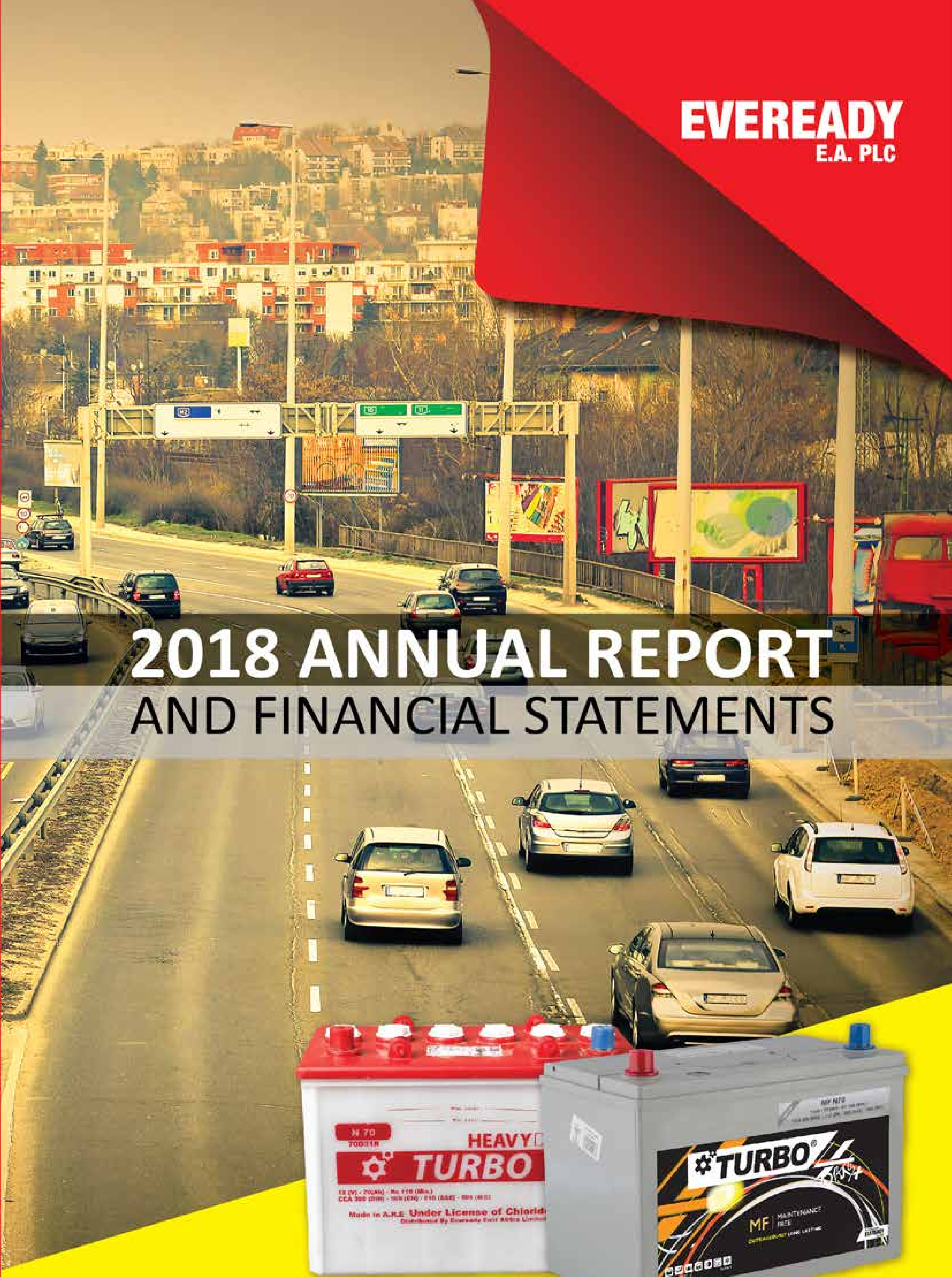
EVEREADY
E.A. PLC

2018 ANNUAL REPORT
AND FINANCIAL STATEMENTS



#OUTRAGEOUSLY LONG LASTING

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

FORWARD LOOKING **STATEMENTS**

Various statements in this Annual Report, including estimates, projections, objectives and expected results, are "forward-looking statements" and are generally identified by the words "believe," "expect," "anticipate," "intend," "opportunity," "plan," "project," "will," "should," "could," "would," "likely" and similar expressions. Forward-looking statements are based on current assumptions that are subject to risks and uncertainties that may cause actual results to differ materially from the forward-looking statements, including the risks and uncertainties discussed on pages 26 – 27 of this Annual Report. We undertake no obligation to update or revise publicly any forward-looking statements.


TURBO®
The Journey Begins
MAINTENANCE FREE CONNECT & GO
#OUTRAGEOUSLY LONG LASTING

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EVEREADY E.A. PLC

About this Report

This Integrated Annual Report (the 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 2018 and is primarily targeted at stakeholders including employees, shareholders and potential investors. This Integrated Annual Report 2018 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 2018.

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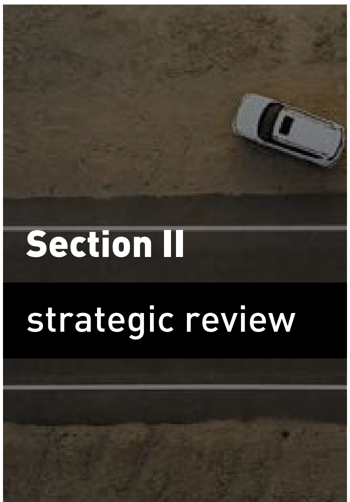

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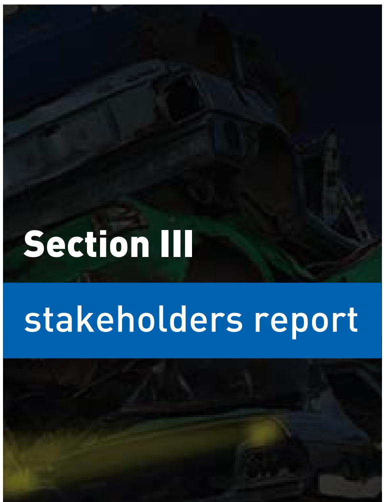

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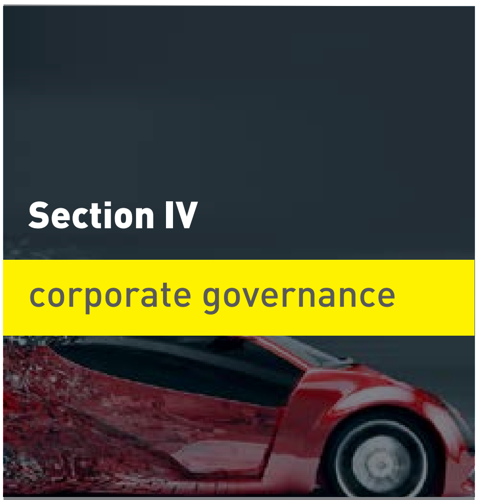

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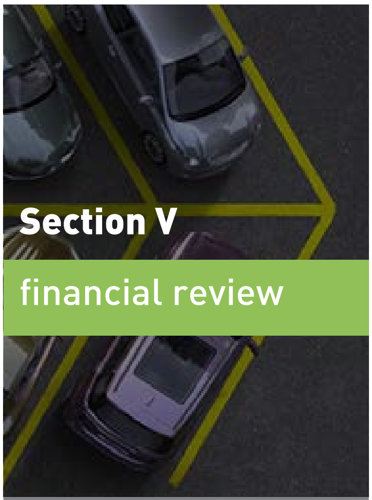

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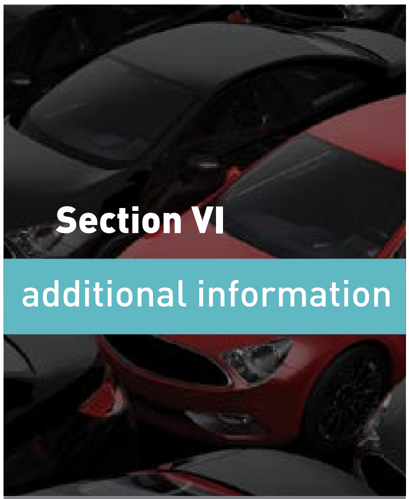

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About this Section

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

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FLASHING BATTERY LIGHT. A DRIVERS WORST NIGHTMARE!
TURBO®
DEPENDABLE
AND #OUTRAGEOUSLY LONG LASTING

Operational Highlights

We have witnessed good progress in the market penetration of the new products launched last year under the brand name TURBO©. Those products, driven by our car battery business, received market acceptance, proof that the Company strategy is on the right course. Last year's performance was achieved against a very challenging operating environment occasioned principally by the extended electioneering period in 2017. This was further compounded by a depressed economy which negatively affected consumer purchasing power. The Company recorded a turnover of KES.252m, which is a 26% decline in total revenues compared to last year. Certain one off programs undertaken to support our future revenue and margin drivers had an impact on our margins and in order to protect the bottom line, the Company undertook various cost control initiatives leading to a decline in overhead costs by 38%.

Arising from the above outcomes, the Company registered a loss after tax of KES.110m compared to a profit of KES.270m last year which was mainly attributable to sale of assets.

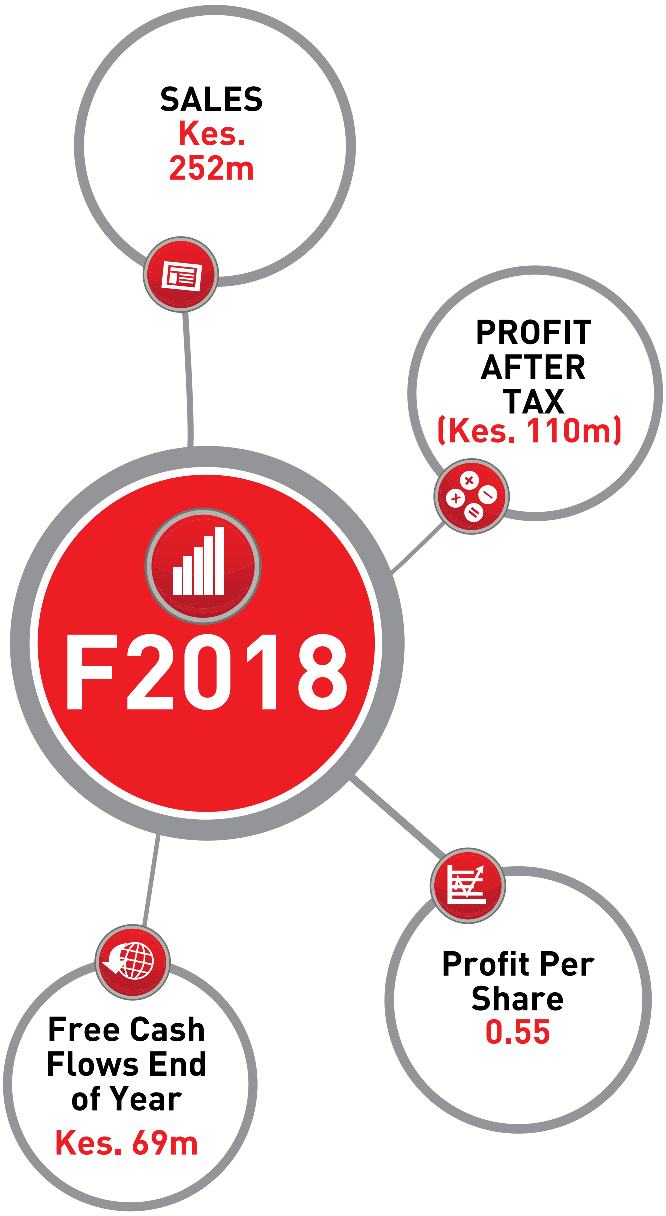
Dividend

The Board does not recommend the payment of a dividend in respect of financial year 2018.

