sameerafrica

WE'LL TAKE YOU THERE.®

2012 ANNUAL REPORT AND FINANCIAL STATEMENTS

Vision

To be the ultimate provider of innovative and reliable tyre solutions.

Mission

To provide safe mobility with unparalleled experience.

Core Values

Integrity

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

Respect

In doing business, our employees will treat each other, our customers, suppliers and other stakeholders with mutual respect. we will treat people in a consistently fair manner that promotes team work, diversity and open communication.

Innovation

Through innovation, we will continuously develop market relevant products; find better ways to manufacture, deliver products and serve customers.

Accountability

Our employees will individually and collectively take full responsibility and hold themselves accountable for actions and results to each other and to all stakeholders.

BRIDGESTONE YANA AFRICA RIDES ON YANA TYRES

Contents

Corporate Information

Board of Directors

Eng. E. Mwongera *(Chairman)*
A. Walmsley Managing Director (Appointed 1 September 2012)
M. M. Karanja Managing Director (Resigned 31 August 2012)
S. M. Githiga
P. Gitonga
A. H. Butt
I. A. Timamy
S. N. Merali (Appointed 22 November 2012)
T. D. Owuor (Deceased 24 October 2012)

Secretary

I.A. Timamy
PO Box 30429
00100 Nairobi GPO

Auditors

KPMG Kenya
16th Floor, Lonrho House
Standard Street
PO Box 40612
00100 Nairobi GPO

Registered Office & Principal Place of Business

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

Principal Bankers

NIC Bank Limited
NIC House
Masaba Road
Nairobi

Advocates

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

Notice of Annual General Meeting

Notice is hereby given that the 44th Annual General Meeting of the members will be held at the company's premises off Mombasa Road, Nairobi on Friday May 24, 2013 at 11.30am to conduct the following business:

1. To table the proxies and note the presence of a quorum.

2. To read the notice convening the meeting.

3. To confirm the minutes of the 43rd Annual General Meeting held on Friday June 15, 2012.

4. To receive, consider and if deemed fit, adopt the financial statements for the year ended 31 December 2012 together with the reports thereon of the directors and the auditors.

5. To approve a first and final dividend of Kenya Shilling 0.25 per share.

6. To elect Directors;

   (i) Under Article 94

   Mr Peter Gitonga and Mr Akif H. Butt, directors retiring by rotation who being eligible, offer themselves for re-election.

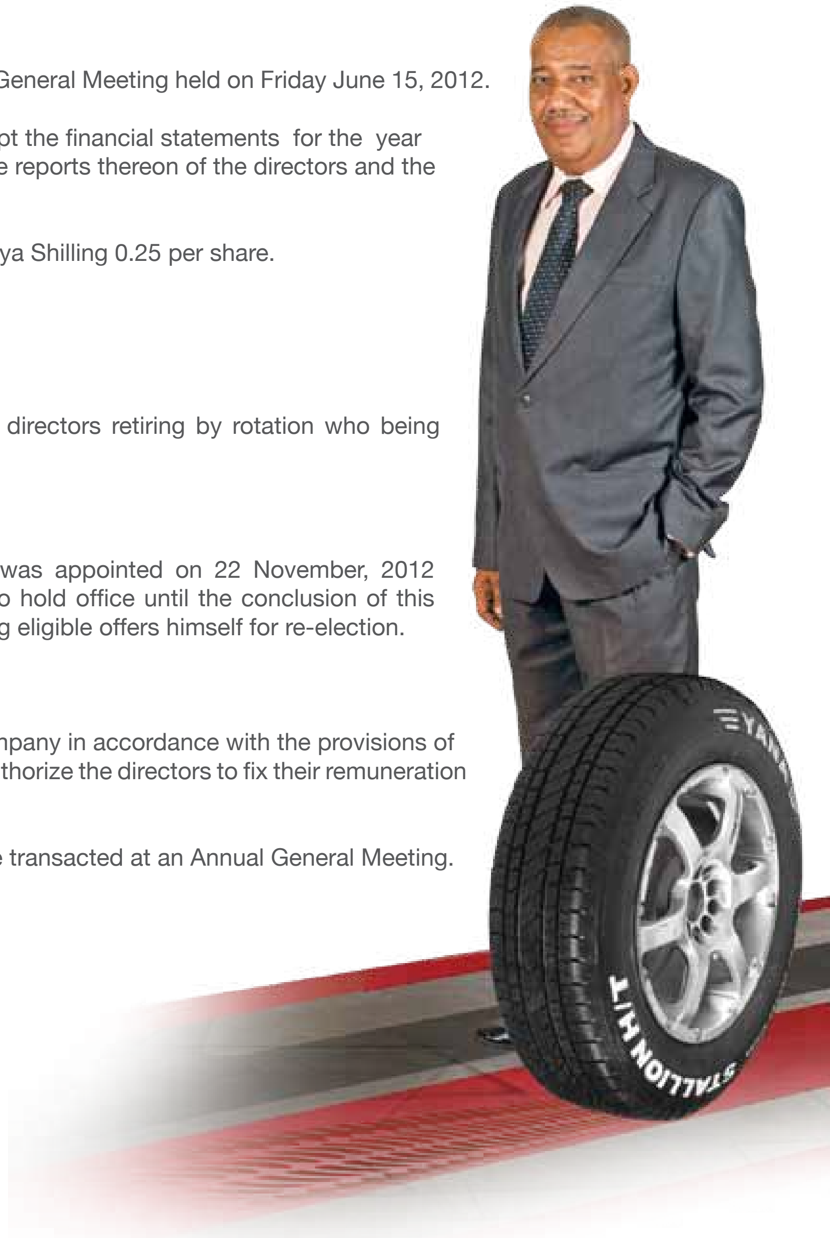
   (ii) Under Article 101

   Mr Sameer N. Merali, a director who was appointed on 22 November, 2012 following the death of Mr T.D. Owuor, to hold office until the conclusion of this Annual General Meeting retires and being eligible offers himself for re-election.

7. To approve the directors' emoluments.

8. To re-appoint KPMG as auditors of the company in accordance with the provisions of Sec. 159 (2) of the Companies Act and to authorize the directors to fix their remuneration for the ensuing financial year.

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



Issa A. Timamy
Company Secretary
Nairobi

21 March 2013

Note:

A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his/her behalf and such a proxy need not be a member of the company. The form of proxy is attached at the end of this report. To be valid, a form of proxy must be duly completed and signed by the member and must either be lodged at the offices of the company's share registrars, Custody and Registrar Services Limited, 6th floor, Bruce House Standard Street, P.O. Box 8484,00100 Nairobi or be posted to reach the share registrars not less than 24 hours before the time appointed for holding the meeting.

Ilani inatolewa hapa kuwa Mkutano Mkuu wa Kila Mwaka wa arobaini na nne (44) wa wanachama utafanyika katika majengo ya Kampuni kando ya barabara ya Mombasa, Nairobi, Ijumaa tarehe 24 Mei mwaka 2013, saa tano na nusu asubuhi kuendesha shughuli zifuatazo:

1. Kuwasilisha kura za uwakilishi na kutambua kuwepo kwa idadi ya wanahisa wa kutosha.

2. Kusoma ilani ya kuitisha mkutano.

3. Kuthibitisha kumbukumbu za Mkutano Mkuu wa Kila Mwaka wa 43 uliofanyika Ijumaa tarehe 15 Juni, 2012.

4. Kupokea, kuchunguza na ikifikiriwa sawa, kukubali taarifa za fedha za mwaka uliomalizikia 31 Desemba 2012 pamoja na taarifa za Wakurugenzi na za Wahasibu.

5. Kuidhinisha mgao wa kwanza na wa mwisho wa Kenya Shilingi 0.25 kwa kila hisa.

6. Kuchagua Wakurugenzi;

   (i) Chini ya Kifungu cha Sheria nambari 94

   Bw. Peter Gitonga na Bw. Akif H. Butt, Wakurugenzi wanaostaafu kwa zamu, ambao kwa kuwa wanastahili, wanajitolea kuchaguliwa tena.

   (ii) Chini ya Kifungu cha Sheria nambari 101

   Bw. Sameer N. Merali, Mkurugenzi aliyechaguliwa tarehe 22 Novemba, mwaka 2012 kufuatia kifo cha Bw. T. D. Owuor, kushikilia afisi mpaka mwisho wa Mkutano huu Mkuu wa Kila Mwaka anastaafu na kwa kuwa anastahili anajitolea kuchaguliwa tena.

7. Kuidhinisha malipo ya Wakurugenzi.

8. Kuwateua tena KPMG kama wahasibu wa Kampuni kulingana na Kifungu cha Sheria nambari 159 (2) cha Sheria za Makampuni na kuwaidhinisha Wakurugenzi kuamua malipo ya wahasibu ya mwaka wa kifedha unaofuata.

9. Kushughulikia shughuli nyingine yoyote inayoweza kushughulikiwa katika Mkutano Mkuu wa Kila Mwaka.

Issa A. Timamy
Katibu wa Kampuni
Nairobi

21 Machi, 2013.

Maelezo zaidi:
Mwanachama mwenye haki ya kuhudhuria na kupiga kura katika mkutano huu anaweza kuchagua wakala kuhudhuria na kupiga kura kwa niaba yake na wakala huyo si lazima awe mwanachama wa Kampuni. Fomu ya wakala imeambatishwa mwisho wa ripoti hii. Ili kuwa halali, fomu ya wakala lazima ijazwe kikamilifu na kutiwa sahihi na mwanachama na lazima ama ifikishwe katika afisi za wasajili wa hisa za Kampuni, Custody and Registrar Services Limited, Jumba la Bruce gorofa ya 6 Barabara ya Standard, S.L.P. 8484, 00100 Nairobi au kutumwa kwa posta kuwafikia wasajili wa hisa kwa muda usiopungua masaa 24 kabla ya wakati uliochaguliwa kufanywa mkutano.

Distinguished shareholders, members of the board, ladies and gentlemen, it is with great pleasure that I welcome you all to the 44th annual general meeting of the company holding this 24th day of May 2013, in Nairobi, Kenya.

Before we proceed further, I would ask that you join me in remembering the late, Tom D. Owuor, who passed away on 24 October 2012, following a very brave struggle against cancer. Apart from being a personal friend and a faithful servant of many boards and institutions in Kenya, Tom served the Sameer Africa Limited board with distinction since his appointment in July 2004. His energy and dedication was seemingly endless and his counsel was always wise, enthusiastic and very well considered. His contribution to our company was enormous and he will be deeply missed by all of us. Our thoughts continue to be with his family and may Tom rest in eternal peace!!

I would ask that we observe a minute's silence in Tom's memory. Thank you.

Operating Environment

2012 was a tale of two halves. In the first half, the Kenyan economy expanded at a very low 3.4%, against the backdrop of high inflation, high oil prices, high interest rates and a delay in the onset of the long rains. Weak demand for horticultural products from Europe also impacted adversely.

In the second half of 2012 however, economic growth was significant with the agricultural, fishing, manufacturing, transport and communication sectors all rebounding significantly. Well spread rains assisted in ensuring increased production in the agricultural sector and the manufacturing sector also grew at a respectable 4.8%.

Inflation declined significantly in the second half of 2012, as did interest rates, in line with the easing of monetary policy by the Monetary Policy Committee which saw the Central Bank Rate (CBR) decline to close the year at 11%. The Nairobi Securities Exchange also performed very well in 2012, with an overall gain of 28% - one of the highest in the world - and against a loss of 29% in 2011. There were also a significant number of corporate actions at the Exchange – five rights issues, a cross-listing by a foreign company and a significant public offer by a leading insurance company.

Despite the improvement in the economic fundamentals in the latter half of 2012, Kenya's trade account shortfall remains of concern as it moved further into a deficit of USD 4.9 billion, in line with growing import demand for new capital and equipment. This trend is expected to continue into 2013, which does not augur well for a strong shilling given also the bleak outlook for exports, against the backdrop of the ongoing debt crisis in Europe.

Sameer Africa Limited

At Sameer Africa Limited, we continued to experience significant upward pressure on our energy costs but this was largely offset by an average 10% reduction in the cost of our imported raw material inputs, in line with a depressed international commodity market and a relatively stable US dollar/Kenya shilling exchange rate. The reduction in input costs impacted favourably on profit margins, allowing us to maintain our retail prices at 2011 levels. We continued to experience significant competitive pressure from cheap imported tyres that continue to flood Kenya and all our regional markets.

In 2012, total factory production, as measured in raw rubber tonnes, increased by 20% over 2011, reversing a declining trend which the company has experienced since 2009. Yana brand sales volumes increased from 248,000 units in 2011, to 267,000 units in 2012, in line with more competitive pricing, a more aggressive sales and marketing thrust, robust expansion into the export market and a strong performance from our Yana Tyre Centres.

Total group revenue at KShs 3.96 billion was 8% up on 2011, and this despite the fact that we did not increase retail prices at all in 2012. Profit before tax at KShs 301 million increased significantly and was more than double that of 2011, for reasons highlighted above and the fact that we were able to contain our finance costs at only KShs 34 million (KShs 112 million in 2011).

In 2012, the board of directors and the board committees continued to meet regularly and to formally engage with and challenge senior management to ensure that implementation of the group's strategic plan and other initiatives remained on track.

Dividend

In line with the company's dividend policy, the board is committed to ensuring that the company distributes part of its earnings to shareholders, while retaining adequate funds to support growth and expansion. To this end, the board in its meeting held on 22 November 2012, approved the payment of a first and final dividend of KShs 0.25 per share. This dividend was paid to all shareholders on or before 15 February 2013.

2013 Outlook

As stated elsewhere, we remain concerned about the US dollar/Kenya shilling exchange rate moving forward, given the underlying weakness in Kenya's trade account. To the upside, however, we project that raw material prices will remain largely depressed for the first nine months of 2013, although we do expect to see natural and synthetic rubber prices move upwards in the fourth quarter.

We also expect the strong 2012 economic fundamentals in Kenya to continue into 2013, and given that the general elections in March 2013, were concluded peacefully, we are certain that an era of confidence and prosperity for the country will be ushered in. New and second hand vehicle sales should continue to increase as per previous years trends, ensuring that tyre demand remains robust into 2013.

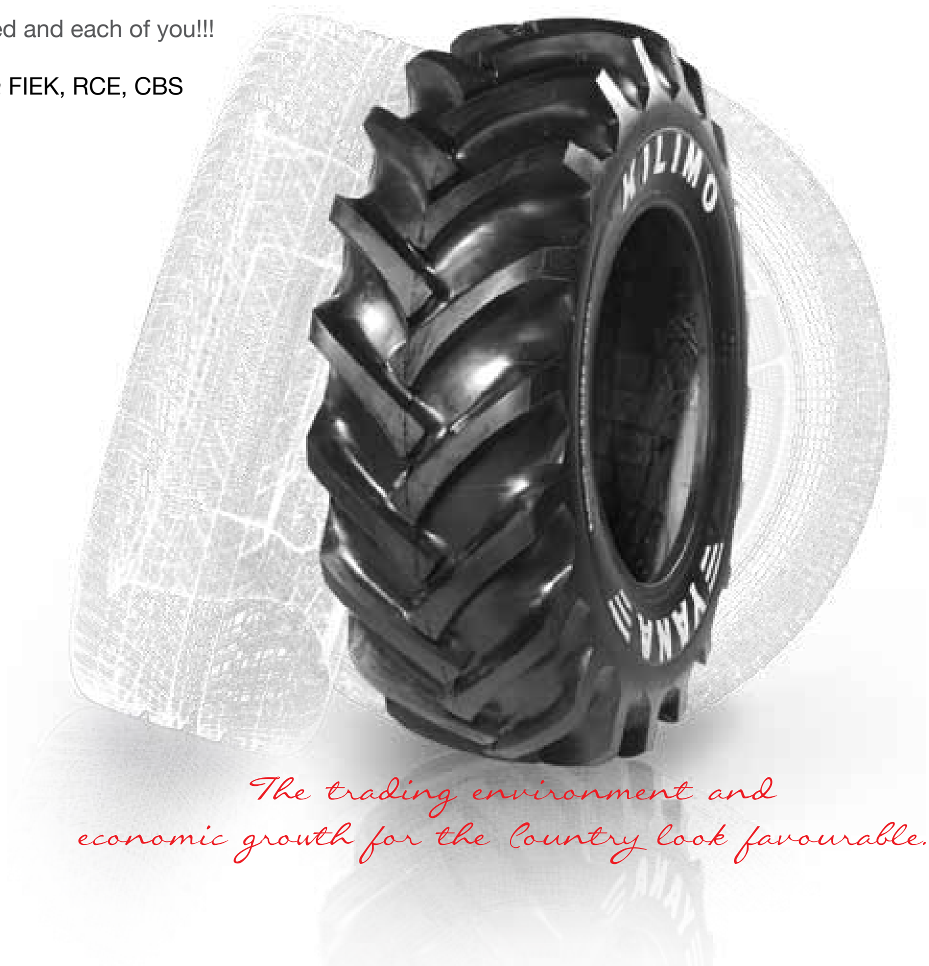
In 2013, the board will continue to aggressively engage with senior management to ensure that our expansion and other business improvement and growth strategies remain on course. Our belief in the quality, durability and price competitiveness of the Yana brand remains as unshakable as ever and this, combined with the fact that we are the only "close-to-market" manufacturer of tyres, will ensure we have the fundamentals and foundations in place to grow the business further.

