sameerafrica
WE'LL TAKE YOU THERE.

2018 ANNUAL REPORT AND FINANCIAL STATEMENTS

SAMEER AFRICA PLC - OVERALL WINNER 2018 FIRE AWARDS

Distinction in innovation is what we stand for! Once again, our commitment for Excellence shines through.

2018 OVERALL WINNER

FiRe AWARDS OVERALL WINNER 2015, 2017 AND NOW 2018

This is a proud time in the history of our company once again. We emerged Overall winner in the 2018 FiRe Awards. We also won in the Listed companies, Industrial Commercial and Service Sector and Kenya Country Award Categories. Sameer Africa was also placed 2nd runner up in the Integrated reporting Category.

For more information Call 0730 156 222
customercare@sameerafrica.com
www.sameerafrica.com

YANA TYRE CENTRE
YANA AFRICA RIDES ON YANA TYRES
SUMMIT TYRE Taya poa, thamani poa
sameerafrica WE'LL TAKE YOU THERE

NEXT - GEN
TYRE TECHNOLOGY

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

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

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

Optimize your driving experience with next gen tyre technology.

Africa rides on Yana tyres.

YANA

CORPORATE INFORMATION

Board of Directors

Eng. Erastus Mwongera **(Chairman)**
Simon Gachomo **(Managing Director)**
Sameer Merali
Akif Butt
Peter Gitonga
Lydia Mbuthia
Mary Ngatia
Winnie Nyamute

Audit, Risk and Corporate Governance Committee

Winnie Nyamute **(Chairlady)**
Sameer Merali
Lydia Mbuthia
Mary Ngatia
Peter Gitonga (Alternate to S.N Merali)

Finance and Investment Committee

Lydia Mbuthia **(Chairlady)**
Akif Butt
Simon Gachomo
Peter Gitonga
Sameer Merali

Nominations and Remuneration Committee

Eng. Erastus Mwongera **(Chairman)**
Simon Gachomo
Peter Gitonga
Mary Ngatia

Registered Office & Principal Place of Business

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

Company Secretary

Edgar Jumba Imbamba
P.O. Box 30429,
00100 Nairobi GPO.

Listing

Nairobi Securities Exchange

Share Registrars

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

Principal Advocates

Kipkorir, Titoo & Kiara,
Posta Sacco Plaza,
P.O. Box 10176
00100 Nairobi GPO.

Waruhiu K'owade and Nganga Advocates,
Taj Towers, 4th Floor, Wing B,
Upperhill Road,
P.O. BOX 47122, 00100 Nairobi GPO.

Principal Bankers

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

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

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

Auditors

KPMG Kenya,
Certified Public Accountants,
ABC Towers, 8th Floor,
Waiyaki Way,
P.O. Box 40612,
00100 Nairobi GPO.

Corporate Governance Auditors

Scribe Services Limited,
2nd floor, Lonrho House,
Standard Street,
P.O. Box 3085 - 00100,
GPO Nairobi, Kenya

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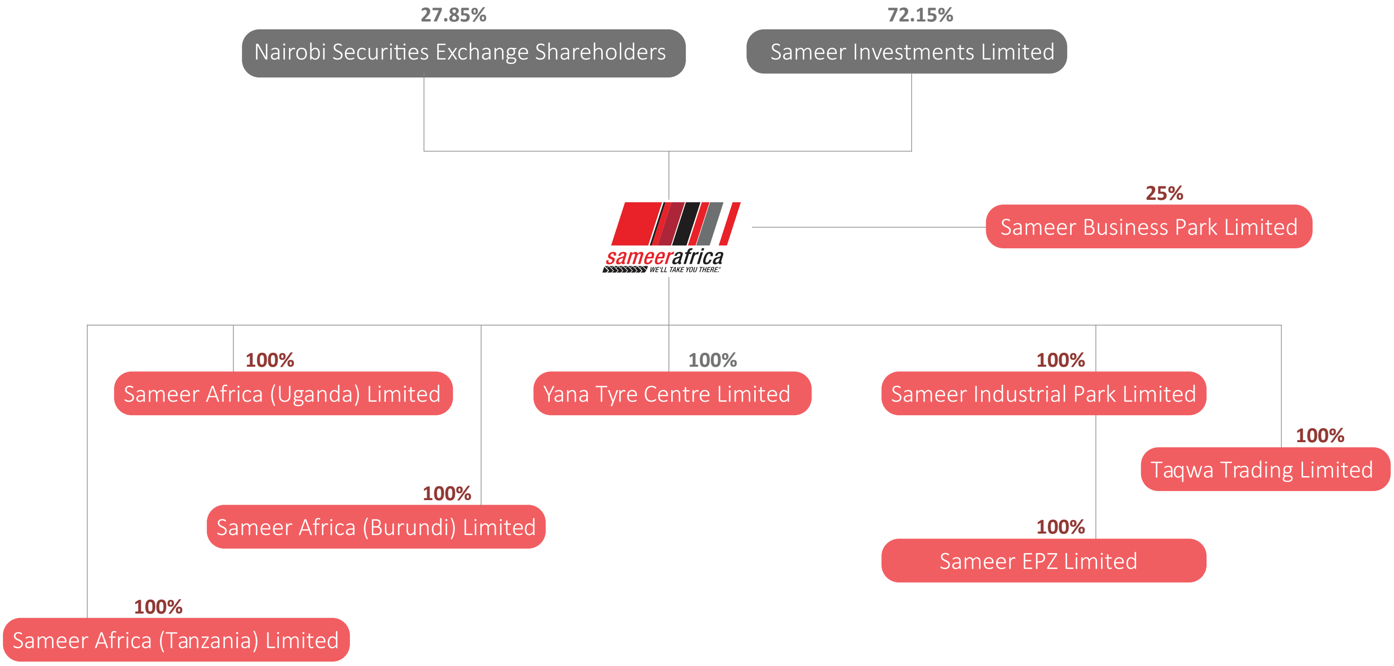
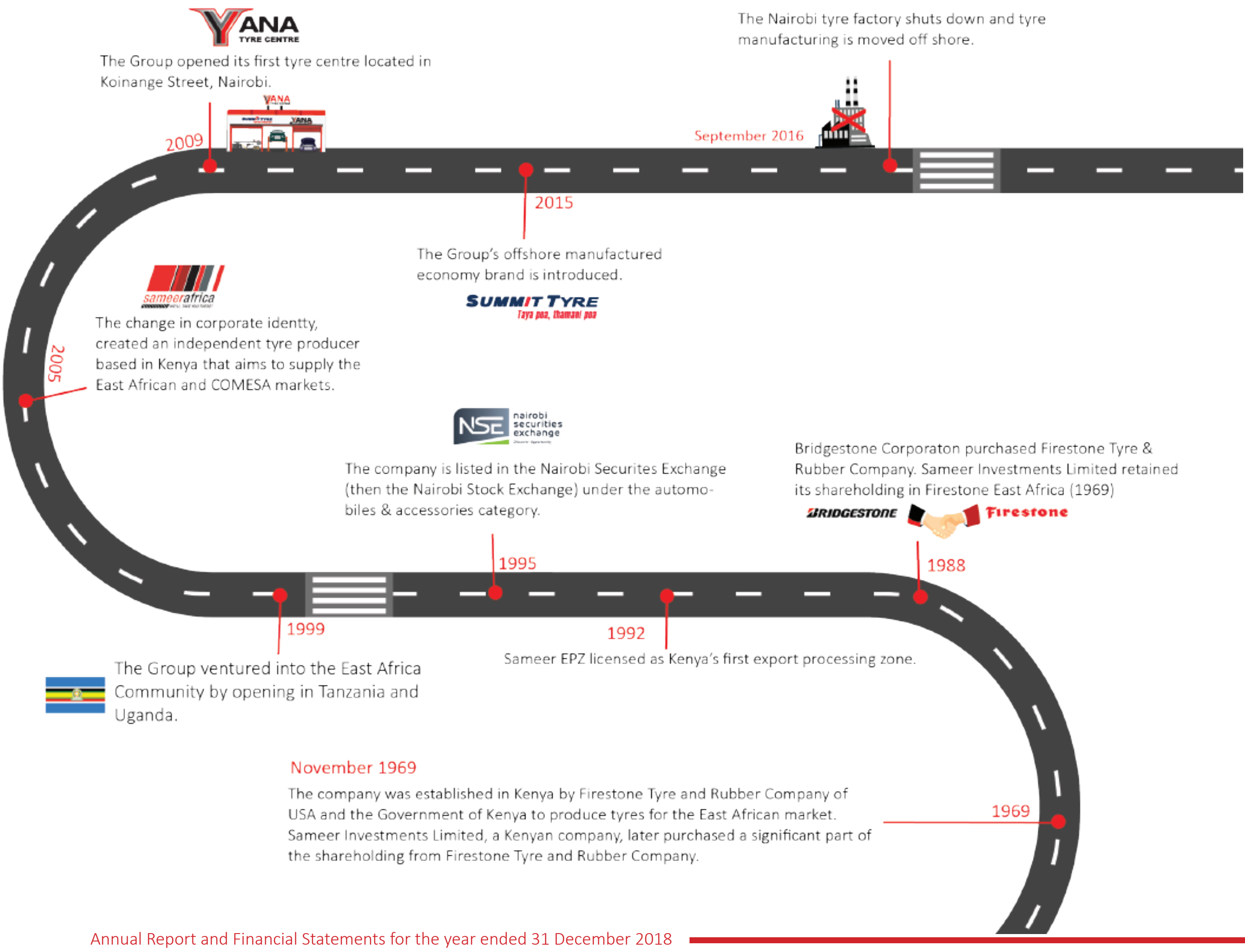
WHO WE ARE

Sameer Africa PLC is a public limited company first incorporated in Kenya in 1969 as Firestone East Africa Limited. The company's principal business is the importation and sale of tyres and allied products and the letting of investment property. We operate primarily in Kenya, with tyre operations in Tanzania, Uganda and Burundi. Sameer Africa PLC is 72.15% owned by Sameer Investments Limited, a leading economic force in East Africa with over thirty years' experience in Kenya's industrial and economic development and a provider of direct and indirect employment for over 30,000 people.

OUR STRUCTURE



HISTORICAL TIMELINE



WHAT WE DO

Our Tyre Business

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

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

Our Property Business

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

OUR TYRE BRANDS

Customized for African roads	Value for money	Premium and Quality
185/70R14 Monarch II 195/65R15 Monarch III 205R16 Moran 225/75R15 Moran 750-16 14 Ply Pamoja	185/70R14 Hawk 185/70R13 Hawk 195R15 Tosha 9.5R17.5 Kifaru 315/80R22.5 Kifaru AP	215/70R16 Destination AT 265/65R17 Destination AT 245/70R16 Destination AT 265/70R16 Destination AT 11R22.5 UT3000

OUR PROPERTY BRANDS

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

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

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

WHERE WE OPERATE

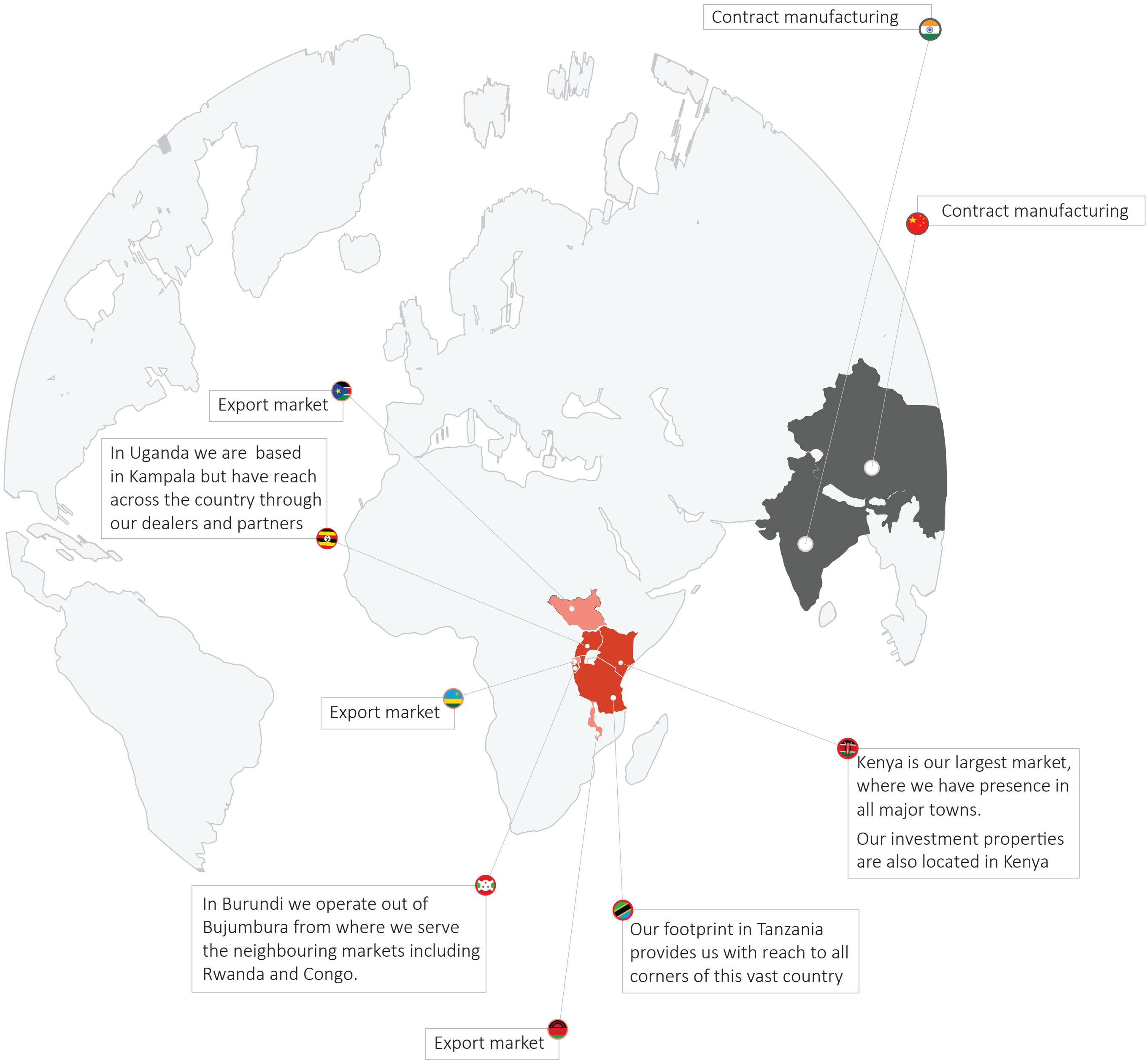
In country presence:

- Nairobi
- Mombasa
- Kisumu
- Nakuru
- Thika
- Machakos
- Eldoret
- Nyeri

- Dar es Salaam
- Mwanza
- Arusha

- Kampala

- Bujumbura



KEY

- Core market
- Export market
- Offshore manufacturing location

CHAIRMAN'S STATEMENT

"The board has long committed the Group to a process of risk management that is aligned to the principles of best practice and corporate governance."

Eng. Erastus Mwongera
Chairman

Distinguished shareholders, members of the board, ladies and gentlemen, it is with great pleasure that I welcome you to the 50th Annual General Meeting of your company.

Your Company has had a difficult year in 2018. The best-selling tyres remained unavailable throughout the year and to the day of this report. Efforts have been made to switch production to different factories and this has now been realized with the first batch arriving in August 2019. At the same time, the regional business in Tanzania, Uganda and Burundi has been adversely affected by counterfeit products that easily outprice our quality brands in these markets. This has necessitated a significant write down of the investments we hold in those markets. Finally, we faced uncertainties from our key suppliers with substantial price increases throughout 2018 leading to a depressed gross margin of 5% across the tyre business.

As a result of the above adverse trading conditions, Group revenues declined by Kshs 559 Million or 21% and the gross margins declined from Kshs 781 Million to Kshs 342 Million a decrease of 56%. Our subsidiaries at the Company level recorded an impairment of Kshs 403 Million. Overheads increased from Kshs 781 Million to Kshs 786 Million, an increase of 1% mainly due to an increase in the general levels.

The group made a loss of Kshs 529 Million for the year ended 31 December 2018 against a profit of Kshs 13 Million recorded in 2017.

STEPS TAKEN TO IMPROVE PERFORMANCE

The Board has taken swift and far reaching changes in an attempt to address the business losses and bring the group back to profitability. I enumerate a few of the changes below:

Sourcing of Tyres

The group has diversified the sourcing of tyres and has partnered with factories in China, India, Czech Republic, Italy and South Africa. This diversification has enabled the group to mitigate the risk of stock outs that has impacted the group negatively.

Pricing of Tyres

The operating environment remains hostile with counterfeit tyres being increasingly sold in our markets. We have successfully negotiated with our suppliers for much more favourable terms which will enable the gross margins to improve going forward.

Retail Focus

The group has focused on the retail business and is in the process of revamping the products offered. This line of business is expected to improve the returns by expanding the product range beyond tyres into accessories and related products

Segmentation

The group has segmented the business to be more in line with customer expectations. To that end, each business unit is headed by an expert in that line offering unparalled customer experience.

STRATEGY REVIEW

In 2019, the board and management developed a new strategic plan to cover the three year period 2019 – 2021. The five key pillars of the new plan are as follows:-

- Innovation
- Growth
- Working Capital Management
- Diversification
- People

The new 2019 – 2021 strategic plan was approved by the board in May 2019.

RISK MANAGEMENT

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

The risk management process has been embedded in our business systems and processes, so that our responses to risk remains current and dynamic. All key risks associated with major change and significant actions by the company also fall within the process of risk assessment and management.

GOVERNANCE AND REMUNERATION

During the year 2018, Mr Allan Walmsley who had been with the group for 6 years retired in August 2018 and was replaced with Mr Simon Gachomo as Managing Director 1 October 2018. I would like to thank Mr Walmsley for his enormous contribution over the years and wish him every success in his future endeavors

In 2018, the various board committees continued to play a vital role in supporting the board in discharging its duties and I am continually grateful for their hard work and commitment.

In 2019, the board will also continue to enhance governance and compliance practices and will focus relentlessly on risk management.

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

God bless Sameer Africa and each of you!!!

Eng. Erastus Kabutu Mwongera.

TAARIFA YA MWENYEKITI

Wadau mbalimbali, wanachama wa bodi, wanawake kwa waume. Ni furaha kubwa kwangu kuwakaribisha kwenye Mkutano Mkuu wa Mwaka wa 50 wa Kampuni yenu.

Kampuni yenu imekuwa na changamoto nyingi kwa mwaka wa 2018. Matairi bora ya kuuzwa hayakupatikana kwa mwaka mzima hadi siku ya kuwasilishwa kwa ripoti hii. Juhudi zimefanywa kubadili uzalishaji kwa viwanda anuwai na hili limeafikiwa na matairi ya kwanza yanapaswa kuwasili Agosti 2019. Isitoshe, biashara ya kikanda nchini Tanzania, Uganda na Burundi imeathiriwa vibaya na bidhaa gushi ambazo zinasababisha upungufu wa ubora katika masoko haya. Hii imesababisha upungufu unaodhihirika juu ya uwekezaji wa rasilmali katika masoko hayo. Hatimaye, tulikabiliwa na hali ya sintofahamu kutoka kwa wauzaji wetu muhimu kutokana na ongezeko kubwa la bei kwa mwaka wa 2018 iliyosababisha kwa kiasi kikubwa, kwa upungufu wa asilimia 5 katika biashara ya matairi.

Kutokana na hali hii duni ya biashara, mapato ya Kundi yalipungua kwa shilingi Milioni 559 au kwa asilimia 21, na faida ya jumla ilipungua kutoka kwa shilingi milioni 781 hadi 342, upungufu wa asilimia 56. Faida kutoka kwa tanzu zetu kama Kampuni zilipungua kwa shilingi milioni 403. Fedha za kampuni ya matumizi ya kibiashara ziliongezeka kwa asilimia 1 kutoka shilingi milioni 781 hadi milioni 786, kutokana na ongezeko la masharti zinazoambatana na Viwango vya Uhasibu.

Kampuni ilipata hasara ya shilingi milioni 529 kwa mwaka uliokamilika tarehe 31 Disemba 2018 dhidi ya faida ya shilingi Milioni 13 iliyosajiliwa mwaka uliotangulia wa 2017.

HATUA ZILIZOCHUKULIWA KUBORESHA UTENDAJI

Bodi imechukuwa hatua za haraka na zenye upeo mkubwa kama mikakati ya kukabiliana na hasara za biashara na kuifanya Kundi lirejee kwenye viwango vya faida. Nitadokeza baadhi yazo:

Utafutaji wa Matairi
Kundi limepanua utaalamu wa utafutaji wa matairi na limeshirikiana na viwanda nchini China, India, Jamhuri ya Czech, Italia na Afrika Kusini. Upanuzi huu umewezezesha Kundi kupunguza uwezekano wa upungufu wa matairi ambao umeathiri Kundi vibaya.

Bei ya Matairi
Mazingira ya uendeshaji kazi bado yanakumbwa na changamoto ya matairi gushi yanazozidi kuuzwa katika masoko yetu. Tumekuwa na mazungumzo ya kufana na wauzaji wetu kuhusu uvumbuzi wa mitazamo bora zaidi ambayo itawezesha kuboresha faida ya kijumla katika siku za usoni.

Kuangazia Mauzo ya rejareja
Kundi limeangazia biashara ya rejareja na iko katika mchakato wa kurekebisha bidhaa zinazotolewa. Biashara hii inatarajiwa kuboresha mapato kwa kupanua na kujumuisha aina za bidhaa kupiku matairi kwa kushughulikia hata vifaa na bidhaa husika.

Ugavi
Kundi limeratibisha biashara kuegemea zaidi matakwa na matarajio ya wateja. Ili kufikia malengo haya, kila kitengo cha biashara kitaongozwa na mtaalam kwa mtazamo huo, ili kutoa huduma isiyo na kifani kwa wateja.

UTATHMINI WA MIKAKATI

Kwa mwaka wa 2019, bodi na usimamizi walibuni mpango mpya wa kipindi cha miaka mitatu kuanzia 2019 – 2021. Nguzo tano muhimu za mpango huo ni kama zifuatavyo:

- Uvumbuzi
- Ukuaji
- Usimamizi wa mtaji wa kazi
- Utofauti
- Watu

Mpango mpya wa 2019 -2021 ulipitishwa na bodi mwezi Mei 2019.