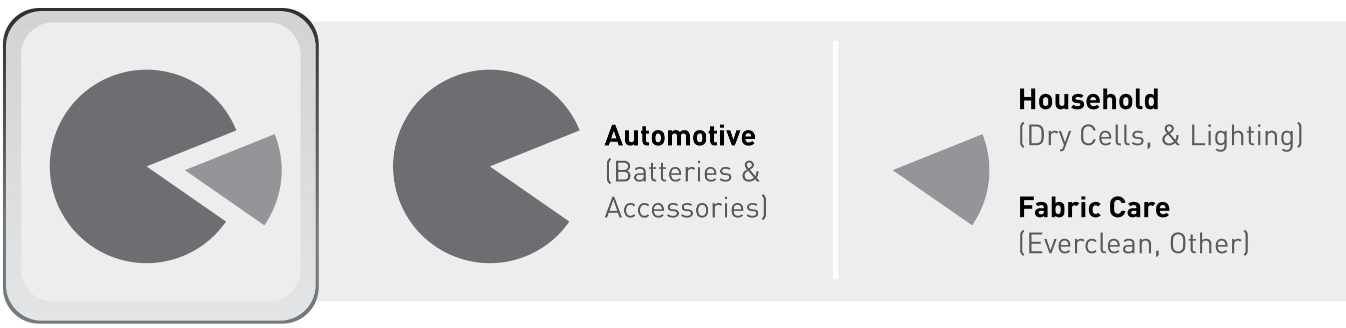
Outlook

We remain focused on achieving profitability and we will therefore focus on our growth drivers even as we pursue cost minimization measures. We have seen significant organic growth in our new businesses and this means that initiatives aimed at improving the reach of our products and enhancing the consumers experience with our products, will remain priority areas. We therefore expect to see continued growth in 2019 as we work towards returning the business back to profitability.

Financial Performance Summary



Category Contribution

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BATT
RING
Your Turbo Car Battery
is a call away
+254 733 655 556/020 2980000

Mrs. Lucy Waguthi Waithaka
Chairperson

The business remained resilient notwithstanding macroeconomic uncertainties in the year. Depressed consumer purchasing power, unemployment as well as election year disruptions were of particular concern. Despite these concerns, we are confident that the milestones we have achieved in entrenching our new products, among other initiatives, make us well placed to manage the shifting economic landscape.

As I indicated last year, our business was reborn in the year 2017 when we launched our brand TURBO® to our consumers. Gaining control of our business, remains the single most important decision that we have undertaken for our Company and it acts as the bedrock for future sustainable growth.

After the launch of our new business, our next key step is to attain market share and place the business on a path to profitability. The key to that is achieving and sustaining reasonable business growth in a lean and cost sensitive way.

> **"OUR NEXT STEP AFTER LAUNCH IS TO ACHIEVE PROFITABILITY FASTER"**

The need to achieve profitability means that our core focus in the coming year will be achieving the right balance between revenue generation, margin enhancement and cost minimization. This will necessarily mean that we will focus on our premium products, be leaner and more cost sensitive and expand the range and reach of our products in order to acquire new consumers in opportunity areas.

Our product focus, will be guided by the results recorded from our new business lines. The value of our new business lines continues to grow and its contribution to our business has deepened year on year. In FY2018, we recorded an average growth rate of 319% in our new business segment. This growth was led by our car battery business, a segment with high growth potential due to the growth in the automotive market over the years. We will work to aggressively enhance this growth in successive years even as we sustain our conventional businesses.

Growth will be driven by measures that we take to delight our consumers across all our product segments. This will mean offering great products to our consumers and availing a superior and positive experience through our after sales service and other programs. Our products are properly differentiated and we will leverage on that differentiation and distribution to grow our sales.

By necessity, the need to achieve profitability means that we must be a leaner and more agile organization. Cost minimisation therefore remains a key component of our strategy. We removed over Kshs.100m from our overheads last year and will implement more programs to further shed off costs and be more efficient.

The business is now well positioned for take-off and we are looking forward to 2019, the year in which we continue to aggressively build on the successes of last year while exploiting some of the opportunities that present themselves in the operating environment

Dividend

The Board does not recommend the payment of a Dividend in respect of F2018.

Changes to Management

Our Board ensured the transition to a new CEO when Mr. Jackson Mutua expressed his intention to retire from the Company. We made the considered decision to accept his resignation and appoint Margaret A. Odhiambo, the Head of Corporate Services as CEO to succeed him.

Mr. Mutua successfully steered our Company through some of its most difficult years, whilst also venturing into new areas of business that will shape our Company's future and we thank him for his efforts. Jackson led the organization as it made the transition from distributing third party brands to the launch of the Company's own brand of portable power solutions under the brand TURBO®. The Company pursued diversification and its TURBO® car battery products have received wide market acceptance and is now a key growth driver for the business.

Ms. Odhiambo has over 15 years' experience having worked across various sectors in legal & in multiple operations in commercial/retail within an FMCG setting. Margaret has played an integral role in Eveready's transformation, serving in increasingly responsible positions, for the past eleven (11) years. Her immediate former role was Head of Corporate Services at Eveready East Africa PLC, a role that oversees marketing, legal, stakeholder management, corporate affairs, human resources, and operations. She has previously worked as a Senior Associate with A&K Advocates (formerly Anjarwalla & Khanna Advocates), a member of the Africa Legal Network (ALN).

We remain committed to delivering on our strategy and growing our business and shareholders' value and the Board has full confidence in Ms. Odhiambo to steer the Company forward and pledges its support and guidance.

Changes to the Board of Directors

We bade farewell to Dr. Catherine Ngahu, EGH on 12 September 2018. Dr. Ngahu served in the Board for over six years and we appreciate her contribution to the Board. We wish her much success in her future endeavours.

Our Board's efforts for sustained value included adding one new director. We welcomed Mr. Joseph W. Sitati to the Board of Directors of the Company. Joseph is a finance and audit professional and brings with him a wealth of experience in finance, retail management, operations, information technology and logistics having worked for over 22 years across various sectors, which will further strengthen our Board.

Appreciation

We thank all Eveready employees for their hard work and dedication to the goal of growing the TURBO® business in Kenya. I also thank my fellow Board members for guiding the business during the year and our shareholders for their continued support. We recognise that we would not exist without our consumers who buy and use our products and who have given us the platform to move our business to the next level.

Lucy Waithaka, Chairperson
30 January 2019

Bi. Lucy Waguthi Waithaka
Mwenyekiti

Biashara ilibakia thabiti licha ya kutokuwa na uhakika wa uchumi mkuu katika mwaka. Uwezo wa utumizi wa mnunuzi uliofinyika, ukosefu wa kazi na pia vurugu la mwaka wa uchaguzi yalikuwa ya kushughulisha hasa. Dhidi ya mambo haya, tuna imani kuwa mambo haya muhimu tuliyoyafikia katika kufanya bidhaa zetu mpya madhubuti, miongoni mwa juhudi nyingine, zinatuweka katika nafasi nzuri kusimamia mandhari ya kiuchumi yanayobadilika.

Kama nilivyoeleza mwaka jana, biashara yetu ilizaliwa upya katika mwaka 2017 tulipoanzisha kwa wanunuzi wetu chapa yetu ya TURBO. Kupata udhibiti wa biashara yetu, kunabakia uamuzi mmoja muhimu zaidi ambao tumeufanya kwa Kampuni yetu na unakuwa kama msingi wa ukuaji endelevu wa siku za usoni.

Baada ya uzinduzi wa biashara yetu mpya, hatua yetu nyingine muhimu ni kupata hisa ya soko na kuiweka biashara kwenye njia ya faida. Njia ya kufikia hilo ni kupata na kuendeleza ukuaji wa kutosha wa biashara kwa njia ambayo ni hafifu na rahisi kigharama.

Haja ya kupata faida yamaanisha kuwa msisitizo wetu mkuu katika mwaka unaokuja utakuwa ni kupata urari sawa baina ya uzalishaji mapato, uongezaji faida na kupunguza gharama. Hili litamaanisha kuwa tutalenga katika bidhaa zetu za thamani ya juu, kuwa na wafanyikazi wachache na gharama ya chini zaidi na kupanua uanuai wa bidhaa na ufikiaji wa bidhaa zetu ili kupata wanunuzi wapya katika maeneo yenye nafasi.

ILIKUWA KABISA HALITAKUWA JAMBO RAHISI KUANZISHA CHAPA MPYA

Msisitizo wetu wa bidhaa, utaongozwa na matokeo yatakayopatikana kutoka kwa aina zetu mpya za biashara. Thamani ya aina zetu mpya za biashara inaendelea kukua na mchango wake kwa biashara yetu umeongezeka mwaka hadi mwaka. Katika mwaka wa kifedha wa 2018, tulirekodi ukuaji wa wastani wa asilimia 319 katika kitengo cha biashara yetu mpya. Ukuaji huu umesababishwa na biashara yetu ya betri za gari, kitengo chenye uwezo mkubwa wa ukuaji kutokana na ukuaji wa soko la magari kwa miaka.Tutafanya kazi kupanua zaidi ukuaji huu katika miaka inayofuata hata tukiendeleza biashara zetu za kawaida.

Ukuaji utaongozwa na hatua tutakazochukua kuwafurahisha wanunuzi wetu katika vitengo vyetu vyote vya bidhaa. Hii itamaanisha kutoa bidhaa nzuri sana kwa wanunuzi wetu na kutoa tajriba ya kiwango cha juu na nzuri kupitia huduma yetu ya baada ya mauzo na mipango mingine. Bidhaa zetu zinatofautishwa kisawa na tutategemea kwenye utofautisho huo na ugawaji kukuza mauzo yetu.

Kwa uhitaji, haja ya kupata faida inamaanisha kuwa lazima tuwe shirika ambalo ni lenye wafanyi kazi wachache na nyumbufu zaidi. Hivyo upunguzaji wa gharama unabakia kijenzi muhimu cha mkakati wetu. Tulipunguza zaidi ya Kshs. milioni 100 kutoka kwa gharama za uendeshaji mwaka jana na tutatekeleza mipango zaidi kuzidi kupunguza gharama na kuwa fanisi zaidi.

Sasa biashara iko katika nafasi nzuri kuanza kujijenga na tuna matumaini katika mwaka wa 2019, mwaka ambao tunaendelea kujenga kwa nguvu kwenye mafanikio ya mwaka jana hali tukitumia baadhi ya fursa zinazojitokeza katika mazingira ya uendeshaji.

Mgawo wa Hisa

Halmashauri haipendekezi malipo ya Mgawo wa Hisa kuhusiana na mwaka wa kifedha wa 2018.

Mabadiliko katika Usimamizi

Halmashauri yetu ilihakikisha mabadiliko ya Afisa Mkuu Mtendaji mpya wakati Bw. Jackson Mutua alipoeleza nia yake ya kustaafu kutoka kwa Kampuni. Tulifanya uamuzi uliofikiriwa kukubali kustaafu kwake na kumteua Margaret A. Odhiambo, Mkuu wa Huduma za Shirika kama Afisa Mkuu Mtendaji kuchukua nafasi yake.

Bw. Mutua aliiongoza Kampuni yetu kwa ufanisi kupitia baadhi ya miaka yake migumu zaidi, wakati pia ikiingilia katika maeneo mapya ya biashara ambayo yataelekeza siku za usoni za Kampuni yetu na tunamshukuru kwa juhudi zake. Jackson aliliongoza shirika lilipofanya mabadiliko kutoka kugawanya chapa za wagawanyaji wengine hadi uanzishi wa chapa yake yenyewe ya Kampuni ya suluhisho la nguvu za kubebeka chini ya chapa ya TURBO. Kampuni ilifuatilia upanuzi wa biashara na bidhaa zake za betri za gari za TURBO zimepata ukubalifu mkubwa wa soko na sasa ni kisukumo kikuu cha ukuaji wa biashara.

Bi. Odhiambo ana tajriba ya zaidi ya miaka 15 akiwa anafanya kazi katika sekta tofauti katika sheria na pia shughuli nyingi katika biashara/uchuuzaji katika muktadha wa FMCC. Margaret amekuwa na nafasi muhimu katika mageuzi ya Eveready, akihudumu katika nafasi muhimu zaidi, kwa miaka kumi na moja (11) iliopita. Wajibu wake wa awali kabla ya huu ulikuwa Mkuu wa Huduma za Shirika katika Eveready East Africa PLC, wajibu unaosimamia mauzo, sheria, usimamizi wa washika dau, mambo ya shirika, wafanyikazi na shughuli. Awali amefanya kazi kama Mwenzi Mkuu na Mawakili wa A&K (awali Mawakili wa Anjarwalla na Khana), mwanachama wa Africa Legal Network (ALN).