In 2013, the board will also focus heavily on our enterprise risk management policies, procedures, platforms and strategies to ensure that this is inculcated throughout Sameer Africa Limited such that it assumes its rightful place as a core business driver alongside product, people and price.

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

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

Eng. Erastus Kabutu Mwongera FIEK, RCE, CBS
Chairman



Wenye hisa wa taadhima,wanachama wa halmashauri, mabibi na mabwana, ni kwa furaha kubwa ambapo ninawakaribisha nyote katika mkutano mkuu wa 44 wa kila mwaka wa kampuni unaofanywa siku hii ya 24 ya mwezi Mei mwaka 2013 Nairobi, Kenya.

Kabla hatujaendelea zaidi, ningewaomba muniunge katika kumkumbuka marehemu Tom D. Owuor, aliyefariki tarehe 24 Oktoba 2012,kutokana na kupambana kwa ujasiri sana na saratani.Mbali na kuwa rafiki wa kibinafsi, mtumishi mwaminifu wa halmashauri na taasisi nyingi nchini Kenya, Tom alitumikia halmashauri ya Sameer Africa Limited kwa heshima kutokea kuteuliwa mwezi July mwaka 2004. Nishati yake na kujitolea kulionekana hakuishi na ushauri wake kila mara ulikuwa wa busara, shauku na uliofikiriwa sana.Mchango wake kwa kampuni yetu ulikuwa mkubwa sana na atakumbukwa na sote. Mawazo yetu yanaendelea kuwa na familia yake na Tom apumzike na amani milele!!

Ningeomba tuadhimishe kimya cha dakika moja cha kumbukumbu ya Tom. Asanteni

Mazingira ya Ufanyaji Kazi

Mwaka wa 2012 ulikuwa ni hadithi ya nusu mbili. Katika nusu ya kwanza, uchumi wa Kenya ulipanuka kwa kiwango cha chini sana cha asilimia 3.4 dhidi ya kuwepo na mfumko mkuu wa bei, bei kubwa za mafuta, viwango vya juu vya riba na kuchelewa kuanza kwa mvua za masika. Mahitaji machache ya bidhaa za kilimo cha maua kutoka bara Uropa pia yaliathiri vibaya.

Ijapokuwa katika nusu ya pili, ukuaji wa kiuchumi ulikuwa wa maana na sekta za kilimo, uvuvi, utengenezaji, usafiri na mawasiliano zote zikirudi kwa umuhimu. Mvua zilizoenea vizuri zilisaidia kuhakikisha uzalishaji ulioongezeka katika sekta ya ukulima na sekta ya utengenezaji pia ilikua vizuri kwa asilimia 4.8.

Mfumko wa bei ulipungua kwa kiasi cha maana katika nusu ya pili ya 2012, kama zilivyofanya viwango vya riba, ikifuatana na kurahisishwa kwa sera ya fedha na Kamati ya Sera ya Fedha na ambayo ilifanya kiwango cha Benki Kuu ya Kenya kushuka na kumaliza mwaka kikiwa asilimia 11. Soko la Hisa la Nairobi pia lilifanya vizuri sana katika mwaka 2012, likiwa na faida ya jumla ya asilimia 28-mojawapo ya juu zaidi ulimwenguni ikilinganishwa na hasara ya asilimia 29 katika mwaka 2011. Kulikuwa pia na hatua kadha za umuhimu za kishirika katika soko –matoleo matano ya hisa, kuanzishwa kwa hisa za kampuni ya kigeni na toleo muhimu la umma na kampuni ya bima inayoongoza.

Kando na maendeleo katika kanuni za kiuchumi katika nusu ya pili ya mwaka 2012, upungufu wa hesabu ya biashara ya Kenya bado ni wa kutia wasiwasi kwa vile uliongezeka zaidi kuwa hasara ya US$ bilioni 4.9 ikilingana na mahitaji yanayoongezeka ya maduhuli ya mtaji na vifaa vipya. Mwelekeo huu unatarajiwa kuendelea katika mwaka 2013, ambao hauashirii vizuri kwa shilingi iliyo imara kukiwa pia na mtazamo usio na matumaini wa uuzaji bidhaa nje, dhidi ya kuwepo kwa hali ya wasiwasi ya madeni inayoendelea barani Uropa .

Sameer Africa Limited

Tuliendelea katika Sameer Africa Limited kupata shinikizo kubwa na ongezeko katika gharama zetu za nishati lakini hili lilisawazishwa kwa kiasi kikuu na punguziko la kiasi cha asilimia 10 katika gharama za pembejeo zetu za malighafi yaliyoingizwa nchini, ikilingana na soko la bidhaa la kimataifa lililodhoofika na kiwango cha ubadilishaji kilicho imara kiasi cha dola ya kimarekani na shilingi ya Kenya. Punguziko hili katika gharama za pembejeo pia lilikuwa na athari nzuri kabisa katika ziada ya faida,ikituruhusu kudumisha bei zetu za mauzo ya reja reja katika viwango vyake vya mwaka 2011 na ambayo ilikuwa muhimu ili kupingana na shinikizo la mashindano linalokua kila uchao kutoka kwa matairi rahisi yanayoingizwa nchini yanayoendelea kufurika nchini Kenya na masoko yetu yote ya eneo.

Utengenezaji wote kiwandani katika mwaka 2012, ukipimwa kwa tani za raba ghafi, uliongezeka kwa asilimia 20 dhidi ya mwaka 2011, kubadilisha mwelekeo wa kushuka ambao umekuwa nasi kutokea mwaka 2009. Viwango vya mauzo ya Yana pia viliongezeka kutoka matairi 248,000 katika mwaka 2011 kuwa matairi 267,000 katika mwaka 2012, ikilingana na uwekaji bei wa kufaa zaidi,msukumo wa hima zaidi wa mauzo na uuzaji, upanuzi imara katika soko la biashara nje na utendaji imara katika vituo vyetu vya matairi ya Yana.

Mapato ya jumla ya KShs. bilioni 3.96 ya kundi yalikuwa asilimia 8 zaidi ya yale ya mwaka 2011, na hii ni dhidi ya ukweli kuwa hatukuongeza kabisa bei zetu za mauzo ya reja reja katika mwaka 2012. Faida ya kabla ya ushuru ya KShs. milioni 301 iliongezeka kwa kiasi na ilikuwa zaidi ya mara mbili ya ile ya mwaka 2011, kutokana na sababu zilizoelezwa hapo juu na ukweli kuwa tuliweza kudhibiti gharama zetu za fedha za KShs. milioni 34 tu (KShs. milioni 112 katika mwaka 2011).

Katika mwaka 2012, halmashauri ya wakurugenzi na kamati za halmashauri ziliendelea kukutana mara kwa mara na kujadiliana kirasmi na kutoa changamoto kwa wasimamizi wakuu kuhakikisha kuwa utekelezaji wa mpango wa mkakati wa kundi na juhudi nyingine bado zinaendelea.

Gawio la Faida
Kulingana na sera ya kampuni ya ugawaji wa faida, halmashauri ina azimia kuhakikisha kampuni ina gawa sehemu ya mapato kwa wanahisa, huku ikisaliya na fedha za kuimarisha ukuwaji na upanuzi. Kwa minajli hii halmashauri katika mkutano wake wa tarehe 22 Novemba 2012, ili idhinisha kulipa gawio la mwanzo na la mwisho la KShs. 0.25 kwa kila hisa. Wanahisa wote walilipwa gawio hilo kabla au siku ya tarehe 15 Februari 2012.

Mtazamo wa Mwaka 2013
Kama ilivyoelezwa kwengineko, tukiendelea tunashughulishwa zaidi na kiwango cha ubadilishaji cha dola ya kimarekani na shilingi ya Kenya, kukiwa na udhaifu uliopo katika hesabu ya biashara ya Kenya. Ijapokuwa kwa upande wa uzuri, tunakadiria kuwa bei za malighafi zitabakia za chini kwa kiasi kikubwa kwa miezi tisa ya mwanzo ya mwaka 2013, ijapokuwa tunatarajia kuona bei za raba asili na ya usanisi zikiongezeka katika robo ya nne ya mwaka 2013.

Tunataraji pia kanuni imara za kiuchumi za mwaka 2012 zitaendelea katika mwaka 2013, na ikiwa uchaguzi mkuu wa Machi mwaka 2013 ulimalizwa kwa amani, tuna hakika kuwa enzi ya matumaini na ufanisi wa nchi itaanzishwa. Mauzo ya magari mapya na makuukuu yafaa yaendelee kuongezeka kama mielekeo ya miaka ilyopita, ikihakikisha kuwa mahitaji ya matairi yanaendelea kuwa imara katika mwaka 2013.

Katika mwaka 2013, halmashauri itaendelea kujadiliana kwa hima na wasimamizi wakuu kuhakikisha kuwa upanuzi wetu na uimarishaji wa biashara nyingine na mikakati ya ukuaji inabakia sawa. Imani yetu katika ubora, udumifu, ushindani wa bei wa chapa ya Yana inabaki haitingishiki daima na hili likijumuishwa na ukweli kuwa sisi ndiyo watengenezaji wa matairi pekee “walio karibu na soko”, litahakikisha tunazo kanuni na misingi ya kufaa kuikuza biashara zaidi.

Katika mwaka 2013, halmashauri pia italenga zaidi katika sera zetu za usimamizi wa hatari ya biashara, taratibu, mipango na mikakati kuhakikisha hili linafundishwa kote katika Sameer Africa Limited hivi kwamba ichukue nafasi yake ya kisawa kama mwendeshaji biashara muhimu kando na bidhaa,watu na bei.

Hatimaye, ningependa kuwashukuru wanahisa, wenzi wa kibiashara,washauri na wateja wote kwa usaidizi wao usiotetereka na ukarimu. Shukrani zangu pia ziende kwa wanachama wa halmashauri, usimamizi na wafanyikazi kwa juhudi na mchango wao katika ukuaji wa kuendelea wa Sameer Africa Limited.

Mungu ibariki Sameer Africa Limited na kila mmoja wenu!!!

Mhandisi Erastus Kabutu Mwongera-FIEK,RCE,CBS
Mwenyekiti

Kuna matumaini mazuri juu ya mazingira ya kibiashara na ukuwaji wa kiuchumi nchini.

General

At the global level, total world tyre production remained flat in 2012, owing to slowing economic growth in China and India, continued economic problems in the Eurozone and stuttering growth in North America. On the upside, raw material prices declined significantly as a result and this despite aggressive price intervention on the part of the government in Thailand to support their natural rubber industry. On a weighted average basis, our basket of raw material inputs declined by 10% as against 2011.

In Kenya, Tanzania and Uganda the local currencies declined only marginally against the United States dollar whilst gross domestic product (GDP) growth rates were reasonably impressive, ranging from 3.6% in Uganda to 6.5% in Tanzania.

Vehicle registrations across East Africa for both new and second hand cars continued to grow and this will ensure robust tyre and tube demand moving forward. Of concern remains the continuing influx of cheap imported tyres which have flooded all African markets in recent years. Indeed, their share of the tyre market in Kenya in 2012, was 45%, up from 30% in 2009. We continue to stress our grave concerns regarding the safety and suitability of some of these tyres viz-a-viz the extreme demands of African road conditions.

Production difficulties at Bridgestone and challenges with supply pipeline management continued to impact adversely in 2012, and translated to an average fill rate of only 66% against order. As a result, sales volumes of Bridgestone decreased by 3% as against 2011.

Financial - Group

Total revenue for 2012, at KShs 3.96 billion, was 8% above 2011, but in line with the fact that Yana retail selling prices were not increased at all in 2012. Indeed, prices for many of our products were actually reduced to maintain market share in the face of ever increasing competition. The increase in revenue was therefore, driven largely by increased Yana brand sales volumes where we sold 267,000 tyres as against 248,000 in 2011 – an 8% increase.

Gross profit at KShs 954 million increased by 19% over 2011, mainly as a result of favourable raw material prices and ongoing cost control efforts in the factory. Factory throughput, as measured by raw rubber tonnes, increased by 8% and this greatly assisted in ensuring increased manpower and factory overhead recovery rates. A strong performance from our Yana Tyre Centre operations also assisted in widening gross profit margins.

Other operating income at KShs 146 million increased by 34% mainly driven by strong occupancy levels from our Sameer Industrial Park and Sameer Export Processing Zone properties.

Operating profit at KShs 343 million increased by 26% over 2011, for reasons highlighted above, although distribution, administration and other operating expenses at KShs 757 million increased by 18% over 2011, well above the inflation rate, attributable to a

Through innovation we find better ways to manufacture, deliver products and serve customers.

depreciation adjustment of KShs 30 million, an increase in marketing and sales promotions (KShs 45 million) and additional operating lease charges following the replacement of a large percentage of our marketing vehicle fleet.

Finance costs at KShs 34 million decreased significantly from KShs 112 million in 2011, in line with a continued focus on working capital management and reduced foreign currency losses in 2012.

A profit before taxation of KShs 301 million is reported for 2012, as against KShs 148 million in 2011 - an increase of more than 100%!!!

Production

In 2012, we produced a total of 277,000 tyres, up from 241,000 in 2011, to register a 15% growth for the year. Of concern is the issue of energy costs which rose by 20% over 2011, mainly due to a 27% increase in the cost of furnace fuel.

In the fourth quarter of 2012, we commenced a major refurbishment of our number one boiler and which we anticipate will reduce furnace oil consumption by 15% per annum from the second quarter, 2013.

The focus in 2012, was also on strictly controlling factory scrap and wastage and this we were able to reduce by 4% as against 2011, and despite the 15% growth in the total number of tyres produced.

An emphasis on cost control throughout 2012, also ensured we were able to reduce conversion costs and total factory costs, as measured on the basis of cost per raw rubber tonne, by 3% and 9% respectively as against 2011.

Planning, Procurement and Logistics
Raw material input costs in 2012, reduced by an average of 10% as against 2011, in line with reduced commodity prices on world markets as well as aggressive sourcing actions to take advantage of short term price fluctuations and opportunities.

In 2012, significant work was done to reduce the backlog of specialist engineering spares and which at times can threaten the smooth running of any production facility. Our continued focus on raw material pipeline management also ensured that we were able to reduce demurrage charges by 28% as against 2011, and this despite ever increasing congestion at our ports.

Work also continued on streamlining our vendor master data to ensure that all our suppliers are those which perform to the highest standards in terms of conduct, integrity, product reliability and service.

Marketing and New Business Development
In the second half of 2012, we revamped all our marketing material and commenced an aggressive radio, press and television campaign, aimed at re-enforcing Yana brand equity. We also developed a new and exciting campaign concept across all media platforms which will go into production in the second quarter of 2013.

In 2012, we successfully launched the Yana Jeshi Extra 1400-20 tyre for sale to the Kenya Defense Force (KDF). This tyre was jointly developed with the KDF over a two year period and the tyre is currently serving meritoriously with our forces in Kismaiyu.

Formal and detailed analyses of our markets continued in 2012, and led to the identification of a number of new products which we will commercially launch in 2013, as well as several new products which will enter market test phase in 2013, for commercial launch towards the end of 2014. We also completed three major independent surveys in 2012, relating to mounted tyre populations, customer satisfaction and customer habits, the findings of which will assist in formulating future strategies with regards our marketing and customer service platforms.

Sales
In 2012, we sold a total of 277,000 tyres, an increase of 7% as against the 259,000 sold in 2011, and this despite a poor performance from our subsidiaries in Tanzania and Uganda, poor fleet and government sales in the final quarter of 2012, and disappointing Bridgestone volumes as a result of challenges with the supply pipeline. Robust sales into our export markets and strong growth from our Yana Tyre Centres offset these negative factors and contributed significantly to the overall turnaround as against 2011.

Much work was also done in 2012, to properly price position our products viz-a-viz our competitors and this also assisted in achieving the overall sales volume growth.

Human Resources
At 31 December 2012, we employed a total of 477 people across Kenya, Tanzania and Uganda broken down as follows:-

Permanent	464
Contract	13
Total	**477**

We continue to provide proper retirement and medical benefits and we subscribe to an internal human resource charter that stresses justice, equity and representation. We continued to engage with staff at all levels and internal communication, whilst not yet optimal, did assist in ensuring a harmonious environment where two-way communication is encouraged to enhance both relations and productivity.