USIMAMIZI WA HATARI ZA KIBIASHARA

Kwa muda mrefu, Bodi imejitolea kuielimisha Kundi kuhusu mchakato wa usimamizi wa hatari unaoafikiana na kanuni za utendaji bora na utawala wa ushirika. Mkakati wetu wa kibiashara unategemea jinsi tunavyochukulia hatari ya mahesabu kwa namna ambayo haitaishia kukandamiza maslahi ya moja kwa moja ya wadau mbalimbali. Tathmini ya hisia ya hatari inatuwezesha kutarajia na kuyapokea mabadiliko katika mazingira yetu ya kibiashara, pamoja na kufanya maamuzi mwafaka katika hali ya sintofahamu. Mchakato wa usimamizi wa hatari umeingizwa katika mifumo na taratibu zetu za biashara, ili majibu yetu kwa hali ya hatari yawe na usasa na yenye uwezo. Hatari zote muhimu zinazohusiana na mabadiliko makubwa na vitendo muhimu za Kampuni pia hupatikana ndani ya mchakato wa tathmini na usimamizi wa hatari.

UTAWALA NA MSHAHARA

Katika mwaka wa 2018, Bw. Allan Walmsley ambaye alikuwa na Kundi kwa muda wa miaka 6 alistaafu mwezi wa Agosti 2018 na pahali pake akaingia Bw. Simon Gachomo kama Mkurugenzi Mkuu tarehe 1 Oktoba 2018. Ningependa kumshukuru Bw. Walmsley kwa mchango wake mkubwa wa miaka kadhaa na kumtakia mafanikio katika juhudi zake za baadaye.

Katika mwaka wa 2018, kamati mbalimbali za bodi ziliendelea kwa utendakazi muhimu wa kuunga mkono bodi katika utekelezaji wa majukumu yake na ninaendelea kuwashukuru kwa kazi yao ngumu na kwa kujitolea kwao.

Kwa mwaka wa 2019, bodi itaendelea kuimarisha utawala na hali ya utangamano na usimamizi wa hatari utazingatiwa.

Hatimaye, ningependa kuwashukuru wadau wote, washirika wa kibiashara, washauri na wateja kwa msaada wao usio na kifani. Shukrani zangu pia kwa wajumbe wa bodi, usimamizi na wafanyakazi kwa juhudi zao na mchango wao kwa ukuaji endelevu wa Sameer Afrika.

Mungu aibariki Sameer Afrika na nyinyi nyote!!!

Mhandisi Erastus Kabutu Mwongera.

MANAGING DIRECTOR'S REPORT

"We have focused on trading across the African market. We shall leverage on our brand awareness to increase our product offering in African countries."

Simon Gachomo
Managing Director

We have had a difficult trading as we reach the tail end of the impact of transition of the business from manufacturing to trading. A journey that has had its fair share of challenges with significant erosion of value for the business.

As we look forward to the Strategic period of 2019 to 2021 we have embarked on key initiatives the success of which will lead the business to sustained profitability in the years to come.

Transformation into a Trading Organisation
This inevitable change will require a culture change and a deep understanding of the customers changing needs. The tyre business continue to evolve and has become price sensitive. The future will belong to those that will meet and exceed customer expectations and Sameer Africa is already regaining its market share

Innovation
The company has embarked on a number of key innovations as summarized below:

- Retail Focus

We intend to increase our retail product offering to supplement the core business of tyres. This will include an expanded range of accessories among other related products.

- Segmentation

The business has been segmented to better serve the various customer groups. This has enabled us to offer a better customer experience resulting in better satisfaction and acquisition of market share. This segmentation will be enhanced and will result in improved performance

- Product Development

We are committed to our YANA and Summit brands and are in the process of a massive expansion of the range to provide our customers with all their needs under the YANA and Summit roof. We believe that this change will result in a more focused approach to address our unique customer needs and live truly to our slogan "Africa rides on Yana tyres".

Growth
The growth pillar will focus on growth in our product range. We shall invest in new YANA and Summit products and with an expanded range into OTR, OEM, LTV and fleet be able to regain market share. Having completed a comprehensive pricing review of our products, we shall be able to better compete than has been the case previously. We expect to be profitable going forward with this growth pillar initiative.

Working Capital Management
The group will optimize available working capital to trade in products that have the best returns. This will significantly free valuable resources to do our core business. We have revamped our customer experience by providing them with the products they need at the right time. We have a more reliable supply chain having expanded our supplier base.

Diversification
We have focused on trading across the African market. We shall leverage on our brand awareness to increase our product offering in African countries.

People
We shall focus on creating an enabling environment for our great members of staff by providing them with the products and tools they need to succeed. We consider our People to be our most valuable resource and we shall invest in them to actualise the strategy.

OUTLOOK
In 2019, we will focus on:-

- Innovation to achieve operational efficiency
- Segmentation of the business to achieve better customer experience.
- Aggressive cost reduction to achieve further savings
- Retail focus by providing more products to existing and new tyre Centres
- Leasing of the former factory premises to achieve 100% occupancy
- Focusing on cash and overall reduction in working capital levels.

Simon Gachomo
Managing Director

RIPOTI YA MKURUGENZI MKUU

Tumekuwa na biashara ngumu tunapofikia tamati ya athari za mabadiliko ya biashara kutoka kwa viwanda na biashara. Ni safari iliyokumbwa na changamoto zake anuwai na ukosefu mkubwa wa thamani kwa biashara.

Tunapotarajia kipindi cha 2019 hadi 2021 tumeanzisha mipango muhimu ya mafanikio ambayo itasababisha biashara kuendeleza faida katika miaka ijayo.

Mabadiliko katika Shirika la Biashara
Mabadiliko haya yasiyoepukika yatahitaji mabadiliko ya miondo misingi na kuelewa kwa kina mahitaji ya wateja yanayobadilika. Biashara ya matairi inaendelea kubadilika na kuhusishwa na bei nyeti. Mtao wa baadaye utakuwa wa wale ambao wataafikiana na kupiku matakwa na mahitaji ya wateja na Sameer Afrika tayari inachukua nafasi yake upya katika soko.

Uvumbuzi
Kampuni imeanzisha mbinu kadhaa muhimu kama ilivyoorodheshwa hapo chini:

- Ulengaji wa rejareja

Tunatarajia kuwa na ongezeko la bidhaa zetu za rejareja ili kuongeza biashara ya msingi ya matairi. Hii itajumuisha aina mbalimbali ya vifaa kati ya bidhaa nyingine zinazohusiana.

- Uratibishaji wa sehemu

Biashara imegawanywa katika makundi mbalimbali ili kutoa huduma bora kwa wateja. Hii imetuwezesha kutoa huduma bora kwa mteja inayoridhisha na kupata nafasi ya soko. Nafasi hii itaimarishwa na itasababisha utendaji bora.

- Maendeleo ya bidhaa

Tumejitolea kwa bidhaa zetu za YANA na Summiy na tuko katika mchakato wa upanuzi mkubwa wa upeo ili kuyakimu mahitaji ya wateja wetu wa matairi ya YANA na Summit. Tunaamini kuwa mabadiliko haya yatasababisha mbinu iliyozingatiwa zaidi ya kushughulikia mahitaji yetu ya wateja wa kipekee na kuishi kweli kwa kauli mbiu yetu ''Afrika husonga na matairi ya Yana [Africa Rides on Yana Tyres]''.

Ukuaji
Nguzo ya ukuaji utazingatia ukuaji wa bidhaa zetu mbalimbali. Tutawekeza katika bidhaa mpya za YANA na Summiy na kwa upeo uliopanuliwa katika OTR, OEM, LTV na gleet ili kuongeza upya nafasi yetu ya soko. Baada ya kukamilisha mapitio ya bei ya bidhaa zetu, tutaweza kushindana zaidi kuliko hali ilivyokuwa hapo awali. Tunatarajia kuwa na faida kwenda mbele kwa mpango huu wa ukuaji.

Usimamizi wa Mtaji
Kundi litaongeza mtaji wa kazi kwa kufanyia biashara katika bidhaa ambazo zina malipo mazuri. Hii itafungulia kwa vikubwa rasilmali muhimu za kufanya biashara yetu ya msingi. Tumeboresha ilhamu ya wateja kwa kuwapa huduma bora na bidhaa wanazohitaji kwa wakati ufaao. Tuna ugavi zaidi wa usambazaji baada ya kupanua misingi ya wasambazaji wetu.

Utofauti
Tumezingatia kuangazia biashara katika soko la Afrika. Tutaimarisha misingi ya ufahamu wetu wa bidhaa ili kuongeza mapato yetu kwa bidhaa katika nchi za Afrika.

Watu
Tutazingatia kujenga na kukuza mazingira mazuri kwa wanachama wetu wakuu kwa kuwapa bidhaa na zana wanazohitaji kufanikiwa. Tunaamini watu wetu kuwa rasilimali yetu muhimu zaidi na tutawekeza kwao ili kuboresha mkakati.

MTAZAMO

Katika mwaka wa 2019, tutaangazia:

- Uvumbuzi utakaoibua ufanisi wa uendeleaji
- Uratibishaji wa biashara ili kuafikia huduma bora kwa wateja
- Upunguful dhabiti kwa gharama ili kuafikia akiba zaidi
- Kuzingatia rejareja kwa kutoa bidhaa zaidi kwa vituo vilivyopo na vilivyochipuka vya matairi
- Kukodisha majengo ya zamani ya kiwanda ili kuafikia nafasi ya asilimia 100.
- Kuzingatia matumizi ya fedha na upungufu wa kijumla katika viwango vya mtaji

Simon Gachomo
Mkurugenzi Mkuu


OPTIMIZE YOUR DRIVING EXPERIENCE WITH YANA TYRES
NEXT-GEN TYRE TECHNOLOGY
STRONGER BELTS
I Enhanced puncture resistance
MODERN TREAD PATTERN
I Stylish I Puncture & wear resistance
IMPROVED SIDEWALL
I Comfortable ride
I Better stability
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& wear resistance
IMPROVED
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I Comfortable ride
I Better stability
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STALLION A/T
PRODUCT OF SAMEER AFRICA
STRONGER
BELTS
I Enhanced
puncture resistance
STRONGER
CASING
I Takes extra load
I Tyre-burst safe
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GOVERNANCE

Board of Directors

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

Engineer Erastus Mwongera - Chairman (Independent)

Appointed: 23 July 2010

Engineer Mwongera is an engineering graduate from the United Kingdom university system and a Fellow of the Institute of Engineers of Kenya. He is currently a management consultant specializing in engineering, management and strategic planning.
He is a board member of the Federation of Kenya Employers. He is also the current Chairman of Kenya National Highways Authority.

He is a Director of Hillside Green Growers and Exporters Company Limited and Chairman of Linksoft Group Limited with responsibility for policy direction and guidance on productivity and profitability.

From 2006 to 2009, Eng. Mwongera served as chairman of the Kenya Airports Authority during a time of major rehabilitation, modernization and expansion of Kenya's international and national airports and airstrips.

Eng. Mwongera had a distinguished career in the public service spanning forty years. He started his career in the water sector where he was Principal of the Kenya Water Institute and a director of Water Development for a combined period of 12 years. Thereafter, for over 10 years, he served as permanent secretary in the Office of the Vice President, Ministry of Home Affairs, Ministry of Lands and Housing, Ministry of Roads, Public Works and Housing, Ministry of Water Resources and Ministry of Land Reclamation, Regional and Water Development. In recognition for his distinguished career in the public sector he was decorated with Chief of Burning Spear (CBS), Elder of Burning Spear (EBS) and Grand Warrior of Kenya (OGW).

Eng. Mwongera is a distinguished engineer who has played a key role in the development of the engineering profession and practice in Kenya as a past chairman of the Engineers' Registration Board and he is currently chairman of the Eminent Fellow Engineers' Forum.

Eng. Mwongera is very active in community affairs where he is a past chairman of the Elders Court in his church, Director of the Leadership Foundation of Kenya and a member of many social and charity organizations including the Karen and Langata District Association.

Eng. Mwongera is the chairman of the board of directors of Sameer Africa PLC and also the chairman of the nominations and remuneration committee.

Simon Gachomo - Managing Director (Executive)

Appointed: 1 October 2018

Simon was appointed to the position of the Managing Director in October 2018. In this Leadership role, he will oversee the operations of Sameer Africa PLC and its subsidiaries in Kenya, Uganda, Tanzania and Burundi. Simon has gained vast experience in leadership and management. He has been Managing Director of companies in the motoring and publishing industries. His most recent position was that of Group Managing Director of Longhorn Publishers PLC, a listed Company. Simon was instrumental in the successful implementation of the 3 year strategic plan.

He holds a Bachelor of Commerce degree from the University of Nairobi.

Mr. Gachomo is a Member of Institute of Certified Public Accountants of Kenya (ICPAK) and has attended a wide range of business management courses locally and internationally.

Dr. Winnie Iminza Nyamute - Director (Independent Non-Executive)

Appointed: 4 May 2017

Winnie holds a PhD in Business Administration (Finance), an MBA (Finance) and a Bachelor of Commerce (Accounting). She is a Certified Public Accountant, a Member of Kenya Institute of Management, the Association of Women Accountants of Kenya and the Institute of Directors(IOD). Winnie is currently a lecturer (Finance and Accounting) at the University of Nairobi.

She has been serving on the Research and Education Committee of the Institute of Certified Public Accountants of Kenya (ICPAK). She is a past member of the ICPAK's Audit Quality Assurance and the Special Interest Group Committees. She is a faculty advisor for the Certified Financial Analyst (CFA) Research Challenge, University of Nairobi (UoN) as well as a board advisor for the Finance Students Association (FISA) of UoN. She has been the coordinator for partnerships and linkages for the School of Business (UoN) and a panel judge of the Excellency in Financial Reporting (FIRE) Awards Scheme. She is an independent director at the Nairobi Securities Exchange where she chairs the Audit, Risk Management and Compliance Committee.

Winnie is the chair of the audit, risk and corporate governance committee of the board.

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

Appointed: 4 May 2017

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

She has previously served in various capacities at Catholic University of Eastern Africa (CUEA) including Director of University Advancement and University Examinations Officer. Lydia also served as Chair of the University's Advancement Advisory Board. She has published several books and articles in refereed journals.

Lydia is the chair of the finance and investments committee of the board.

Board of Directors (Continued)

Sameer N. Merali - Director (Non-Executive)

Appointed: 22 November 2012
Sameer holds a Master of Science degree in Banking and International Finance and a BSc (Hons) in Management Science.

Sameer initially worked with Merrill Lynch International Bank Limited in the United Kingdom as an Investment Analyst between October 2000 and February 2003 and joined Sameer Investments Limited in March 2003.

He is the Chairman of Ryce East Africa Limited and Nandi Tea Estates Limited. He is the Chief Executive Officer of Sameer Investments Limited and a Director of Sasini PLC, a company listed on the Nairobi Securities Exchange.

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

Peter M. Gitonga (Non-Executive)

Appointed: 1 August 2005
Peter has previously served in various capacities at senior management level in Sameer Africa. He holds a Bachelor of Science Degree in Business Administration and a Master of Science in Strategic Management from the United States International University (USIU).

Peter is a member of the nominations and remuneration and the finance and investment committee of the board.
He is also a Director of Meru County Microfinance Corporation, the Chairman of Excel Girls High School and a Board member of Abothuguchi Secondary School.

Ms. Mary Ngatia - Director (Independent Non-Executive)

Appointed: 4 May 2017
Mary is a seasoned banker with more than 30 years of experience in retail, corporate banking, treasury management and microfinance. She holds an MBA in Strategic Management from Moi University and a Bachelor of Science (BSc) in Business Administration from the University of Maryland (USA).

She is a member of the Kenya Institute of Bankers and Institute of Directors of Kenya. She currently serves as the Vice Chairperson of the Board of Directors of Kenya Women's Microfinance Bank. She also chairs the Finance and Procurement Committee and serves on the Board Credit Committee of the bank.

She is also a board member of Bank of India and serves as treasurer for the Kenyatta Hospital League of Friends.

Ms. Ngatia is a member of the audit, risk and corporate governance committee of the board.

Akif H. Butt - Director (Non-Executive)

Appointed: 24 July 2008
Akif is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a Certified Public Accountant of Kenya (CPA (K)) and has a wealth of experience in financial management, corporate planning and strategic management.

He previously worked with PricewaterhouseCoopers in Kenya and the East Africa region, Liberia and England. He joined the Sameer Group in 1989 and is currently the Group's Finance Director. He represents the interests of the Sameer Group on the boards of various companies.

Akif is a member of the finance and investments committee of the board.

Akif is also a Director of Sasini PLC and Eveready East Africa PLC, which are both quoted on the Nairobi Securities Exchange.

Executive Committee

Simon Gachomo - Managing Director

Simon was appointed to the position of the Managing Director in October 2018. In this Leadership role, he will oversee the operations of Sameer Africa PLC and its subsidiaries in Kenya, Uganda, Tanzania and Burundi. Simon has gained vast experience in leadership and management. He has been Managing Director of companies in the motoring and publishing industries. His most recent position was that of Group Managing Director of Longhorn Publishers PLC, a listed Company. Simon was instrumental in the successful implementation of the 3 year strategic plan.

He holds a Bachelor of Commerce degree from the University of Nairobi.

Mr. Gachomo is a Member of Institute of Certified Public Accountants of Kenya (ICPAK) and has attended a wide range of business management courses locally and internationally.

Eric Githinji - General Manager Finance & Strategy

Eric is responsible for leading the financial management, reporting and controlling function for optimal utilization of company's financial resources and assets. He also ensures compliance with regulatory requirements and appropriate reporting standards. Eric joined the company in January 2012 as Finance Manager and has previously served as Financial Controller with the Amiran Kenya Group.
Eric holds a Bachelor of Commerce degree from the University of Nairobi and is currently pursuing his MBA. He is a Certified Public Accountant- CPA (K) and a member of the Institute of Certified Public Accountants of Kenya.

Grace Ireri - Ag. Head of Human Resource

Grace joined the company in April 2008. She is a Human Resource Specialist with a strong grasp of labour laws, compliance issues and other aspects of Human Resource Management with over 10 years' experience in Employee Relations, HR Services and Administration.
Grace holds a Bachelor of Business Administration and a Diploma in Human Resource Management from Kenya Methodist University and the Institute of Human Resource Management respectively. She is a member of the Institute of Human Resource Management.

Edgar Imbamba - Company Secretary

Edgar is an Advocate of the High Court of Kenya and a practicing Certified Public Secretary. He holds a Bachelor of Laws degree from the University of London and a Master of Laws degree from the University of Hull in the United Kingdom. Edgar holds a diploma in law from Kenya School of Law and is a certified corporate governance auditor. He has previously held senior management positions at the Postal Corporation of Kenya, Kenya Tourist Development Corporation and Kenya Tea Development Agency Holdings Limited.

Hassan Awadh - Head of Internal Audit & Risk

Hassan is responsible for evaluating and monitoring the adequacy of internal controls, risk management processes and corporate governance platforms in order to safe guard company assets and business performance.

He joined the company in 2000 and has held various positions within the finance and audit departments. He previously worked with Siginon Freight Limited for 8 years.

Hassan is a Certified Public Accountant (CPA), Certified Information Systems Auditors (CISA) , a member of the Institute of Certified Public Accountants (ICPAK) and a member of the Information Systems Audit and Control Association (ISACA).

Sylvestre Yonga - Ag. Chief Information Officer

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

He is a member of the Information Systems Audit and Control Association (ISACA-CISA).

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

Nixon Ojijo - Head of Regional Sales

Nixon is responsible for giving strategic direction to the sales function with emphasis on regional business expansion, wholesale market growth and customer satisfaction.

Nixon joined the Group in 2001 and has a wealth of experience in sales gained from his seventeen years with the Group in various positions within the sales function. Prior to his promotion to the position of head of regional sales in May 2018, Nixon was the country Manager in Tanzania. He has previously worked in sales function in Toyota Kenya and Hyundai Motors (Kenya) Limited.

Robert Akungo - Head of Supply Chain

Robert is responsible for developing, leading and implementing the company's supply chain functions to ensure effective and efficient service delivery to meet business prerequisites. Robert joined the company in 2000, as a graduate trainee and prior to his current assignment, held various management positions in the technical and procurement departments. He has vast experience in rubber compounding, processes and sourcing. He holds an MBA and BSc Degree in Chemistry from JKUAT and is a qualified member of Chartered Institute of Procurement and Supply (MCIPS) and KISM.


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REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors have the pleasure of presenting their report together with the audited financial statements for the year ended 31 December 2018, which discloses the state of affairs of the Group and the Company.

Principal Activities

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

Results

The results for the year are set out on page 29 and 30.

Dividend

The directors do not recommend the payment of a dividend (2017 – Nil).

Directors

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

Business overview

During the year under review, total revenue was KShs 2,068 million which showed a 21% decrease from the previous year (2017 – KShs 2,627 million). This performance was against a revenue budget of KShs 2,794 million. The below budget performance was mainly attributable to the declining market share of the YANA brand in the high price segment, cheap imports from the Asian continent, stock out of key tyre sizes and curtailment in government expenditure.

Total expenses were KShs 786 million which showed a 1% increase from the previous year (2017 – KShs 781 million).

Historically the majority of the Group's business was derived from trade and dealer channel. Going forward, the directors and management will be focusing on the retail channel evidenced by the expansion of our tyre retail outlets and exploiting available investment property for rental income.

The directors expect that 2019 will be another transformative year for Sameer Africa as the Group continues to exploit the brand equity in the retail segment and grow market share. The target revenue of KShs 3,004 million underlies the director's cautious optimism in 2019.

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

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

Relevant audit information

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

(i) There is no relevant audit information of which the Group's auditor is unaware; and

(ii) Each director has taken all the steps that they ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditors

The auditors of the Company, KPMG Kenya, continue in office in accordance with the Kenyan Companies Act, 2015.

Approval of financial statements

The financial statements were approved and authorized for issue at a meeting of the directors held on 29 April 2019.

BY ORDER OF THE BOARD

Mr. Edgar Jumba Imbamba
COMPANY SECRETARY

Date: 29 April 2019

RIPOTI YA WAKURUGENZI

MWAKA ULIOKAMILIKA TAREHE 31 DISEMBA, 2018

Wakuregenzi wana furaha ya kuwasilisha ripoti pamoja na taarifa ya fedha zilizoangaziwa katika mwaka uliokamilika tarehe 31 Disemba, 2018, ambayo hufafanua hali halisi ya Kundi pamoja na Kampuni.

Shughuli Kuu

Shughuli Kuu za Kundi ni pamoja na: uvumbuzi, uagizaji na uuzaji wa matairi na bidhaa husika na huduma zinazotelewa kulingana na uwekezaji.

Matokeo

Maelezo zaidi kuhusu tokeo ya fedha ya mwaka yamo kwenye ukurasa 29 hadi 30.

