EVEREADY®

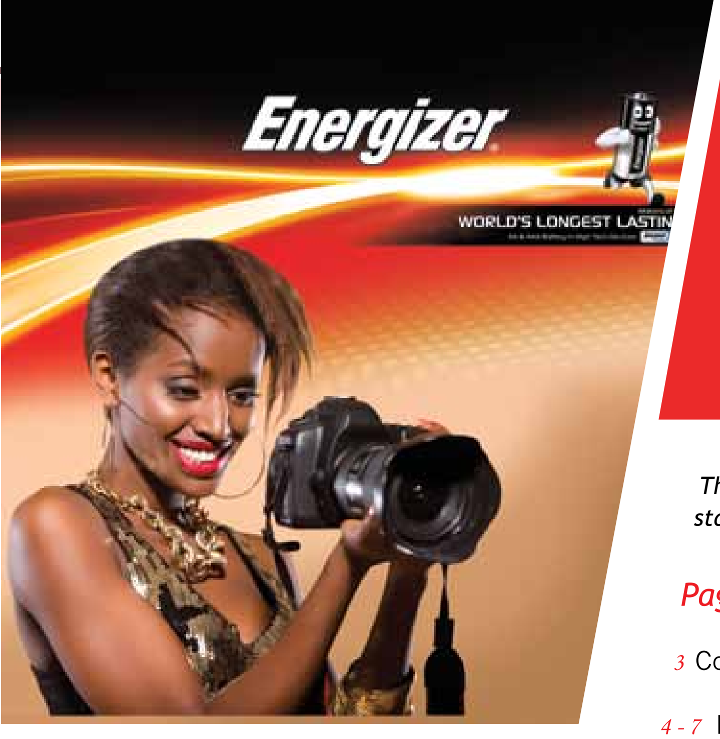
EAST AFRICA LIMITED

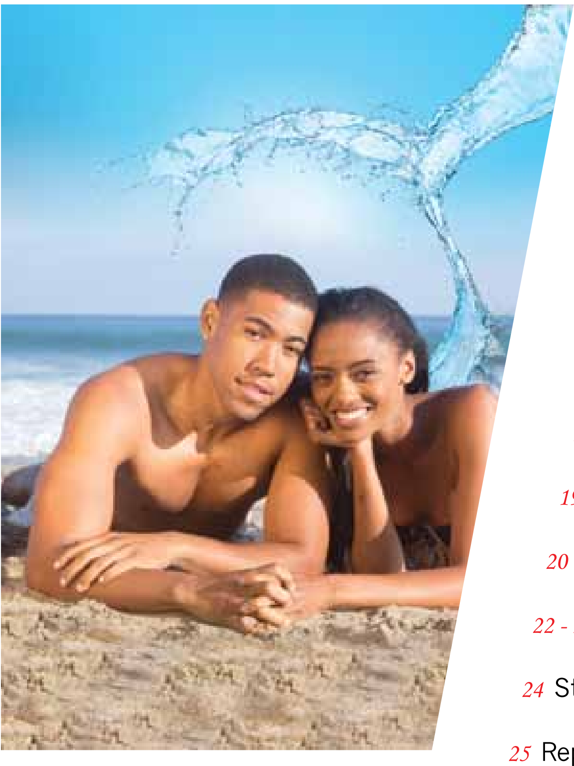
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

Our Mission
To profitably meet customer needs through the best use of available resources.

Our Vision
To be the partner of choice within the region in the provision of lifestyle solutions.

Our Values
» Passion
» Integrity
» Respect
» Teamwork
» Initiative





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www.eveready.co.ke

EVEREADY®
EAST AFRICA LIMITED

CORPORATE INFORMATION

Directors	Mrs. L. Waithaka - Chairperson Mr. J. K. Mutua - Managing Director Mr. A. H. Butt Industrial Commercial Development Corporation (ICDC) (Alternate Mr. Isaac Ole Ntiki) Mr. P. Scott Ms. S. Mudhune, MBS Ms. F. B. Shah Ms. C. Ngahu, EBS
Audit Committee	Ms. S. Mudhune, MBS - Chairperson Mr. P. Scott Ms. F. B. Shah Mr. A. H. Butt
Remuneration & Nomination Committee	Ms. C. Ngahu, EBS - Chairperson Industrial Commercial Development Corporation (ICDC) (Alternate Mr. Isaac Ole Ntiki) Ms. F. B. Shah
Finance and Risk Committee Members	Ms. C. Ngahu, EBS - Chairperson Industrial Commercial Development Corporation (ICDC) (Alternate Mr.Isaac Ole Ntiki) Mr. A. H. Butt
Auditors & Tax Advisors	BDO East Africa Kenya Certified Public Accountants of Kenya Unit C1, Block C, Sameer Business Park Mombasa Road P. O. Box 10032 GPO Nairobi 00100
Share Registrars	Image Registrars Limited 5th Floor, Barclays Plaza, Loita Street P. O. Box 9287 Nairobi 00100
Advocates	Kaplan & Stratton Advocates P. O. Box 40111 Nairobi 00100 Mukite Musangi & Company Advocates P. O. Box 149 Nakuru 20100 Ogola & Company Advocates P. O. Box 49393 Nairobi 00100
Company Secretary	Image Registrars Limited 5th Floor, Barclays Plaza, Loita Street P. O. Box 9287 Nairobi 00100
Company Registered Office	MCFL Logistics Centre, 1st Floor Mombasa Road P. O. Box 44765 Nairobi 00100
Bankers	Commercial Bank of Africa Limited Barclays Bank of Kenya Limited Citibank N.A

BOARD OF DIRECTORS

From left

FRONT ROW:

Mrs. Lucy Waithaka

Chairlady

Mr. Jackson Mutua

Managing Director,

BACK ROW

Peter Kemei

Ms. Susan Mudhune,

Ms. Catherine Ngahu,

Mr. Isaac Olentiki,

Mr. Akif H. Butt,

Ms. Fauzia Shah

*Not in picture

Mr. Paul Scott

Mrs. Lucy W. Waithaka - Chairlady

Mrs. Waithaka holds a Masters of Science degree in Agronomy/ Horticulture. Mrs. Waithaka has extensive experience in plant husbandry and management having held senior positions in agriculture related institutions, namely, the Horticultural Crops Development Authority and the Fresh Produce Exporters Association of Kenya, where she was the chief executive before joining the Export Promotion Council of Kenya. She is currently the General Manager, Supply Chain Development at the Export Promotion Council of Kenya. 59

Mr. Jackson Mutua - Managing Director

Mr. Mutua holds a Bachelor of Commerce degree (Accounting option) from the University of Nairobi and a Masters of Business Administration from the same University. He is a qualified Accountant and Company Secretary and is a member of both ICPA(K) and ICPS(K). He has over 12 years experience having previously worked with BestFoods Kenya Ltd and Karirana Estates Ltd (Member of First Chartered Group of Companies). He joined Eveready East Africa Ltd in July 2007. 44

Ms. Fauzia B. Shah

Ms. Shah holds a Bachelor of Laws Degree and is an advocate of the High Court of Kenya with over 20 years experience in corporate and commercial matters. Fauzia is also a Certified Public Secretary with over 15 years of company secretarial matters. She has worked for the Sameer Group as Company Secretary and In-house Counsel and is presently practicing as an advocate at Shapley Barret & Company, Advocates. 51

Mr. Akif H. Butt

Mr. Butt is a fellow of the Association of Chartered Certified Accountants (ACCA) and a Certified Public Accountant (CPA) and has over 25 years experience in financial management, corporate planning and strategic management. Akif initially trained and worked with PricewaterhouseCoopers in Kenya and the East African Region, Liberia and England. He joined the Sameer Group in 1989 and currently holds the position of Finance Director. 57

Mr. Isaac Olentiki (alt. ICDC)

Mr. Olentiki holds a Master of Business Administration (MBA) in Executive/Strategic Management from African Nazarene University. He is currently the Head of Business & Commercial Investments at Industrial & Commercial Development Corporation. He has previously worked as the Head of Sales & Marketing at First Community Bank Ltd and as a Senior Officer Retail & SME Banking at CFC/Stanbic Bank Limited. 40

Ms. Susan Mudhune

Ms. Mudhune holds a Bachelor of Arts Degree and an MBA from the University of Nairobi. She is a member of the Kenya Institute of Directors and the immediate former Chairman of the Kenya Commercial Bank Group (KCB). Prior to joining KCB, Susan worked in various management positions in the local banking industry for over 20 years. In addition, she serves as the National Chairman of the Kenya Girl Guides Association. In recognition of her outstanding achievements, the Kenya Institute of Bankers (KIB) awarded her Fellow of the Institute of Kenya Bankers (KIB) in December 2003. 65

Ms. Catherine Ngahu, EBS

Ms. Ngahu holds a Bachelor of Education and MBA from the University of Nairobi. She studied entrepreneurship as a Business Research Fellow at Wharton Business School, University of Pennsylvania and Value-based leadership under the African Leadership Initiative program of the Aspen Leadership Institute. She has also studied Corporate Governance with the Institute of Directors Kenya and IOD UK, and holds the International Certificate in Company Directorship from IOD, UK. Currently, she is the Chairman of Kenya ICT Board (a state corporation) and member of the Boards of KCA University and Moran Publishers. She previously served in the Boards of Kenya Women Finance Trust, InvesteQ Capital, Suntra Investment Bank and KASNEB Syllabus Committee. She was a member of the governing council of Marketing Society of Kenya and Marketing and Social Research Association (MSRA). Catherine was awarded the Elder of the Order of the Burning Spear (EBS) by His Excellency the President of the Republic of Kenya for devoted service in 2011. 53

Mr. Paul Scott

Mr. Scott received an SNC in Business Studies from Paisley College in 1984. He has worked closely with several local Universities on their MBA & graduate programs and holds several advanced training awards from U.K. Business Colleges. Paul is currently the Regional Business Director of Energizer Middle East & Africa Ltd based in Dubai & has worked for Energizer for 13 years. Prior to joining Energizer Mr. Scott worked with Rothmans International in various sales, marketing & training roles throughout Europe & the Middle East markets. He is a member of the American Business Institute & the British Businessman's Group in Dubai. He is also a founding member of the Council Against Counterfeits, a group set up to work with local Customs & Ports Authorities preventing the importation of & helping in the identification of counterfeit goods across the Middle East. 51

1. Noah Ochanda - Supply Chain Manager
2. Geoffrey W. Mbwika - Finance Manager
3. Simon Githae - Key Accounts Manager
4. Margaret A. Odhiambo - H/O Corporate, Legal, HR & Administration
5. Jack M. Njuguna - Internal Audit Manager
6. Jemimah Okanga - Marketing Manager
7. Jackson Mutua - Managing Director
8. Timothy Muriithi - Sales Manager - Traditional Trade

MANAGEMENT TEAM

NOTICE & AGENDA OF THE 48TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the forty eighth (48th) Annual General Meeting of Eveready East Africa Limited (the "Company") will be held at Merica Hotel, Nakuru on Thursday May 14, 2015 at 11 a.m. for the following business:

AGENDA

1. Constitution of the Meeting
To determine if a quorum is present, and to read the notice convening the meeting.

2. Confirmation of Minutes
To confirm the minutes of the forty seventh (47th) Annual General Meeting held on Thursday April 17, 2014.

3. Ordinary Business

(i) Report of the Auditors and Consolidated Financial Statements for the Year Ended 30 September 2014:
To receive, consider, approve and adopt the Financial Statements for the year ended September 30, 2014 together with the Directors' and Auditors' Reports thereon.

(ii) Election of Directors:

i) Industrial Commercial Development Corporation (ICDC) will retire by rotation in accordance with Article 91 of the Company's Articles of Association and being eligible offers itself for re-election as a Director of the Company.

ii) Ms. Catherine Ngahu will retire by rotation in accordance with Article 91 of the Company's Articles of Association and being eligible offers herself for re-election as a Director of the Company.

4. Remuneration of Directors
To approve the Directors' remuneration for the year ended September 30, 2014.

5. Appointment and Remuneration of auditors
To re-appoint BDO East Africa as auditors of the Company for Financial Year 2015 and to authorize the Board to fix the Auditors' remuneration.

6. Special Business

(i) "The Company be authorised to liquidate the unutilized equipment on the property situate on Title Number Nakuru Block II/46 in order to raise capital to allow the Company diversify into new businesses in accordance with its Strategic Plan 2013-2017".

(ii) "The Company be authorised to acquire 50% common equity in a Company to be set up under a joint venture arrangement with Orbit Chemicals Ltd for the purposes of pursuing common business interests to support the Company's diversification plans under its Strategic Plan 2013-2017."

7. Any Other Business
To transact any other business for which appropriate notice has been issued and received.

By Order of the Board,

Image Registrars Ltd, **Company Secretary**
27 March, 2015

Note:

1. A member entitled to attend and vote at the meeting and who is unable to attend is entitled to appoint a proxy to attend and vote on his or her behalf. A proxy need not be a member of the Company. To be valid must be duly completed and signed by the member and must either be lodged at the offices of the Company's shares registrars, Image Registrars Limited, Barclays Plaza, 5th Floor, Loita Street, P.O. Box 9287 – 00100 GPO, Nairobi or lodged at the Company's registered office at MCFL Logistic Centre, 1st Floor, Mombasa Road P.O. Box 44765 - 00100 Nairobi, Kenya not later than 11a.m on Tuesday May 12, 2015 failing which it will be invalid. In the case of a corporate body the Proxy Form must be under its common seal or by notification in writing under the hand of some officer of the corporation duly authorized in that behalf.

A Proxy Form may be downloaded from the Company's website at www.eveready.co.ke. Alternatively, shareholders may contact our Company registrars at the above mentioned address for the same.

2. Any member may, by notice duly signed by him or her and delivered to the Company Secretary, not less than 7 or more than 21 days before the date appointed for the Annual General Meeting, give notice of his intention to propose any person for election as director to the Board, such notice is to be accompanied by a notice signed by the person proposed indicating his or her willingness to be elected.