Safety and environmental protection policies and procedures were significantly enhanced in 2012 and this will remain an area of focus for all of us moving forward.

As part of our talent management framework we continued to develop initiatives aimed at enhancing performance and the attainment of business objectives. A total of 30 training courses were conducted in 2012, up from 23 courses in 2011, and we also opened a new Yana Training Centre facility at our premises along Mombasa Road, Nairobi, highlighting our increased commitment to staff development and skills enhancement.

Export Markets
Export revenues in 2012, at KShs 410 million increased by 18% against 2011, despite ferocious price competition in all our traditional export markets, severe foreign currency shortages in Malawi, political problems in South Sudan and increasing upheaval in the eastern Democratic Republic of Congo.

In fourth quarter, 2012 we further increased our efforts to protect our export business by moving to penetrate new markets in Zambia, Zimbabwe, Ethiopia, Sudan and Somali and we expect this to impact favourably in 2013.

Tanzania and Uganda Subsidiaries
In 2012, total revenues from these two subsidiaries were KShs 741 million, 16% down on 2011, although this translated into a profit before tax for the two operations of KShs 58 million, as against KShs 34 million in 2011. The decline in revenues was extremely disappointing given the potential of these two markets

and was driven largely by price competition from cheap imported tyres as well as less than optimal in-country management. Consequently, in the fourth quarter of 2012, we finalized plans for the wholesale replacement of senior staff in these two territories. This exercise will be completed by end March 2013.

ICT

In 2012, we continued to leverage on the successful implementation of our SAP backbone system as we successfully deployed the warehouse management module. This will provide a hugely improved control environment in respect of the physical control of our finished goods, engineering and other stores and will improve and streamline cost center allocations.

We also deployed an SAP sales mobility module which allows our sales force to process and place orders, check stock availability and verify customer account details in the field. This innovative solution allows the sales team to maximize customer contact through the elimination of redundant travel.

Outlook

2013 will be an extremely busy year for us as we work to ensure our export sales attain a level of at least 20% of total revenue. We will look to introduce a number of new tyre products in 2013, and we will strive to open four new Yana Tyre Centres (4 in Kenya, one in Tanzania). We will also open a depot and Yana Tyre Centre operation in Burundi by mid-2013 and we will commence an upgrade program of our existing Yana Tyre Centres to ensure they are all world class facilities. We will explore the possibility of introducing a solar energy and coal fired steam generation facility for the factory on Mombasa Road and which we anticipate will reduce energy consumption significantly from 2014 onwards.

We will continue to focus on our property portfolio and where we are optimistic that we will achieve 100% occupancy at Sameer Industrial Park and Sameer Export Processing Zone in 2013. We will also continue our efforts to tenant Sameer Business Park but against a strategy of securing only AAA tenants for this world class facility.

We will seek to maximize returns from the Bridgestone franchise where much work remains to be done in terms of our pipeline management and par stock availability. We will continue to engage with Bridgestone Middle East and Africa, to ensure we receive maximum pricing and technical support. We are justifiably proud of our Bridgestone distribution rights and we will work tirelessly to leverage the brand in terms of both sales volumes and profit potential.

We will continue with our ICT development program with the launch of a new e-commerce website as well as more customer-centric SAP applications covering customer ordering and delivery e-mail notifications as well as the roll-out of the CRM module. Integration of our SAP warehouse management module with our programmed factory maintenance schedules will also be expedited.

To ensure the achievement of our strategic objectives through people, we will aim to develop a talent pipeline at all levels of the organization and we will aggressively adopt a performance based culture in line with our strategic objectives.

2013 will also see us analyze the results of our latest customer satisfaction, mounted tyre count and habits and attitudes surveys with a view to implementing a program of change actions to aggressively address any shortcomings and to take advantage of the many opportunities that these surveys have highlighted.

Finally, we will work tirelessly to complete the turnaround strategies for Tanzania and Uganda as we also focus to ensure the successful opening of our new subsidiary in Burundi.

Allan Walmsley
Managing Director

Jumla
Katika kiwango cha ulimwengu, uzalishaji wa jumla wa matairi ulibakia bapa katika mwaka 2012 ukilingana na ukuaji wa polepole wa kiuchumi katika nchi za Uchina na Uhindi, matatizo yalioendelea ya kiuchumi katika eneo la Ulaya na ukuaji uliochechemea katika Amerika ya Kusini. Kwa upande mwingine, bei za malighafi zilipungua kwa kiwango kikubwa kama matokeo na hili ni dhidi ya kuingilia kwa nguvu kwa upande wa serikali katika bei nchini Thailand kusaidia biashara yao ya raba asilia. Katika msingi wa wastani, pembejeo zetu za malighafi zilipungua kwa asilimia 10 dhidi ya mwaka 2011.

Katika nchi za Kenya, Tanzania na Uganda fedha za mahali huku zilishuka kidogo tu dhidi ya dola ya kimarekani hali viwango vya ukuaji vya jumla ya pato la taifa vilikuwa vya kuvutia kiasi, vikiwa kutoka asilimia 3.6 nchini Uganda hadi asilimia 6.5 nchini Tanzania.

Usajili wa yote magari mapya na makuukuu kote Afrika Mashariki uliendelea kukua na hili litahakikisha mahitaji imara ya matairi na tyubu siku zikiendelea. Lakushughulisha katika miaka ya karibuni bado ni kuendelea kuingia kutoka nje kwa matairi rahisi ambayo yamejaa katika masoko ya Afrika. Kwa hakika, hisa yao ya soko la matairi nchini Kenya katika mwaka 2012, ilikuwa asilimia 45, ilioongezeka kutoka asilimia 30 katika mwaka 2009. Tunaendelea kusisitiza wasiwasi wetu mkuu kuhusiana na usalama na kufaa kwa baadhi ya matairi haya ikilinganishwa na mahitaji magumu ya hali za barabara za Afrika.

Matatizo ya utengenezaji ya Bridgestone na changamoto za usimamizi wa nyenzo za ugavi yaliendelea kuathiri vibaya katika mwaka 2012, na ikafikia kutengenezwa kiwango cha kiasi cha asilimia 66 ya mahitaji. Matokeo yake yakawa upungufu wa asilimia 3 ya viwango vya mauzo ya Bridgestone ikilinganishwa na mwaka 2011.

Fedha za Kundi
umla ya mapato ya Kshs bilioni 3.96 ya mwaka 2012, yalikuwa asilimia 8 zaidi ya mwaka 2011, lakini yakilingana na ukweli wa kuwa bei za uuzaji wa rejareja wa matairi ya Yana hazikuongezwa kabisa katika mwaka 2012. Kwa hakika, bei za bidhaa zetu nyingi hasa zilipunguzwa kudhibiti hisa ya soko dhidi ya ushindani unaoongezeka kila uchao kutokana na matairi rahisi yanayoingizwa kutoka nje. Kwa hivyo, ongezeko katika mapato, lilitokea hasa kutokana na ongezeko la viwango vya mauzo ya matairi ya Yana ambapo tuliuza matairi 267,000 ikilinganishwa na matairi 248,000 katika mwaka 2011 – ongezeko la asilimia 8.

Faida ya jumla ya KShs milioni 954 iliyoongezeka kwa asilimia 19 zaidi ya mwaka 2011, hasa kutokana na bei nzuri za malighafi na juhudi zinazoendelea za kudhibiti gharama katika kiwanda. Mazao ya kiwanda, kama yanavyopimwa na tani za raba ghafi, yaliongezeka kwa asilimia 8 na hili lilisaidia sana katika kuhakikisha ongezeko la wafanyikazi na viwango vya upataji wa gharama za uendeshaji kiwanda. Utendaji mzuri katika shughuli za vituo vyetu vya matairi ya Yana pia ulisaidia katika kuongeza ziada ya faida ya jumla.

Kupitia uvumbuzi wa hali ya juu tunapata mbinu bora za utengenezaji wa bidhaa ili kutowa huduma kwa wateja.

Mapato mengine ya KShs milioni 146 ya kuendeshea kazi yaliongezeka kwa asilimia 34 yaliyosababishwa haswa na viwango vikuu vya upangishwaji wa Sameer Industrial Park na majengo yetu ya Sameer ya utengenezaji biashara nje.

Faida ya milioni 343 ya kuendeshea kazi iliongezeka kwa asilimia 26 zaidi ya mwaka 2011, kutokana na sababu zilizoelezwa hapo juu, ijapokuwa ugawaji, usimamiaji na gharama nyingine za uendeshaji kazi za KShs milioni 757 ziliongezeka kwa asilimia 18 zaidi ya mwaka 2011, zaidi kabisa ya kiwango cha mfumko wa bei, ziliyotokana na marekebisho ya upunguzaji thamani wa KShs milioni 30, ongezeko la matangazo ya uuzaji na mauzo (KShs milioni 45) na malipo ya ziada ya ukodishaji kufuatia ubadilishaji wa asilimia kubwa ya magari yetu ya uuzaji.

Gharama za usimamizi wa fedha za KShs milioni 34 zilipungua kwa kiwango kikubwa kutoka KShs milioni 112 katika mwaka 2011, ikilingana na shabaha ilioendelea kwenye usimamizi wa fedha za kufanyia kazi na hasara iliyopungua ya fedha za kigeni katika mwaka 2012.

Faida ya kabla ushuru ya KShs milioni 301 inaripotiwa ya mwaka 2012, dhidi ya KShs milioni 148 katika mwaka 2011 – ongezeko la zaidi ya asilimia 100!!!

Utengenezaji
Tulitengeneza jumla ya matairi 277,000 katika mwaka 2012, ongezeko kutoka matairi 241,000 katika mwaka 2011, kuandikisha ukuaji wa asilimia 15 wa mwaka. Lakushughulisha ni swala la gharama za nishati ambazo ziliongezeka kwa asilimia 20 zaidi ya mwaka 2011, hasa kutokana na ongezeko la asilimia 27 katika gharama za mafuta ya tanuu.Katika robo ya nne ya mwaka 2012, tulianzisha ukarabati mkuu wa bwela letu kuu na ambao tunataraji utapunguza utumizi wa mafuta ya tanuu kwa asilimia 15 kutokea robo ya pili ya mwaka 2013.

Katika mwaka 2012, pia shabaha hasa ilikuwa katika kudhibiti masalio ya kiwanda na ufujaji na hili tuliweza kupunguza kwa asilimia 4 ikilinganishwa na mwaka 2011, na dhidi ya ukuaji wa asilimia 15 katika jumla ya idadi ya matairi yaliyotengenezwa. Msisitizo kwenye udhibiti wa gharama mwaka wote wa 2012, pia ulihakikisha tuweze kupunguza gharama za ubadilishaji na jumla ya gharama za kiwanda, kama zinavyopimwa kwa msingi wa gharama ya tani ya raba ghafi kwa asilimia 3 na asilimia 9 mtawalia ikilinganishwa na mwaka 2011.

Upangaji,Ukawadi na Utaratibu wa Ugavi na Usafirishaji

Katika mwaka 2012, gharama za pembejeo za malighafi zilipungua kwa kadiri ya asilimia 10 ikilinganishwa na mwaka 2011, ikilingana na bei za bidhaa zilizopungua katika masoko ya ulimwengu na pia hatua hasa za kuyapata ili kufaidika na mabadilikobadiliko ya bei za muda mfupi na fursa. Katika mwaka 2012, kazi kubwa ilifanywa kupunguza ulimbikizi wa vipuri maalum vya uhandisi na ambao wakati mwingine unaweza kutishia ufanyaji kazi mzuri wa kituo chochote cha utengenezaji. Shabaha yetu inayoendelea katika usimamizi wa nyenzo za malighafi pia ilihakikisha kuwa tuliweza kupunguza fidia ya kuchelewa kwa asilimia 28 ikilinganishwa na mwaka 2011, na hii ni dhidi ya msongamano unaozidi kila uchao katika bandari zetu. Kazi iliendelea pia katika kupanga data yetu kuu ya wauzaji kuhakikisha kuwa wagavi wetu wote ni wale ambao wanafanya kazi kwa viwango vya juu kabisa kufuatana na maadili, uaminifu, kutegemeka kwa bidhaa na huduma.

Uuzaji na Maendeleo ya Biashara Mpya

Katika nusu ya pili ya mwaka 2012, tulifufua bidhaa zetu zote za uuzaji na tukaanzisha kampeni ya hima ya redio, magazeti na runinga, iliyolenga katika kutia nguvu tena hisa ya chapa ya Yana. Pia tuliendeleza dhana ya kampeni mpya ya kusisimua katika ulingo wa vyombo vya habari na ambayo itatayarishwa katika robo ya pili ya mwaka 2013.

Katika mwaka 2012, tulifaulu kuanzisha tairi la Yana Jeshi Extra 1400-20 kuuzwa kwa Jeshi la Kenya. Tairi hili liliendelezwa kwa pamoja na Jeshi la Kenya katika muda wa miaka miwili na kwa sasa tairi linahudumu kwa ustahili na wanajeshi wetu Kismaiyu.

Uchanganuzi rasmi na wa kina wa masoko yetu uliendelea katika mwaka 2012, na uliongoza katika kutambua idadi kadhaa ya bidhaa mpya ambazo tutazizindua kibiashara katika mwaka 2013, na pia bidhaa mpya kadhaa ambazo zitaingia awamu ya majaribio ya soko, kuzinduliwa kwa biashara kuelekea mwisho wa mwaka 2014. Pia tulikamilisha tafiti tatu kuu za kibinafsi katika mwaka 2012, kuhusiana na idadi ya matairi yanayotumika, utoshekaji wa wateja na tabia za wateja, matokeo ambayo yatasaidia katika kuunda mikakati ya usoni kufuatana na ulingo wetu wa uuzaji na huduma kwa wateja.

Mauzo

Tuliuza jumla ya matairi 277,000 katika mwaka 2012, ongezeko la asilimia 7 ikilinganishwa na matairi 259,000 yaliouzwa mwaka 2011, na hii ni dhidi ya utendaji mbaya kutoka kwa kampuni zetu tanzu nchini Tanzania na Uganda, magari mabaya na mauzo kwa serikali katika robo ya mwisho ya mwaka 2012, na viwango visivyoridhisha vya Bridgestone kama matokeo ya changamoto za nyenzo za ugavi. Mauzo imara katika masoko yetu ya usafirishaji nje na ukuaji mkuu katika vituo vyetu vya matairi ya Yana yalisawazisha athari hizi hasi na kuchangia kwa kiasi kikuu mageuko ya jumla ikilinganishwa na mwaka 2011.

Pia kazi ilifanywa katika mwaka 2012, kuziweka kisawa kibei bidhaa zetu ikilinganishwa na washindani wetu na hili pia lilisaidia katika kufikia ukuaji wa jumla wa viwango vya mauzo.

Rasilimali za Kibinadamu

Kufikia Desemba mwaka 2012, tumeandika jumla ya watu 477 nchini Kenya, Tanzania na Uganda wakiwa wafuatao:-

Wafanyikazi wa kudumu	464
Wafanyikazi wa mkataba	13
Jumla	**477**

Tunaendelea kutoa ruzuku za kustaafu na matibabu za kisawa na tunachangia mkataba wa kibinafsi wa rasilimali za kibinadamu wa kampuni unaohimiza haki, usawa na uwakilishi. Tuliendelea kujadiliana na wafanyikazi katika viwango vyote na mawasiliano ya kindani ya kampuni, ingawa si ya hali ya upeo kabisa, yalisaidia katika kuhakikisha mazingira ya kuridhisha ambapo mawasiliano ya njia mbili yanahimizwa kuendeleza yote mahusiano na utengenezaji.

Sera na taratibu za usalama na ulinzi wa mazingira ziliendelezwa kwa kiasi kikubwa katika mwaka 2012 na hili litabakia kuwa shabaha yetu tukiendelea mbele.

Kama sehemu ya mfumo wetu wa usimamizi wa vipawa tuliendelea kuendeleza juhudi zilizolenga kuimarisha utendaji na utimizaji wa malengo ya biashara. Jumla ya kozi 30 za mafunzo ziliendeshwa katika mwaka 2012, ongezeko kutoka kozi 23 katika mwaka 2011, na pia tulifungua kituo kipya cha mafunzo cha Yana katika majengo yetu kwenye barabara ya Mombasa, Nairobi, ikisisitiza kujitolea kwetu kulikoongezeka katika kuendeleza na kuimarisha stadi za wafanyikazi.