Tunabaki tumejitolea kutekeleza mkakati wetu na kukuza biashara yetu na thamani ya wanahisa na Halmashauri ina imani kamili kwa Bi. Odhiambo kuiendesha mbele Kampuni na inajitolea kwa usaidizi na uongozi wake.

Mabadiliko katika Halmashauri ya Wakurugenzi

Tulisema kwaheri kwa Dkt. Catherine Ngahu, EGH tarehe 12 Septemba mwaka 2018. Dkt. Ngahu alihudumu katika Halmashauri kwa zaidi ya miaka sita na tunathamini mchango wake kwa Halmashauri. Tunamtakia ufanisi zaidi katika jitihada zake za baadaye.

Juhudi za Halmashauri yetu za thamani inayoendelea zilijumuisha kuongeza mkurugenzi mmoja mpya. Tulimkaribisha Bw. Joseph W. Sitati katika Halmashauri ya Wakurugenzi wa Kampuni. Joseph ni mtaalamu wa fedha na ukaguzi na anakuja na utajiri wa tajriba katika fedha, usimamizi wa uchuuzaji, uendeshaji, habari na teknolojia na utaratibu wa ugavi na usafirishaji wa watu na vitu akiwa amefanya kazi kwa zaidi ya miaka 22 katika sekta tofauti, ambayo itaimarisha zaidi Halmashauri yetu.

Shukrani

Tunawashukuru wafanyikazi wote wa Eveready kwa kazi yao ngumu na kujitolea kwa nia ya kukuza biashara ya TURBO nchini Kenya. Pia ninawashukuru wanachama wenzangu wa Halmashauri kwa kuiongoza biashara katika mwaka na wanahisa wetu kwa usaidizi wao wa kuendelea. Tunatambua kuwa hatutaweza kuwepo bila ya wanunuzi wetu wanaonunua na kutumia bidhaa zetu na waliotupatia jukwaa la kuendesha biashara yetu kwa kiwango kingine.

Lucy Waithaka, Mwenyekiti
30 Januari 2019

Mr. Jackson Mutua
Managing Director

FY 2018 (Oct 2017 - Sept 2018) was a challenging year based on the impacts of an extended electioneering period, increased competition and macroeconomic headwinds and tightened credit access which had an impact on the consumer spending habits etc.

These have had an impact on the business which is reflected in our performance - our revenues declined by 26% driven largely by our inability to access key markets in quarter one as a result of trade uncertainties associated with the very protracted electioneering period experienced. Various initiatives on cost saving resulted in overhead reduction of Kshs.123m compared to prior year. As a result of these factors, Eveready delivered loss (after tax) of KShs.116million.

FY 2018 was also year of continuity and change. Amid the significant changes experienced in FY2017, the challenge arose and still arises whether Eveready, a 50-year-old company with a new brand, will be able to respond flexibly and grow sustainably. To achieve this, we focused on re-building our Company for the long term by leveraging on our new products, such as the car battery business, as the flagship for our business while protecting gains from our conventional business in dry cells and lighting.

> **"OUR NEW BUSINESSES, LED BY THE CAR BATTERY BUSINESS, RECORDED AN AVERAGE OF 319% IN REVENUE AND VOLUME GROWTH FROM PRIOR YEAR PERFORMANCE CONFIRMING OUR INVESTMENTS FOCUS WERE WELL GUIDED AND ARE PAYING OFF"**

Balancing the need for near-term profitability and long-term growth has been the guiding philosophy in our strategy for resource deployment and these remain Eveready's short term priority areas even as we focus longer term for new growth opportunities.

We focused on freeing our business from the dependence on conventional business so that we can enhance our revenue sources and in so doing pursue profitability to support the business. The actions that we took in FY2018 to free up our business had an impact on our performance and this trend is expected to reverse itself as we conclude those programs.

To that end, our new businesses, with the car battery business serving as the growth engine, recorded an average of 319% in revenue and volume growth from prior year performance. The organic growth registered in those new segments was achieved by enlisting new customers while growing the existing ones.

These outcomes confirm that our investments focus in the new opportunities were well guided and are paying off.

Our priority is the automotive segment and we will continue to explore that business by leveraging our strengths. We will also protect

THE EFFORTS PUT IN OVER THE YEARS HAVE MEANT THAT EVEREADY NOW FULLY OWNS ITS BUSINESS, A STRUCTURE THAT FACILITATES IT TO BE ABLE TO MEET THE NEEDS OF ALL ITS STAKEHOLDERS

the gains made in the conventional businesses that add value. We have differentiated our product correctly and are leveraging on that differentiation to achieve competitiveness. We continue to focus on our Kenyan consumer as the local market offers considerable opportunities for growth given the developments in the motor sector.

Our focus areas for future periods have been outlined in our strategy. To support our core, we continue to review and restructure the model of our operations to;

- Eliminate unprofitable businesses,
- Improve the Company's financial structure, and
- Promote a growth strategy that is influenced by our growth drivers.

Our consumers remain key to us and we will dedicate our efforts towards ensuring that they can access our products when they want it, at the place they need it to be. This means that our initiatives aimed at improving the reach of our products and enhance the consumers experience with our products, will remain priority areas.

We put the consumer at the centre of everything we do. We are implementing initiatives that will enable us increase our engagements with our consumers and we are confident that we can increase our share of wallet needed to deliver top-line revenue growth and bottom-line earnings growth.

We are also simplifying our organisation by delayering functions and strengthening our team's capabilities to respond to new realities and exploit existing opportunities more efficiently and with greater agility.

We are committed to margin enhancement, our primary driver is to reduce structural costs in non consumer facing areas and increasing efficiency throughout our operations. The use of shared services will also produce enhanced efficiency.

Transition

This will be my final report to the shareholders as I move on to other interests. We have accomplished a lot in the years that I have been with the Company especially as regards the Company's business model and structure:

- We restructured the Company's business model which was previously premised on the manufacture of third party brands under a very restrictive arrangement. The present model, which revolves around the supply of Company owned brands is sustainable and gives Eveready back control over its business;

- As a result of the actions above, we resolved a fundamental risk to the business which had restricted the Company's growth objectives by limiting creating control over product formats and product lines and which also restricted the Company's markets and margins;

- We pursued diversification of products by launching multiple lines under the company owned brands of Everclean®, TURBO® and TURBOPlus+® which products have now achieved market acceptance.

- The Company is now debt free.

The efforts put in over the years have meant that Eveready now fully owns its business, a structure that enables it meet the needs of all its shareholders. Future focus is now on how to grow the business profitably.

Appreciation

Eveready is on the right track to recovery and subject to the realities of its environment and the Company's speed in responding to those challenges, it will succeed. I thank my colleagues at Eveready who despite the challenges faced have worked hard and supported our initiatives and the Board for their full and unwavering support during my tenure even as I wish all the success to the incoming CEO.

Mr. Jackson Mutua, Managing Director
30 January 2019

Bwana Jackson Mutua
Mkurugenzi Msimamizi

Mwaka wa kifedha wa 2018 (Okt 2017-Sept 2018) ulikuwa mwaka wa majaribio kutokana na athari za kipindi cha uchaguzi kilichoendelea, ushindani ulioongezeka na upepo wa mbisho wa uchumi mkuu na upataji mkopo uliobanwa zilizokuwa na athari kwenye mwenendo wa utumizi wa wanunuzi n.k.

Hizi zimekuwa na athari kwenye biashara ambayo inaonekana katika utendaji wetu – mapato yetu yalipungua kwa asilimia 26 kutokana hasa na kutoweza kwetu kufikia masoko muhimu katika robo ya kwanza kutokana na kutokuwa na uhakika wa biashara uliohusishwa na kipindi kilichorefuka cha uchaguzi kilichokuwepo. Juhudi tofauti za kudhibiti gharama zilisababisha upunguzi wa gharama za uendeshaji za Kshs. milioni 123 ikilinganishwa na mwaka uliotangulia.Kama matokeo ya vipengele hivi, Eveready ilipata hasara (baada kodi) ya Kshs. Milioni 116.

Mwaka wa Kifedha wa 2018 pia ulikuwa mwaka wa uendelezi na mabadiliko.Katikati ya mabadiliko muhimu yaliyopitiwa mwaka wa kifedha wa 2017, changamoto ilijitokeza na bado inajitokeza ikiwa Eveready, Kampuni ya umri wa miaka 50 yenye chapa mpya, itaweza kuathirika kwa urahisi na kukua kiendelevu. Kufikia hili, tulilenga kwenye ujengaji upya wa muda mrefu wa Kampuni yetu kwa ushawishi wa bidhaa zetu mpya, kama vile biashara ya betri za gari, ikiwa kiongozi cha biashara yetu, hali tukilinda faida kutokana na biashara zetu za kawaida za betri kavu na taa.

" BIASHARA ZETU MPYA, ZIKIONGOZWA NA BIASHARA YA BETRI ZA GARI, ZILIREKODI WASTANI WA ASILIMIA 319 KATIKA UKUAJI WA MAPATO NA VIWANGO KUTOKA UTENDAJI WA MWAKA ULIOTANGULIA IKITHIBITISHA MSISITIZO WETU WA UEKEZAJI ULIONGOZWA VYEMA NA UNALIPA."

Kusawazisha hitaji la faida ya karibu muhula kamili na ukuaji wa muda mrefu imekuwa falsafa ya kuongoza mkakati wetu wa kutumia rasilimali na hizi zinabaki maeneo ya kipaumbele ya muda mfupi ya Eveready hata tukiwa tunalenga kwa muda mrefu kwenye nafasi za ukuaji mpya.

Tulilenga katika kuiondoa biashara yetu kutoka katika kutegemea biashara ya kawaida ili tuweze kuongeza vyanzo vyetu vya mapato na kwa kufanya hili kutafuta faida kuisaidia biashara. Mambo tuliyofanya katika mwaka wa kifedha wa 2018 kuiacha huru biashara yetu yalikuwa na athari katika utendaji wetu na mwelekeo huu unatarajiwa kujibadilisha wenyewe tunapohitimisha mipango hiyo.

Kufikia hilo, biashara zetu mpya, na biashara ya betri za gari ikitumika kama msukumo wa ukuaji, zilirekodi wastani wa asilimia 319 katika ukuaji wa mapato na viwango kutoka utendaji wa mwaka uliotangulia. Ukuaji unaolingana uliorekodiwa katika vitengo hivyo vipya ulipatikana kwa kuhusisha wanunuzi wapya hali ikiwakuza waliopo.

Matokeo haya yanathibitisha kuwa msisitizo wetu wa uekezaji katika nafasi mpya uliongozwa vyema na unalipa.

Kipaumbele chetu ni kitengo cha mitambo na tutaendelea kuchunguza biashara hiyo kwa kuegemea nguvu zetu. Pia tutalinda pato lililopatikana katika biashara za kawaida zinazoongeza thamani.Tumetofautisha bidhaa zetu kisawa na tunategemea utofautishi huo kupata ushindani. Tunaendelea kumlenga mnunuzi wetu wa Kenya wakati soko la nchini linatoa fursa za kutosha za ukuaji kutokana na maendeleo katika sekta ya magari.

Maeneo yetu ya vipindi vya siku za usoni yameelezwa katika mkakati wetu. Kusaidia kiini chetu tunaendelea kupitia na kuunda upya muundo wa shughuli zetu ili;
- Kuondosha biashara zisizokuwa za faida
- Kuimarisha muundo wa kifedha wa Kampuni, na
- Kukuza mkakati wa ukuaji ambao umeathiriwa na viendeshi vya ukuaji.

