contents
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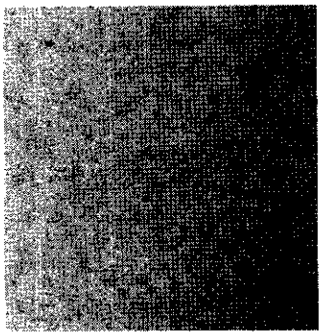


YANA

sameerafrica
WE'LL TAKE YOU THERE

corporate information

BOARD OF DIRECTORS

Mr. N.N. Merali
Chairman

Mr. E.M. Kimani
Managing Director

Mr. P. Gitonga
Commercial Director

Mr. S.M. Githiga
Mr. T. D. Owuor
Mr. S.N. Merali
Mr. I.A. Timamy
Non-Executive Directors

SECRETARY

Ms. Amina A. Bashir

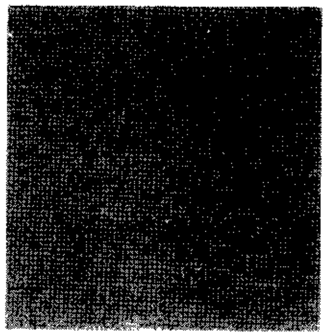
AUDITORS
PricewaterhouseCoopers
Certified Public Accountants
The Rahimtulla Tower, Upper Hill Road
P.O. Box 43963-00100, Nairobi

PRINCIPAL BANKERS
Commercial Bank of Africa Limited
Wabera Street
P.O. Box 30437-00100, Nairobi

Standard Chartered Bank of Kenya Limited
Stanbank House, Moi Avenue
P.O. Box 30003, Nairobi

SHARE REGISTRARS
Custody Registrar Services
Bank House, Moi Avenue
P.O. Box 8484, Nairobi

REGISTERED OFFICE
L.R. NO: 12081
Mombasa Road
P.O. Box 30429-00100
Nairobi



2007/1036

notice of the annual general meeting
ilani ya mkutano mkuu

Notice is hereby given that the 38th Annual General Meeting of the members will be held at the Company's Premises off Mombasa Road, Nairobi on 29th March, 2007 at 11.00 a.m. for the following purposes:

1. To confirm the minutes of the 37th Annual General Meeting held on 31st March 2006.

2. To receive, consider and if deemed fit, adopt the Financial Statements for the year ended 31st December, 2006 together with the reports thereon of the Directors and the Auditors.

3. To elect Directors:
   (a) Under article 94-

   Mr T.D. Owuor and Mr P. Gitonga, directors retiring by rotation who being eligible, offer themselves for re-election.

   (b) Under article 101-

   Mr. I.A. Timamy, a director retiring who being eligible, offers himself for re-election.

4. To confirm the Directors' emoluments. Directors to fix the Auditors remuneration.

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

By Order of the Board

Ms. Amina A. Bashir
Company Secretary
Nairobi

15th February 2007

Note:
A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his/her behalf and such a proxy need not be a member of the Company. The form of proxy is attached on page 39.

Ilani inatolewa hapa kuwa mkutano wa thalathini na nane (38) wa kila mwaka wa wanachama utafanyika katika majengo ya Kampuni kando ya barabara ya Mombasa, Nairobi, siku ya Alhamisi, tarehe 29 Machi 2007, saa tano asubuhi kwa madhumuni yafuatayo:

1. Kuidhinisha yaliyosemwa kwenye mkutano mkuu wa 37 wa kila mwaka uliofanyika tarehe 31 Machi 2006.

2. Kupokea, kuchunguza na ikifikiriwa sawa kuidhinisha taarifa za fedha za mwaka uliomalizikia 31 Desemba 2006, pamoja na taarifa za wakurugenzi na za wakaguzi wa hesabu.

3. Kuchagua wakurugenzi:
   (a) Chini ya kifungu 94 -

   Bw. T.D. Owour na Bw. P. Gitonga, wakurugenzi wanaostaafu kwa zamu ambao kwa kuwa wanastahili, wanajitolea kuchaguliwa tena.

   (b) Chini ya kifungu 101-

   Bw. I.A.Timamy, mkurugenzi anayestaafu ambaye kwa kuwa anastahili, anajitolea kuchaguliwa tena.

4. Kuidhinisha malipo ya wakurugenzi.
5. Kuwateuwa PricewaterhouseCoopers kama wakaguzi wa vitabu vya hesabu kwa mwaka . unaofuata na kuidhinisha wakurugenzi kuamua malipo ya wakaguzi wa vitabu vya hesabu.

6. Kushughulikia jambo lingine lolote linaloweza kushughulikiwa katika mkutano mkuu wa kila mwaka.

Kwa amri ya Halmashauri

Bi. Amina A. Bashir
Katibu wa Kampuni
Nairobi

15 Februari, 2007.

Maelezo zaidi:
Mwanachama mwenye haki ya kuhudhuria na kupiga kura katika mkutano huu anaweza kuchagua wakala kuhudhuria na kupiga kura kwa niaba yake na wakala huyo si lazima awe mwanachama wa kampuni. Fomu ya wakala imewekwa ukurasa 39.

chairman's report
taarifa ya mwenyekiti

The year 2006 was one of the most challenging years in the history of our Company. After the adoption of our new Company name and the launch of our new tyre brand, Yana in 2005, the year 2006 was the period when we had to firmly establish the two brands in both our domestic and export markets. We are happy to note that Yana is now an established tyre brand in our markets and Sameer Africa needs little introduction throughout the region.

We also witnessed some of the most active trading of our shares in the Nairobi Stock Exchange. Our factory continued its operations and managed to complete the development of 4 new Yana tyre patterns and sizes. This reaffirms the technical capability of our local engineers.

However, The East African Community, Common External Tariffs (CET) continued to encourage importation of foreign produced tyres at much lower prices. This made it difficult for us to increase our prices in the market to cover the increasing raw material and conversion costs. We have made a presentation to the East African Community on ways of reducing the negative impacts of CET on local industries and we hope it shall be considered favourably.

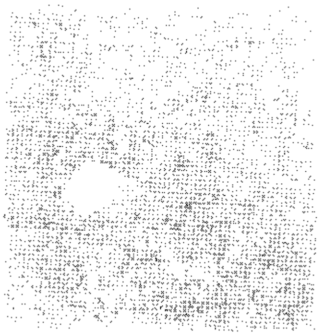
Although Kenya's overall economic performance was better than that of the previous year with the GDP growth rate at 5.8% compared to 5% in 2005, the domestic tyre industry did not reap the full benefits of this growth due to the increased availability

Mwaka wa 2006 ulikuwa mwaka wenye changamoto zaidi katika historia ya Kampuni yetu. Baada ya makubaliano ya jina jipya la Kampuni yetu, na uzinduzi wa chapa mpya ya tairi letu, Yana, katika mwaka 2005, mwaka 2006 ukawa kipindi ambacho kwamba ilitubidi kuimarisha chapa hizo mbili kote katika masoko ya nchini na ya biashara nje. Tunafurahi kueleza kuwa sasa Yana ni chapa ya tairi iliyoimarika katika masoko yetu na Sameer Africa yahitaji utambulisho mdogo kote katika eneo.

Pia tulishuhudia ufanyaji biashara mkuu wa hisa zetu katika soko la hisa la Nairobi. Kiwanda chetu kiliendeleza shughuli zake na kiliweza kukamilisha maendeleo ya violezo vinne vipya vya ukubwa tofauti vya matairi ya Yana. Hili linahakikisha tena uwezo wa kiufundi wa wahandisi wetu wa nchini.

Ijapokuwa, Ushuru Sawa wa Forodha wa jumuia ya Afrika Mashariki uliendelea kuhimiza uingizaji wa matairi yaliyotengenezwa nchi za nje kwa bei za chini zaidi. Hili liileta ugumu kwetu kuongeza bei zetu katika soko kufidia gharama zinazoongezeka za malighafi na ubadilishaji. Tumetoa wasilisho kwa jumuia ya Afrika Mashariki kuhusu njia za kupunguza athari hasa za Ushuru Sawa wa Forodha wa jumuia ya Afrika Mashariki kwa viwanda vya nchini na twataraji litazingatiwa kwa vizuri.

Ijapokuwa utendaji wa kiuchumi wa kijumla wa Kenya ulikuwa mzuri zaidi kuliko ule wa mwaka uliopita na kiwango cha ukuaji cha zao ghafi la ndani likiwa asilimia 5.8 ikilinganishwa na asilimia 5 katika mwaka 2005, biashara ya matairi ya nchini haikupata faida kamili ya ukuaji huu kutokana na upatikanaji



of lower priced imported tyres. The Kenya shilling also strengthened throughout 2006 against all major currencies including the Tanzania and Uganda shilling, thereby reducing the value of our export earnings.

Despite the foregoing challenges faced during the year, the Company's turnover in 2006 was maintained, only declining 6% to Kshs. 3.171 Billion. The sales were sustained mainly by our intensified sales and marketing activities and growth in new export markets.

The Company took several internal measures to mitigate the effects of the foregoing external environmental factors. These included the process of realigning our production volumes to market demands, staff restructuring, outsourcing of non-core activities and elimination of all non essential expenditure. We also expanded our Company managed retail chain (Yana Tyre Centres) and intensified our Sales & Marketing activities. These measures resulted in greatly increased expenditure in the immediate term with Ksh. 66 million being spent on restructuring and related costs alone.

Consequently, the Company suffered a loss of Ksh. 22.3 Million in 2006. However, we expect to start realizing the benefits of all the change initiatives started in 2006 from the current year.

Your Board of Directors recommends no dividend pay out for the year 2006 in line with our reduced performance.

OUTLOOK IN 2007

With our renewed mid term strategy, we are looking forward to the future with optimism. Your Board will continue to retain and further develop local tyre expertise in the factory. Your Board will also continue to build strategic alliances with other tyre multinationals to increase our product offering in the regional market. Sameer Africa is well placed to consolidate its leadership position in Kenya and increase its share of the regional tyre market to a dominant position over the next 5 years. We shall continue to develop locally suited tyres while ensuring full compliance with the highest local and international standards.

Finally, I want to thank you, the shareholders, all our customers and business partners, all Board members and each and every member of staff for your support during this trying year. I wish to assure you all that your Board and Management will do all that is possible to turn around the Company in 2007. We all look forward to 2007 with a great sense of pride, optimism and ask for your continued support.

