

The Directors of Sameer Africa Limited are pleased to announce the unaudited group results for six months ended 30 June 2015.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2015**

	2015 KShs'000	2014 KShs'000
Revenue	1,774,485	1,962,876
Cost of sales	(1,287,730)	(1,395,066)
<b>Gross profit</b>	<b>486,755</b>	<b>567,810</b>
Other operating income	12,113	17,621
Operating expenses	(411,921)	(450,301)
<b>Operating (loss) / profit</b>	<b>86,947</b>	<b>135,130</b>
Finance costs (net)	(23,874)	(23,703)
Share of profit of equity accounted investees (net of income tax)	3,125	2,744
<b>Profit before income tax</b>	<b>66,198</b>	<b>114,171</b>
Income tax expense	(18,243)	(33,211)
<b>Profit for the year</b>	<b>47,955</b>	<b>80,960</b>
<b>Other comprehensive income (net of income tax)</b>	<b>(34,255)</b>	<b>21,689</b>
<b>Total comprehensive income for the year</b>	<b>13,700</b>	<b>102,649</b>
<b>Earnings per share:</b>		
Basic and diluted (KShs)	0.17	0.29

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015**

	30 Jun 2015	31 Dec 2014	30 Jun 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	500,489	529,659	492,623
Investment property	178,741	180,491	179,882
Equity accounted investee	119,199	115,777	118,818
Other non-current assets	166,559	159,354	106,158
<b>Total non-current assets</b>	<b>964,988</b>	<b>985,281</b>	<b>897,481</b>
<b>Current assets</b>	<b>2,836,370</b>	<b>2,872,111</b>	<b>2,958,052</b>
<b>TOTAL ASSETS</b>	<b>3,801,358</b>	<b>3,857,392</b>	<b>3,855,533</b>
<b>EQUITY</b>			
Share capital	1,391,712	1,391,712	1,391,712
Retained earnings	1,300,662	1,252,707	1,405,843
Translation reserve	(142,230)	(107,975)	(98,796)
Proposed dividends	-	-	-
<b>Total equity</b>	<b>2,550,144</b>	<b>2,536,444</b>	<b>2,698,759</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>	<b>190,220</b>	<b>182,953</b>	<b>155,565</b>
<b>Current liabilities</b>	<b>1,060,994</b>	<b>1,137,995</b>	<b>1,001,209</b>
<b>Total liabilities</b>	<b>1,251,214</b>	<b>1,320,948</b>	<b>1,156,774</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,801,358</b>	<b>3,857,392</b>	<b>3,855,533</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**

	Share Capital Kshs '000'	Retained Earnings Kshs '000'	Translation Reserve Kshs '000'	Proposed Dividends Kshs '000'	Total Kshs '000'
<b>2015</b>					
<b>At 1 January</b>	<b>1,391,712</b>	<b>1,252,707</b>	<b>(107,975)</b>	-	<b>2,536,444</b>
Total comprehensive income	-	47,955	(34,255)	-	13,700
<b>At 30 June</b>	<b>1,391,712</b>	<b>1,300,662</b>	<b>(142,230)</b>	-	<b>2,550,144</b>
<b>2014</b>					
<b>At 1 January</b>	<b>1,391,712</b>	<b>1,324,883</b>	<b>(120,485)</b>	<b>83,503</b>	<b>2,679,613</b>
Total comprehensive income	-	80,960	21,689	-	102,649
Total transactions with owners	-	-	-	(83,503)	(83,503)
<b>At 30 June</b>	<b>1,391,712</b>	<b>1,405,843</b>	<b>(98,796)</b>	-	<b>2,698,759</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2015**

	2015 KShs'000	2014 KShs'000
<b>Cash generated from operating activities</b>	<b>140,938</b>	<b>50,576</b>
Interest paid	(19,565)	(28,638)
Income tax paid	(16,285)	(17,053)
<b>Net cash generated from operating activities</b>	<b>105,088</b>	<b>4,885</b>
<b>Net cash used in investing activities</b>	<b>(45,704)</b>	<b>(101,137)</b>
<b>Net cash absorbed by financing activities</b>	<b>-</b>	<b>(1,767)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>59,384</b>	<b>(98,019)</b>
<b>Movement in cash and cash equivalents:</b>		
At start of the period	(249,641)	(86,705)
<b>At end of the period</b>	<b>(190,257)</b>	<b>(184,724)</b>

**BUSINESS COMMENTARY**

Revenue for the period was 10% below same period 2014, reflecting the continued onslaught of imported subsidized tyres from the East. Although notable growth was recorded in key accounts, exports and Yana Tyre Centre sales, the 30% decline in sales to the dealer trade and a poor performance from our regional operation in Burundi, negated these gains. Political unrest in Burundi in the second quarter of the year adversely affected performance of this subsidiary.

Following significant depreciation of the Kenya shilling against the US dollar in the period, the company responded by increasing selling prices in May 2015, in order to protect margins. The increase in prices further depressed volume sales across the network.

To the upside, the price of key raw materials used for tyre manufacture continued to be depressed across world commodity markets. The reduction in electricity tariffs in Kenya at the beginning of the year also assisted the company in maintaining low production costs thereby yielding an 8% reduction in cost of sales.

At the beginning of 2015, management undertook to aggressively control and manage operating costs through prudent spending, continuous review of its distribution channels as well as on-going establishment reviews. These efforts translated into a 9% decline in operating costs during the period, as against 2014.

**FUTURE OUTLOOK**

The company is geared towards launching the second phase of its economy brand – SUMMIT – in September 2015, which is expected to increase its competitive position in the discount segment of the market. The prices of basic raw materials for tyre manufacture are expected to stabilize at their current levels while crude oil prices are expected to fluctuate within a narrow band. Management will continue to focus on cost reduction strategies across the board.

To the downside, the continued depreciation of the Kenya shilling is likely to adversely affect the landed cost of raw materials as well as increase the cost of borrowings.

The Board expects the positive results recorded in the first half to continue into the second half of the year, provided that the relatively stable macroeconomic environment remains.

**DIVIDEND**

The Directors do not recommend the payment of an interim dividend.

**BY ORDER OF THE BOARD**

EDGAR IMBAMBA  
COMPANY SECRETARY