Wanunuzi wetu wanabakia muhimu kwetu na tutajitolea juhudi zetu katika kuhakikisha kuwa wanaweza kufikia bidhaa zetu wanapozitaka, mahali wanapozihitajia kuwa. Hii inamaanisha kuwa jitihada zetu zilizolenga katika kuimarisha ufikiaji wa bidhaa zetu na kuimarisha tajriba ya wanunuzi na bidhaa zetu, zitabakia maeneo ya kipaumbele.

Tunamuweka mnunuzi katikati ya kila kitu tufanyacho. Tunatekeleza jitihada ambazo zitatuwezesha kuongeza shughuli zetu na wanunuzi wetu na tuna imani kuwa tunaweza kuongeza hisa yetu ya ununuzi inayohitajika kutoa ukuaji wa rasilimali ya juu na ukuaji wa mapato ya kiwango cha chini.

JUHUDI ZILIZOFANYWA KATIKA MIAKA ZIMEMAANISHA KUWA SASA EVEREADY INAMILIKI BIASHARA YAKE, MUUNDO UNAOIWEZESHA KUKUMBANA NA MAHITAJI YA WASHIKA DAU WAKE WOTE

Pia tunasahilisha shirika letu kwa kuondoa safu za kazi na kuimarisha uwezo wa timu yetu kuathirika na uhalisia mpya na kutumia fursa zilizopo vizuri zaidi na kwa wepesi zaidi.
Tumejitolea kuongeza faida, msukumo wetu mkuu ni kupunguza gharama za kimuundo katika maeneo ya kutokabiliana na wanunuzi na kuongeza ufanisi katika shughuli zetu zote.Utumizi wa huduma za pamoja pia utazaa ufanisi ulioimarika.

Mabadiliko
Hii ni ripoti yangu ya mwisho kwa wenye hisa nikihamia katika mambo mengine.Tumefanya mengi katika miaka ambayo nimekuwa na Kampuni hasa kuhusiana na mfano na muundo wa biashara ya Kampuni:

- Tuliunda upya muundo wa biashara wa Kampuni ambao awali uliegemezwa kwenye utengenezaji wa chapa za watu wengine chini ya utaratibu uliofinywa sana.Muundo wa sasa, unaozunguka kwenye ugavi wa chapa za Kampuni yenyewe ni endelevu na unaipa tena Eveready udhibiti wa biashara yake;

- Kama matokeo ya matendo ya hapo juu, tulitatua hatari kuu ya biashara ambayo ilizuia malengo ya ukuaji wa Kampuni kwa kuzuia kuwa na udhibiti juu ya miundo ya bidhaa na aina za bidhaa na ambayo pia ilifinya masoko ya Kampuni na faida;

- Tuliendeleza ufanyaji anuai wa bidhaa kwa kuanzisha aina nyingi tofauti chini ya chapa za Everclean zinazomilikiwa na Kampuni,TURBO na TURBOPlus+ ambazo sasa bidhaa zimepata ukubalifu wa soko;

- Kampuni sasa haina deni. Juhudi zilizofanywa katika miaka zimemaanisha kuwa sasa Eveready inamiliki kikamilifu biashara yake, muundo unaoiwezesha kutimiza mahitaji ya wana hisa wake wote.Sasa msisitizo wa siku za usoni ni katika namna ya kukuza biashara kwa faida.

Shukrani
Eveready iko katika njia ya sawa ya kupata ahueni na kutegemea uhalisi wa mazingira yake na kasi ya Kampuni katika kukabiliana na changamoto hizo, itafaulu. Ninawashukuru wenzi wangu katika Eveready ambao dhidi ya changamoto zilizokabiliwa wamefanya kazi kwa bidii na kusaidia juhudi zetu na Halmashauri kwa msaada wao kamili na usiotetereka wakati wa kipindi changu hali nikimuombea ufanisi wote Afisa Mkuu Mtendaji anayeingia.

Bw. Jackson Mutua, Mkurugenzi Mkuu
30 Januari 2019

TURBO®

POWERFUL DEPENDABLE PERFORMANCE

UNSTOPPABLE POWER

OUR MOST POWERFUL ALKALINE BATTERY YET

TURBO® 4

SHINE BRIGHT WITH TURBO® BULBS

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 2018.

Section II

strategic review

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Eveready at a Glance

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Principal Risks


TURBO®
Get TURBO®
Enjoy the journey of a lifetime with confidence in your car battery!
TURBO
MF MAINTENANCE FREE
#OUTRAGEOUSLY LONG LASTING

EVEREADY AT A GLANCE

EVEREADY
E.A. PLC

Eveready East Africa PLC is a consumer goods Company focused on providing branded portable power solutions packaged to consumers in Kenya. The Company is headquartered in Nairobi, Kenya. The Company which is one of the largest portable power solutions in Kenya was founded in 1967 and is listed in the Nairobi Securities Exchange.

The Company operates in three segments Automotive, Lighting and Household. The Company sells its products in Kenya primarily through automotive dealers, wholesalers, electronic stores, retail stores, petrol stations and high-frequency stores.

Automotive Segment
The Company offers Maintenance Free car batteries and Vented car batteries, battery water and battery acid in its Automotive Segment under the brands TURBO® and TURBOPlus+®

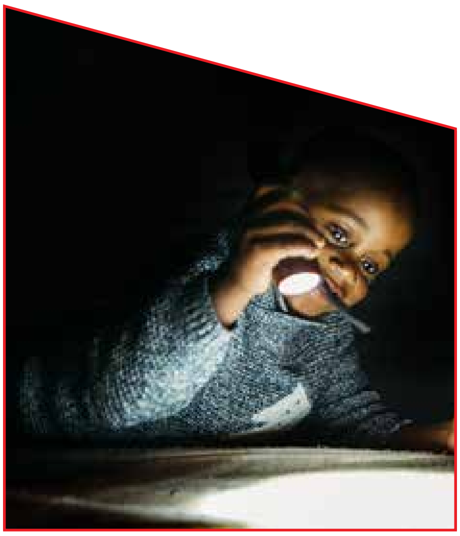
WE HAVE A FAR-REACHING DISTRIBUTION **NETWORK**

Household Segment
The Company offers dry cell batteries in sizes 'D' 'AA' 'AAA' '9V', 'C' and Miniature in carbon zinc, alkaline batteries, lithium and rechargeable constructions. The products under this segment are traded under the brands TURBO® and TURBOPlus+®. This segment also includes the Company's fabric care division under the brand EVERCLEAN®.

ONE OF THE **LARGEST** SUPPLIER OF PORTABLE POWER SOLUTIONS

Lighting Segment
The Company offers flashlights, lanterns and bulbs under the brands TURBO® and TURBOPlus+®.

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



HOMECARE

Dry Cell Batteries
Flashlights
Bulbs
Miniature Batteries
Re-chargeable Batteries

AUTOMOTIVE

Battery Acid
Battery Water
Maintenance Free Car Batteries

FABRIC CARE

Laundry Detergents

Eveready has been delighting consumers for over 50 years. Although our Company has evolved in that time, our need to fulfil the needs of our shareholders and delight our consumers has remained constant. Our TURBO® flagship brand has reconnected us to our consumers.

Our transformation efforts will focus on making the company simpler, leaner, growth focused and profitable. We will therefore continue to focus our efforts on areas that will grow our business – growing our sales, protecting and enhancing our margins and minimising costs.

BUILDING A **BETTER** COMPANY

COST MINIMISATION	FOCUS ON SEGMENTS WITH GROWTH POTENTIAL	EVEREADY IS FOCUSING ON 3 CATEGORIES WITH MULTIPLE BRANDS

2018 - 2022 STRATEGY

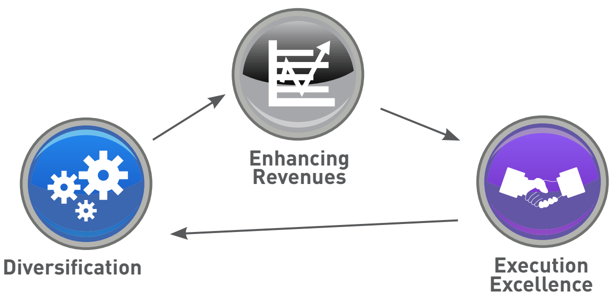
The Company's 2018-22 Strategic Plan focused out business on milestones that will get us to our mission of being the preferred partner in the region in the provision of lifestyle solutions.

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
Our focus areas will remain segments that generate value to us quickly in order that we may bring the business to profitability within the shortest time possible.

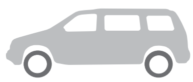
(iii) Execution excellence
Productivity will create flexibility to fund our programs, offset cost challenges and improve operating margins. We continue to take significant steps to accelerate productivity and savings across all elements of costs. performance management and our route to market programs



WE ARE FOCUSED ON 3 PRODUCT CATEGORIES WITH MULTIPLE BRANDS

HOMECARE

Turbo
(dry cells lanterns, bulbs and flashlights)



AUTOMOTIVE

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

FABRIC CARE

Everclean
(handwash powder detergent)

OUR APPROACH

Our customers provide a channel through which we reach our consumers. They include automotive dealers, wholesalers, electronic stores, retail stores, petrol stations and high-frequency stores.

Our retail strategy draws from our consumer priorities which drives the programs that we implement in our go to market.

We focus on three broad channels to reach our consumers:

- Key Accounts which is largely modelled around the branded retail stores,
- General Trade which incorporates wholesale, kiosks, Tier II and II supermarkets etc
- Automotive channel which carries petrol stations, electronic stores, dealers, auto-care centres, automotive dealerships etc.

Dedicated sales representative's key account and territory manager's work in functional teams to serve each customer and their shoppers directly in order to sustain strong customer relationships and a growth mind-set.

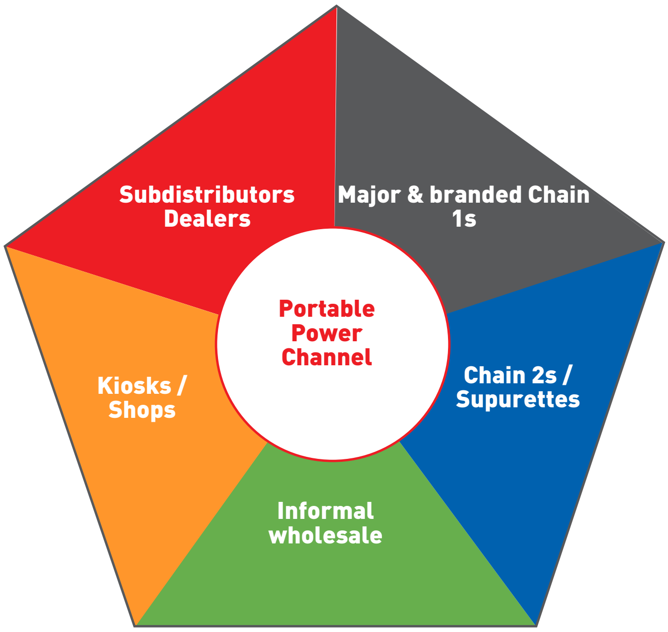
The need to delight our consumers, drive the innovations in our root to market programs and this year we had a limited launch of our Dial a Delivery program.

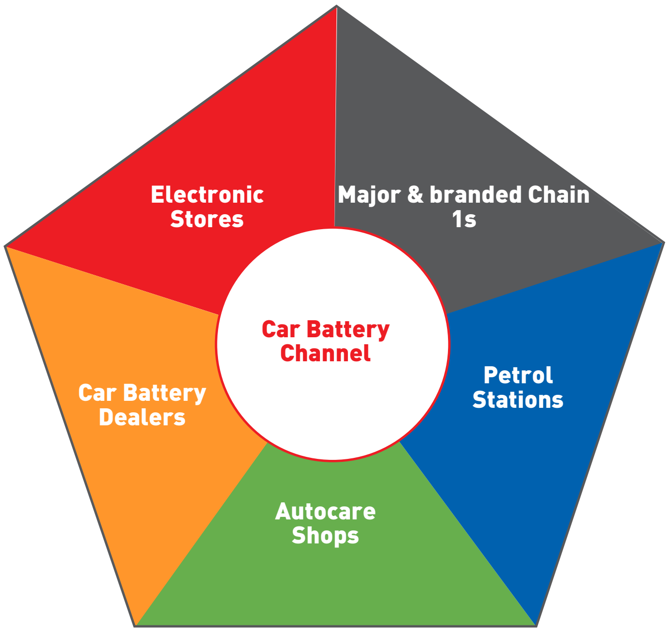
We intend to enhance our customer experience and increase our consumer touch points with this initiative.

