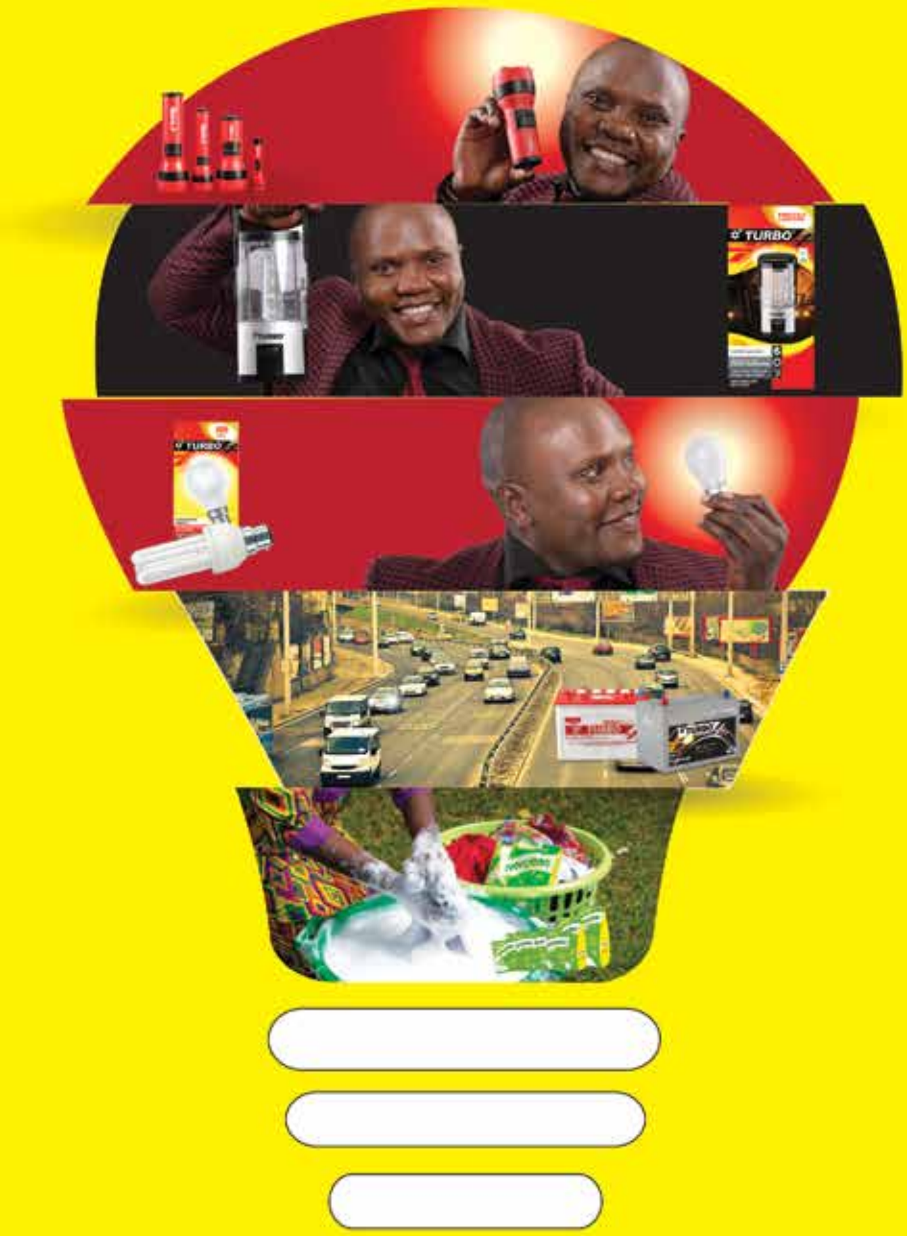
EVEREADY
E.A. PLC



2017 ANNUAL REPORT
AND FINANCIAL STATEMENTS

EVEREADY E.A. PLC

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

CORE VALUES

Passion
Integrity
Respect
Teamwork
Initiative

About this Annual report

This Integrated Annual Report provides a consolidated review of EVEREADY East Africa PLC's (the "Company" or "EVEREADY") financial, social, economic and environmental performance for the year ended 30 September 2017 and is primarily targeted at stakeholders including employees, shareholders and potential investors. This Integrated Annual Report 2017 aims to provide stakeholders with an understanding of the Company's business, prospects and strategy and an appreciation of the overall environment in which the Company operates. The report covers the operations of Eveready East Africa PLC for the year ended 30 September 2017.

Section I
financial highlights

Section II
strategic review

Section III
stakeholders report

Section IV
corporate governance

Section V
financial review

Section VI
additional information

FINANCIAL HIGHLIGHTS

About this Section

This section provides an overview of the major occurrences in the company since the last report. The financial highlights includes major statistics and figures and the statements provide qualitative information on major issues affecting the Company

Section I

financial highlights

Operational Highlights

We launched our brand of portable power solutions under the brand name TURBO® in November 2016. The brand has grown since its launch as we have used our knowledge of the industry and market to make significant progress in entrenching our brand to our consumers.

During the year under review, we experienced a significant downturn in the economy following a prolonged period of electioneering, insecurity in certain segments of the market, weak credit growth, creeping inflation and drought. These factors, together with our status as a new entrant in the battery business resulted to a decline in revenues to Kes.339m representing 39% of prior period performance.

The sale of our Nakuru property, which was finalized in the year under review, led to a gain of Kes.452m from the sale proceeds. The proceeds were used to clear the Company's debts and provide working capital to support the business.

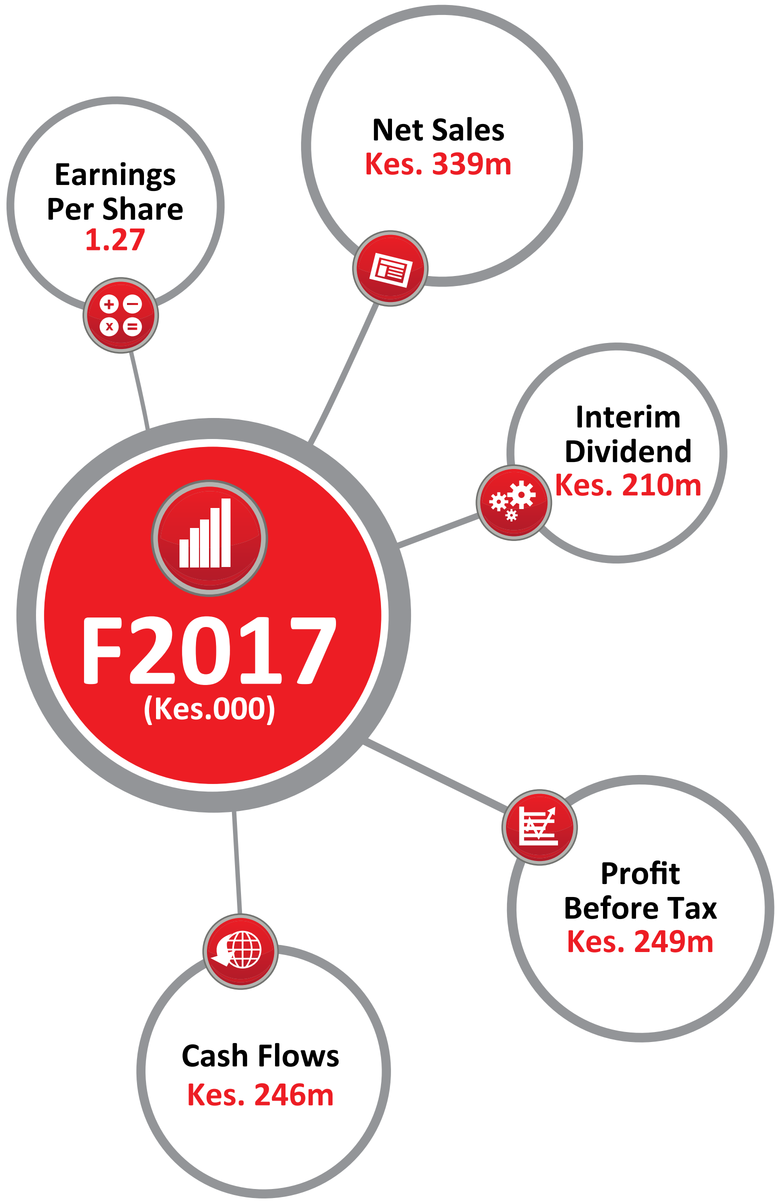
Overall, the Company registered a pre-tax profit for the year of Kes.273m.

Dividend

The Board declared a dividend of Kes.1/- per share (Kes.210m), payable to shareholders on the register on 19 May 2017. The Board does not recommend the payment of a final dividend in respect of FY2017.

Future Outlook

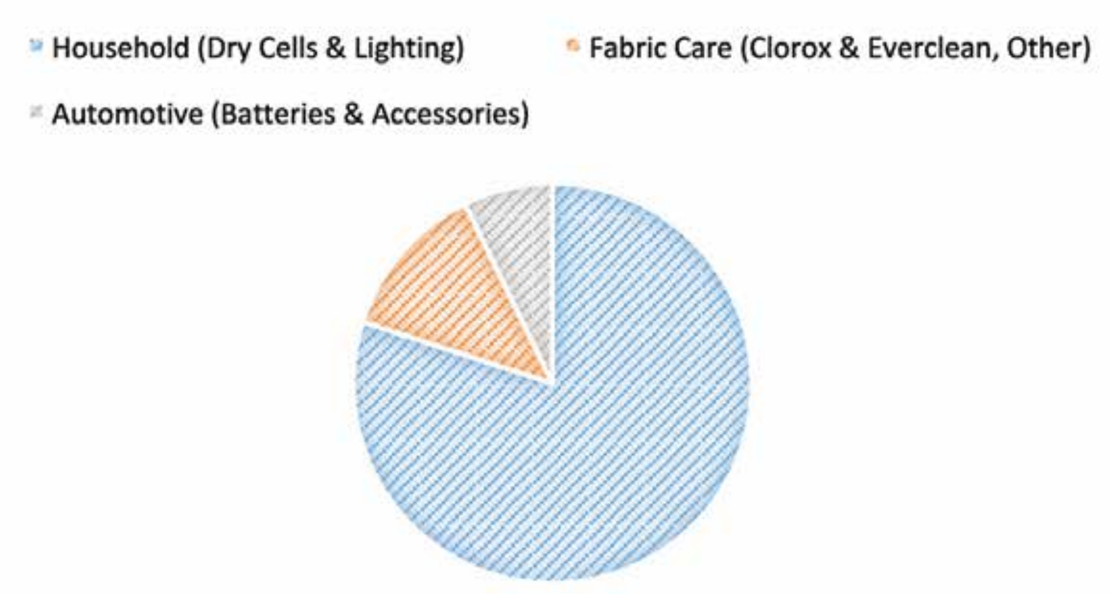
Going forward, we will committing our efforts on enhancing revenues and achieving profitability by focusing effort on key drivers of our business that will assist the business generate sufficient revenues in order to bring the business to profitability within the shortest time possible. We are also focusing on execution excellence as we are cognisant of the fact that the business as a new set up, requires that we review and re-engineer our route to market programs and also enhance and/or improve our efficiencies and organizational capabilities. We are projecting growth in revenues in key markets, segments and/or categories that we participate in.



An Overview of Our 2 (Two) Year Performance

FINANCIAL YEAR	2017	2016
NET SALES	Kes. 339m	Kes. 553m
EARNINGS PER SHARE (EPS)	1.27	(0.98)
PROFIT BEFORE TAX	Kes. 249m	(Kes. 219m)
FREE CASH FLOWS END OF YEAR	Kes. 246m	(Kes. 0.731m)
DIVIDEND	Kes. 210m	NIL

CATEGORY CONTRIBUTION



A New Beginning

2017 was no ordinary year for most businesses in Kenya and Eveready was no exception. The country experienced prolonged electioneering period that negatively affected people's livelihoods and businesses in equal measure. The economy was highly affected leading to depressed performance by most companies. Further to this our Company faced other extraordinary challenges in FY2017.

In 2013, the Board set in motion Plans to change our business from one that distributed third party brands, at great risk to our sustainability, to one that owned a significant part of its business. Our 2013–2017 Strategic Plan ("2013 Plan") achieved just that and brought TURBO®, our own brand of quality portable power solutions and a new entrant in the competitive portable power business. We initially limited this brand to our car batteries in 2013 but since then we have extended it to be the flagship brand in our business.

OUR BUSINESS IS STRONGER NOW BECAUSE OF THE BOLD DECISIONS THAT WE HAVE TAKEN TO GUARANTEE OUR FUTURE SUSTAINABLY

Because we delivered on the objectives of our 2013 Plan, we were able to respond quickly and decisively when the biggest risk to our business as highlighted above, manifested itself in FY2017 and we became a new entrant in the portable power business.

As you may be aware, Energizer Holdings Inc., a major shareholder who was involved in the set-up of our Company and who has previously controlled our business and still owns significant shares in our Company, acting through its trading subsidiary, offered onerous trade terms during negotiations for the renewal of the distribution contract. The Board evaluated the same and felt that acceptance of such terms would be highly detrimental to the business, both in medium and long term, and therefore opted not to renew the agreement under the said terms. Energizer Inc. through its subsidiary, chose to appropriate the business opportunity to themselves by trading in the products in this market through a different partnership, thus directly competing with Eveready in the dry cell and flashlight business. They did so using a brand that we introduced and grew in this market on their behalf for 50 years. We appreciate the support by our shareholders who challenged the decision in court and obtained injunctive orders against Energizer Holdings Inc. We await the courts determination of this matter as well as the suit filed by the Company.

TURBO®, dry cell batteries and flashlights was launched into the Kenyan market in November, 2016. This is a highly competitive category dominated by major global brands (including two that we nurtured for 50 years). However, since we understand our consumer's needs, we carefully formulated and configured our products into formats that meet their needs. Our consumers have tried our products and have responded positively to us by trusting us to meet their portable power needs.

IT WAS NEVER GOING TO BE AN EASY JOURNEY INTRODUCING A NEW BRAND.

Although we have been impacted by our new status as a new entrant in a very competitive portable power space, we have used our knowledge of the industry to make significant progress in entrenching our brand to our consumers. Since we introduced brand TURBO® to the Kenyan consumer, it has become a significant player in the portable power business in key markets, segments and/or categories that we participate in. We have grown our brand since launch.

WE HAVE GROWN OUR BRAND SINCE ITS LAUNCH.

It is not an easy journey introducing a new brand, but we are proud that one year on, we have made major inroads into the portable power business in an extremely competitive market, obtaining and increasing our share of the consumer's mind and wallet. The Board and I, thank all Eveready employees for their hard work, effort and dedication to the goal of growing the TURBO® business in Kenya.

Another key success of our 2013 - 2017 Plan was diversification into new product lines. As I have indicated, we launched TURBO® Car batteries in 2013 and also expanded our lighting division to include household lighting (bulbs). We also introduced the EVERCLEAN® brand as we entered into the fabric care and general cleaning categories. We continue to distribute the world renowned CLOROX® brand in Kenya. We have started reaping the benefits of those decisions as the contribution of those categories to our business has grown year on year.

CHAIRPERSON'S STATEMENT
EVEREADY E.A. PLC

Mrs. Lucy Waguthi Waithaka
Chairperson

Our business is at its infancy now having been reborn in 2017, but its foundation is stronger because of the bold decisions that we took in 2017 to guarantee our future sustainably. We have created new opportunities and new possibilities for our business. We will keep growing our business.

The business finalized the sale of Nakuru property which enabled the Company to clear all its obligations to the Bank, pay a dividend and put some money into operations.

Strategic Plan 2018 - 2022

The Board has passed a new Strategic Plan 2018-2022 to guide our business for the next five (5) years.

This Plan will build on the successes of the 2013 Plan to grow our business. The key pillars of success contained in the new plan include:

(i) Enhancing revenues by focusing effort on key drivers of our business

We have keenly identified the key areas of focus that will assist the business generate sufficient revenues in order to bring the business to profitability within the shortest time possible.

(ii) Execution excellence

The Board took cognisance of the fact that the business is now a new set up and there is need to review and re-engineer the organizational capabilities in the areas of leadership, performance management and our route to market programs

Dividend

The Board declared a dividend of KShs.1/- per share (KShs.210 million), payable to shareholders on the register on 19 May 2017. The Board does not recommend the payment of a final dividend in respect of FY2017.

Appreciation

In closing, I would like to express my sincere thanks to colleagues in Eveready for their dedication and hard work in 2017. Great appreciation and deep gratitude go to my fellow Board members for guiding the business through this time and to our shareholders for their continued support. I firmly believe that Eveready has the right Plan in place to deliver long-term sustainable success, a strategy which can adapt to any changes in the market to protect the business, and continue to deliver value to shareholders.

Lucy Waithaka, Chairperson
5 March 2018

Mwanzo Mpya

Mwaka wa 2017 haukuwa mwaka wa kawaida kwa karibu biashara zote nchini Kenya na Eveready haikuwa tofauti. Nchi ilikuwa na kipindi kilichorefushwa cha kura kilichoathiri kwa uhasi riziki za watu na biashara kwa kiwango sawa. Uchumi uliathiriwa sana ukisababisha utendaji uliodorora katika karibu kampuni zote. Zaidi ya hili, Kampuni yetu ilikabiliwa na changamoto nyingine zisizo za kawaida katika mwaka wa kifedha wa 2017.

Katika mwaka 2013, Halmashauri ilianzisha Mipango ya kubadilisha biashara yetu kutoka moja ambayo inagawanya chapa za kampuni nyingine kwa hatari kuu kwa uendelevu wetu, kuwa moja inayomiliki sehemu muhimu ya biashara yake. Mpango wetu wa Kimkakati wa mwaka 2013 -2017 (“Mpango wa mwaka 2013”) ulitimiza hilo na ulileta TABO, chapa yetu wenyewe ya masuluhisho ya ubora wa nguvu za kubebeka na mshindani mpya katika biashara shindani ya nguvu za kubebeka. Mwanzoni tulifungia chapa hii katika betri zetu za magari katika mwaka 2013 lakini kutokea hapo tumeiendeleza kuwa chapa kiongozi katika biashara yetu.

