
| Closing inventory stock | 20 | - | 30,323 | - | 29,486 |
| Movement in trade payables | 26 (a) | 16,724 | ( 852) | 8,755 | (5,839) |
| | | **20,884** | **236,740** | **9,654** | **225,273** |
| ***Adjustments for non-cash expenses*** | | | | | |
| Depreciation and amortisation | 9 (c) | (13,269) | 11,862 | (8,630) | (7,499) |
| Net foreign exchange losses | | 16,421 | - | 17,939 | - |
| Prior period provision for tax | | 4,778 | 376 | - | 6 |
| Impairment | | - | 9,560 | - | (10,000) |
| Transfers | | - | ( 2,987) | - | 19,749 |
| | | **7,930** | **18,811** | **9,309** | **(2,256)** |
| **Cash payment for purchases** | | **28,814** | **217,929** | **18,963** | **227,529** |
| **Cash payments for expenses** | | | | | |
| Other operating expenses | 9(b)(ii) | 148,922 | 145,378 | 117,444 | 93,691 |
| Movement in other receivables | | 104,936 | - | 156,847 | - |
| Movement in accruals and other payables | 26(a) | (146,286) | ( 71,730) | (115,406) | (80,376) |
| **Cash payments for expenses** | | **107,572** | **73,648** | **158,885** | **13,315** |

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

**Group**

| | Net balance at 1 January | Revaluation | Net balance at 31 December |
|---|---|---|---|
| | KShs'000 | KShs'000 | KShs'000 |
| **Non-current** | | | |
| Long term loans | 445,446 | 95,246 | 540,692 |
| **Total borrowings** | **445,446** | **95,246** | **540,692** |

## 28. COMMITMENTS

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | KShs '000 | KShs '000 | KShs '000 | KShs '000 |
| Property, plant and equipment | 17,241 | 9,189 | 17,241 | 7,647 |

## 29. CONTINGENT LIABILITIES

A subsidiary has disputed two assessments by the Revenue Authority of the subsidiary's jurisdiction. Although the subsidiary has appealed and objected against the assessments, should the appeal and objection not be successful, then additional tax, interest and penalties are estimated to amount to Kshs 144 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 Kshs 9 million. Based on legal advice, the directors believe that the defence against the claims will be successful.

## 30. 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% (2022: 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.

## 30. RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Transactions with key management personnel

***(i) Key management compensation***

Key management compensation comprised the following;

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | KShs'000 | KShs'000 | KShs'000 | KShs'000 |
| Basic pay and other allowances | 27,218 | 29,989 | 27,218 | 26,259 |
| Pension/gratuity | 5,401 | 3,188 | 5,401 | 3,000 |
| **Total** | **32,619** | **33,177** | **32,619** | **29,529** |

***(ii) Directors' shareholding***

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

| | 2023 | 2022 |
|---|---|---|
| | Shares | Shares |
| 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***

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | KShs'000 | KShs'000 | KShs'000 | KShs'000 |
| **Directors' remuneration** | | | | |
| Fees as directors | 5,100 | 4,620 | 5,100 | 4,620 |
| Other emoluments (included under key management compensation above) | 1,840 | 1,600 | 1,840 | 1,600 |
| Managing director | 16,800 | 13,126 | 16,840 | 13,126 |
| **Total remuneration of directors of the company** | **23,740** | **19,346** | **23,740** | **19,346** |

## 30. RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Transactions with other related parties

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

Transactions with related parties included the following:

*(i) Sale of goods and services*

| | Company | |
|---|---|---|
| | 2023 | 2022 |
| | KShs'000 | KShs'000 |
| ***Subsidiaries*** | | |
| Yana Tyre Centre Limited | - | 16,087 |
| | **-** | **16,087** |

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | KShs'000 | KShs'000 | KShs'000 | KShs'000 |
| **Other related parties** | | | | |
| Ryce East Africa Limited | - | 2,628 | - | 2,628 |
| Warren Enterprises | - | 599 | - | - |
| Yana oil Limited | 18,259 | 14,954 | 18,259 | 14,954 |
| Sasini Avacado EPZ | 14,462 | 18,449 | - | - |
| | **32,721** | **36,630** | **18,259** | **17,582** |