The partnerships that we have created in this initiative will drive our value forward as they facilitate and expand an invaluable direct engagement with our consumers.

BATT RING

Your Turbo Car Battery is a call away
+254 733 655 556/020 2980000





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 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.

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

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.

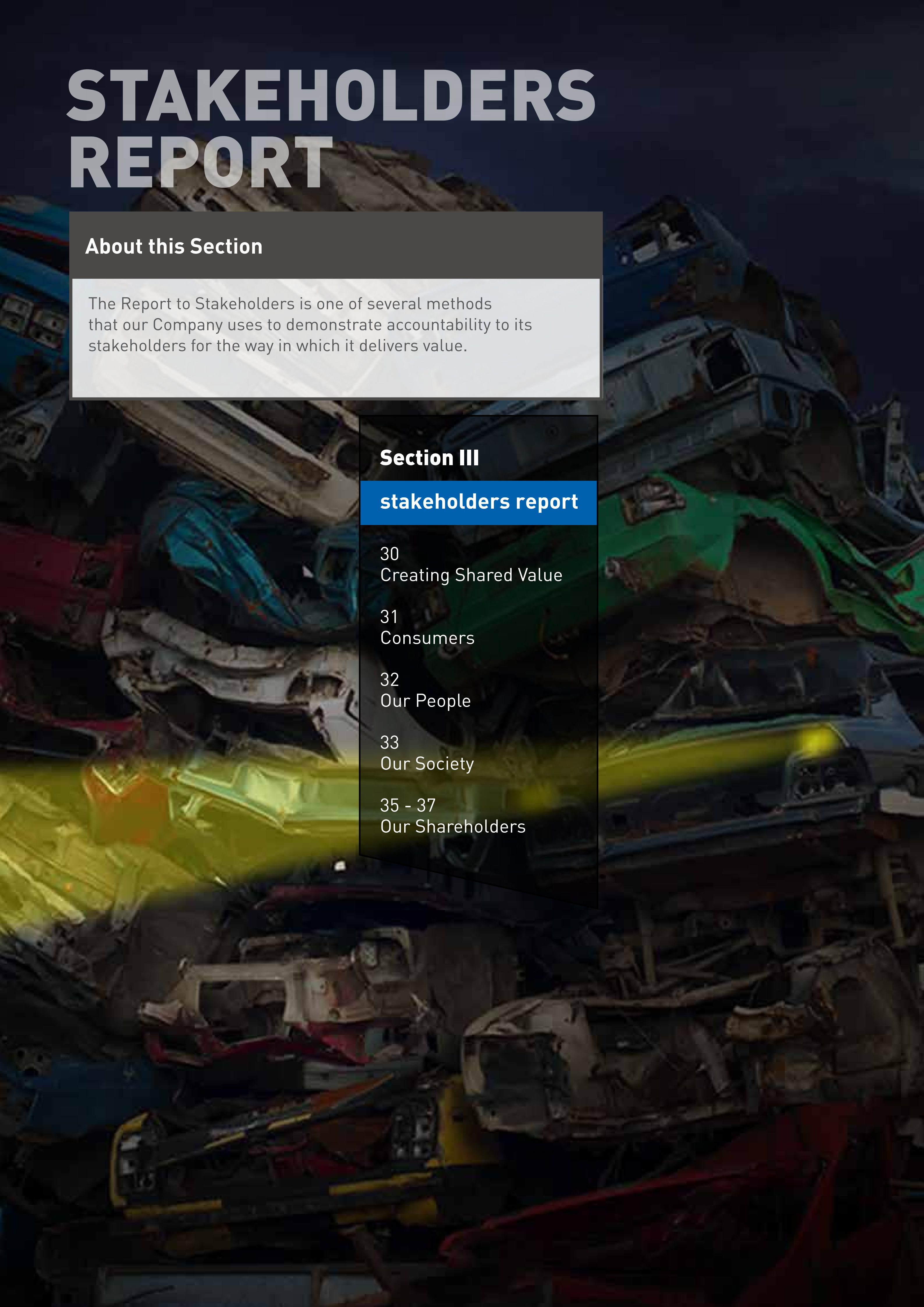
Legal & Regulatory

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

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Creating Shared Value

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Our Society

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Our Shareholders


SOME THINGS DON'T LAST, BUT SOME THINGS DO!
TURBO
MF
TURBO
MF
#OUTRAGEOUSLY LONG LASTING

The following pages highlight how Eveready has performed for the benefit of our consumers, wider society, our people and our shareholders in 2018.

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

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. We have grown our portfolio and availed new products to our consumers through TURBO.©

QUALITY YOU CAN **TRUST**

Our consumers have responded to us and we have seen organic growth across our new businesses.

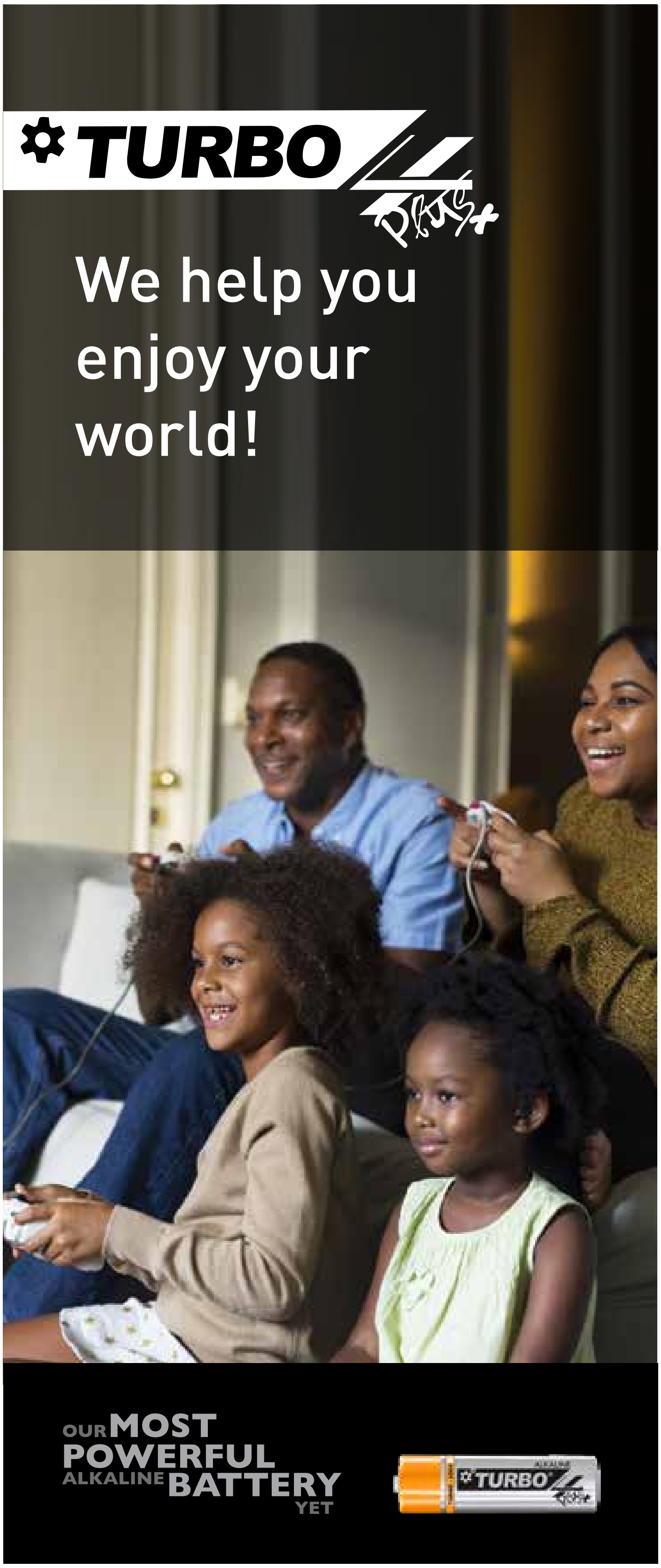
Our car battery consumers has driven our growth as we make important inroads into this product segment. It remains a strong addition to our product lines and therefore an important complement to our conventional business.

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 products and marketing initiatives. This consumer centric approach adds value to our Company by offering a positive consumer experience that builds brand loyalty, the key to our success.

Our marketing strategy is driven by our focus on consumers – and how to satisfy their needs better in our specific product areas. In our strategy, we aim to nurture and grow the businesses by driving growth through focus on our channel strategies and programs to establish optimal coverage and improve 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
- Channel differentiation and development
- Distribution growth
- The increasing role of data and technology
- Targeted collaboration

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 operate an open door policy to encourage collaboration and encourage everyone in a team to voice their opinions, ask questions, and suggest solutions. Everyone is expected to actively contribute to the overall success of our Company.

Our processes facilitate management briefing on 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.

OUR KIKE AND ZOEZI (EMPLOYEE) NETWORKS CONTINUE TO CREATE FORUMS FOR LIKE-MINDED COLLEAGUES TO EXPLORE THEIR COMMON INTERESTS.

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, 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.

EVEREADY E.A. PLC
KIKE NETWORK

EVEREADY E.A. PLC
ZOEZI NETWORK

Community

Our products generate income and employment for retailers and distributors who bring our brands to our consumers. We also create value for suppliers – we purchase millions worth of product and services from us. Taxes pay for the public good and services that benefit us all.

Eveready's "Shop For A Cause" is a unique shopping event dedicated to supporting local non-profit organizations' fundraising efforts.

We had a limited launched of this program with the support of Carrefour and Chandarana branded Supermarkets Chains as a Christmas Initiative to support local causes through our community investments.

SHOP FOR A CAUSE SHOPPING THAT HELPS OTHERS

Our community investments continues to play its role in enriching the lives and livelihoods of the less fortunate and excluded people in a sustainable manner.

We supported the Single Mother's Association of Kenya a community based organisation formed in 1991 and working with young people towards the aim of a Kenyan society of self-reliant youth. Their mission to integrate disadvantaged youth into society with special emphasis on the female youth through school replacement for continuous education and provision of life skills training resonated with our social focus aims of supporting women and children in our community.

We look forward to strengthening our partnership even further in the coming years.