BIASHARA YETU SASA NI IMARA ZAIDI KWA SABABU YA MAAMUZI YA KIJASIRI AMBAYO TUMECHUKUA KUHAKIKISHA SIKU ZETU ZA USONI ENDELEVU

Kwa sababu tulitekeleza malengo yetu ya Mpango wetu wa mwaka 2013 , tuliweza kukabili kwa haraka na kwa uamuzi wakati hatari kubwa zaidi kwa biashara yetu kama ilivyoelezwa hapo juu, ilipojitokeza katika mwaka wa kifedha wa 2017 na tukawa mshindani mpya katika biashara ya nguvu za kubebeka.

Kwa sababu tulitekeleza malengo yetu ya Mpango wetu wa mwaka 2013 , tuliweza kukabili kwa haraka na kwa uamuzi wakati hatari kubwa zaidi kwa biashara yetu kama ilivyoelezwa hapo juu, ilipojitokeza katika mwaka wa kifedha wa 2017 na tukawa mshindani mpya katika biashara ya nguvu za kubebeka.

Betri kavu na tochi za TABO zilizinduliwa katika soko la Kenya mwezi Novemba mwaka 2016. Hii ni kategoria ya ushindani mkubwa sana iliyotawaliwa na chapa kuu za kilimwengu (zikijumuisha mbili tulizozikuza kwa miaka hamsini). Hata hivyo, kwa vile tunaelewa mahitaji ya wanunuzi wetu, tuliunda na kupanga bidhaa zetu kwa uangalifu kuwa zenye miundo ya kutimiza mahitaji yao. Wanunuzi wetu wamezijaribu bidhaa zetu na wameitikia vizuri kwa kutuamini kutimiza mahitaji yao ya nguvu za kubebeka.

Ijapokuwa tumeathiriwa na hali yetu mpya kama mshindani mpya katika eneo la ushindani mkubwa sana wa nguvu za kubebeka, tumetumia ujuzi wetu wa biashara hii kupiga hatua za maana katika kuimarisha chapa yetu kwa wanunuzi wetu. Tokea tuanzishe chapa ya TABO kwa mnunuzi wa Kenya, imekuwa mchezaji mkuu katika biashara ya nguvu za kubebeka katika masoko muhimu, vitengo na /au kategoria tunazoshiriki. Tumeikuza chapa yetu tokea tuizindue.

ILIKUWA KABISA HALITAKUWA JAMBO RAHISI KUANZISHA CHAPA MPYA

Si jambo rahisi kuanzisha chapa mpya lakini tunajivunia kuwa mwaka mmoja baadaye, tumepiga hatua kubwa katika biashara ya nguvu za kubebeka katika soko lenye ushindani mkubwa sana, tukipata na kuongeza hisa yetu ya kumbukumbu na kipochi cha mnunuzi. Halmashauri na mimi, tunawashukuru wafanyikazi wote wa Eveready kwa kazi yao ya bidii, jitihada na kujitolea katika shabaha ya kukuza biashara ya TABO nchini Kenya.

TUMEIKUZA CHAPA YETU KUTOKEA IZINDULIWE

Mafanikio mengine muhimu ya Mpango wetu wa mwaka 2013 -2017 yalikuwa ni kupanua biashara kwa bidhaa mpya tofauti. Kama nilivyodokeza, tulizindua betri za gari za TABO katika mwaka 2013 na pia kupanua kitengo chetu cha umulikaji kujumuisha umulikaji wa nyumbani (glopu) . Tulianzisha pia chapa ya EVERCLEAN tukiingia katika kategoria za utunzaji wa vitambaa na usafishaji wa kijumla. Tunaendelea kugawanya nchini Kenya chapa ya CLOREX inayojulikana ulimwengu mzima. Tumeanza kupata faida za maamuzi hayo vile mchango wa kategoria hizo kwa biashara yetu unavyokua mwaka hadi mwaka.


Bi. Lucy Waguthi Waithaka
Mwenyekiti

Biashara yetu sasa iko katika uchanga ikiwa imezaliwa upya mwaka 2017, lakini msingi wake ni imara zaidi kwa sababu ya maamuzi thabiti tuliofanya katika mwaka 2017 kuhakikisha siku zetu za usoni endelevu. Tumebuni nafasi mpya na uwezekano mpya kwa biashara yetu. Tutaendelea kukuza biashara yetu.

Biashara ilihitimisha mauzo ya rasilimali ya Nakuru ambayo iliwezesha Kampuni kumaliza madeni kwa benki, kulipa mgawo wa faida na kutia baadhi ya pesa katika utendaji.

Mpango wa Kimkakati 2018 – 2022

Halmashauri imepitisha Mpango wa Kimkakati mpya wa mwaka 2018 -2022 kuongoza biashara yetu kwa miaka mitano (5) ijayo.

Mpango huu utaendeleza mafanikio ya Mpango wa Mwaka 2013 kukuza biashara yetu. Nguzo muhimu za mafanikio ziliopo katika mpango mpya ni pamoja na:

(I)Kuendeleza mapato kwa kulenga juhudi katika viendeshi muhimu vya biashara yetu

Tumetambua kwa bidii maeneo muhimu ya kulenga ambayo yatasaidia biashara kuzalisha mapato ya kutosha ili kuifanya biashara kuwa ya faida katika muda mfupi kabisa inavyowezekana.

(II)Utekelezaji bora zaidi

Halmashauri imezingatia kuwa sasa biashara hii ni mpya na kuna haja ya kupitia na kupanga upya uwezo wa usimamizi katika maeneo ya uongozi, usimamizi wa utendaji na njia yetu kufikia mipango ya soko.

Mgawo wa Faida

Halmashauri ilitangaza mgawo wa faida wa KShs. 1 kwa kila hisa (KShs. milioni 210), kulipwa kwa wahisa kwenye rejista ya majina tarehe 19 Mei 2017. Halmashauri haipendekezi malipo ya gawio la mwisho lamwisho kuhusiana na mwaka wa kifedha wa 2017.

Shukrani

Katika kumalizia, ningependa kutoa shukrani zangu za dhati kwa wenzi katika Eveready kwa kujitolea kwao na bidii katika mwaka 2017. Utambuzi mkuu na shukrani za dhati zinaenda kwa wanachama wenzangu wa Halmashauri kwa kuiongoza Kampuni katika wakati huu na kwa wahisa wetu kwa usaidizi wao wa kuendelea. Ninaamini kabisa kuwa Eveready ina Mpango sawa tayari kupata ufaulu endelevu wa muda mrefu, mkakati ambao unaweza kurekebishika kwa mabadiliko yoyote katika soko kuilinda biashara, na kuendelea kutoa thamani kwa wahisa.

LWaithaka

Lucy Waithaka, Mwenyekiti
Tarehe 5 Machi 2018

Connecting with Our Consumers

Financial year 2017 was a tough year for most businesses and Eveready was no exception.

We experienced a significant downturn in the economy following a prolonged period of electioneering coupled with insecurity in certain segments of the market, weak credit growth, creeping inflation and drought. As a result, there was a decline in disposable incomes leading to a generally depressed consumer purchasing power.

We implemented a change to our business model which resulted to the Company launching its own extended brand of portable power solutions under the brand name TURBO®.

IN F2017 WE IMPLEMENTED A CRITICAL ELEMENT OF THE 2013-17 PLAN WHICH ENSURED THAT EVEREADY IS NOW FIRMLY IN CONTROL OF ITS BUSINESS

The sale of our Nakuru property, which was finalized in the year under review, generated sufficient proceeds to clear the Company's debts and provide working capital to support the business.

Our Brand

Eveready has operated a risk prone business model for over 50 years. The model entailed building third party brands in very restrictive conditions with little or no control over formats or product types.

Slightly over five (5) year ago, through our Strategic Plan 2013-17, we laid out our intention to restructuring Eveready; to refocus our business by minimising dependency on a single supplier, eliminate the restrictions imposed on our business and broaden our portfolio offering to allow us participate in other segments and categories within the Fast Moving Consumer Goods (FMCG) business.

In financial year 2017, an opportunity to correct this historical weakness in our business manifested itself when Energizer Holdings Inc, through its trading affiliate, offered us financially onerous terms under a new distribution agreement. We opted not to pursue this arrangement and untangled ourselves from the relationship.

As a result of the above matters, we launched the extended TURBO® and TURBOPlus® brands in November 2016. The brand now covers all our portable power business comprised of dry cell batteries (both primary and secondary), wet cell batteries (car batteries), car battery accessories (comprised of battery acid and water), lighting products (comprised of flashlights, lanterns and bulbs).

Delivering the Strategy

The above change meant that we spend the better part of financial year 2017 reconstructing our business by rebuilding it afresh and also connecting with our consumers. We have made strong progress against this agenda to include: owning our core business, increasing our route to market efficiencies and extending and deepening our diversification agenda.

Successful implementation of the objectives set out in our 2013-17 Plan ensured that the risks associated with our old business model were reasonably mitigated and the Company is now better placed to continue to meet its consumer's evolving needs in the FMCG business.

Firstly, Eveready is now firmly in control of its business. I was tasked by the Board to lead in the conceptualization, production and launch of a new portable power brand that resonated with our consumer's needs and requirements across various segments.

We did just that, and in F2017, we launched our household range of portable power solutions in the lighting and dry cell categories as an extension of the TURBO® and TURBOPlus® brands which hitherto had only covered car batteries since 2013.

As a new entrant, we have grown from zero sales in F2017 in respect of the dry cell business under brand TURBO® and TURBOPlus®, to occupy positions one or two in terms of market share in the categories and key market segments that we are participating in. This was achieved despite facing steep competitive headwinds emanating from multiple global, well-known and well established brands present in this market.

We are excited about our new brand. I thank my colleagues who rolled their sleeves and got

Mr. Jackson Mutua
Managing Director

down to business setting up new distribution infrastructures to carry the brand, committing their time and passion to deepen our TURBO® footprint into the market by positively engaging our target consumers with the quality promise of our products to ensure that our business grows. We continue to register success in growing this segment of our business. I also thank the Board for its guidance during this important time in the history of our business

Secondly, our diversification objectives have continued to be met, our car battery and portable lighting categories have grown and continue to deepened their contribution to our business, sometime surpassing our expectations.

Our diversification goal is to maintain a steady stream of products at various stages of their lifecycles in the categories we choose to participate in, for a sustainable business. We will grow our business by:

- building our new brands profitably,
- introducing new brands that strengthen our existing business,
- entering new categories and markets and,
- improving the mix of our brand portfolio with premium and value products.

Looking Ahead

We have maintained our purpose and core values even as we focus on improving our efficiencies and effectiveness in serving our consumers and creating value for our shareholders. We have the core competencies and strengths to win; our new organizational design remains fundamentally right; and we have a focused plan in our Strategic Plan 2018 -2022 (the "New Plan") to drive both sales and profit growth.

This year Eveready moves to entrench the gains realised in 2017 and focus on long term sustainable growth and profitability. We are leading the most comprehensive series of changes in the Company's history. We are recommitting ourselves to putting the consumer at the centre of everything we do that is why we're investing in capabilities to understand consumer needs better than ever before and positioning the business to be in a position to meet those needs at all times. We are confident that we can re-establish the balance needed to deliver top-line revenue growth and bottom-line earnings growth.

Appreciation

In short, we have accomplished a lot in a year, and I am grateful to the new partnerships that we have forged or reinforced. I am also thankful to each and every one of our colleagues who have made this possible. Their efforts mean that, in 2018, we can begin to move on from the restructuring of Eveready, shifting our focus solely to the future, and in particular to how we can generate attractive, sustainable, and distributable returns for our shareholders.

Jackson Mutua, Managing Director
5 March 2018

Kuungana na Wanunuzi Wetu

Mwaka wa kifedha wa 2017 ulikuwa mwaka mgumu kwa karibu biashara zote na Eveready haikuwa tofauti.

Tulipata upungufu wa maana katika uchumi kufuatia kipindi kirefu cha kura pamoja na kutokuwa na usalama katika vitengo fulani vya soko, ukuaji mdogo wa mkopo, mfumko wa bei wa polepole na ukame. Na matokeo yake, kulikuwa na kupungua kwa mapato ya kutumia ikisababisha kupungua kwa ujumla kwa uwezo wa kununua wa mnunuzi.

KATIKA MWAKA WA KIFEDHA WA 2017 TULITEKELEZA ELEMENTI MUHIMU YA MPANGO WA MWAKA 2013 – 2017 ILIYOHAKIKISHA KUWA EVEREADY SASA IMEDHIBITI KIKAMILIFU BIASHARA YAKE

Tulitekeleza badiliko katika muundo wa biashara yetu lililosababisha Kampuni kuzindua chapa yake yenyewe ilioendelezwa ya masuluhisho ya nguvu za kubebeka chini ya jina la chapa TABO.

Uuzaji wa rasilimali ya Nakuru uliokamilishwa katika mwaka unaorejelewa, ulizalisha pesa za kutosha kumaliza madeni ya Kampuni na kutoa mtaji wa kufanyia kazi kusaidia biashara.

Chapa Yetu

Eveready imeendesha muundo wa biashara uliokabiliwa na hatari kwa zaidi ya miaka 50. Muundo ulihusisha kujenga chapa za kampuni nyingine katika hali banifu na kutokuwa na udhibiti wowote au kuwa na mdogo katika miundo au aina za bidhaa.

Kidogo zaidi ya miaka mitano iliyopita, kupitia Mpango wa Kimkakati wetu wa mwaka 2013 – 2017, tulieleza nia yetu ya kuipanga upya Eveready; kuilengesha upya biashara yetu kwa kupunguza utegemezi kwenye mgawaji mmoja, kuondoa vizuizi vilivyowekwa kwenye biashara yetu na kupanua aina za bidhaa zetu tunazotoa kuturuhusu kushiriki katika vitengo na kategoria zingine miongoni mwa biashara ya bidhaa za wanunuzi zinazouzika upesi.

Katika mwaka wa kifedha wa 2017, fursa ya kurekebisha upungufu huu wa kihistoria katika biashara yetu ilijitokeza wakati Energizer Holdings Inc.kupitia mshiriki wake wa biashara, ilitupatia masharti magumu ya kifedha chini ya mkataba mpya wa ugavi. Tuliamua tusiendeleze makubaliano hayo na kujitoa kutoka kwa uhusiano huo.

Kama matokeo ya mambo hayo hapo juu, tulizindua chapa ya TABO na TABO Plas zilizoendelezwa mwezi Novemba mwaka 2016. Chapa hii sasa inajumuisha biashara yetu yote ya nguvu za kubebeka ambazo ni Betri kavu (zote za msingi na za ziada), betri za majimaji (betri za gari), vifuasi vya betri za gari (ambazo ni asidi ya betri na maji), bidhaa za umulikaji (zikiwa ni tochi, fanusi na glopu).

Kutekeleza Mkakati

Badiliko la hapo juu lilimaanisha kuwa tutumie sehemu kubwa ya mwaka wa kifedha wa 2017 tukiunda upya biashara yetu kwa kuijenga upya na pia kuungana na wanunuzi wetu. Tumepiga hatua imara dhidi ya ajenda hii kujumuisha: kumiliki biashara yetu kuu, kuongeza njia yetu ya kufikia ufanisi wa soko na kuendeleza na kupanua ajenda yetu ya kupanua biashara yetu kwa kuongeza bidhaa za aina mpya.

Utekelezi wa kufaulu wa malengo yaliyoko katika Mpango wetu wa mwaka 2013 – 17 ulihakikisha kuwa hatari zinazohusishwa na muundo wetu wa zamani wa biashara ziliondolewa kwa kiasi na Kampuni sasa iko katika nafasi nzuri kuendeleza kutimiza mahitaji yanayokua ya wanunuzi katika biashara ya bidhaa za wanunuzi zinazouzika upesi.

Kwanza, sasa Eveready iko na udhibiti kamili wa biashara yake. Nilipewa jukumu na Halmashauri kuongoza katika kubuni, kuzalisha na kuzindua chapa mpya ya nguvu za kubebeka inayokubaliana na mahitaji na matakwa ya wanunuzi wetu katika vitengo tofauti.

Tulifanya hivyo tu, na katika mwaka wa kifedha wa 2017, tulizindua aina yetu ya masuluhisho ya nyumbani ya nguvu za kubebeka katika kategoria za umulikaji na betri kavu kama uendelezi wa chapa za Tabo na TABOPlas ambazo awali zilikuwa ni za betri za gari kutokea mwaka 2013.

Kama mshindani mpya, tumekua kutoka mauzo kapa katika mwaka wa kifedha wa 2017 kuhusiana na biashara ya betri kavu chini ya chapa TABO na TABOPlus, kushikilia nafasi ya kwanza au ya pili kufuatana na hisa ya soko katika kategoria hizi na vitengo muhimu vya soko ambavyo tunashiriki. Hili lilifikiwa dhidi ya kukabiliana na ushindani mkali uliotoka kutoka chapa kadhaa za kilimwengu zinazojulikana sana na zilizoimarika vizuri zilizopo katika soko hili.

TAARIFA YA MKURUGENZI MSIMAMIZI EVEREADY E.A. PLC

Bwana Jackson Mutua
Mkurugenzi Msimamizi

Tunafuraha kuhusu chapa yetu mpya. Nawashukuru wenzi wangu waliojitahidi na kufanya kazi kuanzisha miundomisingi mipya ya ugavi kusambaza chapa hii, kujitolea wakati wao na shauku kukazania kuenea kwa chapa yetu ya TABO katika soko kwa kuhusiana vizuri na wanunuzi wetu walengwa kwa ahadi ya ubora wa bidhaa zetu kuhakikisha kuwa biashara inakua. Tunaendelea kupata ufanisi katika kukuza kitengo hiki cha biashara yetu. Naishukuru Halmashauri kwa uwongozi wake katika wakati huu muhimu katika historia ya biashara yetu.