Masoko ya Bidhaa Nje

Katika mwaka 2012, mapato ya biashara nje yalikuwa KShs milioni 410 yalioongezeka kwa asilimia 18 ikilinganishwa na mwaka 2011, dhidi ya ushindani mkali wa bei kutoka matairi rahisi yaliyoingizwa kutoka nje katika masoko yetu yote ya asili ya biashara nje,upungufu mkubwa wa fedha za kigeni nchini Malawi, matatizo ya kisiasa nchini Sudan Kusini na ongezeko la mageuzi makubwa mashariki ya taifa la kidemokrasia la Congo. Katika robo ya nne ya mwaka 2012, tuliongeza zaidi juhudi zetu kulinda biashara nje yetu kwa kuingia na kupenya masoko mapya nchini Zambia, Zimbabwe, Ethiopia Sudan, na Somalia na tunataraji hili litaathiri vizuri mwaka 2013.

Kampuni tanzu za Tanzania na Uganda

Jumla ya mapato kutoka tanzu hizi mbili katika mwaka 2012 yalikuwa KShs milioni 741, yalio chini kwa asilimia 16 na ya mwaka 2011, ijapokuwa kwa shughuli hizi hii ilikuwa ni faida kabla ushuru ya KShs milioni 58, ikilinganishwa na KShs milioni 34 katika mwaka 2011. Upungufu huu katika mapato ulikuwa ni wa kutoridhisha kabisa kutokana na uwezo wa masoko haya mawili na ulisababishwa hasa na mashindano ya bei kutoka matairi rahisi yaliyoingizwa kutoka nje na pia usimamizi wa ndani ya nchi usio wa upeo kabisa. Hivyo, katika robo ya nne ya mwaka 2012, tulimaliza mipango ya mabadilisho ya jumla ya wafanyikazi wakuu katika nchi hizi mbili. Zoezi hili litakamilika kufikia mwisho wa Machi mwaka 2013.

Teknolojia ya Habari na Mawasiliano

Tuliendelea katika mwaka 2012 kushawishi kwa nguvu utekelezaji wa kufaulu wa mfumo wetu wa kimsingi wa SAP na tulifaulu kueneza kiunzi cha usimamizi wa bohari. Hili litatoa udhibiti mkubwa wa mazingira ulioimarika kulingana na udhibiti wa asili wa bidhaa zetu zilizokamilika, uhandisi na maghala mengine na utaimarisha na kufanisha ugawanyi wa gharama za vituo.

Pia tulieneza kiunzi cha SAP cha uendaji wa mauzo kinachowezesha kitengo chetu cha mauzo kupitia na kuagizia, kuangalia kuwepo kwa bidhaa na kuhakikisha maelezo ya hesabu za wateja nyanjani. Suluhisho hili la kiuvumbuzi linaruhusu timu ya mauzo kuongeza hadi upeo mawasiliano ya wateja kupitia kuepuka usafiri usiohitajika.

Mtazamo

Mwaka 2013 utakuwa mwaka wenye shughuli nyingi sana kwetu tunapofanya kazi kuhakikisha mauzo yetu ya biashara nje yanafikia kiwango cha angalau asilimia 20 ya jumla ya mapato. Tunatarajia katika mwaka 2013 kuanzisha bidhaa kadhaa mpya za matairi, na tutajitahidi kufungua vituo vitano vipya vya matairi ya Yana (vinne nchini Kenya, kimoja Tanzania). Pia tutafungua ghala na kituo cha matairi ya Yana nchini Burundi kufikia kati ya mwaka 2013 na tutaanzisha mpango wa kuimarisha vituo vyetu vya matairi ya Yana vilivyopo na kuhakikisha vyote ni vituo vya viwango vya ulimwengu.

Tutachunguza uwezekano wa kuanzisha kituo cha kuzalisha nishati ya jua na mvuke unaotokana na makaa kwa kiwanda chetu kilichopo barabara ya Mombasa ambacho tunataraji kitapunguza utumizi wa nishati kwa kiwango kikubwa kutokea mwaka 2014 na kuendelea.

Tutaendelea kulenga kwenye orodha yetu ya majengo na ambapo tuna matarajio kuwa tutafikia asilimia 100 ya upangaji katika Sameer Industrial Park na eneo la utengenezaji biashara nje la Sameer katika mwaka 2013. Tutaendelea pia na juhudi zetu kupangisha Sameer Business Park lakini kwa mkakati wa kupata wapangaji wa AAA pekee kwa kifaa hiki cha kiwango cha ulimwengu.

Tutatefuta kuongeza hadi upeo faida kutoka kwa kampuni ya Bridgestone ambapo kazi nyingi inabakia kufanywa kufuatana na usimamizi wa nyenzo zetu na kiwango cha upatikanaji wa bidhaa. Tutaendelea kujadiliana na Bridgestone Mashariki ya Kati na Afrika, kuhakikisha tunapata bei nzuri zaidi na usaidizi wa kiufundi. Tuna sababu ya kujivunia haki yetu ya ugawaji wa matairi ya Bridgestone na tutafanya kazi bila kuchoka kuipigia debe chapa hii katika zote viwango vya mauzo na uwezekano wa faida.

Tutaendelea na mpango wetu wa maendelezo ya teknolojia ya habari na mawasiliano na uanzishaji wa mtandao mpya wa biashara na pia matumizi ya SAP yaliyolenga wateja yanayojihusisha na maagizo ya wateja na taarifa za kupelekwa kwa barua pepe na pia uanzishi wa kiunzi cha CRM. Ujumuishi wa kiunzi cha SAP cha usimamizi wa bohari na ratiba zetu za mpangilio za ukarabati wa kiwanda pia zitaharakishwa.

Kuhakikisha utimizaji wa malengo yetu ya kimkakati kupitia watu, tutalenga kuendeleza nyenzo ya vipawa katika viwango vyote vya shirika na tutafanya hima ya kufuata utamaduni wa msingi wa utendaji kufuatana na malengo yetu ya kimkakati.

Mwaka 2013 pia utatufanya tuchunguze matokeo ya karibuni kabisa ya utoshekaji wa wateja wetu, hesabu ya matairi yatumikayo na tafiti za tabia na mitazamo kwa nia ya kutekeleza mpango wa kubadilisha hatua kushughulikia hasa upungufu wowote na kufaidika na fursa nyingi ambazo kwamba tafiti hizi zimeonyesha.

Hatimaye, tutafanya kazi bila kuchoka kukamilisha mikakati ya kuleta mabadiliko nchini Tanzania na Uganda tukilenga pia kuhakikisha ufunguzi wa kufaulu wa utanzu wetu mpya nchini Burundi.

Allan Walmsley
Mkurugenzi Msimamizi

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2012, which disclose the state of affairs of the group and the company.

1. Principal activities

The principal activities of the group are the manufacture, importation and sale of tyres and the letting of premises.

2. Results

The results for the year are set out on page 28.

3. Dividend

The directors recommend the payment of a first and final dividend of KShs 0.25 per share (2011 – KShs 0.20).

4. Directors

The directors who served during the year are set out on page 2.

5. Auditors

The auditors, KPMG Kenya, continue in office in accordance with Section 159(2) of the Companies Act (Cap. 486).

6. Approval of financial statements

The financial statements were approved at a meeting of the directors held on 21 March 2013.

By Order of the Board

Issa A. Timamy
Company Secretary

21 March 2012

Wakurugenzi wana furaha ya kuwasilisha ripoti yao pamoja na taarifa za kifedha zilizokaguliwa za mwaka ulioishia tarehe 31 Desemba 2012, ambazo zinaarifu hali ya shughuli za Kundi na Kampuni.

1. Shughuli kuu za kampuni

Shughuli kuu za Kundi ni utengenezaji, uingizaji wa matairi kutoka nje na uuzaji na ukodishaji wa majengo.

2. Matokeo

Matokeo ya mwaka yanaonyeshwa kwenye ukurasa wa 28.

3. Gawio la faida

Wakurugenzi wanapendekeza mgao wa mwanzo na wa mwisho wa KShs 0.25 kwa kila hisa (Mwaka 2011- Kshs 0.20).

4. Wakurugenzi

Wakurugenzi waliofanya kazi katika mwaka wameonyeshwa kwenye ukurasa wa 2.

5. Wahasibu

Wahasibu, KPMG Kenya, wanaendelea kushikilia afisi kuambatana na sehemu 159 (2) ya Sheria za Makampuni (kifungu 486).

6. Kukubaliwa kwa taarifa za kifedha

Taarifa za kifedha zilikubaliwa katika mkutano wa wakurugenzi uliofanywa tarehe 21 Machi, 2013.

Kwa Amri ya Halmashauri

Issa Timamy
Katibu wa Kampuni

21 Machi, 2013

ENG. Erastus K. Mwongera
Chairman

Mr. A. H. Butt
Director

Mr. A. Walmsley
Managing Director

Mr. S. M. Githiga
Director

Mr. P. M Gitonga
Director

Mr. I. A. Timamy
Director

Mr. S. N. Merali
Director

"Innovation is a continuous journey of transformation"

Management Team

Mr. Allan Walmsley
Managing Director

Mr. Romulus Omondi
GM Operations

Mr. Misheck Wanjohi
GM Sales

Mr. Steven Mwenda
GM Marketing & Business Development

Ms. Irene Muinde *Head of HR*

Mr. Richard Opiyo *Ag. Head of ICT*

Mr. Hassan Awadh *Head of Internal Audit*

Mr. Martin Makundi *GM Finance & Strategy*

Mr. John Kabare *GM Manufacturing*

Sameer Africa Limited has long recognized the importance of an effective corporate governance structure and continues to take all necessary steps to implement policies, procedures and systems to ensure full compliance with all applicable statutes and regulations, the requirements of all our regulatory bodies and the Memorandum and Articles of Association for itself and its subsidiary companies.

The board of directors has already adopted a number of specific codes, internal charters and policies to enable it to discharge its corporate governance responsibilities. This is an ongoing and dynamic process requiring continual review and modification in the light of ongoing changes in legislation, regulation and global best practice.

A. The Board of Directors:

The board of directors remains committed to continually improving corporate governance at all levels within the group, especially with regard to the protection of stakeholder interests, corporate strategy, the integrity of financial reporting, the internal control environment, enterprise risk management, regulatory compliance and overall management performance.

The board is made up of 6 (six) non-executive directors and 1 (one) executive director and is led by a chairman. The board is committed to ensuring that all directors possess the necessary qualifications and experience and that all are of unquestionable integrity. Directors are appointed by the board and elected by the shareholders in general meeting. No one person shall occupy the position of chairman and that of chief executive officer/ managing director at the same time.

The primary purpose of the board is the creation and delivery of sustainable, long term value. Towards the achievement of this purpose, Sameer Africa Limited maintains different and separate roles for the chairman and the managing director of the company. The chairman directs the board, thereby ensuring its effective operation whilst discharging all its legal and regulatory obligations.

The Board is specifically responsible for:

i) Establishing the strategic direction of the group and overseeing and monitoring its activities.

ii) Ensuring that appropriate corporate governance structures and practice, systems, policies, processes, strategies and resources are in place and are functional to enable the group to operate in a safe, responsible and ethical manner and in compliance with all moral, legal and regulatory requirements.

iii) Reviewing corporate strategy, major plans of action, policies, business plans and overseeing major capital expenditure and business acquisitions.

iv) Ensuring that the requirements of all stakeholders are fully understood and met.

v) Monitoring and formally assessing the performance of the boards, their committees, individual directors and the senior executive management team against the relevant charters, corporate governance policies, agreed goals and objectives and annual budget.

vi) Selecting, compensating, monitoring and when necessary, replacing key executives and overseeing succession planning.

vii) Ensuring the continuity of the group via formal disaster recovery procedures and the establishment of a clear succession plan.

viii) Establishing an appropriate risk management framework which effectively identifies and manages all risks in line with the group's overall risk appetite.

ix) Ensuring that the internal and external audit functions are effective and that robust accounting and internal control systems are in place.

x) Establishing effective procedures for monitoring internal and external financial and other reporting to ensure it continually gives an accurate account of the group's progress, profitability, financial position and risk.

The board will, at all times, conduct the business of the group based upon sound practices and shall act in good faith, with due diligence and care in the best interests of the group.

B. Standing Committees:

In order to assist it in fulfilling its corporate governance responsibilities, the board has also constituted specific committees which work independently of each other and which meet on a quarterly basis. The standing committees have separate charters which define their purpose, composition, structures, duties and responsibilities and reporting lines to the board. The roles and responsibilities of these committees are as follows:

1. Audit and Risk Management Committee

The committee is established to assist the board in the effective discharge of its oversight responsibility to ensure and oversee the integrity of the group's accounting and reporting process and for the risk assessment and risk management functions of the group. The Head of Internal Audit has access to this committee and makes quarterly presentations for the consideration of members.

This committee is responsible for:

- Ensuring the integrity of the company's accounting and reporting processes and policies;

- Ensuring compliance with all applicable accounting standards
- Reviewing scope and emphasis as regards the work of both the internal and external auditor.
- The selection, evaluation and compensation of the external auditors
- Ensuring that the company's internal audit function is effective and sufficiently independent of management
- Ensuring that the group's accounting policies are suitable and are consistently and completely applied in the preparation of all financial reports.
- Ensuring the group's enterprise risk management structures are proactive and operate effectively at all levels of the group on a continuous basis.
- Ensuring the group has a formal risk management policy that is reviewed and evaluated annually
- Ensuring formal procedures and contingencies are in place to ensure business recovery and continuity in the event of fundamental disruption and dislocation.
- Ensuring the group's total risk profile is capable of systematic measurement as a basis for determining the group's overall risk appetite.
- Ensuring a risk management based culture is developed and is continuously enforced by management.

2. Nominations and Remuneration Committee

The committee is established to assist the board in discharging its responsibilities relating to board nominations, composition and performance appraisal and in particular, all high level establishment issues relating to senior level executive staff.

This committee is responsible for:

- Ensuring that formal procedures exist to properly identify and assess all new board nominations and senior executive staff appointments.
- Reviewing the composition of all group boards and committees.
- Conducting annual appraisals and performance reviews of the boards and all their committees and members thereof
- Ensuring that there are formalized procedures for the proper induction of all new directors and staff.
- Establishing remuneration and reward-based incentive schemes for senior executive management
- Approving senior executive selection, appraisal and compensation
- Ensuring that the group's employee appraisal procedures are properly formalized and are effective as a basis for all internal promotions and salary awards.
- Ensuring that the group's personnel policies and procedures are comprehensive and are properly formalized.
- Rewarding the results of the annual employee appraisal exercise.

3. Finance and Investment Committee

The committee is established to assist the board in fulfilling its financial oversight responsibilities with specific reference to corporate finance, resource and asset utilization, investment portfolio performance, capital structure, cash management, equity and debt financing, capital expenditure, financial planning and reporting and the overall financial performance of the Group.

This committee is responsible for:

- Approval of all significant investments and divestments.
- Approval of the group's annual financial budget and monitoring the group's financial performance against such annual budget.
- Approval of the group's annual capital expenditure budget.
- Evaluating all major capital expenditure and business acquisition proposals from management and monitoring actual expenditure against such proposals and/or approved budgets.

All committees have the authority to conduct any investigation necessary to fulfill their obligations and can retain such accounting and legal advisors as may be necessary to successfully attain their objectives.

The activities of the committees are reported to the board and their decisions ratified by the board as appropriate.

Members of the board are expected to disclose any related party transactions and where necessary, excuse themselves from discussions on the subject matter.

The board and its committees meet once every quarter and additionally as the needs of the group may determine. In the financial year 2012, the board and its committees met as follows:

Forum	Membership	No. of Meetings
Board	Eng. Erastus Mwongera - Chairman Mr. Allan Walmsley – Managing Director - appointed 1 September 2012 Mr. Akif Butt Mr. Peter Gitonga Mr. Stephen Githiga Mr. Issa Timamy – Secretary Mr. Tom Owuor (late) - 31 August 2012 Mr. Michael Karanja – resigned 31 August 2012 Mr. Sameer Merali – appointed 21 November 2012	5
Board Investment and Finance Committee	Mr. Akif Butt - Chairman Mr. Peter Gitonga The Managing Director and General Manager Finance & Strategy attend all committee meetings	6
Audit and Risk Management Committee	Mr. Stephen Githiga – Chairman Mr. Sameer N. Merali The Managing Director, Head of Internal Audit and Risk and General Manager Finance & Strategy attend all committee meetings	2
Nomination and Remuneration committee	Eng. Erastus Mwongera – Chairman Mr. Issa Timamy The Managing Director and Head of Human Resources attend all committee meetings	4

C. The Shareholders

The board of directors is accountable to the shareholders and the company encourages and promotes shareholder participation. Hence, the shareholders have the opportunity at members' general meetings, duly convened according to the requirements of the Companies Act 486.

The general meeting of shareholders is held once annually and additionally as the needs of the company may determine. At the general meetings, shareholders are given ample time to air their questions and receive adequate responses from the board and management. Members are also welcome to raise issues relating to the company on an informal basis.

In the financial year 2011, the members met in 1 (one) general meeting on 15 June 2012, in Nairobi, Kenya.