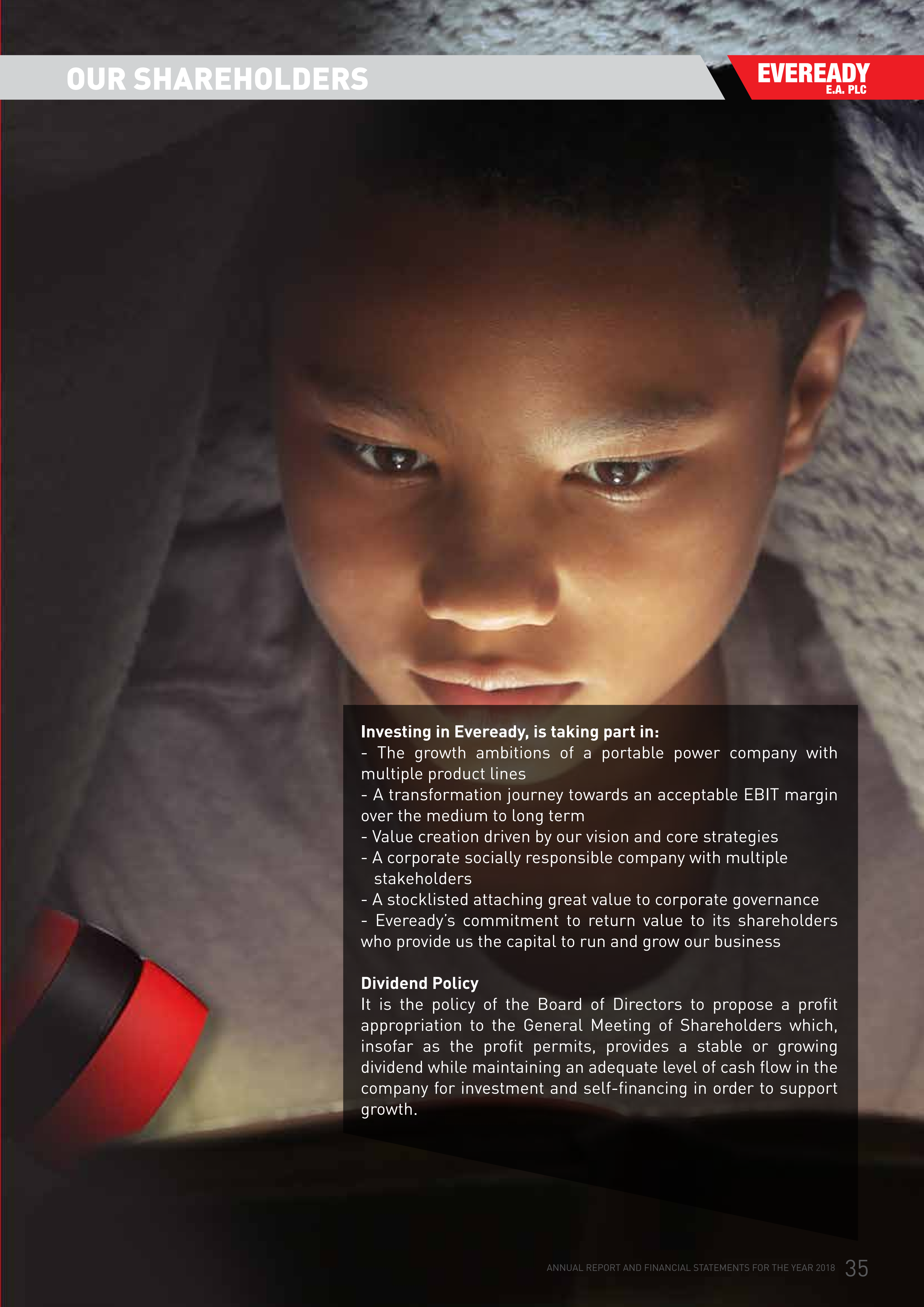
We also encourage our colleagues to nominate projects and programs that they participate in in their community that they would like the Company to support.

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

We intend to extend our Shop for a Cause program to even more stores so that we can support even more community projects. We thank our consumers who supported this initiative and look forward to remodelling it so that we can add even more benefits to them.

TURBO®

PERFECT BRIGHTNESS



Investing in Eveready, is taking part in:

- The growth ambitions of a portable power company with multiple product lines
- A transformation journey towards an acceptable EBIT margin over the medium to long term
- Value creation driven by our vision and core strategies
- A corporate socially responsible company with multiple stakeholders
- A stocklisted attaching great value to corporate governance
- Eveready's commitment to return value to its shareholders who provide us the capital to run and grow our business

Dividend Policy

It is the policy of the Board of Directors to propose a profit appropriation to the General Meeting of Shareholders which, insofar as the profit permits, provides a stable or growing dividend while maintaining an adequate level of cash flow in the company for investment and self-financing in order to support growth.

Top 10 Local Individuals as at Sunday September 30 2018

	NAMES	ADDRESS	SHARES	PERCENTAGE
1	KARIM JAMAL	P.O BOX 49863 NAIROBI KENYA	9,106,787	14.56%
2	KANTILAL ZAVERCHAND SHAH, JINAL KANTILAL SHAH & KUSHAL KANTILAL SHAH	P.O.BOX 43939 - 00100 NAIROBI KENYA	1,313,400	2.10%
3	NARAN KHIMJI AND VIRJI KHIMJI HIRANI	P.O. BOX 99093 80700 MOMBASA KENYA	658,500	1.05%
4	MOHANLAL DHARAMSHI SHAH	P.O BOX 16 01000 THIKA KENYA	613,700	0.98%
5	MARTIN MUNYIRI MAINA	P.O BOX 12602 10109 NYERI KENYA	557,600	0.89%
6	PAROTIBEN SUDHIR KUMAR PREMCHAND SHAH	P.O. BOX 45594 00100 NAIROBI KENYA	508,100	0.81%
7	MAHENDRA DAHYABHAI PATEL & JASUMATI MAHENDRA PATEL PATEL	P.O. BOX 178 00606 NAIROBI KENYA	431,500	0.69%
8	SHILA JAYANT RUPAREL	P.O BOX 42882 00100 NAIROBI KENYA	418,500	0.67%
9	DAVID NGANGA KINYANJUI	P. O. BOX 6050 00300 NAIROBI KENYA	410,000	0.66%
10	JOHNSON MWANGI GITARI	P.O BOX 68472 00622 NAIROBI KENYA	365,300	0.58%
11	OTHERS - 111002		48,148,125	77.00%
		GRAND TOTALS:	**62,531,512**	**100.00%**

Top 10 Foreign Investors as at Sunday September 30 2018

	NAMES	ADDRESS	SHARES	PERCENTAGE
1	ENERGIZER INTERNATIONAL INC.	533 MARYVILLE UNIVERSITY DRIVE 63141 ST. LOUIS UNITED STATES OF AMERICA	21,052,859	96.97%
2	NAVIN RAICHAND HARIA	P.O BOX 48811 00100 NAIROBI KENYA	150,000	0.69%
3	ABDULRASUL ISMAIL THAWER	P.O. BOX 45544 00100 NAIROBI KENYA	100,200	0.46%
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	0.14%
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 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 - 652		249,444	1.15%
		GRAND TOTALS:	**21,711,803**	**100.00%**

Top 10 Local Institutions as at Sunday September 30 2018

	NAMES	ADDRESS	SHARES	PERCENTAGE
1	EAST AFRICA BATTERIES LIMITED	P.O. BOX 55358 00200 NAIROBI KENYA	73,425,029	58.39%
2	INDUSTRIAL & COMMERCIAL DEVELOPMENT CORPORATION	P.O. BOX 45519 00100 NAIROBI KENYA	36,583,575	29.09%
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 - 3879		6,784,981	5.40%
		GRAND TOTALS:	**125,756,685**	**100.00%**

Top 10 Global Investors as at Sunday September 30 2018

	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	21,052,859	10.03%
4	KARIM JAMAL	P.O. BOX 49863- NAIROBI KENYA	9,106,787	4.34%
5	BEST INVESTMENT DECISIONS LTD	P.O. BOX 40127-00100 NAIROBI KENYA	6,180,000	2.94%
6	KANTILAL ZAVERCHAND SHAH, JINAL KANTILAL SHAH & KUSHAL KANTILAL SHAH	P.O.BOX 43939 - 00100 NAIROBI KENYA	1,313,400	0.63%
7	CFCFS NOMINEES LTD A/C 210	P.O. BOX 47198-00100 NAIROBI KENYA	830,300	0.40%
8	BID MANAGEMENT CONSULTANCY LIMITED	P.O. BOX 40127-00100 NAIROBI KENYA	770,100	0.37%
9	NARAN KHIMJI AND VIRJI KHIMJI HIRANI	P.O. BOX 99093-80700 MOMBASA KENYA	658,500	0.31%
10	MOHANLAL DHARAMSHI SHAH	P.O. BOX 16-01000 THIKA KENYA	613,700	0.29%
11	OTHERS		59,465,750	28.32%
		GRAND TOTALS:	**210,000,000**	**100.00%**

CORPORATE GOVERNANCE

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 IV

corporate governance

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POWER IS
A PRIORITY
ENJOY TURBO®
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TURBO
MF
#OUTRAGEOUSLY LONG LASTING

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 Capital Markets Authority (CMA)'s Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 (the "CG Code) issued by the Capital Markets Authority. Eveready complied with the guidelines except as may be indicated in this statement.

The Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust. Therefore, it always seeks to ensure that its performance goals are met with integrity. By adopting such a framework as it does, Eveready adopted exemplary governance standards since inception and continues to lay a strong emphasis on appropriate and timely disclosures and transparency in its business dealings. Corporate Governance is a continuous process at Eveready

Board of Directors

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 assess adequacy of risk management and mitigation measures authorise and monitor strategic investments, to ensure regulatory compliance as well as high standards of governance and safeguard interests of all stakeholders. 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 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 six (6) members is the optimal number that the Company should operate with based on skills assessments undertaken and Committee requirements. 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.

Separation of powers and duties of the chairman and the Managing Director

The separation of the functions of the chairman (a non-executive director) and the Managing Director (executive director) supports and ensures the independence of the Board and management. The chairman's responsibilities include the operation, leadership and governance of the Board. The Managing Director's roles and responsibilities remains the day-to-day management of the company's business and overseeing the implementation of strategy and policies approved by the Board.

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 Committees play a crucial role in the governance structure of the Company and help in delegating particular matters that require greater and more focused attention. Every Committee is under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by Members of the Board. The Chairperson of the respective Committee informs the Board about the summary of the discussions held in the Committee Meetings through a Committee Report and those discussions are stated as recommendations for the Board's decision.

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:

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:

MEMBER	COMPETENCE/EXPERTISE	CLASSIFICATION
Mrs. Lucy Waithaka (Chair)	Agribusiness, Export Marketing and Business Management	Independent
Dr. Catherine Ngahu*	Marketing, Consultant, Educator, Researcher and Entrepreneur	Independent
Ms. Fauzia Shah	Corporate & Commercial Legal Expert and Company Secretarial Services	Independent
Mr. Akif Butt	Financial Management, Corporate Planning and Strategic Planning	Non - Independent

The profiles of the above directors which sets out their qualification are available on page 45
*retired on 12 September 2018

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.

Allocation of Tasks within the Board of Directors (Continued)

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 non-executive 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 appointments to the Board. The Committee was reconstituted in 2018 to comprise mainly of independent directors and one new additional director was subsequently assigned to the Committee.

Work methods of the Board of Directors & its Committees

The Board convenes at least once every quarter for a total of four (4) times a year. Additional meetings are held where necessary. In the year 2018, the Board met in 8 sessions with a session dedicated to reviewing the Company's Strategic Plan, 2018-2022 and to review the Managing Director's succession.

The various Board Committees also meet in the year to discuss various issues relating to the Company. The time, date, venue, agenda of the meetings and explanatory notes are circulated in advance of the meetings. Members of the Board are also free to recommend inclusion of any matter in the agenda for discussion. Members of the Senior Management are invited to attend the Board Meetings to make presentations and provide additional inputs to the items under discussion. The Minutes of Board Meetings are tabled at the Company's Board Meetings. The annual calendar of meetings is broadly determined at the beginning of each year.

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 2018 to review the Company's Strategic Plan, 2018-2022. The attendance at the Board meetings and Committee for year 2017 meetings is set out below.

DIRECTORS	BOD	F&R COMMITTEE	AUDIT COMMITTEE	R&N COMMITTEE
Mrs. Lucy Waithaka	9 (out of 9)	N/A	3 (out of 4)	N/A
Mr. Jackson Mutua	8 (out of 9)	4 (out of 4)	4 (out of 4)	5 (out of 5)
Mr. Akif Butt	9 (out of 9)	4 (out of 4)	4 (out of 4)	5 (out of 5)
Ms. Mbatha Mbithi	5 (out of 9)	3 (out of 4)	2 (out of 4)	1 (out of 5)
Dr. Catherine Ngahu*	5 (out of 9)	1 (out of 4)	1 (out of 4)	1 (out of 5)
Ms. Fauzia Shah	9 (out of 9)	2 (out of 4)	4 (out of 4)	5 (out of 5)
Mr. Joseph Sitati**	0 (out of 9)	0 (out of 4)	0 (out of 4)	0 (out of 5)

*retired on 12 September 2018 ** Appointed in FY 2019.

Information presented to the Board

The Board agenda is prepared in consultation with the Chairman and MD & CEO of the Company. Meetings are governed by a structured agenda. The Board agenda and notes thereof are backed by comprehensive background information to enable the Board to take informed decisions and are sent to the Directors in advance of the meeting to enable them to peruse and comprehend the matters to be dealt with or seek further information / clarifications on the matter listed therein. The Board also passes resolutions by circulation on need basis, which are noted and confirmed in the subsequent Board Meeting. The Board is presented with the information on various important matters of operations and business, annual operating plans, budgets, presentations, financial results of the Company compliance issues, appointment and cessation of members of senior management and other matters which are required to be placed before the Board.