Pili, malengo yetu ya kupanua biashara kwa kuongeza aina tofauti za bidhaa yameendelea kutimizwa, kategoria zetu za betri za gari na za umulikaji wa kubebeka zimekua na zinaendelea kuongeza mchango wake kwa biashara yetu, mara nyingine ukipita matarajio yetu.

Shabaha yetu ya kupanua biashara kwa kuongeza aina tofauti za bidhaa ni kudumisha mfululizo imara wa bidhaa katika hatua anuwai za maisha yake katika zile kategoria tunazochagua kushiriki, kwa biashara endelevu. Tutakuza biashara yetu kwa:

- Kujenga chapa zetu mpya kwa faida,
- Kuanzisha chapa mpya zinazoimarisha biashara yetu iliyopo,
- Kuingia katika kategoria na masoko mapya na,
- Kuimarisha mchanganyiko wa aina za chapa zetu kwa bidhaa za ushawishi na za thamani.

Kulenga Mbele

Tumedumisha madhumuni yetu na thamani za kimsingi hata tukilenga kustawisha utendaji bora na ufaafu wetu katika kuhudumia wanunuzi wetu na kupata thamani kwa wahisa wetu. Tuna ustadi muhimu na nguvu kushinda; muundo wetu mpya wa utaratibu unabakia kuwa sahihi kimsingi; tuna mpango uliolenga katika Mpango wetu wa Kimkakati wa mwaka 2018 – 2022 (" Mpango Mpya") kukuza zote mauzo na kuongezeka kwa faida.

Mwaka huu Eveready ina nia ya kuzidisha faida zilizopatikana katika mwaka 2017 na kulenga kwenye ukuaji endelevu na faida za muda mrefu. Tunaendesha mfululizo mpana kabisa wa mabadiliko katika historia ya Kampuni. Tunajitolea tena kumweka mnunuzi katika nafasi muhimu ya kila kitu tufanyacho na ndio tunawekeza katika uwezo wa kuelewa mahitaji ya mnunuzi vizuri zaidi ya awali na kuiweka biashara kuwa katika nafasi ya kutimiza mahitaji hayo kwa wakati wote. Tuna imani kuwa tunaweza kurejesha usawa unaohitajika kupata ukuaji mkuu kabisa wa mapato na ukuaji muhimu wa uchumaji.

Shukrani

Kwa ufupi, tumefanya mengi katika mwaka, na ninashukuru ubia mpya ambao tumeingia au kuuimarisha. Pia ninashukuru kila mmoja wa wenzi wetu waliowezesha hili. Juhudi zao zinamaanisha kuwa katika mwaka wa 2018, tunaweza kuanza kuondoka kwenye upangaji upya wa Eveready, na kubadilisha kabisa mlengo wetu kuwa katika siku za usoni, na hasa katika jinsi ya kuzalisha mapato ya kuvutia, endelevu na ya kugawiwa kwa wahisa wetu.

Jackson Mutua, Mkurugenzi Msimamizi
Tarehe 5 Machi 2018


TURBO
LONG LIFE
HIGH PERFORMANCE
MAINTENANCE
FREE
CONNECT&
GO
TURBO
TURBO
MF
#OUTRAGEOUSLYLONGLASTING


TURBO
RRP
35/-
60
WATT
220-240V
75
WATT
220-240V
100
WATT
220-240V
TURBO
PEARL WHITE
(FROST)
INCANDESCENT
(GLS) BULB
LIGHT OUTPUT
800 LUMENS
BAYONET (PIN) CAP
FITTING B22
HOT
DEAL
PERFECT
BRIGHTNESS

STRATEGIC REVIEW

About this Section

Our Strategic Review contains information about us, how we create value and how we run our business. It includes our strategy and business model as well as our approach to the market and risk. The Strategic Report is only part of the Annual Report and Accounts 2017.

Section II

strategic review

EVEREADY is a public limited liability Company incorporated in Kenya. The Company is headquartered in Nairobi, Kenya and was founded in 1967.

The Company is one of the largest supplier of portable power solutions in East Africa. This together with one of the best distribution systems in East Africa and world class brands has ensured the Company long term success. Continued product expansion and keen desire to understand what the consumer expects has remained the priority area for our Company.

EVEREADY's heritage is also tied to employee dedication and team work.

The Company distributes dry cells in various sizes ('D' 'AA' 'AAA' '9V' and 'C') and constructions (carbon zinc alkaline and rechargeable batteries) throughout the East Africa region under the TURBO® and TURBO Plus+® brand names. The Company also provides flashlights under the TURBO® and TURBO Plus+® brand names for a broad spectrum of usage.

The Company also distributes the TURBO® and TURBO Plus+® brand of car batteries (Maintenance Free and Lead Acid), the TURBO® and TURBO Plus+® range of bulbs (Incandescent and LED), EVERCLEAN® washing detergents and the world renown CLOROX® brand of household bleach, fabric enhancers and surface cleaners. Our products are recognized for their distinct quality.

EVEREADY has an extensive network of associates and distributors whose support for its business in East Africa forms a far reaching network to ensure that the Company meets the portable power fabric and house care requirements of people in East Africa.

OUR PRODUCTS ARE RECOGNIZED FOR THEIR DISTINCT **QUALITY**

LARGEST SUPPLIER OF PORTABLE POWER SOLUTIONS

WE HAVE A FAR-REACHING DISTRIBUTION **NETWORK**

Portable Power
Surface Cleaners
Toilet Cleaners

Battery Acid
Battery Water
Car Batteries

Bleaches
Fabric Enhancers
Laundry Detergents

Eveready celebrated 50 years in 2017. Although the Company has evolved in that time, our need to fulfil the needs of our shareholders and delight our consumers has remained constant.

TURBO® is our new flagship brand which we introduced in the year. Our brand gives us much needed control over our business which will enable us reconnect with our consumers.

We continue to focus our efforts on areas that will grow our business – growing our sales, protecting and enhancing our margins and increasing efficiencies.

BUILDING A BETTER COMPANY IN A DYNAMIC INDUSTRY

SALES GROWTH
MARGIN GROWTH
ASSET EFFICIENCY

PROFIT
CASHFLOW

TOTAL SHAREHOLDING RETURN

2018 - 2022 STRATEGY

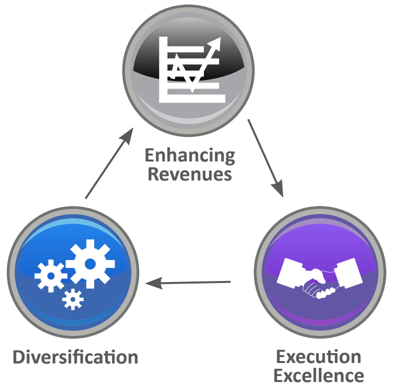
The Company's 2013-17 Strategic Plan focused out business on milestones that will get us to our mission of being the preferred partner in the region in the provision of lifestyle solutions.

The key pillars of success are:

(i) Diversification
We will continue to diversify our business into categories that generate value to us.

(ii) Enhancing revenues by focusing effort on key drivers of our business
We have keenly identified the key areas of focus that will assist the business generate sufficient revenues in order to bring the business to profitability within the shortest time possible.

(iii) Execution excellence
The Board took cognisance of the fact that the business is now a new set up and there is need to review and re-engineer the organizational capabilities in the areas of leadership, performance management and our route to market programs



WE ARE FOCUSED ON 3 PRODUCT CATEGORIES WITH 4 BRANDS

HOMECARE

Turbo
(dry cells lanterns and flashlights)

Clorox
(Surface & toilet cleaners)

AUTOMOTIVE

Turbo
(car batteries, car battery acid, car battery water)

FABRIC CARE

Clorox
(Bleach and Fabric Enhancers)

Everclean
(handwash powder detergent)

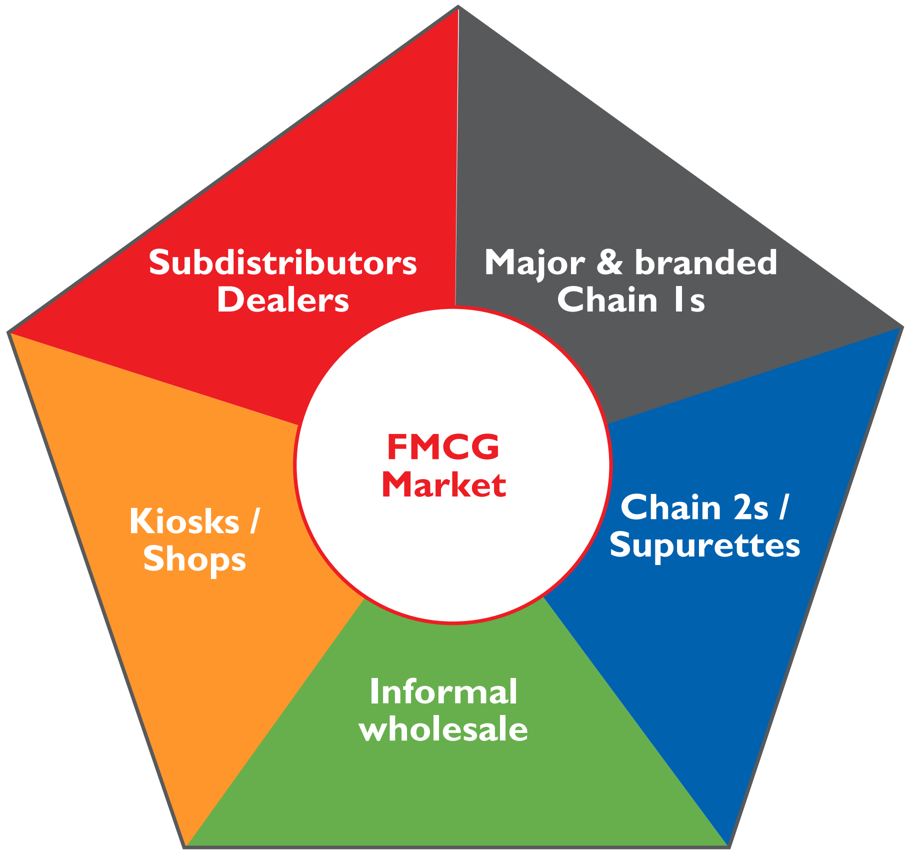
OUR APPROACH

Our customers provide a channel through which we reach our consumers. They include our Sub Distributors, Dealers and Key Stores/Chains.

We segment our major customers by:
(i) Channel - Modern Trade and General Trade,
(ii) Chain - major retailers, cash-and-carry shops, and
(iii) Format - hypermarkets, supermarkets and suprettes – informal stores mostly in estates.

Dedicated sales representatives and territory managers work in functional teams to serve each customer and their shoppers directly in order to sustain strong customer relationships and a growth mind-set.

FUNCTIONAL TEAMS TO SERVE EACH CUSTOMER AND THEIR SHOPPERS



Our business is subject to various risks and uncertainties. Highlighted below are some of the key risks to our business. These are risk that we consider to be material to Eveready's business at this moment in time. We recognize that there could be emerging risk in future.

Supply Chain

Our business depends on the timely distribution of products to our consumers. Potential hazards to our supply chain include long lead times, disruption or loss of key suppliers.

The underlying materials from which our products are made are subject to fluctuations of cost which affects our margins as the fluctuation of cost in these components cannot always be passed on to the consumers.

Quality Products

Product defects arising out of equipment failure or human error cannot be ignored.

Economic, Political Risks and Natural Disasters

Consumer demand is weakened by adverse economic conditions. We are exposed to economic social and political volatility.

System and Information

Increasing our digital interaction with our consumers and the supply chain partners (trade) require secure and reliable IT systems and infrastructure. It is also crucial that we manage the information that we possess correctly and carefully.

Unauthorized access failure of our IT systems and lack of effective use of information could disrupt our business, result in loss of assets and result in missed opportunities.

Portfolio Management

Our growth is determined by our range of products (portfolio categories). These evolve over time. If we do not make optimal decision in this are out margins and revenues will be affected.

Ethical

The way we operate contributes to our society. Despite our commitment to ethical business and the steps that we take to adhere to this commitment there is always the risk that we fall short of our standards which may result to damage of our corporate brand and results.

Brand Preference

Consumer's preferences are continuously changing. Our ability to respond to these changes and our ability to differentiate our products remains key. We have to innovate to meet the needs of our consumers and if we are unable to do this successfully it will impact our revenues and margins.

Legal & Regulatory

Eveready is subject to local and regional laws and regulations in various areas to include taxes, listing and disclosures obligations, competition, licensing, trademarks, employee health and safety, corporate governance and employment.

Failure to abide by these laws and regulation exposes Eveready to civil and/ criminal actions which may lead to fines and sanctions with associated blight to our corporate reputation.

Business Transformation

Our transformation projects are ongoing and they drive our continuous improvement agenda. Excellence in execution as well as speed of execution remain key unsuccessful executions deny us the intended benefits of a project and may disrupt our business.

STAKEHOLDERS REPORT

About this Section

The Report to Stakeholders is one of several methods that our Company uses to demonstrate accountability to its stakeholders for the way in which it delivers value.

Section III

stakeholders report

The following pages highlight how Eveready has performed for the benefit of our consumers, wider society, our people and our shareholders in 2017.

PG 31

Our Consumers

All our categories are focused on providing our consumers with the products they want and with the quality they deserve.

PG 32

Our People

We want to help our colleagues be the best they can, to realise their potential and the potential of the business.

PG 33

Society

We continued to have an impact across. Our core goals of improving the lives of women and children in our communities by enhancing livelihoods.

PG 34

Shareholders

We remain committed to delivering the best possible performance from the business to deliver maximum returns to our shareholders over the long term.

Our consumers are individuals who use our product. Consumers have historically trusted us to provide them with quality products that they can depend on to meet their needs and our aim is to continuously delight our consumers.

QUALITY YOU CAN TRUST

Delighting our consumers ensures the sustained and profitable growth of our company. We therefore take our engagement with them seriously. Our consumers shape our business strategy and underpin our brand innovation and marketing strategy. This consumer-centric approach adds value to our company by offering a positive consumer experience that builds brand loyalty, the key to our success.

Consumer Strategy

Our marketing strategy is driven by our focus on consumers – and how to satisfy their needs better in our specific product areas of the FMCG market. In our strategy, we aim to nurture and grow the businesses by driving growth through focus and evolving the distributor model, determining optimal coverage and improving in-market visibility. Our Go to Market toolkit has excellence in execution as a primary goal.

Our operating landscape is undergoing significant changes that affect the way we go to market and in-store execution. Key changes to the retail landscape include:
- Increased competition
- Sub-channel development in retail
- Focus on margin
- The increasing role of data and technology
- Targeted collaboration/joint business planning
- Modern trade challenges in modern trade

To achieve our goals and having regard to the changing operating landscape, our RTM Strategies continue to be guided by our GROW principles:
- **Grow** our customers
- **Grow** distribution and reach
- **Grow** our value instore

We continue to be genuinely committed to broadening access to careers in our industry and being part of creating a workforce for the future. We also aim to hire talent and give them a suitable environment in which to thrive.

Connected Workforce

One of the most special things about working at Eveready is that we operate like a non-hierarchical organization. We encourage everyone on a team to voice their opinions, ask questions, and suggest solutions. Everyone is expected to actively contribute to the overall success of our Company.

Management briefs employees on our operational and financial results through various channels, including team meetings, face-to-face gatherings with our Chief Executive Officer and online publications.

We promote safe reporting of views about our processes and practices. In addition to local channels, the Eveready Alert Line enables employees to report potential breaches of the Eveready General Business Practices and Codes of Conduct, confidentially and anonymously.

Our non-harassment policy continue to guide our interactions and is placed on our general notice boards for ease of and continued reference.

EVEREADY E.A. PLC
KIKE NETWORK

EVEREADY E.A. PLC
ZOEZI NETWORK

Eveready continues to support employee networks that benefit both employees and the organization through the exchange of ideas and relationship-building.

Our networks are designed to enhance employee engagement, deliver substantive content, create a framework for cross business unit connectivity and idea-sharing, and advance the Company's overall culture of inclusion. Together we will keep challenging and winning.

Our Employee Networks (Kike & Zoezi) continue to create forums for like-minded colleagues to explore their common interests.

We are committed to recruiting, developing, advancing and supporting women talent and channelling our collective energies to common causes that benefit all.

Community

Eveready continues to play its role in enriching the lives and livelihoods of the less fortunate and excluded people in a sustainable manner. As we have done in the past, we remain focused on projects that support women and children in our community.

In FY2017 Eveready identified Mogra Children's Home, a facility that takes care of the needs of orphans and neglected children of varying ages, as an institution deserving of its support.

We also encourage our colleagues to nominate projects and programs that they participate in in their community that they would like the Company to support.

We therefore continue to make contributions to various activities and projects spread throughout the country in line with our focus areas.