N. N. Merali, CBS
Chairman.

ulioongezeka wa matairi ya bei ya chini kutoka nje. Shilingi ya Kenya pia iliimarika mwaka mzima dhidi ya fedha zote kuu pamoja na shilingi ya Tanzania na Uganda, na hivyo basi kupunguza thamani ya mapato yetu ya biashara nje.

Jumla ya changamoto zilizokuwepo katika mwaka, mapato na matumizi ya Kampuni katika mwaka 2006 yalidumishwa, yakipungua tu kwa asilimia 6 kuwa Kshs. Bilioni 3.171. Mauzo yaliendelezwa hasa kutokana na mauzo na shughuli zetu zilizozidishwa na ukuaji katika masoko mapya ya biashara nje.

Kampuni ilichukua hatua kadhaa ndani kupunguza athari za vipengele vya nje vya mazingira vilivyopo. Hizi ni pamoja na mkakati wa kufungamanisha tena viwango vyetu vya uzalishaji na mahitaji ya soko, kupanga upya wafanyikazi, kutafuta shughuli zisizo muhimu nje ya Kampuni na kuondoa matumizi yote yasio ya lazima. Pia tulipanua mtungo wa maduka yanayosimamiwa na Kampuni yetu (vituo vya matairi ya Yana) na pia kuongezea shughuli zetu za mauzo na uuzaji. Hatua hizi zilisababisha ongezeko kubwa la matumizi katika kipindi kilichopo na Ksh. Milioni 66 zilitumiwa kwenye upangaji upya na gharama zinazohusiana nao pekee.

Kwa hivyo Kampuni ilipata hasara ya Ksh. Milioni 22.3 katika mwaka 2006. Ijapokuwa tunataraji kupata faida za juhudi zote za mabadiliko zilizoanzishwa katika 2006 mwaka huu.

Halmashauri yenu ya Wakurugenzi inapendekeza kutolipa faida mwaka 2006 kufuatana na utendaji wetu uliopunguzika.

MTAZAMO WA 2007

Tukiwa na mkakati wetu wa muda wa kati ulioanzishwa upya tunatazamia siku za usoni za matumaini mema. Halmashauri yenu itaendelea kudhibiti na kuendeleza zaidi ubingwa wa matairi katika kiwanda chetu nchini. Halmashauri yenu pia itaendelea kujenga mikakati ya ushirikiano na watengenezaji wengine wa matairi wa kimataifa kuongeza utengenezaji wa bidhaa katika soko la eneo. Sameer Africa iko katika nafasi nzuri kuimarisha nafasi yake ya uongozi nchini Kenya na kuongeza hisa yake ya soko le eneo ya matairi kuwa na nafasi ya kutawala katika miaka 5 ijayo. Tutaendelea kutengeneza matairi yanayofaa eneo hali tukihakikisha makubaliano kamili na viwango vya juu kabisa vya nchini na vya kimataifa.

Mwishowe, ninataka kuwashukuru washika dau, wateja wetu wote na wenzi wa kibiashara, wanachama wa Halmashauri na kila mfanyikazi kwa mwaka huu mgumu. Ninapenda kuwahakikishia nyote kuwa Halmashauri yenu na Usimamizi zitafanya yote yanayowezekana kuigeuza Kampuni katika 2007. Sote tunatarajia mwaka 2007 na hali kuu ya fahari, matarajio na usaidizi wenu unaoendelea.

N. N. Merali, CBS
Mwenyekiti.

managing director's remarks
maoni ya mkurugenzi mkuu

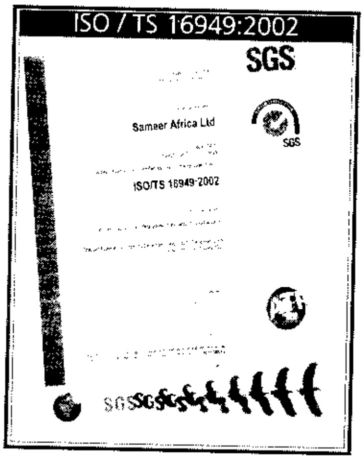
Although our overall financial performance suffered, we achieved certain milestones that assure us of a much better future given our renewed plans and activities which are guided by our new five-year strategic plan. The following is a brief review of the performance and activities of the various areas of our operations in the year 2006 and highlights on the plans for the future.

MANUFACTURING

The production volume was 11.5% lower than the previous year's in line with the reduced demand in certain market segments. A capital investment of Kshs. 88.1 Million was made to modernize critical machines in the factory and to complete the re-branding of our molds to Yana. Material cost went up 12% due to the continued price hikes in the international markets occasioned by increased global raw materials demand, especially fueled by the increased demand in China. The conversion costs also increased by 12% mainly due to a 24% rise in energy costs and the reduced production volumes.

A NEW ISO CERTIFICATION: ISO / TS 16949:2002

In addition to our existing ISO 9001:2000 Quality Management System and ISO 14001:2004 environmental management systems certification, Our Company was awarded ISO/TS 16949:2002 Certification in December 2006. This is the most comprehensive of all the existing quality standards in the international automotive industry. Sameer Africa becomes the first organization in Sub-Saharan Africa to receive this prestigious certification. ISO/TS 16949:2002 Certification will increase the level of confidence in our products and consequently our sales to the Original Equipment Manufacturers such as General Motors East Africa and will increase the acceptance of our products internationally.



Ijapokuwa utendaji wetu wa kifedha wa kijumla uliathirika vibaya, tulipata mambo muhimu yanayotuhakikishia siku za usoni nzuri zaidi kutokana na mpango na shughuli zilizoanzishwa tena ambazo zinaongozwa na mpango wetu mpya wa kimkakati wa miaka mitano. Ifuatayo ni mapitio mafupi ya utendaji na shughuli za maeneo tofauti ya shughuli zetu katika mwaka 2006 na kusisitiza mipango yetu ya siku za usoni.

UTENGENEZAJI

Kiwango cha uzalishaji kilikuwa asilimia 11.5 chini ya cha mwaka uliopita kulingana na mahitaji yaliyopungua katika sehemu fulani za soko. Utegaji uchumi wa mtaji wa Kshs Milioni 88.1 ulifanywa kuigeuza mitambo maalum katika kiwanda kuwa ya kisasa na kukamilisha kubadilisha chapa ya violezo vyetu kuwa Yana. Gharama za vifaa ziliongezeka kwa asilimia 12 kutokana na kuongezeka kwa bei kulikoendelea katika masoko ya kimataifa kulikosababishwa na kuongezeka kwa mahitaji ya malighafi ya ulimwengu, hasa yaliosababishwa na mahitaji yalioongezeka nchini China. Gharama za ubadilishaji pia ziliongezeka kwa asilimia 12 hasa kutokana na ongezeko la asilimia 24 katika gharama za nishati na viwango vya utengenezaji vilivyopungua.

HATI MPYA YA ISO: ISO / TS 16949:2002

Pamoja na hati zetu zilizopo za Mfumo wa Usimamizi Bora ya ISO 9001:2001 na Usimamizi wa Mifumo ya Kimazingira ISO 14001:2004, Kampuni yetu ilipatiwa hati ya ISO/TS 16949:2002 Desemba 2006. Hili ndilo thibitisho la viwango vya ubora uliompana zaidi kuliko yote katika mitambo ya biashara ya kimataifa. Sameer Africa inakuwa shirika la kwanza katika sehemu za chini za Sahara barani Afrika kupata hati hii ya heshima. Hati ya ISO/TS 16949:2002 itaongezea kiwango cha imani cha bidhaa zetu na hivyo mauzo yetu kwa watengenezaji vifaa asili kama vile General Motors East Africa, na itaongeza ukubalifu wa bidhaa zetu kimataifa.

SALES AND MARKETING

Our sales volumes were 8% lower than the previous year due to the huge influx of imported tyres at comparatively lower prices. Our overall export sales declined by 7% but we were able to see growth in newly entered markets such as Malawi, Rwanda and Burundi.

ONE STOP SHOP FOR TYRE SOLUTIONS

Our new status as an independent tyre producer has enabled us to offer a wider range of products to our customers across the different market segments. We continue to distribute Bridgestone Tyres for the premium segment, but we also have Yana and Dunlop for the next level. Further, we introduced Hankook tyres as a more affordable option and we are working on plans to have even more pocket-friendly products for our customers through other brands.

THE YANA BRAND

Unveiled in November 2005, Yana has steadily grown to become a leading brand not only in Kenya but also in our export markets. The brand is well reputed for its suitability to the challenging African driving conditions. Yana tyres are currently being offered at more than 95% of our active tyre outlets.

YANA TYRE CENTRE

In line with our strategy and flagship brand Yana, we continued to develop our Company managed retail chain. The fourth Yana Tyre Centre located along Airport North Road, Embakasi, Nairobi commenced its operations in December 2006 equipped with ultra modern facilities including the only commercial fully automated heavy duty tyre changer in the country. We plan to open four other tyre centres across the country within the year to enable us reach more of our customers directly.

SAMEER INDUSTRIAL PARK AND SAMEER EPZ LTD

There was improved performance of our EPZ business with the total number of occupied factory buildings rising from 12 to 20 within the year and Sameer EPZ Ltd now being fully let. Sameer Industrial Park and Sameer EPZ Limited continue to facilitate export oriented production within the export processing zone and all exiting tenants are expected to continue occupancy.

MAUZO NA UUZAJI

Viwango vyetu vya mauzo vilikuwa asilimia 8 chini ya vya mwaka uliopita kutokana na uingizi mwingi wa matairi kutoka nchi za nje yalio ya bei ya chini kwa ulinganisho. Jumla ya mauzo yetu ya biashara nje yalipungua kwa asilimia 7 lakini tuliweza kupata ukuaji katika masoko mapya tuliyoingilia karibuni kama vile Malawi, Rwanda na Burundi.

DUKA MOJA KWA SULUHISHO LA MATAIRI

Hali yetu mpya kama watengenezaji huru wa matairi imetuwezesha kutoa bidhaa nyingi zaidi kwa wateja wetu katika sehemu tofauti za soko. Tunaendelea kuuza matairi ya Bridgestone katika sehemu iliyoshawishika, lakini pia tuna ya Yana na Dunlop kwa kiwango kingine. Zaidi, pia tumeanzisha matairi ya Hankook kama badala ya bei nafuu na tunafanya mipango kuwa na hata bidhaa nyingi zaidi za chapa nyingine ambazo ni za bei nzuri kwa wateja wetu.