Compensation Policy & 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 2018 are set out on page 56 and 57.

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 26. 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 concluded its inaugural Governance Audit in the year.

Board Evaluation

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 CG Code contain broad provisions on Board Evaluation i.e. evaluation of the performance of:

(i) the Board as a whole,
(ii) individual Directors (including CEO and Chairman), and
(iii) various Committees of the Board.

The Code also specify responsibilities of Directors/Committees for conducting such evaluation. Accordingly, detailed questionnaires were prepared and circulated to the Board for Annual evaluation. The outcome/ responses of the evaluation process was presented and discussed verbally with the Directors present at the meeting.

Code of Conduct

Code of Conduct for all Directors and designated senior management is in place and the said Code is available on the website of the Company **www.eveready.co.ke**

Board Induction & Training

Board members undergo regular training and education to enable them fulfil their responsibilities. All board members receive an induction upon joining. This provides an overview of the company, new developments in the environment in which the company operates, accounting and financial reporting developments, as well as any regulatory changes. Thanks to a partnership with Strathmore Business School, all Board members acquired the requisite 12 hours of director training in the year.

BOARD OF DIRECTORS


Mrs. Lucy W. Waithaka
Chairperson


Mr. Jackson Mutua
Managing Director


Ms. Fauzia Shah


Mr. Akif H. Butt


Mr. Joseph Sitati


Ms. Mbatha Mbithi

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. **63**

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. **48**

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. **55**

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. **61**

Mr. Joseph Sitati

Mr. Sitati holds a Bachelor of Science (Mechanical Engineering) degree from the University of Nairobi. He is a Fellow of the Association of Chartered Certified Accountants and a platinum member of the Information System Audit and Control Association. He has attended various professional development training programs and is a member of the Institute of Directors (Kenya). Joseph has a wealth of experience in finance, retail management, operations, information technology and logistics having worked for over 22 years' across various sectors in finance & audit. He served as the Chief Finance and Administration Officer at Deacons East Africa PLC, the Commercial Finance Manager – Central East & West Africa Business Unit, the Coca Cola Company, Nairobi, the Group Finance Director at the Old Mutual Group, the Finance Manager at Shell BP Kenya Limited and as Finance Planning and Analysis Manager at GlaxoSmithkline amongst other positions. Joseph is currently a Board member at Kengen Ltd where he also serves as Chairman of the Audit, Risk & Governance Committee as well as a member of the Strategy Committee. **45**

Ms. Mbatha Mbithi (Representing ICDC)

Ms. Mbithi 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. Mbatha has a solid background in Finance and Banking having worked in middle and senior management level positions in five commercial banks. She is presently serving as the Marketing Manager at ICDC. Prior to joining ICDC, she was Head of Credit at Family Bank Ltd. She sits on the Board of Development Bank of Kenya Ltd. **51**

MANAGEMENT TEAM

Jackson K. Mutua

Chief Executive Officer

Margaret A. Odhiambo

Head of Corporate Services

Simon Githae

Key Accounts Manager

Noah Ochanda

Supply Chain Manager

Wilson Gachau

Head of Finance

Michael Mwangi

Sales Manager, General Trade

Board of Directors

Chief Executive Officer/ Managing Director

Finance
IT, Accounting, Controls
Business Decision Support

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*
Assurance, Risk

* Not in picture Jamlick Gitonga - Internal Audit Manager

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.

The Company has established the vigil mechanism, by adopting Whistle Blower Policy, for the Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. It also provides adequate safeguards against the victimisation of employees who avail this mechanism and allows direct access to the Chairman of the Audit Committee in exceptional cases. The Audit Committee reviews the functioning of Whistle Blower Mechanism. The Whistle Blower policy and establishment of vigil mechanism have been appropriately communicated within the Company and no personnel has been denied access to the Audit Committee.

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.

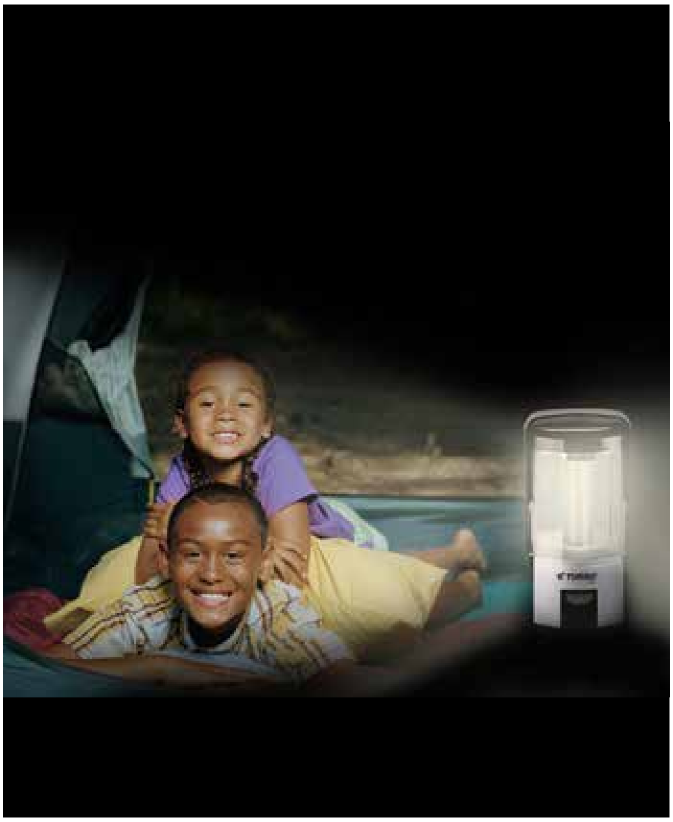
We have to make sure that respect for human rights remains at the forefront of Eveready's business, by continually reviewing, monitoring and addressing the human rights risks of our activities. By upholding international human rights standards, and continuous and consistent application of our own policies,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

Environmental

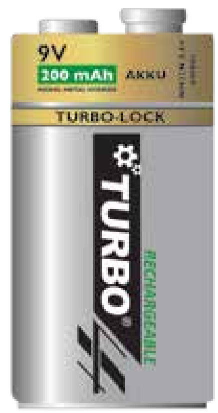
We strive to provide our consumers with products that encourage recycling to minimise the amount of waste we produce.

We also avail to our consumer's 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 2018.

Section V

financial review

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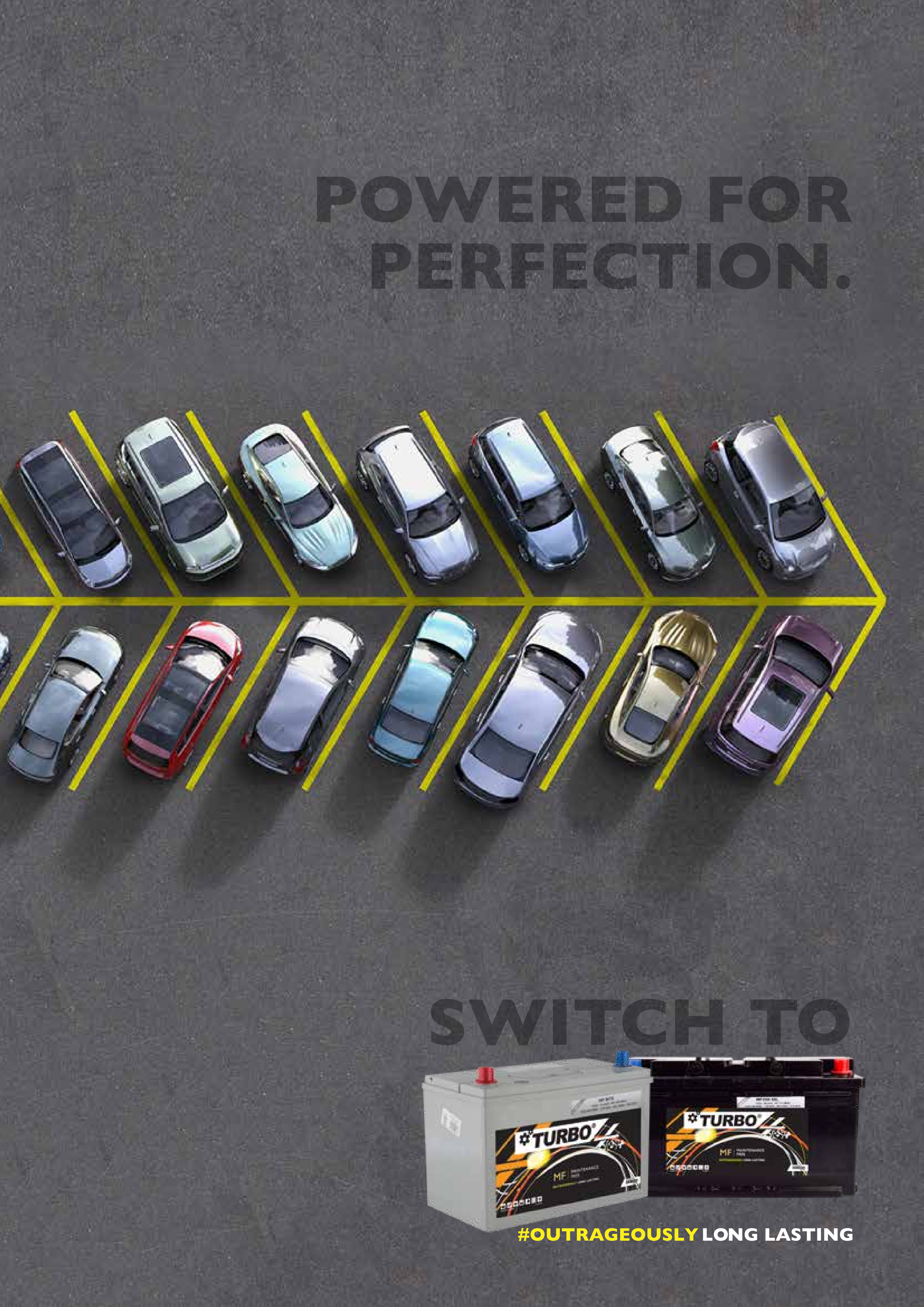
POWERED FOR
PERFECTION.
SWITCH TO
TURBO
TURBO
#OUTRAGEOUSLY LONG LASTING

NOTICE IS HEREBY GIVEN that the fiftieth (52nd) Annual General Meeting of Eveready East Africa PLC (the "Company") will be held at Merica Hotel on Thursday 28, March 2019 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 (51st) Annual General Meeting held on Tuesday 27 March, 2018.

3. Ordinary Business

(i) Report of the Auditors and Financial Statements for the Year Ended 30 September 2018:

To receive, consider and, if thought fit, adopt the Audited Financial Statements for the year ended 30 September 2018 together with the Directors' and Auditors' Reports thereon.

(ii) Election of Directors:

a) Mr. Akif Butt will retire by rotation in accordance with Article 91 of the Company's Articles of Association and being eligible offers himself for re-election as a Director of the Company.

b) Mr. Joseph Sitati who was elected on January 2019 to fill a casual vacancy and who being eligible offers himself for 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) Mr. Joseph Sitati;
(b) Ms. Fauzia Shah; and
(c) Mrs. Lucy Waithaka.

4. Remuneration of Directors

(i) To approve the Directors' Remuneration Policy contained in the Director's Remuneration Report for the year ended 30 September 2018.

(ii) To approve the Directors' Remuneration Report for the year ended 30 September 2018. (Other than the part relating to the Directors' Remuneration Policy).

5. Appointment and Remuneration of Auditors

To note that Messrs RSM Eastern Africa continue in office as Auditors by virtue of Section 721(2) of the Companies Act, 2015 and to authorize the Board to fix the Auditors' remuneration for the ensuing financial year.