Top 10 Local Individuals as at September 30 2017

	NAMES	ADDRESS	SHARES	PERCENTAGE
1	KARIM JAMAL	P.O BOX 49863 NAIROBI KENYA	9,426,687	15.20%
2	NARAN KHIMJI AND VIRJI KHIMJI HIRANI	P.O. BOX 99093 80700 MOMBASA KENYA	658,500	1.06%
3	MOHANLAL DHARAMSHI SHAH	P.O BOX 16 01000 THIKA KENYA	613,700	0.99%
4	MARTIN MUNYIRI MAINA	P.O BOX 12602 10109 NYERI KENYA	557,600	0.90%
5	PAROTIBEN SUDHIR KUMAR PREMCHAND SHAH	P.O. BOX 45594 00100 NAIROBI KENYA	485,000	0.78%
6	MAHENDRA DAHYABHAI PATEL & JASUMATI MAHENDRA PATEL PATEL	P.O. BOX 178 00606 NAIROBI KENYA	431,500	0.70%
7	SHILA JAYANT RUPAREL	P.O BOX 42882 00100 NAIROBI KENYA	418,500	0.67%
8	DAVID NGANGA KINYANJUI	P. O. BOX 6050 00300 NAIROBI KENYA	410,000	0.66%
9	KANTILAL ZAVERCHAND SHAH, JINAL KANTILAL SHAH & KUSHAL KANTILAL SHAH	P.O.BOX 43939 - 00100 00100 NAIROBI KENYA	378,600	0.61%
10	JOHNSON MWANGI GITARI	P.O BOX 68472 00622 NAIROBI KENYA	365,300	0.59%
11	OTHERS - 111850		48,280,325	77.84%
		GRAND TOTALS:	62,025,712	100.00%

Top 10 Foreign Investors as at September 30 2017

	NAMES	ADDRESS	SHARES	PERCENTAGE
1	ENERGIZER INTERNATIONAL INC.	533 MARYVILLE UNIVERSITY DRIVE 63141 ST. LOUIS UNITED STATES OF AMERICA	21,538,759	97.05%
2	NAVIN RAICHAND HARIA	P.O BOX 48811 00100 NAIROBI KENYA	150,000	0.68%
3	ABDULRASUL ISMAIL THAWER	P.O. BOX 45544 00100 NAIROBI KENYA	100,200	0.45%
4	SAROJ GULABCHANDRAJPAL SHAH	P.O BOX 858 00606 NAIROBI KENYA	35,100	0.16%
5	PRITEE NARENDRA SHAH & NARENDRA PETHRAJ SHAH	45145 00100 NAIROBI KENYA	29,900	0.13%
6	TABAN LOLIYONG IBURAIM UMBI	P.O BOX 237 JUBA S. SUDAN 237 JUBA JUB	26,100	0.12%
7	ROGER ALAN DAINTY	P O BOX 95918 - 80106 MOMBASA 80106 MOMBASA KENYA	22,700	0.10%
8	STEVEN GEORGE SMITH	P.O.BOX 44765-00100 00100 NAIROBI KENYA	19,000	0.09%
9	SERAPHIM KYKKOTIS	1096 HOUGHTON 2041 JOHANNESBURG SOUTH AFRICA	14,000	0.06%
10	SHILA DHIMANTLAL SAMJI SHAH	P.O.BOX 86538 80100 MOMBASA KENYA	12,500	0.06%
11	OTHERS - 659		244,244	1.10%
		GRAND TOTALS:	22,192,503	100.00%

Top 10 Local Institutions as at September 30 2017

	NAMES	ADDRESS	SHARES	PERCENTAGE
1	EAST AFRICA BATTERIES LIMITED	P.O. BOX 55358 00200 NAIROBI KENYA	73,425,029	58.37%
2	INDUSTRIAL & COMMERCIAL DEVELOPMENT CORPORATION	P.O BOX 45519 00100 NAIROBI KENYA	36,583,575	29.08%
3	BEST INVESTMENT DECISIONS LTD	P.O. BOX 40127 00100 NAIROBI KENYA	6,180,000	4.91%
4	CFCFS NOMINEES LTD A/C 210	P.O. BOX 47198 00100 NAIROBI KENYA	830,300	0.66%
5	BID MANAGEMENT CONSULTANCY LIMITED	P.O. BOX 40127 00100 NAIROBI KENYA	770,100	0.61%
6	BEST INVESTMENT DECISIONS LTD	P.O. BOX 40127 00100 NAIROBI KENYA	450,800	0.36%
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	FRANCIS MAJOR WATUNU KIBITHE	P.O BOX 64100 - 00620 NAIROBI	151,200	0.12%
11	OTHERS - 3917		6,810,081	5.41%
		GRAND TOTALS:	125,781,785	100.00%

Top 10 Global Investors as at September 30 2017

	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-63141 ST. LOUIS UNITED STATES OF AMERICA	21,538,759	10.26%
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	6,180,000	2.94%
6	CFCFS NOMINEES LTD A/C 210	P.O. BOX 47198-00100 NAIROBI KENYA	830,300	0.40%
7	BID MANAGEMENT CONSULTANCY LIMITED	P.O. BOX 40127-00100 NAIROBI KENYA	770,100	0.37%
8	NARAN KHIMJI AND VIRJI KHIMJI HIRANI	P.O. BOX 99093-80700 MOMBASA KENYA	658,500	0.31%
9	MOHANLAL DHARAMSHI SHAH	P.O BOX 16-01000 THIKA KENYA	613,700	0.29%
10	MARTIN MUNYIRI MAINA	P.O BOX 12602-10109 NYERI	557,600	0.27%
11	OTHERS		59,415,750	28.29%
		GRAND TOTALS:	210,000,000	100.00%

CORPORATE GOVERNANCE

About this Section

The Board of Directors of Eveready directs the affairs of the corporation and is committed to sound principles of corporate governance. Information included in this section provide ways for readers to understand the foundation of our corporate governance.

Section IV

corporate governance

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 CG Code issued by the Capital Markets Authority. Eveready complied with the guidelines except as may be indicated in this statement.

COMMITTED TO ACHIEVING THE **HIGHEST** STANDARDS

Organization Structure

The Board of Directors is the highest governance body responsible for Eveready's long term strategic direction and the ultimate supervision of the Company. It oversees our economic, social and environmental sustainability. The Board attends to all matters which are not reserved for the Annual General Meeting.

The Board' is governed by a Board Charter which has been made publicly available on our website. Their conduct is further guided by a Director's Code of Ethics and a corporate wide Business Practices & Standards of Conduct. Our Corporate Governance policies sets up structures that guide the conduct of our business and complies with the Nairobi Stock Exchange (NSE) & the Capital Markets Authority (CMA)'s Code of Corporate Governance Practices For Issuers of Securities to the Public, 2015 (the "CG Code), listing standards and other guidelines. The policies and guidelines set out the requirements relating to director responsibilities, qualification, compensation, orientation and continuing education and assessment of board performance among other things.

Eveready's Board is required to be made up of up to nine (9) member three (3) of whom should be independent. The Board has established that eight (8) members is the optimal number that the Company should operate with based on skills assessments undertaken and Committee requirements. We closed the year with seven (7) Directors pending the recruitment of one (1) independent director. One third (1/3) of the Directors were independent. The membership satisfies the representation of minority shareholders. The Board has adopted and continues to recognise the criteria for establishing independence that has been adopted by the Board set out in the Capital Markets (Securities) (Public Offers, Listing And Disclosures) Regulations, 2002 in addition to those outlined in the CG Code.

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.

Allocation of Tasks within the Board of Directors

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

This Committee consists of a Chairperson, who is an independent and non-executive member of the Board, and a minimum of two other independent non-executive members of the Board, excluding the CEO. The Committee is headed by an Independent Director.

In accordance with the requirements of the Code, the Remuneration & Nominations Committee and as an update to last year's report, in order to fulfil the requirements of the CG Code, the Board has assigned an independent Director to sit in this Committee. At least one member has and will continue to have recent and relevant financial expertise, the others are and will continue to be familiar with the issues of accounting and audit.

In discharging its responsibilities, this Committee has unrestricted access to the Company's management, books and records. The Audit Committee supports the Board of Directors in its supervision of financial controls through a direct link to RSM East Africa (external auditors) and the Eveready's corporate internal auditor.

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:

(i) the internal audit function and the work of the external auditor;
(ii) 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;
(iii) provides for proper authorization and recording of transactions;
(iv) ensures financial information is reliable and accurate;
(v) monitors compliance with laws and regulations;
(vi) 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.

The details of the members of the Committee who served in the Committee during the period are:

NAME	QUALIFICATION/COMPETENCY	INDEPENDENCE
Dr. Catherine Ngahu	Consultant, Educator, Researcher And Entrepreneur	Independent
Mr. Akif Butt	Financial Management, Corporate Planning And Strategic Management	Non Independent
Ms. Fauzia Shah	Corporate And Commercial Legal Expert And Company Secretarial Services	Independent
Ms. Mbatha Mbithi	Finance, Banking And Investment	Non Independent
Mrs. Lucy Waithaka*	Agribusiness, Export Marketing And Business Management	Independent

The profiles of the above directors which sets out their qualification are available on page 43
*Appointed in the year

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

This Committee consists of Chairperson who is independent and non-executive member of the Board. The other members are presently comprised of a minimum of two non-independent and nonexecutive members of the Board.

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. To this end, the Board on the recommendation of this Committee, reviewed and put in place a robust policy on Recruitment ad Selection Procedures which will guide all future appointment to the Board. The Committee was reconstituted in FY2017 to comprise mainly of independent directors when one additional director was assigned to the Committee.

Work methods of the Board of Directors & its Committees.

The Board convenes at least four (4) times a year. In the year 2017, the Board met in 3 sessions with a session dedicated to reviewing and approving the Company's Strategic Plan, 2018-2022.

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.

The Board reserves at least one day per year to discuss the strategic long-term plan of the Company and as indicated above a session was convened in FY 2017 to review and approve the Company's Strategic Plan, 2018-2022.
The attendance at the Board meetings and Committee for year 2017 meetings is set out below.

DIRECTORS	BOARD	FINANCE & RISK COMMITTEE	AUDIT COMMITTEE	REMUNERATION & NOMINATION COMMITTEE
Lucy Waithaka	6 (out of 6)	n/a	n/a	n/a
Jackson Mutua	6 (out of 6)	3 (out of 3)	3 (out of 3)	4 (out of 4)
Akif Butt	6 (out of 6)	3 (out of 3)	3 (out of 3)	2 (out of 4)
Mbatha Mbithi	4 (out of 6)	3 (out of 3)	3 (out of 3)	n/a
Catherine Ngahu	5 (out of 6)	3 (out of 3)	3 (out of 3)	4 (out of 4)
Fauzia Shah	6 (out of 6)	n/a	3 (out of 3)	4 (out of 4)

The Company performs annual evaluations of the Board the Managing Director and its Committees. The findings influence the Board's training and development needs and are appropriately addressed. The Board conducted an evaluation of itself in FY2017 and the results discussed and adopted by the Board.

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.

Compensation Report

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 2017 are set out on 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 page 84 of this Report under Note 28. There were no share option plans implemented in FY 2017 and no Director was advanced a loan by the Company in the same period.

Audit & Accounting Functions

The Company has an internal auditor to spearhead its internal Audit function. Audit findings and recommendations are tabled before the Audit Committee for review. The Company's Internal Auditor, External Auditors and the Company's Finance Manager are members of the Institute of Certified Public Accountants (ICPAK). The Auditors comply with the International Auditing Standards.

The Company conducts internal legal audits and an appropriate report on key matters highlighted in the managing directors strategic report to the Board through the Finance and Risk committee. An equivalent third party process is underway and findings will be reviewed as set out above. The Company is in the process of conducting its inaugural Governance Audit.

Mrs. Lucy W. Waithaka - Chairperson
Mrs. Waithaka is an export business development specialist. She holds a Master of Science degree in Horticulture/Agronomy and a BSC in Agriculture from the University of Nairobi. She has extensive experience in agriculture, export marketing and business management having held senior positions in agriculture and international trade related institutions, namely, the Horticultural Crops Development Authority (HCDA) and the Fresh Produce Exporters Association of Kenya (FPEAK), where she was the Chief Executive before joining the Export Promotion Council (EPC) of Kenya. She left EPC in 2015 as General Manager, Enterprise and Product Development. She has served as a member of the Board of Directors of the Kenya Plant Health Inspectorate Service (KEPHIS) and is currently a member of Sasini Ltd. Board of Directors, where she chairs the Sasini Audit Committee. Mrs. Waithaka has carried out research work and published widely in the areas of cut flowers, post-harvest handling of horticultural produce and export marketing. She has organized and led market study and export promotion missions to several international markets in Europe, USA, Japan, Middle East and Africa, providing business to business linkages for Kenyan exporters. At the EPC, she managed several programmes, all aimed at enhancing the export supply base and export competitiveness through enterprise development initiatives and capacity building. These included product development and test marketing; market penetration and promotion; and training in export trade, business development and management skills. **62**

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 18 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. **47**

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 Inhouse Counsel and is presently practicing as an advocate at Shapley Barret & Company, Advocates. **54**

Mr. Akif H. Butt
Mr. Butt is a fellow of the Association of Chartered Certified Accountants (FCCA) and a Certified Public Accountant (CPA) and has over 35 years' experience in financial Management, corporate planning and strategic management. Akif initially trained and worked with Pricewaterhouse 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. **60**

Dr. Catherine Ngahu, EBS
Dr. Catherine Ngahu is a consultant, educator, researcher and entrepreneur with wide experience in corporate governance under diverse regulatory regimes. She has many years of practicing and consulting experience in business strategy, marketing, consumer behavior, HR, ICT policy and leadership. She is the founder and executive chairman of SBO Research, a leading consulting company ranked no 8 in the Top100 Midsize Companies in 2011. She has been a senior lecturer at the University of Nairobi, School of Business for many years. She holds PhD in Business Administration, MBA and B.Ed. from the University of Nairobi. Dr Ngahu is the Chairman of Uchumi Supermarkets Limited and the Universal Service Advisory Council of Communications Authority of Kenya. She is a member of the Boards of Eveready East Africa, AAR Insurance Kenya Limited and Moran Publishing. She previously served as Chairperson of Kenya ICT Board (2007-2013) now ICT Authority and chair of the World Bank funded Kenya Transparency and Communications Infrastructure Project (KTCIP).She was awarded 'the Elder of the Order of the Burning Spear' (EBS) in 2011 by the President of the Republic of Kenya for devoted service. **56**

Ms. Mbatha Mbithi (Representing ICDC)
Ms. Mbithi is the Chief Manager Operations at ICDC, a position she has held since September 2009. She has a solid background in Finance and Banking having worked in middle and senior management level positions in five commercial banks. Prior to joining ICDC, she was Head of Credit at Family Bank Ltd. She sits on the Board of Development Bank of Kenya Ltd. She holds a Master of Business Administration degree in Strategic Management from Moi University and a Bachelor of Science Degree in International Business Administration from the United States International University. She is a member of the Kenya Institute of Management. **51**


Mrs. Lucy W. Waithaka - Chairperson


Mr. Jackson Mutua - MD


Ms. Fauzia Shah


Mr. Akif Butt


Dr. Catherine Ngahu


Ms. Mbatha Mbithi

Jackson K. Mutua

Chief Executive Officer

Margaret A. Odhiambo

Head of Corporate Services

Wilson Gachau

Head of Finance

Simon Githae

Key Accounts Manager

Noah Ochanda

Supply Chain Manager

Michael Mwangi

Sales Manager, General Trade

Board of Directors

Chief Executive Officer/ Managing Director

Finance
IT, Accounting

Traditional Trade
Route to market Management - Channel and Program Management, Sales Operations, Territory Management, Retail Focus

Key Accounts
Account Management - Relationship Management, Tier I and II Focus

Corporate Services
Legal, Stakeholder Management, People, Common Resources, Marketing

Internal Audit*
Controls, Risk

* Not in picture Jamlick Gitonga - Internal Audit Manager

ETHICS & CODE OF CONDUCT

Directors and employees are required to comply with the Eveready Code of Business Conduct, which is intended to help them put Eveready's business principles into practice. This code clarifies the basic rules and standards they are expected to follow and the behaviour expected of them. The Eveready Business Practices and Standards of Conduct, Governance Statement and Directors Code of Ethics can be found at **http://eveready.co.ke/corporate-info/**

Eveready Helpline

Employees, may raise ethics and compliance concerns through the Eveready Ethics Helpline. This is a confidential reporting mechanism which is available 24 hours a day, seven days a week by telephone.

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.

Information Policy

Eveready is committed to managing an open communication policy with shareholders, potential investors and other interested parties. The objective is to ensure that the perception of those parties about the historical record, current performance and future prospects of Eveready is in line with management's understanding of the actual situation at Eveready.

The guiding principles of this policy are that Eveready gives equal treatment to shareholders in equal situations, that any price-sensitive information is published in a timely fashion and that the information is provided in a format that is as full, simple, transparent and consistent as possible.

Methodology

Eveready produces each year a detailed Annual Report, which reviews the business. It also provides detailed audited Financial Statements for the year under review, prepared according to the International Financial Reporting Standards (IFRS). Eveready publishes its full-year and half-year results; it also publishes press releases at the time of any potentially price-sensitive events.

Furthermore, Eveready has an active investor relations programme, including both group meetings and one-to-one meetings to include the Annual General Meeting.

The Company utilises the World Wide Web (www.eveready.com/investors) to ensure a rapid and equitable distribution of information. Eveready does not just rely on people visiting the site to be updated on the latest developments within the Company, press releases are distributed to major wire and news services and major information is published for our shareholders information.

A Corporate calendar of relevant dates is available on the Corporate website (www.eveready.co.ke/investors/events). Eveready's Investor Relations section can be contacted, either through the website, or by telephone, e-mail or letter through:

Investor Relations , Eveready East Africa PLC
Tel. +254 (0)20 2980 000, E-mail: info@eveready.co.ke

Eveready is committed to live by universally accepted norms on sustainability. These principles touch on human rights, the environment, corruption and labour.

How we Implement The Principles

The Eveready Corporate Business Practices and Standards of Conduct reflect our commitment to a strong compliance culture as a non-negotiable foundation of how we do business. Through our Code of Business Conduct and Supplier Code of Conduct, we encourage employees, suppliers and stakeholders to report practices or actions believed to be inappropriate or illegal, and we assess and investigate the reports if warranted, responding appropriately.