D. The Management

The management is responsible for:

• The day to day running of the group on behalf of the board.

• The development and implementation of all board approved initiatives

• The achievement of all business and operational plans, targets, strategies and objectives within the framework of the company's risk management framework

• The development of advanced reporting procedures to ensure the board is kept fully informed of all times.

Management also ensures that the processes, policies, procedures and controls within the group are effective and are regularly reviewed to deliver financial and operational accountability and success.

E. Business Ethics

Sameer Africa Limited is committed to ensuring that the business of the company is conducted in an environment that is transparent and accountable and for the benefit of all the stakeholders. All employees within the company are required to conduct themselves to the highest standards of integrity and adhere to the company's Code of Business Conduct, which sets out the values and principles that guide their daily activities and in compliance with existing laws and regulations.

F. Directors Emoluments and Loans

The remuneration of non-executive directors consists of fees and sitting allowances for their services in connection with board and committee meetings. There were no directors' loans at any time during the period.

G. Directors Conflict of Interest

Directors are required to disclose all areas of conflict of interest to the board and are excluded from voting on such matters. They are sensitized on the rules of insider trading and any changes in the shareholding are reported at every board meeting.

H. Attendance of Board and Committee meetings

Director		No. of committee meetings attended - 2012		
	No. of board meetings attended	Audit/ Risk committee	Investment/ Finance committee	Nomination/ Remuneration committee
Eng. E. Mwongera	5	-	-	4
Mr. A. Butt	5	-	6	-
Mr. A. Walmsley	1	1	1	1
Mr. S. Githiga	5	2	-	-
Mr. P. Gitonga	5	-	5	-
Mr. I. Timamy	5	-	-	4
Mr. T. Owuor	4	2	-	-
Mr. M. Karanja	4	1	5	3
Mr. S. Merali	1	-	-	-

Principal shareholders

The ten largest shareholdings in the company and the respective number of shares held at 31 December 2012 are as follows:

No.	Name	Number of Shares	%
1	Sameer Investments Limited	159,332,926	57.24
2	Bridgestone Corporation	41,485,056	14.9
3	BNP Paribas (Suisse) SA	4,417,600	1.59
4	Patrick Njogu Kariuki	2,205,400	0.79
5	Swani Coffee Estate Limited	1,942,760	0.70
6	Karim Jamal	1,618,400	0.58
7	Kamlesh Raichand Shah	1,580,166	0.57
8	CFC Stanbic Nominees A/C NR1030602	1,500,000	0.54
9	Gulzar Amirali Somji & Ameerali Abdoulrasul Somji	1,286,771	0.46
10	Craysell Investments Limited	1,093,500	0.39

Distribution of shareholders

Share range	Number of shareholders	Number of Shares	%
0 – 500	7,831	2,236,393	0.80
501 – 5,000	5,558	8,893,596	3.20
5,001 – 10,000	536	4,069,222	1.46
10,001 – 100,000	582	17,143,396	6.16
100,001 – 1,000,000	82	28,465,607	10.23
Over 1,000,000	12	217,534,179	78.15
Total	**14,601**	**278,342,393**	**100.00**

The directors are responsible for the preparation and presentation of the financial statements of Sameer Africa Limited set out on pages 28 to 60 which comprise the statements of financial position of the group and the company at 31 December 2012, and the group's statement of comprehensive income, group and company statement of changes in equity and group statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 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, the directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the company as at the end of the financial year and of the operating results of the group for that year. It also requires the directors to ensure the group keeps proper accounting records which disclose with reasonable accuracy the financial position of the group and the company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the group and the company and of the group operating results.

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 and the company's ability to continue as a going concern and have no reason to believe the group and the company will not be a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements, as indicated above, were approved by the board of directors on 21 March 2013 and were signed on its behalf by:

EKMwongera

Eng. Erastus Kabutu Mwongera
FIEK, RCE, CBS
Chairman

Allan Walmsley
Managing Director

Report of the Independent Auditors

to the members of Sameer Africa Limited

KPMG Kenya
Certified Public Accountants
16th Floor, Lonrho House
Standard Street
PO Box 40612 00100 GPO
Nairobi, Kenya

Telephone +254 20 2806000
Fax +254 20 2215695
Email info@kpmg.co.ke
Internet www.kpmg.com/eastafrica

We have audited the financial statements of Sameer Africa Limited set out on pages 28 to 60 which comprise the statements of financial position of the group and the company at 31 December 2012, and the group's statement of comprehensive income, group and company statement of changes in equity and group statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

As stated on page 25, the directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the group and the company at 31 December 2012, and the group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

Report on other legal requirements

As required by the Kenyan Companies Act we report to you, based on our audit, that:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

(ii) In our opinion, proper books of account have been kept by the group and company, so far as appears from our examination of those books; and

(iii) The statement of financial position of the company is in agreement with the books of account.

KPMG Kenya

KPMG Kenya
Certified Public Accountants
PO Box 40612
00100 Nairobi GPO

21 March 2013


BRIDGESTONE
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Only from Sameer Africa Ltd
ALL TERRAIN
A/T 697
· Excellent traction and steering CONTROL
· Enhanced off-road stability
· Smooth ride and low road noise

Consolidated Statement of Comprehensive Income

for the Year Ended 31 December 2012

	Notes	2012 KShs'000	2011 KShs'000
Revenue	7	3,960,967	3,675,226
Cost of sales		(3,007,187)	(2,873,780)
Gross profit		**953,780**	**801,446**
Other operating income	8	145,972	109,396
Selling and distribution costs	9	(220,384)	(199,358)
Administrative expenses	10	(317,291)	(317,746)
Other operating expenses	11	(219,563)	(121,566)
Operating profit	12	**342,514**	**272,171**
Finance costs	14	(34,261)	(112,102)
Share of loss of equity accounted investees (net of income tax)	26	(7,633)	(11,623)
Profit before income tax		**300,620**	**148,446**
Income tax expense	15	(110,865)	(51,498)
Profit from operations		**189,755**	**96,948**
Other comprehensive income			
Foreign currency translation differences for foreign operations		(57,152)	(15,302)
Total other comprehensive income for the year		(57,152)	(15,302)
Total comprehensive income for the year		**132,603**	**81,646**
Earnings per share:			
Basic and diluted (KShs)	16	**0.68**	**0.35**

The notes set out on pages 33 to 60 form an integral part of these financial statements.

Consolidated and Company Statement of Financial Position as at 31 December 2012

	Notes	Group 2012 KShs'000	Group 2011 KShs'000	Company 2012 KShs'000	Company 2011 KShs'000
Equity					
Share capital	18	1,391,712	1,391,712	1,391,712	1,391,712
Retained earnings		1,015,057	894,888	85,937	105,820
Translation reserve		(149,632)	(92,480)	-	-
Proposed dividends		69,586	55,668	69,586	55,668
Total equity		**2,326,723**	**2,249,788**	**1,547,235**	**1,553,200**
Non-current liabilities					
Borrowings	19	1,743	3,770	-	3,770
Deferred income tax	20	2,981	2,988	-	-
Retirement benefit obligations	21	127,440	114,387	127,440	114,387
Total non-current liabilities		**132,164**	**121,145**	**127,440**	**118,157**
		2,458,887	**2,370,933**	**1,674,675**	**1,671,357**
Non-current assets					
Property, plant and equipment	22	382,889	469,069	341,103	428,887
Investment property	23	185,107	193,549	-	-
Investment in subsidiaries	25	-	-	156,686	156,686
Investment in associate	26	115,130	122,763	115,130	122,763
Prepaid operating lease rentals	24	736	743	736	743
Deferred income tax	20	50,459	61,543	36,160	32,447
Total non-current assets		**734,321**	**847,667**	**649,815**	**741,526**
Current assets					
Inventories	27	1,086,087	1,091,500	960,859	919,666
Receivables and prepayments	28	1,255,890	1,022,507	1,028,069	890,277
Current income tax		22,734	15,808	-	-
Cash and bank balances	29	300,619	147,558	166,856	68,568
Total current assets		**2,665,330**	**2,277,373**	**2,155,784**	**1,878,511**
Current liabilities					
Payables and accrued expenses	30	437,269	245,620	636,526	454,925
Current income tax		15,951	51,549	8,302	37,562
Borrowings	19	480,768	450,162	479,320	449,417
Unclaimed dividends		6,776	6,776	6,776	6,776
Total current liabilities		**940,764**	**754,107**	**1,130,924**	**948,680**
Net current assets		**1,724,566**	**1,523,266**	**1,024,860**	**929,831**
		2,458,887	**2,370,933**	**1,674,675**	**1,671,357**

The financial statements on pages 28 to 60 were approved by the Board of Directors on 21 March 2013 and were signed on its behalf by:

Eng. Erastus Kabutu Mwongera
FIEK, RCE, CBS
Chairman

Allan Walmsley
Managing Director

The notes set out on pages 33 to 60 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the Year Ended 31 December 2012

	Share capital KShs'000	Retained earnings KShs'000	Translation reserve KShs'000	Proposed dividends KShs'000	Total KShs'000
2011:					
At start of year	1,391,712	853,608	(77,178)	-	2,168,142
Comprehensive income for the year					
Profit for the year	-	96,948	-	-	96,948
Other comprehensive income					
Currency translation differences	-	-	(15,302)	-	(15,302)
Total comprehensive income	-	96,948	(15,302)	-	81,646
Transactions with owners recorded directly in equity					
Proposed dividends	-	(55,668)	-	55,668	-
At end of year	**1,391,712**	**894,888**	**(92,480)**	**55,668**	**2,249,788**
2012:					
At end of year	1,391,712	894,888	(92,480)	55,668	2,249,788
Comprehensive income for the year					
Profit for the year	-	189,755	-	-	189,755
Other comprehensive income					
Currency translation differences	-	-	(57,152)	-	(57,152)
Total comprehensive income	**-**	**189,755**	**(57,152)**	**-**	**132,603**
Transactions with owners recorded directly in equity					
Dividends paid	-	-	-	(55,668)	(55,668)
Proposed dividends	-	(69,586)	-	69,586	-
Total transactions with owners	-	(69,586)	-	13,918	(55,668)
At end of year	**1,391,712**	**1,015,057**	**(149,632)**	**69,586**	**2,326,723**

The notes set out on pages 33 to 60 form an integral part of these financial statements.

for the Year Ended 31 December 2012

	Share capital KShs'000	Retained earnings KShs'000	Proposed dividends KShs'000	Total KShs'000
2011:				
At start of year	1,391,712	166,896	-	1,558,608
Comprehensive expense for the year				
Loss for the year	-	(5,408)	-	(5,408)
Transactions with owners recorded directly in equity				
Proposed dividends	-	(55,668)	55,668	-
At end of year	**1,391,712**	**105,820**	**55,668**	**1,553,200**
2012:				
At start of year	1,391,712	105,820	55,668	1,553,200
Comprehensive income for the year				
Profit for the year	-	49,703	-	49,703
Transactions with owners recorded directly in equity				
Dividends paid	-	-	(55,668)	(55,668)
Proposed dividends	-	(69,586)	69,586	-
At end of year	**1,391,712**	**85,937**	**69,586**	**1,547,235**

The notes set out on pages 33 to 60 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the Year Ended 31 December 2012

	Notes	2012 KShs'000	2011 KShs'000
Operating activities			
Cash generated from operations		281,454	(8,859)
Interest received	31	3,101	200
Interest paid	14	(27,825)	(46,789)
Income tax paid	14	(142,311)	(22,791)
Net cash generated from operating activities		**114,419**	**(78,239)**
Investing activities			
Purchase of property, plant and equipment	22	(59,699)	(40,743)
Rental income received	12	123,029	81,580
Proceeds from disposal of property, plant and equipment		2,401	6,107
Net cash generated from investing activities		**65,731**	**46,944**
Financing activities			
Dividends paid		(55,668)	-
Net borrowings		(1,324)	(10,066)
Net cash absorbed by financing activities		(56,992)	(10,066)
Increase/(decrease) in cash and cash equivalents		**123,158**	**(41,361)**
Movement in cash and cash equivalents:			
At start of year		(301,859)	(260,498)
Increase/ (decrease)		123,158	(41,361)
At end of year	29	**(178,701)**	**(301,859)**

The notes set out on pages 33 to 60 form an integral part of these financial statements.

1. Reporting Entity

Sameer Africa Limited is a limited liability company incorporated in Kenya under the Kenyan Companies Act, and is domiciled in Kenya. The consolidated financial statements of the company as at and for the year ended 31 December 2012 comprise the company and its subsidiaries (together referred to as the "Group"). The Group primarily is involved in the manufacture, importation and sale of tyres and letting of premises in an export processing zone. The address of its registered office is as follows:

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

2. Basis Of Preparation

(a) Statement of compliance

The consolidated financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS).

(b) Basis of measurement

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

(c) Functional and presentation currency

Items included in the consolidated 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 consolidated financial statements are presented in Kenya shillings (KShs), which is the Group's functional and presentation currency.

(d) Use of estimates and judgement

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. The estimates and assumptions are based on the Directors' best knowledge of current events, actions historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. 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 6.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(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 the profit and loss account.

3. Significant Accounting Policies *(continued)*

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the profit and loss account within 'other (losses)/gains – net'.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale financial assets, are included in the available-for-sale reserve in equity.

(ii) Consolidation of group entities

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the 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 date of that statement of financial position;

(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 expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

(ii) 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 statement of comprehensive income as incurred.

3. Significant Accounting Policies *(continued)*

(iii) Depreciation

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	25 years
Machinery and equipment	8 years
Moulds and computer equipment	3 years
Motor vehicles	4 years
Office furniture and fixtures	8 years
Software development costs	8 years

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

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

(d) Investment properties

Buildings, or part of a building, (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation and are not occupied by the Group are classified as investment property under non-current assets. Investment property is carried at historical cost. Depreciation is charged at the rate of 2.5% per annum.

(e) Operating leases

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(f) Impairment

(i) Financial assets

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through the statement of comprehensive income are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset than can be estimated reliably.

The Group considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by combining together financial assets (carried at amortised cost) with similar risk characteristics.

3. Significant Accounting Policies *(continued)*

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would otherwise not consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the Group, or economic conditions that correlate with defaults in the Group.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in the statement of comprehensive income and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognised through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through the statement of comprehensive income.

Impairment losses on available-for-sale investment securities are recognised by transferring the difference between the amortised acquisition cost and current fair value out of equity to the statement of comprehensive income. When a subsequent event causes the amount of impairment loss on an available-for-sale debt security to decrease, the impairment loss is reversed through the statement of comprehensive income.

However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised directly in equity. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

(ii) Non financial assets

The carrying amounts of the Group's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of cash-generating units reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. Significant Accounting Policies *(continued)*

(g) Inventories

Inventories 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 the costs of completion and selling expenses.

If the purchase or production cost is higher than net realisable value, stocks are written down to net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The provision for slow moving finished goods inventory is computed in accordance with the Group's internal stocks provisioning policy, which requires management to consider making a full provision for items with a stockholding of greater than 12 months.

(h) Trade and other receivables

Trade and other receivables are stated at amortised cost less an estimate made for doubtful receivables based on a review of all outstanding amounts at year end.

(i) Employee benefits

(i) Staff gratuity (Defined Benefit Plan)

The group has a defined benefit plan for its unionised employees under its Collective Bargaining Agreement. The Group's net obligation in respect of the defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

Employees who retire on reaching the retirement age fixed by the group or grounds of ill health receive twenty one days basic wage for each of the completed years of service. For six years of service or more, employees receive twenty eight days basic wage per completed year of service. This is based on the wage or salary at the time of such resignation or termination.

The provision for liability recognised in the financial statements is the estimated entitlement as a result of services rendered by employees up to the financial reporting date. The defined benefit scheme is unfunded.

The calculation is performed annually by a qualified actuary using the projected unit credit method. The Group recognises all actuarial gains and losses and all expenses related to defined benefit plans in personnel expenses in profit or loss.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the present value of defined benefit obligation and any related actuarial gains and losses and past service cost that had not previously been recognised.

(ii) Defined contribution plan

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

The company's contributions to the defined contribution schemes are charged to the profit or loss in the year to which they relate. The company has no further obligation in respect of the defined contribution plans once the contributions have been paid.

3. Significant Accounting Policies *(continued)*

(iii) Leave accrual

The monetary value of the unutilised leave by staff as at year end is carried in the accruals as a payable and the movement in the year is debited/credited to the statement of comprehensive income.

(iv) 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 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.

(j) Taxation

Tax on the operating results for the year comprises both current tax and change in deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is provided on the results for the year as shown in the financial statements adjusted in accordance with tax legislation.

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

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.
Deferred tax is calculated on the basis of the tax rates currently enacted.

A deferred tax asset and liabilities 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 realized simultaneous.