CHAPA YA YANA

Ilioanzishwa Novemba 2005, Yana imekua taratibu kuwa chapa inayoongoza sio tu nchini Kenya bali pia katika masoko yetu ya biashara nje. Chapa hii inasifika sana kwa kufaa kwake katika hali za changamoto za uendeshaji Afrika. Matairi ya Yana hivi sasa yanapatikana kwa zaidi ya asilimia 95 ya vituo vyetu vya uuzaji matairi sana.

VITUO VYA MATAIRI YA YANA

Kulingana na mkakati na bendera ya chapa yetu ya Yana, tuliendelea kuendeleza mtungo wa maduka ya reja reja yanayosimamiwa na Kampuni yetu. Kituo cha nne cha matairi ya Yana kilichopo kwenye barabara ya Airport North, Embakasi, Nairobi, kilianzisha shughuli zake Desemba 2006 kikiwa na vifaa vya kisasa kabisa ikijumuisha mashine ya kibiashara yaku jiendesha yenyewe ya kubadilisha matairi ya magari makubwa ya kipekee nchini. Tunapanga kufungua vituo vinne vingine kote nchini katika mwaka huu kutuwezesha kufikia wateja wetu wengi zaidi moja kwa moja.

SAMEER INDUSTRIAL PARK NA SAMEER EPZ LTD

Kulikuwa na utendaji kazi ulioimarika katika biashara yetu ya EPZ kukiwa na kuongezeka kwa jumla ya idadi ya majengo ya viwanda yanayotumiwa kutoka 12 hadi 20 katika mwaka na Sameer EPZ Ltd sasa imekodishwa yote. Sameer Industrial Park na Sameer EPZ Ltd zinaendelea kurahisisha uzalishaji unaolenga biashara nje katika lile eneo la utengenezaji biashara nje na wapangaji wote waliopo wanatarajiwa kuendelea kuwepo.

managing director's remarks
maoni ya mkurugenzi mkuu

CORPORATE SOCIAL RESPONSIBILITY
Sameer Africa continued to be a responsible corporate citizen despite the financial hardships. The Company sponsored the full 4-year secondary school education of two needy students admitted to National Schools through the Palmhouse Foundation. Your Company also continued to contribute to other social causes such as famine relief initiatives and environmental protection. Sameer Africa also continues to be a major contributor to the Exchequer.

HUMAN RESOURCES & RESTRUCTURING
During the year, management undertook various restructuring initiatives aimed at reducing operational costs. Non core services such as transport and catering have been outsourced and non core staff have been retrenched resulting in a leaner operation. The cost of staff restructuring and related costs was Ksh. 66 million. Management also realigned the factory's production capacity with the market demands to improve the management of production costs and optimize factory operations.

THE 5-YEAR STRATEGIC PLAN
We have started implementing a renewed 5-year strategic plan that is aimed at turning around the Company's performance and achieve growth over the next five years. The main strategic pillars are expansion, right sizing and strategic alliances. The implementation of this strategic plan has been broken down into the functional areas and shall form the basis of all our activities going forward as highlighted below:

Sales & Marketing: We are aiming to recapture the market share that we have lost in our traditional markets and to enter and grow in new regional markets and achieve at least 6% market share in the COMESA region. This implies doubling our current volumes in the next five years. Through strategic alliances and new products of our own, we are offering a wider range of products to facilitate this ambitious growth.

Operations: In order to enhance our competitiveness, we have put in place measures to reduce our production unit costs. We are also rationalizing our product portfolio to enable us exploit market segments where we are strong. This will ensure a more profitable growth.

WAJIBU WA KIJAMII WA SHIRIKA
Sameer Africa iliendelea kuwa raia wa kishirika aliyewajibika dhidi ya matatizo ya kifedha. Kampuni ilifadhili taasisi ya Palmhouse, elimu ya shule ya upili ya miaka minne kamili ya watoto wawili wahitaji waliochukuliwa katika shule za kitaifa. Kampuni yenu pia iliendelea kuchangia katika mambo mengine ya kijamii kama vile jitihada za kusaidia kumaliza njaa na uhifadhi wa mazingira. Sameer Africa pia inaendelea kuwa mchangizi mkuu wa hazina ya Serikali.

RASILIMALI ZA KIBINADAMU NA UPANGAJI UPYA
Katika mwaka huu usimamizi ulifanya jitihada kadhaa za kupanga upya uliolenga katika kupunguza gharama za uendeshaji. Huduma zisizokuwa za muhimu kama usafirishaji na uandazi zimetefutwa nje na wafanyikazi wasio muhimu wamepunguzwa na matokeo ikiwa ni utendaji kazi mchache. Gharama za upangaji upya wa wafanyikazi na gharama zinazohusiana nazo zilikuwa Kshs. Milioni 66. Usimamizi pia ulipanga upya uwezo wa uzalishaji wa kiwanda na mahitaji ya soko kuimarisha usimamizi wa gharama za uzalishaji na kuwa na utendaji kazi bora kabisa wa Kampuni.

MPANGO WA MKAKATI WA MIAKA 5
Tumeanza kutekeleza mpango ulioanzishwa tena wa mkakati wa miaka 5 ambao umelengwa kugeuza utendaji wa Kampuni na kupata ukuaji katika miaka mitano inayokuja. Vigezo vikuu vya mkakati ni upanuzi, kuwa na kiasi cha sawa na mikakati ya ushirikiano. Utekelezi wa mpango wa mkakati huu umegawanywa katika maeneo ya kufaa kazi na ndiyo yatakayokuwa msingi wa shughuli zetu zote kwenda mbele kama zinavyoelezwa hapa chini:

Mauzo na Uuzaji: Tunalenga kudhibiti tena hisa ya soko ambayo tumepoteza katika masoko yetu asilia na kuingilia na kukua katika masoko mapya ya eneo na kupata angalau asilimia 6 ya hisa ya soko katika eneo la COMESA. Hii inamaanisha kuongeza mara mbili viwango vyetu vya sasa katika miaka mitano ijayo. Kupitia ushirikiano wa kimkakati na bidhaa mpya zetu wenyewe, tunatoa bidhaa anuai zaidi kusaidia ukuaji huu wa tamaa kuu.

Uendeshaji: Ili kuendeleza ushindani wetu lazima tuchukue hatua za kupunguza gharama zetu za uzalishaji wa kitengo. Pia tunaitazama kimantiki orodha yetu ya bidhaa kutuwezesha kuendeleza sehemu za soko ambazo tuko madhubuti. Hili litahakikisha ongezeko zaidi la faida.

managing director's remarks
maoni ya mkurugenzi mkuu

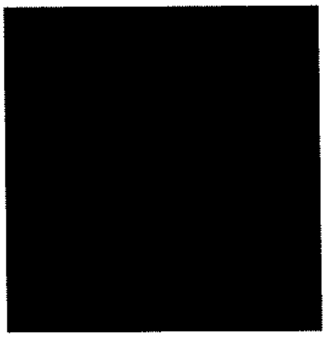
Finance: With the aim of posting a record after tax profit by 2011, we have set in motion initiatives that will improve the management of our working capital and reduce our costs.

Human Resources: We have just completed the process of reassessing our human resource policies and practices with a view to benchmarking them against global best practices. We have set the stage for performance management in line with the 5-year strategic plan.

Growth and Innovation: Like any other organization aiming for success in the 21st century, we are leveraging the benefits of ICT to improve our operational efficiencies and effectiveness. We have upgraded our enterprise resource management program (ERP) to enhance its capability in more areas.

In conclusion, we promise you, our shareholders a better future but appeal to you for continued understanding and patience as we continue on this task of turning around the Company. I assure you of the best efforts from myself and from all the staff of Sameer Africa in 2007.

Eric Kimani
Managing Director.



Mambo ya Kifedha: Tukiwa na lengo la kupata faida ya baada ya kodi ya kuvunja rekodi kufikia 2011, tumeanzisha juhudi ambazo zitaimarisha usimamizi wa fedha zetu za kufanyia kazi na kupunguza gharama zetu.

Rasilimali za Kibinadamu: Tumekamilisha karibuni tu namna ya kupima upya sera zetu za rasilimali za binadamu na utendaji tukilenga kwa nia ya alama teule kufuatana na matendo mazuri kabisa ulimwenguni. Tumejitayarisha kusimamia utendaji kulingana na mpango wa mkakati wa miaka mitano.

Ukuaji na Uvumbuzi: Kama shirika lingine lolote linalolenga ufaulu katika karne ya 21 tunatumia nguvu za faida za teknolojia ya habari kuimarisha uendeshaji wetu wa ufanisi na wakufaa. Tumeinua hadhi ya shughuli za mpango wa usimamizi wa rasilimali kuzidisha uwezo wake katika maeneo zaidi.

Kwa kuhitimisha, tunawaahidi nyinyi wanahisa wetu siku za usoni nzuri zaidi lakini tunaomba ufahamu wenu wa kuendelea na subira tunavyoendelea kwenye jukumu hili la kuigeuza Kampuni. Ninawahakikishia juhudi bora zaidi kutoka kwangu na wafanyikazi wote wa Sameer Africa katika mwaka 2007.

Eric Kimani
Mkurugenzi Msimamizi.

report of the directors
ripoti ya wakurugenzi

The directors submit their report together with the audited financial statements for the year ended 31st December 2006, which disclose the state of affairs of the group and company.

COUNTRY OF INCORPORATION
The Company is incorporated in Kenya under the Companies Act and is domiciled in Kenya.

PRINCIPAL ACTIVITIES
The principal activities of the group remain the manufacture, importation and sale of tyres and tubes, and letting of premises in an Export Processing Zone.

RESULTS AND DIVIDEND
The net loss for the year of Ksh. 22.3 Million has been deducted from retained earnings.

During the year no dividend was paid. In view of the Company's performance this financial year, the Director's do not recommend payment of a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
The group's activities expose it to a variety of financial risks, including credit risk and the effects of changes in debt market prices, foreign currency exchange rates and interest rates. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The group has policies in place to ensure that sales are made to customers with an appropriate credit history.

DIRECTORS
Directors who held office during the year and to the date of this report were:

Mr. N.N. Merali	Chairman
Mr. E.M. Kimani	Managing Director
Mr. M.H. Da Gama-Rose	(resigned on 31st March 2006)
Mr. S.M. Githiga	
Mr. T.D. Owuor	
Mr. P. Gitonga	
Mr. T.S. Hariharan	(resigned on 6th of June 2006)
Mr. S.N. Merali	(appointed on 20th Feb 2006)
Mr I.A. Timamy	(appointed on 31st March 2006)

Wakurugenzi wanawasilisha ripoti yao pamoja na taarifa za kifedha zilizokaguliwa za mwaka ulioishia tarehe 31 Desemba 2006, ambazo zinaarifu hali ya shughuli za kundi na Kampuni.