Eveready aims to meet the highest standards of business conduct across our operations. We work against corruption in all its forms. Our Annual Ethics Questionnaire process enables our employees have top of mind awareness of the need to share and continuously live by our values.

Eveready believes that all accidents are preventable and we work hard to foster our company's safety culture.

We have to make sure that respect for human rights remains at the forefront of Eveready's business, by continually reviewing, monitoring and addressing the human rights risks of our activities. By upholding international human rights standards, and continuous and consistent application of our own policies, which are aligned with the UN Guiding Principles on Business and Human Rights, Eveready can make a positive impact on all our stakeholders.

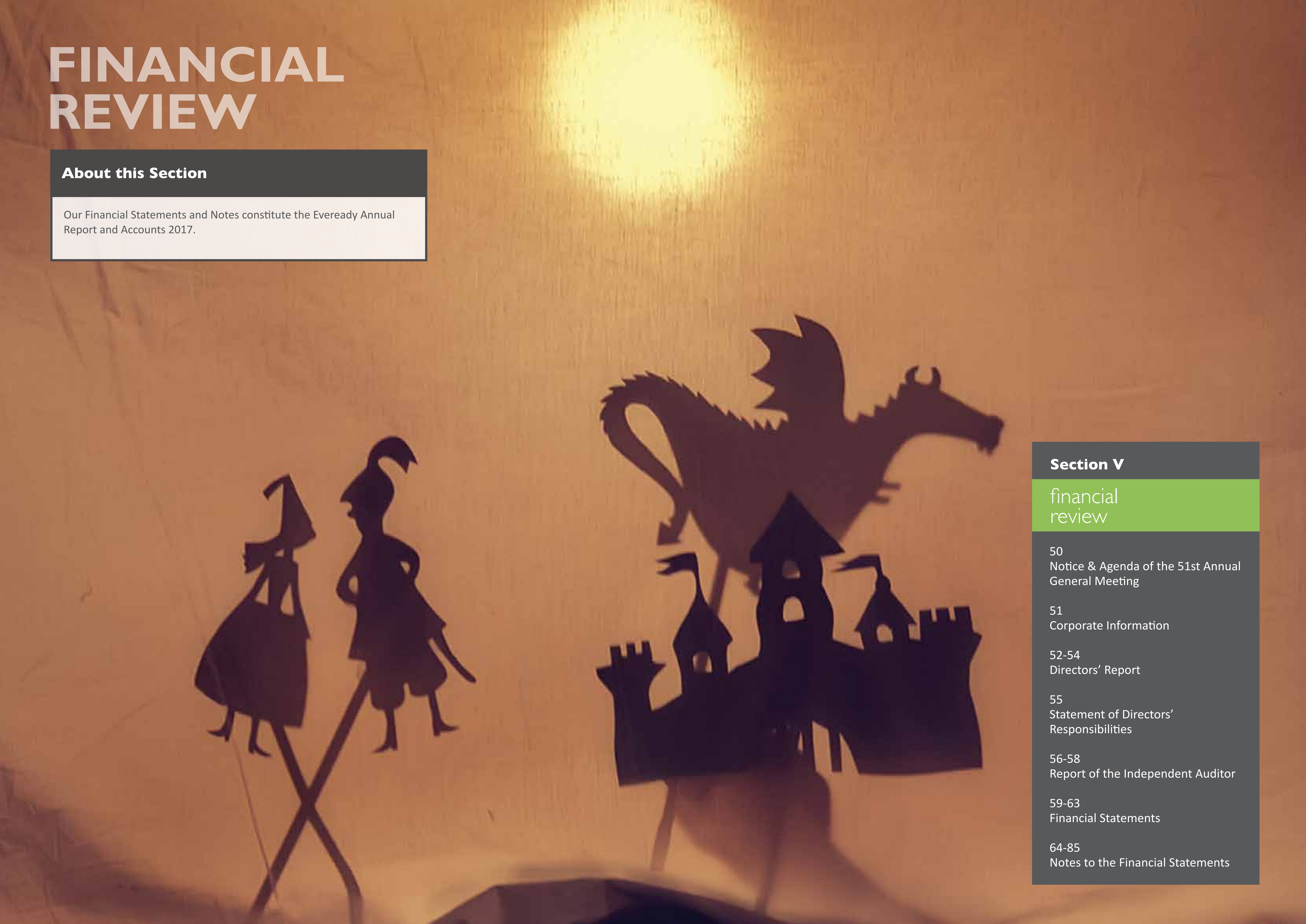
Environmental

We strive to provide our consumers with products that encourage recycling to minimise the amount of waste we produce.

We also avail to our consumers new and upcoming technologies that we can use to help reduce our environmental footprints. A good example of this is LED lighting, which provides many environmental advantages.

LEDs are energy efficient with longer life span and therefore need less frequent replacements. All our torches and lanterns are LED.

Rechargeable batteries are a better choice – they are used over and over, so our consumer not only save money but also conserve resources as fewer batteries are used compared to primary batteries



FINANCIAL REVIEW

About this Section

Our Financial Statements and Notes constitute the Eveready Annual Report and Accounts 2017.

Section V

financial review

NOTICE IS HEREBY GIVEN that the fifty first (51st) Annual General Meeting of EVEREADY East Africa PLC (the "Company") will be held at Merica Hotel, Nakuru on Tuesday 27, March 2018 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 fiftieth (50th) Annual General Meeting held on Tuesday 28 March, 2017.

3. Ordinary Business

(i) Report of the Auditors and Financial Statements for the Year Ended 30 September 2017:

To receive, consider and, if thought fit, adopt the Audited Financial Statements for the year ended 30 September 2017 together with the Directors' and Auditors' Reports thereon.

(ii) Election of Directors:

a) Dr. 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.

b) Ms. Fauzia Shah 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.

iii) Board Audit Committee Membership

In accordance with the provisions of Section 769 of the Companies Act, 2015, the following directors be elected to serve as members of the Board Audit Committee:

(a) Dr. Catherine Ngahu
(b) Mrs. Lucy Waithaka
(c) Ms. Fauzia Shah

4. Remuneration of Directors

To approve the Directors' remuneration for the year ended 30 September 2017.

5. Appointment and Remuneration of Auditors

To appoint RSM Eastern Africa auditors of the Company for Financial Year 2018 and to authorize the Board to fix the Auditors' remuneration.

6. To transact any other business for which appropriate notice has been issued and received.

By Order of the Board,

Image Registrars Limited, Company Secretary
31 January, 2018

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, Transnational Plaza, 8th Floor, Mama Ngina Street, P.O. Box 9287 – 00100 GPO, Nairobi or lodged at the Company's registered office at Sameer Business Park, Mombasa/ Enterprise Road Junction, P.O. Box 44765 - 00100 Nairobi, Kenya not later than 11a.m on Saturday March 24, 2018 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, 2017 may be viewed on the Company's website at www.eveready.co.ke

DIRECTORS	Mrs L Waithaka - Chairperson Mr J K Mutua - Managing Director Mr A H Butt ICDC - Represented by Ms M Mbithi Dr C Ngahu Ms F B Shah Ms S Mudhune - Retired 31st December 2016
COMPANY SECRETARY	Image Registrars Limited 5th Floor, Barclays Plaza, Loita Street P.O. Box 9287 - 00100 Nairobi, Kenya.
REGISTERED OFFICE	MCFL Logistics Centre 1st Floor, Mombasa Road P.O. Box 44765 - 00100 Nairobi, Kenya.
REGISTRAR	Image Registrars Limited 5th Floor, Barclays Plaza, Loita Street P.O. Box 9287 - 00100 Nairobi, Kenya.
INDEPENDENT AUDITOR	RSM Eastern Africa Certified Public Accountants 1st Floor, Pacis Centre Slip Road, off Waiyaki Way, Westlands P.O. Box 349 - 00606 Nairobi, Kenya.
PRINCIPAL BANKER	Commercial Bank of Africa Limited Grenadier Tower, Woodvale Grove P.O. Box 30437- 00100 Nairobi, Kenya.
LEGAL ADVISERS	Kaplan & Stratton Advocates P.O. Box 40111 - 00100 Nairobi, Kenya. Mukite Musangi & Company Advocates P.O. Box 149 - 20100 Nakuru, Kenya. O & M Advocates P.O. Box 49393 - 00100 Nairobi, Kenya.

The directors submit their report together with the audited financial statements for the year ended 30th September 2017.

Incorporation
The company is domiciled in Kenya where it is incorporated as a public company limited by shares under the Kenyan Companies Act, 2015. The address of the registered office is set out on page 1.

Directorate
The directors who held office during the year and to the date of this report are set out on page 51.

Principal activities
The principal activities of the company are those of selling imported dry cell and car batteries and trading in an assortment of flashlights, schick razors and other accessories.

Recommended dividend
During the year, an interim dividend of Shs 210,000,000 (2016: Nil). The directors do not recommend the declaration of a final dividend for the year.

Business review
Our business
EVEREADY East Africa PLC (the "Company" or "EVEREADY") is a public limited liability Company incorporated in Kenya. The Company is headquartered in Nairobi, Kenya and was founded in 1967.

The Company is one of the largest supplier of portable power solutions in East Africa. This together with one of the best distribution systems in East Africa and world class brands has ensured the Company long term success. Continued product expansion and keen desire to understand what the consumer expects and what the competitors are doing has remained the priority areas for our Company. EVEREADY's heritage is also tied to employee dedication and team work.

The Company distributes dry cells size 'D' 'AA' 'AAA' '9V' and 'C' carbon zinc primary batteries, alkaline batteries and rechargeable throughout the East Africa region and also provides flashlights under the TURBO® brand name for a broad spectrum of usage.

The Company has also introduced the TURBO® brand of automotive batteries, the TURBO® range of bulbs, EVERCLEAN® washing detergent and CLOROX® brand of household bleach, surface cleaners and fabric care. Our products are recognized for their distinct quality.

EVEREADY has an extensive network of associates and distributors whose support for its business in East Africa forms a far reaching network to ensure that the Company meets the portable power and cleaning requirements of people in East
Africa.

The current company's performance is Shs 339 million, which is 61% of prior period performance when the company had a revenue of Shs 553 million. During the year, the company completed the sale of its land and buildings in Nakuru at a consideration of Shs 1.3 billion.

Risks
Our business is subject to various risks and uncertainties. Highlighted below are some of the key risks to our business. These are risk that we consider to be material to Eveready's business at this moment in time. We recognize that there could be emerging risk in future.

i) Supply chain
Our business depends on the timely distribution of products to our consumers. Potential hazards to our supply chain include long lead times, disruption or loss of key suppliers.The underlying materials from which our products are subject to fluctuations of cost which affects our margins as the fluctuation of cost in these components cannot always be passed on to the consumers.

ii) Quality products
Product defects arising out of equipment failure or human error cannot be ignored.

iii) Economic, political risks and natural disasters
Consumer demand is weakened by adverse economic conditions. We are exposed to economic social and political volatility.

iv) Systems and information
Increasing our digital interaction with our consumers and the supply chain partners (trade) require secure and reliable IT systems and infrastructure. It is also crucial that we manage the information that we possess correctly and carefully. Unauthorized access failure of our IT systems and lack of effective use of information could disrupt our business, result in loss of assets and result in missed opportunities.

v) Portfolio management
Our growth is determined by our range of products (portfolio categories). These evolve over time. If we do not make optimal decision in this are out margins and revenues will be affected.

vi) Ethical
The way we operate contributes to our society. Despite our commitment to ethical business and the steps that we take to adhere to this commitment there is always the risk that we fall short of our standards which may result to damage of our corporate brand and results

vii) Brand preference
Consumer's preferences are continuously changing. Our ability to respond to these changes and our ability to differentiate our products remains key. We have to innovate to meet the needs of our consumers and if we are unable to do this successfully it will impact our revenues and margins.

viii) Legal and regulatory
Eveready is subject to local and regional laws and regulations in various areas to include taxes, listing and disclosures obligations, competition, licensing, trademarks, employee health and safety, corporate governance and employment. Failure to abide by these laws and regulation exposes Eveready to civil and/ criminal actions which may lead to fines and sanctions with associated blight to our corporate reputation.

ix) Business transformation
Our transformation projects are ongoing and they drive our continuous improvement agenda. Excellence in execution as well as speed of execution remain key unsuccessful executions deny us the intended benefits of a project and may disrupt our business

Statement as to disclosure to the company's auditor
With respect to each director at the time this report was approved:
(a) there is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware; and
(b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Terms of appointment of the auditor
The directors approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of Shs 2,200,000 has been charged to profit or loss in the year.

By order of the board

Director
29 January 2018

Section 1- Not subject to audit

a) Decisions on directors' remuneration

There was a 6% adjustment to the Managing Director's Basic pay effective 1st Jan 2017. There was no change in the remuneration of other Directors during the year.

b) Company policy on directors' remuneration

The company's policy is to remunerate directors and executives fairly and responsibly. The remuneration policy is aligned with the company's strategy and linked to annual performance. The board nomination and remuneration committee is responsbible for setting and administering the remuneration policy.

Directors are entitled to a basic quarterly fee and sitting allowance for each Board meeting and or/official company function attended. Directors are entitled to company transport when attending Board meetings or company functions outside thir regular areas of residence. A Director who for any reason uses his/her own private vehicle is entitled to a mileage claim.

These are payable at the following rates:

Title	Monthly Allowance (Shs)	Director's Fees Quarterly (Shs)	Allowance per Sitting (Shs)	Mileage Claim per KM (Shs)
Board Chairman	N/A	300,000	25,000	39.4
Committee Chairman	N/A	135,000	25,000	39.4
Director	N/A	135,000	25,000	39.4

c) General terms of service

Directors shall generally be elected at the annual meeting of shareholders for three-year terms, to serve until the annual general meeting of shareholders occurring at the end of that term. From time to time, directors may be nominated by the Board to serve less than three-year terms if the Board believes there is valid purpose for such shortened terms, for example, in order to equalize the number of directors in each class elected.

If a director is elected between annual meetings of shareholders, the initial term of any such director shall expire at the next annual meeting of shareholders.

Section 2 - Information subject to audit

Directors remuneration paid during the year

Director's name	Fees and allowances as at 30th September 2017 Shs	Fees and allowances as at 30th September 2016 Shs
Mrs L Waithaka - Chairperson	1,586,000	1,445,000
Mr J K Mutua - Managing Director	16,009,026	16,324,192
Mr A H Butt	1,082,500	910,000
Dr C Ngahu	1,111,000	890,000
Ms F B Shah	1,051,500	785,000
ICDC - Represented by Ms M Mbithi	965,000	800,000
Ms S Mudhune - Retired 31st December 2016	550,000	775,000
	22,355,026	**21,929,192**

By order of the board

Director

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the group and of the company as at the end of the financial year and of their profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that: (a) show and explain the transactions of the company; (b) disclose, with reasonable accuracy, the financial position of the company; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Companies Act, 2015.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting suitable accounting policies and applying them consistently; and

ii) making accounting estimates and judgements that are reasonable in the circumstances.

iii) Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 29 January 2018 and signed on its behalf by:

Director

Director

RSM Eastern Africa
Certified Public Accountants

1st Floor, Pacis Centre, Slip Road
off Waiyaki Way, Westlands
P.O. Box 44-00600, Nairobi, Kenya

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M +254 (0) 706347950/ 772 786111
F+254(0) 20 4451773

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF EVEREADY EAST AFRICA PLC

Opinion

We have audited the accompanying financial statements of Eveready East Africa PLC (''the company'') and its subsidiary (together, ''the group''), set out on pages 59 to 85, which comprise the balance sheets as at 30th September 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the group and of the company as at 30th September 2017 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	How the matter was addressed
Existence and valuation of inventory - Total inventories of Shs 182.8 million represent 31% of the total current assets of the company. These mainly consist of inventories at the company's stores and consignment stock at supermarkets.	Valuation of inventory is at the lower of cost and net realisable value. Cost is determined using the weighted average method. The determination of net realisable value for slow moving inventory is mainly based on management estimates. This in combination with the significant share of inventories as part of the total assets, made us conclude that existence and valuation of inventory are a key audit matter for our audit of the company. The procedures performed included: • Attending inventory count for all locations and obtained evidence to support existence of stock held by third parties. • Investigating explanations for material differences between physical quantities and book records during the period and at period end. • Ensuring correct application of the group's costing methodology for inventories, weighted average. • Reviewing the group's methodology for identifying slow moving or obsolete items and ensured adequate provisions for write-downs were in place. • Ensuring that inventory is not stated in excess of its net realisable value and management's estimates on realisability are corroborated.

RSM Eastern Africa
Certified Public Accountants

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F+254(0) 20 4451773

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF EVEREADY EAST AFRICA PLC (CONTINUED)

Key audit matter	How the matter was addressed
Recoverability of trade receivables - The company had trade and other receivables amounting to Shs 153.1 million which included trade receivables of Shs 99.4 million.	The debtors' days has deteriorated from 126 days in 2016 to 213 days in 2017 as some of the company's customers have been experiencing financial distress. Therefore, valuation of accounts receivable has been identified as a key audit matter. Our procedures performed included the following: • Analysing the ageing of accounts receivable. • Circularising key accounts to confirm balances outstanding at period end. • Examining the historical recovery records and current credit status of customers. • Inspecting subsequent receipts from customers after the year end. • Ensuring that adequate provision for impairment is in place for balances whose recovery is doubtful.
Recognition of deferred tax asset on tax losses which is dependent on successful achievement of the company's business plan.	We obtained and reviewed the company's business plan for the period 2018 to 2022 which support the availability of taxable profits against which the temporary differences can be utilised. The deferred tax asset has not been recognised on deductible temporary differences and tax losses carried forward amounting to Shs 214,614,000 (2016: Shs 171,114,000) due to lack of certainty of availability of future taxable profits against which such deductible temporary differences and tax losses could be utilised.