Gawio

Wakurugenzi hawaungi mkono malipo ya mgawanyiko (2017 – Nil)

Wakurugenzi

Wakurugenzi walioshikilia nyadhifa mbalimbali katika mwaka hadi wakati wa kuwasilishwa kwa ripoti hii wameonyeshwa katika ukurasa 1.

Maelezo ya Biashara

Katika mwaka ulioangaziwa, mapato ya jumla yalikuwa shilingi milioni 2,068 ambayo ilionyesha kushuka kwa asilimia 21 kutoka mwaka uliotangulia (2017 – shilingi milioni 2,627). Utendaji huu ulikuwa kinyume na bajeti ya mapato ya shilingi milioni 2,794. Utendaji wa chini wa bajeti ulihusishwa hususan na kufifia kwa soko la hisa ya YANA, katika sehemu ya bei ya juu, uagizaji wa matairi ya bei ya chini kutoka bara la Asia, kumalizika kwa matairi wastani pamoja na serikali kupunguza matumizi ya fedha.

Jumla ya gharama zilikuwa shilingi milioni 786 ambazo zilionyesha ongezeko la asilimia moja kutoka mwaka uliotangulia (2017 – shilingi milioni 781).

Kihistoria biashara nyingi za Kundi ziliibuka kupitia kwa wachuuzi na vituo vya mauzo. Baadaye, wakurugenzi na usimamizi watazingatia vituo vya mauzo ya rejareja kinachothibitishwa na upanuzi wa maduka ya matairi ya rejareja na kutumia mali ya uwekezaji inayotokana kwa mapato ya kodi.

Wakurugenzi wanatarajia kwamba 2019 utakuwa mwaka mwingine wa mabadiliko kwa Sameer Africa huku Kundi likizidi kutumia haki ya usawa katika sehemu ya rejareja na kukuza soko la hisa. Mapato yanayolengwa ya shilingi milioni 3,004 yanaegemea mtazamo wa tahadhari ya wakurugenzi katika mwaka 2019.

Bodi itaendelea kuwapa changamoto pamoja na kuunga mkono vitendo vya wasimamizi wakifanya kazi kuhakikisha mabadiliko ya Kundi yamefanyika kwa miaka ijayo, ili kuikuza biashara yenye faida zaidi na inayozalisha fedha kwa siku za usoni.

Taarifa juu ya usimamizi wa hatari zinazokabili biashara zimefafanuliwa kwenye elekezo la 5 kwa taarifa za kifedha.

Taarifa ya Ukaguzi unaofaa

Wakurugenzi wanaoshikilia nyadhifa wakati wa kuwasilishwa kwa ripoti hii wanathibitisha kwamba:

(i) Hakuna taarifa ya ukaguzi ambayo mkaguzi wa Kundi haifahamu, na
(ii) Kila mkurugenzi amechukua hatua zipasavyo za utendakazi kwa minajili ya kufahamu taarifa zote za uhakiki wa ukaguzi na kuhakikisha kwamba mkaguzi wa Kundi anaifahamu taarifa hiyo.

Wakaguzi

Wakaguzi wa Kampuni, KPMG Kenya, wataendelea kushikilia nyadhifa kwa mujibu wa Sheria ya Makampuni ya Kenya, mwaka 2015.

Idhini ya Taarifa za Kifedha

Taarifa za kifedha ziliidhinishwa na kuratibishwa kwa uasilishaji kwenye mkutano wa wakurugenzi uliofanyika tarehe 29 Aprili 2019.

IMEIDHINISHWA NA BODI

Bwana Edgar Jumba Imbamba
Katibu wa Kampuni
Tarehe: 29 Aprili 2019

DIRECTORS' REMUNERATION REPORT

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

Details of directors remuneration in 2018, namely remuneration paid to directors and executive management during 2018 are included in Note 30(b)(iv).

The remuneration policy

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

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

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

Executive director and senior management remuneration

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

Purpose and link to strategy	Operation	Performance metrics
Basic Salary Reflects the individual's skills, responsibilities and experience. Supports the recruitment and retention of executive directors of the calibre required to deliver the business strategy within the competitive market environment the company operates.	Reviewed annually and paid monthly in cash. Consideration is given to a range of factors when determining salary levels, including: • Personal and companywide performance. • Pay levels in relevant markets for each executive whilst recognising the need for an appropriate premium to attract and retain superior talent, balanced against the need to provide a cost-effective overall remuneration package. • The wider employee pay review. • Basic salary is subject to tax and other statutory deductions such as NSSF and NHIF paid monthly.	Continued good performance. Overall individual and business performance is considered when setting and reviewing salaries.
Housing Allowance Allowances paid monthly to cater for executive housing. This is determined on the basis of housing rates for executives of comparable entities.	Paid in cash and is subjected to tax under the PAYE system.	None.
Provision for an income in retirement To provide competitive post-retirement benefits or cash allowance as a framework to save for retirement. Supports the recruitment and retention of Executive Directors of the calibre required to deliver the business strategy.	Executives can choose to participate in the Sameer Africa defined contribution scheme or receive a gratuity allowance. Contributions are set as a percentage of base salary. Post-retirement benefits do not form part of the base salary for the purposes of determining incentives. Contract gratuity is payable at the end of the contract period and is subject to tax under the PAYE system.	None The maximum contributions for gratuity allowances for the executive directors are 25% of base salary.

Director's Remuneration Report (Continued)

Purpose and link to strategy	Operation	Performance metrics
Benefits To provide non-cash benefits which are competitive in the market in which the executive is employed. Ensures the overall package is competitive and provides financial protection for executives and their families.	The Company provides a range of market competitive benefits including leave passages, private medical insurance and other life benefits. Additional benefits include company car, education support and club membership subscriptions. Other ad-hoc benefits such as relocation can be offered, depending on personal circumstances. Non- cash benefits are taxable in accordance with the Income Tax Act.	None.
Performance bonus Incentivises executives and senior management to achieve key strategic outcomes on an annual basis. Focus on key financial metrics and objectives to deliver the business strategy.	Measures and targets are set annually based on business plans at the start of the financial year and pay-out levels are determined by the Committee following the year-end based on performance against objectives. Paid once per annum. The Committee has the discretion to amend the bonus pay-out based on performance.	The bonus is based on the remuneration committee's assessment of executive directors' performance over the financial year against objectives, which cover: 1. Strategy, structure and people. 2. Profit and loss performance and sales. 3. Financial health. 4. Risk, compliance and reputation.

Non-executive directors' remuneration policy

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

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

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

Director's Remuneration Report (Continued)

Executive director and non-executive directors

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

	2018			2017		
	Fees Kshs '000	Sitting allowances Kshs '000	Total Kshs '000	Fees Kshs '000	Sitting allowances Kshs '000	Total Kshs '000
Eng.E.K.Mwongera	2,700	545	3,245	2,700	305	3,005
S.N.Merali	480	320	800	480	80	560
P.Gitonga	480	460	940	480	370	850
S.M.Githiga	28	-	28	480	100	580
A.H. Butt	480	380	860	480	160	640
G.J.Kemei	-	-	0	40	-	40
L.M.Mbuthia	480	480	960	320	220	540
M.W.Ngatia	480	480	960	320	260	580
W.Nyamute	480	400	880	320	220	540
Total	**5,608**	**3,065**	**8,673**	**5,620**	**1,715**	**7,335**

Mr. Allan Walmsley

	2018 Kshs '000	2017 Kshs '000
Basic Pay and other allowances	11,900	20,760
Non-cash benefits	379	649
Pensions/gratuity	2,576	4,500
Total	**14,855**	**25,909**

Mr. Simon Gachomo

	2018 Kshs '000	2017 Kshs '000
Basic Pay and other allowances	5,550	-
Pensions/gratuity	1,125	-
Total	**6,675**	-
Total 30 (b) iii	**21,530**	**25,909**

By order of the board

Edgar J. Imbamba
Company Secretary
Date: 29 April 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements of Sameer Africa Plc set out on pages 29 to 114 which comprise the consolidated and Company statements of financial position at 31 December 2018, consolidated and Company statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

The Directors' responsibilities include: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the financial statements in the circumstances, preparation and presentation of financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Under the Kenyan Companies Act, 2015 the Directors are required to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and Company as at the end of the financial year and of the profit or loss of the Group and Company for that year. It also requires the Directors to ensure the Group keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and Company.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. The Directors are of the opinion that the financial statements give a true and fair view of the financial position of the Group and the Company and of the Group's profit or loss.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Approval of the financial statements

The financial statements, as indicated above, were approved and authorised for issue by the board of directors on 29 April 2019.

Eng.Erastus Kabutu Mwongera
FIEK, RCE, CBS
Chairman

Simon Gachomo
Managing Director

REPORT OF THE INDEPENDENT AUDITOR

TO THE MEMBERS OF SAMEER AFRICA PLC

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Sameer Africa Plc (the 'Group' and 'Company') set out on pages 29 to 114, which comprise the consolidated and company statements of financial position as at 31 December 2018, the consolidated and company statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Sameer Africa Plc as at 31 December 2018, and the consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key audit matters

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

Impairment of inventories	
See accounting policy Note 3(k) and disclosure Note 19 – Inventories	
The Key audit matter	**How the matter was addressed in our audit**
The determination of the realisable value of inventories can be complex and therefore significant judgment is applied by the directors in identifying the impaired inventory items. The process of identification and verification of inventories assessed as impaired is independently carried out by the Group and Company. Impairment of inventory is considered a key audit matter because the assessment and application of inventory provisions and the determination of realisable value are complex and subject to significant judgment, made by the directors.	Our audit procedures in this area included, among others: – Testing the design and operating effectiveness of controls in place over review of stock take reports and subsequent reconciliation to the amounts reported in the general ledger; – Evaluating the appropriateness of the accounting policies the Group and Company applies in the recognition and de-recognition of inventory; – Considering whether management had identified realisable values for all inventory items; – Inspecting the inventory ageing report and recomputing the inventory provision on the basis of the accounting policy; and – Independently assessing, with reference to the relevant accounting standards, the accounting basis that should be applied to the inventory items that have no realisable values.

Transition and adoption (classification, measurement & impairment) of IFRS 9	
See Note 4 (a) (ii), to the financial statements	
The Key audit matter	**How the matter was addressed in our audit**
The Group and Company implemented IFRS 9 Financial Instruments on 1 January 2018 resulting in impairment allowances being recognised when losses are expected rather than when they are incurred. The key risks associated with the adoption of IFRS 9 include: – Complex accounting requirements and subjective judgements underlying the determination of adjustments on transition.	Our audit procedures in this area included, among others: – Challenge management's assertions around the classification and measurement of financial assets; and – Assessing the expected credit loss provisions as per IFRS 9 by challenging assumptions made by management in arriving at the impairment allowance.

KPMG

REPORT OF THE INDEPENDENT AUDITOR

TO THE MEMBERS OF SAMEER AFRICA PLC (Continued)

Transition and adoption (classification, measurement & impairment) of IFRS 9 (continued)	
See Note 4 (a) (ii), to the financial statements	
The Key audit matter	**How the matter was addressed in our audit**
– New processes, data and controls over the determination of the Expected Credit Loss (ECL) impairment that have not been subject to testing previously. – Relevance and reliability of data used for ECL measurement. – Subjective assumptions/ judgments made to determine the default definition. – New disclosure requirements requiring explanations of key judgements and assumptions made in determining ECL. The transition and adoption of IFRS 9 was considered to be a key audit matter because of: – the volatility of the model output based on definition of loss and default adopted by the Directors, – the significant amounts of receivables the company has in it books and sensitivity of data used in the model, the complexity of application of the new standard.	– Reviewing the ECL inputs i.e. Loss Rates and Probabilities of Default (PDs), Loss Given Default (LGD) and Exposure at Default (EAD). This involved reviewing the accuracy and reliability of IFRS 9 model inputs; and – Reviewing the IFRS 9 disclosures in the financial statements in line with the disclosure requirements.

Recognition of deferred tax asset	
See accounting policy Note 3(g) and disclosure Note 24 – Deferred income tax	
The Key audit matter	**How the matter was addressed in our audit**
The Group and Company has recognised deferred tax assets for deductible temporary differences and unused tax losses that it believes are utilisable. The utilisation of recognised deferred tax assets, is in part, dependent on the group and company's ability to generate future taxable profits sufficient to utilise deductible temporary differences and tax losses before they expire. We determined this to be a key audit matter due to the inherent estimation and uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences and utilisation of tax losses.	Our audit procedures in this area included, among others: – Evaluating the tax computations prepared by the Group and Company to assess the recognition and measurement of the current and deferred tax assets and liabilities and evaluate compliance with the relevant tax legislation; – Challenging directors' assumptions used to determine the manner in which the temporary differences, including the recoverability of the deferred tax assets, would be realised by comparing assumptions to evidence obtained in respect of other areas of the audit, including cash flow forecasts, business plans, and minutes of directors' meetings as well as our knowledge of the business; – Assessing whether the conditions for recognition of deferred tax asset on unutilised tax losses have been met; and – Assessing the adequacy of the Group's and Company's disclosure included in the deferred taxes notes.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, but does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the consolidated and separate financial statements

As stated on page 24, the directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Kenyan Companies Act, 2015, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Directors' responsibilities for the consolidated and separate financial statements (Continued)
In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and Company's financial reporting process.

Auditors' responsibilities for the audit of the consolidated and separate financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements
As required by the Kenyan Companies Act, 2015, we report to you based on our audit, that:
- The information given in the report of the directors on pages 19-20 is consistent with the financial statements;
- In our opinion, the auditable part of the directors' remuneration report on pages 21-23 has been properly prepared in accordance with the Kenyan Companies Act, 2015; and

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

Report on other legal and regulatory requirements (continued)

– Our report on the annual financial statements is unqualified.

The signing Partner responsible for the audit resulting in this independent auditors' report is CPA Jacob Gathecha – P/1610.

KPMG Kenya

KPMG Kenya
Certified Public Accountants
P.O Box 40612-00100
Nairobi GPO

Date: 29 April 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2018

	Note	2018 KShs'000	2017 KShs'000
Revenue	8	2,067,928	2,626,975
Cost of sales	9 (b) (i)	(1,725,872)	(1,846,234)
Gross profit		**342,056**	**780,741**
Other operating income	9 (a)	30,846	95,030
Selling and distribution costs	9 (b) (ii)	(174,865)	(253,194)
Administrative expenses	9 (b) (ii)	(441,352)	(376,553)
Other operating expenses	9 (b) (ii)	(169,702)	(150,938)
Operating (loss)/profit		**(413,017)**	**95,086**
Finance income	10	33,712	29,264
Finance costs	10	(102,836)	(108,954)
Share of profit of equity accounted investees (net of income tax)	18 (a)	4,027	11,768
(Loss)/profit before income tax		**(478,114)**	**27,164**
Income tax expense	11 (a)	(51,206)	(14,135)
(Loss)/profit for the year		**(529,320)**	**13,029**
Other comprehensive income (net of tax)			
(a) Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations		(10,802)	(10,369)
Total other comprehensive income for the year		**(10,802)**	**(10,369)**
Total comprehensive income for the year		**(540,122)**	**2,660**
Earnings per share:			
Basic and diluted (KShs)	12 (a)	**(1.90)**	**0.05**

The notes set out on pages 37 to 114 form an integral part of these financial statements.

Company Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2018

	Note	2018 KShs'000	2017 KShs'000
Revenue	8	1,417,273	1,798,957
Cost of sales	9 (b) (i)	(1,224,284)	(1,336,200)
Gross profit		**192,989**	**462,757**
Other operating income	9 (a)	31,632	88,939
Selling and distribution costs	9 (b) (ii)	(63,959)	(103,707)
Administrative expenses	9 (b) (ii)	(289,629)	(213,588)
Impairment of investment in subsidiaries	9 (b) (ii)	(403,624)	-
Other operating expenses	9 (b) (ii)	(90,125)	(76,629)
Operating (loss)/profit		**(622,716)**	**157,772**
Finance income	10	31,193	24,575
Finance costs	10	(94,910)	(77,635)
(Loss)/profit before income tax		**(686,433)**	**104,712**
Income tax credit expense	11 (a)	(5,384)	(24,349)
(Loss)/profit for the year		**(691,817)**	**80,363**
Other comprehensive income (net of tax)			
Total other comprehensive income for the year		**-**	**-**
Total comprehensive income for the year		**(691,817)**	**80,363**

The notes set out on pages 37 to 114 form an integral part of these financial statements.

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Consolidated Statement of Financial Position
for the year ended 31 December 2018

	Note	2018 KShs '000	2017 KShs '000
ASSETS			
Non-current assets			
Property, plant and equipment	13 (a)	356,388	552,139
Intangible assets	14 (a)	1,052	5,818
Investment properties	15 (a)	422,836	175,360
Prepaid operating lease rentals	16 (a)	345	349
Equity accounted investees	18	137,475	133,448
Deferred income tax	24 (b)	369,556	404,264
Total non-current assets		**1,287,652**	**1,271,378**
Current assets			
Inventories	19	617,406	730,580
Trade and other receivables	20	590,750	800,475
Current income tax	11 (c)	44,727	48,330
Cash and cash equivalents	21	47,289	119,105
Total current assets		**1,300,172**	**1,698,490**
TOTAL ASSETS		**2,587,824**	**2,969,868**
EQUITY			
Share capital	22 (a)	1,391,712	1,391,712
Retained earnings	22 (b)	(86,423)	611,051
Translation reserve	22 (b)	(175,711)	(164,909)
Total equity		**1,129,578**	**1,837,854**
LIABILITIES			
Non-current liabilities			
Borrowings	23 (a)	14,585	31,026
Deferred income tax	24 (b)	5,064	4,134
Total non-current liabilities		**19,649**	**35,160**
Current liabilities			
Trade and other payables	25 (a)	477,946	535,014
Borrowings	23 (a)	960,651	561,840
Total current liabilities		**1,438,597**	**1,096,854**
Total liabilities		**1,458,246**	**1,132,014**
TOTAL EQUITY AND LIABILITIES		**2,587,824**	**2,969,868**

The financial statements on pages 29 to 114 were approved and authorised for issue by the Board of Directors on 29 April 2019

Eng. E.K. Mwongera
Chairman

Simon Gachomo
Managing Director

The notes set out on pages 37 to 114 form an integral part of these financial statements.

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Company Statement of Financial Position
for the year ended 31 December 2018

	Note	2018 KShs '000	2017 KShs '000
ASSETS			
Non-current assets			
Property, plant and equipment	13 (a)	168,657	343,690
Intangible assets	14 (a)	1,052	5,818
Investment properties	15 (a)	342,337	96,529
Prepaid operating lease rentals	16 (a)	345	349
Investment in subsidiaries	17	130,000	533,625
Equity accounted investees	18	137,026	137,026
Deferred income tax	24 (b)	319,394	319,394
Total non-current assets		**1,098,811**	**1,436,431**
Current assets			
Inventories	19	313,617	409,331
Trade and other receivables	20	842,318	792,505
Current income tax	11 (c)	20,040	17,411
Cash and cash equivalents	21	2,612	75,789
Total current assets		**1,178,587**	**1,295,036**
TOTAL ASSETS		**2,277,398**	**2,731,467**
EQUITY			
Share capital	22 (a)	1,391,712	1,391,712
Retained earnings	22 (b)	(574,015)	213,415
Total equity		**817,697**	**1,605,127**
LIABILITIES			
Non-current liabilities			
Borrowings	23 (a)	14,585	31,026
Total non-current liabilities		**14,585**	**31,026**
Current liabilities			
Trade and other payables	25 (a)	484,465	533,474
Borrowings	23 (a)	960,651	561,840
Total current liabilities		**1,445,116**	**1,095,314**
Total liabilities		**1,459,701**	**1,126,340**
TOTAL EQUITY AND LIABILITIES		**2,277,398**	**2,731,467**

The financial statements on pages 29 to 114 were approved and authorised for issue by the Board of Directors on 29 April 2019.

EKMwongera

Eng. E.K. Mwongera
Chairman

Simon Gachomo
Managing Director

The notes set out on pages 37 to 114 form an integral part of these financial statements.

Consolidated Statement of Changes In Equity
for the year ended 31 December 2018

2018	Share capital KShs'000	Retained earnings KShs'000	Translation reserve KShs'000	Total KShs'000
At start of year	1,391,712	611,051	(164,909)	1,837,854
Adjustment on initial application of IFRS 9,net of tax	-	(168,154)	-	(168,154)
Restated balance at 1 January 2018	**1,391,712**	**442,897**	**(164,909)**	**1,669,700**
Comprehensive income For the year				
Loss for the year	-	(529,320)	-	(529,320)
Other comprehensive income	-	-	(10,802)	(10,802)
Total comprehensive income	-	-	(10,802)	(540,122)
At end of year	**1,391,712**	**(86,423)**	**(175,711)**	**1,129,578**
2017				
At start of year	1,391,712	598,022	(154,540)	1,835,194
Comprehensive income for the year				
Profit for the year	-	13,029	-	13,029
Other comprehensive income	-	-	(10,369)	(10,369)
Total comprehensive income	-	13,029	(10,369)	2,660
At end of year	**1,391,712**	**611,051**	**(164,909)**	**1,837,854**

The notes set out on pages 37 to 114 form an integral part of these financial statements.

Company Statement of Changes In Equity
for the year ended 31 December 2018

	Share capital KShs'000	Retained earnings KShs'000	Total KShs'000
2018			
At start of year	1,391,712	213,415	1,605,127
Adjustment on initial application of IFRS 9,net of tax	-	(95,613)	(95,613)
Restated balance at 1 January 2018	**1,391,712**	**117,802**	**1,509,514**
Comprehensive income For the year			
Loss for the year	-	(691,817)	(691,817)
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
At end of year	**1,391,712**	**(574,015)**	**(817,697)**
2017			
At start of year	**1,391,712**	**133,052**	**1,524,764**
Comprehensive income for the year			
Profit for the year	-	80,363	80,363
Other comprehensive income	-	-	-
Total comprehensive income	-	80,363	80,363
At end of year	**1,391,712**	**213,415**	**1,605,127**

The notes set out on pages 37 to 114 form an integral part of these financial statements.