NCHI ILIKOANDIKISHWA
Kampuni imeandikishwa nchini Kenya chini ya Sheria za Makampuni na ina maskani Kenya.

SHUGHULI KUU ZA KAMPUNI
Shughuli kuu za kundi zinabakia utengenezaji, uingizaji wa bidhaa kutoka nje na uuzaji wa matairi na tyubu na ukodishaji wa majengo katika eneo la Utengenezaji Bidhaa Nje.

MATOKEO NA FAIDA
Hasara ya mwaka ya Ksh. Milion 22.3 imetolewa kwenye mapato yaliyobakishwa.

Katika mwaka hakukulipwa mgawo wa faida ya muda. Wakurugenzi pia wapendekeza kutolipa mgao wa faida ya mwisho.

MALENGO NA SERA ZA USIMAMIZI WA HATARI YA KIFEDHA

Shughuli za kundi zinaiacha Kampuni wazi kwa hatari tofauti za kifedha, pamoja na hatari za mkopo na athari za mabadiliko katika deni la bei za soko, viwango vya ubadilishaji wa fedha za kigeni na viwango vya riba . Mpango wa jumla wa kundi wa usimamizi wa hatari unalenga kwenye kutotabirika kwa masoko ya kifedha na unajitahidi kupunguza athari mbaya zinazoweza kutokea kwenye utendaji wake wa kifedha.

Kundi limeunda sera za kuhakikisha kuwa mauzo yanauzwa kwa wateja wenye historia ya mkopo ifaayo.

WAKURUGENZI
Wakurugenzi walioshikilia afisi katika mwaka na mpaka tarehe ya ripoti hii walikuwa:

Bw. N. N. Merali	Mwenyekiti
Bw. E.M. Kimani	Mkurugenzi Msimamizi
Bw. M. H. Da Gama Rose	(alijiuzulu tarehe 31 Machi, 2006)
Bw. S.M Githiga	
Bw. T.D Owuor	
Bw. P. Gitonga	
Bw. T.S Hariharan	(alijiuzulu tarehe 6 Juni, 2006)
Bw. S.N. Merali	(alichaguliwa tarehe 20 Februari, 2006)
Bw. I.A. Timamy	(alichaguliwa tarehe 31 Machi, 2006)

report of the directors
ripoti ya wakurugenzi

In accordance with Article 94 of the Articles of Association, Mr T. D. Owuor and Mr P. Gitonga retire by rotation and being eligible, offer themselves for re-election.

In accordance with Article 101 of the Articles of Association, Mr I. A. Timamy retires and being eligible, offers himself for election.

AUDIT COMMITTEE
In accordance with the requirements for companies listed on the Nairobi Stock Exhcnage, the Company has an Audit Committee comprising non-executive members of the Board and other professionals, who are independent of the day to day management of the Company's operations.

The Audit Committee deals with all matters relating to the financial statements and internal control systems of the Company including dealing with the independent auditors.

DIRECTORS' CONFLICT OF INTEREST
Directors are required to disclose all areas of conflict of interest to the Board and are excluded from voting on such areas. They are sensitized on the rules of insider trading and are required to report and register regularly any changes in the shareholding.

AUDITORS
The Company's auditors, PricewaterhouseCoopers, continue in office in accordance with Section 159(2) of the Companies Act.

By Order of the Board

Ms. Amina A. Bashir
Company Secretary
15th February 2007.

Kulingana na kifungu cha 94 cha Masharti na Kanuni za Kampuni, Bw. T.D. Owour na Bw. P. Gitonga wanastaafu kwa zamu na, kwa kuwa wanastahili, wanajitolea kuchaguliwa tena.

Kulingana na kifungu cha 101 cha Masharti na Kanuni za Kampuni, Bw. I.A. Timamy anastaafu na kwa kuwa anastahili, anajitolea kuchaguliwa tena.

KAMATI YA UKAGUZI
Kulingana na mahitaji ya makampuni yalioorodheshwa katika Soko la Hisa la Nairobi, Kampuni ina kamati ya ukaguzi yenye wanachama wasiokuwa watendaji wa Halmashauri na weledi wengine ambao wako huru na usimamizi wa shughuli za kampuni za siku kwa siku.

Kamati ya ukaguzi inashughulikia mambo yote yanayohusiana na taarifa za kifedha na mifumo ya udhibiti wa ndani ya Kampuni pamoja na kushughulika na wakaguzi huru wa fedha.

MGONGANO WA MASLAHI YA WAKURUGENZI
Wakurugenzi wanahitajika kutaja maeneo yote ya mgongano wa maslahi kwa Halmashauri na wanatengwa katika kupiga kura kwenye maeneo hayo. Wanafahamishwa sheria za ufanyaji biashara wakihusika na wanahitajika kuripoti na kwa kawaida kuandikisha mabadiliko yoyote katika umiliki wa hisa zao.

WAKAGUZI WA FEDHA
Wakaguzi wa hesabu wa kampuni, PriceWaterhouseCoopers, wanaendelea kuwa wakaguzi kuambatana na sehemu 159 (2) ya Sheria za Makampuni.

Kwa amri ya Halmashauri

Bi. Amina A. Bashir
Katibu wa Kampuni
15 Februari 2007

Sameer Africa Senior Management at the 5-Year Strategy Review Seminar, Feb 2007

directors
wakurugenzi

1. N.N. Merali Chairman
2. E. [illegible] MD
3. S.N. Merali
4. P. Gitonga
5. [illegible] Owiti
6. S.M. Githiga
7. I.A. Timamy

Sameer Africa Limited is committed to the standards of Corporate Governance set by the Capital Markets Authority. The Board of Directors is responsible for the long-term growth and profitability of the company, whilst being accountable to the shareholders for compliance with the law and maintaining the highest standards of corporate governance and business ethics.

THE BOARD OF DIRECTORS: The Board is made up of a substantial majority of independent, non-executive Directors, including the Chairman. The Directors are given appropriate and timely information so that they can maintain full and effective control over all strategic, financial, operational and compliance issues.

Whilst the day to day running of the business of the Company is delegated to the Managing Director and Chief Executive Officer, the Board is responsible for establishing and maintaining the Company's system of internal controls so that its objectives for increased growth in the profitability and shareholder value are realized.

BOARD MEETINGS: The Board of Directors meet every quarter in order to monitor the Company's planned strategy and review it in conjunction with its financial performance. Specific reviews are also undertaken of management performance, operational issues and future planning.

BOARD COMMITTEES: There are two principle committees that meet regularly under the terms of reference set by the Board.

Audit Committee: In accordance with the requirements for companies listed on the Nairobi Stock Exchange, the company has an Audit Committee comprising non-executive members of the Board and other professionals, who are independent of the day to day management of the company's operations.

The Audit Committee deals with all matters relating to the financial statements and internal control systems of the company including dealing with the independent auditors.

Finance Committee: The finance committee of the company meets four times a year and it is responsible for ensuring that the systems of financial control are effectively administered, and that key financial reports are properly reviewed prior to circulation to the Board.

The Board appoints other committees as and when required.

COMMUNICATION WITH SHAREHOLDERS: The company is committed to ensuring that shareholders and the financial markets are provided with full and timely information about its performance. This is usually done through the distribution of the company's Annual Report and the release of notices in the national press of its half-yearly and annual results.
In this regard, the company complies with its obligations contained in the Nairobi Stock Exchange's Listing Rules and the Capital Markets Authority Act applicable in Kenya.

DIRECTORS' EMOLUMENTS AND LOANS
The aggregate amount of emoluments paid to Directors for services rendered is disclosed in Note 26 to financial statements.

SOCIAL AND ENVIRONMENTAL ISSUES
Sameer Africa Limited is committed to our environment in line with our policies and social responsibility to our community. To this end, we achieved the ISO 14001: Environmental Management System Certification in the year 2004.

The ten largest shareholders in the Company and the respective number of shares held as at 31 December 2006 are as follows:

No.	Name & Address	Number of Shares	%
1	Sameer Investments Limited	159,332,926	57.24
2	Bridgestone Corporation	41,485,056	14.90
3	Karim Jamal	7,617,300	2.74
4	National Social Security Fund Trustees	5,677,550	2.04
5	Vijay Kantaria	2,295,000	0.82
6	Swani Coffee Estate Limited	1,942,760	0.70
7	Kamlesh Raichand Shah	1,664,066	0.60
8	Gulzar Amirali Somji & Ameerali Abdoulrasul Somji	1,587,671	0.57
9	Barclays (Kenya) Nominees Limited A/c 9203	1,500,000	0.54
10	Banque Paribas (Suisse) S A A/c No. 1	1,500,000	0.54

Distribution of shareholders

Share range	Number of shareholders	Number of shares	% Shareholding
0 - 500	6,454	2,082,923	0.75
500 – 5,000	5,210	8,195,396	2.94
5,001 – 10,000	475	3,663,991	1.32
10,001 – 100,000	426	13,305,696	4.78
100,001 – 1,000,000	66	22,234,658	7.99
Over 1,000,000	13	228,859,736	82.22
Total	12,644	278,342,400	100.00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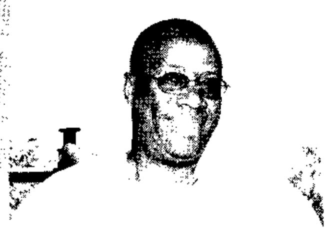