(k) Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents comprise cash in hand, bank balances, and short term deposits net of bank overdrafts.

(l) Related party transactions

The group discloses the nature, volume and amounts outstanding at the end of each financial year from transactions with related parties, which include transactions with the directors, executive officers and group or related companies.

3. Significant Accounting Policies *(continued)*

(m) Dividends

Dividends are recognised as a liability in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

(n) Financial instruments

A financial instrument is a contract that gives rise to both a financial asset in one enterprise and a financial liability in another enterprise. Financial instruments held by the group include term deposits and receivables arising from the day to day sale of goods and services and cash and bank balances.

Management determines the appropriate classification of its financial instruments at the time of purchase and re-evaluates its portfolio at every financial reporting date to ensure that all financial instruments are appropriately classified.

Loans and receivables which include term deposits and receivables arising from the day to day sale of goods and services, are measured at amortised cost less impairment losses. Amortised cost is calculated on the effective interest rate method.

A financial asset is derecognised when the group loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished.

(o) Intangible assets – computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives.

(p) Offsetting

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 recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(q) Provisions

A provision is recognised in the financial statements when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(r) Finance income and expenses

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in the statement of comprehensive income using the effective interest rate.

Foreign exchange gains and losses are report on a net basis.

3. Significant Accounting Policies *(continued)*

(s) Segmental reporting

A segment is a distinguishable component of the Group that is providing related products or services (business segment), or is providing products or services within a particular economic environment (geographical segment) which is subject to risks and rewards that are different from those of other segments. The Group's primary form for segment reporting is based on geographic segments.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's Management Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance and for which discrete financial information is available.

(t) 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.

(u) Comparative information

Where necessary, comparative figures have been restated to conform with changes in presentation in the current year.

(v) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2012, and have not been applied in preparing these financial statements.

These are summarised below and are not expected to have a significant impact on the financial statements of the Group.

- IFRS 9 *Financial Instruments*. IFRS 9 will become mandatory for the Group's 2015 financial statements.
- IFRS 10 *Consolidated Financial Statements* (effective for annual periods beginning on or after 1 January 2013).
- IFRS 11 *Joint Arrangements* (effective for annual periods beginning on or after 1 January 2013).
- IFRS 12 *Disclosure of Interests in Other Entities* (effective for annual periods beginning on or after 1 January 2013).
- IFRS 13 *Fair Value Measurement* (effective for annual periods beginning on or after 1 January 2013).
- IAS 1 *Presentation of Financial Statements* - Presentation of Items of Other Comprehensive income (effective for annual periods beginning on or after 1 July 2012).
- IAS 19 *Employee Benefits* - (effective for annual periods beginning on or after 1 January 2013).
- IAS 27 (2011) *Separate Financial Statements* (effective for annual periods beginning on or after 1 January 2013).
- IAS 28 (2011) *Investments in Associates and Joint Ventures* (effective for annual periods beginning on or after 1 January 2013).

4. Financial Risk Management Objectives and Policies

Overview

The Group has exposure to the following risks from its use of financial instruments:

(a) Credit risk;
(b) Liquidity risk; and
(c) Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The finance department identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Company has a stringent debt provisioning policy that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main component of this allowance specific loss component that relates to individually significant exposures.

The Group also manages the level of credit risk by focusing on customer satisfaction as a key performance indicator. It also maintains a short credit period. Due to the nature of the Group's activities, credit risk concentrations are high and as such close monitoring of credit relationships is carried out.

The carrying amount of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

4. Financial Risk Management Objectives and Policies *(continued)*

	Group		Company	
	2012 KShs'000	2011 KShs'000	2012 KShs'000	2011 KShs'000
Cash equivalents	300,619	147,558	166,856	68,568
Trade receivables (including amounts due from related parties)	692,225	571,055	476,874	322,227
Other receivables (including amounts due from related parties)	220,907	32,736	171,596	469,152
	913,132	**603,791**	**648,470**	**791,379**
	1,213,751	**751,349**	**815,326**	**859,947**

Guarantees

The Group obtains financial guarantees in the form of customer refundable deposits and bank guarantees in the ordinary course of business for the supply of goods from certain suppliers.

Impairment losses

The aging of trade receivables at the reporting date was:

	Group		Company	
	2012 KShs'000	2011 KShs'000	2012 KShs'000	2011 KShs'000
Not past due	406,124	220,933	358,925	121,791
Past due but not impaired:				
- by 31 to 60 days	55,581	138,674	32,899	94,346
- by 61 to 90 days	76,475	84,161	39,364	58,518
- by 91 to 180 days	49,238	46,203	11,124	37,827
- over 181 days	104,807	81,084	34,562	9,745
Total past due but not impaired	**286,101**	**350,122**	**117,949**	**200,436**
Total unimpaired	**692,225**	**571,055**	**476,874**	**322,227**
Impaired	**63,228**	**44,725**	**21,423**	**9,745**
Total trade receivables	**755,453**	**615,780**	**498,297**	**331,972**

4. Financial Risk Management Objectives and Policies *(continued)*

(b) Liquidity risk

Liquidity risk is the risk that the Group 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 maturities of the Group's financial obligations can be analysed as shown below:

(i) Group

31 December 2012:	Less than 1 year KShs'000	Due between 1-2 years KShs'000	Due between 2-5 years KShs'000	Due after 5 years KShs'000	Total KShs'000
Financial liabilities					
Borrowings	1,448	1,649	94	-	3,191
Bank overdrafts	479,320	-	-	-	479,320
Unclaimed dividends	6,776	-	-	-	6,776
Trade and other payables	437,269	-	-	-	437,269
At 31 December 2012	**924,813**	**1,649**	**94**	**-**	**926,556**
31 December 2011:					
Financial liabilities					
Borrowings	745	3,770	-	-	4,515
Bank overdrafts	449,417	-	-	-	449,417
Unclaimed dividends	6,776	-	-	-	6,776
Trade and other payables	245,620	-	-	-	245,620
At 31 December 2011	**702,558**	**3,770**	**-**	**-**	**706,328**

(i) Company

31 December 2012:					
Financial liabilities					
Bank overdrafts	479,320	-	-	-	479,320
Unclaimed dividends	6,776	-	-	-	6,776
Trade and other payables	636,527	-	-	-	636,527
At 31 December 2012	**1,122,623**	**-**	**-**	-	**1,122,623**
31 December 2011:					
Financial liabilities					
Borrowings	-	3,770	-	-	3,770
Bank overdrafts	449,417	-	-	-	449,417
Unclaimed dividends	6,776	-	-	-	6,776
Trade and other payables	454,925	-	-	-	454,925
At 31 December 2011	**911,118**	**3,770**	**-**	-	**914,888**

4. Financial Risk Management Objectives and Policies *(continued)*

(c) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar. Foreign exchange risk arises from recognised foreign currency assets and liabilities and net investments in foreign operations.

Exchange risk from net investments in foreign operations

The Group has subsidiaries in Uganda 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 the translation reserve. The effect the changes in the exchange rates as at 31 December 2012 would have had on the translation reserve are shown below:

Uganda

At 31 December 2012, if the Ugandan Shilling had weakened/strengthened by 3% (2011: 3%) against the Kenyan Shilling with all other variables held constant, the net (charge)/credit to the consolidated translation reserve would have been Shs.4,630,331 (2011: Shs 4,152,985) higher/lower.

Tanzania

At 31 December 2012, if the Tanzanian Shilling had weakened/strengthened by 3% (2011: 3%) against the Kenyan Shilling with all other variables held constant, the net (charge)/credit to the consolidated translation reserve would have been Shs. 6,689,373 (2011: Shs 7,435,297) higher/lower.

Group Exchange Risk from recognised financial assets and liabilities

At 31 December 2012, if the Kenya Shilling had weakened/strengthened by 3% against the US dollar/ Euro with all other variables held constant, consolidated post tax profit for the year would have been Shs. 2,376,343 (2011: Shs 918,176) higher/lower, mainly as a result of US dollar receivables and bank balances.

At 31 December 2012, if the Kenya Shilling had weakened/strengthened by 3% against the US dollar/ Euro with all other variables held constant, consolidated post tax profit for the year would have been Shs 11,602,581 (2011: Shs 11,110,393) lower/higher, mainly as a result of US dollar denominated trade payables and borrowings.

Company Exchange Risk from recognised financial assets and liabilities

At 31 December 2012, if the Kenya Shilling had weakened/strengthened by 3% against the US dollar with all other variables held constant, consolidated post tax profit for the year would have been Shs 420,526 (2011: Shs 267,269) higher/lower, mainly as a result of US dollar receivables and bank balances.

At 31 December 2012, if the Kenya Shilling had weakened/strengthened by 3% against the US dollar with all other variables held constant, consolidated post tax profit for the year would have been Shs.10,458,234 (2011: Shs 10,532,445) lower/higher, mainly as a result of US dollar denominated trade payables and borrowings.

(ii) Cash flow and fair value interest rate risk

The Group's only interest bearing assets are fixed deposits, all of which are at a fixed rate. The group also has borrowings at fixed rates. No limits are placed on the ratio of variable rate borrowing to fixed rate borrowing

At 31 December 2012, an increase/decrease of 100 basis points for the local currency borrowings and increase/decrease of 1 basis points for the foreign currency borrowings would have resulted in an decrease/ increase in consolidated post tax profit of Shs 85,869 (2011: Shs 91,849), mainly as a result of higher/lower interest charges on variable rate borrowings.

4. Financial Risk Management Objectives and Policies *(continued)*

Company

At 31 December 2012, an increase/decrease of 100 basis points for the local currency borrowings and increase/decrease of 1 basis points for the foreign currency borrowings would have resulted in an decrease/increase in company post tax profit of Shs 85,622 (2011: Shs 93,346), mainly as a result of higher/lower interest charges on variable rate borrowings.

(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. Consistently with others in the industry, the Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt: capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Capital comprises all components of equity (i.e. share capital, share premium, other reserves retained earnings, and revaluation surplus).

	2012 KShs'000	2011 KShs'000
Group:		
Total borrowings (Note 19)	482,511	453,932
Less: Cash and cash equivalents	(300,619)	(147,558)
Net debt	181,892	306,374
Total equity	2,326,723	2,249,788
Total capital	**2,508,615**	**2,556,162**
Gearing ratio	**7.25%**	**11.99%**
Company:		
Total borrowings	479,320	453,187
Less: cash and cash equivalents	(166,856)	(68,568)
Net debt	312,464	384,619
Total equity	1,547,235	1,553,200
Total capital	**1,859,699**	**1,937,819**
Gearing ratio	**16.80%**	**19.85%**

5. Segmental Reporting

The directors consider the Group to comprise of three business segment in terms of geography, which is the manufacture and sale of tyres and tubes by the parent company in Kenya (Sameer Africa Limited), with distribution extensions through wholly owned subsidiaries in Uganda and Tanzania.

The information about reportable segments is as follows:

2012:	Kenya KShs '000	Tanzania KShs'000	Uganda KShs '000	Eliminations KShs '000	Consolidated KShs '000
Revenue	3,957,013	487,276	253,685	(737,008)	3,960,967
Cost of sales	(3,179,031)	(398,203)	(164,316)	734,364	(3,007,187)
Other income	144,169	1,311	492	-	145,972
Operating expenses	(625,064)	(89,481)	(42,692)	-	(757,237)
Share of loss in associate	(7,633)	-	-	-	(7,633)
Interest income	3,101	-	-	-	3,101
Interest and other finance costs	(47,741)	14,426	(4,048)	-	(37,363)
Income tax expense	(95,266)	(3,639)	(12,753)	793	(110,865)
Profit for the year attributable to equity-holders of the parent company	**149,548**	**11,690**	**30,368**	**(1,851)**	**189,755**
Other information:					
Segment assets	3,556,832	322,475	171,298	(650,953)	3,399,652
Segment liabilities	1,259,021	90,309	12,780	(421,345)	940,765
Capital expenditure	51,268	5,740	2,691	-	59,699
Depreciation expense	140,831	2,172	649	-	143,653
Amortization of operating leases	7	-	-	-	7

2011:	Kenya KShs '000	Tanzania KShs'000	Uganda KShs '000	Eliminations KShs '000	Consolidated KShs '000
Revenue	3,578,984	613,888	252,507	(770,153)	3,675,226
Cost of sales	(2,951,243)	(495,915)	(196,686)	770,064	(2,873,780)
Other income	90,032	6,100	1,641	-	97,773
Operating expenses	(507,080)	(88,626)	(42,964)	-	(638,670)
Share of loss in associate	(11,623)	-	-	-	(11,623)
Interest income	200	-	-	-	200
Interest and other finance costs	(84,640)	(6,347)	(9,693)	-	(100,680)
Income tax expense	(40,846)	(9,474)	(1,178)	-	(51,498)
Profit for the year attributable to equity-holders of the parent company	**73,783**	**19,626**	**3,627**	**(89)**	**96,948**
Other information:					
Segment assets	3,445,967	407,175	152,467	(880,569)	3,125,040
Segment liabilities	1,246,164	158,875	9,710	(660,642)	754,107
Capital expenditure	40,639	104	-	-	40,743
Depreciation expense	131,729	1,833	628	-	134,190
Amortization of operating leases	8	-	-	-	8

6. 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 represented 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 judgements include:

• *Trade receivables*

The company assesses its trade receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

• *Fair value estimation*

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

• *Taxation*

Judgement is required in determining the provision for income taxes due to the complexity of legislation. 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 provisions in the period in which such determination is made.

The company recognises the net future tax benefit relates to deferred income 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 income 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 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.

• *Investment property*

Critical estimates are made by the directors in determining amortization rates for investment property. The rates used are set out in Note 3(d) and Note 23.

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

In the process of applying the company's accounting policies, management has made judgements in determining whether assets are impaired.

	2012 KShs'000	2011 KShs'000
7. Revenue		
Local tyres	3,324,470	2,829,946
Imported tyres	429,181	640,199
Local tubes	203,360	202,626
Services and repairs	3,956	2,455
	3,960,967	**3,675,226**
8. Other Operating Income		
Rental income	123,029	81,580
Other income	22,943	27,816
	145,972	**109,396**
9. Selling and Distribution Costs		
Distribution costs	27,949	23,860
Selling expenses	28,404	46,154
Marketing and sales promotions	164,031	129,344
	220,384	**199,358**
10. Administrative Expenses		
Indirect staff costs	203,154	195,772
Other administration expenses	114,137	121,974
	317,291	**317,746**
11. Other Operating Expenses		
Legal and professional fees	47,639	35,192
Travel and vehicle maintenance	72,244	41,662
Establishment expenses	99,680	44,712
	219,562	**121,566**
12. Group Operating Profit		
The following items have been charged/(credited) in arriving at operating profit:		
Depreciation on property, plant and equipment (Note 22)	143,653	134,190
Depreciation on investment property (Note 23)	8,442	6,308
Investment property:		
- Rental income	(123,029)	(81,580)
- Operating expense	28,113	31,861
Provision for impairment losses:		
- Receivables	14,635	44,750
- Inventory	(943)	(11,144)
Repairs and maintenance	11,536	(6,194)
Employee benefits expense (Note 13)	508,494	445,425
Directors remuneration	25,433	19,425
Auditors' remuneration	5,050	4,520

13. Group Employee Benefits Expense	2012 KShs'000	2011 KShs'000
The following items are included within employee benefits expense:		
Salaries and wages	476,460	426,903
Defined contribution scheme	9,668	8,951
National Social Security Fund	3,038	3,695
Defined benefit scheme (Note 21)	19,328	5,876
	508,494	**445,425**

14. Group Finance Costs

	2012 KShs'000	2011 KShs'000
Interest expense on bank borrowings	27,825	46,789
Bank charges and fees	19,123	19,046
Interest income	(3,101)	(200)
Net foreign exchange losses	(9,586)	46,467
Net finance costs	**34,261**	**112,102**

15. Group Income Tax Expense

	2012 KShs'000	2011 KShs'000
Current income tax	103,788	85,176
Over provision of current tax in prior year	(2,251)	(821)
Deferred income tax charge/ (credit) (Note 20)	11,955	(32,500)
Over provision of deferred tax in prior year (Note 20)	(2,627)	(357)
Income tax expense	**110,865**	**51,498**

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

	2012 KShs'000	2011 KShs'000
Profit before income tax	**300,620**	148,445
Tax calculated at domestic rates applicable to profits in the respective countries – 30% (2011 - 30%)	90,186	44,534
Tax effect of:		
Income not subject to income tax	(3,394)	(6,200)
Expenses not deductible for income tax purposes	29,278	13,832
Over provision of current income tax in prior years	(2,251)	(357)
Over provision of deferred income tax in prior years	(2,627)	-
Effect of different income tax rate for Sameer Industrial Park Limited	(327)	(311)
Income tax expense	**110,865**	**51,498**

16. Earnings Per Share

Basic earnings per share are 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.