3. A copy of the Annual Report & Financial Statements, 2014 may be viewed on the Company's website at www.eveready.co.ke

SHAREHOLDING STRUCTURE

Top 10 Local Individuals As At Tuesday September 30 2014

	Names	Address	Shares	Percentage
1	KARIM JAMAL	P.O BOX 49863 NAIROBI KENYA	9,426,687	14.88%
2	NARAN KHIMJI AND VIRJI KHIMJI HIRANI	P.O. BOX 99093 MOMBASA KENYA	702,500	1.11%
3	MOHANLAL DHARAMSHI SHAH	P.O BOX 16-01000 THIKA KENYA	613,700	0.97%
4	MAHENDRA DAHYABHAI PATEL & JASUMATI MAHENDRA PATEL PATEL	P.O. BOX 178 00606 NAIROBI KENYA	431,500	0.68%
5	PAROTIBEN SUDHIR KUMAR PREMCHAND SHAH	P.O. BOX 45594 00100 NAIROBI KENYA	419,400	0.66%
6	DAVID NGANGA KINYANJUI	P. O. BOX 6050 00300 NAIROBI KENYA	410,000	0.65%
7	PETERSON KARUU MWANGI	P.O BOX 13224 00100 NAIROBI KENYA	409,600	0.65%
8	JOHNSON MWANGI GITARI	P.O BOX 68472 00622 NAIROBI KENYA	365,300	0.58%
9	PURSHOTAM SINGH BHAMRA	P.O BOX 46641 00100 NAIROBI KENYA	314,900	0.50%
10	ASHOK KUMAR NEMCHAND SHAH	P.O. BOX 135 ELDORET KENYA	269,200	0.42%
11	OTHERS - 115694		50,002,891	78.91%
		Grand Totals:	63,365,678	100.00%

Top 10 Local Institutions As At Tuesday September 30 2014

	Names	Address	Shares	Percentage
1	EAST AFRICA BATTERIES LIMITED	P.O. BOX 55358 00200 NAIROBI KENYA	73,425,029	59.20%
2	INDUSTRIAL & COMMERCIAL DEVELOPMENT CORPORATION	P.O BOX 45519 00100 NAIROBI KENYA	36,583,575	29.50%
3	BEST INVESTMENT DECISIONS LTD	P.O. BOX 40127 00100 NAIROBI KENYA	4,215,000	3.40%
4	CFCFS NOMINEES LTD A/C 210	P.O. BOX 47198 00100 NAIROBI KENYA	830,300	0.67%
5	BEST INVESTMENT DECISIONS LTD	P.O. BOX 40127 00100 NAIROBI KENYA	450,800	0.36%
6	PARKVIEW PROPERTIES LTD	P.O. BOX 42882 00100 NAIROBI KENYA	217,400	0.18%
7	DENROMA INVESTMENT LIMITED	P.O. BOX 5133 00200 NAIROBI KENYA	216,700	0.17%
8	KERICHO WHOLESALERS LTD	P.O. BOX 55 KERICHO KENYA	201,400	0.16%
9	TAUSI ASSURANCE COMPANY LIMITED	P.O BOX 28889 00200 NAIROBI KENYA	162,600	0.13%
10	GOODWILL(NAIROBI)LIMITED A/C 855	P.O.BOX 40100 00100 NAIROBI KENYA	137,800	0.11%
11	OTHERS - 4141		7,591,775	6.12%
		Grand Totals:	124,032,379	100.00%

Top 10 Foreign Investors As At Tuesday September 30 2014

	Names	Address	Shares	Percentage
1	ENERGIZER INTERNATIONAL INC.	533 MARYVILLE UNIVERSITY DRIVE 99999 ST. LOIUS, MO 63141 UNITED STATES OF AMERICA	22,061,559	97.61%
2	ABDULRASUL ISMAIL THAWER	P.O. BOX 45544 00100 NAIROBI KENYA	100,200	0.44%
3	SAROJ GULABCHANDRAJPAL SHAH	P.O BOX 858 00606 NAIROBI KENYA	35,100	0.16%
4	PRITEE NARENDRA SHAH & NARENDRA PETHRAJ SHAH	45145 00100 NAIROBI KENYA	29,900	0.13%
5	ROGER ALAN DAINTY	P O BOX 95918 - 80106 MOMBASA 80106 MOMBASA KENYA	22,700	0.10%
6	ANTHONY JOHN DUCKWORTH	P.O.BOX 1108 UKUNDA KENYA	20,000	0.09%
7	STEVEN GEORGE SMITH	P.O.BOX 44765-00100 00100 NAIROBI KENYA	19,000	0.08%
8	GEORGE GITAGIA KIARIE	31 DAWSON AVENUE IG119QQ BARKING ESSEX UNITED KINGDOM	16,600	0.07%
9	RAKESH KASHYAP	P.O. BOX 44080 00100 NAIROBI KENYA	16,200	0.07%
10	SERAPHIM KYKKOTIS	1096 HOUGHTON 2041 JOHANNESBURG SOUTH AFRICA	14,000	0.06%
11	OTHERS - 684		266,684	1.18%
		Grand Totals:	22,601,943	100.00%

Top 10 Global Investors As At Tuesday September 30 2014

	Names	Address	Shares	Percentage
1	EAST AFRICA BATTERIES LIMITED	P.O. BOX 55358-00200 NAIROBI KENYA	73,425,029	34.96%
2	INDUSTRIAL & COMMERCIAL DEVELOPMENT CORPORATION	P.O BOX 45519-00100 NAIROBI KENYA	36,583,575	17.42%
3	ENERGIZER INTERNATIONAL INC.	533 MARYVILLE UNIVERSITY DRIVE-99999 ST. LOIUS, MO 63141 UNITED STATES OF AMERICA	22,061,559	10.51%
4	KARIM JAMAL	P.O BOX 49863- NAIROBI KENYA	9,426,687	4.49%
5	BEST INVESTMENT DECISIONS LTD	P.O. BOX 40127-00100 NAIROBI KENYA	4,215,000	2.01%
6	CFCFS NOMINEES LTD A/C 210	P.O. BOX 47198-00100 NAIROBI KENYA	830,300	0.40%
7	NARAN KHIMJI AND VIRJI KHIMJI HIRANI	P.O. BOX 99093- MOMBASA KENYA KENYA	702,500	0.33%
8	MOHANLAL DHARAMSHI SHAH	P.O BOX 16-01000- THIKA KENYA	613,700	0.29%
9	BEST INVESTMENT DECISIONS LTD	P.O. BOX 40127-00100 NAIROBI KENYA	450,800	0.21%
10	MAHENDRA DAHYABHAI PATEL & JASUMATI MAHENDRA PATEL PATEL	P.O. BOX 178-00606 NAIROBI KENYA	431,500	0.21%
11	Others		61,259,350	29.17%
		Grand Totals:	210,000,000	100.00%

Mrs. Lucy Waithaka
Chairlady

I am pleased to report a year of progress for Eveready in which we took the bold step of repositioning Eveready into a commercial entity.

2014 has seen considerable changes within Eveready. I am pleased with our progress in rebuilding Eveready and repositioning the business for the future. One year into our plan to transform and revitalize Eveready, we are in a better position and I feel confident about our prospects. While we have more work to do to achieve this goal, I believe that we begin 2015 in a better shape.

Financial Results
Eveready recorded a decline in revenues compared to last year. This was mainly attributable to:

- A deliberate decision made to reposition our business in Tanzania resulted to a decline in revenue from that market. However, margin benefits resulting from that decision will improve the business performance in the long run.

- Insecurity affected various segments of our domestic market during the year. As a result, key markets like Coast, Nairobi and North Eastern registered a drop in revenue performance.

> *"2014 has seen considerable change at Eveready. I am pleased with our progress in starting to rebuild trust, repositioning the business for the future. One year into our plan to transform and revitalize Eveready, we are in a better position and I feel confident about our prospects. While we have more work to do to achieve this goal, I believe that we begin 2015 in a better shape."*

Financing costs increased due to a growth in borrowing to cover the financing requirements relating to the closure of the Nakuru plant.

While Eveready was able to generate profit from operations of KShs.55 million despite the challenges impacting revenue, profit after tax was a loss of Ksh 177 million as a result of an extra ordinary one off costs relating to the plant closure amounting to Ksh 246 million.

Progress in Strategic Initiatives
During the year we announced the objectives of our five year strategy supported by business unit changes aligning the business to growth opportunities in Kenya and Uganda. Our strategy focuses Eveready on six pillars of improving processes, customer and consumer focus, driving value from the core and building new business for growth through diversification. It makes our ambitions clear and also shows where you can expect us to continue creating value.

Our five-year programme for revitalizing the business means we will commit resources to our strategic priorities in the short term and this is reflected in our cash position. Our unwavering commitment to transform Eveready from a traditional manufacturer to a dynamic vibrant multi-channel/business retailer is on course. Whilst the Board continues to discuss the elements of the strategy, management focus is speedy and excellent execution. We will continue to avail to our consumers world class products under the Eveready® and Energizer® brand names, to include our PAKA POWER range of D battery not withstanding the closure of the Nakuru plant.

We introduced TURBO automotive batteries to our consumers and launched the EVEREADY bulb range as well. We continue to work towards having more businesses that complement our personal care and household lines which will be key to the growth objectives for our business.

Dividends
The Board does not recommend the payment of a dividend in order to preserve cash for the investments envisaged in our strategic plan.

Looking Ahead
We have a clear strategy and our focus for the year ahead will be on improving our customer service, investing to maintain our distribution and channel advantage and building a foundation for sustainable long-term growth. We will also continue to aggressively pursue opportunities to expand our business.

There is still a lot to do and we are not complacent, but the progress we have made means we have a leaner, more efficient, low risk business, which given the additional investments we are making, is well placed to serve our customers and to help us grow. We therefore remain confident in Eveready's prospects.

Social Responsibility
Eveready is committed to fulfilling its role as a responsible corporate citizen through support of community organizations, primarily in areas where it operates. We continue to focuss our efforts on projects that address the vulnerable members our society specifically women and children and to this end we are proud of the support that we have given and continue to give to the Beyond Zero Campaign.

Acknowledgement
In conclusion, I would like, on behalf of the Board – and on behalf of all our shareholders – to thank Eveready's employees. They have continued to work hard in a very difficult environment to deliver excellent service to our customers and consumers. It is through their efforts that Eveready will succeed in rebuilding itself and deliver sustainable value to our shareholders.

Mrs. Lucy Waithaka, **Board Chair**
30 January 2015

TAARIFA YA MWENYEKITI

Mrs. Lucy Waithaka
Chairlady

Nina furaha kuripoti mwaka wa maendeleo wa Eveready ambao kwamba tulichukuwa hatua jasiri ya kuiweka Eveready kama chombo kamili cha kibiashara.

Mwaka wa 2014 umekuwa na mabadiliko makubwa kwa Eveready. Ninafurahishwa na maendeleo yetu katika kulijenga upya Eveready na kuipanga upya biashara kwa siku za usoni. Mwaka mmoja baada ya kuanza mpango wetu wa kubadilisha na kuimarisha Eveready, tuko katika nafasi bora na nina imani kuhusu matarajio yetu. Ingawa tuna kazi zaidi za kufanya kutimiza lengo hili, ninaamini kuwa tunaanza mwaka wa 2015 katika hali nzuri zaidi.

Matokeo ya Kifedha
Eveready ilirekodi upungufu katika mapato ikilinganishwa na mwaka jana. Hii hasa ilitokana na :

• Uamuzi wa kimaksudi uliofanywa kupanga upya biashara yetu Tanzania ulisababisha upungufu wa mapato katika soko hilo. Ijapokuwa faida iliotokana na uamuzi huo utaimarisha utendaji wa biashara hatimaye.
• Hali ya kutokuwa na usalama iliathiri sehemu tofauti za soko letu la nchini katika mwaka.Matokeo yake, masoko muhimu kama Pwani, Nairobi na Kaskazini Mashariki zilipata upungufu katika mapato.

Gharama za kifedha ziliongezeka kutokana ongezeko la mkopo kufidia mahitaji ya kifedha yanayohusiana na ufungaji wa kiwanda cha Nakuru. Ingawa Eveready iliweza kuzalisha faida ya KSh. Milioni 55 kutokana na shughuli dhidi ya changamoto zinazoathiri mapato, faida baada ushuru ilikuwa hasara ya KSh. Milioni 177 kama matokeo ya gharama zisizokuwa za kawaida za mara moja zinazohusiana na ufungaji wa kiwanda zinazofika KSh. Milioni 246.

Mwaka wa 2014 umekuwa na mabadiliko makubwa kwa Kundi. Ninafurahishwa na maendeleo yetu katika kulijenga upya Kundi na kuipanga upya biashara kwa siku za usoni. Mwaka mmoja baada ya kuanza mpango wetu wa kubadilisha na kuimarisha Eveready, tuko katika nafasi bora na nina imani kuhusu matarajio yetu. Wakati tukiwa na kazi zaidi za kufanya kutimiza lengo hili, ninaamini kuwa tunaanza mwaka wa 2015 katika hali nzuri zaidi.

Maendeleo katika ari za Kimkakati
Katika mwaka tulitangaza malengo ya mkakati wetu wa miaka mitano ukisaidiwa na mageuzi ya biashara ya kitengo ukifungamanisha biashara na nafasi za ukuaji nchini Kenya na Uganda. Mkakati wetu unaelekeza Eveready kwenye nguzo sita za namna ya kuimarisha, mlengo wa mteja, kuendesha thamani kutoka kwa biashara kuu na kujenga biashara mpya ili kukua kupitia kwa upanuzi. Inaweka malengo yetu wazi na pia unaonyesha wapi unaweza kututaraji kuendelea kukua.

Mpango wetu wa miaka mitano wa kuimarisha biashara unamaanisha tutatumia rasilimali kwa vipaumbele vyetu vya mkakati katika muda mfupi na hili linaonekana katika kiwango chetu cha pesa.Kujitolea kwetu kusikotetereka kugeuza Eveready kutoka mtengenezaji wa kiasili kuwa na njia anuai za nguvu na msisimko za muuzaji rejareja kunaendelea.Wakati Halmashauri inaendelea kujadili vipengele vya mkakati,mlengo wa usimamizi ni utekelezi wa haraka na bora sana. Tutaendelea kutoa bidhaa za kiwango cha ulimwengu kwa watumizi wetu chini ya chapa za Eveready® na Energizer®, ikijumuisha betri ya D ya aina ya PAKA PAWA licha ya kufungwa kwa kiwanda cha Nakuru. Tulianzisha betri za magari za TURBO® kwa watumizi wetu na pia tulianzisha aina za taa za kung'ara za Eveready.Tutaendelea kujitahidi kuweza kuwa na biashara zaidi ambazo zinasaidia bidhaa zetu za uangalizi wa kibinafsi na za nyumbani ambazo zitakuwa muhimu kwa malengo ya ukuaji wa biashara yetu.

Mgao wa Faida
Halmashauri haipendekezi malipo ya mgao wa faida ili kuhifadhi fedha kwa uekezaji unaofikiriwa katika mpango wetu wa kimkakati.