Consolidated Statement of Cash Flows
for the year ended 31 December 2018

	Note	2018 KShs'000	2017 KShs'000
Cash flows from operating activities			
Cash receipts from customers	26	2,292,998	2,596,026
Cash payments for purchases	26	(1,837,204)	(1,162,813)
Cash payments for expenses	26	(699,472)	(807,035)
Cash (used in)/generated from operating activities		(243,678)	626,178
Interest paid	10	(69,413)	(49,058)
Income tax paid	11(c)	(11,967)	(16,449)
Net cash (used in)/generated from operating activities		**(325,058)**	**560,671**
Cash flows from Investing activities			
Interest received	10	2,530	745
Purchase of property, plant and equipment	13 (a)	(20,420)	(336,099)
Purchase of intangible assets	14 (a)	-	(450)
Additions to investment property	15 (a)	(114,814)	(1,621)
Proceeds from disposal of property, plant and equiptment		2,458	5,108
Net cash used in investing activities		**(130,246)**	**(332,317)**
Cash flows from financing activities			
Proceeds from borrowings	23 (a)	14,585	31,026
Repayment of borrowings	23 (a)	(31,026)	(3,304)
Net cash absorbed by financing activities		**(16,441)**	**27,722**
(Decrease)/increase in cash and cash equivalents		**(471,745)**	**256,076**
Movement in cash and cash equivalents:			
At start of year		(442,735)	(693,233)
(Decrease)/increase in cash and cash equivalents		(471,745)	256,076
Effects of exchange movements on cash held		1,118	(5,578)
At end of year	21	**(913,362)**	**(442,735)**

The notes set out on pages 37 to 114 form an integral part of these financial statements.

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Company Statement of Cash Flows
for the year ended 31 December 2018

	Note	2018 KShs'000	2017 KShs'000
Cash flows from operating activities			
Cash receipts from customers	26	1,400,115	2,155,437
Cash payments for purchases	26	(937,165)	(759,215)
Cash payments for expenses	26	(734,393)	(397,882)
Cash (used in)/generated from operating activities		(271,443)	998,340
Interest paid	10	(69,413)	(49,058)
Income tax paid	11(c)	(8,013)	(4,908)
Net cash (used)/generated from operating activities		**(348,869)**	**944,374**
Cash flows from investing activities			
Interest received	10	2,215	54
Purchase of property, plant and equipment	13(a)	(1,398)	(272,580)
Purchase of intangible assets	14(a)	-	(450)
Investment in subsidiaries	17	-	(375,210)
Additions to investment property	15(a)	(109,953)	-
Proceeds from disposal of property, plant and equiptment		2,458	-
Net cash used in investing activities		**(106,678)**	**(648,186)**
Cash flows from financing activities			
Proceeds from longterm borrowings	23 (a)	14,585	31,026
Repayment of borrowings	23 (a)	(31,026)	(3,304)
Net cash absorbed by financing activities		**(16,441)**	**27,722**
(Decrease)/increase in cash and cash equivalents		**(471,988)**	**323,910**
Movement in cash and cash equivalents:			
At start of year		(486,051)	(809,961)
Increase/(decrease) in cash and cash equivalents		(471,988)	323,910
At end of year	21	**(958,039)**	**(486,051)**

The notes set out on pages 37 to 114 form an integral part of these financial statements.

Notes

for the year ended 31 December 2018

1. REPORTING ENTITY

Sameer Africa Plc is a limited liability Company incorporated in Kenya under the Kenyan Companies Act 2015, and is domiciled in Kenya. The consolidated financial statements of the company for the year ended 31 December 2018 comprise the company, its subsidiaries, associate and joint venture (together referred to as the "Group"). The Group primarily is involved in the sourcing, importation and sale of tyres, tubes and flaps and letting of investment properties. The address of its registered office is as follows:

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

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

The Company's parent Company is Sameer Investments Limited, a company incorporated in Kenya and which holds 72.15% of the company's equity interest.

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

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgment

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

Notes
for the year ended 31 December 2018

2. BASIS OF PREPARATION (Continued)

(d) Use of estimates and judgement (continued)

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

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

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

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

Notes
for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (continued)

(iii) Loss of control

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

(iv) Interests in equity accounted investees

The Group's interest in equity accounted investees, comprise its interest in an associate.
Associates are those entities in which the Group has between 20% and 50% of the voting rights and over which the Group exercises significant influence but which it does not control. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets or obligations to the net liabilities of the arrangement.

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

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

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

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

(b) Foreign currencies

(i) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.
Non-monetary assets and liabilities that are based on historical cost in a foreign currency are not retranslated.

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for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Foreign currencies (continued)

(ii) Foreign operations

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

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

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

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

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) Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Group organizes its activity by business and geographical lines and these are defined as the Group's reportable segments. The four business segments are Sourcing and distribution, Regional operations, Yana Tyre Centres and Property rentals.

(d) Revenue recognition

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

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

The Company will recognise revenue in accordance with that core principle by applying the following five steps:

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

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for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Finance income and finance costs

The Group's finance income and finance costs include:

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

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

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

(f) Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plans

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

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

The group's contributions to the 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.

(iii) Leave accrual

The monetary value of the unutilized leave by staff as at year end is not recognised in the profit or loss account as at the end of the year.

Notes
for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Employee benefits (continued)

(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 a restructuring or an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(g) Taxation

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

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

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

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

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

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

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

Notes
for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Reclassification to investment property

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

(iii) Subsequent costs

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

(iv) Depreciation

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

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

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

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for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment (Continued)

(iv) Depreciation (Continued)

Vehicles	4 years
Furniture, fittings and equipment	8 years

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

(v) De-recognition

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

(i) Investment property

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 initially measured at cost which includes transaction costs. After initial recognition, investment property is carried at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged on a straight line basis at the rate of 2.5% per annum.

Investment property is derecognised (eliminated from the statement of financial position) on disposal or when the property is permanently withdrawn from use and no economic benefits are expected from its disposal.

(j) Intangible assets – computer software

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

(k) Inventories

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

Notes
for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial instruments – under IAS 39 –upto 31 December 2017

(i) Classification

The Company and Company classify their financial assets in the following categories; at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Company and Company's loans and receivables comprise 'trade and other receivables' and 'non-current receivables and prepayments' in the statement of financial position.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, which is the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables and are carried at amortised cost using the effective interest method.

(iii) Offsetting financial instruments

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

(iv) Impairment of financial assets

The Company and Company assess at the end of each reporting period whether there is objective evidence that a financial asset or company of financial assets is impaired. A financial asset or a company of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Notes
for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial instruments – under IAS 39 –upto 31 December 2017 (Continued)

(iv) Impairment of financial assets - continued

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company and Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Financial instruments – under IFRS 9 – Effective 1 January 2018

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

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

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

Notes
for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial instruments – under IFRS 9 – Effective 1 January 2018 (Continued)

(ii) Classification and subsequent measurement - continued

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

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

Under IAS 39, all financial liabilities were initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate (EIR) model, unless the option to fair value liabilities was taken. This accounting is the essentially the same under IFRS 9.

(iii) Offsetting financial instruments

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

(iv) Impairment of financial assets

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

The “incurred loss” model is replaced by the “expected credit loss” model in IFRS 9. This applies to all financial assets not held at fair value through profit and loss (FVTPL) – certain investments, loans, trade receivables and other receivables.

(v) Impairment of financial assets

For financial assets carried at amortised cost (including loans and other receivables such as trade debtors), impairment losses should be recognised under the “expected loss model”, building up a debtors’ provision / allowance account against credit losses over the life of the financial asset (including an estimate of initial credit risk), rather than the “incurred loss model” used under IAS 39, where a loss was recognised only if there was a specific event (such as default) triggering an impairment review.

Under the impairment approach in IFRS 9 it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, the Company will account for expected credit losses, and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

Notes
for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial instruments – under IFRS 9 – Effective 1 January 2018 (Continued)

(vi) Derecognition of financial assets

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

(m) Operating leases

(i) Determining whether an arrangement contains a lease.

At inception of an arrangement, the Group determines whether the arrangement contains or is a lease.

At inception or on reassessment of whether an arrangement contains a lease, the Group separates payments and other consideration required by the arrangement into those of the lease and those for other elements on the basis of their relative fair values. If the Group determines for a finance lease that it is impractical to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

(ii) Arrangements where the Group is the lessee

Assets held by the Group under leases that transfer substantially all the risk and rewards of ownership are classified under finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.
Assets held under other leases are classified as operating leases and are not included in the Group's statement of financial position.

Lease payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

(iii) Arrangements where the Group is the lessor

The Group lets out, on an operating lease basis, its investment property to other entities. The leases are issued under non- cancellable leases of 5 years with rental escalation after every 2 years. Rental income from investment property is recognised in profit or loss on a straight line basis over the terms of the leases.

Notes
for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

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

(i) Warranties: A provision for warranties is recognised when the underlying products or services are sold based on historical warranty data on a weighting of possible outcomes against the associated probabilities.
(ii) Restructuring: A provison for restructuring is recognised when the group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating losses are not provided for.

(o) Fair value measurement

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

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

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

(p) Related party transactions

The Group discloses the nature, volume and amounts outstanding at the end of each reporting date from transactions with related parties, which include transactions with the directors, executive officers and other or related companies.

(q) 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, by transferring the amount from the revenue reserves, until declared.

(r) Share capital

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

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for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4. NEW STANDARDS, AMENDMENT AND INTERPRETATIONS

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

The Group has adopted the following new standards and amendments during the year ended 31 December 2018, including consequential amendments to other standards with the date of initial application by the Group and Company being 1 January 2018.

The Group and Company has applied IFRS 9 and IFRS 15 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Company's and Company's financial statements.

Due to the transition method chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards, except for separately presenting the impairment loss on trade receivables and presentation of the marketing expenses deducted from revenue.

The effect of initially applying these standards is mainly attributed to the following:

— A change in the way the Company accounts for consideration payable to customers, and requires certain payments to indirect customers, previously shown as marketing expenses, to be shown as deductions from revenue.
— An increase in impairment losses recognised on financial assets.

(i) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time requires judgement.

With effect from 1 January 2017, the Company had early adopted IFRS 15 Revenue from Contracts with Customers. The early adoption, as permitted by the Standard, was to ensure comparability of the income statement across periods when the Standard came into effect on 1 January 2018. This Standard has not changed the way the Company accounts for consideration payable to customers.

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for the year ended 31 December 2018

4. NEW STANDARDS, AMENDMENT AND INTERPRETATIONS (Continued)

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

(ii) IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard *replaces IAS 39 Financial Instruments: Recognition and Measurements.*

The Company has adopted IFRS 9 *Financial Instruments* with no revision of prior periods, as permitted by the Standard. The cumulative impact of adopting the Standard has been recognised as a revision of opening reserves in 2018, and is KShs '000 193,410 arising from the impairment of financial assets under the expected loss model required under IFRS 9, which accelerates recognition of potential impairment on loans and trade receivables when compared with the incurred loss model under IAS 39. A simplified "lifetime expected loss model" has been used for balances arising as a result of revenue recognition, as permitted by the Standard, by applying a standard rate of provision on initial recognition of trade receivables based upon the Company's historical experience of credit loss modified by expectations of the future, and increasing this provision to take account of overdue receivables. Applying the requirements of IFRS 9 has resulted in a decrease of trade and other receivables of KShs '000 158,940 as at 1 January 2018.

IFRS 9 also changes the classification and measurement of financial assets. The category of available-for-sale investments (where fair value changes were deferred in reserves until disposal of the investment) has been replaced with the category of financial assets at Fair Value through Profit and Loss (for most investments) and the category of financial assets at Fair Value through Other Comprehensive Income (for qualifying equity investments).

The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of reserves, retained earnings.

Group

	31 December 2017 as reported Shs'000	Impact of IFRS 9 (expected loss impairment) Shs '000	1 January 2018 Revised for IFRS 9 Shs '000
Assets			
Trade and other receivables	800,475	(159,574)	640,901
Cash and bank	119,105	(8,580)	110,525
Equity			
Retained earnings	611,051	(168,154)	442,897

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4. NEW STANDARDS, AMENDMENT AND INTERPRETATIONS (Continued)

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

(ii) IFRS 9 Financial Instruments - continued

Company

	31 December 2017 as reported Shs'000	Impact of IFRS 9 (expected loss impairment) Shs '000	1 January 2018 revised for IFRS 9 Shs '000
Assets			
Trade and other receivables	792,505	(93,529)	698,976
Cash and bank	75,789	(2,084)	73,705
Equity			
Retained earnings	213,415	(95,613)	117,802

(iii) Classification and measurement of financial assets and liabilities

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.There was no change in classification of financial liabilities from prior years.

Group

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				**Shs '000**	**Shs '000**
Trade and other receivables	20	Loans and receivables	Amortised cost	800,475	640,901
Cash and cash equivalents	21	Loans and receivables	Amortised cost	119,105	110,525

Company

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				**Shs '000**	**Shs '000**
Trade and other receivables	20	Loans and receivables	Amortised cost	792,505	698,976
Cash and cash equivalents	21	Loans and receivables	Amortised cost	75,789	73,705

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4. NEW STANDARDS, AMENDMENT AND INTERPRETATIONS (Continued)

(b) New standards, amendments and interpretations in issue but not yet effective for the year ended 31 December 2018

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2018, and have not been applied in preparing these financial statements.

The Group and Company does not plan to adopt these standards early. These are summarised below;

New standard or amendments	Effective for annual periods beginning on or after
— IFRS 16 Leases	1 January 2019
— IFRIC 23 Income tax exposures	1 January 2019
— Prepayment Features with Negative Compensation (Amendments to IFRS 9)	1 January 2019
— Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	1 January 2019
— IFRS 17 Insurance Contracts	1 January 2021
— Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS10 and IAS 28)	To be determined
— Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	1 January 2019
— Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards	1 January 2019
— Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020
— Definition of a Business (Amendments to IFRS 3)	1 January 2020
— Definition of Material (Amendments to IAS 1 and IAS 8)	I January 2020

All standards and interpretations will be adopted at their effective date (except for those standards and interpretations that are not applicable to the entity). It is unlikely that IFRIC 23, IFRS 17, amendments to IFRS 9, IAS 28, IFRS 10, IAS 19, annual improvements to IFRS 2015–2017 cycle, amendments to references to conceptual framework in IFRS, IFRS 3, IAS 1 and IAS 8 will have an impact on the financial statements.

IFRS 16: Leases

On 13 January 2016 the IASB issued IFRS 16 Leases which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The standard defines a lease as a contract that conveys to the customer ('lessee') the right to use an asset for a period of time in exchange for consideration. A company assesses whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time.

The standard eliminates the classification of leases as either operating leases or finance leases for a lessee and introduces a single lessee accounting model. All leases are treated in a similar way to finance leases. Applying that model significantly affects the accounting and presentation of leases and consequently, the lessee is required to recognise:

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for the year ended 31 December 2018

(b) New standards, amendments and interpretations in issue but not yet effective for the year ended 31 December 2018 (Continued)

IFRS 16: Leases - continued

(i) Assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A company recognises the present value of the unavoidable lease payments and shows them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments;
(ii) Depreciation of lease assets and interest on lease liabilities in profit or loss over the lease term; and
(iii) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (typically presented within either operating or financing activities) in the statement of cash flows.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, compared to IAS 17, IFRS 16 requires a lessor to disclose additional information about how it manages the risks related to its residual interest in assets subject to leases.

The standard does not require a company to recognise assets and liabilities for:

(i) short-term leases (i.e. leases of 12 months or less), and;
(ii) leases of low-value assets (i.e. less than Shs 500,000).

The new Standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted insofar as the recently issued revenue standard, IFRS 15 Revenue from Contracts with Customers is also applied.

The Group and Company has assessed the potential impact on its financial statements resulting from the application of this standard. The anticipated impact from restatement on the Group's and Company's reported profit and net assets for 2018 is not expected to be material.

5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES

Overview

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Group's business and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on its financial performance. The key types of risk include:

(a) Credit risk
(b) Liquidity risk
(c) Market risk - includes currency, interest rate and other price risks

The Group's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

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

Risk management framework (Continued)

The Group recognises that in order to pursue its objectives and take advantage of opportunities, it cannot avoid taking risks and that no risk management programme can aim to eliminate risk fully. The Group's general risk management approach is to increase the likelihood of success in its strategic activities, that is, to raise the potential reward of its activities relative to the risks undertaken. Accordingly, the Group's approach to risk management is intended to increase risk awareness and understanding, thus taking risks where appropriate, in a structured and controlled manner. The Group however recognises that in pursuit of its mission and strategic objectives it may choose to accept a lower level of reward in order to mitigate the potential hazard of the risks involved. To assist in implementing its risk management policy, the Group has:

— Identified, analysed and produced a risk management strategy for those risks which might inhibit it from achieving its strategic objectives and which would threaten its ongoing survival;
— Raised awareness of and integrated risk management into its management policies;
— Promoted an understanding of the importance and value of risk management;
— Established risk management roles and responsibilities for its board of directors, audit, risk and corporate governance committee and the risk department.

The risk management function is supervised by the Audit, Risk and Corporate Governance Committee. Management identifies, evaluates, hedges and manages financial risks under policies approved by the board of directors. The board provides written principles for overall risk management, as well as written policies covering specific areas such as price risk, foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity. The Board has put in place an internal audit, risk and corporate governance function to assist it in assessing the risk faced by the Group on an ongoing basis and to evaluate and test the design and effectiveness of its internal accounting and operational controls.

(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 obligation, and arises principally from the Group's receivables from customers.

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 Group's customer base, including the default risk of the industry and country in which customers operate.

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 Group has a stringent debt provisioning policy that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is 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. 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.

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for the year ended 31 December 2018

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

(a) Credit risk (Continued)

Exposure to credit risk

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

	Group		Company	
	2018 KShs '000	2017 KShs '000	2018 KShs '000	2017 KShs '000
Trade receivables (net)	251,702	617,290	154,229	310,843
Other receivables (including amounts due from related parties)	113,986	11,781	477,634	335,783
Note 20	**365,688**	**629,071**	**631,863**	**646,626**

At 31 December 2018, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows;

	Group		Company	
	2018 KShs '000	2017 KShs '000	2018 KShs '000	2017 KShs '000
Kenya	245,908	350,848	394,758	525,693
Uganda	63,189	100,137	50,974	52,490
Tanzania	60,630	134,486	119,652	35,994
Burundi	(4,039)	43,600	66,479	32,449
	365,688	**629,071**	**631,863**	**646,626**

At 31 December 2018 and 2017, the maximum exposure to credit risk for trade and other receivables by type of counter party was as follows:

	Group		Company	
	2018 KShs '000	2017 KShs '000	2018 KShs '000	2017 KShs '000
Fleet customers	102,439	209,895	48,451	94,649
Dealers	111,197	270,542	53,379	112,856
Government	36,229	82,834	36,229	77,219
Export customers	-	5,757	-	7,559
Rental customers	18,873	43,383	7,376	26,693
Related parties	7,250	4,880	243,995	126,093
Others	89,700	11,780	241,433	201,557
	365,688	**629,071**	**631,863**	**646,626**

Others includes original equipment manufacturers and corporate clients.

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for the year ended 31 December 2018

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

(a) Credit risk (Continued)

Guarantees

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

The analysis of customer refundable deposits and letters of credit held as at 31 December 2018 is as follows;

	Group		Company	
	2018	**2017**	**2018**	**2017**
	KShs '000	**KShs '000**	**KShs '000**	**KShs '000**
Rental deposits	59,555	38,315	38,433	18,162
Irrevocable letters of credit	5,000	-	5,000	-
Other trade deposits	14,786	14,786	14,786	14,786
	79,341	**53,101**	**58,219**	**32,948**

The Group had issued the following financial guarantees as at 31 December 2018.

	Group		Company	
	2018	**2017**	**2018**	**2017**
	KShs '000	**KShs '000**	**KShs '000**	**KShs '000**
Customs bonds	10,000	10,000	10,000	10,000
Other guarantees	3,912	6,282	3,912	6,282
	13,912	**16,282**	**13,912**	**16,282**

Impairment losses

The aging of trade receivables at the reporting date was:

	Group		Company	
	2018 KShs '000	**2017 KShs '000**	**2018 KShs '000**	**2017 KShs '000**
Not past due	**91,265**	**93,341**	**70,990**	**71,383**
Past due but not impaired				
:by 31 to 60 days	42,590	119,330	35,277	82,352
:by 61 to 90 days	38,515	83,567	38,870	48,769
:by 91 to 180 days	79,332	140,695	9,092	41,576
:over 181 days	-	180,357	-	66,763
Total past due but not impaired	**160,437**	**523,949**	**83,239**	**239,460**
Total unimpaired	**251,702**	**617,290**	**154,229**	**310,843**
Impaired	**204,944**	**69,355**	**82,091**	**28,149**
Total trade receivables	**456,646**	**686,645**	**236,320**	**338,992**

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

(a) Credit risk (Continued)

Impairment losses - continued

The movement in allowance for impairment in respect of trade receivables is as follows:

	Group		Company	
	2018	2017	2018	2017
	KShs '000	KShs '000	KShs '000	KShs '000
Balance at 1 January	69,355	65,211	28,149	27,707
Impairment loss recognized 1 January	159,574	19,642	93,529	11,335
Impairment loss released	(23,985)	(15,498)	(39,587)	(10,893)
Balance at 31 December	**204,944**	**69,355**	**82,091**	**28,149**

No collateral is held for any of the above assets. All receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated. As at 31 December 2018, none of the above assets were either past due or impaired.

Expected credit loss (ECL) assessment as at 1 January and 31 December 2018

Trade and other receivables

The Company uses a provision matrix to measure the ECLs of trade receivables from customers. The loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region and the type of product purchased.

The Company calculated the ECL based on a factor of the following: probability of default, exposure at default and the loss given default. The probability of default is based on the average loss rate for the past 3 years with an adjustment for forward looking information.

The following table provides information about the exposure to credit risk and ECLs for trade receivables, loans and advances to traders and intercompany receivables as at 31 December 2018.

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for the year ended 31 December 2018

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

(a) Credit risk (Continued)

(i) Trade receivables

Group

Aging bucket	Loss rate	Carrying amount	Loss allowance	Credit impaired
		Shs' 000	Shs' 000	
Accounts not due	17%	170,664	29,255	NO
1-30	29%	62,123	18,263	NO
31–60	41%	79,719	32,743	NO
61–90	58%	26,442	15,209	NO
91-120	63%	14,303	8,958	NO
121-150	88%	16,464	14,426	NO
151-180	93%	11,251	10,409	NO
Above 180 days	100%	75,681	75,681	YES
Total		**456,646**	**204,944**	

Company

Aging bucket	Loss rate	Carrying amount	Loss allowance	Credit impaired
		Shs' 000	Shs' 000	
Accounts not due	12%	91,745	11,251	NO
1-30	15%	30,028	4,498	NO
31–60	19%	41,845	7,766	NO
61–90	23%	10,571	2,405	NO
91-120	41%	5,740	2,354	NO
121-150	60%	3,941	2,380	NO
151-180	90%	10,272	9,257	NO
Above 180 days	100%	42,179	42,179	YES
Total		**236,320**	**82,091**	

Loss rates are based on actual credit loss experience over the past three years, current conditions plus the Company's view of economic conditions such as inflation, commercial bank interest rates and growth in the economy's gross domestic product.