	2012	2011
Profit attributable to equity holders of the Company (KShs '000)	**189,755**	**96,948**
Weighted average number of ordinary shares in issue ('000)	**278,342**	**278,342**
Basic earnings per share (KShs)	**0.68**	**0.35**

There were no potentially dilutive shares outstanding at 31 December 2012 or 2011. Diluted earnings per share are therefore the same as basic earnings per share.

17. Dividends Per Share

During the year, the directors recommend the payment of a first and final dividend of KShs 0.25 per share (2011 - KShs 0.20).

18. Share Capital

	Number of shares	Ordinary shares KShs'000
Balance at 1 January 2011, 31 December 2011 and 31 December 2012	**278,342,400**	**1,391,712**

The total authorised number of ordinary shares is 300,000,000 with a par value of KShs 5.00 per share. All issued shares are fully paid.

19. Borrowings

The borrowings are made up as follows:

	Group		Company	
	2012 KShs'000	**2011 KShs'000**	**2012 KShs'000**	**2011 KShs'000**
Non-current				
Borrowings - Between 1 and 2 years	1,743	3,770	-	3,770
Current				
Short term facilities - overdraft	479,320	449,417	479,320	449,417
Bank borrowings	1,448	745	-	-
	480,768	450,162	479,320	449,417
Total borrowings	**482,511**	**453,932**	**479,320**	**453,187**

Borrowings are secured by way of a negative pledge on certain of the group's land and buildings that belong to the respective subsidiary.

Weighted average effective interest rates at the year end were:	**2012 %**	**2011 %**
Bank overdrafts – USD	8.35	8.0
Bank borrowings – KShs	24.0	16.5

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.

20. Deferred Income Tax

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

(a) Group	**2012 KShs'000**	**2011 KShs'000**
At start of year	(58,555)	(25,477)
Charge/ (credit) to statement of comprehensive income (Note 15)	11,955	(32,500)
Prior year over provision	(2,627)	(357)
Currency translation differences	1,749	(221)
At end of year	**(47,478)**	**(58,555)**
As disclosed in the statement of financial position:		
Deferred income tax assets	(50,459)	(61,543)
Deferred income tax liabilities	2,981	2,988
	(47,478)	**(58,555)**

20. Deferred Income Tax *(continued)*

Consolidated deferred income tax assets and liabilities and deferred income tax charge/(credit) in the statement of comprehensive income, are attributable to the following items:

2012: Deferred income tax asset	01.1.2012 KShs '000	Charged/ (credited) to P/L KShs'000	Prior year under-provision KShs '000	Exchange differences KShs '000	31.12.2012 KShs '000
Property, plant and equipment	28,350	(11,334)	(2,627)	(530)	13,859
Provisions	(73,277)	2,277	-	2,615	(68,385)
Tax losses	(5,531)	5,867	-	(336)	-
Other deductible temporary differences	(11,085)	15,152	-	-	4,067
Deferred income tax asset	**(61,543)**	**11,962**	**(2,627)**	**1,749**	**(50,459)**
Deferred income tax liability					
Investment property	3,077	(9)	-	-	3,068
Other deductible temporary differences	(89)	2	-	-	(87)
Deferred income tax liability	**2,988**	**(7)**	**-**	**-**	**2,981**
Net deferred income tax asset	**(58,555)**	**11,955**	**(2,627)**	**1,749**	**(47,478)**
2011:					
Deferred income tax asset					
Property, plant and equipment	43,681	(15,097)	-	(234)	28,350
Provisions	(65,814)	(7,463)	-	-	(73,277)
Tax losses	(5,750)	-	-	219	(5,531)
Other deductible temporary differences	(962)	(9,917)	-	(206)	(11,085)
Deferred income tax asset	**(28,845)**	**(32,477)**	**-**	**(221)**	**(61,543)**
Deferred income tax liability					
Investment property	3,335	99	(357)	-	3,077
Other deductible temporary differences	33	(122)	-	-	(89)
Deferred income tax liability	**3,368**	**(23)**	**(357)**	**-**	**2,988**
Net deferred income tax asset	**(25,477)**	**(32,500)**	**(357)**	**(221)**	**(58,555)**

(b) Company

Company deferred income tax assets and liabilities are attributable to the following items:	2012 KShs'000	2011 KShs'000
Property, plant and equipment	15,079	29,642
Provisions and other deductible temporary differences	(51,239)	(62,089)
Net deferred income tax asset	**(36,160)**	**(32,447)**

21. Retirement Benefit Obligations – Group and Company	2012 KShs'000	2011 KShs'000
At start of year	114,387	112,703
Charged to employee benefits costs (Note 13)	19,328	5,876
Utilised during year	(6,275)	(4,192)
At end of year	**127,440**	**114,387**
Movement in present value of the defined benefit obligations:		
Present value of unfunded obligations:		
- Active members	115,436	100,699
- Transferred to management	11,630	13,688
- Outstanding benefits	374	-
Total present value of unfunded obligations	127,440	114,387
Net liability in the consolidated statement of financial position	**127,440**	**114,387**
Current service cost net of employees contributions	5,778	5,015
Interest on obligation	15,409	11,311
Net actuarial gains recognised in the year	(1,859)	(10,450)
Total include in "staff costs" in respect of gratuity arrangement	**19,328**	**5,876**
Reconciliation:		
Net liability at start of year	114,387	112,703
Net expense recognised in employee costs	19,328	5,876
Employer contributions	(6,275)	(4,192)
Net liability at end of year	**127,440**	**114,387**
Actuarial assumptions:		
Discount rate (% p.a.)	13.013%	13.5%
Future salary increases (% p.a.)	8.0%	8.0%
Future pension increases (% p.a.)	N/A	N/A

22. Property, Plant and Equipment

(a) Group

2012:	Buildings KShs '000	Plant & machinery KShs'000	Vehicles and equipments KShs '000	Capital work in progress KShs '000	Total KShs '000
Cost					
At 1 January 2012	336,576	2,097,797	348,570	62,788	2,845,731
Write offs in the year/assets previously not recognised	(26,342)	(1,176)	7,182	1,409	(18,926)
Additions	-	19,585	9,636	30,478	59,699
Transfers	-	54,000	29,719	(83,719)	-
Currency translation	-	(1,228)	(5,153)	(2)	(6,384)
Disposals	-	-	(14,648)	-	(14,648)
At 31 December 2012	310,234	2,168,978	375,306	10,954	2,865,472
Accumulated depreciation					
At 1 January 2012	196,656	1,908,700	271,306	-	2,376,662
Write offs in the year/assets previously not recognised	(11,679)	1,951	(9,198)	-	(18,926)
Charge for year	10,878	119,714	13,060	-	143,653
Currency translation	-	(1,123)	(3,034)	-	(4,157)
Disposal	-	-	(14,648)	-	(14,648)
At 31 December 2012	195,855	2,029,242	257,486	-	2,482,583
Net book value					
At 31 December 2012	**114,379**	**139,736**	**117,820**	**10,954**	**382,889**

2011:	Buildings KShs '000	Plant & machinery KShs'000	Vehicles and equipments KShs '000	Capital work in progress KShs '000	Total KShs '000
Cost					
At 1 January 2011	323,388	2,088,404	355,439	45,210	2,812,441
Additions	51	7,372	-	33,320	40,743
Transfers	13,137	2,028	-	(15,165)	-
Currency translation	-	(7)	(1,301)	(577)	(1,885)
Disposals	-	-	(5,568)	-	(5,568)
At 31 December 2011	336,576	2,097,797	348,570	62,788	2,845,731
Accumulated depreciation					
At 1 January 2011	185,342	1,828,005	235,938	-	2,249,285
Currency translation	-	-	(1,245)	-	(1,245)
Charge for year	11,314	80,695	42,181	-	134,190
Disposal	-	-	(5,568)	-	(5,568)
At 31 December 2011	196,656	1,908,700	271,306	-	2,376,662
Net book value					
At 31 December 2011	**139,920**	**189,097**	**77,264**	**62,788**	**469,069**

22. Property, Plant and Equipment *(continued)*

(b) Company

2012:	Buildings KShs '000	Plant & machinery KShs'000	Vehicles and equipments KShs '000	Capital work in progress KShs '000	Total KShs '000
Cost					
At 1 January 2012	309,778	2,033,800	310,933	60,156	2,714,667
Additions	-	12,512	3,896	27,787	44,195
Transfers	-	49,960	27,058	(77,018)	-
Write offs in the year/assets previously not recognised	456	(3,170)	42		(2,672)
Disposals	-	-	(10,328)	-	(10,328)
At 31 December 2012	**310,234**	**2,093,102**	**331,601**	**10,925**	**2,745,862**
Depreciation					
At 1 January 2012	184,521	1,867,619	233,640	-	2,285,780
Write offs in the year/assets previously not recognised	456	(3,170)	42	-	(2,672)
Charge for year	10,878	111,114	9,987		131,979
Disposals	-	-	(10,328)	-	(10,328)
At 31 December 2012	**195,855**	**1,975,563**	**233,341**	**-**	**2,404,759**
Net book value					
At 31 December 2012	**114,379**	**117,539**	**98,259**	**10,925**	**341,103**

2011:	Buildings KShs '000	Plant & machinery KShs'000	Vehicles and equipments KShs '000	Capital work in progress KShs '000	Total KShs '000
Cost					
At 1 January 2011	309,727	2,027,365	316,501	26, 836	2,680,429
Additions	51	6,435	-	33,320	39,806
Disposals	-	-	(5,568)	-	(5,568)
At 31 December 2011	**309,778**	**2,033,800**	**310,933**	**60,156**	**2,714,667**
Depreciation					
At 1 January 2011	173,215	1,794,819	199,170	-	2,167,204
Charge for period	11,306	72,800	40,038	-	124,144
Revaluation/disposal	-	-	(5,568)	-	(5,568)
At 31 December 2011	184,521	1,867,619	233,640	-	2,285,780
Net book value					
At 31 December 2011	**125,257**	**166,181**	**77,293**	**60,156**	**428,887**

23. Investment Property - Group

	2012 KShs'000	2011 KShs'000
At start of year	193,549	199,851
Depreciation	(8,442)	(6,302)
At end of year	185,107	193,549
Comprising:		
Cost	250,941	250,941
Accumulated depreciation	(57,392)	(51,090)
Charge in the year	(8,442)	(6,302)
At end of year	**185,107**	**193,549**

The directors' estimate of the fair value of investment property is KShs 400 million (2011 - KShs 400 million).

24. Prepaid Operating Lease Rentals

	Group		Company	
	2012 KShs'000	2011 KShs'000	2012 KShs'000	2011 KShs'000
At start of year	743	751	743	751
Amortisation charge for the year	(7)	(8)	(7)	(8)
At end of year	**736**	**743**	**736**	**743**

25. Investment in Subsidiaries - Company

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

	Country of incorporation	% interest held	2012 KShs'000	2011 KShs'000
Sameer Africa (Uganda) Limited	Uganda	100	26,612	26,612
Sameer Africa (Tanzania) Limited	Tanzania	100	74	74
Yana Tyre Centre Limited	Kenya	100	10,000	10,000
Sameer Industrial Park Limited	Kenya	100	120,000	120,000
Taqwa Trading Limited	Kenya	100	-	-
			156,686	**156,686**

26. Investment in Associates

	Group		Company	
	2012 KShs'000	2011 KShs'000	2012 KShs'000	2011 KShs'000
At start of year	122,763	134,386	122,763	134,386
Share of loss	(7,633)	(11,623)	(7,633)	(11,623)
At end of year	**115,130**	**122,763**	**115,130**	**122,763**

The Group's has an interest of 25% in the equity of its principal associate, Sameer Business Park Limited. Sameer Business Park Limited is incorporated in Kenya and is unlisted. The assets, liabilities, revenue, expenses and equity of Sameer Business Park Limited are as follow:

	Assets KShs'000	Liabilities KShs'000	Revenues KShs'000	Expenses KShs'000	Retained earnings brought forward KShs'000	Share capital KShs'000
2012	2,518,934	(2,058,446)	(88,354)	131,534	(68,946)	(560,000)
2011	2,384,868	(1,893,813)	(20,910)	67,401	(57,519)	(560,000)

27. Inventories

	Group		Company	
	2012 KShs'000	2011 KShs'000	2012 KShs'000	2011 KShs'000
Raw materials	309,423	246,695	309,422	246,695
Stores and supplies	226,411	193,461	226,411	193,153
Work in progress	28,762	40,119	28,762	40,119
Finished goods	521,491	611,225	396,264	439,699
	1,086,087	**1,091,500**	**960,859**	**919,666**

28. Receivables and Prepayments

Trade receivables	755,453	615,780	498,297	331,972
Less: Provision for impairment	(63,228)	(44,725)	(21,423)	(9,745)
	692,225	571,055	476,874	322,227
Prepayments	342,758	418,716	284,886	12,113
Amounts due from related companies (Note 33 (e) (i))	14,074	9,769	13,867	9,769
Other receivables	206,833	22,967	157,728	459,383
Receivables from subsidiaries (Note 33(e) (i))	-	-	94,714	86,785
	1,255,890	**1,022,507**	**1,028,069**	**890,277**

29. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	Group			Company		
	2012 KShs'000	2011 KShs'000	Change KShs'000	2012 KShs'000	2011 KShs'000	Change KShs'000
Cash at bank and in hand	300,619	147,558	153,061	166,856	68,568	98,288
Bank overdraft (Note 19)	(479,320)	(449,417)	(29,903)	(479,320)	(449,418)	(29,903)
At end of year	**(178,701)**	**(301,859)**	**123,158**	**(312,464)**	**(380,850)**	**68,385**

30. Payables and Accrued Expenses

	Group		Company	
	2012 KShs'000	2011 KShs'000	2012 KShs'000	2011 KShs'000
Trade payables	231,421	215,467	213,614	178,301
Amounts due to related companies (Note 33(e) (ii))	7,793	157	7,793	157
Amounts due to subsidiaries (Note 33(e) (ii))	-	-	266,093	206,632
Accrued expenses and other payables	198,055	29,996	149,027	69,835
	437,269	**245,620**	**636,527**	**454,925**

31. Cash Generated from Operations

Reconciliation of profit before income tax to cash generated from operations:

	2012 KShs'000	2011 KShs'000
Profit before income tax	300,620	148,446
Adjustments for:		
Interest income (Note 14)	(3,101)	(200)
Rental income	(123,029)	(81,580)
Interest expense (Note 14)	27,825	46,789
Share of loss in associate (Note 26)	7,633	11,623
Translation differences	(54,927)	(14,063)
Profit on sale of property plant and equipment	(2,401)	(6,108)
Depreciation on property plant and equipment (Note 22)	143,653	134,190
Depreciation on investment property (Note 23)	8,442	6,302
Amortisation of prepaid operating lease rentals (Note 24)	7	8
Changes in working capital:		
- Receivables and prepayments	(233,383)	76,218
- Inventories	5,413	(219,509)
- Payables and accrued expenses	191,649	(112,659)
- Provisions for retirement benefit obligations	13,053	1,684
Cash generated from operations	**281,454**	**(8,859)**

32. Contingent Liabilities

There are various pending tax matters relating to assessments by the revenue authorities in the three countries that the Group operates in. The Group has disputed these assessments. In the opinion of the directors, the outcome of these matters is not expected to have a material effect on the financial position or profits of the Group.

33. Related Party Transactions

The Group's majority shareholding is held by Sameer Investments Limited a company incorporated in Kenya. There are other companies that are related to Sameer Africa Limited through common shareholdings or common directorships.