Mtazamo wa Siku za Usoni
Tuna mkakati bayana na mlengo wetu wa mwaka unaokuja utakuwa kuimarisha huduma kwa wateja wetu, kuekeza kudhibiti ugawanyaji wetu na manufaa ya njia na kujenga msingi wa ukuaji wa kuendelea wa muda mrefu.Tutaendelea pia kutafuta kwa bidii nafasi kupanua biashara yetu. Bado kuna mengi ya kufanya na hatujapendezwa, lakini maendeleo tuliyopata yanamaanisha tuna biashara hafifu zaidi,fanisi zaidi, yenye hatari chache, ambayo pamoja na uekezaji wa ziada tunaofanya, iko katika nafasi nzuri kuhudumia wateja wetu na kutusaidia kukua.Kwa hivyo tunabaki na imani katika matarajio ya Eveready.

Wajibu wa Kijamii
Eveready imejitolea kutimiza wajibu wake kama raia mwajibikaji wa kishirika kupitia usaidizi wa mashirika ya kijamii,hasa katika maeneo wanakoshughulika. Tunaendelea kulenga juhudi zetu kwenye miradi inayoshughulikia watu wanaodhurika katika jamii hasa wnawake na watoto na kwa hili tunajivunia usaidizi ambao tumeutoa na tunaendelea kuutoa kwa kampeni ya Kupita Sufuri.

Shukrani
Katika kuhitimisha, ningependa, kwa niaba ya Halmashauri-na kwa niaba ya wanahisa wetu wote- kuwashukuru wafanyikazi wa Eveready. Wameendelea kufanya kazi kwa bidii katika mazingira magumu sana kutoa huduma bora sana kwa wateja na watumizi wetu. Ni kupitia juhudi zao ndiyo Eveready itafaulu kujijenga upya yenyewe na kutoa thamani ya kuendelea kwa wanahisa wetu.

Bibi Lucy Waithaka, **Mwenyekiti wa Halmashauri**
Tarehe 30 Januari mwaka 2015

2017 STRATEGY

"REVITILIZING FOR GOWTH"

STRATEGY SUMMARY

REVITILISE – our progress so far...

Commenced in 2013, the Revitalize initiative is the way in which we deliver our strategy.

(i) Stabilize the organization - provide context for the change to come.

(ii) Return acceptable numbers – improve business returns execute the plans.

(iii) Sustain forward momentum – become the partner of choice within the region in the provision of lifestyle solutions to our stakeholders – consumers, colleagues, shareholders, customers and wider society.

MKAKATI WA MWAKA WA 2017

"KUIMARISHA KUWE NA UKUAJI"

MUHTASARI WA MKAKATI

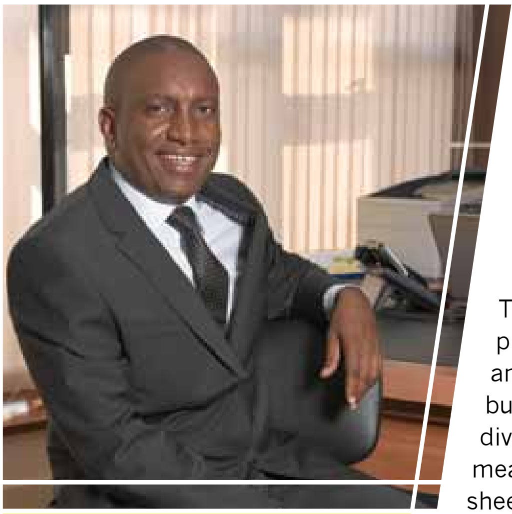
IMARISHA—Maendeleo yetu kufikia sasa...

Ulianzishwa mwaka wa 2013, mradi wa Kuimarisha ndio njia ambayo kwamba tunaweza kuutekeleza mkakati wetu.

(i) Dhibiti shirika-toa muktadha ili badiliko litokee.

(ii) Pata idadi za kukubalika-imarisha faida za biashara na kutekeleza mpango.

(iii) Endeleza msukumo wa mbele- kuwa mshiriki wa chaguo katika eneo wa utoaji wa masuluhisho ya mtindo wa maisha kwa washika dau wetu-watumizi, wenzi, wanahisa, wateja na jamii pana.



Jackson Mutua,
Managing Director

2014 has been a year of significant change for Eveready. A year ago in 2013 we set out the outcome of our strategic review and our plan to help realize Eveready's mission to be the partner of choice within the region in the provision of lifestyle solutions for all our stakeholders.

This year we rolled out an ambitious diversification business model as part of our strategy to increase efficiency in the business, continuously satisfy consumers evolving needs and increase shareholder value.

The strategy is hinged on six core pillars and involves customer and consumer focus bolstering businesses operations, product diversification and undertaking measures to strengthen the balance sheet.

We continue to take steps to grow the business and are making good progress against our plan.

> *"We have made good progress in 2014 and we start 2015 in a better position. While recognising there is much more to do, we have every reason to feel positive about our prospects and confident that we will the partner of choice within the region in the provision of lifestyle solutions for all our stakeholders."*

Our 2014 results clearly demonstrate the outcome of some of those actions. We took the bold step of closing the Nakuru facility in order to support our stated goals. The closure (the outcome of a rigorous process related review) offers Eveready an opportunity to venture into a diversification strategy planks – Real Estate. The Company set up Flamingo Properties (Kenya) Ltd in order to spear head its foray into the venture and the land in Nakuru will be one of its flagship investments. We will keep you updated of our progress in this regard.

As indicated, by the Chair, we will continue to avail to our consumers our full range of world class products under the Eveready® and Energizer® brand names, to include our PAKA POWER range of D battery notwithstanding the closure of the Nakuru plant.

We introduced the TURBO® brand of automotive batteries in 2014. We also launched the EVEREADY range of luminaries as part of our expanding household line. Consumer and market reception of this product so far has been fantastic and we look forward to embedding this product into our consumer spending culture and deepening its contribution to our business.

Important progress has also been made in improving the contribution of purchased products and new businesses to mitigate the mature D battery business, although further work is required to get returns to acceptable level.

The deteriorating security situation in our Nairobi (East), North Eastern and coastal market of Mombasa for the better part of 2013 severely impacted our channel activities in the regions which saw revenues associated with these regions fall. This impacted our overall revenue performance.

Our cash-flows were impacted by the restructuring and investment in additional business but the underlying business performance has been resilient.

We are making good headway across the commitments we set out as part of our revitalize plan. I am pleased by our progress on diversification. We have been able to move more quickly than anticipated in expanding our product portfolio, bringing us ahead of our timelines. Through rigorous analysis and focus, we intend to report rapid progress against our 2015 goals.

We have invested considerably in transforming our businesses. In the months and years ahead we expect to see the benefits of this coming through.

As we work towards repositioning the business we have greater clarity on what the future holds. While we have much more to do and we expect the operating environment to remain challenging, we have every reason to feel positive about our prospects and confident that we will become the partner of choice within the region in the provision of lifestyle solutions for all our stakeholders.

Jackson Mutua, **Managing Director**
30 January 2015

TAARIFA YA MKURUGENZI MSIMAMIZI

Jackson Mutua,
Mkurugenzi Msimamizi

"Tumekuwa na maendeleo mazuri katika mwaka wa 2014 na tunaanza mwaka wa 2015 katika nafasi nzuri zaidi. Wakati tukitambua kuna mengi zaidi ya kufanya, tuna kila sababu ya kuwa na matarajio mema kuhusu matazamio yetu na tuna imani kuwa tutakuwa mshiriki wa chaguo katika eneo katika kutoa masuluhisho ya mtindo wa maisha kwa washika dau wetu wote."

Mwaka 2014 umekuwa mwaka wa mabadiliko ya maana kwa Eveready. Mwaka mmoja nyuma katika mwaka 2013 tulieleza kinagaubaga matokeo ya mapitio ya mkakati wetu na mpango wetu kusaidia kufikia wito wa Eveready kuwa mshiriki wa chaguo katika eneo wa kutoa masuluhisho ya mtindo wa maisha kwa washika dau wetu wote.

Mwaka huu tulianzisha muundo mkuu wa kupanua biashara za namna mbalimbali kama sehemu ya mkakati wetu kuongeza ufanisi katika biashara, wakati wote kutosheleza mahitaji ya wateja yanayokua na kuongeza thamani ya mwanahisa.

Mkakati huu umeegemezwa kwenye nguzo sita muhimu na unahusisha mlengo wa kuinua shughuli za biashara za mteja na mtumizi, upanuzi wa bidhaa na kuchukua hatua za kuimarisha hesabu.

Tunaendelea kuchukua hatua kukuza biashara na tunakuwa na maendeleo mazuri dhidi ya mpango wetu.

Matokeo yetu ya mwaka wa 2014 yanaonyesha wazi athari za baadhi ya hatua hizo.Tulichukua hatua jasiri ya kufunga kituo cha Nakuru ili kusaidia malengo yetu yaliyotajwa.Ufungaji (tokeo la mapitio yanayohusishwa na maendeleo ya kasi) unaipa Eveready nafasi kuingia katika mkakati wa upanuzi wa kimsingi - Ujenzi wa nyumba. Kampuni ilianzisha Flamingo/ Properties (Kenya) Ltd ili kuendeleza uvamizi wake katika jaribio na ardhi hiyo Nakuru itakuwa mojawapo ya uekezaji wake mkuu.Tutakuwa tukiwajuza kuhusu maendeleo yetu katika hili.

Kama ilivyoonyeshwa, na Mwenyekiti, tutaendelea kutoa kwa wateja wetu bidhaa zetu zote anuai za viwango vya kilimwengu ziliopo chini ya chapa ya Eveready na Energizer, kujumuisha betri za D na aina ya PAKA PAWA licha ya kufungwa kwa mtambo wa Nakuru.

Tulianzisha chapa ya TURBO ya betri za magari katika mwaka wa 2014.Tulizindua pia aina ya taa za Eveready zing'aazo kama sehemu ya upanuzi wetu wa bidhaa za nyumbani. Kufikia sasa upokezi wa bidhaa hii na wateja na soko umekuwa mzuri sana na tunatarajia kwa furaha kujumuisha bidhaa hii katika mazoea ya matumizi ya wateja wetu na kuongezea mchango wake katika biashara.

Maendeleo muhimu yamefikiwa katika kuimarisha mchango wa bidhaa zilizonunuliwa na biashara mpya kuruhusu kupevuka kwa biashara ya betri za D, ijapokuwa kazi ya ziada inahitajikaa kufikia faida ya viwango vinavyokubalika.

Hali ya usalama inayozorota katika soko letu la Nairobi (Mashariki),Kaskazini Mashariki na la Pwani la Mombasa kwa sehemu kubwa ya mwaka wa 2013 iliathiri pakubwa njia za shughuli zetu katika maeneo hayo ambayo yalifanya mapato yanayohusishwa na maeneo haya kupungua.Hii iliathiri utendaji wetu wa mapato ya jumla.

Mapato yetu halisi yaliathiriwa na uundaji upya na uekezaji katika biashara za ziada lakini utendaji wa biashara wa kimsingi umekuwa thabiti.

Tunaendelea vizuri katika ahadi tulizotoa kama sehemu ya mpango wetu wa kuimarisha. Ninafurahishwa na maendeleo ya upanuzi.Tumeweza kupiga hatua haraka zaidi kuliko ilivyotarajiwa katika kupanua idadi ya bidhaa zetu, ikituleta mbele ya muda tulioweka.Kupitia uchanganuzi wa kimsingi na kulenga, tunanuia kuripoti maendeleo kuhusu malengo yetu ya 2015.

Tumeekeza kwa kiasi kikuu katika kuigeuza biashara zetu. Katika miezi na miaka inayokuja tunataraji kuona faida za hili zikipatikana.

Tukifanya kazi kuelekea kuipanga upya biashara yetu tuna ufahamu zaidi kuhusu siku za usoni zitakavyokuwa. Wakati tuna mengi zaidi ya kufanya na tunataraji mazingira tunayofanyia kazi kubakia ya changamoto, tuna sababu zote kuwa na matarajio mema kuhusu matazamio yetu na kuwa na imani kuwa tutakuwa mshiriki wa chaguo katika eneo katika utoaji wa masuluhisho ya mtindo wa maisha kwa washika dau wetu wote.

Jackson Mutua, **Mkurugenzi Msimamizi**
Tarehe 30 Januari Mwaka 2015

The Directors submit their report together with the audited financial statements for the year ended 30 September 2014.

1. Principal Activity

Main business and operations

The activities of the Company are selling of manufactured Eveready dry cells “D” size batteries in East Africa and trading in an assortment of imported Eveready and Energizer flashlights and batteries, Schick razors and accessories and Turbo car batteries.

2. Results for the year

The results for the year ended 30 September 2014 are set out on page 25.

3. Dividends

No dividend has been paid or proposed for the year ended 30 September 2014 (2013: Nil).

4. Directors

The present composition of the Board is set out on page 4 to 7.

5. Auditors

BDO East Africa Kenya have expressed their willingness to continue in office in accordance with section 159(2) of the Kenyan Companies Act (Cap 486).

By Order of the Board

Jackson Mutua
Managing Director

30 January 2015

At Eveready, we acknowledge that in order to create and build sustainable value to our shareholders we must be committed to achieving the highest standards of corporate governance. Eveready continues to support the Corporate Governance Guidelines issued by the Capital Markets Authority. Eveready complied with the guidelines except as may be indicated in this statement.

The Board of Directors is the highest governance body responsible for Eveready's strategic direction and activities. The Board is governed by a Code of Business Conduct and written Corporate Governance guidelines that comply with the Nairobi Stock Exchange (NSE) & the Capital Markets Authority (CMA) listing standards and guidelines. The guidelines set out the requirements relating to director responsibilities, qualification, compensation, orientation and continuing education and assessment of board performance among other things.

The Board has the following standing committees Audit Committee, Finance & Risk Committee, and the Remuneration & Nominations Committee. The descriptions of the mandates as well as the requirements of committee members are spelt out in the respective committee charters which are routinely updated. The role and function of the Committees are spelt out below:

a) Audit Committee

The Audit Committee of the Board of Directors assists the Board in fulfilling its responsibilities with respect to accounting and management controls, and financial reporting. Specifically, the Audit Committee is responsible for overseeing: the internal audit function and the work of the external auditor;

- that that the system of management controls in place in the Company is robust and effective, and protects the assets of the Company on a reasonable and economic basis
- provides for proper authorization and recording of transactions
- ensures financial information is reliable and accurate
- monitors compliance with laws and regulations;
- the issuance of financial statements and ensuring that these reflect fairly the financial situation and results of the company, in accordance with generally accepted accounting principles.

b) Finance & Risk Committee

The Finance and Risk Committee assists the Board in reviewing the financial plans, budgets and strategies of the Company, and ensures that all major risks facing the business are identified and addressed in a systematic fashion. The Committee works with management officers to examine and strengthen the quality of financial planning, and to maintain a comprehensive risk management framework.

c) Remuneration & Nominations Committee

The Remuneration and Nominations Committee assists the Board in addressing issues pertaining to remuneration levels and employee development and motivation. It ensures that the correct incentives and reward mechanisms are in place at the highest levels of the Company, whilst maintaining the principles of equity and appropriateness of compensation. The Committee is also the custodian of a systematic and transparent process for bringing new Directors on to the Board, and for proposing appointments to Board committees. It is comprised mainly of independent shareholders.