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

(a) Credit risk (Continued)

(ii) Intercompany receivables

For Group and Company, the calculated ECL which represents the probability of default was 2.75% except for Sameer Burundi at 36.59% which considers current conditions, exchange rates and country risk. This was applied to the gross outstanding amount and resulted in a loss allowance of Shs 10,936,556 for the year ended 31 December 2018.

(iii) Cash and cash equivalents

The Group held cash and cash equivalents of Shs 47,289,000 (2017: - Shs 119,105,000). The cash and cash equivalents are held with banks and financial institution counterparties, which are rated between A1 to Ba1, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group and Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

On initial application of IFRS 9, the impairment allowance for cash balances as at 1 January and December 2018 was Kshs 8,580,000 and 16,951,392 for the Group and KShs 2,084,181 and Nil for the Company .

(b) Liquidity risk

Liquidity risk is the risk that the Group and Company will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group also monitors the level of expected cash flows from trade and other receivables together with expected cash outflows on trade and other payables.

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

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(b) Liquidity risk (continued)

(i) Group

	Carrying amount	Contractual cash flows: 1 - 3 months	3months - 1 year	1-2 years	Over 2 years	Total
31 December 2018:	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**
Non - derivative financial liabilities						
Finance lease liabilities (Note 23 (a))	550	-	-	550	-	550
Short term facilities (Note 23 (a))	960,651	753,974	206,677	-	-	960,651
Long term loan (Note 23 (a))	14,035	-	-	14,034	-	14,035
Trade and other payables (Note 25 (a))	477,946	477,946	-	-	-	477,946
At 31 December 2018	**1,453,182**	**1,231,920**	**206,677**	**14,584**	**-**	**1,453,182**
31 December 2017:						
Non - derivative financial liabilities						
Finance lease liabilities (Note 23 (a))	7,325	1,048	3,143	4,282	-	8,473
Short term facilities (Note 23 (a))	558,467	83,522	745,310	-	-	828,832
Long term loan (Note 23 (a))	27,074	-	-	44,257	-	44,257
Trade and other payables (Note 25 (a))	535,014	535,014	-	-	-	535,014
At 31 December 2017	**1,127,880**	**619,584**	**748,453**	**48,539**	**-**	**1,416,576**

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for the year ended 31 December 2018

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

(b) Liquidity risk (continued)

(ii) Company

31 December 2018:	Carrying amount KShs '000	1 - 3 months KShs '000	3months - 1 year KShs '000	1-2 years KShs '000	Over 2 years KShs '000	Total KShs '000
Non - derivative financial liabilities						
Short term facilities (Note 23 (a))	960,651	753,974	206,677	-	-	960,651
Finance lease liabilities (Note 23 (a))	550	-	-	550	-	550
Long term loan (Note 23 (a))	14,035	-	-	14,034	-	14,035
Trade and other payables (Note 25 (a))	484,465	484,465	-	-	-	484,465
At 31 December 2018	**1,459,701**	**1,238,439**	**206,677**	**14,584**	**-**	**1,459,701**
31 December 2017:						
Non - derivative financial liabilities						
Short term facilities (Note 23 (a))	558,467	83,522	745,310	-	-	828,832
Finance lease liabilities (Note 23 (a))	7,325	1,048	3,143	4,282	-	8,473
Long term loan (Note 23 (a))	27,074	-	-	44,257	-	44,257
Trade and other payables (Note 25 (a))	533,474	533,474	-	-	-	533,474
At 31 December 2017	**1,126,340**	**619,584**	**748,453**	**48,539**	**-**	**1,415,036**

(c) Market risk

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

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for the year ended 31 December 2018

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

(c) Market risk (continued)

(i) Foreign exchange risk

Group exchange risk from recognised financial assets and liabilities

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

Exposure to currency risk

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

Financial instruments

	31 DECEMBER 2018				31 DECEMBER 2017			
	USD	TZS	UGX	BIF	USD	TZS	UGX	BIF
	'000	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**
Financial assets								
Cash and cash equivalents	2,988	12,061	1,146	38,764	1,548	232	2,939	12,576
Trade receivables	611	115,942	48,631	37,772	48,416	136,682	91,929	44,126
	3,599	**128,003**	**49,777**	**76,536**	**49,964**	**136,915**	**94,868**	**56,702**
Financial liabilities								
Short term facilities	(959,248)	-	-	-	(586,459)	-	-	-
Trade and other payables	(56,504)	(16,642)	(2,398)	(49)	(59,874)	(5,980)	(2,160)	(2,130)
	(1,015,753)	**(16,642)**	**(2,398)**	**(49)**	**(646,333)**	**(5,980)**	**(2,160)**	**(2,130)**
Net financial exposure	**(1,012,153)**	**111,362**	**47,379**	**76,487**	**(596,369)**	**130,935**	**92,708**	**54,572**

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for the year ended 31 December 2018

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

(c) Market risk (continued)

(i) Foreign exchange risk (continued)

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

	Average rate		Year-end spot rate	
	2018	**2017**	**2018**	**2017**
USD	101.3565	103.4244	101.8461	103.2317
TZS	0.0443	0.0462	0.0445	0.0461
UGX	0.0274	0.0286	0.0272	0.0284
BIF	0.0568	0.0599	0.0573	0.0585

Sensitivity analysis

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

		Profit or loss/equity	
Effect in KShs '000		**Strengthening**	**Weakening**
31 December 2018			
Currency	% movement		
USD	3%	(30,364)	30,364
TSH	10%	11,136	(11,136)
UGX	5%	2,369	(2,369)
BIF	3%	2,295	(2,295)
31 December 2017			
USD	3%	(12,524)	12,524
TSH	10%	9,165	(9,165)
UGX	5%	3,244	(3,244)
BIF	3%	1,146	(1,146)

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

Notes
for the year ended 31 December 2018

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

(c) Market risk (continued)

(i) Foreign exchange risk (continued)

Exchange risk from net investments in foreign operations

The Group has subsidiaries in Uganda, Burundi and Tanzania. Therefore, the net investments in these subsidiaries are exposed to foreign exchange risk upon consolidation of the financial statements and any losses/ (gains) are charged / (credited) to other comprehensive income. The effect of changes in the exchange rates as at 31 December 2018 would have had on the translation reserve are shown below:

Uganda
At 31 December 2018, if the Ugandan Shilling had weakened/strengthened by 5% (2017 – 5%) against the Kenyan Shilling with all other variables held constant, the net (charge)/credit to the other comprehensive income would have been KShs 4,457,350 (2017 – KShs 6,631,269) higher/lower.

Burundi
At 31 December 2018, if the Burundi Franc had weakened/strengthened by 3% (2017 – 3%) against the Kenyan Shilling with all other variables held constant, the net (charge)/credit to other comprehensive income would have been KShs 74,122 (2017 – KShs 3,141,369) higher/lower.

Tanzania
At 31 December 2018, if the Tanzanian Shilling had weakened/strengthened by 10% (2017 – 10%) against the Kenyan Shilling with all other variables held constant, the net (charge)/credit to other comprehensive income would have been KShs 4,016,001 (2017 – KShs 24,850,720) higher/lower.

Company exchange risk from recognised financial assets and liabilities

At 31 December 2018, if the Kenya Shilling had weakened/strengthened by 3% against the US dollar with all other variables held constant, company profit for the year would have been KShs 30,364,590 (2017 – KShs 12,524,645) higher/lower, mainly as a result of US dollar denominated financial instruments.

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

(ii) Interest rate risk

The Group's interest bearing assets comprise fixed and call deposits, all of which are at a fixed rate. Cash and bank balances do not yield any interest. The Group also has borrowings at fixed rates. No limits are placed on the ratio of variable rate borrowing to fixed rate borrowing

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

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Exposure to interest rate risk

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

	Group		Company	
	2018 KShs '000	**2017 KShs '000**	**2018 KShs '000**	**2017 KShs '000**
Fixed rate instruments				
Financial assets (Note 21)	-	47,000	-	47,000
Financial liabilities (Note 23 (a))	(975,236)	(592,866)	(975,236)	(592,866)
Exposure	**(975,236)**	**(545,866)**	**(975,236)**	**(545,866)**

Financial assets comprise call deposits held as at the reporting date while financial liabilities relate to borrowings.

Fair value sensitivity analysis on fixed rate instruments

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

(d) Capital management

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

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

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

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for the year ended 31 December 2018

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

(d) Capital management (continued)

	Group		Company	
	2018	**2017**	**2018**	**2017**
	KShs '000	**KShs '000**	**KShs '000**	**KShs '000**
Total borrowings (Note 23)	975,236	592,866	975,236	592,866
Less: Cash and cash equivalents (Note 21)	(47,289)	(119,105)	(2,612)	(75,789)
Net debt	927,947	473,761	972,624	517,077
Total equity	1,129,578	1,837,854	817,697	1,605,127
Total capital	**2,057,525**	**2,311,615**	**1,790,321**	**2,122,127**
Gearing ratio	**45.10%**	**20.49%**	**54.33%**	**24.37%**

(e) Fair values

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

6. OPERATING SEGMENTS

(a) Basis of segmentation

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

The following summary describes the operations of each segment.

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

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

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6. OPERATING SEGMENTS (Continued)

(b) Information about reportable segments

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

	Reportable segments									
	Sourcing & distribution		Regional operations		Yana Tyre centres		Rental business		Total	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
External revenues	897,792	1,286,396	416,938	690,098	513,139	478,139	240,060	172,342	2,067,928	2,626,975
Inter-segment revenues	324,704	388,006		-	-	-	-	-	324,704	388,006
Segment revenue	**1,222,496**	**1,674,402**	**416,938**	**690,098**	**513,139**	**478,139**	**240,060**	**172,342**	**2,392,632**	**3,014,981**
Segment profit / (loss) before tax	(700,923)	91,455	(165,880)	(61,163)	(74,335)	(51,295)	45,079	36,110	(896,060)	15,107
Income tax	(4,214)	(24,535)	(60,679)	370	24,230	16,374	(10,543)	(6,344)	(51,206)	(14,135)
Segment profit after tax	**(705,137)**	**66,920**	**(226,559)**	**(60,793)**	**(50,106)**	**(34,921)**	**34,536**	**29,766**	**(947,266)**	**972**
Interest income	2,215	54	172	539	144	152	-	-	2,530	745
Interest expense	(69,413)	(49,058)	-	-	-	-	-	-	(69,413)	(49,058)
Depreciation and amortisation	(41,342)	(20,519)	(21,990)	(20,651)	(16,043)	(24,733)	(12,617)	(10,430)	(87,164)	(76,333)
Share of profit /(loss) from equity accounted investees	4,027	11,768	-	-		-	-	-	4,027	11,768
Segment assets	**1,625,143**	**2,327,415**	**413,908**	**578,193**	**308,797**	**338,128**	**719,265**	**447,945**	**3,067,114**	**3,691,681**
Equity accounted investees	137,026	137,026	-	-	-	-	-	-	137,026	137,026
Capital expenditure	3,889	(273,030)	(4,592)	(10,408)	(12,601)	(52,975)	(252,577)	(1,757)	(265,880)	(338,170)
Segment liabilities	**(1,470,916)**	**(1,136,624)**	**(282,445)**	**(186,482)**	**(332,602)**	**(278,885)**	**(98,550)**	**(94,225)**	**(2,184,513)**	**(1,696,216)**

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6. OPERATING SEGMENTS (Continued)

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

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

	2018 KShs'000	2017 KShs'000
(i) Revenues		
Total revenues for reportable segments	2,392,632	3,014,981
Elimination of intersegment revenues	(324,704)	(388,006)
Consolidated revenue	**2,067,928**	**2,626,975**
(ii) Profit/(loss) before tax		
Segments loss before tax	(896,060)	15,107
Impairment of subsidiaries	403,624	-
Share of (loss) on equity accounted investee	4,027	11,768
Elimination of intersegment expenses	10,938	-
Inter-segment unrealised profits	(643)	289
Consolidated Profit/(loss) before tax	**(478,114)**	**27,164**
(iii) Assets		
Total segment assets	3,067,114	3,691,681
Elimination of inter-segment;		
-Net unrealised profits on inventories	(5,513)	(4,870)
- Receivables	(731,331)	(568,335)
- Intercompany provisions	38,622	-
Investment in subsidiaries	(194,000)	(597,624)
Share of profit/(loss) of equity accounted investees	449	(3,578)
Consolidated total assets	**2,173,541**	**2,517,274**
(iv) Liabilities		
Total segment liabilities	2,184,513	1,696,216
Elimination of inter-segment payables	(731,331)	(568,336)
Consolidated total liabilities	**1,453,182**	**1,127,880**

Segment assets and liabilities exclude current and deferred taxes

(d) Geographic information

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

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6. OPERATING SEGMENTS (Continued)

(d) Geographic information (Continued)

	2018 KShs'000	2017 KShs'000
(i) Revenues		
Country of domicile		
Kenya	1,092,569	1,410,952
All foreign countries		
Uganda	120,373	211,295
Tanzania	230,464	394,484
Burundi	66,101	95,144
Others	558,422	515,100
Consolidated revenue	**2,067,928**	**2,626,975**
(ii) Non-current assets		
Country of domicile		
Kenya	890,395	833,039
All foreign countries		
Uganda	11,079	9,686
Tanzania	7,170	11,291
Burundi	9,452	13,098
Consolidated total non-current assets	**918,096**	**867,114**

(e) Major customer

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

(f) Organisational restructuring

In September 2016, the Group discontinued its local manufacture of tyres and tubes at its Nairobi factory, following a strategic decision to outsource its manufacturing to lower cost jurisdictions. As a result of this, the Group has changed its internal organisation and the composition of its reportable segments by excluding the factory operations from its reporting and reconstituting the previously named 'manufacturing and distribution' segment into the 'sourcing and distribution' segment. Following the closure of the factory, the Group has continued to purchase warehoused stock arising from past factory production. While intra-group transactions have been fully eliminated in the consolidated financial results, management has elected to attribute the elimination of transaction between factory operations and other operations prior to cessation of manufacturing in a way that reflects the continuance of these transacation subsequent to factory closure, as management believes this is useful to the users of the financial statements.

Because purchases from the former 'manufacturing and distribution' segment by 'regional segments' will cease, the related inter-segment sales have been eliminated from the results of the 'sourcing and distribution' segment together with associated production costs. Below is the restatement of the operating segment information for the year ended 31 December 2018.

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6. OPERATING SEGMENTS (Continued)

	Reportable segments									
	Sourcing & distribution		Regional operations		Yana Tyre centres		Rental business		Total	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
External revenues	897,792	1,286,396	416,938	690,098	513,139	478,139	240,060	172,342	2,067,928	2,626,975
Inter-segment revenues	223,701	287,003	-	-	-	-	-	-	223,701	287,003
Segment revenue	**1,121,494**	**1,573,399**	**416,938**	**690,098**	**513,139**	**478,139**	**240,060**	**172,342**	**2,291,630**	**2,913,978**
Segment profit / (loss) before tax	(789,862)	2,516	(165,880)	(61,163)	(74,335)	(51,295)	45,079	36,110	(984,999)	(73,832)
Income tax	22,468	2,147	(60,679)	370	24,230	16,374	(10,543)	(6,344)	(24,524)	12,547
	(767,394)	**4,663**	**(226,559)**	**(60,793)**	**(50,106)**	**(34,921)**	**34,536**	**29,766**	**(1,009,523)**	**(61,285)**
Interest income	2,215	54	172	539	144	152	-	-	2,530	745
Interest expense	(69,413)	(49,058)	-	-			-	-	(69,413)	(49,058)
Depreciation and amortisation	(36,515)	(20,519)	(21,990)	(20,651)	(16,043)	(24,733)	(12,617)	(10,430)	(87,164)	(76,333)
Share of profit /(loss) from equity accounted investees	4,027	11,768	-	-	-	-	-	-	4,027	11,768
Segment assets	**1,625,143**	**2,670,011**	**413,908**	**666,706**	**308,797**	**359,613**	**719,265**	**447,945**	**3,067,114**	**4,144,275**
Equity accounted investees	137,026	137,026	-	-			-	-	137,026	137,026
Capital expenditure	3,889	(273,030)	(4,592)	(10,408)	(12,601)	(52,975)	(252,577)	(1,757)	(265,880)	(338,170)
Segment liabilities	**(1,470,916)**	**(1,139,079)**	**(282,445)**	**(186,482)**	**(332,602)**	**(277,805)**	**(98,550)**	**(96,984)**	**(2,184,513)**	**(1,700,350)**

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7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical accounting estimates and assumptions

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

— ***Impairment***

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

— ***Measurement of fair values***

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. The Group has established a framework with respect to measurement of fair values.

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

— ***Taxation***

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

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

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

The company tests annually whether the useful life and residual value estimates were appropriate and in accordance with its accounting policy. Useful lives and residual values of property and equipment have been determined based on previous experience and anticipated disposal values when the assets are disposed.

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7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Critical accounting estimates and assumptions (Continued)

— ***Investment property***

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

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

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

(i) Note 3 (a): Basis of consolidation – whether the Group has de facto control over an investee;
(ii) Note 27; Operating leases – establishing whether an arrangement contains a lease as well as the lease classification.
(iii) Note 24: Deferred tax – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used.

8. REVENUE

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Sales of manufactured goods	320,821	1,283,185	177,158	1,017,055
Sales of imported goods	1,465,679	1,148,387	1,056,904	659,000
Rendering of services	34,029	31,553	6,092	6,931
Discounts, claims and warranties	7,339	(8,492)	(9,172)	(5,830)
Investment property rentals (Note 15(b))	240,060	172,342	186,291	121,801
	2,067,928	**2,626,975**	**1,417,273**	**1,798,957**

9. OTHER OPERATING INCOME AND EXPENSES

(a) Other operating income

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Gain on sale of property plant and equipment	2,458	220	2,458	-
Other income	28,388	94,810	29,174	88,939
	30,846	**95,030**	**31,632**	**88,939**

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

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9. OTHER OPERATING INCOME AND EXPENSES (Continued)

(b) Expenses by function

(i) Cost of sales

	Group		Company	
Prime costs	**2018 KShs'000**	**2017 KShs'000**	**2018 KShs'000**	**2017 KShs'000**
Cost of raw materials used in production	-	151,052	-	151,052
Changes in inventories of finished goods	145,004	502,431	145,004	502,431
Direct labour	-	20,195	-	20,195
	145,004	**876,924**	**145,004**	**673,678**
Sourcing and distribution overheads				
Indirect labour	45,505	27,564	45,402	26,421
Factory maintenance	-	6,754	-	6,754
Energy	-	37,551	-	37,551
Depreciation	51,478	32,569	33,115	14,741
Consumables	5,209	13,390	5,209	13,390
Changes in valuation of inventory	141,710	-	98,295	-
Transport and insurance	1,043	7,397	1,043	7,397
Others	1,078	13,296	1,078	3,407
	246,023	**138,521**	**184,142**	**109,661**
Cost of imported trading goods sold	**1,334,845**	**1,034,035**	**895,138**	**552,861**
Total cost of sales	**1,725,872**	**1,846,234**	**1,224,284**	**1,336,200**

(ii) Operating expenses

	Group		Company	
	2018 KShs'000	**2017 KShs'000**	**2018 KShs'000**	**2017 KShs'000**
Selling and distribution costs				
Distribution costs	27,794	15,561	21,481	9,533
Selling expenses	152,457	188,986	56,203	66,926
Trade receivables loss allowance	(39,298)	-	(39,075)	-
Marketing and sales promotions	33,912	48,647	25,350	27,248
	174,865	**253,194**	**63,959**	**103,707**

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9. OTHER OPERATING INCOME AND EXPENSES (Continued)

(b) Expenses by function (continued)

(ii) Operating expenses - continued

Administrative expenses

	Group		Company	
	2018	**2017**	**2018**	**2017**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**
Indirect staff costs	311,949	276,849	205,367	168,206
Other administrative expenses	129,403	99,704	84,262	45,382
Impairment of investment in subsidiaries	-	-	403,624	-
	441,352	**376,553**	**693,253**	**213,588**
Legal & professional fees	77,288	57,942	45,946	30,023
Travel and vehicle maintenance	21,021	23,509	15,140	13,843
Establishment expenses	42,584	52,443	13,411	20,868
Impairment allowance on cash and cash equivalents	10,062	-	-	-
Bank charges and fees	18,747	17,044	15,628	11,895
	169,702	**150,938**	**90,125**	**76,629**
Total operating expenses	**785,919**	**780,685**	**847,337**	**393,924**

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9. OTHER OPERATING INCOME AND EXPENSES (Continued)

(c) Expenses by nature

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Cost of raw materials used in production	-	151,052	-	151,052
Changes in inventories of finished goods	145,004	502,431	145,004	502,431
Cost of imported trading goods sold	1,476,555	1,034,035	993,433	552,861
Employee benefits expense (Note 9 (d)	358,086	324,872	251,701	215,382
Audit fees	6,984	6,140	4,384	4,060
Bank charges	28,809	17,044	15,628	11,895
Consumables	3,063	10,886	3,063	10,886
Depreciation and amortisation	87,164	76,333	45,345	33,900
General expenses	52,945	64,570	24,365	28,387
Impairment of investment in subsidiaries	-	-	403,624	-
Legal and professional fees	56,930	40,101	32,740	19,358
Advertising and promotions	36,140	48,689	27,505	27,266
Electricity, water and fuel	26,367	46,439	17,950	39,307
Repairs and Maintenance	72,403	56,072	58,223	39,968
Trade receivables loss allowance	(39,298)	-	(39,075)	-
Sales commissions and bonuses	14,922	43,423	14,922	34,655
Rent and rates	104,442	104,563	8,335	7,160
Telephone and postage	18,809	17,555	10,915	6,456
Transport, travelling and insurance	77,388	72,097	53,919	44,369
Others	-	10,617	-	731
Total cost of sales, selling and distribution, administrative and other operating expenses	**2,511,791**	**2,626,919**	**2,071,621**	**1,730,124**

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9. OTHER OPERATING INCOME AND EXPENSES (Continued)

(d) Employee benefits expense

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Salaries and wages	216,703	212,298	155,995	147,103
Allowances and other benefits	118,263	101,308	76,512	60,461
Leave pay accrual	-	(5,473)	-	(4,181)
Defined contribution scheme	20,480	13,336	18,933	11,736
National Social Security Fund	2,640	3,403	261	263
	358,086	**324,872**	**251,701**	**215,382**

(e) Employee particulars for the year

	Group 2018	Group 2017	Company 2018	Company 2017
(i) Average number of employees	168	288	72	156
(ii)Average number of employees per employee category				
Management	122	184	71	101
Unionisable	46	54	1	5
Casual workers	-	50	-	50
Total	**168**	**288**	**72**	**156**

10. NET FINANCE COSTS

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Finance income				
Interest income	2,530	745	2,215	54
Foreign exchange gains	31,182	28,519	28,978	24,521
	33,712	**29,264**	**31,193**	**24,575**
Finance costs				
Foreign exchange losses	33,423	59,896	25,497	28,577
Interest expense on bank borrowings	69,413	49,058	69,413	49,058
	102,836	**108,954**	**94,910**	**77,635**
Net finance costs	**(69,124)**	**(79,690)**	**(63,717)**	**(53,060)**

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11. INCOME TAXES

(a) Amounts recognised in profit or loss

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Current tax expense:				
Current income tax	15,570	8,236	5,384	1,197
	15,570	**8,236**	**5,384**	**1,197**
Deferred tax expense (Note 24(b)):				
Deferred income tax	35,636	5,899	-	23,152
	35,636	**5,899**	**5,384**	**23,152**
Income tax expense	**51,206**	**14,135**	**5,384**	**24,349**

The Group income tax (credit)/expense excludes the Group's share of income tax expense/(credit) of its equity accounted investee of KShs'000 –5,480, 2017: KShs'000- 73, which has been included in "share of profit/(loss) of equity accounted investee, net of tax".