Group:

The following transactions were carried out with related parties:

	2012 KShs'000	2011 KShs'000
(a) Sale of goods and services to:		
Ryce East Africa Limited	16,965	11,614
H Young (EA) Limited	11,238	16,075
Ryce Southern Sudan Limited	15,349	-
Sameer Agriculture & Livestock	737	-
Eveready East AfricaLimited	69	-
Sasini Limited	1,573	-
	45,931	**27,689**
(b) Purchase of goods and services from:		
Ryce East Africa Limited	40,135	3,048
Airtel Kenya limited	3,752	4,629
Altech Swift Global Kenya Limited	3,595	3,619
Altech Kenya Data Networks	260	-
	47,742	**11,296**
(c) Banking facilities		
Balances held at the close of the year		
Equatorial Commercial bank Limited		
Bank balances	7,506	2,840
Term deposits	61,879	-
	69,385	**2,840**
(d) Key management compensation		
Salaries and other short-term employment benefits	**37,610**	**25,338**

(e) Outstanding balances

	Group and Company	
(i) Amounts due from:	**2012 Kshs '000**	**2011 Kshs '000**
Subsidiaries:		
Taqwa Trading Limited	28,645	28,435
Sameer Africa (Tanzania) Limited	66,069	58,350
	94,714	**86,785**
Other related companies:		
Ryce East Africa Limited	4,488	4,215
H Young (EA) Limited	5,061	5,406
Ryce Southern Sudan Limited	4,318	-
Eveready Batteries (K) Limited	207	148
	14,074	**9,769**

33. Related Party Transactions *(continued)*

(ii) Amounts due to:

	Group and Company	
	2012 Kshs '000	2011 Kshs '000
Subsidiaries:		
Yana Tyre Centre Limited	91,687	49,170
Sameer Industrial Park Limited	107,269	112,492
Sameer Africa (Uganda) Limited	34,825	11,094
Sameer EPZ Limited	32,312	33,876
	266,093	**206,632**
Other related companies:		
Ryce East Africa Limited	7,407	49
Airtel Kenya Limited	110	-
Altech Swift Global Kenya Limited	-	108
Altech Kenya Data Networks Limited	276	-
	7,793	**157**

(f) Directors' remuneration

	2012	2011
Fees for services as a director	6,958	5,683
Other emoluments (Included in key management compensation above)	18,475	13,742
Total remuneration of directors of the Company	**25,433**	**19,425**

34. Commitments

(a) Capital commitments

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

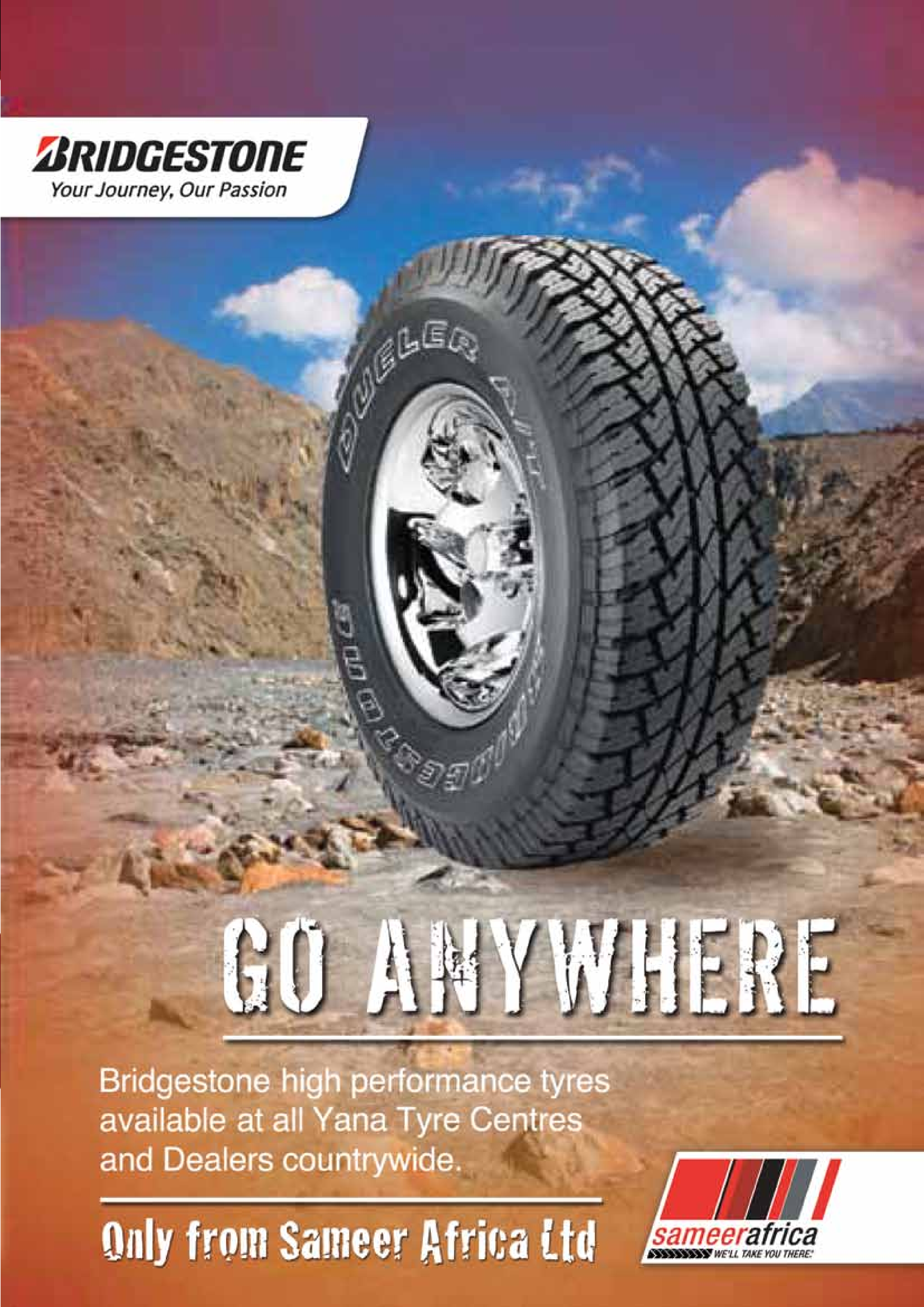
	Group		Company	
	2012 KShs'000	2011 KShs'000	2012 KShs'000	2011 KShs'000
Property, plant and equipment	**67,584**	**22,722**	**67,584**	**22.722**

(b) Operating lease commitments

Payments due under lease hire of motor vehicles are as follows:

	Group		Company	
	2012 KShs'000	2011 KShs'000	2012 KShs'000	2011 KShs'000
Not later than 1 year	38,268	4,895	38,268	4,895
Later than 1 year and not later than 5 years	94,175	47,848	94,175	47,848
	132,443	**52,743**	**132,443**	**52,743**
Payments due under lease rentals:				
Not later than 1 year	61,224	44,558	18,693	14,658
Later than 1 year and not later than 5 years	113,675	140,526	53,895	50,768
Later than 5 years	11,438	21,437	6,292	9,438
	186,337	**206,521**	**78,880**	**74,864**

	2008 Kshs'000	2009 Kshs'000	2010 Kshs'000	2011 Kshs'000	2012 Kshs'000
Consolidated statement of comprehensive income summary					
Turnover	**3,026,747**	**3,278,118**	**3,344,895**	**3,675,226**	**3,960,967**
Profit before tax	**165,522**	**221,464**	**62,199**	**148,446**	**300,620**
Taxation	(14,674)	(63,459)	(4,803)	(51,498)	(110,865)
Profit after taxation	**150,848**	**158,005**	**57,396**	**96,948**	**189,755**
Dividends (gross)	-	(139,171)	-	(55,668)	(69,586)
Retained profit transferred to/(from) revenue reserve	**150,848**	**18,834**	**57,396**	**41,280**	**120,169**
Earnings per share (shs)	0.43	0.57	0.21	0.35	0.68
Dividend per share (shs)	-	0.50	-	0.20	0.25
Shares in issue (000s)	278,342	278,342	278,342	278,342	278,342
Consolidated statement of financial position summary					
Non current assets:					
Fixed assets	618,155	556,860	563,155	469,069	382,889
Prepaid operating lease rentals	770	759	751	743	736
Investment property	212,405	206,126	199,851	193,549	185,107
Investment in associate	137,026	137,026	134,386	122,763	115,130
Deferred income tax	40,852	29,558	28,845	61,543	50,459
	1,009,208	930,329	926,988	847,667	734,321
Current Assets:					
Inventories	1,113,387	1,134,061	871,990	1,091,500	1,086,087
Receivables and prepayments	857,772	717,613	1,098,725	1,022,507	1,255,890
Current income tax	24,395	10,230	31,006	15,808	22,734
Bank balances and cash	71,386	213,141	158,284	147,588	300,619
	2,066,940	2,075,045	2,160,005	2,277,373	2,665,330
Current liabilities:					
Borrowings	551,995	364,255	426,816	450,162	480,768
Payables, accrued expenses & unclaimed dividends	247,073	238,675	365,055	252,396	444,045
Taxation	12,986	2,833	4,362	51,549	15,951
	812,054	605,763	796,233	754,109	940,764
Net current assets	**1,254,886**	**1,469,282**	**1,363,772**	**1,523,266**	**1,724,566**
Non current liabilities:					
Bank borrowings	8,359	6,818	6,547	3,770	1,743
Deferred taxation	4,132	4,855	3,368	2,998	2,981
Retirement benefit obligations	116,037	105,371	112,703	114,387	127,440
	128,528	117,044	122,618	121,145	132,164
Net assets	**2,135,566**	**2,282,567**	**2,168,142**	**2,249,788**	**2,326,723**
Financed by:					
Share capital	1,391,712	1,391,712	1,391,712	1,391,712	1,391,712
Retained earnings	777,864	795,463	853,608	894,888	1,015,057
Translation reserve	(34,010)	(43,779)	(77,178)	(92,480)	(149,632)
Proposed dividend	-	139,171	-	55,668	69,586
Shareholders' funds	**2,135,566**	**2,282,567**	**2,168,142**	**2,249,788**	**2,326,723**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and Dealers countrywide.
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TYRE CARE TIPS FROM SAMEER AFRICA LIMITED

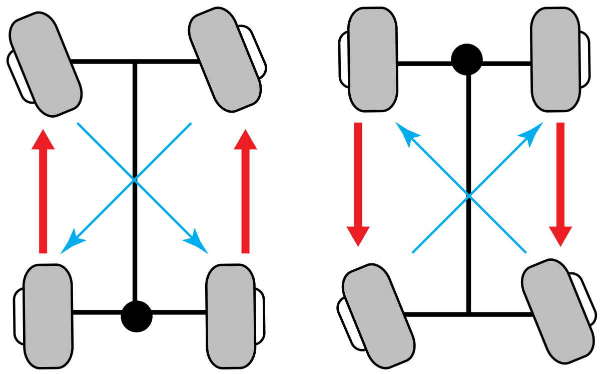
The functions of tyres

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

What tires are right for your vehicle?

Consider:

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



Dangers of low inflation pressure

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

Dangers of excessive inflation pressure

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

Benefits of wheel alignment

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

What to check before you drive

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

Proper tyre rotation

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

Important tyre care tips for Africa

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

What unique tyre features are suitable for African road conditions?

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

www.sameerafrica.com

YANA TYRE CENTRE

WE ARE WHERE YOU WANT US TO BE

Convenient Locations

Our centres are strategically located and staffed by professionally trained technical teams who are always ready to attend to all your tyre needs. **Drive in today!**

Yana Tyre Centres are located at:

Waiyaki Way - 020 3962473
Koinange Street - 020 244034/037
- 020 3962471
Langata - 020 392474
Embakasi - 020392470

Eldoret - 053 2031956/ 2063617
Mombasa - 041 225963
Kisumu - 057 202 1470/ 1459
Kampala - 256 414 347665
Dar Es Salaam - 007 222 862584

YANA TYRE CENTRE

YANA BRIDGESTONE

Form of Proxy

I/We____ Of ____

Being (a) member(s) of Sameer Africa Limited, do hereby appoint

____

Or failing him/her, the duly appointed Chairman of the meeting to be my/ our proxy, to vote for me/ us at the Annual general Meeting of the company to be held at the Company's premises off Mombasa Road, Nairobi on the 24th May 2013 at 11.30 am and any adjournment thereof.

As witness my/our hand(s) this_______________________day________________2013

Signature____

Unless otherwise indicated, the proxy will vote he/she thinks fit.

Notes:

1. To be valid this proxy must be deposited at the registered office of the company not less than 24Hours before the appointed time for holding the meeting.
2. This appointer is a corporation, the proxy must be executed under its common seal or under the hands of an officer or attorney duly authorized in writing.
3. To be valid, a form of proxy must be duly completed and signed by the member and must either be lodged of offices of the Company's share registrars, Custody and Registrar Services Limited, 6th Floor Bruce House Standard Street, P.O, Box 8484, 00100 Nairobi or be posted to reach the share registrars not less than 24 hours before the time appointed for holding the meeting.

Fomu ya Uwakilishi

Mimi/Sisi ____wa ____

nikiwa/tukiwa mwanachama/wanachama wa Sameer Africa Limited, namchagua/tunamchagua ____________________

____

Au akikosa yeye, aliyechaguliwa mwenyekiti wa mkutano kuwa kama mwakilishi wangu/wetu, kupiga kura kwa niaba yangu/yetu kwenye Mkutano Mkuu wa Mwaka wa Kampuni utakaofanyika katika majengo ya Kampuni, kando ya barabara ya Mombasa , Nairobi tarehe 24 Mei, mwaka 2013, saa tano na nusu asubuhi na kwenye uahirishwaji wake wowote.

Kama ushahidi wangu/wetu hii siku ya _______________ mwezi wa ________________ 2013

Sahihi ____

Isipokuwa ikishauriwa vingine, mwakilishi atapiga kura anavyofikiria mwenyewe.

Maelezo:

1. Ili kuwa halali, fomu hii ya uakilishi lazima ifikishwe kwenye afisi ilioandikishwa ya kampuni kwa muda usiopungua masaa ishirini na nne kabla ya wakati uliochaguliwa kufanywa mkutano.
2. kiwa mwanachama ni shirika, uwakilishi uwe kwenye muhuri wa kawaida au kwa idhini ya afisa au mwanasheria alioidhinishwa kwa maandishi.
3. Ili kuwa halali, fomu hii ya uwakilishi lazima ijazwe kikamilifu na kuwekwa sahihi na mwanachama na lazima ama ifikishwe katika afisi za wasajili wa hisa za Kampuni, Custody and Registrar Services Limited, Ghorofa ya 6 Bruce House, Barabara ya Standard, S.L.P. 8484, 00100 Nairobi au kutumwa kwa posta kuwafikia wasajili wa hisa kwa muda usiopungua masaa ishirini na nne kabla ya wakati uliochaguliwa kufanywa mkutano.

FOLD 2

Affix
Stamp
Here

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

FOLD 1

sameerafrica
WE'LL TAKE YOU THERE.®

FOLD 3

Insert Flap Inside

Sameer Africa Sales Depots

Kenya

Nairobi – Mombasa Road
P.O. Box 30429 - 00100, Nairobi
Tel: 020 - 3962 000
Fax: 020 - 3962 888
Email: info@sameerafrica.com

Mombasa – Machakos Road
P.O. Box 90491, Mombasa
Tel: 041- 314 800/ 1
Fax: 041- 315822
Email: msa.manager@sameerafrica.com

Eldoret – Old Uganda Road
P.O Box 8413, Eldoret
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Fax :053 – 2033359
Email: eld.manager@sameerafrica.com

Nakuru – Timber Mill Road
P.O Box 15998, Nakuru
Tel: 051- 221 227/ 8
Fax: 057- 2023657
Email: nkr.manager@sameerafrica.com

Nyeri – Nyahururu Road
P.O Box 321, Nyeri
Tel: 061- 2032 145/2032 187
Fax: 061- 20330053
Email: nyr.manager@sameerafrica.com

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P.O Box 1497, Kisumu
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Fax: 057- 2023657
Email: ksm.manager@sameerafrica.com

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Fax: 007-222-862585
Email: info@sameerafrica.co.tz

Arusha
P.O. Box 14238, Arusha, Tanzania
Tel: 007-272-505821
Fax: 007-272-505822
Mobile: 077-744-561608

Mwanza
Kenyatta Road
P.O Box 11047, Mwanza South, Tanzania
Tel: 007-282-540303

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Email: info@sameerafrica.co.ug

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Fax: 020-820459
Email: yana.embakasi@sameerafrica.com

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Mobile: 0735 999003,
Fax: 020 602819
Email: yana.langatard@sameerafrica.com

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Tel: 020 3962 473
Mobile: 0734339666
Email: yana.abc@sameerafrica.com

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Fax: 053 -2033359
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P.O. Box 90491, Mombasa, Kenya
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Email: yana.msa@sameerafrica.com

Website

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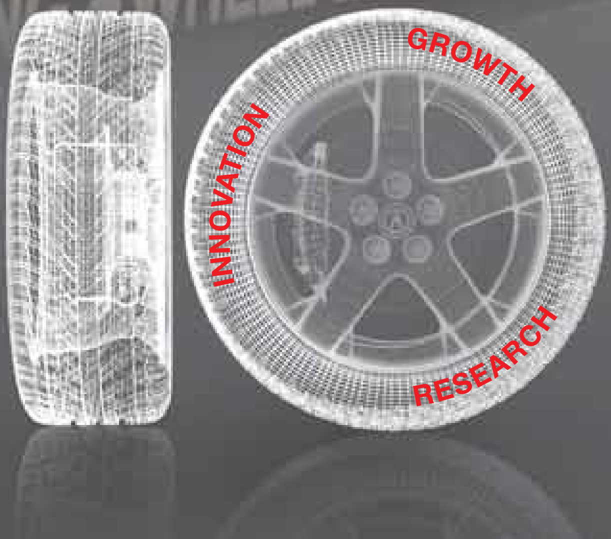

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