All matters deliberated upon by the Committees are tabled before the full Board in the form of a Committee Report as recommendations for the Board's decision.

Eveready's Board is required to be made up of up to nine (9) member three (3) of whom should be independent. We closed the year with eight (8) Directors. One third (1/3) of the Directors were independent.

The Board has delegated the management of the Company to the Managing Director who together with the management team are charged with the day to day operations of the Company. The Chairman meets separately with the Managing Director on a regular basis and other informal meetings take place between the Managing Director and the other directors as appropriate.

The Directors are usually authorized to fix their remuneration and the amounts paid are subsequently approved in gross terms by the shareholders at the Annual General Meetings. The Directors' costs which are related to their responsibilities to the Company as approved by the Chairman is met by the Company. The fees and emoluments paid out to Directors in fiscal year 2014 are set out in Note 28 page 54.

Remuneration of senior management is based on market rates and performance in line with the company's polices on remuneration and is outlined in note 28 page 54 of this Report. There were no share option plans implemented in FY 2014 and no Director was advanced a loan by the Company in the same period.

Audit & Accounting Functions

Eveready hired an internal auditor to spearhead its internal Audit function. Audit findings and recommendations are tabled before the Audit Committee for review who approve any changes to Company operations. The Company's external Auditors, BDO Associates, and the Company's Finance Manager are members of the Institute of Certified Public Accountants (ICPAK). The Auditors comply with the International Auditing Standards.

Board & Committees

The Board convenes at least four (4) times a year. The various board Committees also meet in the year to discuss various issues relating to the company. The time, date, venue and agenda of the meetings are communicated in advance of the meetings. The Chairman manages the conduct of the meeting to ensure that open and constructive discussions are held between the board and management. Ad hoc committee and Board meetings are convened to consider particular matters. The formal sessions recorded are outside of other meetings held between the Chairmen of the various committees and the Board Chairman and those between the Managing Director and the Board Chairman.

Securities trading

As a public company Eveready operates in an increasingly regulated and scrutinized environment. Eveready's culture is rooted in strong ethical behavior and this is evidenced by the sets of guidelines adopted by the company to guide everyday behavior. We have an ongoing ethics program and also have a set of codes and standards that we expect our suppliers and business partners to adhere to.

In accordance with the CMA guidelines on price sensitive information, Eveready has adopted an Insider Trading policy. Under this policy, Directors and employees of the company are prohibited from trading or otherwise dealing in company stock if they are in possession of price sensitive information which is not generally available to the public. In addition, Directors and employees are prohibited from trading in or otherwise dealing in company stock when a major announcement is imminent such as prior to the release of interim and annual results and when major negotiations are being undertaken.

Katika Eveready, tunatambua kuwa ili kujenga thamani imara kwa wanahisa wetu ni lazima tujitolee kufikia kiwango cha juu cha vigezo vya utawala wa kimashirika. Eveready inazidi kuungamkono Miongozo ya Utawala wa Kimashirika kama ilivyotolewa na Capital Markets Authority. Eveready imezingatia miongozo hii isipokuwa pale tu panapobainishwa na taarifa hii.

Halmashauri ndicho kiungo kikuu cha utawala chenye wajibu wa kutoa mwongozo wa kimikakati kwa Eveready. Halmashauri hii inaongozwa na maadili ya kibiashara na mwongozo wa maadili ya kimashirika ambao unafungamana na Soko la Hisa la Nairobi (Nairobi Stock Exchange) pamoja na Capital Markets Authority. Mwongozo huu unatoa matarajio ya mkurugenzi, wajibu wake, sifa zake, marupupurupu yake, mafunzo pamoja na utathmini wa utendakazi wa halmashauri pamoja na matarajio mengineyo.

Halmashauri inajumuisha kamati zifuatazo; Kamati ya Uhasibu, Kamati ya Fedha na Hatari, na Kamati ya Mishahara na Uteuzi. Ufafanuzi wa majukumu pamoja na sifa za wanakamati hizo umefafanuliwa kwenye hati husika ambazo huwa zinaboreshwa mara kwa mara. Wajibu na majukumu ya Kamati hizi ni kama ufuatao:

a) Kamati ya Uhasibu

Kamati hii inasaidia Halmashauri kutimiza wajibu kuambatana na uhasibu na utawala pamoja na taarifa za kifedha. Hususan Kamati ya Uhasibu uangazia:

- Jukumu la kishirika la uhasibu pamoja na kazi za mhasibu wa nje;
- Kuwa mfumo wa kumudu utawala uko imara na unalinda mali za kampuni katika kiwango cha kifaacho cha kiuchumi;
- Kutoa idhini na kuweka kumbukumbu za hesabu;
- Kuhakikisha kuwa taarifa za kifedha zinaweza kutegemewa na vilevile zi sahihi;
- Kufuatilia utimizwaji wa sheria;
- Kutolewa kwa taarifa za kifedha pamoja na kuhakikisha kuwa taarifa hizo zinaashiria hali sahihi ya kifedha kwa mujibu wa maadili husika.

b) Kamati ya Fedha na Hatari.

Kamati hii husaidia Halmashauri kuhakiki mipango ya kifedha, bajeti na mikakati, pamoja na kuhakikisha kuwa hatari zote kuu zinazoikumba kapuni zimetambuliwa na kushughulikiwa kwa mfumo mwafaka. Aidha, kamati hii hushirikiana na maafisa wa kiutawala kutathmini ubora wa mipango ya kifedha pamoja na kuhakikisha kuwepo kwa muudo murua wa kukabiliana na hatari.

c) Kamati ya Mishahara na Uteuzi

Kamati hii husaidia Halmashauri kushughulikia masuala ya mishahara pamoja na ukuaji na utoaji motisha kwa wafanyakazi. Inahakikisha kuwa motisha zifaazo pamoja na mifumo ya mshahara iko imara katika daraja kuu la Kampuni huku ikizingatia maadili na ufaafu wa marupurupu husika. Kamati hii vilevile ndiyo ilindayo mifumo murua ya kuteua wakurugenzi wapya kwenye Halmashauri na pia kupendekeza wale watakaoteuliwa kwenye kamati mbalimbali. Kamati hii inajumuisha tu wanahisa wa kujitegemea.

Masuala yote yaliyoshughulikiwa na Kamati hizi upelekwa kwa Halmashauri kama ripoti ya kamati mbalimbali kuwa mapendekezo kwa uamuzi wa Halmashauri.

Halmashauri ya Eveready inapaswa kujumuisha watu tisa (9). Watatu wa wanachama hawa wanaa kuwa wa kujitegemea – wasiogemea upande wowote. Tulifunga mwaka tukiwa na wakurugenzi wanane (8). Thuluthi (1/3) ya wakurugenzi hawa walikuwa wa kujitegemea.

Halmashauri imekabidhi utawala wa kampuni kwa Mkurugenzi Mkuu ambaye kwa pamoja na jopo la watawala wana jukumu la kushughulikia utendakazi wa kampuni wa kila siku. Mwenyeki hukutana na Mkurugenzi Mkuu mara kwa mara huku mikutano mingineyo inayohusu taarifa mbalimbali ikifanyika baina ya Mkurugenzi Mkuu na wakurugenzi wengine husika.

Wakurugenzi wamepewa mamlaka ya kumudu mishahara na malipo yatolewayo kwa kuidhinishwa na wanahisa kwa misingi ya wanahisi waliohudhuria Mikutano Mikuu ya kila mwaka. Gharama za Mkurugenzi zinazohusiana na majukumu ya kikampuni na ambazo zimeidhinishwa na kampuni husimamiwa na Kampuni. Ujira na malipo mengineyo yanayotolewa kwa wakurugenzi katika mwaka wa matumizi ya fedha wa 2014 yamefafanuliwa kwenye Nakala 28 ukurasa wa 54.

Mishahara ya watawala wakuu imegemezwa kwenye viwango vya soko pamoja na utendakazi wao kuambatana na sera za kampuni kuhusu mishahara. Hii imeelezwa katika ukurasa wa 54 kwenye ripoti hii ndani ya Nakala 28.

Hakukuwa na mipango ya hisa mbadala zilizotekelezwa katika mwaka wa matumizi ya fedha wa 2014 na kwamba hakuna mkurugenzi aliyepewa mkopo na Kampuni katika kipindi hiki.

Shughuli za Kiuhasibu na Kifedha

Kampuni katika mwaka wa fedha 2014, ili ajiri mhasibu wake wa ndani, ili kuongoza uhasibu wake wa ndani. Matokeo ya uhasibu huu pamoja na mapendekezo yaliyomo huwekwa mbele ya Kamati ya Uhasibu ili kutathminiwa na kisha kamati hiyo hufanya masahihisho yafaayo.

Wahasibu wa nje wa Kampuni, BDO Associates pamoja na Mkuu wa Idara ya Fedha ya Eveready ni wanachama wa Taasisi ya Wahasibu wa Umma Nchini (ICPAK). Wahasibu hawa huzingatia viwango vya kimataifa vya uhasibu.

Halmashauri na Kamati

Halmashauri hukutana takriban mara nne (4) kwa mwaka. Kamati mbalimbali za Halmashauri pia hukutana kila mwaka kujadili masuala kuhusu Kampuni.

Wakati, saa, mahali pamoja na ajenda za mikutano hii hutangazwa kabla ya mikutano kufanyika. Mwenyekiti humudu mikutano hiyo kuhakikisha kuwa mijadala wazi inafanyika kati ya halmashauri na utawala. Kamati za dharura na zile za Halmashauri hufanyika ili kuangazia masuala mahsusi.

Vikao hivi rasmi vimenakiliwa nje ya mikutano mingineyo iliyohudhuriwa baina ya Wenyekiti wa kamati mbalimbali pamoja na Mwenyekiti na ile kati ya Mkurugenzi Mkuu na Mwenyekiti.

Biashara ya Dhamana

Kama kampuni ya umma Eveready inatenda shughuli zake katika mazingira yenye kupigwa darubi na yenye kudhibitiwa. Kaida zake zimeegemezwa kwenye miongozo imara ya kitabia na kimaadili. Hali hii inadhihirika kupitia sheria zilizotwaaliwa ili kuongoza tabia za kila siku. Kwa sasa tunayo miradi ya kimaadili na yenye ubora ambao wagawaji wetu pamoja na washirika wetu wa kibiashara wanafaa kuwa nayo.

Kuambata na sheria za CMA za taarifa siri za bei, Eveready imetwaa Sera ya Kibiashara. Kulingana na sera hii, wakurugenzi na wafanyakazi wa kampuni hii hawafai kufanya biashara ya kuuza hisa ikiwa wanamiliki taarifa za siri za bei ambazo hazipatikani na umma. Aidha, wakurugenzi na wafanyakazi hawafai kufanya biashara za hisa ikiwa kunatarajiwa kuwepo kwa tangazo muhimu kama vile la matokeo ya muda au ikiwa mijadala inaendelea kuhusu hisa hizo.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Directors are required in terms of the Local legislation over companies to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the group's cash flow forecast for the year ended 30 September 2015 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group's financial statements. The financial statements have been examined by the group's external auditors and their report is presented on pages 24.

The financial statements set out on pages 25 to 59, which have been prepared on the going concern basis, were approved by the board on 15 January 2015 and were signed on its behalf by:

Jackson Mutua	Mrs. Lucy Waithaka
Director	**Director**

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REPORT OF THE INDEPENDENT AUDITORS

To the shareholders of Eveready East Africa Limited

Report on the Financial Statements

We have audited the financial statements of Eveready East Africa Limited, which comprise the Statement of Financial Position as at 30 September 2014, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 25 to 59.

Directors' Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the Financial Position of Eveready East Africa Limited as at 30 September 2014, and its Financial Performance and its Cash Flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Local legislation over companies.

Report on Other Legal and Regulatory Requirements

As required by the Local legislation over companies we report to you, based on our audit, that:

- 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;
- In our opinion proper books of account have been kept by the Group and the Company, so far as appears from our examination of those books; and
- The Group's and Company's Statement of Financial Position and Statement of Comprehensive Income are in agreement with the books of account.