(b) Reconciliation of effective tax rate

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

Group	2018		2017	
	Rate %	**KShs'000**	**Rate %**	**KShs'000**
Profit/(loss) before income tax		**(478,114)**		**27,164**
Tax calculated at domestic rates applicable to profits in the respective countries – 30% (2017 - 30%)	(30%)	(143,434)	30%	8,149
Tax effect of:				
Share of (profit)/loss of equity accounted investee	0.25%	(1,208)	(13.00%)	(3,530)
Expenses not deductible for income tax purposes	6.16%	29,473	(15.48)%	(4,205)
Effects of unrecognised deferred tax	34.63%	165,652	48.65%	13,215
Effect of lower tax rates in Sameer EPZ Ltd	0.17%	823	1.86%	506
Income tax expense	**(10.71)%**	**51,206**	**52.03%**	**14,135**

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11. INCOME TAXES (Continued)

(b) Reconciliation of effective tax rate (continued)

Company	2018		2017	
	Rate %	KShs'000	Rate %	KShs'000
Profit/(loss) before income tax		**(686,433)**		**104,712**
Tax calculated at domestic rates applicable to profits in the respective countries – 30% (2012 - 30%)	30%	(205,930)	30%	31,414
Tax effect of:				
Expenses not deductible for income tax purposes	(4.66)%	32,022	(6.75%)	(7,065)
Effects of unrecognised deferred tax	(37.50)%	179,292	-	-
Income tax expense/(credit)	**(0.78)%**	**5,384**	**23.25%**	**24,349**

(c) Reconciliation of carrying amounts

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Net liability / (asset) at start of year	(48,330)	(40,117)	(17,411)	(13,700)
Charge for the year - profit or loss (note 11(a))	15,570	8,236	5,384	1,197
Income tax paid	(11,967)	(16,449)	(8,013)	(4,908)
Net liability/(asset) at end of year	**(44,727)**	**(48,330)**	**(20,039)**	**(17,411)**
Represented by:				
Income tax assets	(44,727)	(48,330)	(20,039)	(17,411)
	(44,727)	**(48,330)**	**(20,039)**	**(17,411)**

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

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12. EARNINGS PER SHARE

(a) Basic earnings per share

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

	2018	2017
Profit/(loss) attributable to equity holders of the Company (KShs '000)	(529,320)	13,029
Weighted average number of ordinary shares in issue ('000)	278,342	278,342
Basic earnings per share (KShs)	(1.90)	0.05

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on profit attributable to ordinary shareholders and the weighted average number of shares outstanding after adjustment for the effect of all dilutive potential ordinary shares. There were no potentially dilutive shares outstanding at 31 December 2018 or 2017. Diluted earnings per share are therefore the same as basic earnings per share.

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13. PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amounts

Group 2018:	Buildings KShs'000	Plant & machinery KShs'000	Motor vehicles KShs'000	Furniture, fittings & equipment KShs'000	Capital Work in Progress KShs'000	Total KShs'000
Cost						
At 1 January 2018	221,235	246,195	69,196	327,163	243,544	1,107,333
Additions	-	6,887	-	10,388	3,145	20,420
Disposal	-	-	(3,110)	-	-	(3,110)
Transfers	-	111,888	-	2,323	(114,211)	-
Transfer to investment property	(12,806)	-	-	-	(124,525)	(137,331)
Currency translation	-	(694)	(1,553)	(2,279)	-	(4,526)
Transfer from insurance receivable	-	-	-	-	-	-
At 31 December 2018	**208,429**	**364,276**	**64,533**	**337,595**	**7,953**	**982,786**
Accumulated depreciation and impairment						
At 1 January 2018	124,417	142,931	57,732	230,114	-	555,194
Charge for the year	6,263	44,357	4,860	22,246	-	77,726
Transfers	(6,286)	6,286	-	-	-	-
Disposal	-	-	(3,110)	-	-	(3,110)
Currency translation	-	(436)	(1,516)	(1,460)	-	(3,412)
At 31 December 2018	**124,394**	**193,139**	**57,966**	**250,900**	**-**	**626,398**
Carrying amounts - At 31 December 2018	**84,035**	**171,137**	**6,567**	**86,695**	**7,953**	**356,388**

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13. PROPERTY PLANT AND EQUIPMENT (Continued)

(a) Reconciliation of carrying amounts (continued)

Group 2017:	Buildings KShs'000	Plant & machinery KShs'000	Motor vehicles KShs'000	Furniture, fittings & equipment KShs'000	Capital Work in Progress KShs'000	Total KShs'000
Cost						
At 1 January 2017	192,969	203,465	68,522	319,098	4,495	788,549
Additions	26,584	42,910	3,160	24,151	239,294	336,099
Disposals	-	(5,626)	(3,275)	(1,433)	-	(10,334)
Transfers	7,250	4,119	1,826	(12,942)	(253)	-
Transfers to investment property	(5,568)	-	-	-	-	(5,568)
Currency translation	-	(213)	(1,037)	(1,711)	8	(2,953)
Transfer from Insurance receivable	-	1,540	-	-	-	1,540
At 31 December 2017	**221,235**	**246,195**	**69,196**	**327,163**	**243,544**	**1,107,333**
Accumulated depreciation and impairment						
At 1 January 2017	122,447	115,986	50,181	217,988	-	506,602
Charge for the year	6,857	25,882	9,081	18,971	-	60,791
Transfers	681	4,119	1,826	(6,626)	-	-
Transfer to investment property	(5,568)	-	-	-	-	(5,568)
Disposal	-	(2,346)	(2,586)	(514)	-	(5,446)
Currency translation	-	(710)	(770)	295	-	(1,185)
At 31 December 2017	**124,417**	**142,931**	**57,732**	**230,114**	**-**	**555,194**
Carrying amounts - At 31 December 2017	**96,818**	**103,264**	**11,464**	**97,049**	**243,544**	**552,139**

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13. PROPERTY PLANT AND EQUIPMENT (Continued)

(a) Reconciliation of carrying amounts (continued)

Company	Buildings KShs'000	Plant & machinery KShs'000	Motor vehicles KShs'000	Furniture, fittings &equipment KShs'000	Capital work in progress KShs'000	Total KShs'000
2018						
Cost						
At 1 January 2018	172,915	69,317	16,852	188,382	241,008	688,474
Additions	-	1,398	-	-	-	1,398
Transfers	-	110,490	-	1,974	(112,465)	-
Transfer to investment property	(12,806)	-	-	-	(124,525)	(137,331)
Disposals	-	-	(3,110)	-	-	(3,110)
At 31 December 2018	**160,109**	**181,205**	**13,742**	**190,356**	**4,017**	**549,531**
Depreciation and impairment						
At 1 January 2018	120,359	38,034	14,618	171,773	-	344,784
Charge for the year	4,330	28,541	838	5,390	-	39,099
Transfers	(6,286)	6,286	-	-	-	-
Disposals	-	-	(3,110)	-	-	(3,110)
At 31 December 2018	**118,403**	**72,861**	**12,346**	**177,163**	**-**	**384,586**
Carrying amounts						
At 31 December 2018	**41,706**	**108,345**	**1,396**	**13,193**	**4,017**	**168,657**

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for the year ended 31 December 2018

13. PROPERTY PLANT AND EQUIPMENT (Continued)

(a) Reconciliation of carrying amounts (continued)

Company	Buildings KShs'000	Plant & machinery KShs'000	Motor vehicles KShs'000	Furniture, fittings &equipment KShs'000	Capital Work in Progress KShs'000	Total KShs'000
2017						
Cost						
At 1 January 2017	169,939	50,727	21,682	186,733	1,662	430,743
Additions	8,544	22,595	-	2,095	239,346	272,580
Inter -Company transfers	-	(4,005)	(4,830)	(446)	-	(9,281)
Transfers to investment property	(5,568)	-	-	-	-	(5,568)
At 31 December 2017	**172,915**	**69,317**	**16,852**	**188,382**	**241,008**	**688,474**
Depreciation and impairment						
At 1 January 2017	119,954	29,688	13,580	166,292	-	329,514
Charge for the year	5,973	8,476	1,293	5,807	-	21,549
Inter-Company transfers	-	(130)	(255)	(326)	-	(711)
Transfer to investment property	(5,568)	-	-	-	-	(5,568)
At 31 December 2017	**120,359**	**38,034**	**14,618**	**171,773**	**-**	**344,784**
Carrying amounts						
At 31 December 2017	**52,556**	**31,283**	**2,234**	**16,609**	**241,008**	**343,690**

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for the year ended 31 December 2018

13. PROPERTY PLANT AND EQUIPMENT (Continued)

(b) Change in estimates

The policy of the Group is to review accounting estimates annually or when circumstances on which estimates used changes or as a result of new information or more experience. A review by a team of technical experts within the Group in 2018 confirmed that no additional information was gained during the year to warrant any revisions.

(c) Transfer to investment property

During 2018, some items previously classified under property, plant and equipment were transferred to investment property (Note 15 (a)). These items form an integral part of the building that they are part of.

(d) Transfer from joint venture

Furniture and tyre center equipment with a net book value of KShs Nil (Nil) were transferred from the Group's joint venture to a subsidiary company. The Group considered that the assets would be more efficiently utilised at a different location.

(e) Impairment loss

Following a change in the tyre sourcing strategy, the Group's tyre factory was closed in 2016. The Group tested the factory buildings, plant and equipment for impairment and recognised an impairment loss of KShs Nil.

(f) Leased assets

Motor vehicles includes amounts where the Group is a leesee under a finance lease.
The carrying amount at period end is as follows.

	2018 KShs '000	2017 KShs '000
Leased motor vehicles		
Cost	10,152	10,152
Accumulated depreciation	(2,518)	(2,112)
Carrying amount	**7,634**	**8,040**

(g) Contractual committements to acquire plant and equipment

By the date of issue of these financial statements, the Group had entered into contractual commitments to construct tyre molds and equipment to be used at it new offshore tyre manufacturing locations. The commitments were in the form of irrevocable letters of credit in the amount of KShs Nil (2017- KShs 30,917,894).

(h) Transfer to insurance receivable

On 1 November 2016, a fire broke out at one of the company's retail centers damaging servicing machinery with a carrying amount of KShs 1,540,000. The equipment destroyed was insured and a claim has been lodged. The equipment remains unusable until repaired and consequently the Group has recognised an impairment loss on this equipment.

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14. INTANGIBLE ASSETS

Computer software

(a) Reconciliation of carrying amounts

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Cost				
At 1 January	138,348	137,902	138,030	137,580
Currency translation	-	(4)	-	-
Additions	-	450	-	450
At 31 December	**138,348**	**138,348**	**138,030**	**138,030**
Amortisation and impairment				
At 1 January	132,530	121,750	132,212	121,529
Currency translation	-	(1)	-	-
Charge for the year	4,766	10,781	4,766	10,683
At 31 December	**137,296**	**132,530**	**136,978**	**132,212**
Carrying amount at 31 December	**1,052**	**5,818**	**1,052**	**5,818**

(b) Impairment loss

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

(c) Classification

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

15. INVESTMENT PROPERTIES

(a) Reconciliation of carrying amounts

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
At start of year	175,360	178,496	96,529	98,194
Transfer from buildings (Note 13)	-	5,568	-	5,568
Transfers	137,331	-	137,331	-
Additions	114,814	1,621	109,953	-
Transfer from buildings (Note 13)	-	(5,568)	-	(5,568)
Depreciation	(4,669)	(4,757)	(1,476)	(1,665)
At end of year	**422,836**	**175,360**	**342,337**	**96,529**

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15. INVESTMENT PROPERTIES (Continued)

(a) Reconciliation of carrying amounts (Continued)

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Comprising				
Cost	528,784	274,942	399,338	150,355
Accumulated depreciation	(105,948)	(99,582)	(57,001)	(53,826)
At end of year	**422,836**	**175,360**	**342,337**	**96,529**

Investment property comprises:

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

Residential and commercial properties are leased to third parties. Each of the leases contains an initial lease period of 5 years with rent escalation provided for every 2 years. No contingent rents are charged. Further details on leases are included in Note 27.

(b) Rental income and operating expenses

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Rental income	**240,060**	**172,342**	**186,291**	**121,801**
Operating expenses				
Staff costs	78,909	80,091	78,207	79,057
Administrative expenses	78,764	17,161	75,363	14,853
Security expenses	14,243	10,317	11,788	8,250
Legal and professional fees	7,555	16,786	4,321	12,009
Repairs and maintenance	2,893	1,220	1,639	671
Depreciation	12,617	10,430	8,970	6,950
Net other income	-	227	-	334
	194,981	**136,232**	**180,288**	**122,124**
Net rental income	**45,079**	**36,110**	**6,003**	**(323)**

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15. INVESTMENT PROPERTIES (Continued)

(c) Measurement of fair value

(i) Fair value hierarchy

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications every 3 years. In the intervening periods between valuations, management adjusts fair values on the basis of annual housing index reports provided by professional consultants. During the year, management used the "The Hass Property Index" report provided by Hass Consult – a Real Estate Consultancy firm in association with Investment Managers Stanlib. The annual growth rate used to value the group's investment properties as at 31 December 2018, was 5.1% (2017: 5.8%)

The fair value measurement of – Group KShs'000 – 7,800,786 (2017: KShs'000 - 7,422,251); Company KShs'000 –6,325,824 (2017: KShs'000 – 6,018,861) has been categorized as level 2 fair value based on the inputs to the valuation techniques used.

(ii) Level 2 fair value

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**
Fair values				
Commercial properties	3,956,219	3,764,242	3,193,566	3,038,597
Leasehold land	3,844,567	3,658,009	3,132,258	2,980,264
	7,800,786	**7,422,251**	**6,325,824**	**6,018,861**
Carrying amounts				
Commercial properties	422,490	175,011	341,992	96,180
Leasehold land	345	349	345	349
	422,835	**175,360**	**342,337**	**96,529**
Fair value gains not recognised in profit or loss	**7,377,951**	**7,246,891**	**5,983,487**	**5,922,322**

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15. INVESTMENT PROPERTY (continued)

(c) Measurement of fair value (continued)

(iii) Valuation techniques and significant unobservable inputs

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

Valuation technique	Significant unobservable inputs	Inter-relationships between unobservable inputs and fair value measurements
(a) Investment property ***Discounted cash flows:*** The valuation model considers the present value of net cash flows to be generated from the property taking into account expected rental growth, occupancy rates and other costs not paid by tenants. The net cash flows are discounted using the risk adjusted discount rate.	1. Expected market rental growth (2018 and 2017: 3.75-5.8%) 2. Occupancy rates (2018 and 2017: 90% - 95%) 3. Risk-adjusted discount rate (2018 and 2017:9%)	The estimated fair values would increase / (decrease) if; 1. Expected rental growth were higher /(lower) 2. Occupancy rates were higher / (lower) 3. Risk-adjusted discount rate was lower / (higher)
(b)Leasehold land held for value appreciation and development. ***Market approach:*** The valuation model uses prices and other relevant information generated by market transactions involving identical or similar assets. The fair value is determined as the price that would be paid to sell the land in an orderly transaction to market participants.	1. Property prices in the locality 2. Infrastructure developments	The estimated fair values would increase / (decrease); 1. If property prices were higher / (lower) 2. Increase with improvements in infrastructure.

(d) Investment property pledged as security

Included under investment property are residential properties leased out to third parties. In 2016, the Group pledged these properties to one of its financiers as security for a three-year term loan of KShs 123,878,000. The carrying amount of the pledged property was KShs 10,629,000 with a fair value of KShs 327,000,000. By the date of issue of these financial statements, the Group had drawn down on the loan.

16. PREPAID OPERATING LEASE RENTALS

(a) Reconciliation of carrying amount

	Group and Company	
	2018 KShs'000	2017 KShs'000
At start of year	349	353
Amortisation charge for the year	(4)	(4)
At end of year	**345**	**349**

(b) Classification

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

17. INVESTMENT IN SUBSIDIARIES - Company

(a) Investment and structure

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

	Country of incorporation	% interest held	2018 KShs'000	2017 KShs'000
Sameer Africa (Uganda) Limited	Uganda	100%	26,612	26,612
Sameer Africa (Tanzania) Limited	Tanzania	100%	155,100	155,100
Yana Tyre Centre Limited	Kenya	100%	10,000	10,000
Sameer Industrial Park Limited	Kenya	100%	120,000	120,000
Sameer Africa (Burundi) Limited	Burundi	100%	221,913	221,913
Taqwa Trading Limited	Kenya	100%	35,000	35,000
			568,625	568,625
Less: Provision for impairment			(438,625)	(35,000)
Carrying amount			**130,000**	**533,625**

The provision for impairment relates to Taqwa Trading Limited which ceased trading with effect from 1 January 2007 and has since been dormant.

During the year Sameer Africa Plc impaired its investment in the regional subsidiaries by KShs 155,100,000 in Sameer Africa (Tanzania) Limited by KShs 221,913,000 in Sameer Africa (Burundi) Limited and by KShs 26,612,000 in Sameer Africa (Uganda).

(b) Nature and extent of significant restrictions

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

(c) Nature of risks associated with subsidiaries

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

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18. EQUITY ACCOUNTED INVESTEES

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

	Group		Company	
	2018	2017	2018	2017
Carrying amount	KShs'000	KShs'000	KShs'000	KShs'000
Interest in associates (Note 19(a))	137,475	133,448	137,026	137,026
At end of year	**137,475**	**133,448**	**137,026**	**137,026**

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18. EQUITY ACCOUNTED INVESTEES (Continued)

(a) Reconciliation of carrying amount - Group

	2018			2017		
	Associate KShs'000	Joint venture KShs'000	Total KShs'000	Associate KShs'000	Joint venture KShs'000	Total KShs'000
At 1 January 2018	133,448	-	133,448	121,680	(7,349)	114,331
Prior year under provision	(3,717)	-	(3,717)	-	-	-
Dissolution of Joint venture	-	-	-	-	7,349	7,349
Share of profit /(loss)	7,744	-	7,744	11,768	-	11,768
At end of year	**137,475**	**-**	**137,475**	**133,448**	**-**	**133,448**

(a) Associate

The Group's has an interest of 25% (2017: 25%) in the equity and voting rights of its principal associate - Sameer Business Park Limited. Sameer Business Park Limited is incorporated in Kenya and is unlisted. The principal place of business is along Mombasa Road, Nairobi.

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

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

Prior year under provison

During the year 2017, the associate reviewed it capitalisation of borrowing costs and amended its borrowing costs capitalisation policy to comply with IAS 23. Consequently, borrowing costs capitalised subsequent to the qualifying asset – a commercial building – becoming operational were expensed. The associates financial statements were restated to correct this error (Note 18 (a)(ii)).

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18. EQUITY ACCOUNTED INVESTEE (Continued)

(a) Associate (continued)

(i) Carrying amount and share of profit or loss and other comprehensive income

	Group		Company	
	2018 KShs'000	**2017 KShs'000**	**2018 KShs'000**	**2017 KShs'000**
At start of year	133,448	121,680	137,026	137,026
Prior year under provision	(3,717)	-	-	-
Share of profit from continuing operations (net of tax)	7,744	11,768	-	-
At end of year	**137,475**	**133,448**	**137,026**	**137,026**

(ii) Summarised financial information

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

	2018 KShs'000	**2017 KShs'000**
Financial position		
Non-current assets	2,123,539	2,283,560
Current assets	178,794	109,256
Current liabilities	(41,590)	(21,362)
Non-current liabilities	(1,710,844)	(1,837,664)
Net assets	**549,899**	**533,790**
Profit or loss and other comprehensive income		
Revenue	369,821	363,857
Expenses	(338,844)	(316,785)
Profit after tax	30,977	47,072
Other comprehensive income	-	-
Total comprehensive income	**30,977**	**47,072**

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19. INVENTORIES

	Group		Company	
	2018	2017	2018	2017
	KShs'000	KShs'000	KShs'000	KShs'000
Stores and supplies	6,533	7,711	3,844	5,865
Finished goods	610,873	722,869	309,773	403,466
	617,406	**730,580**	**313,617**	**409,331**

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

	Group		Company	
	2018	2017	2018	2017
	KShs'000	KShs'000	KShs'000	KShs'000
Cost of raw material used	-	151,052	-	151,052
Changes in inventories of work in progress and finished goods	145,004	502,431	145,004	502,431
Cost of trading goods sold	1,476,555	1,034,035	993,433	552,861
	1,621,559	**1,687,518**	**1,138,437**	**1,206,344**

(a) Security

The Company's borrowings are secured through a first ranking debenture over the trade receivables and inventories of the company for KShs'000 – 1,261,600 (2017: KShs'000 1,261,600) shared pari –passu between the company's principal bankers (Note 23).

(b) Amounts recognised in profit or loss

In 2018, inventories of KShs'000 1,621,559 (2017 – KShs'000 1,687,518) were recognised as an expense during the year and included in 'cost of sales.