Other information

The directors are responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

RSM

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Certified Public Accountants

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REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF EVEREADY EAST AFRICA PLC (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Report on other matters prescribed by the Kenyan Companies Act, 2015 (the Act)

In our opinion,
i) the information given in the report of the directors on pages 52 and 53 is consistent with the financial statements; and
ii) the auditable part of the directors' remuneration report has been properly prepared in accordance with the Act.

The engagement partner responsible for the audit resulting in this independent auditor's report was FCPA Ashif Kassam, Practising Certificate No. 1126.

RSM Eastern Africa
Certified Public Accountants
Nairobi
29th January 2018
012/2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH SEPTEMBER 2017

	Note	Group 2017 Shs'000	Group 2016 Shs'000	Company 2017 Shs'000	Company 2016 Shs'000
Continuing operations					
Sales	5	338,931	553,311	338,931	553,311
Cost of sales		(251,610)	(425,016)	(251,610)	(425,016)
Gross profit		87,321	128,295	87,321	128,295
Other income	6	49,546	3,120	54,112	3,120
Gain on disposal of assets		452,468	1,752	452,468	1,752
Reversal of impairment of assets	7	-	17,021	-	17,021
Selling and distribution expenses		(38,622)	(43,926)	(38,622)	(43,926)
Administrative expenses		(216,152)	(177,394)	(215,822)	(177,394)
Establishments expenses		(23,197)	(41,242)	(23,197)	(41,242)
Impairment of assets	8	(52,494)	(34,220)	(52,827)	(93,406)
Finance costs	9	(9,736)	(72,368)	(9,736)	(72,368)
Profit/(loss) before tax	10	249,134	(218,962)	253,697	(278,148)
Tax income	11	16,947	47,138	16,947	47,138
Profit/(loss) for the year from continuing operations		266,081	(171,824)	270,644	(231,010)
Profit/(loss) for the year from discontinued operations	12	1,092	(34,681)	-	-
Profit/(loss) for the year		267,173	(206,505)	270,644	(231,010)
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Actuarial losses		3,270	310	3,270	310
Items that will be reclassified subsequently to profit or loss when specific conditions					
Currency translation differences on foreign operations		2,349	10,284	-	-
Other comprehensive income for the year, net of tax		5,619	10,594	3,270	310
Total comprehensive income/(loss) for the year attributable to the owners of the company		272,792	(195,911)	273,914	(230,700)
Earnings per share		**Shs**	**Shs**	**Shs**	**Shs**
Profit/(loss) per share - basic and diluted	13	1.27	(0.98)	1.29	(1.10)

BALANCE SHEET AS AT 30TH SEPTEMBER 2017

	Note	Group 2017 Shs'000	Group 2016 Shs'000	Company 2017 Shs'000	Company 2016 Shs'000
Equity					
Share capital	14	210,000	210,000	210,000	210,000
Actuarial reserve		-	(3,270)	-	(3,270)
Translation reserve		13,467	11,118	-	-
Revaluation reserve	16	-	657,073	-	657,073
Retained earnings		325,903	(388,343)	337,822	(379,895)
Total equity		549,370	486,578	547,822	483,908
Non-current liabilities					
Provisions for liabilities charges	17	8,847	8,847	8,847	8,847
		8,847	8,847	8,847	8,847
		558,217	495,425	556,669	492,755
REPRESENTED BY					
Non-current assets					
Property, plant and equipment	18	9,312	18,293	9,312	18,293
Non-current assets held for sale	12	-	695,658	-	693,797
Investment in subsidiary	19	-	-	-	333
Deferred income tax	20	185,480	98,087	185,480	98,087
Retirement benefit asset	21	-	4,215	-	4,215
		194,792	816,253	194,792	814,725
Current assets					
Inventories	22	182,798	161,997	182,798	161,997
Trade and other receivables	23	149,235	94,805	149,235	94,805
Current tax		-	6,007	-	6,007
Cash at bank and in hand	24	245,827	3,744	244,279	562
		577,860	266,553	576,312	263,371
Current liabilities					
Trade and other payables	25	149,600	144,107	149,600	142,067
Current tax		60,335	-	60,335	-
Borrowings	26	4,500	443,274	4,500	443,274
		214,435	587,381	214,435	585,341
Net current assets/(liabilities)		363,425	(320,828)	361,877	(321,970)
		558,217	495,425	556,669	492,755

The financial statements on pages 59 to 85 were approved for issue by the board of directors on 29 January 2018 and were signed on its behalf by:

Director

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH SEPTEMBER 2017

Group	Note	Share capital Shs'000	Translation reserve Shs'000	Actuarial reserve Shs'000	Revaluation reserve Shs'000	Retained earnings Shs'000	Total Shs'000
As at 1st October 2015		210,000	834	(3,580)	669,750	(194,515)	682,489
Changes in equity in 2016							
Loss for the year		-	-	-	-	(206,505)	(206,505)
Other comprehensive income		-	10,284	310	-	-	10,594
Total comprehensive income for the year		-	10,284	310	-	(206,505)	(195,911)
Transfer of excess depreciation (net of deferred tax)		-	-	-	(12,677)	12,677	-
At 30th September 2016		210,000	11,118	(3,270)	657,073	(388,343)	486,578
At 1st October 2016		210,000	11,118	(3,270)	657,073	(388,343)	486,578
Changes in equity in 2017							
Profit for the year		-	-	-	-	267,173	267,173
Other comprehensive income		-	2,349	3,270	-	-	5,619
Total comprehensive income for the year		-	2,349	3,270	-	267,173	272,792
Transactions with owners:							
Dividends - interim	15	-	-	-	-	(210,000)	(210,000)
Transfer of revaluation surplus on disposal of assets		-	-	-	(657,073)	657,073	-
At 30th September 2017		210,000	13,467	-	-	325,903	549,370

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH SEPTEMBER 2017

Group	Note	Share capital Shs'000	Actuarial reserve Shs'000	Revaluation reserve Shs'000	Retained earnings Shs'000	Total Shs'000
As at 1st October 2015		210,000	(3,580)	669,750	(161,562)	714,608
Changes in equity in 2016						
Loss for the year		-	-	-	(231,010)	(231,010)
Other comprehensive income		-	310	-	-	310
Total comprehensive income for the year		-	310	-	(231,010)	(230,700)
Transactions with owners:						
Transfer of excess depreciation (net of deferred tax)		-	-	(12,677)	12,677	-
At 30th September 2016		210,000	(3,270)	657,073	(379,895)	483,908
At 1st October 2016		210,000	(3,270)	657,073	(379,895)	483,908
Changes in equity in 2017						
Profit for the year			-	-	270,644	270,644
Other comprehensive income		-	3,270	-	-	3,270
Total comprehensive income for the year		-	3,270	-	270,644	273,914
Transactions with owners:						
Dividends :						
Interim - paid in year	15	-	-	-	(210,000)	(210,000)
Transfer of revaluation surplus on disposal of assets		-	-	(657,073)	657,073	-
At 30th September 2017		210,000	-	-	337,822	547,822

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH SEPTEMBER 2017

	Note	Group 2017 Shs'000	Group 2016 Shs'000	Company 2017 Shs'000	Company 2016 Shs'000
Cash flows from operating activities					
Profit/(loss) before tax		267,173	(206,505)	270,644	(231,010)
Adjustments for:					
Income tax		(16,947)	(47,138)	(16,947)	(47,138)
Depreciation charge	11	11,781	26,521	11,781	24,662
Gain on disposal of assets	18	(452,468)	(1,752)	(452,468)	(1,752)
Interest expense	6	9,736	72,368	9,736	72,368
Impairment of investment in subsidiary	9	-	-	333	-
Movement in retirement benefit asset and liabilities		7,485	(487)	7,485	(487)
Reversal of impairment loss on property plant and equipment	7	-	(17,021)	-	(17,021)
Write off of assets		2,768	4,460	982	-
Operating loss before working capital changes		(170,472)	(169,554)	(168,454)	(200,378)
(Increase)/decrease in trade and other receivables		(20,801)	111,056	(20,801)	154,983
(Increase)/decrease in inventories		(54,430)	194,720	(54,430)	172,236
Increase/(decrease) in trade and other payables		5,911	(171,329)	7,533	(172,223)
Cash used in operations		(239,792)	(35,107)	(236,152)	(45,382)
Interest paid		(9,736)	(72,368)	(9,736)	(72,368)
Tax paid		(4,104)	-	(4,104)	-
Net cash used in operating activities		**(253,632)**	**(107,475)**	**(249,992)**	**(117,750)**
Cash flows from investing activities					
Purchase of property, plant and equipment	18	(3,782)	(3,090)	(3,782)	(3,090)
Proceeds from disposal of property, plant and equipment		1,146,265	3,164	1,146,265	3,164
Net cash generated from investing activities		**1,142,483**	**74**	**1,142,483**	**74**
Cash flows from financing activities					
(Repayment of)/proceeds from borrowings		(433,969)	383,558	(434,299)	403,887
Dividend paid		(210,000)	-	(210,000)	-
Net cash (used in)/generated from financing activities		**(643,969)**	**383,558**	**(644,299)**	**403,887**
Net increase in cash and cash equivalents		**244,882**	**276,157**	**248,192**	**286,211**
Cash and cash equivalents at start of the year		**(731)**	**(285,519)**	**(3,913)**	**(290,124)**
Effect of exchange rate changes on cash and cash equivalents		**1,676**	**8,631**	**-**	**-**
Cash and cash equivalents at end of the year	24	**245,827**	**(731)**	**244,279**	**(3,913)**

1. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these general purpose financial statements are set out below:

a) Basis of preparation

The financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS). They are presented in Kenya Shillings, which is also the functional currency of the company (see (c) below), rounded to the nearest thousand (Shs'000).

The directors have reached the decision to wind up Flamingo Properties Uganda Limited (the subsidiary) due to the unprofitability of its operations. The financial statements for the subsidiary have been prepared on a basis other than that of a going concern.

The financial statements comprise a statement of profit or loss and other comprehensive income, balance sheet (statement of financial position), statement of changes in equity, and statement of cash flows. Income and expenses, excluding the components of other comprehensive income, are recognised in profit or loss. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to the profit and loss account in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the company in their capacity as owners are recognised in the statement of changes in equity.

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

Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the company uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the company using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the company at the end of the reporting period during which the change occurred.

b) New and revised standards

i) Adoption of new and revised standards

A number of amendments to standards and one interpretation became effective for the first time in the financial year beginning 1st October 2016 and have been adopted by the company. None of them has had an effect on the company's financial statements.

ii) New and revised standards and interpretations which have been issued but are not yet effective

The company has not applied any new or revised standards and interpretations that have been published but are not yet effective for the year beginning 1st October 2016 (see note 29).

1. Summary of significant accounting policies (continued)

c) Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which each entity operates).

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in profit or loss in the year in which they arise, except for differences arising on translation of non-monetary available-for-sale financial assets, which are recognised in other comprehensive income.

Translation of financial statements of foreign entities

The assets and liabilities of foreign operations are translated into Kenya Shillings using exchange rates at the reporting date. The components of shareholders' equity are stated at historical amounts.

Average exchange rates for the period are used to translate income and expense items of foreign operations. However, if exchange rates fluctuate significantly, the exchange rates at the dates of the transactions are used.

All resulting exchange differences are recognised in other comprehensive income and accumulated in currency translation reserve, a separate component of equity.

d) Revenue recognition

Revenue represents the fair value of consideration received or receivable for the sale of goods and services in the course of the company's activities. It is recognised when it is probable that future economic benefits will flow to the company and the amount of revenue can be measured reliably. It is stated net of Value Added Tax, rebates and trade discounts.

Sale of goods are recognised upon the delivery of the product and customer acceptance.

Rental income from operating leases is recognised on a straight line basis over the period of the lease.

Interest income is recognised on a time proportion basis using the effective interest method.

All other income earned by the company is recognised in the period in which it is earned.

e) Income tax

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in profit or loss except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

Current tax

Current tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Kenyan Income Tax Act.

Deferred income tax

Deferred tax is determined for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the asset is recovered or the liability is settled.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

Deferred tax liabilities are recognised for all taxable temporary differences except those arising on the initial recognition of an asset or liability, other than through a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss.

1. Summary of significant accounting policies (continued)

e) Income tax (continued)

Deferred income tax (continued)

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

f) Borrowing costs

Borrowing costs, net of any temporary investment income on those borrowings, that are attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the asset. The net borrowing cost capitalised is either the actual borrowing cost incurred on the amount borrowed specifically to finance the asset; or in the case of general borrowings, the borrowing cost is determined using the overall weighted average cost of the borrowings on all outstanding borrowings during the year less any specific borrowings directly attributable to the asset and applying this rate to the borrowing attributable to the asset. Capitalisation of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised in the profit or loss in the year in which they are incurred.

g) Share capital

Ordinary shares are recognised at par value and classified as 'share capital' in equity.

h) Dividends

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

i)Property, plant and equipment

All categories of property, plant and equipment are initially recognised at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system, that is an integral part of the related hardware is capitalised as part of the computer equipment. Leasehold land is subsequently carried at a revalued amount, based on valuation by external independent valuers, less accumulated depreciation and accumulated impairment loss. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying value 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. Repairs and maintenance is charged to the profit and loss account in the year to which it relates.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the profit and loss account. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost is transferred from the revaluation surplus reserve to retained earnings.

Depreciation is calculated using the straight line method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life using the following annual rates:

	Rate - %
Leasehold land	Over the lease period
Buildings	3.33 - 4
Plant and machinery	6.67
Furniture and fixtures	16.7
Computers	33.3
Motor vehicles	33.3

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately.

1. Summary of significant accounting policies (continued)

i) Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

j) Investment in subsidiaries

Subsidiaries are entities controlled by the company. The company controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has an ability to affect these returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

Subsidiaries are fully consolidated from the date at which the company starts controlling them and are de- consolidated from the date control ceases. Inter-company transactions, balances and unrealised gains or transactions between companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the company.

The directors reached the decision to wind up Flamingo Properties Uganda Limited (the subsidiary) due to unprofitability of its operations. The results of the subsidiary have been presented as discontinued operations.

Investments in subsidiaries are carried at cost less any accumulated impairment losses.

k) Impairment of non-financial assets

Non-financial assets that are carried at amortised cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, 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.

l) Discontinued operations and non-current assets held for sale

Discontinued operations

These are either separate major lines of business or geographical operations that have been sold or classified as held for sale. When held for use, discontinued operations were a cash-generating unit or a group of cash- generating units. They comprise operations and cash flows that can be clearly distinguished - operationally and for financial reporting purposes - from the rest of the entity. Their results are shown separately in the consolidated statement of profit or loss and comparative figures are restated to reclassify them from continuing to discontinued operations.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be principally recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for sale in its present condition. The directors must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of the asset's previous carrying amount and the fair value less costs to sell.

m) Financial instruments

Classification

The company classifies its financial instruments into the following categories:

i) **Loans and receivables,** which comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and excludes assets which the company intends to sell immediately or in the near term or those which the company upon initial recognition designates as at fair value through profit or loss or as available-for-sale financial assets.

1. Summary of significant accounting policies (continued)

m) Financial instruments (continued)

ii) Financial liabilities, which comprise all financial liabilities except financial liabilities at fair value through profit or loss.

Financial instruments held during the year were classified as follows:
- Demand and term deposits with banking institutions and trade and other receivables were classified as 'loans and receivables'.
- Borrowings and trade and other liabilities were classified as financial liabilities.

Recognition and measurement

i) Financial assets

All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale. Financial assets carried at fair value through profit or loss are initially recognised at fair value and the transaction costs are expensed in the profit and loss account. All other categories of financial assets are recorded at the fair value of the consideration given plus the transaction cost.

Subsequently, loans and receivables are carried at amortised cost using the effective interest method. Amortised cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

The company assesses at each balance sheet whether there is objective evidence that a financial asset is impaired. If any such evidence exists, an impairment loss is recognised. Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the present value of the expected future cash flows, discounted using the asset's effective interest rate.

Changes in the carrying values and impairment losses of loans and receivables are recognised in the profit and loss account. Trade and other receivables not collectible are written off against the related provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account in the year of recovery.

ii) Financial liabilities

All financial liabilities are recognised initially at fair value of the consideration given plus the transaction cost with the exception of financial liabilities carried at fair value through profit or loss, which are initially recognised at fair value and the transaction costs are expensed in the profit and loss account.

Subsequently, all financial liabilities are carried at amortised cost using the effective interest method except for financial liabilities through profit or loss which are carried at fair value.

Presentation:

All financial assets are classified as non-current except financial assets at fair value through profit or loss, those with maturities of less than 12 months from the balance sheet date, those which the directors have the express intention of holding for less than 12 months from the balance sheet date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except financial liabilities at fair value through profit or loss, those expected to be settled in the company's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the company does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Derecognition:

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

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1. Summary of significant accounting policies (continued)

n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and includes all costs incurred in bringing the goods to their present location and condition but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

o) Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. In the balance sheet, bank overdrafts are included as borrowings under current liabilities.

p) Provisions for liabilities

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

q) Leases

Finance leases as the lessee

Leases of property, plant and equipment including hire purchase contracts where the company assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are recognised as a liability at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The interest rate implicit in the lease is used as the discount factor in determining the present value. Each lease payment is allocated between the liability and finance cost using the interest rate implicit in the lease. The finance cost is charged to the profit and loss account in the year in which it is incurred. Property, plant and equipment acquired under finance leases are capitalised and depreciated over the estimated useful life of the asset.