BDO East Africa Kenya
Certified Public Accountants of Kenya

Clifford Ah Chip
Signing Partner and Engagement Partner responsible for the Independent Audit
CPA, Practicing Registration Number P/1964

Date: 30th January 2015

STATEMENT OF COMPREHENSIVE INCOME

		Group		Company	
		2014	2013 Restated	2014	2013 Restated
	Notes	K Sh '000	K Sh '000	K Sh '000	K Sh '000
Revenue	5	1,216,580	1,428,278	1,209,291	1,415,395
Cost of sales	6	(883,215)	(1,080,676)	(879,795)	(1,074,254)
Gross profit		**333,365**	**347,602**	**329,496**	**341,141**
Other income	7	2,585	4,770	2,585	4,770
Operating expenses		(281,138)	(250,298)	(261,867)	(245,711)
Operating profit	8	**54,812**	**102,074**	**70,214**	**100,200**
Plant closure costs	9	(246,342)	-	(246,342)	-
Finance costs	10	(56,483)	(41,961)	(56,477)	(41,961)
(Loss) profit before taxation		**(248,013)**	**60,113**	**(232,605)**	**58,239**
Taxation	11	70,424	(15,021)	69,838	(14,454)
(Loss) profit for the year		**(177,589)**	**45,092**	**(162,767)**	**43,785**
Total comprehensive (loss) income for the year		**(177,589)**	**45,092**	**(162,767)**	**43,785**
Earnings per share					
Per share information					
Basic earnings per share (K Sh)	12	(0.85)	0.21	(0.78)	0.21

STATEMENT OF FINANCIAL POSITION *as at 30 September 2014*

	Notes	Group 2014 K Sh '000	Group 2013 Restated K Sh '000	Company 2014 K Sh '000	Company 2013 Restated K Sh '000	Company 2012 Restated K Sh '000
Assets						
Non-Current Assets						
Property, plant and equipment	13	32,548	185,904	26,535	178,665	182,428
Prepaid operating lease rentals	14	198	202	198	202	205
Investment in subsidiary	15	-	-	12,754	-	-
Deferred tax	16	126,956	65,956	126,956	64,992	88,401
Retirement benefit asset	17	6,998	5,764	6,998	5,764	5,007
		166,700	**257,826**	**173,441**	**249,623**	**276,041**
Current Assets						
Inventories	18	502,405	446,584	478,663	421,179	592,597
Amount receivable from group companies	19	-	-	53,666	43,691	-
Current tax receivable	20	9,566	7,868	6,944	6,944	6,944
Trade and other receivables	21	242,391	214,730	224,576	205,727	176,710
Cash and cash equivalents	22	8,995	14,789	4,839	7,668	99,791
		763,357	**683,971**	**768,688**	**685,209**	**876,042**
Total Assets		**930,057**	**941,797**	**942,129**	**934,832**	**1,152,083**
Equity and Liabilities						
Equity						
Share capital	23	210,000	210,000	210,000	210,000	210,000
Reserves		1,471	1,334	1,668	1,464	1,355
Retained income		6,992	184,581	20,513	183,280	139,495
		218,463	**395,915**	**232,181**	**394,744**	**350,850**
Liabilities						
Non-Current Liabilities						
Deferred tax	16	21,023	29,963	21,023	28,432	37,476
Provisions	24	118,278	71,900	118,278	71,900	68,000
		139,301	**101,863**	**139,301**	**100,332**	**105,476**
Current Liabilities						
Other financial liabilities	25	91,995	94,359	91,995	94,359	185,628
Trade and other payables	26	185,458	208,757	183,812	204,494	234,731
Bank overdraft	22	294,840	140,903	294,840	140,903	275,398
		572,293	**444,019**	**570,647**	**439,756**	**695,757**
Total Liabilities		**711,594**	**545,882**	**709,948**	**540,088**	**801,233**
Total Equity and Liabilities		**930,057**	**941,797**	**942,129**	**934,832**	**1,152,083**

The financial statements and the notes on pages 18 to 59, were approved by the board on the 15 January 2015 and were signed on its behalf by:

Jackson Mutua
Director

Mrs. Lucy Waithaka
Director

	Share capital	Foreign currency translation reserve	Actuarial reserve	Total reserves	Retained income	Total equity
	K Sh '000	K Sh '000	K Sh '000	K Sh '000	K Sh '000	K Sh '000
Group						
Opening balance as previously reported	210,000	-	-	-	139,489	349,489
Adjustments						
Prior year adjustment-IAS 19 Employee Benefits Obligation	-	-	1,355	1,355	-	1,355
Balance at 01 October 2012 as restated	**210,000**	**-**	**1,355**	**1,355**	**139,489**	**350,844**
Profit for the year	-	-	-	-	45,092	45,092
Other comprehensive income	-	(130)	-	(130)	-	(130)
Total comprehensive income for the year	**-**	**(130)**	**-**	**(130)**	**45,092**	**44,962**
OCI movement (restated)	-	-	109	109	-	109
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**109**	**109**	**-**	**109**
Balance at 01 October 2013	**210,000**	**(130)**	**1,464**	**1,334**	**184,581**	**395,915**
Loss for the year	-	-	-	-	(177,589)	(177,589)
Other comprehensive income	-	(67)	-	(67)	-	(67)
Total comprehensive Loss for the year	**-**	**(67)**	**-**	**(67)**	**(177,589)**	**(177,656)**
OCI movement during the year	-	-	204	204	-	204
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**204**	**204**	**-**	**204**
Balance at 30 September 2014	**210,000**	**(197)**	**1,668**	**1,471**	**6,992**	**218,463**
Notes	23	34				

	Share capital	Foreign currency translation reserve	Actuarial reserve	Total reserves	Retained income	Total equity
	K Sh '000	K Sh '000	K Sh '000	K Sh '000	K Sh '000	K Sh '000
Company						
Opening balance as previously reported	210,000	-	-	-	139,495	349,495
Adjustments						
Prior year adjustments-IAS 19 Employee Benefits Obligation	-	-	1,355	1,355	-	1,355
Balance at 01 October 2012 as restated	**210,000**	**-**	**1,355**	**1,355**	**139,495**	**350,850**
Profit for the year	-	-	-	-	43,785	43,785
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**43,785**	**43,785**
OCI movement (restated)	-	-	109	109	-	109
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**109**	**109**	**-**	**109**
Opening balance as previously reported	210,000	-	-	-	183,280	393,280
Adjustments						
Prior year adjustments-IAS 19 Employee Benefits Obligation	-	-	1,464	1,464	-	1,464
Balance at 01 October 2013 as restated	**210,000**	**-**	**1,464**	**1,464**	**183,280**	**394,744**
Loss for the year	-	-	-	-	(162,767)	(162,767)
Total comprehensive Loss for the year	**-**	**-**	**-**	**-**	**(162,767)**	**(162,767)**
OCI movement during the year	-	-	204	204	-	204
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**204**	**204**	**-**	**204**
Balance at 30 September 2014	**210,000**	**-**	**1,668**	**1,668**	**20,513**	**232,181**
Notes	23	34				

	Notes	Group 2014 K Sh '000	Group 2013 Restated K Sh '000	Company 2014 K Sh '000	Company 2013 Restated K Sh '000
Cash flows from operating activities					
Cash generated from operations	27	(88,053)	234,269	(64,989)	261,904
Finance costs		(56,483)	(41,961)	(56,477)	(41,961)
Tax paid	20	(1,698)	(924)	-	-
Net cash from operating activities		**(146,234)**	**191,384**	**(121,466)**	**219,943**
Cash flows from investing activities					
Purchase of property, plant and equipment	13	(11,681)	(51,384)	(10,755)	(43,373)
Sale of property and equipment	13	548	760	548	760
Amounts advanced to group companies		-	-	(9,975)	(43,691)
Investment in subsidiary company		-	-	(12,754)	-
Net cash from investing activities		**(11,133)**	**(50,624)**	**(32,936)**	**(86,304)**
Cash flows from financing activities					
Changes in other financial liabilities		(2,364)	(91,269)	(2,364)	(91,269)
Net cash from financing activities		**(2,364)**	**(91,269)**	**(2,364)**	**(91,269)**
Total cash movement for the year		**(159,731)**	**49,491**	**(156,766)**	**42,370**
Cash at the beginning of the year		(126,114)	(175,605)	(133,235)	(175,605)
Total cash at end of the year	22	**(285,845)**	**(126,114)**	**(290,001)**	**(133,235)**

1. Presentation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Local legislation over companies. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Kenyan Shillings.

1.1 Significant judgements and sources of estimation uncertainty

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

Trade receivables, Held to maturity investments and Loans and receivables

The group assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Available-for-sale financial assets

The group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Fair value estimation

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

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors such as exchange rates inflation interest.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 24 - Provisions.

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. Refer note 16 - Deferred tax.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

1.1 Significant judgements and sources of estimation uncertainty (Continued)

Taxation (Continued)

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income.

Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.2 Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated financial statements are presented in Kenyan Shilling which is the group functional and presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Kenyan Shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are
- translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity,
any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Kenyan Shillings by applying to the foreign currency amount the exchange rate between the Kenyan Shilling and the foreign currency at the date of the cash flow.

Investments in subsidiaries, joint ventures and associates

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

1.3 Segment reporting

IFRS 8, Operating Segments requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is consistent with the internal reporting provided to the board of directors. The Company defines operating segments mainly on the basis of geographical areas.

1.4 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group;
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method. Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.5 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.6 Employee benefits

The Company operates a defined contribution scheme for the majority of its non-unionised employees and a defined retirement benefit scheme for the rest of its unionised employees.

Defined contribution plans

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The assets of both schemes are held in separate trustee administered funds, which are funded by contributions from both the Company and employees. The Company and all its employees also contribute to the National Social Security Fund, which is a defined contribution scheme.

The Company's contributions to the defined contribution scheme are charged to the statement of comprehensive income in the year to which they relate. The Company has no further obligation once the contributions have been paid.

Defined benefit plans

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

For the defined benefit scheme, the pension costs are assessed using the "Projected Unit Credit" method. Under this method, the cost of providing pensions is charged to the statement of comprehensive income so as to spread the regular cost over the service lives of the employees. This is done based on advice received from the actuaries who carry out a full valuation of the plan every three years.

The liability recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses are recognised over the remaining service lives of the employees.

Other entitlements

The Company operates an unfunded gratuity scheme for its unionised employees, under which lump sum payments are paid on retirement due to age, medical, termination of service and redundancy. The gratuity payable is dependent on the number of completed years of service by the employee.

1.6 Employee benefits (Continued)

The liability recognised in the statement of financial position and the Company contributions are assessed using the projected unit credit method. The notional contributions are charged to the statement of comprehensive income in the year to which they relate.

The estimated monetary liability for employees' accrued annual leave entitlement at the date of the statement of financial position is recognised as an expense accrual.

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses and credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.8 Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

1.9 Property, plant and equipment

The cost of an item of property, plant and equipment are recognised as an asset when:
- it is probable that future economic benefits associated with the item will flow to the Company; and
- the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	25 - 30 years
Plant and machinery	15 years
Furniture and fixtures	6 years
Motor vehicles	3 years
Computers	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.9 Property, plant and equipment (Continued)

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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.

The gain or loss arising from the derecognition of an item of property, plant and equipment are included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.10 Prepaid operating lease rentals

Prepaid operating lease rentals are recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Prepaid operating lease rentals are initially recognised at cost.

Prepaid operating lease rentals is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these prepaid operating lease rentals, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other prepaid operating lease rentals amortisation is provided on a straight line basis over their useful life.
The amortisation period and the amortisation method for prepaid operating lease rentals are reviewed every period-end.

Reassessing the useful life of prepaid operating lease rentals with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the prepaid operating lease rentals, on a straight line basis, to their residual values as follows:

Item	Useful life
Prepaid operating lease rentals	100 years

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. Income for leases is disclosed under revenue in profit or loss.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.12 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

1.12 Impairment of assets (Continued)

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.13 Investments in subsidiaries

Company financial statements

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:
- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.14 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined by the first-in-first-out (FIFO) method for manufactured goods and weighted average for imported finished goods.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The cost of manufactured 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.

The cost of imported finished goods comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.15 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:
- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

1.15 Financial instruments (Continued)

Initial recognition and measurement (Continued)

Regular way purchases of financial assets are accounted for at trade date.

Subsequent measurement

Dividend income is recognised in profit or loss as part of other income when the group's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for- sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available -for-sale equity instruments are recognised in profit or loss as part of other income when the group's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in profit or loss, while translation differences on non-monetary items are recognised in other comprehensive income and accumulated in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

1.15 Financial instruments (Continued)

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes

in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

1.16 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.17 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses. If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1.17 Provisions and contingencies (Continued)

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32.

1.18 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all entities, including special purpose entities, which are controlled by the Company.

Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

1.19 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.

- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

2. Risk management

Financial risk management

The group’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group’s financial performance.

Risk management is carried out by the Finance Department under policies approved by the Board of Directors. The Finance Department identifies, evaluates and hedges financial risks.

A description of the significant risk factors is given below together with the risk management policies applicable:

Foreign exchange risk

The Company closely monitors foreign exchange rates. Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies. Foreign currency letters of credit facilities are also used to manage foreign currency fluctuations.

2. Risk management (Continued)

Foreign exchange risk (Continued)

Management also considers whether foreign exchange hedges should be undertaken when exchange rate fluctuations are more volatile than normal.

The Company's main currency risk arises from a depreciation of the Kenya Shilling against the US Dollar since the Company has significant liabilities that are denominated in US Dollars.

For the year ended 30 September 2014, if the Kenya Shilling weakened/(strengthened) by 1% against the US Dollar, with all other variables held constant, the post-tax loss for the year would have been higher/(lower) as stated below, mainly as a result of foreign currency purchases and creditors.

US Dollar ~ K Sh 2,393,649 higher/(lower) (2013: K Sh 2,185,814 higher/(lower))

Foreign currency exposure at the end of the reporting period

	Group		Company	
	2014 K Sh '000	2013 K Sh '000	2014 K Sh '000	2013 K Sh '000
Current assets				
Trade debtors, USD - (2013 : USD 3,586)	-	3	-	3
Bank balances, USD 17,684 (2013 : USD 18,023)	1,580	16	1,580	16
Liabilities				
Overdraft, USD 1,913,065 (2013 : USD 309,758)	172,541	(268)	172,541	(268)
Trade creditors, USD 884,098 (2013 : USD 1,145,460)	78,994	(992)	78,994	(992)
Other financial liabilities, USD 1,029,602(2013 : USD 1,088,969)	91,995	(944)	91,995	(944)
Exchange rates used for conversion of foreign items were:				
USD	89.35	86.65	89.35	86.65

Credit risk

Credit risk is managed on a group basis.

Credit risk consists mainly of cash deposits, cash equivalents, as well as trade and other receivables, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account it financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Credit risk arises from cash and cash equivalents, deposits with banks, as well as trade and other receivables. The Company does not have any significant concentrations of credit risk. The Company's customers comprise mainly of contracted distributors and the main retail supermarkets. The Company's policies require that each customer's credit limit be supported by a bank guarantee; any excess above the credit limit are assessed on a case by case basis, and usually requires approval by the Managing Director. Individual risk limits are set based on a customer's financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and the current economic environment.

2. Risk management (Continued)

Credit risk (Continued)

The amount that best represents the Company's exposure to credit risk as at 30 September 2014 is made up as follows:

	Group		Company		
	2014 K Sh '000	2013 K Sh '000	2014 K Sh '000	2013 K Sh '000	2012 K Sh '000
Financial instrument					
Trade receivables	222,219	193,146	211,020	188,459	161,550
Other receivables	20,172	21,584	13,556	17,268	15,160
Cash and cash equivalent	8,995	14,789	4,839	7,668	93,437

No collateral is held for any of the above assets. All receivables that are either past due or impaired are within their approved credit limits, and no such receivables have had their terms renegotiated. None of the above assets are past due or impaired except for the following amounts in trade receivables (which are due within 30 days of the end of the month in which they are invoiced):

	Group		Company	
	2014 K Sh '000	2013 K Sh '000	2014 K Sh '000	2013 K Sh '000
Past due				
- by up to 30 days	78,574	121,220	74,947	116,533
- by 31 to 90 days	94,063	66,607	93,891	66,607
- over 90 days	49,582	7,490	42,182	7,490
	222,219	195,317	211,020	190,630
Impaired				
Impaired	-	2,171	-	2,171

All receivables past due by more than 90 days are considered to be impaired, and are carried at their estimated recoverable value.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

2. Risk management (Continued)

Liquidity risk (Continued)

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Management monitors rolling forecasts of the Company's liquidity position on the basis of expected cash flows.