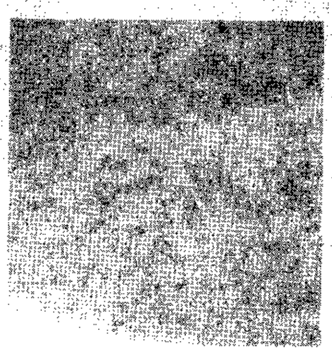


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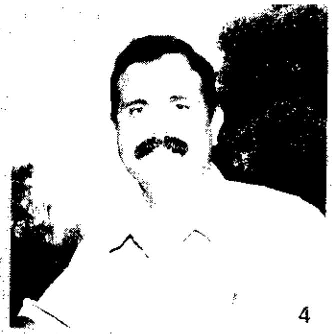
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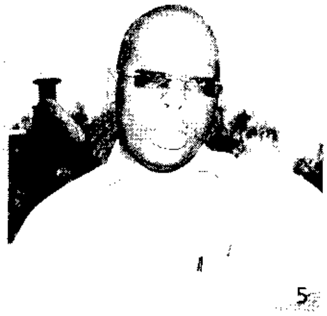
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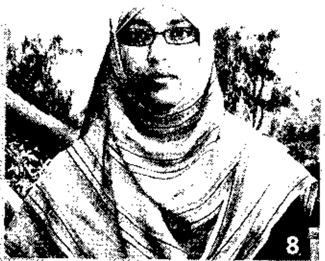
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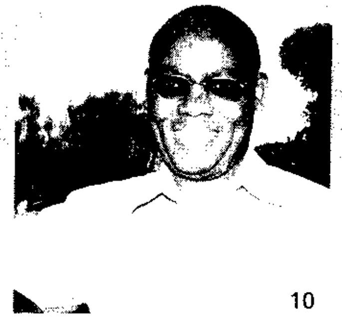
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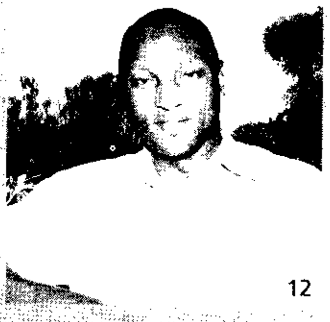
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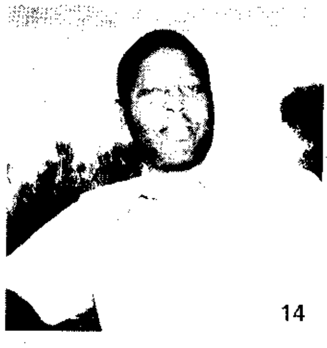
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1. [illegible], MD
2. P. Gitonga, Commercial Director
3. [illegible] Yano, Asst. Technical Director
4. S. Nair, Chief Information Officer
5. [illegible], Financial Controller
6. S. [illegible], G.M. Sales & Marketing
7. J. Kabage, Plant Mngr


16

8. [illegible]
9. [illegible]
10. [illegible] Mngr
11. [illegible] Q.A. Mngr
12. [illegible] Mngr
13. [illegible] Mngr
14. [illegible] Sales Mngr Ke
15. [illegible] Country Manager
16. [illegible] Country Mngr [illegible]

statement of directors' responsibilities

The Companies Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and of the company as at the end of the financial year and of the group's profit or loss. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

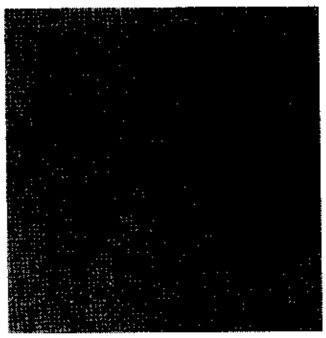
The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the group and of the Company and of the group's loss in accordance with International Financial Reporting Standards. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

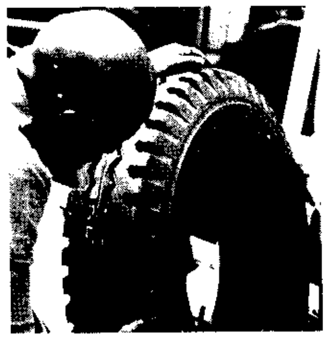
Nothing has come to the attention of the directors to indicate that the Company and its subsidiaries will not remain a going concern for at least twelve months from the date of this statements.

Mr. S.M. Githiga
Director

Mr. E.M. Kimani
Managing Director

15th February 2007





report of the independent auditor to the members of Sameer Africa Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Sameer Africa Limited (the company) and its subsidiaries (together, the group), as set out on pages 17 to 37. These financial statements comprise the consolidated balance sheet at 31 December 2006 and the consolidated profit and loss account, statement of changes in equity and cash flow statement for the year then ended, together with the balance sheet of the company standing alone as at 31 December 2006 and the statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Kenyan Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the group and of the company at 31 December 2006 and of the loss and cash flows of the group for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

Report on other legal requirements

The Kenyan Companies Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

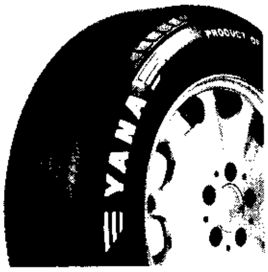
i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
ii) In our opinion proper books of account have been kept by the company, so far as appears from our examination of those books;
iii) The company's balance sheet is in agreement with the books of account.

PricewaterhouseCoopers
Certified Public Accountants

Nairobi

15th February 2007

consolidated profit and loss account



Yana Monarch

	Notes	[redacted]	2005 Shs'000
Revenue		[redacted]	3,359,010
Cost of sales		[redacted]	(2,428,311)
Gross profit		[redacted]	930,699
Other operating income		[redacted]	95,088
Distribution costs		[redacted]	(53,714)
Administrative expenses		[redacted]	(225,317)
Other operating expenses		[redacted]	(426,515)
Operating profit	6	[redacted]	320,241
Finance costs	8	[redacted]	(25,988)
(Loss)/profit before income tax		[redacted]	294,253
Income tax expense	9	[redacted]	(89,575)
(Loss)/profit after income tax		[redacted]	204,678
(Loss)/earnings per share			
		[redacted]	**2005 Shs**
-basic and diluted (Shs per share)	10	[redacted]	0.74
Dividends:			
Interim dividends – paid in the year	11	[redacted]	-
Proposed final dividend for the year	11	[redacted]	139,171
		[redacted]	139,171

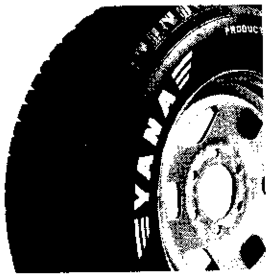
consolidated & company balance sheets

	Notes	Group 2006 Shs'000	Group 2005 Shs'000	Company 2006 Shs'000	Company 2005 Shs'000
CAPITAL EMPLOYED					
Share capital	12	1,391,712	1,391,712	1,391,712	1,391,712
Retained earnings		508,401	530,689	106,349	215,666
Translation reserve		(49,127)	(33,102)	-	-
Proposed dividends	11	-	139,171	-	139,171
Total equity		1,850,986	2,028,470	1,498,061	1,746,549
Non-current liabilities					
Borrowings	13	94,890	28,900	64,855	-
Deferred income tax	14	8,991	10,374	4,896	19,877
Retirement benefit obligations	15	97,948	106,750	97,948	106,750
Total non-current liabilities		201,829	146,024	167,699	126,627
Total equity and non-current liabilities		2,052,815	2,174,494	1,665,760	1,873,176
Non-current assets					
Property, plant and equipment	16	745,900	738,110	667,149	691,564
Investment property	17	224,963	231,242	-	-
Investment in subsidiaries	19	-	-	181,686	146,686
Prepaid operating lease rentals	18	1,897	1,917	869	880
Deferred income tax	14	12,927	-	-	-
Non-current receivables	21	-	-	-	45,651
		985,687	971,269	849,704	884,781
Current assets					
Inventories	20	1,248,594	1,404,877	1,074,139	1,253,921
Receivables and prepayments	21	839,549	651,119	739,085	617,849
Current income tax		42,597	34,296	33,228	28,636
Cash and cash equivalents	22	193,639	142,969	82,272	59,313
		2,324,379	2,233,261	1,928,724	1,959,719
Current liabilities					
Payables and accrued expenses	23	716,520	674,364	648,357	627,411
Current income tax		2,242	659	-	-
Borrowings	13	531,713	348,237	457,535	337,137
Unclaimed dividends		6,776	6,776	6,776	6,776
		1,257,251	1,030,036	1,112,668	971,324
Net current assets		1,067,128	1,203,225	816,056	988,395
		2,052,815	2,174,494	1,665,760	1,873,176

The financial statements on pages 17 to 37 were approved for issue by the board of directors on 15th February 2007 and signed on its behalf by:

S.M. Githiga - Director

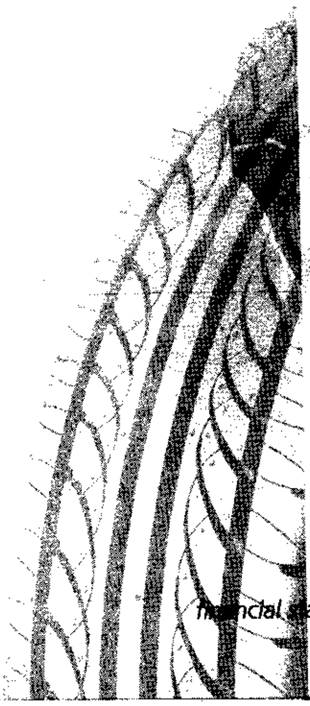
E.M. Kimani - Director



Yana Moran

consolidated statement of changes in equity

	Share capital Shs'000	Retained earnings Shs'000	Translation reserve Shs'000	Proposed dividends Shs'000	Total equity Shs'000
Year ended 31 December 2005					
At start of year	1,391,712	465,182	16,225	139,171	2,012,290
Currency translation differences	-	-	(49,327)	-	(49,327)
Profit for the year	-	204,678	-	-	204,678
Dividends:					
- Final for 2004 paid	-	-	-	(139,171)	(139,171)
- proposed final for 2005	-	(139,171)	-	139,171	-
At end of year	1,391,712	530,689	(33,102)	139,171	2,028,470
Year ended 31 December 2006					
At start of year	1,391,712	530,689	(33,102)	139,171	2,028,470
Currency translation differences	-	-	(16,025)	-	(16,025)
Loss for the year	-	(22,288)	-	-	(22,288)
Dividends:					
- Final for 2005 paid	-	-	-	(139,171)	(139,171)
At end of year	1,391,712	508,401	(49,127)	-	1,850,986