Operating leases

Leases of assets where a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made/received under operating leases are charged/credited to the profit and loss account on a straight line basis over the lease period. Prepaid operating lease rentals are recognised as assets and are subsequently amortised over the lease period.

r) Short term employee benefits

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

s) Post-employment benefit obligations

Defined contribution

The company operates a defined contribution retirement benefits plan for its employees, the assets of which are held in a separate trustee administered scheme managed by an insurance company. A defined contribution plan is a plan under which the company pays fixed contributions into a separate fund, and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. The company's contributions are charged to the profit and loss account in the year to which they relate.

Defined benefit

The liability/asset recognised in the balance sheet in respect of the defined benefit scheme is the present value of the defined benefit obligations at the balance sheet date less the fair value of the plan assets. The defined 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 flows using interest rates of high- quality corporate bonds that are denominated in the functional currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Remeasurements of the net defined benefit liability/asset are recognised in other comprehensive income, with no reclassification to profit or loss in a subsequent period. Remeasurements comprise actuarial gains/losses and the return on plan assets, excluding amounts included in net interest on the net defined benefit liability/asset.

1. Summary of significant accounting policies (continued)

s) Post-employment benefit obligations (continued)

Defined benefit (continued)

The company and its employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the company's contributions are charged to the profit and loss account in the year to which they relate.

2. Significant judgements and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the group, the directors make certain judgements and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The directors evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available.

a) Significant judgements made in applying the company's accounting policies

The judgements made by the directors in the process of applying the company's accounting policies that have the most significant effect on the amounts recognised in the financial statements include whether it is probable that future taxable profits will be available against which temporary differences can be utilized.

b) Key sources of estimation uncertainty

Key assumptions made about the future and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year include:

i) Income taxes

Estimates made in determining the income tax expense for transactions for which the ultimate determination of the income tax expense is uncertain in the ordinary course of business.

ii) Impairment losses

Estimates made in determining the impairment losses on receivables. Such estimates include the determination of the net realisable value or the recoverable amount of the asset. The movement on the impairment provision is set out in Note 23.

iii) Net realizable value of inventory

Estimates made in determining the net realizable value of inventory. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses and includes estimated selling price on products bundled as part of a sales promotion.

3. Risk management objectives and policies

a) Financial risk management

The group's activities expose it to a variety of financial risks including credit, liquidity and market risks. The group's overall risk management policies are set out by the board and implemented by the management, and focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on the group's performance by setting acceptable levels of risk. The group does not hedge against any risks.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a company-wide basis. The group does not grade the credit quality of financial assets that are neither past due nor impaired.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting the credit limit and the credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

3. Risk management objectives and policies (continued)

a) Financial risk management (continued)

i) Credit risk (continued)

The credit exposure of the group and of the company as at the balance sheet date is as follows:

a. Group	Fully performing Shs '000	Past due but not impaired Shs '000	Impaired Shs '000	Total Shs '000
At 30th September 2017				
Trade receivables	18,068	66,006	12,646	96,720
Other receivables	5,397	-	-	5,397
Value Added Tax recoverable	35,993	-	-	35,993
Advance payment to suppliers	6,403	-	-	6,403
Cash at bank	245,827	-	-	245,827
Maximum exposure to credit risk	311,688	66,006	12,646	390,340
At 30th September 2016				
Trade receivables	66,351	9,121	8,659	84,131
Other receivables	4,849	-	-	4,849
Cash at bank	3,744	-	-	3,744
Maximum exposure to credit risk	74,944	9,121	8,659	92,724

b. Company	Fully performing Shs '000	Past due but not impaired Shs '000	Impaired Shs '000	Total Shs '000
At 30th September 2017				
Trade receivables	18,068	66,006	12,646	96,720
Other receivables	5,397	-	-	5,397
Value Added Tax recoverable	35,993	-	-	35,993
Advance payment to suppliers	6,403	-	-	6,403
Cash at bank	244,279	-	-	244,279
Maximum exposure to credit risk	310,140	66,006	12,646	388,792
At 30th September 2016				
Trade receivables	66,351	9,121	8,659	84,131
Other receivables	4,849	-	-	4,849
Cash at bank	562	-	-	562
Maximum exposure to credit risk	71,762	9,121	8,659	89,542

3. Risk management objectives and policies (continued)

a) Financial risk management (continued)

ii) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The board has developed a risk management framework for the management of the company's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The company manages liquidity risk by continuously reviewing forecasts and actual cash flows, and may consider banking facilities for future and likely shortfalls in the cashflows.

The table below summarises the maturity analysis for the financial liabilities to their remaining contractual maturities.

a. Group	Less than one month Shs '000	Between 1-3 months Shs '000	Between 3-12 months Shs '000	Over 1 year Shs '000
At 30th September 2017				
Trade payables	71,118	-	-	-
Other payables and accrued expenses	7,912	13,564	-	-
Dividend payable	57,006	-	-	-
Borrowings	-	1,125	3,375	-
	136,036	**14,689**	**3,375**	**-**
At 30th September 2016				
Trade payables	48,489	-	-	-
Other payables and accrued expenses	24,510	1,423	-	-
Payables to related parties	69,685	-	-	-
Borrowings	4,475	438,799	-	-
	147,159	440,222	-	-

b. Company	Less than one month Shs '000	Between 1-3 months Shs '000	Between 3-12 months Shs '000	Over 1 year Shs '000
At 30th September 2017				
Trade payables	71,118	-	-	-
Other payables and accrued expenses	7,912	13,564	-	-
Dividend payable	57,006	-	-	-
Borrowings	-	1,125	3,375	-
	136,036	14,689	3,375	-
At 30th September 2016				
Trade payables	47,714	-	-	-
Other payables and accrued expenses	23,245	1,423	-	-
Payables to related parties	69,685	-	-	-
Borrowings	4,475	438,799	-	-
	145,119	440,222	-	-

3. Risk management objectives and policies (continued)

a) Financial risk management (continued)

iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk.

Interest rate risk

The company is exposed to cash flow interest rate risk on its variable rate borrowings because of changes in market interest rates. The company manages this exposure by maintaining an interest cover ratio, which is the extent to which the gross margin is available to service borrowing costs. Management consider that a change in interest rates of 1% in the year ending 30th September 2018 is reasonably possible. If the interest rates on the group's borrowings at the year-end were to increase/decrease by 1%, with all other factors remaining constant, the post-tax profit would be lower/higher by Shs 682,000 (2016: Shs 5,066,000) respectively.

Currency risk

Currency risk arises on financial instruments that are denominated in foreign currencies. The group has cash at bank, trade payables and borrowings which are denominated in foreign currencies.

	2017 US$ Shs'000	2016 US$ Shs'000
Cash at bank	46	-
Trade payables	(1,766)	(102,408)
Bank overdraft	-	(955)
Advance payments to suppliers	6,403	-
Net exposure	4,683	(103,363)

Management consider that an appreciation of the United States Dollar against the Kenya Shilling of between 5% and 10% in the year ending 30th September 2018 is reasonably possible. If the foreign currencies were to appreciate/depreciate against the Kenya Shilling by 10% with all other factors remaining constant, the post tax profit would be lower/higher by Shs 328,000 (2016: Shs 7,235,000).

b) Capital management

The group's objective in managing its capital is to ensure that it supports the development of its business and is able to continue as a going concern, while at the same time maximise the return to its shareholders. The group is not subject to any external capital requirements.

The board of directors reviews the capital structure on a quarterly basis. As part of this review, the board considers the cost of capital. Based on the review, the board considers, analyses and assesses the gearing ratio to determine the appropriate levels. This ratio is calculated as net debt divided by total shareholders' funds and net debt. Net debt is calculated as total borrowings less cash and cash equivalents. Except for insurance premium financing the company had no other external debt at the end of the year.

3. Risk management objectives and policies (continued)

b) Capital management (continued)

The gearing ratio at the year-end was as follows:

	Group		Company	
	2017 Shs'000	2016 Shs'000	2017 Shs'000	2016 Shs'000
Shareholders' funds	549,370	486,578	547,822	483,908
Total borrowings	4,500	443,274	4,500	443,274
Less: cash and cash equivalents	(245,827)	(3,744)	(244,279)	(562)
Net debt	(241,327)	439,530	(239,779)	442,712
Total shareholders' funds and net debt	549,370	926,108	547,822	926,620
%	Nil	47%	Nil	48%

4. Segmental information

The continuing operations of the group comprise a single operating segment. Consequently, no segmental information is included in these financial statements.

	Group		Company	
	2017 Shs'000	2016 Shs'000	2017 Shs'000	2016 Shs'000
5. Sales				
Sale of purchased goods	338,931	550,977	338,931	550,977
Sale of raw materials	-	2,334	-	2,334
	338,931	553,311	338,931	553,311
6. Other income				
Rental income	3,000	3,120	3,000	3,120
Interest income	33,686	-	33,686	-
Miscellaneous income	12,860	-	17,426	-
	49,546	3,120	54,112	3,120
7. Reversal of impairment loss on property, plant and equipment				
Buildings	-	15,609	-	15,609
Machinery and equipment	-	1,412	-	1,412
	-	17,021	-	17,021
8. Impairment of assets				
Impairment of retirement benefit asset	6,337	-	6,337	-
Impairment of receivables	46,157	34,220	46,157	34,220
Impairment of related party receivables	-	-	-	59,186
Impairment of subsidiary	-	-	333	-
	52,494	34,220	52,827	93,406
9. Finance costs				
Interest expense:				
- Bank overdrafts	7,963	24,799	7,963	24,799
- Loans	1,773	47,569	1,773	47,569
	9,736	72,368	9,736	72,368

	Group		Company	
	2017 Shs'000	2016 Shs'000	2017 Shs'000	2016 Shs'000
10. Profit/(loss) before tax				
(a) Items charged				
The following items have been charged in arriving at profit/(loss) before tax				
Inventories expensed	251,610	425,016	251,610	425,016
Employee benefits expense (Note 10(b))	111,796	102,650	111,796	102,650
Operating lease rentals expense	10,139	9,951	10,139	9,951
Depreciation of property, plant and equipment	11,781	26,521	11,781	26,521
(b) Employee benefits expense				
The following items are included in employee benefits expense:				
Wages and salaries	106,945	97,956	106,945	97,956
Retirement benefit costs:				
- Defined contribution scheme	4,675	5,019	4,675	5,019
- Defined benefit scheme	-	(487)	-	(487)
- National Social Security Fund (NSSF)	176	162	176	162
	111,796	102,650	111,796	102,650

The average number of persons employed during the year, by category, were:	2017 Number	2016 Number
Sales and distribution	86	86
Management and administration	7	7
	93	93

	Group		Company	
	2017 Shs'000	2016 Shs'000	2017 Shs'000	2016 Shs'000
11. Tax income	66,829	936	66,829	936
Current income tax	3,617	-	3,617	-
Under provision in prior year	(87,393)	(48,074)	(87,393)	(48,074)
Deferred tax credit (Note 20)	(16,947)	(47,138)	(16,947)	(47,138)
Tax income				
The tax on the group's profit/(loss) before tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:				
Profit/(loss) before tax	249,134	(218,962)	253,697	(278,148)
Tax calculated at a tax rate of 30%	74,740	(65,689)	76,110	(83,444)
Tax effect of:				
Income subject to tax at 5%	(113,115)	-	(113,117)	-
Under - provision of deferred income tax in prior year	-	(39,958)	-	(39,958)
Under provision of current tax in prior year	3,617	-	3,617	-
Deferred tax asset not recognised	14,418	51,335	13,050	51,335
Expenses not deductible for tax purposes	3,393	7,174	3,393	24,929
Tax income	(16,947)	(47,138)	(16,947)	(47,138)

12. Discontinued operations and assets held for sale - Group

	2017 Shs'000	2016 Shs'000
Profit/(loss) for the year from discontinued subsidiary company operations		
Sales	-	25,514
Cost of sales	-	(18,235)
Gross profit	-	7,279
Other incomes	1,781	-
Employment cost	-	(1,799)
Other administration expenses	(689)	(9,360)
Write down of assets	-	(20,993)
Operating losses	1092	(24,873)
Finance cost	-	(9,808)
Loss before tax	1092	(34,681)
Tax	-	-
Profit/(loss) for the year	1092	(34,681)

On 20th May 2016, the board of directors of the subsidiary company Flamingo Properties Uganda Limited resolved to voluntarily wind up the subsidiary company.

Assets held for sale	Group		Company	
	2017 Shs'000	2016 Shs'000	2017 Shs'000	2016 Shs'000
Leasehold land	-	678,188	-	678,188
Building	-	15,609	-	15,609
Furniture and fixtures	-	161	-	-
Motor vehicles	-	1,630	-	-
Computers	-	70	-	-
	-	695,658	-	693,797

13. Profit/(loss) per share - basic and diluted

Profit/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to shareholders by the number of ordinary shares in issue during the year.

	Group		Company	
	2017 Shs'000	2016 Shs'000	2017 Shs'000	2016 Shs'000
Profit/(loss) for the year (Shs' 000)	267,173	(206,505)	270,644	(231,010)
Number of ordinary shares (thousands) - Note 14	210,000	210,000	210,000	210,000
Profit/(loss) per share - basic and diluted (Shs)	1.27	(0.98)	1.29	(1.10)

There were no potentially dilutive shares outstanding at either 30th September 2017 or 30th September 2016.

14. Share capital

	No. of shares	Issued and paid up capital Shs
Ordinary shares		
At 1st October 2015 and 30th September 2016	210,000,000	210,000,000
At 1st October 2016 and 30th September 2017	210,000,000	210,000,000

The total number of authorised ordinary shares is 210,000,000 (2016: 210,000,000) with a par value of Shs 1 each.

15. Dividends

During the year, an interim dividend of Shs 1 per share amounting to Shs 210,000,000 (2016: Nil) was paid. The total amount of dividend paid per share for the year is Shs 210,000,000 (2016: Shs Nil). Payment of dividends to shareholders (other than companies owning more than 12.5% of the issued shares) is subject to deduction of withholding tax at a rate of 5% for residents and 10% for non-residents.

16. Revaluation surplus

Group and company

The revaluation surplus arises on the revaluation of leasehold land and is stated net of deferred income tax. The surplus is not distributable. The movement during the year is as follows:

	2017 Shs'000	2016 Shs'000
At 1st October	657,083	669,750
Transfer of revaluation surplus on disposal of assets	(657,083)	-
Transfer of excess depreciation on revaluation (net of deferred tax)	-	(12,667)
At 30th September	-	657,083

17. Provisions for liabilities

	Group		Company	
	2017 Shs'000	2016 Shs'000	2017 Shs'000	2016 Shs'000
At the start of the year and end of year	8,847	8,847	8,847	8,847

The above provision is in respect of pending claims from former employees following the restructuring program undertaken in 2014.

18. Property, plant and equipment

a) Group	Leasehold land Shs'000	Buildings Shs'000	Plant and machinery Shs'000	Furniture and fixtures Shs'000	Computers Shs'000	Motor vehicles Shs'000	Total Shs'000
At 1st October 2015							
Cost or valuation	705,267	28,211	246,622	44,559	32,201	62,612	1,119,472
Translation differences	-	-	-	(116)	(40)	(276)	(432)
Accumulated depreciation	(13,644)	(28,211)	(246,622)	(32,372)	(22,552)	(53,969)	(397,370)
Net carrying amount	691,623	-	-	12,071	9,609	8,367	721,670
Year ended 30th September 2016							
Opening carrying amount	691,623	-	-	12,071	9,609	8,367	721,670
Additions	-	-	-	-	-	3,090	3,090
Disposals	-	-	(1,412)	-	-	-	(1,412)
Depreciation charge	(13,435)	-	-	(5,386)	(4,580)	(3,120)	(26,521)
Reversal of impairment loss	-	15,609	1,412	(300)	-	(1,626)	15,095
Transfer to assets held for sales	(678,188)	(15,609)	-	-	-	-	(693,797)
Translation differences	-	-	-	30	20	118	168
Closing carrying amount	-	-	-	6,415	5,049	6,829	18,293
At 30th September 2016							
Cost or valuation	-	-	241,133	42,853	30,491	47,178	361,655
Accumulated depreciation and impairment loss	-	-	(241,133)	(36,438)	(25,442)	(40,349)	(343,362)
Net carrying amount	-	-	-	6,415	5,049	6,829	18,293
Year ended 30th September 2017							
Opening carrying amount	-	-	-	6,415	5,049	6,829	18,293
Additions	-	-	-	-	363	3,419	3,782
Depreciation charge	-	-	-	(4,629)	(2,303)	(4,849)	(11,781)
Asset write off	-	-	-	(942)	(40)	-	(982)
Closing carrying amount	-	-	-	844	3,069	5,399	9,312
At 30th September 2017							
Cost or valuation	-	-	-	25,862	14,739	47,409	88,010
Accumulated depreciation and impairment loss	-	-	-	(25,018)	(11,670)	(42,010)	(78,698)
Net carrying amount	-	-	-	844	3,069	5,399	9,312

18. Property, plant and equipment (continued)

a) Company	Leasehold land Shs'000	Buildings Shs'000	Plant and machinery Shs'000	Furniture and fixtures Shs'000	Computers Shs'000	Motor vehicles Shs'000	Total Shs'000
At 1st October 2015							
Cost or valuation	705,267	29,448	246,622	42,853	30,491	57,090	1,111,771
Accumulated depreciation	(13,644)	(29,448)	(246,622)	(31,437)	(21,309)	(51,258)	(393,718)
Net carrying amount	691,623	-	-	11,416	9,182	5,832	718,053
Year ended 30th September 2016							
Opening carrying amount	691,623	-	-	11,416	9,182	5,832	718,053
Additions	-	-	-	-	-	3,090	3,090
Disposals	-	-	(1,412)	-	-	-	(1,412)
Reversal of impairment loss	-	15,609	1,412	-	-	-	17,021
Depreciation charge	(13,435)	-	-	(5,001)	(4,133)	(2,093)	(24,662)
Transfer to assets held for sales	(678,188)	(15,609)	-	-	-	-	(693,797)
Closing carrying amount	-	-	-	6,415	5,049	6,829	18,293
At 30th September 2016							
Cost or valuation	-	-	241,133	42,853	30,491	47,178	361,655
Accumulated depreciation and impairment	-	-	(241,133)	(36,438)	(25,442)	(40,349)	(343,362)
Net carrying amount	-	-	-	6,415	5,049	6,829	18,293
Year ended 30th September 2017							
Opening carrying amount	-	-	-	6,415	5,049	6,829	18,293
Additions	-	-	-	-	363	3,419	3,782
Depreciation charge	-	-	-	(4,629)	(2,303)	(4,849)	(11,781)
Asset write off	-	-	-	(942)	(40)	-	(982)
Closing carrying amount	-	-	-	844	3,069	5,399	9,312
At 30th September 2017							
Cost or valuation	-	-	-	25,862	14,739	47,409	88,010
Accumulated depreciation and impairment loss	-	-	-	(25,018)	(11,670)	(42,010)	(78,698)
Net carrying amount	-	-	-	844	3,069	5,399	9,312

18. Property, plant and equipment (continued)

Leasehold land was revalued on 13th November 2014 by Regent Valuers Limited based on special value assuming successful change of use from existing industrial to mixed use (commercial and residential) and extension of remaining lease term from 52 years to 99 years. The carrying amount of the asset was restated to the revalued amount of the asset, and the resulting surplus arising on revaluation net of deferred income tax was recognised in other comprehensive income and credited to the revaluation surplus in equity. The leasehold land was disposed of in the year.