*(ii) Purchase of goods and services*

| | Group and Company | |
|---|---|---|
| | 2023 | 2022 |
| | KShs'000 | KShs'000 |
| ***Other related parties*** | | |
| Ryce East Africa Limited | 147 | 184 |
| Warren enterprises | 86,189 | 9,253 |
| Sameer Africa (Tanzania) Limited | - | - |
| | **86,336** | **9,437** |

## 30. RELATED PARTY TRANSACTIONS (CONTINUED)

### (d) Outstanding balances

At 31 December 2023, outstanding balances with related parties comprised the following;

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | KShs'000 | KShs'000 | KShs'000 | KShs'000 |
| **(i) Amounts due from:** | | | | |
| ***Subsidiaries*** | | | | |
| Sameer Industrial Park Limited | - | - | 135,398 | 63,011 |
| | **-** | **-** | **135,398** | **63,011** |
| ***Associate*** | | | | |
| Sameer Business Park Limited | **10,684** | **2,298** | **10,684** | **2,298** |
| ***Other related parties*** | | | | |
| Ryce East Africa Limited | 61 | 1,444 | 61 | 1,444 |
| Eveready E.A. PLC | - | 593 | - | 593 |
| Sasini Avocado EPZ | 3,657 | 877 | - | - |
| Sasini PLC | 2 | 2 | - | - |
| Yana oil Limited | 12,903 | - | 12,903 | - |
| | **16,621** | **2,916** | **12,964** | **2,037** |
| **Total due from other related parties** | **27,305** | **5,214** | **23,648** | **4,335** |
| **(ii) Amounts due to:** | | | | |
| ***Subsidiaries*** | | | | |
| Sameer Africa(Uganda) Limited | - | - | 55,756 | 40,132 |
| Sameer EPZ Limited | - | - | 212,776 | 186,167 |
| | **-** | **-** | **268,532** | **226,299** |
| ***Other related parties*** | | | | |
| Ryce East Africa Limited | - | 288 | - | 288 |
| | **-** | **288** | **-** | **288** |

## 30. RELATED PARTY TRANSACTIONS (CONTINUED)

### (e) Borrowings from related parties

| Group and company | Currency | Nominal interest | 31 December 2023 Face value | Carrying amount |
|---|---|---|---|---|
| | | | KShs'000 | KShs'000 |
| Term loan –Sameer Investments | USD | 7.00% | 440,692 | 440,692 |
| Term loan –Sameer Telkom | KSH | 11.00% | 100,000 | 100,000 |
| | | | **540,692** | **540,692** |

| Group and company | Currency | Nominal interest | 31 December 2022 Face value | Carrying amount |
|---|---|---|---|---|
| | | | KShs'000 | KShs'000 |
| Term loan –Sameer Investments | USD | 7.00% | 345,446 | 345,446 |
| Term loan –Sameer Telkom | KSH | 11.00% | 100,000 | 100,000 |
| | | | **445,446** | **445,446** |

### (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.

## 31. EVENTS AFTER THE REPORTING PERIOD

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

## 32. PRINCIPAL SHAREHOLDERS AND SHARE DISTRIBUTION

### Principal shareholders

The ten largest shareholdings in the Company and the respective number of shares held at 31 December 2023 are as follows:

| Name | Number of shares | % |
|---|---|---|
| 1. Sameer Investments Limited | 201,743,205 | 72.48% |
| 2. Patrick Njogu Kariuki Family Trust Registered Trustees | 5,618,700 | 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. Utaridi Partners Limited | 1,540,800 | 0.55% |

### Distribution of shareholders

| Share range | Number of shareholders | Number of shares | % |
|---|---|---|---|
| 1 - 500 | 8,132 | 2,143,683 | 0.77% |
| 501 – 5,000 | 4,730 | 7,356,372 | 2.64% |
| 5,001 – 10,000 | 399 | 3,017,226 | 1.08% |
| 10,001 – 100,000 | 400 | 12,110,564 | 4.35% |
| 100,001 – 1,000,000 | 70 | 21,002,226 | 7.55% |
| Over 1,000,000 | 14 | 232,712,322 | 83.61% |
| **Total** | **13,745** | **278,342,393** | **100%** |