Yana Stallion

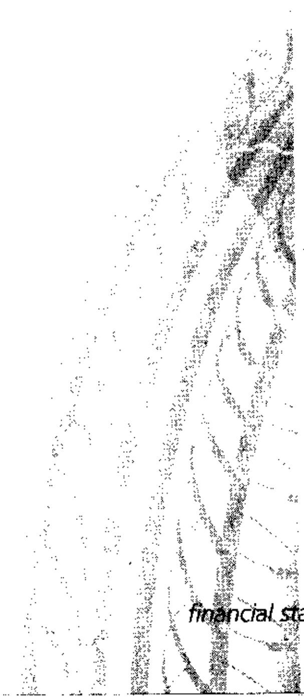
company statement of changes in equity

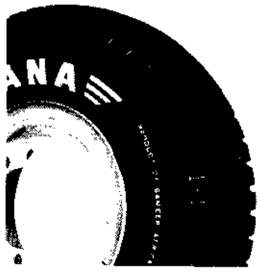
	Share capital Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Total equity Shs'000
Year ended 31 December 2005				
At start of year	1,391,712	261,981	139,171	1,792,864
Profit for the year	-	92,856	-	92,856
Dividends:				
- Final for 2004 paid	-	-	(139,171)	(139,171)
- proposed final for 2005	-	(139,171)	139,171	-
At end of year	1,391,712	215,666	139,171	1,746,549
Year ended 31 December 2006				
At start of year	1,391,712	215,666	139,171	1,746,549
Loss for the year	-	(109,317)	-	(109,317)
Dividends:				
- Final for 2005 paid	-	-	(139,171)	(139,171)
At end of year	1,391,712	106,349	-	1,498,061

consolidated cash flow statement

Yana Faida

	Notes	Year ended 31 December 2006 Shs'000	2005 Shs'000
Operating activities			
Cash generated from operations	24	136,073	180,528
Interest received		530	1,309
Interest paid		(70,114)	(23,772)
Income tax paid		(28,495)	(132,888)
Net cash generated from operating activities		37,994	25,177
Investing activities			
Purchase of property, plant and equipment	16	(161,902)	(135,215)
Additions to investment property	17		(347)
Rental income received		62,343	57,949
Proceeds from disposal of property, plant and equipment		7,147	-
Net cash used in investing activities		(92,412)	(77,613)
Financing activities			
Dividends paid		(139,171)	(139,171)
Proceeds from borrowings		349,466	187,000
Repayment of borrowings		(184,518)	(40,000)
Net cash generated from financing activities		25,777	7,829
Net decrease in cash and cash equivalents		(28,641)	(44,607)
Movement in cash and cash equivalents			
At start of year		65,832	142,158
Decrease		(28,641)	(44,607)
Effects of exchange rate changes on cash and cash equivalents		(5,210)	(31,719)
At end of year	22	31,981	65,832





Yana LTC-3

notes forming part of financial statements

1 General information

Sameer Africa Limited is incorporated in Kenya under the Companies Act as a public limited liability company, and is domiciled in Kenya. The address of its registered office is:

LR No: 12081
Mombasa Road
P O Box 30429-00100
NAIROBI

The company's shares are listed on the Nairobi Stock Exchange.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Kenya Shillings (Shs), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Adoption of new and revised standards

Standards, interpretations and amendments to published standards that are not yet effective

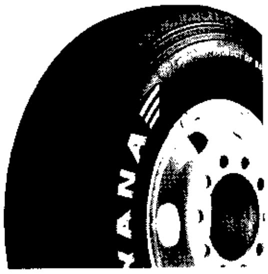
The following amendment to an existing standard and new standard will be mandatory for the Group's accounting periods beginning on 1 January 2007, but which the Group has not early adopted:

IAS 1 Amendment, Capital Disclosures: The amendment to IAS 1 introduces disclosures about the level of the Group's capital and how it manages capital.

IFRS 7, Financial Instruments Disclosures: IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

(b) Consolidation of subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.



2 Summary of significant accounting policies (continued)

(c) Functional currency and translation of foreign currencies

(i) 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 consolidated financial statements are presented in Kenya Shillings, which is the Company's functional and presentation currency.

(ii) Transactions and balances in group entities
Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

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

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(ii) income and expenses for each profit and loss account 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 as a separate component of equity (translation reserve).

(d) Segment reporting
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

(e) Income recognition

Revenue
Revenue represents the fair value of the consideration receivable for sales of goods (comprising tyres and tubes) and is stated net of value-added tax (VAT), rebates and discounts and after eliminating sales within the Group. Sales of goods are recognised in the period in which the group delivers products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

Other income
Rental income is recognised in the period in which it is earned.
Interest income is recognised on a time proportion basis using the effective interest method.
Dividends are recognised as income in the period in which the right to receive payment is established.

(f) Property, plant and equipment
All categories of property, plant and equipment are carried at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

2 Summary of significant accounting policies (continued)

(f) Property, plant and equipment (continued)

Depreciation on assets is calculated using the straight line method to write down their cost to their residual values over their estimated useful lives, as follows:

Buildings	25 years
Machinery and equipment	8 years
Moulds, computers and software development costs	3 years
Motor vehicles	4 years
Office furniture and fixtures	8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are included in the profit and loss account.

(g) 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 carried at historical cost. Depreciation is charged at the rate of 2.5% per annum.

(h) Accounting for leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(i) Inventories

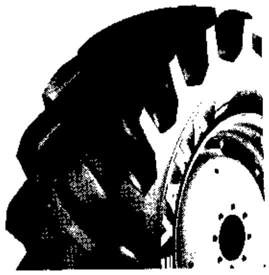
Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(j) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit and loss account.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.



Yana Kilimo

2 **Summary of significant accounting policies (continued)**

(l) Employee benefits

(i) Retirement benefit obligations

The Group operates defined contribution retirement benefit schemes for all its non-unionised employees and a defined benefit scheme (gratuity scheme) for its unionised employees.

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of all defined contribution retirement benefit schemes are held in separate trustee administered funds, which are funded by contributions from both the Group and employees. The defined benefit scheme is unfunded. The Group and all its employees also contribute to the appropriate National Social Security Funds, which are defined contribution schemes.

The Group's contributions to the defined contribution schemes are charged to the profit and loss account in the year to which they relate. The liability recognised in the balance sheet in respect of defined benefit scheme is the present value of the defined benefit obligation at the balance sheet date. The obligation is estimated annually by the directors.

(ii) Other entitlements

Employee entitlements to long service awards are recognised in the year when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the balance sheet date.

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

(m) Income tax

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation.

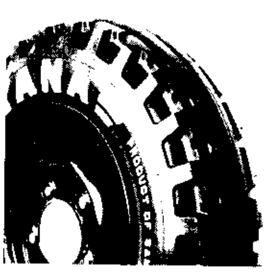
Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.



2 Summary of significant accounting policies (continued)

(o) Dividends

Dividends payable to the Company's shareholders are recognised as a liability in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

(p) Investments in subsidiaries

Investments in subsidiaries are carried in the company's balance sheet at cost less provision for impairment losses. Where, in the opinion of the directors, there has been impairment in the value of an investment, the loss is recognised as an expense in the period in which the impairment is identified.
On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

(q) Restructuring provisions

Restructuring provisions mainly comprise employee termination payments and are recognised in the period in which the Group becomes legally or constructively committed to payment. Employee termination benefits are recognised only after either an agreement is in place with the appropriate employee representatives specifying the terms of redundancy and numbers of employees affected, or after individual employees have been advised of the specific terms. Costs related to the ongoing activities of the Group are not provided in advance.

3 Financial risk management

The Group's activities expose it to a variety of financial risks, including credit risk and the effects of changes in foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the finance department under policies approved by the Board of Directors. The finance department identifies and evaluates financial risks but the company does not hedge any risks. The Board provides guidance for overall risk management covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

Market risk

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

Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales are made to customers with an appropriate credit history. The Group also has policies that limit the amount of credit exposure to any one institution.

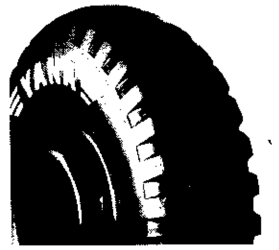
4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management has made judgements in determining:

- whether assets are impaired
- estimated useful lives and residual values of assets
- valuation of retirement benefits obligation



Yana Jeshi

5 Segment information

The directors consider the group to comprise of one business segment in terms of products and service, which is the manufacture and sale of tyres and tubes by the parent company, Sameer Africa Limited, with distribution extensions through wholly owned subsidiaries in Uganda and Tanzania.

The directors also consider the East African Community as one geographical segment due to the following reasons;

- there are no special risks affecting the tyre business in the three countries
- there are common customer characteristics and
- there are similar economic, fiscal and political conditions, currency risks and exchange control regimes

6 Group operating profit

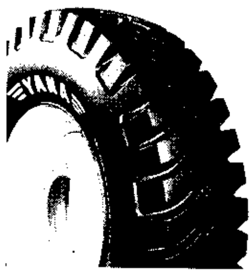
The following items have been charged/ (credited) in arriving at operating profit:

	2006 Shs'000	2005 Shs'000
Depreciation on property, plant and equipment (Note 16)	153,422	166,177
Depreciation on investment property (Note 17)	6,279	6,277
Investment property:		
- rental income	(62,343)	(57,949)
- operating expense	26,274	21,624
Provision for impairment losses:		
- receivables	26,339	7,560
- inventory	6,019	(1,970)
Repairs and maintenance	69,036	57,261
Restructuring costs	65,780	-
Employee benefits expense (Note 7)	466,099	426,402
Auditors' remuneration	3,744	3,279

7 Group employee benefits expense

The following items are included within employee benefits expense:

	2006 Shs'000	2005 Shs'000
Retirement benefits costs:		
- Defined contribution scheme	4,722	4,303
- National Social Security Fund	1,736	1,622
- Defined benefit scheme (Note 15)	13,269	13,007



Yana Grader

notes forming part of financial statements

8 Group finance costs/(income)

	2006 Shs'000	2005 Shs'000
Interest expense on bank borrowings	70,114	23,772
Interest income	(530)	(1,309)
Net foreign exchange losses	12,519	3,525
Net finance costs	82,103	25,988

9 Group income tax expense

Current income tax	21,862	96,052
Deferred income tax (Note 14)	(14,439)	(6,477)
Income tax expense	7,423	89,575

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

	2006 Shs'000	2005 Shs'000
(Loss)/profit before income tax	(14,865)	294,253
Tax calculated at domestic rates applicable to profits in the respective countries – 30% (2005 - 30%)	(4,460)	88,276
Tax effect of:		
- Income not subject to income tax	(1,459)	(3,397)
- Expenses not deductible for income tax purposes	12,169	4,911
Under provision of current income tax in prior years	-	18,210
Under/(over) provision of deferred income tax in prior years	2,616	(18,425)
Effect of different income tax rate on Sameer Industrial Park Limited	(1,443)	-
Income tax expense	7,423	89,575

10 Earnings per share

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

	2006	2005
(Loss)/profit attributable to equity holders of the Company (Shs '000)	(22,288)	204,678
Weighted average number of ordinary shares in issue ('000)	278,342	278,342
Basic (loss)/earnings per share (Shs)	(0.08)	0.74

There were no potentially dilutive shares outstanding at 31 December 2006 or 2005. Diluted earnings per share are therefore the same as basic earnings per share.