If the leasehold land were stated on the historical cost basis, the carrying amount would be as follows:

	2017 Shs'000	2016 Shs'000
Cost	657,083	669,750
Accumulated depreciation	(657,083)	-
Carrying amount	-	(12,667)

Fully depreciated assets still used had a cost of Shs 76,904,000 (2016: 165,826,000).

19. Investments in subsidiaries

Company

	Holding	2017 Shs'000	2016 Shs'000
Unquoted securities at cost			
Flamingo Properties Uganda Limited	100%	333	333
Impairment loss		(333)	-
		-	333

The company also has a subsidiary in Kenya, Flamingo Properties Limited, for which no capital contribution has been made. The subsidiary was dormant during the year.

20. Deferred income tax - group and company

Deferred income tax is calculated using the enacted tax rate of 30% except for capital gains, for which the enacted tax rate of 5% is used (2016: 30% and 5%).

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

Year ended 30th September 2017	At start of year Shs'000	(Credited)/ charged to profit or loss Shs'000	At end of year Shs'000
Deferred tax assets			
Tax losses	116,643	52,949	169,592
Provision for staff leave	24	1,220	1,244
Provision for bad debts	-	13,847	13,847
Provision for obsolete inventory	23,065	(14,403)	8,662
	139,732	53,613	193,345
Deferred tax liability			
Property, plant and equipment	(41,645)	33,780	(7,865)
Net deferred tax asset	98,087	87,393	185,480

20. Deferred income tax - group and company (continued)

Year ended 30th September 2016	At start of year Shs'000	(Credited)/ charged to profit or loss Shs'000	At end of year Shs'000
Deferred tax assets			
Tax losses	72,348	44,295	116,643
Provision for staff leave	3,851	(3,827)	24
Unrealised exchange difference	5,660	(5,660)	-
Provision for obsolete inventory	19,225	3,840	23,065
Provision for terminal dues	3,000	(3,000)	-
	104,084	35,648	139,732
Deferred tax liability			
Property, plant and equipment	(54,071)	12,426	(41,645)
Net deferred tax (liability)/asset	50,013	48,074	98,087

The deferred tax asset has not been recognised on deductible temporary differences and tax losses carried forward amounting to Shs 214,614,000 (2016: Shs 171,114,000) due to lack of certainty of availability of future taxable profits against which such deductible temporary differences and tax losses could be utilised. Under the Kenyan Income Tax Act, tax losses are allowable as a deduction only in the nine years succeeding the year in which they occurred. The tax losses of Shs 779,922,000 carried forward will expire as follows:

Arising in:	Tax losses Shs'000	Expiring:
2011	92,518	2020
2012	55,148	2021
2015	180,226	2024
2016	232,032	2025
2017	219,998	2026
	779,922	

The deferred tax asset has been recognised based on management's projections of future taxable profits that will be available against which the deductible temporary differences and tax losses can be utilised.

21. Staff retirement defined benefit scheme

The company operated a funded final salary defined benefit plan. The scheme was wound up and is currently under liquidation. The movement in the net asset in the year was as follows:

Group and company	Shs'000
Net asset at start of the year	4,215
Actuarial reserve	3,270
	7,485
Recoverable surplus (transferred to other receivables - Note 23)	(1,148)
Impairment of asset (Note 8)	(6,337)
Net asset at the end of the year	-

	Group 2017 Shs'000	Group 2016 Shs'000	Company 2017 Shs'000	Company 2016 Shs'000
22. Inventories				
Raw materials	-	48,927	-	48,927
Less: provision for impairment	-	(48,927)	-	(48,927)
	-	-	-	-
Finished goods	211,673	102,188	211,673	102,188
Good in transit	-	59,809	-	59,809
Less: provision for impairment	(28,875)	-	(28,875)	-
	182,798	161,997	182,798	161,997
23. Trade and other receivables				
Trade receivables				
Less: Provision for impairment losses	227,329	168,583	227,329	168,583
	(130,609)	(84,452)	(130,609)	(84,452)
	96,720	84,131	96,720	84,131
Other receivables	5,397	4,849	5,397	4,849
Receivable from related parties	-	-	54,621	59,186
Less: Provision for impairment losses	-	-	(54,621)	(59,186)
Value Added Tax recoverable	35,993	-	35,993	-
Prepayments	4,722	5,825	4,722	5,825
Advance payment to suppliers	6,403	-	6,403	-
	149,235	94,805	149,235	94,805
The movement on the provision for impairment losses for trade receivables and receivables from related parties is as follows:				
At 1st October	84,452	50,232	143,638	50,232
Net increase charged to profit and loss account	46,157	37,066	46,157	96,252
Provisions utilised	-	(2,846)	(4,565)	(2,846)
At 30th September	130,609	84,452	185,230	143,638
24. Cash at bank and in hand				
Cash at bank and in hand	21,697	3,744	20,149	562
Short-term bank deposits	224,130	-	224,130	-
	245,827	3,744	244,279	562
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:				
Cash and bank balance	21,697	3,744	20,149	562
Short-term bank deposits	224,130	-	224,130	-
Bank overdraft (Note 26)	-	(4,475)	-	(4,475)
	245,827	(731)	244,279	(3,913)

	Group 2017 Shs'000	Group 2016 Shs'000	Company 2017 Shs'000	Company 2016 Shs'000
25. Trade and other payables				
Trade payables	71,118	48,489	71,118	47,714
Other payables	11,912	765	11,912	582
Accrued expenses	9,564	25,168	9,564	24,086
Dividend payables	57,006	-	57,006	-
Related parties (Note 28(i))	-	69,685	-	69,685
	149,600	144,107	149,600	142,067
26. Borrowings				
Current				
Bank overdraft (Note 24)	-	4,475	-	4,475
Bank loans	-	363,799	-	363,799
Insurance Premium Financing	4,500	-	4,500	-
Related party loans (Note 28(i))	-	75,000	-	75,000
	4,500	443,274	4,500	443,274
The borrowings are repayable as follows:				
On demand or within 1 year	4,500	443,274	4,500	443,274

	2017 Shs'000	2016 Shs'000
27. Operating lease arrangements		
Group and company		
The company as lessee:		
Minimum lease payments under operating leases recognised through profit or loss	16,446	19,036
At the end of the reporting period, the company had outstanding commitments under operating leases, payable as follows:		
Within one year	2,666	605
In the second to fifth years inclusive	1,200	-
	3,866	605

Operating lease payments represent rentals payable by the company for certain of its office premises and storage facilities. The leases are cancellable with no penalty provided the company gives three months' notice to vacate the premises

28. Related party transactions

The company is related to other companies which are related through common shareholding or directorships.

The following transactions were carried out with related parties

Group and Company

i) Outstanding balances arising from sale and purchase of goods/services	2017 Shs'000	2016 Shs'000
Payables to related parties (Note 25)	-	69,685
Loans from related parties (Note 26)	-	75,000

28. Related party transactions (continued)

ii) Key management compensation

	2017 Shs'000	2016 Shs'000
The remuneration for key management during the year was as follows:		
Salaries and other benefits	48,620	48,429
iii) Directors' remuneration		
Salaries	16,009	16,324
Fees for services as directors	6,346	5,605
	22,355	21,929
Bank guarantees	12,600	12,600

29. New and revised standards and interpretations which have been issued but are not yet effective

The company has not applied the following revised standards and interpretations that have been published but are not yet effective for the year beginning 1st October 2016:

- IFRS 15 Revenue from Contracts with Customers (issued in May 2014) - The new standard, effective for annual periods beginning on or after 1 January 2018, replaces IAS 11, IAS 18 and their interpretations (SIC-31 and IFRIC 13, 15 and 18).

- IFRS 9 Financial Instruments (issued in July 2014) – This standard will replace IAS 39 (and all the previous versions of IFRS 9) effective for annual periods beginning on or after 1 January 2018.

- Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014) – The amendments, applicable from a date yet to be determined.

- IFRS 16 Leases (issued in January 2016) - The new standard will be effective for annual periods beginning on or after 1 January 2019.

- Amendments to IFRS 2 titled Classification and Measurement of Share-based Payment Transactions (issued in June 2016) - The amendments will be applicable to annual periods beginning on or after 1 January 2018.

- Amendments to IFRS 4 titled Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued in September 2016) - The amendments will be applicable to annual periods beginning on or after 1 January 2018.

- Amendment to IFRS 1 (Annual Improvements to IFRSs 2014–2016 Cycle, issued in December 2016) - The amendment will be applicable to annual periods beginning on or after 1 January 2018.

- Amendment to IAS 28 (Annual Improvements to IFRSs 2014–2016 Cycle, issued in December 2016) - The amendment will be applicable to annual periods beginning on or after 1 January 2018.

- Amendments to IAS 40 titled Transfers of Investment Property (issued in December 2016) – The amendments will be applicable to annual periods beginning on or after 1 January 2018.

- IFRIC 22 titled Foreign Currency Transactions and Advance Consideration (issued in December 2016) – The Interpretation will be applicable to annual periods beginning on or after 1 January 2018.

- IFRS 17 Insurance Contracts (issued in May 2017) - The new standard will be effective for annual periods beginning on or after 1 January 2021.

- IFRIC 23 Uncertainty over Income Tax Treatments (issued in June 2017) - The Interpretation will be applicable to annual periods beginning on or after 1 January 2019.

EVEREADY E.A. PLC

29. New and revised standards and interpretations which have been issued but are not yet effective (continued)

- Amendments to IAS 28 titled Long-term Interests in Associates and Joint Ventures (issued in October 2017)- The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that an entity applies IFRS 9, rather than IAS 28, in accounting for long-term interests in associates and joint ventures.

- Amendments to IAS 12 titled Recognition of Deferred Tax Assets (issued in January 2016) – The amendments, applicable to annual periods beginning on or after 1 January 2017, provide additional guidance on the estimation of future taxable profits when considering the recoverability of deferred tax assets.

- Amendments to IAS 7 titled Disclosure Initiative (issued in January 2016) – The amendments, applicable to annual periods beginning on or after 1 January 2017, require enhanced disclosure concerning changes in liabilities arising from financing activities.

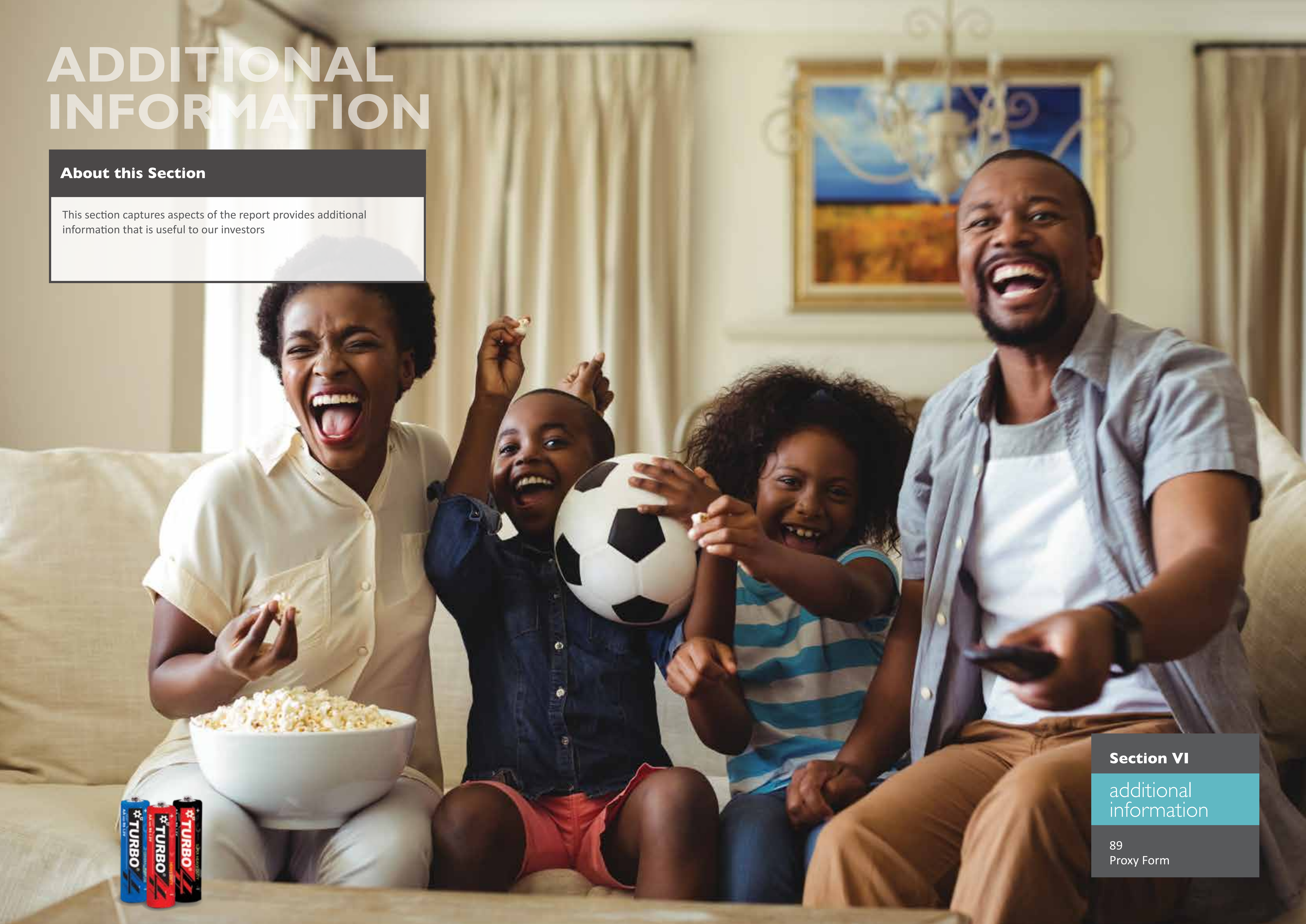
- Amendment to IFRS 12 (Annual Improvements to IFRSs 2014–2016 Cycle, issued in December 2016) - The amendment, applicable to annual periods beginning on or after 1 January 2017, clarifies the scope of the standard.

The Directors do not plan to apply any of them until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements, other than in respect of the application of IFRS 16 Leases in year ending 30th September 2020: this will require right-of-use assets and lease liabilities to be recognised in respect of most operating leases where the company is the lessee. The impact has not yet been quantified, but will result in an increase in non-current assets, an increase in non-current and current liabilities, and a reduction in retained earnings.

ADDITIONAL INFORMATION

About this Section

This section captures aspects of the report provides additional information that is useful to our investors



Section VI

additional information

EVEREADY E.A. PLC

Form of Proxy / Fomu ya Uwakilishi

Mimi/Sisi ____
Anwani ____________________________ kama mwanahisa/wanahisa wa
Kampuni iliotajwa, namteua/tunamteua eneo ________________________
na akikosa, nateua/tunamteua ________________ Anwani eneo __________
kama mwakilishi wangu/wetu, kupiga kura kwa niaba yangu/yetu kwenye Mkutano Mkuu wa Mwaka wa Kampuni utaofanyika Jumanne, 27 Machi 2018 ama siku yoyote ile endapo mkutano huo utaahirishwa.

Sahihi

____

Sahihi hii/hizi imewekwa/zimewekwa Tarehe ________ ya ______________ 2018.

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 Sameer Industrial Park, Mombasa/ Enterprise Road Junction, Anwani 44765 – 00100, Nairobi kabla ya 11.00a.m. Jumamosi, 24 Machi, 2018.

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

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 Tuesday 27th day of March 2018, and at any adjournment thereof.

As witness my/our* hand this ____________ day of ______________ 2018.

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, Sameer Industrial Park, Mombasa/ Enterprise Road Junction P.O Box 44765 - 00100 Nairobi not later than 11a.m on Saturday March 24, 2018 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.

FOLD 2

Affix
Stamp
Here

The Company Secretary
Eveready East Africa PLC
Sameer Industrial Park,
Mombasa/Enterprise Road Junction
P.O. BOX 44765 - 00100
Nairobi
Kenya

FOLD 1

FOLD 3

EVEREADY
E.A. PLC

Insert flap inside

EVEREADY
E.A. PLC

Head Office - Sameer Industrial Park Mombasa/ Enterprise Road Junction, P. O. Box 44765-00100, Nairobi, Kenya
Tel: +254 20 298 0000 • Fax: +254 20 343 213 • Email: info@eveready.co.ke • Website: www.eveready.co.ke