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20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Current				
Trade receivables	456,646	686,645	236,320	338,992
Less: Provision for impairment	(204,944)	(69,355)	(82,091)	(28,149)
	251,702	**617,290**	**154,229**	**310,843**
Amounts due from related companies (Note 30(d)(i))	7,250	4,880	6,890	3,538
Other receivables	106,736	6,901	(2,909)	(11,762)
Receivables from subsidiaries (Note 30(d)(i))	-	-	473,653	344,007
Trade and other receivables	365,688	629,071	631,863	646,626
Prepayments	225,062	171,404	210,455	145,879
	590,750	**800,475**	**842,318**	**792,505**

(a) Security

The Company's borrowings are secured through a first ranking debenture over the trade receivables and inventories of the company for KShs'000 – 1,261,600 (2017: KShs'000 1,261,600) shared *pari–passu* between the company's principal bankers (Note 23).

(b) Credit and market risks, and impairment losses

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

21. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Cash at bank and in hand	57,351	72,105	2,612	28,789
IFRS 9 adjustment	(10,062)	-		-
Call deposits	-	47,000	-	47,000
Cash and bank balances in statement of financial position	**47,289**	**119,105**	**2,612**	**75,789**
Short term facilities used for cash management (Note 23)	(960,651)	(561,840)	(960,651)	(561,840)
Cash and cash equivalents in the statement of cash flows	**(913,362)**	**(442,735)**	**(958,039)**	**(486,051)**

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21. CASH AND CASH EQUIVALENTS (Continued)

(a) Classification as cash and cash equivalent

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable within 24 hours' notice with no loss of interest.See note 3 (l)(ii) for the Group's other accounting policies on cash and cash equivalents.

22. CAPITAL AND RESERVES

(a) Ordinary share capital

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

	2018	2017
Authorised ordinary shares	300,000,000	300,000,000
Authorised par value (KShs each)	5	5
Authorised share capital (KShs'000)	**1,500,000**	**1,500,000**
Issued and fully paid up capital		
Issued ordinary shares	278,342,393	278,342,393
Issued par value (KShs each)	5	5
Issued and fully paid up capital (KShs'000)	**1,391,712**	**1,391,712**

(b) Nature and purpose of reserves

(i) Translation reserve

The translation reserve comprise all foreign currency differences arising from the translation of financial statements of foreign operations as well as the effective portion of foreign currency arising from hedges of a net investment in a foreign operation. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(ii) Retained earnings

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

(iii) Proposed dividends

Proposed dividends are classified as a separate component of equity in the statement of changes in equity through a transfer from retained earnings. They are transferred to the dividends payable account once declared by shareholders in a general meeting.

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22. CAPITAL AND RESERVES (Continued)

(c) Dividends

The following dividends were declared and paid by the company during the year.

	2018 KShs'000	2017 KShs'000
Declared and paid		
KShs Nil per qualifying ordinary share (2017 – KShs Nil)	-	-

Dividends paid to resident shareholders who hold equity interest of 12.5% or more in the company are not subject to withholding tax on payment.

23. BORROWINGS

	Group		Company	
(a) Carrying amounts	**2018 KShs'000**	**2017 KShs'000**	**2018 KShs'000**	**2017 KShs'000**
Non-current				
At start of year	31,026	3,304	31,026	3,304
Long term loans	14,035	27,074	14,035	27,074
Finance lease liabilities	550	3,952	550	3,952
Repayment	(31,026)	(3,304)	(31,026)	(3,304)
	14,585	31,026	14,585	31,026
Current				
Short term facilities – Import loans	913,011	524,825	913,011	524,825
Long term loans	44,267	33,642	44,267	33,642
Finance lease liabilities	3,373	3,373	3,373	3,373
	960,651	561,840	960,651	561,840
Total borrowings	**975,236**	**592,866**	**975,236**	**592,866**

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23. BORROWINGS (Continued)

(b) Terms and repayment schedule

Group

	Currency	Nominal interest	Maturity	31 December 2018 Face value	31 December 2018 Carrying amount	31 December 2017 Face value	31 December 2017 Carrying amount
				KShs'000	KShs'000	KShs'000	KShs'000
Import Financing loan – NIC Bank	USD	8.00%	2018	305,538	186,373	309,695	144,063
Import Financing loan – Standard Chartered Bank	USD	6.50%	2018	305,538	176,424	309,695	68,249
Import Financing loan - Stanbic Bank	USD	6.00%	2018	320,815	254,237	325,180	190,365
Term loan –Standard Chartered Bank	USD	6.50%	2020	122,215	58,302	123,878	60,716
Bank overdraft – NIC Bank	USD	8.00%	2018	120,000	90,888	120,000	122,148
Finance lease liabilities	KSH	14.00%	2020	10,152	3,923	10,152	7,325
Short term loan-SIL	KSH	7.00%	2019	205,089	205,089	-	-
				1,389,347	**975,236**	**1,198,600**	**592,866**

Company

	Currency	Nominal interest	Maturity	31 December 2018 Face value	31 December 2018 Carrying amount	31 December 2017 Face value	31 December 2017 Carrying amount
				KShs'000	KShs'000	KShs'000	KShs'000
Import Financing loan – NIC Bank	USD	8.00%	2018	309,695	186,373	309,695	144,063
Import Financing loan – Standard Chartered Bank	USD	6.50%	2018	309,695	176,424	309,695	68,249
Import Financing loan - Stanbic Bank	USD	6.00%	2018	325,180	254,237	325,180	190,365
Term loan-Standard Chartered Bank	USD	6.50%	2020	123,878	58,302	123,878	60,716
Bank overdraft – NIC Bank	USD	8.00%	2018	120,000	90,888	120,000	122,148
Finance lease liabilities	KSH	14.00%	2020	10,152	3,923	10,152	7,325
Short term loan-SIL	KSH	7.00%	2019	205,089	205,089	-	-
				1,387,132	**975,236**	**1,198,600**	**592,866**

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23. BORROWINGS (Continued)

(c) Finance lease liabilities

	Future minimum lease payments		Interest		Present value of future minimum lease payments	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Less than 1 year	3,373	3,373	818	292	3,373	3,373
Between 1 and 2 years	550	3,952	250	13	550	3,952

The Group leases motor vehicles with a carrying amount of KShs '000 3,923 (2017 – KShs '000 7,325) under finance leases expiring within three years. Under the terms of the leases,the Group has joint ownership and title in the motor vehicles until expiry of the leases, when full title passes to the Group. This option lapses in the event the Group fails to meet all periodic lease payments.

(d) Security and effective interest rates

The Company's borrowings are secured through a first ranking debenture over the trade receivables and inventories of the company for KShs'000 1,191,500 (2017 – KShs'000 1,191,500) shared pari –passu between the company's principal bankers.
The weighted average effective interest rates at the year-end were:

	2018 %	2017 %
Bank overdrafts – USD	8.00	8.00
Bank borrowings – KShs	14.00	14.00

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

(e) Compliance with loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the 2018 and 2017 reporting period.

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24. DEFERRED INCOME TAX

(a) Carrying amounts

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

	Group		Company	
	2018	2017	2018	2017
	KShs'000	KShs'000	KShs'000	KShs'000
At start of year	(400,130)	(406,029)	(319,394)	(342,545)
Charge to statement of profit or loss (Note 11 (a))	35,743	5,899	-	23,152
Currency translation differences	(105)	-	-	-
At end of year	**(364,492)**	**(400,130)**	**(319,394)**	**(319,393)**
As disclosed on the balance sheet:				
Deferred income tax assets	(369,556)	(404,264)	(319,394)	(319,393)
Deferred income tax liabilities	5,064	4,134	-	-
	(364,492)	**(400,130)**	**(319,394)**	**(319,393)**

(b) Movement in deferred tax balances

Group 2018	**Net balance at 1 January KShs'000**	**Recognised in profit or loss KShs'000**	**Net balance at 31 December KShs'000**
Deferred income tax asset			
Property, plant and equipment and intangibles	(73,462)	(1,357)	(74,819)
Investment property	81,544	-	81,544
Provisions	(24,174)	7,088	(17,086)
Tax losses	(393,879)	31,442	(362,437)
Effects of movements in exchange rates	4,563	(2,466)	2,098
Prior year under provision	1,144	-	1,144
	(404,264)	**34,707**	**(369,556)**
Deferred income tax liability			
Investment property	3,991	1,036	5,028
Provisions	(10)	-	(10)
Effects of movements in exchange rates	153	(107)	46
	4,134	**929**	**5,064**
Net deferred income tax asset	**(400,130)**	**35,636**	**(364,492)**

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24. DEFERRED INCOME TAX (Continued)

(b) Movement in deferred tax balances (continued)

Group 2017	Net balance at 1 January KShs'000	Recognised in profit or loss KShs'000	Recognised in other comprehensive income KShs'00	Prior year (under) /over provisions KShs'000	Net balance at 31 December KShs'000
Deferred income tax asset					
Property, plant and equipment and intangibles	(79,925)	6,463	-	-	(73,462)
Investment property	80,328	1,216	-	-	81,544
Provisions	(33,943)	9,769	-	-	(24,174)
Tax Losses	(376,910)	(16,969)	-	-	(393,879)
Actuarial gains and losses on retirement benefit obligations	-	-	-	-	4,563
Effects of movements in exchange rates	1,144	4,563	-	-	1,144
	(409,306)	**5,042**	**-**	**-**	**(404,264)**
Deferred income tax liability					
Investment property	3,248	743	-	-	3,991
Provisions	153				153
Effects of movements in exchange rates	(124)	114	-	-	(10)
	3,277	**857**	**-**	**-**	**4,134**
Net deferred income tax asset	**(406,029)**	**5,899**	**-**	**-**	**(400,130)**

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24. DEFERRED INCOME TAX (Continued)

(b) Movement in deferred tax balances (continued)

Company 2018	Net balance at 1 January KShs'000	Recognised in profit or loss KShs'000	Recognised in other comprehensive income KShs'000	Prior year under /(over) provisions KShs'000	Net balance at 31 December KShs'000
Deferred income tax asset					
Property, plant and equipment and intangibles	(70,893)	-	-	-	(70,893)
Investment property	18,629	-	-	-	18,629
Provisions	(14,142)	-	-	-	(14,142)
Prior year under provision	-	-	-	-	-
Tax losses	(251,056)	-	-	-	(251,056)
Exchange differences	(1,932)	-	-	-	(1,932)
	(319,394)	**-**	**-**	**-**	**(319,394)**
2017					
Deferred income tax asset					
Property, plant and equipment and intangibles	(79,364)	8,471	-	-	(70,893)
Investment property	17,413	1,216	-	-	18,629
Provisions	(24,017)	9,875	-	-	(14,142)
Tax losses	(255,815)	4,759	-	-	(251,056)
Exchange differences	(763)	(1,169)	-	-	(1,932)
	(342,546)	**23,152**	**-**	**-**	**(319,394)**

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24. DEFERRED INCOME TAX (Continued)

(c) Carrying amount

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

(d) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future profit will be available which the Group can benefit there from.

	2018		2017	
	Gross amount KShs '000	Tax effect KShs '000	Gross amount KShs '000	Tax effect KShs '000
Tax losses	225,055	67,517	44,050	13,215

Unrecognized Deferred Tax asset	Group 2018 Unrecognized KShs'000	Company 2018 Unrecognized KShs'000
Deferred income tax asset		
Property, plant and equipment and intangibles	(27,505)	(27,505)
Investment property	1,074	1,074
Provisions	(85,000)	(85,000)
Tax losses	(54,221)	(67,861)
	(165,612)	**(179,292)**

(e) Tax losses carried forward

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

Group
Summary of deferred tax assets

Year of origin	Tax loss	Recognised	Unrecognised
2013	(6,906)		(6,906)
2014	(117,863)		(117,863)
2015	(10,647)		(10,647)
2016	(257,738)	(251,056)	(6,682)
2017	(21,168)	(17,485)	(3,683)
2018	(137,023)	(21,212)	(115,811)
Total	**(551,346)**	**(289,753)**	**(261,593)**

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24. DEFERRED INCOME TAX (Continued)

(e) Tax losses carried forward (continued)

Company

Summary of deferred tax assets

Year of origin	Tax loss	Recognised	Unrecognised	Year of expiry
2013	-	-	-	
2014	-	-	-	
2015	-	-	-	
2016	(251,056)	(251,056)	-	2025
2017	-	-	-	
2018	(115,811)	-	(115,811)	2027
Total	**(366,867)**	**(251,056)**	**(115,811)**	

In 2018, the Company incurred a tax loss of Ksh 226,204,201 increasing cumulative tax losses to KShs 1,062,978,614 management found it prudent not to recognize any further deffered tax asset until the strategic plan in action turns the company to profitability in 2019.

In 2018, the Group's Burundi subsidiary incurred a tax loss of KShs 18,323,563 increasing cumulative tax losses to KShs 150,400,680. Management has determined that the recoverability of cumulative tax losses is uncertain due to the political uncertainty and shortage of hard currency,management has therefore opted not to recognize further deffered tax until the susbsidiary is profitable.

In 2018, the Group's Tanzania subsidiary incurred a tax loss of KShs 113,240,713 increasing cumulative tax losses to KShs 246,802,118. The long term business prospects for this subsidiary and the three year Group strategic plan indicate that this subsidiary will be profit making by 2021, however, based on the accumulated tax losses carried forward, management found it prudent not to recognise any further deferred tax assets until the subsidiary is profitable.

25. TRADE AND OTHER PAYABLES

(a) Carrying amounts

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Trade payables	248,632	392,148	169,146	331,099
Amounts due to related companies (Note 30(d)(ii))	10,253	9,591	9,224	9,591
Amounts du subsidiaries (Note 30(d)(ii))	-	-	141,808	110,398
Accrued expenses and other payables	219,061	133,275	164,287	82,386
	477,946	**535,014**	**484,465**	**533,474**

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

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25. TRADE AND OTHER PAYABLES (Continued)

(b) Leave pay accrual

Included in accrued expenses and other payables is the provision for leave pay. The Group's provision for leave pay represents leave earned by its employees but not carried-over as at the reporting date. The policy of the Group is to allow a maximum carryover of 7 days leave per employee at the end of each financial year.

The movement in the leave accrual account at 31 December 2018 and 2017 was as follows:

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Balance at 1 January	-	5,473	-	4,181
Additional provisions	-	-	-	-
Utilised in the year	-	(5,473)	-	(4,181)
Balance at 31 December	**-**	**-**	**-**	**-**

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

	Note	Group		Company	
		2018	2017	2018	2017
		KShs'000	KShs'000	KShs'000	KShs'000
Cash receipts from customers					
Revenue	8	2,067,928	2,626,975	1,417,273	1,798,957
Other income	9 (a)	28,388	94,810	29,174	88,939
Net foreign exchange losses	10	(2,241)	(31,377)	3,481	(4,056)
Translation differences		(10,802)	(10,369)	-	-
Movement in trade and other receivables	20	209,725	(84,013)	(49,813)	271,597
Cash collections from customers		**2,292,998**	**2,596,026**	**1,400,115**	**2,155,437**
Cash payments for purchases					
Opening inventory stock	19	(730,580)	(1,401,321)	(409,331)	(957,534)
Cost of sales	9 (b)	1,725,872	1,846,234	1,224,284	1,336,200
Closing inventory stock	19	617,406	730,580	313,617	409,331
Movement in trade payables	25 (a)	143,516	62,113	161,953	13,689
		1,756,214	**1,237,606**	**1,290,523**	**801,686**
Adjustments for non-cash expenses					
Depreciation and amortisation	9 (c)	87,164	76,333	45,345	33,900
Application of IFRS 9		(168,154)	-	(95,613)	-
Impairment loss on assets	9	-	-	403,625	-
Transfer to insurance receivable	13(a)	-	(1,540)	-	-
Inter-company asset transfers	13(a)	-	-	-	9,281
Depreciation transfers	13(a)	-	-	-	(711)
		(80,990)	**74,793**	**353,357**	**42,470**
Cash payment for purchases		**1,837,204**	**1,162,813**	**937,165**	**759,215**
Cash payments for expenses					
Other operating expenses	9(b)(ii)	785,919	780,685	847,337	393,924
Movement in accruals and other payables	25(a)	(86,447)	26,350	(112,944)	3,958
Cash payments for expenses		**699,472**	**807,035**	**734,393**	**397,882**

(b) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group

	Net balance at 1 January	Cashflows	New leases	Net balance at 31 December
	KShs'000	KShs'000	KShs'000	KShs'000
Non-current				
Long term loans	27,094	(27,624)	14,585	14,035
Finance lease liabilities	3,952	(3,402)	-	550
Total borrowings	**31,026**	**(31,026)**	**14,585**	**14,585**

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27. OPERATING LEASES

(a) Lease as lessee

The Group leases business premises and warehouses in various locations where it carries out its business. It also leases residential premises for its senior management in countries outside the domicile country. The leases typically run for a period of 5 years with an option to renew after the expiry date. Lease payments are negotiated either annually or after every 2 years. One of the leased premises is sublet by the Group to a third parties for lease periods coinciding with the principal lease term.

The Group also leases commercial vehicles for use by its sales force in selling and marketing activities. Vehicle leases run for a period of 4 years with no option for renewal.

(i) Future minimum lease payments

At 31 December 2018, the future minimum lease payments under current leases are as follows.

	Group		Company	
	2018	**2017**	**2018**	**2017**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Motor vehicles				
Not later than 1 year	16,345	8,707	9,636	6,189
Later than 1 year and not later than 5 years	2,817	4,476	2,632	3,365
	19,162	**13,183**	**12,268**	**9,554**
Leases for premises				
Not later than 1 year	53,704	58,310	692	2,018
Later than 1 year and not later than 5 years	151,533	219,099	1,385	-
	205,237	**277,409**	**2,077**	**2,018**
(ii) Amounts recognised in profit or loss				
Lease expense	100,787	101,379	4,750	3,995
Sub - lease income	(8,486)	(13,579)	-	-
	92,301	**87,800**	**4,750**	**3,995**

(b) Lease as lessor

The Group leases out its investment properties to third parties. Most of the leases are for a period of five years with an option for renewal and rent escalation every 2 years.

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27. OPERATING LEASES (Continued)

(b) Lease as lessor (continued)

(i) Future minimum lease rentals

	Group		Company	
	2018	2017	2018	2017
	Shs'000	Shs'000	Shs'000	Shs'000
Leases for investment properties				
Not later than 1 year	194,140	202,073	170,556	159,444
Later than 1 year and not later than 5 years	648,687	573,644	635,875	477,648
	842,827	**775,717**	**806,431**	**637,092**

(ii) Amounts recognised in profit or loss

Rental income from investment properties and maintenance expenses included in operating expenses are shown on Note 15(b).

28. COMMITMENTS

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

	Group		Company	
	2018	2017	2018	2017
	KShs '000	KShs '000	KShs '000	KShs '000
Property, plant and equipment	28,000	127,724	24,000	107,080

29. CONTINGENT LIABILITIES

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

30. RELATED PARTY TRANSACTIONS

(a) Parent and ultimate controlling party

The Group's majority shareholding is held by Sameer Investments Limited a company incorporated in Kenya. The parent company held equity interest and voting rights in the company of 72.15% (2017: 72.15%).

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

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

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30. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with key management personnel

(i) Key management compensation

Key management compensation comprised the following;

	Group		Company	
	2018	**2017**	**2018**	**2017**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**
Basic pay and other allowances	57,121	56,676	57,121	56,676
Pension/gratuity	4,529	6,690	4,529	6,690
Total	**61,650**	**63,366**	**61,650**	**63,366**

(ii) Directors' shareholding

At 31 December 2018 directors' shareholding in the company was as follows:

	2018 Shares	**2017 Shares**
Peter Gitonga	12,750	12,750
Akif H. Butt	450	450
Sameer N. Merali	15,000	15,000
Akif H. Butt (jointly with another party)	20,000	20,000

(iii) Directors' remuneration

	Group		Company	
	2018	**2017**	**2018**	**2017**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**
Directors' remuneration				
Fees as directors	5,608	5,620	5,608	5,620
Other emoluments (included under key management compensation above)	3,065	1,715	3,065	1,715
Managing director	21,530	25,909	21,530	25,909
Total remuneration of directors of the company	**30,203**	**33,244**	**30,203**	**33,244**

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30. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with key management personnel (continued)

(iv) Directors' remuneration

	Group		Company	
	2018	2017	2018	2017
	KShs'000	KShs'000	KShs'000	KShs'000
Directors' remuneration				
Fees as directors				
Eng. E.K. Mwongera	2,700	2,700	2,700	2,700
S.N. Merali	480	480	480	480
P. Gitonga	480	480	480	480
S.M. Githiga	28	480	28	480
A.H. Butt	480	480	480	480
G.J. Kemei	-	40	-	40
L.M. Mbuthia	480	320	480	320
M.W. Ngatia	480	320	480	320
W.I. Nyamute	480	320	480	320
	5,608	**5,620**	**5,608**	**5,620**
Other emoluments (included under key management compensation above)				
Eng. E.K. Mwongera	545	305	545	305
S.N. Merali	320	80	320	80
P. Gitonga	460	370	460	370
S.M. Githiga	-	100	-	100
A.H. Butt	380	160	380	160
G.J. Kemei	-	-	-	-
L.M. Mbuthia	480	220	480	220
M.W. Ngatia	480	260	480	260
W.I. Nyamute	400	220	400	220
Total	**3,065**	**1,715**	**3,065**	**1,715**
A. Walmsley	14,855	25,909	14,855	25,909
S.Gachomo*	6,675	-	6,675	-
Total remuneration of directors of the company	**30,203**	**33,244**	**30,203**	**33,244**

* Managing Director

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30. RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with other related parties

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

Transactions with related parties included the following:

(i) Sale of goods and services

	Company	
	2018	**2017**
	KShs'000	**KShs'000**
Subsidiaries		
Sameer Africa (Tanzania) Limited	4,868	57,460
Sameer Africa (Uganda) Limited	1,720	26,289
Sameer Africa (Burundi) Limited	-	17,254
Yana Tyre Centre Limited	318,116	287,003
	324,704	**388,006**

	Group		Company	
	2018	**2017**	**2018**	**2017**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**
Joint Venture				
Yana Tyre Centre – Galleria	-	-	-	-
Other related parties				
Ryce East Africa Limited	8,314	15,677	8,314	11,479
Eveready Batteries (K) Limited	8,765	2,976	8,765	2,670
Sasini Limited	755	1,083	-	-
	17,834	**19,736**	**17,079**	**14,149**

(ii) Purchase of goods and services

	Group and Company	
	2018	**2017**
	KShs'000	**KShs'000**
Other related parties		
Ryce East Africa Limited	26,336	25,664
First Assurance Company Limited	2,020	29,571
Sameer Management Limited	5,800	5,851
Sameer Agriculture	29	-
	34,185	**61,086**

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30. RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with other related parties (continued)

(ii) Purchase of goods and services - continued

Other related party transactions

Dividends paid to parent company

The Group pays dividends to its parent company as approved by shareholders in general meetings. Dividends paid to the parent company – Sameer investments Limited during the year amounted to KShs – Nil (2017: KShs -Nil**)**

Banking facilities

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

- Banking services
- Fixed and call deposits
- Import letters of credit

The outstanding balances included in cash and cash equivalents as at 31 December 2018 as are follows:

	Group and Company	
	2018 KShs'000	**2017 KShs'000**
Bank balances	4,029	4,008
	4,029	**4,008**

Working capital support

In line with the joint venture agreement, the Group provided working capital support to Yana Tyre Centre – Galleria joint venture arrangement. Details of amounts loaned and interest earned are shown below:

	Group	
	2018 KShs'000	**2017 KShs'000**
Total amount advanced	-	-
Interest income earned	-	-

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30. RELATED PARTY TRANSACTIONS (Continued)

(d) Outstanding balances

At 31 December 2018, outstanding balances with related parties comprised the following;

	Group		Company	
	2018 KShs'000	**2017 KShs'000**	**2018 KShs'000**	**2017 KShs'000**
(i) Amounts due from:				
Subsidiaries				
Yana Tyre Centre Limited	-	-	236,548	223,074
Sameer Africa(Tanzania) Limited	-	-	119,652	35,994
Sameer Africa (Uganda)	-	-	50,974	52,490
Sameer Africa(Burundi) Limited	-	-	66,479	32,449
	-	**-**	**473,653**	**344,007**
Associate				
Sameer Business Park Limited	**129**	**129**	**691**	**129**
Other related parties				
Ryce East Africa Limited	4,206	2,734	4,206	2,542
Eveready Batteries (K) Limited	2,293	1,655	1,993	867
Sasini Limited	60	362	-	-
	6,559	**4,751**	**6,199**	**3,409**
Total due from other related parties	**7,250**	**4,880**	**6,890**	**3,538**
(ii) Amounts due to:				
Subsidiaries				
Sameer Industrial Park Limited	-	-	12,594	3,798
Sameer EPZ Limited	-	-	129,214	106,600
	-	**-**	**141,808**	**110,398**
Other related parties				
Ryce East Africa Limited	6,737	3,176	5,708	3,176
First Assurance Company Limited	616	3,515	616	3,515
Sasini Limited	2,900	2,900	2,900	2,900
	10,253	**9,591**	**9,224**	**9,591**

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30. RELATED PARTY TRANSACTIONS (Continued)

(e) Bad debts provisions

No doubtful debts provision or expense has been made in respect of receivables outstanding from related parties. The group has reviewed individually the outstanding balances for impairment loss and based on the review considers the amounts to be recoverable.