Yana Monarch

11 Dividends per share

At the next annual general meeting, the Directors will not be proposing the payment of a dividend in respect of the year ended 31st December 2006. During the year no interim dividend was paid.

12 Share capital		**Ordinary shares Shs'000**
Balance at 1 January 2005, 31 December 2005 and 31 December 2006	[redacted]	1,391,712

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

13 Borrowings

The borrowings are made up as follows:

	Group		Company	
	[redacted]	**2005 Shs'000**	[redacted]	**2005 Shs'000**
Non-current				
Bank borrowings		28,900		-
Current				
Bank borrowings		271,100		260,000
Bank overdrafts		77,137		77,137
		348,237		337,137
Total borrowings		377,137		337,137

Borrowings are secured by way of a negative pledge, and certain of the land and buildings.

Weighted average effective interest rates at the year end were:

		2005 %
- bank overdrafts	[redacted]	9.50
- bank borrowings		12.50

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 balance sheet date.

13 Borrowings (continued)

Maturity of non-current borrowings:

	Group		Company	
	2006	**2005**	**2006**	**2005**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Between 1 and 2 years	87,067	14,450	59,550	-
Between 2 and 5 years	7,823	14,450	5,305	-
	94,890	28,900	64,855	-

14 Deferred income tax

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

Group	**2006**	**2005**
	Shs'000	**Shs'000**
At start of year	10,374	16,851
Credit to profit and loss account (Note 9)	(14,439)	(6,477)
Currency translation differences	129	-
At end of year	(3,936)	10,374
As disclosed on the balance sheet:		
Deferred income tax assets	(12,927)	-
Deferred income tax liabilities	8,991	10,374
	(3,936)	10,374

Consolidated deferred income tax assets and liabilities and deferred income tax charge/(credit) in the profit and loss account, are attributable to the following items:

	1.1.2006	**Charged/ (credited) to P/L**	**Exchange differences**	**31.12.2006**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Property, plant and equipment	62,932	3,448	(46)	66,334
Investment property	3,504	(11)	-	3,493
Provisions and other deductible temporary differences	(44,128)	(3,606)	175	(47,559)
Tax losses	(11,934)	(14,270)	-	(26,204)
Net deferred income tax liability/(asset)	10,374	(14,439)	129	(3,936)

Company

Company deferred income tax assets and liabilities are attributable to the following items:

	2006	**2005**
	Shs'000	**Shs'000**
Property, plant and equipment	64,381	62,303
Provisions and other deductible temporary differences	(46,092)	(42,426)
Income tax losses	(13,393)	-
Net deferred income tax liability	4,896	19,877

15 Retirement benefit obligations – Group and company

At start of year	106,750	96,732
Charged to income statement (Note 7)	13,269	13,007
Utilised during year	(22,071)	(2,989)
At end of year	97,948	106,750

Yana Moran

16 Property, plant and equipment
(a) Group

	Buildings Shs'000	Plant & machinery Shs'000	Vehicles & equipment Shs'000	Capital work in progress Shs'000	Total Shs'000
At 1 January 2005					
Cost	317,597	1,914,481	315,438	40,828	2,588,344
Accumulated depreciation	(118,882)	(1,424,644)	(272,754)	-	(1,816,280)
Net book amount	198,715	489,837	42,684	40,828	772,064
Year ended 31 December 2005					
Opening net book amount	198,715	489,837	42,684	40,828	772,064
Currency translation	(2,360)	-	(632)	-	(2,992)
Additions	-	6,368	3,825	125,022	135,215
Transfers	7,517	106,434	14,786	(128,737)	-
Depreciation charge	(11,471)	(133,194)	(21,512)	-	(166,177)
Closing net book amount	192,401	469,445	39,151	37,113	738,110
At 31 December 2005					
Cost	322,170	2,027,283	331,828	37,113	2,718,394
Accumulated depreciation	(129,769)	(1,557,838)	(292,677)	-	(1,980,284)
Net book amount	192,401	469,445	39,151	37,113	738,110
Year ended 31 December 2006					
Opening net book amount	192,401	469,445	39,151	37,113	738,110
Currency translation	51	-	(414)	-	(363)
Additions	4,615	23,752	16,457	117,078	161,902
Transfers	(625)	75,281	25,396	(100,052)	-
Disposals	-	-	(327)	-	(327)
Depreciation charge	(12,423)	(127,898)	(13,101)	-	(153,422)
Closing net book amount	184,019	440,580	67,162	54,139	745,900
At 31 December 2006					
Cost	326,211	2,123,324	348,737	54,139	2,852,411
Accumulated depreciation	(142,192)	(1,682,744)	(281,575)	-	(2,106,511)
Net book amount	184,019	440,580	67,162	54,139	745,900

16 Property, plant and equipment (continued)
(b) Company

	Buildings Shs'000	Plant & machinery Shs'000	Vehicles & equipment Shs'000	Capital work in progress Shs'000	Total Shs'000
At 1 January 2005					
Cost	290,790	1,896,830	290,168	40,828	2,518,616
Accumulated depreciation	(113,566)	(1,423,126)	(255,454)	-	(1,792,146)
Net book amount	177,224	473,704	34,714	40,828	726,470
Year ended 31 December 2005					
Opening net book amount	177,224	473,704	34,714	40,828	726,470
Additions	-	-	-	125,022	125,022
Transfers	7,517	106,434	14,786	(128,737)	-
Depreciation charge	(10,516)	(130,884)	(18,528)	-	(159,928)
Closing net book amount	174,225	449,254	30,972	37,113	691,564
At 31 December 2005					
Cost	298,307	2,003,264	304,954	37,113	2,643,638
Accumulated depreciation	(124,082)	(1,554,010)	(273,982)	-	(1,952,074)
Net book amount	174,225	449,254	30,972	37,113	691,564
Year ended 31 December 2006					
Opening net book amount	174,225	449,254	30,972	37,113	691,564
Additions	-	-	-	117,078	117,078
Transfers	(625)	75,281	25,396	(100,052)	-
Disposals	-	-	(327)	-	(327)
Depreciation charge	(10,697)	(122,186)	(8,283)	-	(141,166)
Closing net book amount	162,903	402,349	47,758	54,139	667,149
At 31 December 2006					
Cost	297,682	2,078,545	305,820	54,139	2,736,186
Accumulated depreciation	(134,779)	(1,676,196)	(258,062)	-	(2,069,037)
Net book amount	162,903	402,349	47,758	54,139	667,149

17 Investment property

	Group 2006 Shs'000	Group 2005 Shs'000
At start of year	231,242	237,172
Additions	-	347
Depreciation	(6,279)	(6,277)
At end of year	224,963	231,242
Comprising:		
Cost	250,941	250,941
Accumulated depreciation	(25,978)	(19,699)
At end of year	224,963	231,242

The directors' estimate of the fair value of investment property is Shs 364 million (2005: Shs 330 million).

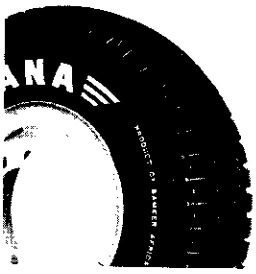
18 Prepaid operating lease rentals

	Group 2006 Shs'000	Group 2005 Shs'000	Company 2006 Shs'000	Company 2005 Shs'000
At start of year	1,917	1,939	880	890
Amortisation charge for the year	(22)	(22)	(11)	(10)
Currency translation	2	-	-	-
At end of year	1,897	1,917	869	880

19 Investment in subsidiaries – Company

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

	Country of incorporation	% interest held	2006 Shs'000	2005 Shs'000
Sameer Africa (Uganda) Limited	Uganda	100	26,612	26,612
Sameer Africa (Tanzania) Limited	Tanzania	100	74	74
Yana Tyre Centre Limited	Kenya	100	10,000	10,000
Sameer Industrial Park Limited	Kenya	100	120,000	120,000
Taqwa Trading Limited	Kenya	100	35,000	-
			191,686	156,686
Less: provision for impairment			(10,000)	(10,000)
			181,686	146,686



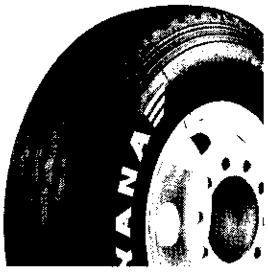
Yana LTC-3

20 Inventories

	Group		Company	
	2006 Shs'000	2005 Shs'000	2006 Shs'000	2005 Shs'000
Raw materials	466,970	701,809	466,970	701,809
Stores and supplies	132,222	114,323	132,222	114,323
Work in progress	35,923	55,809	35,923	55,809
Finished goods	613,479	532,936	439,024	381,980
	1,248,594	1,404,877	1,074,139	1,253,921

21 Receivables and prepayments

	Group		Company	
	2006 Shs'000	2005 Shs'000	2006 Shs'000	2005 Shs'000
Non current				
Due from Yana Tyre Centre Limited	-	-	-	45,651
Current				
Trade receivables	673,628	596,027	417,930	402,601
Less: Provision for impairment	(69,195)	(42,856)	(47,800)	(37,062)
	604,433	553,171	370,130	365,539
Prepayments	19,926	54,461	17,238	46,534
Amounts due from related companies (Note 26)	24,385	3,115	23,442	3,115
Other receivables	190,805	40,372	138,798	97,907
Receivables from subsidiaries (Note 26):				
Gross	-	-	216,257	131,534
Less: Provision for impairment	-	-	(26,780)	(26,780)
Net receivables from subsidiaries	-	-	189,477	104,754
Total current receivables	839,549	651,119	739,085	617,849
Total receivables	839,549	651,119	739,085	663,500



22 Cash and cash equivalents

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

	Group		Company	
	2006 Shs'000	**2005 Shs'000**	**2006 Shs'000**	**2005 Shs'000**
Cash at bank and in hand	**193,639**	142,969	**82,272**	59,313
Bank overdraft (Note 13)	**(161,658)**	(77,137)	**(124,770)**	(77,137)
	31,981	65,832	**(42,498)**	(17,824)