The table below analyses the group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group

At 30 September 2014	Less than 1 year	Between 2 and 5 years
Other financial liabilities	91,995	-
Derivative financial instruments	294,840	-
Trade and other payables	185,458	-
Gratuity	-	118,278

At 30 September 2013	Less than 1 year	Between 2 and 5 years
Other financial liabilities	94,359	-
Bank overdraft	140,903	-
Trade and other payables	208,757	-
Gratuity	-	71,900

Company

At 30 September 2014	Less than 1 year	Between 2 and 5 years
Other financial liabilities	91,995	-
Bank overdraft	290,115	-
Trade and other payables	173,813	-
Gratuity	-	118,278

At 30 September 2013	Less than 1 year	Between 2 and 5 years
Other financial liabilities	94,359	-
Bank overdraft	140,903	-
Trade and other payables	204,500	-
Gratuity	-	71,900

Cash flow and fair value interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Company's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company monitors its interest rate exposure regularly, taking into account alternative financing options to ensure that optimum interest rates are obtained and that the risk borne is reasonable.

2. Risk management (Continued)

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratio at 2014 and 2013 respectively were as follows:

		Group		Company	
		2014 K Sh '000	**2013 K Sh '000**	**2014 K Sh '000**	**2013 K Sh '000**
Total borrowings					
Other financial liabilities	25	91,995	94,359	91,995	94,359
Less: Cash and cash equivalents	22	(285,845)	(126,114)	(290,001)	(133,235)
Net debt		377,840	220,473	381,996	227,594
Total equity		218,463	395,915	232,181	394,744
Total capital		**596,303**	**616,388**	**614,177**	**622,338**
Gearing ratio		63%	36%	62%	37%

3. Segmental Information

The Company defines operating segments on the basis of geographical regions. During the financial year ended 30 September 2014, Eveready significantly reduced its distribution into the export markets. Export sales in terms of volumes accounted for 6% of the total sales reported during the year. Uniform accounting policies were applicable to all operating segments.

Segmental Operating Results:

	Company		
	2014 K Sh '000	**2013 K Sh '000**	**2012 K Sh '000**
Sales			
Export sales	67,237	151,673	228,002
Local sales	1,142,054	1,263,722	1,146,787
Total	**1,209,291**	**1,415,395**	**1,374,789**
Gross Profit			
Export sales	8,295	1,239	8,840
Local sales	321,201	339,902	305,728
Total (2014: 27% margin, 2013: 24% margin)	**329,496**	**341,141**	**314,568**

3. Segmental Information (Continued)

	Company		
	2014 K Sh '000	**2013 K Sh '000**	**2012 K Sh '000**
Total asset (Debtors)			
Export sales	-	314	382
Local sales	211,020	188,145	161,168
	211,020	**188,459**	**161,550**

4. Changes in accounting policy

The Company has adopted the required amendment provisions for IAS 19 Employee Benefits on its defined benefit scheme. The new amendment abolishes the ability to defer recognition of actuarial gains and losses using the corridor approach. Actuarial gains and losses are recognised as Other Comprehensive Income as they occur. Amounts recorded in the profit or loss are limited to current and past service costs, gains or losses on settlements and net interest income (expense). All other changes in the net defined benefit asset (liability)are recognised in Other Comprehensive Income with no subsequent recycling to profit or loss. In principle this standard has been applied retrospectively and the 2013 comparatives contained in these financial statements differ from those published in the financial statements published for the year ended 30 September 2013.

a) Adjustment at 01 October 2012 and before

	Retirement Benefit Asset Ksh' 000	**Actuarial Reserve Ksh' 000**	**Net Deferred Tax assets Ksh' 000**	**Retained Income Ksh' 000**
At 01 October 2012- as previously reported	3,071	-	51,506	139,495
Prior year adjustment- IAS 19 Revised	1,936	1,355	(581)	-
As restated	**5,007**	**1,355**	**50,925**	**139,495**

b) Adjustment for the year ended 30 September 2013

	Group		Company	
	2014 K Sh '000	**2013 K Sh '000**	**2014 K Sh '000**	**2013 K Sh '000**
At 01 October 2013- as restated	5,007	1,355	50,925	139,495
Movement during the year as previously reported	1,056	-	(14,454)	44,104
Effect of IAS 19 Employee Benefits Revised	(299)	109	89	(319)
At 30 September 2013- restated	**5,764**	**1,464**	**36,560**	**183,280**
5. Revenue				
Sales of manufactured goods	665,253	874,834	665,253	874,834
Sales of purchased goods	551,327	553,444	544,038	540,561
	1,216,580	**1,428,278**	**1,209,291**	**1,415,395**
6. Cost of sales				
Sale of goods				
Cost of goods sold	883,215	1,080,676	879,795	1,074,254

7. Other income

	Group		Company	
	2014 K Sh '000	2013 K Sh '000	2014 K Sh '000	2013 K Sh '000
Profit and loss on disposal of assets	548	760	548	760
Rental income	1,775	1,684	1,775	1,684
Other miscellaneous income	262	2,326	262	2,326
	2,585	**4,770**	**2,585**	**4,770**

8. Operating profit

Operating profit for the year is stated after accounting for the following:

	Group 2014 K Sh '000	Group 2013 K Sh '000	Company 2014 K Sh '000	Company 2013 K Sh '000
Operating lease charges				
Lease rentals on operating lease - Other				
• Contractual amounts	154	-	-	-
Profit on sale of property, plant and equipment	548	760	548	760
Employee benefits expense	226,893	210,233	226,894	209,650
Depreciation on property, plant and equipment	23,306	21,176	23,306	20,404
Amortization of prepaid lease rentals	4	3	4	3
Auditors' remuneration	1,875	1,340	1,875	1,093
Operating lease rentals expensed	7,151	6,505	7,151	6,505
Employee benefit expense				
Salary and wages	219,260	203,448	217,005	202,885
Retirement benefit expense				
Defined contribution scheme	9,659	6,545	9,659	6,525
National Social Security Fund	326	240	230	240
	229,245	**210,233**	**226,894**	**209,650**
Expense by nature				
Depreciation	25,459	21,176	23,306	20,404
Amortization	4	3	4	3
Employee benefits scheme	226,894	210,233	226,894	209,650
Changes in inventories of finished goods and WIP	227,121	393,366	224,260	387,050
Raw materials and consumables used	442,524	444,342	442,524	444,342
Transportation	1,582	1,347	1,582	1,347
Other expenses	275,901	260,186	270,035	256,850
	1,199,485	**1,330,653**	**1,188,605**	**1,319,646**

9. Plant closure costs

	Group 2014 K Sh '000	Group 2013 K Sh '000	Company 2014 K Sh '000	Company 2013 K Sh '000
Machinery	120,672	-	120,672	-
Raw materials	37,032	-	37,032	-
Spares materials	13,353	-	13,353	-
Buildings	18,907	-	18,907	-
Redundancy costs	46,378	-	46,378	-
Provision for liability on contract staff	10,000	-	10,000	-
	246,342	**-**	**246,342**	**-**

10. Finance costs

	Group		Company	
	2014 K Sh '000	2013 K Sh '000	2014 K Sh '000	2013 K Sh '000
Net foreign exchange (gain) / loss	15,845	12,954	15,839	12,954
Current borrowings	40,638	29,007	40,638	29,007
	56,483	**41,961**	**56,477**	**41,961**

11. Taxation

Major components of the tax (income) expense

Deferred

	Group 2014	Group 2013	Company 2014	Company 2013
Originating and reversing temporary differences	(70,424)	15,021	(69,838)	14,454

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	Group 2014	Group 2013	Company 2014	Company 2013
Accounting (loss) profit	(248,013)	60,113	(232,605)	58,239
Tax at the applicable tax rate of 30% (2013: 30%)	(74,404)	18,034	(69,709)	17,472
Tax effect of adjustments on taxable income				
Income not subjected to tax	(697)	(1,412)	(697)	(1,412)
Disallowed expenses	568	879	568	875
Adjustment on deferred tax due to changes of rate from 25% to 30%	4,109	(2,575)	-	(2,575)
	(70,424)	**14,926**	**(69,838)**	**14,360**

The income tax rate of 30% in 2014 (2013:30% ; 2012: -%)

12. Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	Group 2014	Group 2013	Company 2014	Company 2013
Basic (loss) earnings per share (c per share)	(0.85)	0.21	(0.78)	0.21
Reconciliation of profit or loss for the year to basic earnings				
Profit or loss for the year attributable to equity holders of the Company (K Sh'000)	(177,589)	45,411	(162,767)	44,104
Prior year adjustment-IAS 19 (revised)	-	(309)	-	(309)
	(177,589)	**45,102**	**(162,767)**	**43,795**

12. Earnings per share (Continued)

Dividends per share

No dividend is proposed for the year ended 30 September 2014 (2013: Nil). No interim dividend was paid during the year (2013: Nil).

Proposed dividends are accounted for as a separate component of equity until they have been ratified at an annual general meeting.

Payment of dividend is subject to withholding tax at a rate of 10% for non-resident shareholders. No withholding tax is charged to local shareholders consisting of companies that hold more than 12.5% of the total shareholding or are exempt.

13. Property, plant and equipment

Group		**2014**			**2013**	
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Buildings	29,448	(29,448)	-	49,698	(29,375)	20,323
Plant and machinery	248,711	(248,711)	-	367,775	(235,318)	132,457
Furniture and fixtures	44,559	(29,744)	14,815	43,733	(26,158)	17,575
Motor vehicles	73,164	(62,572)	10,592	80,770	(74,328)	6,442
IT equipment	26,464	(19,504)	6,960	24,715	(18,144)	6,571
Capital work in progress	181	-	181	2,536	-	2,536
Total	**422,527**	**(389,979)**	**32,548**	**569,227**	**(383,323)**	**185,904**

Company		**2014**			**2013**	
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Buildings	29,448	(29,448)	-	49,698	(29,375)	20,323
Plant and machinery	248,711	(248,711)	-	367,775	(235,318)	132,457
Furniture and fixtures	42,853	(29,210)	13,643	42,853	(26,064)	16,789
Motor vehicles	67,642	(60,929)	6,713	75,248	(73,856)	1,392
IT equipment	24,754	(18,756)	5,998	23,106	(17,938)	5,168
Capital work in progress	181	-	181	2,536	-	2,536
Total	**413,589**	**(387,054)**	**26,535**	**561,216**	**(382,551)**	**178,665**

Company		**2012**	
	Cost / Valuation	**Accumulated depreciation**	**Carrying value**
Buildings	49,698	(28,700)	20,998
Plant and machinery	365,179	(221,071)	144,108
Furniture and fixtures	30,303	(24,599)	5,704
Motor vehicles	79,328	(75,272)	4,056
IT equipment	17,788	(16,585)	1,203
Capital work in progress	6,359	-	6,359
Total	**548,655**	**(366,227)**	**182,428**

13. Property, plant and equipment (Continued)

Reconciliation of property, plant and equipment - Group - 2014

	Opening balance	Additions	Transfers	Depreciation	Impairment loss	Total
Buildings	20,323	-	-	-	(20,323)	-
Plant and machinery	132,457	-	1,608	(13,393)	(120,672)	-
Furniture and fixtures	17,575	826	-	(3,586)	-	14,815
Motor vehicles	6,442	-	9,583	(5,433)	-	10,592
IT equipment	6,571	100	1,919	(1,630)	-	6,960
Capital work in progress	2,536	10,755	(13,110)	-	-	181
	185,904	**11,681**	**-**	**(24,042)**	**(140,995)**	**32,548**

Reconciliation of property, plant and equipment - Company - 2014

	Opening balance	Additions	Transfers	Depreciation	Impairment loss	Total
Buildings	20,323	-	-	(1,416)	(18,907)	-
Plant and machinery	132,457	-	1,608	(13,393)	(120,672)	-
Furniture and fixtures	16,789	-	-	(3,146)	-	13,643
Motor vehicles	1,392	-	9,583	(4,262)	-	6,713
IT equipment	5,168	-	1,919	(1,089)	-	5,998
Capital work in progress	2,536	10,755	(13,110)	-	-	181
	178,665	**10,755**	**-**	**(23,306)**	**(139,579)**	**26,535**

Reconciliation of property, plant and equipment - Company - 2013

	Opening balance	Additions	Transfers	Depreciation	Total
Buildings	20,998	-	-	(675)	20,323
Plant and machinery	144,108	2,596	-	(14,247)	132,457
Furniture and fixtures	5,704	12,550	-	(1,465)	16,789
Motor vehicles	4,056	-	-	(2,664)	1,392
IT equipment	1,203	5,318	-	(1,353)	5,168
Capital work in progress	6,359	22,909	(26,732)	-	2,536
	182,428	**43,373**	**(26,732)**	**(20,404)**	**178,665**

14. Prepaid operating lease rentals

Group

	2014			2013		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Prepaid operating lease rentals	362	(164)	198	362	(160)	202

Company

	2014			2013		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Prepaid operating lease rentals	362	(164)	198	362	(160)	202

Company

	2012		
	Cost / Valuation	Accumulated amortisation	Carrying value
Prepaid operating lease rentals	362	(157)	205

Reconciliation of prepaid operating lease rentals - Group - 2014

	Opening balance	Amortisation	Total
Prepaid operating lease rentals	202	(4)	198

Reconciliation of prepaid operating lease rentals - Company - 2014

	Opening balance	Amortisation	Total
Prepaid operating lease rentals	202	(4)	198

Reconciliation of prepaid operating lease rentals - Company - 2013

	Opening balance	Amortisation	Total
Prepaid operating lease rentals	205	(3)	202

15. Investment in subsidiary

	Group		Company		
	2014 K Sh '000	2013 K Sh '000	2014 K Sh '000	2013 K Sh '000	2012 K Sh '000
Investment					
Investment in Flamingo Properties Uganda Limited	-	-	12,754	-	-
Non-current assets					
Investment in flamingo properties Uganda Limited	-	-	12,754	-	-