(f) Trading terms and settlement

All transactions with related parties are at an arm's length basis and in the ordinary course of business. Outstanding balances are to be settled in cash. No guarantees have been given or received to any related party.

31. EVENTS AFTER THE REPORTING PERIOD

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

32. PRINCIPAL SHAREHOLDERS AND SHARE DISTRIBUTION

Principal shareholders

The ten largest shareholdings in the Company and the respective number of shares held at 31 December 2018 are as follows:

Name	Number of shares	%
1. Sameer Investments Limited	200,817,982	72.15%
2. Goodwill (Nairobi) Limited A/C 94	5,618,700	2.02%
3. BNP Paribas (Suisse) SA	4,417,600	1.59%
4. Andrew Mukite Musangi	3,117,100	1.12%
5. Best Investment Decisions Ltd	2,245,800	0.81%
6. Kenyalogy.Com Limited	2,189,200	0.79%
7. Bid Management Consultancy Limited	2,167,800	0.78%
8. Kenya Commercial Bank Nominees Limited A/C 915B	1,892,517	0.68%
9. Freight Forwarders Kenya Limited	1,875,000	0.67%
10. Shah Ekta Bimal & Kunal Kamlesh	1,200,000	0.43%

Distribution of shareholders

Share range	Number of shareholders	Number of shares	%
0 - 500	7,882	2,144,277	0.77%
501 – 5,000	4,985	7,921,584	2.85%
5,001 – 10,000	457	3,510,625	1.26%
10,001 – 100,000	472	14,233,986	5.11%
100,001 – 1,000,000	78	23,918,622	8.59%
Over 1,000,000	11	226,613,299	81.42%
Total	**13,885**	**278,342,393**	**100%**

NOTICE AND AGENDA OF THE 50TH ANNUAL GENERAL MEETING

Notice is hereby given that the 50th Annual General Meeting of Sameer Africa PLC will be held at the premises of Sameer Industrial Park situated along Road C Industrial Area, Nairobi on Monday, 10th June, 2019 commencing at 9.00 am to conduct the following business:

AGENDA

1. Constitution of the Meeting

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

2. Confirmation of Minutes

To confirm the Minutes of the 49th Annual General Meeting held on Friday 22nd June 2018.

3. Financial Statements and Reports

To receive, consider and if deemed fit, adopt the financial statements for the year ended 31st December 2018, together with the reports thereon of the directors and the auditors.

4. Election of Directors

4.1 Re-election on account of rotation:

i) In accordance with Article 1.123 of the Company's Articles of Association, Mr. Sameer N. Merali retires by rotation and being eligible, offers himself for re-election.

ii) In accordance with Article 1.123 of the Company's Articles of Association, Mr. Peter Gitonga retires by rotation and being eligible, offers himself for re-election.

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

To approve the following:

In accordance with section 769(1) of the Companies Act 2015, the following being members of the audit, risk and corporate governance committee of the board, be confirmed to continue to serve on the said committee:

i) Dr. Winnie Iminza Nyamute	iii) Ms. Mary Wacuka Ngatia
ii) Dr. Lydia Muthoni Mbuthia	iv) Mr. Sameer Naushad Merali

6. Directors Remuneration Report

To approve the Directors' remuneration report and the remuneration paid to Directors for the year ended 31st December 2018, and to authorize the Board to fix the Directors remuneration.

7. Appointment of Auditors

To re-appoint KPMG Kenya to continue in office as the Company's auditors who being eligible, have expressed their willingness to continue to serve as auditors of the Company in accordance with the provisions of section 721 of the Companies Act 2015 and to authorize the Directors to fix their remuneration for the ensuing financial year.

8. Any Other Business

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

By Order of the Board
Edgar Imbamba
Company Secretary
29th April 2019, Nairobi

Please Note:

1. A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his/her behalf and such proxy need not be a member of the Company.

2. To be valid, a form of proxy must be duly completed and signed by a member and must either be lodged at the offices of the company's share registrars, Custody and Registrars Services Limited, 6th Floor, Bruce House, Standard Street, Nairobi, to reach their offices not less than 48 hours before the meeting or be posted to the Company Secretary through P.O. Box 30429-00100, Nairobi to reach him not less than 48 hours before the time appointed for holding the meeting.

3. A copy of this notice, the proxy form, the Annual Report and Financial Statements has been available at the company's website at www.sameerafrica.com since 6th May 2019.

ILANI

Ilani imetolewa kwamba Kongamano Kuu la Mwaka wa 50 la Sameer Africa PLC litafanyika kwenye majengo ya Sameer Industrial Park iliyoko katika barabara ya Road C Eneo la Viwandani, Nairobi Jumatatu, Juni 10, 2019 kuanzia saa 9.00 asubuhi kwa shughuli zifuatazo:

AJENDA

1. Kuwepo kwa Mkutano

Katibu atasoma ilani kuhusu uwepo wa mkutano, awasilishe hoja na atathmini ikiwa idadi ya watu itatosha.

2. Uhakiki wa kumbukumbu

Ili kuhakiki kumbukumbu za mkutano uliotangulia za Kongamano 49 lilofanyika Ijumaa 22 Juni 2018.

3. Taarifa za kifedha na Ripoti

Kupokea, kutafakari na ikiwa sawa, kupitisha taarifa za kifedha za mwaka uliokamilika tarehe 31 Desemba 2018 pamoja na ripoti za wakurugenzi na wachunguzi.

4. Uchaguzi wa Wakurugenzi

4.1 Uchaguzi mara nyingine kwa misingi ya mzunguko:

i) Kwa mujibu wa Ibara 1.123 ya Makala ya Chama cha Kampuni, Bwana Sameer N. Merali amejiondoa kwa mzunguko na kuwa mstahili, anajitoa kwa uchaguzi mpya.

ii)Kwa mujibu wa Ibara 1.123 ya Makala ya Chama cha Kampuni, Bwana Peter Gitonga amejiondoa kwa mzunguko na kuwa mstahili, anajitoa kwa uchaguzi mpya.

5. Thibitisho la Wanachama wa Kamati ya Bodi ya Ukaguzi, Hatari na Usimamizi wa Kampuni

Kuidhinisha zifuatazo:

Kwa mujibu wa kifungu 769 (1) cha Sheria ya Makampuni ya 2015, wafuatao wakiwa wanachama wa kamati ya ukaguzi, hatari na kamati ya ushirika wa kampuni, kuthibitishwa kuendelea kuhudumia kamati hiyo:

i) Dkt. Winnie Iminza Nyamute
ii) Dkt. Lydia Muthoni Mbuthia
iii) Bi. Mary Wacuka Ngatia
iv) Bw. Sameer Naushad Merali

6. Ripoti ya Mshahara wa Wakurugenzi

Ili kuratibisha ripoti ya mshahara ya Wakurugenzi na malipo kwa Wakurugenzi kwa mwaka uliokamilika tarehe 31 Disemba 2018, na kuidhinisha Bodi kurekebisha mshahara wa Wakurugenzi.

7. Uteuzi wa Wakaguzi

Uteuzi kwa mara nyingine wa KPMG Kenya kuendelea kushikilia nyadhifa za wakaguzi wa Kampuni wanaostahiki, wameashiria nia yao ya kuendelea kama wakaguzi wa Kampuni kwa mujibu wa masharti ya kifungu nambari 721 cha Sheria ya Makampuni ya 2015 na kuidhinisha Wakurugenzi kurekebisha mshahara wao kwa mwaka baada ya ule wa kifedha.

8. Maswala mengineo

Kufanya biashara nyinginezo ambazo zinaweza kufanywa katika Kongamano Kuu la mwaka.

Imeidhinishwa na Bodi
Edgar Imbamba
Katibu wa Kampuni
Tarehe 29 Aprili 2019, Nairobi

Cha kuzingatiwa:

1. Mjumbe aliye na haki ya kuhudhuria na kupiga kura katika mkutano huu anaweza kuteua mwakilishi atakaye hudhuria na kupiga kura kwa niaba yake na mwakilishi huyo hahitaji kuwa mwanachama wa Kampuni.

2. Ili kuhalalishwa, fomu ya wakala lazima ijazwe kikamilifu na kutiwa sahihi na mwanachama kisha iwasilishwe kwenye ofisi za usajili wa hisa za Kampuni, Usajili na Huduma za Usajili, eneo la 6, Bruce House, Standard Street, Nairobi, kwa muda usio chini ya masaa 48 kabla ya mkutano au kutumwa kwa Katibu wa Kampuni kupitia Sanduku la Posta 30429-00100, Nairobi ili kumfikia chini ya masaa 48 kabla ya muda uliowekwa kutekeleza mkutano huo.

3. Nakala ya Ilani hii, fomu ya wakala, Taarifa za mwaka na Taarifa za kifedha zinapatikana kwenye tovuti ya kampuni kwenye www.sameerafrica.com tangu Mei 6, 2019.

Yana brand is available in different patterns to fit varied consumer preferences.

TYRE CARE TIPS FROM SAMEER AFRICA PLC

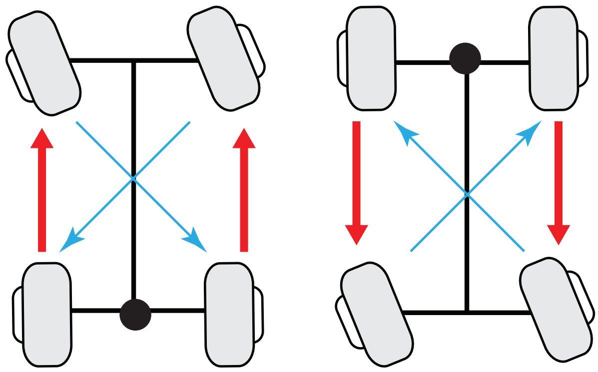
The functions of tyres

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

What tires are right for your vehicle?

Consider:

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



Dangers of low inflation pressure

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

Dangers of excessive inflation pressure

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

Benefits of wheel alignment

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

What to check before you drive

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

Proper tyre rotation

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

Important tyre care tips for Africa

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

What unique tyre features are suitable for African road conditions?

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


BINGWA WA MATATU APISHWE
Optimize your driving experience with YANA TYRES.
Built with NEXT-GEN Tyre Technology.
MODERN TREAD PATTERN
Stylish
Puncture & wear resistance
IMPROVED SIDEWALL
Comfortable ride
Better stability
STRONGER BELTS
Enhanced puncture resistance
STRONGER CASING
Takes extra load
Tyre-burst safe
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PRODUCT OF SAMEER AFRICA
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Yana Faida
For Matatus and Light Vans
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www.sameerafrica.com

RIDE HIGH
ON RELIABILITY
Optimize your driving experience with YANA TYRES.
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| Stylish | Puncture
& wear resistance
IMPROVED
SIDEWALL
| Comfortable ride
| Better stability
YANA
TUBETYPE
PAMOJA
STRONGER
BELTS
| Enhanced
puncture resistance
STRONGER
CASING
| Takes extra load
| Tyre-burst safe
Yana Pamoja
For Medium Trucks/Buses
YANA
SameerAfricaPLC SameerAfricaPLC Call Centre: +254 730 156 222. www.sameerafrica.com

Form of Proxy

I/We, ______________________________ of_____________________________________
Being (a) member(s) of Sameer Africa PLC, 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 Sameer Industrial Park situated along Road C, off Enterprise Road, Nairobi on Monday 10th June, 2019 commencing at 9.00 am and any adjournment thereof.

As witness my/our hand(s) this _________________________day_________________2019

Signature_________________________________

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

Notes:

1. A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his/her behalf and such proxy need not be a member of the company.

2. To be valid, a form of proxy must be duly completed and signed by a member and must either be lodged at the offices of the company's share registrars, Custody and Registrars Services Limited, 6th Floor, Bruce House, Standard Street, Nairobi, to reach their offices not less than 48 hours before the meeting or be posted to the company secretary through P.O. Box 30429-00100, Nairobi to reach him not less than 48 hours before the time appointed for holding the meeting.

3. A copy of this notice, the proxy form, the Annual Report and Financial Statements may be viewed from the company's website at www.sameerafrica.com by 6th May 2019.

Fomu ya Uwakilishi

Mimi/Sisi_______________________________________wa_________________________________
nikiwa/tukiwa mwanachama/wanachama wa Sameer Africa PLC, namteua/tunamteua

____
au akikosa yeye, aliyeteuliwa kama Mwenyekiti wa mkutano kuwa mwakilishi wangu/wetu, kupiga kura kwa niaba yangu/yetu katika Mkutano Mkuu wa kila Mwaka wa kampuni utakaofanyika Sameer Industrial Park, kando ya barabara ya Road C, kutokea barabara ya Enterprise Road Nairobi, Jumatatu tarehe 10 Juni, mwaka 2019, kuanzia saa tatu asubuhi na kwenye uahirishwaji wake wowote.

Kama ushahidi wangu/wetu siku hii ya________________Mwezi wa ___________________2019

Sahihi____

Isipokuwa ikishauriwa vingine, mwakilishi atapiga kura anavyofikiria ni sawa.

Maelezo:

1. Mwanachama mwenye haki ya kuhudhuria na kupiga kura katika mkutano huu anaweza kumteua wakala kuhudhuria na kupiga kura kwa niaba yake na wakala huyo si lazima awe mwanachama wa Kampuni

2. Ili kuwa halali, fomu ya wakala lazima ijazwe kikamilifu na kutiwa sahihi na mwanachama na lazima ifikishwe katika ofisi za wasajili wa hisa za Kampuni Custody and Registrars Services Limited ghorofa ya 6 jumba la Bruce, barabara ya Standard, Nairobi, iwafikie katika muda usiopungua masaa 48 kabla ya mkutano au kutumwa kwa katibu wa Kampuni kwa njia ya posta kutumia anwani S.L.P 30429-00100, Nairobi, imfikie katika muda usiopungua masaa 48 kabla ya wakati uliowekwa wa kufanyika mkutano.

3. Nakala ya ilani hii, fomu ya uwakilishi, ripoti ya kila mwaka na taarifa za fedha zinapatikana katika tovuti ya kampuni www.sameerafrica.com kufikia tarehe 6 Mei 2019.

FOLD 2

Affix
Stamp
Here

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

FOLD 1

sameerafrica
WE'LL TAKE YOU THERE.®

FOLD 3

Insert Flap Inside


SUMMIT TYRE
Taya poa, thamani poa.
SUMMIT TYRE RANGE
HAWK
TOSHA
KIFARU
KIFARU-D
KIFARU-ST
sameerafrica

Sameer Africa Sales Depot Addresses

Kenya

Nairobi – Mombasa Road
P.O. Box 30429 - 00100, Nairobi
Mobile: 0733 611138/9
0722 204674/5
0730 156222
Fax: 020 - 3962 888
Email: info@sameerafrica.com

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
Tel: 053- 2013 956 / 2063 617
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

Kisumu – Obote Road
P.O Box 1497, Kisumu
Tel: 057- 2041 547/ 2045 007
Fax: 057- 2023657
Email: ksm.manager@sameerafrica.com

Tanzania

Dar es Salaam
Sameer Africa (T) Ltd
Nyerere Road
P.O Box14849, Dar es Salaam, Tanzania
Tel: 007-222-862584
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

Uganda

Kampala
Sameer Africa (U) Ltd
Plot 96/98, 5th street Industrial Area
P.O. Box 8972, Kampala, Uganda
Tel: +256 414 347665/ 667/ 635
Fax: 041-347670
Email: info@sameerafrica.co.ug

Burundi

Bujumbura
Sameer Africa (Burundi) Ltd
Kanindo, Plot 2750,
Boulevard 1 er Novembre
P.O. Box 5840 Kanindo,
Télephone (Telephone): +257 784 39180/ 222 78209

Yana Tyre Centres Addresses

Kenya

Koinange Street
Uniafric House
P.O Box 30429-00100, Nairobi, Kenya
Tel: 020 -2244 037/34, 3962 471
Mobile: 0733750053
Fax: 020 -2244551
Email: yana.koinange@sameerafrica.com

Embakasi
Kobil Service Station, Airport North Road,
P.O Box 30429 -00100, Nairobi, Kenya
Tel: 020-3962 470,
Mobile: 0733 642323,
Fax: 020-820459
Email: yana.embakasi@sameerafrica.com

Langata
Kenol Kobil Service Station,
Opp. Carnivore Road
P.O Box 30429 -00100, Nairobi, Kenya
Tel: 020- 602818, 3962 474
Mobile: 0735 999003,
Fax: 020 602819
Email: yana.langatard@sameerafrica.com

Waiyaki Way
Total Service Station, Next to ABC Place
P.O Box 30429 – 00100, Nairobi Kenya
Tel: 020 3962 473
Mobile: 0734 339666
Email: yana.abc@sameerafrica.com

Yana Tyre Centre - Athi-River
Kobil Service Station - Namanga Road
P.O.Box 30429-00100, Nairobi
Mobile: 0780777803
Email: yana.athiriver@sameerafrica.com

Yana Tyre Centre – Rabai Road
Total Service station
Jogoo /Rabai road junction
P.O. Box 30429-00100, Nairobi
Mobile: +254780227723
Email: yana.rabairoad@sameerafrica.com

Yana Tyre Centre – SBP
Sameer Business Park
Mombasa road
P.O. Box 30429- 00100
Nairobi,Kenya
Mobile:0732808057
Email: yana.sbp@sameerafrica.com

Kisumu
Obote Road
P.O. Box 1497 Kisumu, Kenya
Tel: 057-2041 547/ 2045 007 / 3962 48
Mobile: 0736 800192 / 0717 550685
Email: yana.kisumu@sameerafrica.com

Eldoret
Old Uganda Road
P.O Box 8413, Eldoret
Tel: 053-2031 956/ 2063 617
Mobile: 0734 333345/ 0720 607705
Fax: 053 -2033359
Email: eldoret@sameerafrica.com

Mombasa Island
Tangana Road/ Pandya Road Junction
P.O. Box 90491, Mombasa, Kenya
Mobile: 0733 780 761
Email: yana.msa@sameerafrica.com

Yana Tyre Centre – Mtwapa
Kenol service station
(next to Tuskys supermarket)
P.O. Box 646- 80109
Mtwapa, Kilifi
Mobile: 0786 333023
Email:yana.mtwapa@sameerafrica.com

Yana Tyre Centre – Nyali
Malindi Road
Nyaliu
P.O. Box 646- 80109
Mtwapa, Kilifi
Mobile: 0735451226
Email:yana.nyali@sameerafrica.com

Yana Tyre Centre – Machakos
Kobil Service Station at Chumvi/Kangundo
road junction
P.O. Box 2725 - 90100, Machakos
Mobile: 0733366124
Email: yana.machakos@sameerafrica.com

Yana Tyre Centre – Nyeri
National Oil Corporation Service Station at
King'ong'o along Nyeri/Nanyuki Highway
P.O.Box 321-10100, Nyeri
Mobile: +254720607707
Email: yana.nyeri@sameerafrica.com

Tanzania

Dar es Salaam
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Tel: 007-222-860068
Fax: 007-222-862585
Email: yana.ilala@sameerafrica.co.tz

Uganda

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Sameer Africa (U) Ltd
Plot 94/96, 7th Street, Industrial Area
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Mobile: +256 752433020
Fax: 041-347670
Email: info@sameerafrica.co.ug

Ntinda
Sameer Africa (U) Ltd
Shell Ntinda (Opposite Harware World)
P.O. Box 8972, Kampala, Uganda.
Tel: +256 752433019
Mobile: +256 752433020
Fax: 041-347670
Email: info@sameerafrica.co.ug

Burundi

Bujumbura
Sameer Africa (Burundi) Ltd
Kanindo, Plot 2750,
Boulevard 1 er Novembre
P.O. Box 5840 Kanindo,
Telephone: +257 784 39180/ 222 78209

Website:www.sameerafrica.com

Head office
Sameer Africa PLC Mombasa/Enterprise Road Junction,
P.O. Box 30429 - 00100, Nairobi, Kenya.
Tel: +254 20 3962 000 | Mobile: +254 733 - 611138/9, 722 - 20467
Customer Service Number: +254 20 3962 601
Fax: +254 20 3962 888 or +254 20 533 440
Email: customer.service@sameerafrica.com or info@sameerafrica
Website: www.sameerafrica.com