23 Payables and accrued expenses

	Group 2006	Group 2005	Company 2006	Company 2005
Trade payables	**489,056**	475,809	**387,695**	475,308
Amounts due to related companies (Note 26)	**7,086**	151,130	**7,086**	124,891
Amounts due to subsidiaries (Note 26)	**-**	-	**105,114**	-
Restructuring costs	**51,460**	-	**51,460**	-
Accrued expenses and other payables	**168,918**	47,425	**97,002**	27,212
	716,520	674,364	**648,357**	627,411

24 Cash generated from operations

Reconciliation of (loss)/profit before income tax to cash generated from operations:

		Group	
		2006 Shs'000	**2005 Shs'000**
(Loss)/profit before income tax		(14,865)	294,253
Adjustments for:			
Interest income (Note 8)		(530)	(1,309)
Rental income		(62,343)	(57,949)
Interest expense (Note 8)		70,114	23,772
Profit on sale of property plant and equipment		(6,820)	-
Depreciation on property plant and equipment (Note 16)		153,422	166,177
Depreciation on investment property (Note 17)		6,279	6,277
Amortisation of prepaid operating lease rentals (Note 18)		22	22
Changes in working capital			
- receivables and prepayments		(201,051)	(82,900)
- inventories		145,786	(255,680)
- payables and accrued expenses		54,861	77,847
- provisions for retirement benefit obligations	(8,802)	10,018	
Cash generated from operations		136,073	180,528

25 Contingent liabilities

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

26 Related party transactions

The Group is controlled by Sameer Investments Limited incorporated in Kenya. There are other companies that are related to Sameer Africa Limited through common shareholdings or common directorships.

26 Related party transactions (continued)

Group:

The following transactions were carried out with related parties:

	2006 Shs'000	2005 Shs'000
i) Sale of goods and services		
Ryce Motors Limited	16,818	24,247
H Young Limited	34,468	25,121
Swift Global Kenya Limited	61	-
	51,347	49,368
ii) Purchase of goods and services		
Bridgestone Americas Holdings Inc.	37,018	387,160
Ryce Motors Limited	2,539	8,992
Celtel Kenya Limited	5,114	4,794
H Young Limited	-	18,651
ICL EA Limited	3,421	2,901
Swift Global Kenya Limited	6,455	6,436
	54,547	428,934
iii) Key management compensation		
Salaries and other short-term employment benefits	44,178	34,577

iv) Outstanding balances	Group		Company	
	2006 Shs'000	2005 Shs'000	2006 Shs'000	2005 Shs'000
a) Amounts due from:				
Subsidiaries:				
Sameer Africa (Uganda) Limited	-	-	37,443	18,742
Sameer Africa (Tanzania) Limited	-	-	119,736	72,947
Yana Tyre Centre Limited	-	-	59,078	37,210
Sameer Industrial Park Limited	-	-	-	2,635
			216,257	131,534
Other related companies:				
Ryce Motors Limited	11,479	3,115	11,479	3,115
H Young Limited	11,939	-	11,939	-
Swift Global Kenya Limited	24	-	24	-
Yansam Motors (Tanzania) Limited	943	-	-	
	24,385	3,115	23,442	3,115
b) Amounts due to:				
Subsidiaries:				
Sameer Industrial Park Limited	-	-	65,817	-
Taqwa Trading Limited	-	-	39,297	-
	-	-	105,114	-
Other related companies:				
Bridgestone Americas Holdings, Inc.	5,091	139,705	5,091	117,541
Ryce Motors Limited	617	6,169	617	6,169
Yansam Motors (Tanzania) Limited	-	4,075	-	-
Swift Global Kenya Limited	1,012	149	1,012	149
ICL EA Limited	366	1,032	366	1,032
	7,086	151,130	7,086	124,891

26 Related party transactions (continued)

Company:

	[illegible]	2005 Shs'000
v) Directors' remuneration		
Fees for services as a director	[illegible]	3,240
Other emoluments (included in key management compensation above)	[illegible]	18,168
Total remuneration of directors of the Company	[illegible]	21,408

27 Commitments

Capital commitments

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

	Group		Company	
	2006 Shs'000	2005 Shs'000	2006 Shs'000	2005 Shs'000
Property, plant and equipment	65,539	59,178	65,539	59,178

Operating lease commitments

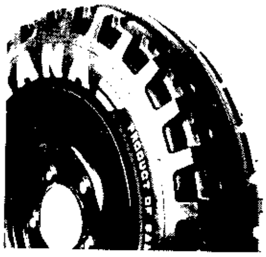
Payments due under lease hire of motor vehicles are as follows:

	Group		Company	
	2006 Shs'000	2005 Shs'000	2006 Shs'000	2005 Shs'000
Not later than 1 year	2,754	2,777	2,754	2,461
Later than1 year and not later than 5 years	459	3,239	[illegible]	2,871
	3,213	6,016	[illegible]	5,332

Operating lease commitments

Payments due under lease rentals.

	Group		Company	
	2006 Shs'000	2005 Shs'000	2006 Shs'000	2005 Shs'000
Not later than 1 year	23,082	12,895	[illegible]	360
Later than1 year and not later than 5 years	89,247	82,310	[illegible]	1,800
Later than 5 years	40,891	51,114		-
	153,220	146,319	[illegible]	2,160



Yana Mavuno

group five year financial record

Consolidated profit and loss account summary

	2002 Shs'000	2003 Shs'000	2004 Shs'000	2005 Shs'000	2006 Shs'000
Turnover	2,736,539	2,538,316	3,270,254	3,359,010	3,171,049
Group profit before income tax	310,834	255,709	400,473	294,253	(14,865)
Income tax expense	(79,427)	(98,515)	(125,302)	(89,575)	(7,423)
Profit/ (loss) for the year	231,407	157,194	275,171	204,678	(22,288)
Dividends (gross)	(278,342)	(139,172)	(278,342)	(139,171)	-
Profit/ (loss) transferred to / (deducted from) retained earnings	(46,935)	18,022	(3,171)	65,507	(22,288)
Earnings / (loss) per share (Shs)	0.83	0.56	0.99	0.74	(0.08)
Dividend per share (Shs)	1.00	0.50	1.00	0.50	-
Shares in issue (000s)	278,342	278,342	278,342	278,342	278,342

Consolidated balance sheet summary

	2002 Shs'000	2003 Shs'000	2004 Shs'000	2005 Shs'000	2006 Shs'000
Non - current assets					
Property, plant and equipment	991,185	756,806	772,064	738,110	745,900
Prepaid operating lease rentals	1,983	1,961	1,939	1,917	1,897
Investment property	90,668	243,386	237,172	231,242	224,963
Deffered Income tax	-	-	-	-	12,927
	1,048,954	1,002,153	1,011,175	971,269	985,687
Current assets:					
Inventories	1,249,131	886,267	1,165,260	1,404,877	1,248,594
Receivables and prepayments	387,892	389,263	585,097	651,119	839,549
Cash and cash equivalents	126,863	205,150	224,912	142,969	193,639
Current income tax	11,512	-	-	34,296	42,597
	1,775,398	1,480,680	1,975,269	2,233,261	2,324,379
Current liabilities:					
Borrowings	8,630	7,750	235,755	348,237	531,713
Payables and accrued expenses & unclaimed dividends	618,418	429,824	621,920	681,140	723,296
Current income tax	-	21,703	2,896	659	2,242
	627,048	459,277	860,571	1,030,036	1,257,251
Net current assets	1,148,350	1,021,403	1,114,698	1,203,225	1,067,128
Non current liabilities:					
Bank borrowings	-	-	-	(28,900)	(94,890)
Deferred income tax	(79,309)	(33,200)	(16,851)	(10,374)	(8,991)
Retirement benefit obligations	(63,485)	(80,775)	(96,732)	(106,750)	(97,948)
	(142,794)	(113,975)	(113,583)	(146,024)	(201,829)
Net assets	2,054,510	1,909,581	2,012,290	2,028,470	1,850,986
Financed by:					
Share capital	1,391,712	1,391,712	1,391,712	1,391,712	1,391,712
Retained earnings	547,611	468,353	465,182	530,689	508,401
Translation reserve	(23,984)	(20,070)	16,225	(33,102)	(49,127)
Proposed dividend	139,171	69,586	139,171	139,171	-
Shareholders' funds	2,054,510	1,909,581	2,012,290	2,028,470	1,850,986

form of proxy
fomu ya uwakilishi

I/we ____

of ____

being (a) member/s of Sameer Africa Limited, do hereby appoint ______________________
or failing him/her, the duly appointed Chairman of the meeting to be my/our proxy, to vote for me/us at the Annual General Meeting of the Company to be held at the Company's premises off Mombasa Road, Nairobi, on 29th March, 2007, at 11.00 a.m. and at any adjournment thereof.

As witness my/our hands(s) this ____________________ day of ______________ 2007.

____
Signature

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

Notes:
1. To be valid this proxy must be deposited at the Registered office of the Company not less than 24 hours before the time appointed for holding the meeting.
2. If the appointer is a corporation, the proxy must be executed under its common seal or under the hands of an officer or attorney duly authorized in writing.

Mimi/sisi ____

wa ____

nikiwa/tukiwa mwanachama/wanachama wa Sameer Africa Limited, namchagua/twamchagua ____________

______________________________ au akikosa yeye, mwenyekiti wa mkutano aliyechaguliwa kuwa kama mwakilishi wangu/wetu, kupiga kura kwa niaba yangu/yetu kwenye Mkutano Mkuu wa Mwaka wa Kampuni utakaofanyika katika majengo ya kampuni, kando ya Mombasa Road, Nairobi, siku ya tarehe 29 Machi 2007, saa tano asubuhi na kwenye uahirishwaji wake wowote.

Kama ushahidi wangu/wetu hii siku ya ________________ mwezi ________________ wa 2007.

____
Sahihi

Isipokuwa ikishauriwa vingine, mwakilishi atapiga kura anavyofikiria mwenyewe.

Maelezo:
1. Ili kuwa halali, fomu hii ya uakilishi lazima ifikishwe kwenye afisi ilioandikishwa ya kampuni kwa muda usiopungua masaa ishirini na nne kabla ya wakati uliochaguliwa kufanya mkutano.
2. Ikiwa mwanachama ni shirika, uwakilishi uwe kwenye muhuri wa kawaida au kwa idhini ya afisaa au mwanasheria alioidhinishwa kwa maandishi.

FOLD

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

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