The group has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

16. Deferred tax

	Group		Company		
	2014 K Sh '000	2013 K Sh '000	2014 K Sh '000	2013 K Sh '000	2012 K Sh '000
Deferred tax liability					
Accelerated capital allowances for tax purposes	(18,194)	(27,373)	(18,194)	(25,842)	(23,341)
Provision for obsolete stock	16,746	4,254	16,746	4,254	11,953
Unrealised exchange differences	6,053	(1,353)	6,053	(1,353)	(13,368)
Provision for staff leave	2,883	1,911	2,883	1,911	1,592
Provision for gratuity	31,705	21,078	31,705	21,078	16,419
Tax losses available to offset against future taxable income	24,696	38,492	24,696	37,528	39,836
Provision for plant closure	(924)	221	(924)	221	18,601
Provision for retirement benefit obligation	(1,905)	(1,237)	(1,905)	(1,237)	(767)
Provision for terminal dues	3,000	-	3,000	-	-
Provision for plant impairment	41,873	-	41,873	-	-
Total deferred tax liability	**105,933**	**35,993**	**105,933**	**36,560**	**50,925**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	2014	2013	2014	2013	2012
Deferred tax assets	126,956	65,956	126,956	64,992	88,401
Deferred tax liabilities	(21,023)	(29,963)	(21,023)	(28,432)	(37,476)
Total net deferred tax asset	**105,933**	**35,993**	**105,933**	**36,560**	**50,925**

	2014	2013	2014	2013	2012
Reconciliation of deferred tax asset / (liability)					
At beginning of year	35,993	50,925	36,560	50,925	49,754
Provision for terminal dues	3,000	-	3,000	-	-
Accelerated capital allowance	2,980	636	2,980	2,167	2,436
Retirement benefit asset	584	(317)	584	(317)	631
Unrealised exchange differences	4,732	14,689	4,732	14,689	(34,158)
Provision for impairment	41,873	-	41,873	-	-
Provision for gratuity	13,913	1,259	13,913	1,259	1,900
Tax losses	(12,025)	(1,584)	(12,592)	(2,548)	13,787
Provision for staff leave	-	-	-	-	928
Provision for obsolete stock	14,883	(10,090)	14,883	(10,090)	(158)
Provision for closure	-	(22,100)	-	(22,100)	18,601
Adjustment on opening balance due to changes in tax rates from 25% to 30%	-	2,575	-	2,575	(2,796)
	105,933	**35,993**	**105,933**	**36,560**	**50,925**

Recognition of deferred tax asset
An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and
- the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

17. Retirement benefits

	Group		Company		
	2014 K Sh '000	2013 K Sh '000	2014 K Sh '000	2013 K Sh '000	2012 K Sh '000
Defined benefit plan					
Carrying value					
Present value of the defined benefit obligation-partially or wholly funded	(9,156)	(8,067)	(9,156)	(8,067)	(7,334)
Fair value of plan assets	16,018	13,831	16,018	13,831	12,341
Prior year adjustment (net deferred tax)	136	-	136	-	-
	6,998	**5,764**	**6,998**	**5,764**	**5,007**
Movements for the year					
Opening balance-as previously reported	(4,127)	(3,071)	(5,764)	(3,071)	(5,593)
Prior year adjustment- IAS 19 Employee Benefits (Revised)	-	-	-	(1,936)	-
Actuarial gains/(losses) recognised in Other Comprehensive Income	-	-	(291)	(156)	-
Other	-	-	-	-	(31)
Net (income)/expense recognised in profit or loss	-	(1,056)	(807)	(601)	2,553
	(4,127)	**(4,127)**	**(6,862)**	**(5,764)**	**(3,071)**
Net (income)/expense recognised in profit or loss					
Interest cost	-	880	1,129	880	990
Actuarial (gains) losses	-	(702)	-	-	2,507
Expected return on plan assets	-	(1,234)	(1,936)	(1,481)	(944)
	-	**(1,056)**	**(807)**	**(601)**	**2,553**

Key assumptions used
Assumptions used on last valuation on 04 November 2014.

Discount rates used	- %	14.00%	13.50%	14.00%	12.00%
Expected rate of return on assets	- %	10.00%	- %	10.00%	10.00%

The defined benefit scheme has been closed to future accrual of benefits with effect from 1 October 2006 for members except those within 5 years of retirement. Past service benefits remain intact with the Company meeting any under funding through either cash injection and better investment returns on the scheme assets, over a period of 3 years commencing from 1 October 2006. Future service benefits for all non-unionised employees will be through the defined contribution scheme.

Defined contribution plan

Following the closure of the defined benefit scheme, the Company commenced contributions to a defined contribution scheme for all its non-unionised employees recruited from 1 October 2005. With effect from 1 October 2006, other non-unionised employees from the defined benefit scheme except those within 5 years of retirement have migrated to the defined contribution scheme. For the year ended 30 September 2014, the Company contributed K Sh 9,658,831(2013: K Sh 6,524,973), which has been charged to the statement of comprehensive income.

17. Retirement benefits (Continued)

The Company also makes contribution to a statutory provident fund, the National Social Security Fund. Contributions are determined by local statutes and are shared between the employer and employee. For the year ended 30 September 2014, the Company contributed K Sh 748,348 (2013: K Sh 701,056), which has been charged to the statement of comprehensive income.

18. Inventories

	Group		Company		
	2014 K Sh '000	**2013 K Sh '000**	**2014 K Sh '000**	**2013 K Sh '000**	**2012 K Sh '000**
Raw materials, components	87,482	177,865	87,482	177,865	281,679
Work in progress	11,315	27,533	11,315	27,533	15,134
Finished goods	402,957	224,136	379,215	198,731	271,329
Maintenance stock	651	17,050	651	17,050	24,455
	502,405	**446,584**	**478,663**	**421,179**	**592,597**

The cost of inventory recognised as expense by the Company and included in cost of sales amounted to K Sh 678,654,228 (2013: K Sh 848,221,815).

Borrowings are secured by floating charges on the assets of the Company including inventory.

19. Amounts receivable(payable) to group companies

Subsidiaries

Flamingo Properties Uganda Limited	**-**	**-**	**53,666**	**43,691**	**-**

The balance of amount receivable by the Company from Flamingo Properties Uganda Limited as trade debtors for the products sold to them is K Sh 53,665,806.

20. Current tax payable / (receivable)

Balance at beginning of the year	7,868	6,944	6,944	6,944	
Balance at end of the year	(9,566)	(7,868)	(6,944)	(6,944)	
	(1,698)	**(924)**	**-**	**-**	

21. Trade and other receivables

Trade receivables	222,219	193,146	211,020	188,459	161,550
Prepayments	9,012	7,354	8,710	7,354	6,204
Amounts due from related parties	-	5,074	-	5,074	2,284
Other receivable	11,160	9,156	4,846	4,840	6,672
	242,391	**214,730**	**224,576**	**205,727**	**176,710**

The fair values of trade and other receivables approximate to their carrying amount.

22. Cash and cash equivalents

	Group		Company		
	2014 K Sh '000	2013 K Sh '000	2014 K Sh '000	2013 K Sh '000	2012 K Sh '000
Cash and cash equivalents consist of:					
Cash on hand	4,863	130	4,839	91	6,355
Bank balances	4,132	14,659	-	7,577	93,436
Bank overdraft	(294,840)	(140,903)	(294,840)	(140,903)	(275,398)
	(285,845)	**(126,114)**	**(290,001)**	**(133,235)**	**(175,607)**
Current assets	8,995	14,789	4,839	7,668	99,791
Current liabilities	(294,840)	(140,903)	(294,840)	(140,903)	(275,398)
	(285,845)	**(126,114)**	**(290,001)**	**(133,235)**	**(175,607)**

23. Share capital

Authorised, issued and fully paid upordinary share capital

210,000,000 ordinary shares of par value of K Sh 1	210,000	210,000	210,000	210,000	210,000

24. Provisions

Reconciliation of provisions - Group - 2014

	Opening balance	Additions	Total
Service gratuity	71,900	46,378	118,278

Reconciliation of provisions - Group - 2013

	Opening balance	Additions	Total
Service gratuity	68,000	3,900	71,900

Reconciliation of provisions - Company - 2014

	Opening balance	Additions	Total
Service gratuity	71,900	46,378	118,278

Reconciliation of provisions - Company - 2013

	Opening balance	Additions	Total
Service gratuity	68,000	3,900	71,900

An actuarial valuation was carried out to determine the present value of the gratuity component of the retirement benefit for the Company. According to the valuation report, the Company's obligation at 30 September 2014 amounted to K Sh 118,278,124 (2013: K Sh 71,900,000), resulting in a debit of K Sh 46,378,234 (2013: debit of K Sh 3,900,000) to the statement of comprehensive income during the year.

The principal actuarial assumptions used were as follows:
- Discount rate: 2014:14% p.a(2013: 14% p.a.)
- Future salary increase: 2014: 10% p.a (2013: 10% p.a.)
- Retirement age: 2014: 25% at 55 years and balance at 60 years (2013: 25% at 55 years and balance at 60 years)

25. Other financial liabilities

	Group		Company		
	2014 K Sh '000	2013 K Sh '000	2014 K Sh '000	2013 K Sh '000	2012 K Sh '000
At fair value through profit or loss					
Short term loan - Citi bank	91,995	94,359	91,995	94,359	185,628
Current liabilities					
Fair value through profit or loss	91,995	94,359	91,995	94,359	185,628

The borrowings are secured with a debenture creating Fixed and Floating Charge over the assets of the Company for USD 3,200,000 and K Sh 175,000,000 (being USD 5,800,000 at the rate of K Sh 61.97 to the USD) ranking pari passu with CBA Debenture at K Sh 175,000,000.

The carrying amounts of financial liabilities at fair value through profit or loss are denominated in the

following currencies:

US Dollar	-	1,089	-	1,089	2,177

26. Trade and other payables

Trade payables	116,354	142,039	115,263	142,030	110,467
Amount due to related party	22,917	7,655	22,917	7,655	20,058
Accrued expense	36,662	52,555	36,107	48,301	95,025
Other payables	9,525	6,508	9,525	6,508	9,181
	185,458	**208,757**	**183,812**	**204,494**	**234,731**

The fair values of trade and other payables approximate to their carrying amount.

27. Cash (used in) generated from operations

(Loss) profit before taxation	(248,013)	60,113	(232,605)	58,239
Adjustments for:				
Depreciation and amortisation	25,463	21,178	23,310	20,407
Profit on sale of assets	(548)	(760)	(548)	(760)
Finance costs	56,483	41,961	56,477	41,961
Movements in retirement benefit assets and liabilities	(565)	(738)	(565)	(738)
Movements in provisions	46,378	3,900	46,378	3,900
Foreign currency translation reserve	(49)	(129)	-	-
Impairment of plant and machinery	139,579	-	139,579	-
Transfer from work in progress	-	26,732	-	26,732
Changes in working capital:				
Inventories	(55,821)	146,013	(57,484)	171,418
Trade and other receivables	(27,661)	(38,019)	(18,849)	(29,016)
Trade and other payables	(23,299)	(25,982)	(20,682)	(30,239)
	(88,053)	**234,269**	**(64,989)**	**261,904**

28. Related parties

Relationships

The immediate parent Company is East Africa Batteries Limited incorporated in Kenya. The Company has other related parties by virtue of common directorships or common shareholdings.

The following transactions were carried out with related parties:

	Group		Company	
	2014 K Sh '000	**2013 K Sh '000**	**2014 K Sh '000**	**2013 K Sh '000**
Related party balances				
Outstanding balances arising from purchase of goods, services and commissions				
Energizer Egypt	556	2,786	556	2,786
Eveready Hong Kong	-	-	-	-
Energizer Hong Kong	-	2,896	-	2,896
Energizer Middle East	45,428	38,007	45,428	38,007
PT Indonesia	-	-	-	-
Energizer Battery Company - Technical service fees	22,917	7,655	22,917	7,655
Receivables from related parties				
Energizer Singapore	-	4,327	-	4,327
EBL DUBAI	16	-	16	-
Energizer Indonesia	-	125	-	125
Energizer Hong Kong	-	623	-	623
Related party transactions				
Purchase of goods and services				
Purchase of goods and services (at commercial terms and conditions)	301,366	250,815	301,366	250,815
Technical services and trade mark fees				
Technical fees	28,140	36,935	28,140	36,935
Key management compensation				
Salaries and other short term employment benefits	48,565	55,761	48,565	55,761
Post - employment benefits - Pension	7,529	3,135	7,529	3,135
Directors remuneration				
Fees for services as a Director	7,747	5,580	7,747	5,580
Other emoluments				
Other emoluments (including those in key management above)	18,083	17,028	18,083	17,028

29. Commitments

Authorised capital expenditure				
Already contracted for but not provided for				
• Property, plant and equipment	7,140	6,000	7,140	6,000

This capital expenditure has been committed but not contracted for at the date of the Statement of Financial Position and therefore not recognised in the financial statements.

30. New Standards and Interpretations

30.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IFRS 10 Consolidated Financial Statements

Standard replaces the consolidation sections of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation - Special Purpose Entities. The standard sets out a new definition of control, which exists only when an entity is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to effect those returns through power over the investee.
The effective date of the standard is for years beginning on or after 01 January 2013.
The company has adopted the standard for the first time in the 2014 financial statements.
The impact of the standard is not material.

IAS 27 Separate Financial Statements

Consequential amendment as a result of IFRS 10. The amended Standard now only deals with separate financial statements.
The effective date of the amendment is for years beginning on or after 01 January 2013.
The company has adopted the amendment for the first time in the 2014 financial statements.
The impact of the standard is not material.

IFRS 11 Joint Arrangements

The standard replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities-Non Monetary Contributions by Venturers. The standard defines a Joint arrangement as existing only when decisions about relevant activities require the unanimous consent of the parties sharing joint control in terms of a contractual arrangement. The standard identifies two types of joint arrangements as:

- Joint Operations which exist when the entities sharing joint control have direct rights to the assets and obligations for the liabilities of the joint arrangements. In such cases the joint operators recognise their share of the assets and liabilities and profits and losses of the joint arrangements in their financial statements.

- Joint ventures which exist when the entities sharing joint control only have rights to the net assets of the joint arrangements. Joint venturers account for their interest in joint ventures using the equity method of accounting.

The effective date of the standard is for years beginning on or after 01 January 2013.
The company has adopted the standard for the first time in the 2014 financial statements.
The impact of the standard is not material.

IFRS 12 Disclosure of Interests in Other Entities

The standard sets out disclosure requirements for investments in Subsidiaries, associates, joint ventures and unconsolidated structured entities. The disclosures are aimed to provide information about the significance and exposure to risks of such interests. The most significant impact is the disclosure requirement for unconsolidated structured entities or off balance sheet vehicles.
The effective date of the standard is for years beginning on or after 01 January 2013.
The company has adopted the standard for the first time in the 2014 financial statements.
The impact of the standard is not material.

IFRS 13 Fair Value Measurement

New standard setting out guidance on the measurement and disclosure of items measured at fair value or required to be disclosed at fair value in terms of other IFRS's.
The effective date of the standard is for years beginning on or after 01 January 2013.
The company has adopted the standard for the first time in the 2014 financial statements.
The impact of the standard is not material.

30. New Standards and Interpretations (Continued)

IAS 19 Employee Benefits Revised

• Require recognition of changes in the net defined benefit liability(asset) including immediate recognition of the defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements.
• Introduce enhanced disclosures about defined benefits plans.
• Modify accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and effect the recognition and measurement of termination benefits.
• Clarification of miscellaneous issues, including the classification of employees benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features.

The effective date of the amendment is for years beginning on or after 01 January 2013.
The company has adopted the amendment for the first time in the 2014 financial statements.
The impact of the amendment is set out in note changes in Accounting Policy.

Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

Amendment requires additional disclosures for financial assets and liabilities which are offset and for financial instruments subject to master netting arrangements.
The effective date of the amendment is for years beginning on or after 01 January 2013.
The company has adopted the amendment for the first time in the 2014 financial statements.
The impact of the amendment is not material.

Offsetting Financial Assets and Financial Liabilities(Amendments to IAS 32)

Clarification of certain aspects concerning the requirements for offsetting financial assets and financial liabilities.
The effective date of the amendment is for years beginning on or after 01 January 2013.
The company has adopted the amendment for the first time in the 2014 financial statements.
The impact of the amendments is not material.

IFRS 1-Annual Improvements for 2009-2011 cycle

Clarification is provided on the requirements for comparative information. Specifically, if a retrospective restatement is made, a retrospective change in accounting policy or a reclassification, the statement of financial position at the beginning of the previous period is only required if the impact on the beginning of the previous period is material. Related notes are not required, other than disclosure of specified information.
The effective date of the amendment is for years beginning on or after 01 January 2013.
The company has adopted the amendment for the first time in the 2014 financial statements.
The impact of the amendment is not material.

IAS 1-Annual Improvements for 2009-2011 cycle

Clarification is provided on the requirements for comparative information. Specifically, if a retrospective restatement is made, a retrospective change in accounting policy or a reclassification, the statement of financial position at the beginning of the previous period is only required if the impact on the beginning of the previous period is material. Related notes are not required, other than disclosure of specified information.
The effective date of the amendment is for years beginning on or after 01 January 2013.
The company has adopted the amendment for the first time in the 2014 financial statements.
The impact of the amendment is not material.

IAS 16-Annual Improvements for 2009-2011 cycle

Spare parts, stand by equipment and servicing equipment should only be classified as property, plant and equipment if they meet the definition.
The effective date of the amendment is for years beginning on or after 01 January 2013.
The company has adopted the amendment for the first time in the 2014 financial statements.
The impact of the amendment is not material.

30. New Standards and Interpretations (Continued)

IAS 32-Annual Improvements for 2009-2011 cycle

Tax effects of distributions made to holders of equity instruments. Income tax relating to distributions made to holders of equity instruments and tax effects of transaction costs of equity transactions must be accounted for in accordance with IAS 12 Income Taxes.
The effective date of the amendment is for years beginning on or after 01 January 2013.
The company has adopted the amendment for the first time in the 2014 financial statements.
The impact of the amendment is not material.

IAS 34-Annual Improvements for 2009-2011 cycle

Clarification on reporting of segment assets and segment liabilities in interim financial reports. Such reporting is only required when it is regularly reported to the chief operating decision maker, and when there has been a material change from the previous annual financial statements.
The effective date of the amendment is for years beginning on or after 01 January 2013.
The company has adopted the amendment for the first time in the 2014 financial statements.
The impact of the amendment is not material.

Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance. Transitional guidance for the application of IFRS 10, IFRS 11 and IFRS 12. The amendment limits the requirement to provide adjusted comparative information to only the preceding comparative period.
The effective date of the amendment is for years beginning on or after 01 January 2013.
The company has adopted the amendment for the first time in the 2014 financial statements.
The impact of the amendment is not material.

27.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 October 2014 or later periods:

IAS 36-Recoverable Amount Disclosures for Non-Financial Assets

The amendment brings the disclosures for impaired assets whose recoverable amount is fair value less costs to sell in line with the disclosure requirements of IFRS 13 Fair Value Measurements.
The effective date of the amendment is for years beginning on or after 01 January 2014.
The company expects to adopt the amendment for the first time in the 2015 financial statements.
The company is unable to reliably estimate the impact of the amendment on the financial statements.

IFRIC 21 Levies

The interpretation provides guidance on accounting for levies payable to government. It specifies that the obligating event giving rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. A constructive obligation for levies that will be triggered by operating in future is not raised by virtue of the entity being economically compelled to operate in future or for being a going concern. Furthermore, if the obligating event occurs over a period of time, then the liability is recognised progressively. An asset is recognised if an entity has prepaid a levy before the obligating event. This accounting also applies to interim reporting.
The effective date of the interpretation is for years beginning on or after 01 January 2014.
The company expects to adopt the interpretation for the first time in the 2015 financial statements.
It is unlikely that the interpretation will have a material impact on the company's financial statements.

IAS 39-Novation of Derivatives and Continuation of Hedging Accounting/IFRS 9

The amendment provides guidance on whether an entity is required to discontinue hedging when the derivatives which are designated hedging instruments are novated to a central counterparty.
The effective date of the amendment is for years beginning on or after 01 January 2014.
The company expects to adopt the amendment for the first time in the amendment 2015.
It is unlikely that the amendment will have a material impact on the company's financial statements.

IFRS 10,IFRS 12 and IFRS 12-Investment Entities

30. New Standards and Interpretations (continued)

The amendments define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities. These amendments require an investment entity to measure those subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27.

The effective date of the amendments is for years beginning on or after 01 January 2014.
The company expects to adopt the amendments for the first time in the 2015 financial statements.
It is unlikely that the amendment will have a material impact on the company's financial statements.

31. 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.

(i) Critical accounting estimates and assumptions

Retirement benefit obligations
Critical assumptions are made by the actuary in determining the present value of retirement benefit obligations. These assumptions are set out in Note 15.

Property, plant and equipment
Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment. The rates used are set out in Note 1.9 above.

Income taxes

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

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

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

- classification of leases
- the useful lives of, or expected pattern of consumption of the future economic benefits embodied in depreciable assets
- whether assets are impaired
- the value of deferred tax asset recognised
- provision for bad and doubtful debts
- provision for stock obsolescence
- the fair value of financial liabilities

32. Contingencies

The Company has contingent liabilities arising from various legal claims. The directors, having taken appropriate legal advice, do not anticipate that material liabilities will arise from pending litigations against the Company.

33. Auditors' remuneration

	Group		Company		
	2014 K Sh '000	2013 K Sh '000	2014 K Sh '000	2013 K Sh '000	2012 K Sh '000
Audit and tax fees	2,182	1,341	1,875	1,094	

34. Foreign currency translation reserve

Translation reserve comprises exchange differences on consolidation of foreign subsidiaries.

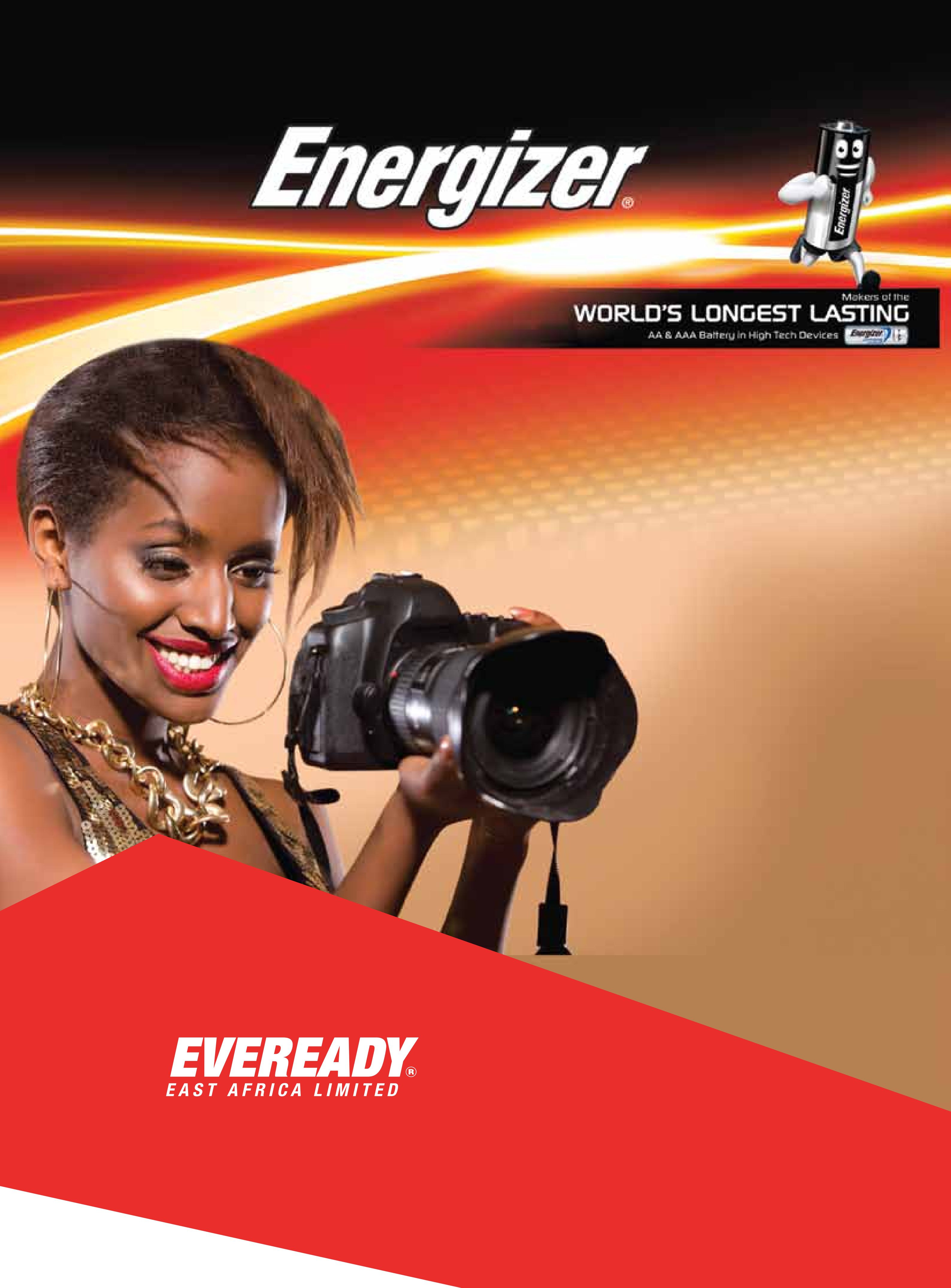
Currency translation difference-Uganda	(197)	(130)	-	-	-

35. Restructured operations

The Group closed its Nakuru plant on 30 September 2014.The decision was made by the Board of Directors to focus on distribution of the dry cell battery and other products identified under the Group's diversification strategy. The D-battery previously manufactured at the Nakuru plant will be sourced from Eveready Egypt and other countries.

The revenue generated during the year from the Nakuru plant was Ksh'000: 666,675.

The manufacturing assets have been impaired and are not held for sale.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AA & AAA Battery in High Tech Devices
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TURBO
THE SMART WAY TO DRIVE!
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Form of Proxy / Fomu ya Uwakilishi

I/We* ____

of P.O. Box ______________Code________ being a member/members*

of the above named Company, hereby appoint ______________________

or failing him ______________________________of P.O. Box

___________code _______ as my/our proxy* to vote for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held on Thursday 14th day of May 2015, and at any adjournment thereof.

As witness my/our* hand this ___________ day of ______________ 2015.

This Form is to be used in favour of/against* the resolution. Unless otherwise instructed, the proxy will vote as he/she sees fit.

*Strike out whichever is not desired.

Notes:

1.To be valid, this Proxy Form must either be deposited at the offices of the Company's shares Registrars, Image Registrars Limited, Barclays Plaza, 5th Floor, Loita Street, P.O. Box 9287 – 00100 GPO, Nairobi or lodged at the Company's registered office at, MCFL Logistic Centre, 1st Floor, Mombasa Road P.O. Box 44765 - 00100 Nairobi not later than 11a.m on Tuesday May 12, 2015 failing which it will be invalid.

2. In the case of a corporate body the Proxy Form must be under its common seal or by notification in writing under the hand of some officer of the corporation duly authorized in that behalf.

Mimi/Sisi____

Anwani____________________________kama mwanahisa/wanahisa wa

Kampuni iliotajwa, namteua/tunamteua ___________________________

na akikosa, nateua/tunamteua _________________Anwani ___________

kama mwakilishi wangu/wetu, kupiga kura kwa niaba yangu/yetu kwenye Mkutano Mkuu wa Mwaka utaofanyika Alhamisi, 14 Mei 2015 ama siku yoyote ile endapo mkutano hua utahirishwa.

Sahihi

____

Sahihi hii/hizi imewekwa/zimewekwa Tarehe _____ ya______________2015.

Mimi/sisi ninamuagiza/tunamuagiza mwakilishi kupiga kura kuunga mkono/dhidi ya/ kuzuia kura kwa maamuzi kama ilivyoelekezwa katika sehemu ya nyuma ya fomu hii.

*futa yasiyofaa

Maelezo:

1. Ni lazima fomu hii ya uwakilishi kufikishwa kwa Katibu wa Kampuni Image Registrars Limited, Barclays Plaza, 5th Floor, Loita Street, Anwani 9287 – 00100 GPO, Nairobi ama iwasilishwe katika ofisi za kampuni iliopo MCFL Logistics Centre, 1st Floor, Mombasa Road, Anwani 44765 – 00100, Nairobi kabla ya 11.00a.m. Jumanne, 12 Mei, 2015.

2. Iwapo mteuaji ni shirika, fomu hii ya uwakilishi ni lazima ipigwe muhuri wa kampuni hiyo na walio idhinishwa.

FOLD 2

Affix
Stamp
Here

FOLD 1

The Company Secretary
Eveready East Africa Limited
MCFL Logistics Centre, 1st Floor
Mombasa Road
P.O. BOX 44765 - 00100
Nairobi
Kenya

FOLD 3

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goals

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Head Office - MCFL Logistics Centre, 1st Floor, Mombasa Road, P.O. Box 44765 -00100, Nairobi, Kenya
Tel: +254 20 298 0000 • Fax: +254 20 343213 • Email: info@eveready.co.ke • Website: www.eveready.co.ke