6. Other Business

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

By Order of the Board,

Image Registrars Limited, Company Secretary
30 January, 2019

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 Tuesday March 26, 2019 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, 2018 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 Ms F B Shah Joseph W Sitati - Appointed 27th September 2018 Dr C Ngahu - Resigned 12th September 2018
COMPANY SECRETARY	Image Registrars Limited 5th Floor, Barclays Plaza, Loita Street P.O. Box 9287 - 00100 Nairobi, Kenya.
REGISTERED OFFICE	Sameer Industrial Park Mombasa/Enterprise Road Junction 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 of the group for the year ended 30th September 2018.

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 1.

Principal activities
The principal activities of the group are those of selling imported dry cell and car batteries and trading in an assortment of flashlights, range of bulbs, washing detergents, household bleach, surface cleaners and fabric care.

Recommended dividend
During the year, an interim dividend of KSh Nil (2017: KSh 210,000,000) was paid. 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 consumer goods company focused on providing branded portable power solutions packaged to consumers in Kenya. The company is headquartered in Nairobi, Kenya. The company which is one of the largest portable power solutions in Kenya was founded in 1967 and is listed in the Nairobi Securities Exchange.

The company operates in three segments automotive, lighting and household. The company sells its products in Kenya primarily through automotive dealers, wholesalers, electronic stores, retail stores, petrol stations and high-frequency stores.

Automotive Segment
The company offers maintenance free car batteries, vented car batteries, battery water and battery acid in its automotive segment under the brands TURBO® and TURBOPlus +® Household Segment The company offers dry cell batteries in sizes 'D' 'AA' 'AAA' '9V', 'C' and miniature in carbon zinc, alkaline batteries, lithium and rechargeable constructions. The products under this segment are traded under the brands TURBO® and TURBOPlus+®. This segment also includes the company's fabric care segment under the brand EVERCLEAN®.

Lighting Segment
The company offers flashlights, lanterns and bulbs under the brands TURBO® and TURBOPlus+®.

Performance
Gross turnover reduced by 26% during the financial year to KSh 252 million down from KSh 339 million achieved in 2016/2017.

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 the supply chain include long lead times and disruption or loss of key suppliers. The underlying materials from which our products are subject to cost fluctuations which affects our margins as the component cost fluctuations 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) that evolve over time. If we do not make optimal decision on these our 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
Consumers preferences are continuously changing. Our ability to respond to these changes and our ability to differentiate our products remains key. We have to continously 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 KSh 2,200,000 has been charged to profit or loss in the year.

By order of the board

Director
Nairobi 30 January 2019

Section 1- Not subject to audit

a) Decisions on directors' remuneration

There was no change/review in the directors' remuneration (salaries, fees and allowances) of all the 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 their 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	Director's Fees Quarterly (Shs)	Allowance per Sitting (Shs)	Mileage Claim per KM (Shs)
Board Chairman	300,000	25,000	39.4
Committee Chairman	135,000	25,000	39.4
Director	135,000	20,000	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 equalise 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 2018 KSh	Fees and allowances as at 30th September 2017 KSh
Mrs L Waithaka - Chairperson	1,470,000	1,586,000
Mr J K Mutua - Managing Director	16,181,916	16,009,026
Mr A H Butt	910,000	1,082,500
Dr C Ngahu	815,000	1,111,000
Ms F B Shah	915,000	1,051,500
ICDC - Represented by Ms M Mbithi	750,000	965,000
Ms S Mudhune - Retired 31st December 2016	-	550,000
	21,041,916	**22,355,026**

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;

ii) selecting suitable accounting policies and applying them consistently; and iii) making accounting estimates and judgements that are reasonable in the circumstances.

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 30 January 2019 and signed on its behalf by:

Director **Director**

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Certified Public Accountants

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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 11 to 37, which comprise, for both the Group and the Company, the balance sheet as at 30th September 2018, the profit and loss account and statements of 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 2018 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 Group 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 matters	**How the matter was addressed**
Existence and valuation of inventory Total inventories of KSh 88.8 million represent 27% of the total current assets of the company. These mainly consist of inventories at the company's stores.	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 portion 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 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.

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

Key audit matters	How the matter was addressed
Recoverability of trade receivables - The company had trade and other receivables amounting to KSh 155 million which included trade receivables of KSh 120.6 million.	The debtors' days has deteriorated from 213 days in 2017 to 362 days in 2018 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 2019 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 KSh 245,424,000 (2017: KSh 214,614,000) 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

RSM

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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 Group'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 Group'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 Group 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.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with 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 3 and 4 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 CPA Elvis Ogeto, Practising Certificate No. 2303.

RSM Eastern Africa LLP

RSM Eastern Africa LLP
Certified Public Accountants
Nairobi
30 January **2019**
009/2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH SEPTEMBER 2018

		Group		Company	
	Note	2018 Shs'000	2017 Shs'000	2018 Shs'000	2017 Shs'000
Continuing operations					
Sales	5	251,720	338,931	251,720	338,931
Cost of sales		(220,108)	(251,610)	(251,610)	(251,610)
Gross profit		31,612	87,321	31,612	87,321
Other income	6	15,220	49,546	16,739	54,112
Gain on disposal of assets		4,302	452,468	4,302	452,468
Selling and distribution expenses		(32,647)	(38,622)	(32,647)	(38,622)
Administrative expenses		(140,916)	(216,152)	(140,916)	(215,822)
Establishments expenses		(12,842)	(23,197)	(12,842)	(23,197)
Impairment of assets	7	(31,105)	(52,494)	(31,105)	(52,827)
Finance costs	8	(455)	(9,736)	(455)	(9,736)
(Loss)/profit before tax	9	(166,831)	249,134	(165,312)	253,697
Tax income	10	55,157	16,947	55,157	16,947
(Loss)/profit for the year from continuing operations		(111,674)	266,081	(110,155)	270,644
(Loss)/profit for the year from discontinued operations	11	(4,721)	1,092	-	-
(Loss)/profit for the year		(116,395)	267,173	(110,155)	270,644
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Actuarial losses		-	3,270	-	3,270
Items that will be reclassified subsequently to profit or loss when specific conditions are met:					
Currency translation differences on foreign operations		4,692	2,349	-	-
Other comprehensive income for the year, net of tax		4,692	5,619	3,270	3,270
Total comprehensive (loss)/income for the year attributable to the owners of the company		(111,703)	272,792	(110,155)	273,914
Earnings per share		**Shs**	**Shs**	**Shs**	**Shs**
Profit/(loss) per share - basic and diluted	12	(0.55)	1.27)	(0.52)	(1.29)

BALANCE SHEET AS AT 30TH SEPTEMBER 2018

	Note	Group 2018 Shs'000	Group 2017 Shs'000	Company 2018 Shs'000	Company 2017 Shs'000
Equity					
Share capital	13	210,000	210,000	210,000	210,000
Translation reserve		18,159	13,467	-	-
Retained earnings		209,508	325,903	227,667	337,822
Total equity		437,667	549,370	437,667	547,822
Non-current liabilities					
Provisions for liabilities	16	8,847	8,847	8,847	8,847
		8,847	8,847	8,847	8,847
		446,514	**558,217**	**446,514**	**556,669**
REPRESENTED BY					
Non-current assets					
Property, plant and equipment	17	7,591	9,312	7,591	9,312
Investment in subsidiaries	18	-	-	-	-
Deferred income tax	19	243,911	185,480	243,911	185,480
		251,502	194,792	251,502	194,792
Current assets					
Inventories	20	88,851	182,798	88,851	182,798
Trade and other receivables	21	155,161	149,235	155,161	149,235
Cash at bank and in hand	22	78,254	245,827	78,254	244,279
		322,266	577,860	322,266	576,312
Current liabilities					
Trade and other payables	23	108,956	149,600	108,956	149,600
Current tax		5,416	60,335	5,416	60,335
Borrowings	24	12,882	4,500	12,882	4,500
		127,254	214,435	127,254	214,435
Net current assets		**195,012**	**363,425**	**195,012**	**361,877**
		446,514	558,217	446,514	556,669

The financial statements on pages 59 to 85 were approved for issue by the board of directors on 30 January 2019 and were signed on its behalf by:

Director

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH SEPTEMBER 2018

Group	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 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	-	-	-	-	(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
At 1st October 2017	210,000	13,467	-	-	325,903	549,370
Changes in equity in 2018						
Loss for the year	-	-	-	-	(116,395)	(116,395)
Other comprehensive income	-	4,692	-	-	-	4,692
Total comprehensive income/ (loss) for the year	-	4,692	-	-	(116,395)	(111,703)
At 30th September 2018	210,000	18,159	-	-	209,508	437,667

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH SEPTEMBER 2018

Company	Share capital Shs'000	Actuarial reserve Shs'000	Revaluation reserve Shs'000	Retained earnings Shs'000	Total Shs'000
As 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	-	-	-	(210,000)	(210,000)
Transfer of revaluation surplus on disposal of assets	-	-	(657,073)	657,073	-
At 30th September 201 7	210,000	-	-	337,822	547,822
At 1st October 2017	210,000	-	-	337,822	547,822
Changes in equity in 2018					
Loss for the year	-	-	-	(110,155)	(110,155)
At 30th September 2018	210,000	-	-	227,667	437,667

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH SEPTEMBER 2018

		Group		Company	
	Note	2018 Shs'000	2017 Shs'000	2018 Shs'000	2017 Shs'000
Cash flows from operating activities					
Profit/(loss) before tax		(116,395)	267,173	(110,155)	270,644
Adjustments for:					
Income tax	10	(55,157)	(16,947)	(55,157)	(16,947)
Depreciation charge	17	5,593	11,781	5,593	11,781
Gain on disposal of assets		(4,302)	(452,468)	(4,302)	(452,468)
Interest expense	8	455	9,736	455	9,736
Impairment of investment in subsidiary	18	-	-	-	333
Movement in retirement benefit asset and liabilities		-	7,485	-	7,485
Assets (write back)/write off		(291)	2,768	(291)	982
Operating loss before working capital changes		(170,097)	(170,472)	(163,857)	(168,454)
Decrease/(increase) in inventories		93,947	(20,801)	93,947	(20,801)
Increase in trade and other receivables		(5,926)	(54,430)	(5,926)	(54,430)
(Decrease)/increase in trade and other payables		(35,887)	5,911	(40,644)	7,533
Cash used in operations		(117,963)	(239,792)	(116,480)	(236,152)
Interest paid		(455)	(9,736)	(455)	(9,736)
Tax paid		(58,193)	(4,104)	(58,193)	(4,104)
Net cash used in operating activities		**(176,611)**	**(253,632)**	**(175,128)**	**(249,992)**
Cash flows from investing activities					
Purchase of property, plant and equipment	17	(3,581)	(3,782)	(3,581)	(3,782)
Proceeds from disposal of property, plant and equipment		4,302	1,146,265	4,302	1,146,265
Net cash generated from investing activities		**721**	**1,142,483**	**721**	**1,142,483**
Cash flows from financing activities					
Repayment of borrowings		(1,306)	(433,969)	(1,306)	(434,299)
Dividend paid		-	(210,000)	-	(210,000)
Net cash used in financing activities		**(1,306)**	**(643,969)**	**(1,306)**	**(644,299)**
Net (decrease)/increase in cash and cash equivalents		**(177,196)**	**244,882**	**(175,713)**	**248,192**
Cash and cash equivalents at start of the year		**245,827**	**(731)**	**244,279**	**(3,913)**
Effect of exchange rate changes on cash and cash equivalents		**(65)**	**1,676**	**-**	**-**
Cash and cash equivalents at end of the year	22	**68,566**	**245,827**	**68,566**	**244,279**

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 (KSh'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 2017 and have been adopted by the Group. None of them has had an effect on the Group's financial statements.

1. Summary of significant accounting policies (continued)

b) New and revised standard (continued)

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

The Group has not applied any new or revised standards and interpretations that have been published but are not yet effective for the year beginning 1st January 2017, and the Directors do not plan to apply any of them until they become effective. Note 28 lists all such new or revised standards and interpretations, with their effective dates, and provides reasonably estimable information relevant to assessing the possible impact that application of them will have on the Group's and the Company's financial statements in the period of initial application.

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 group'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 group 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.

1. Summary of significant accounting policies (continued)

e) Income tax (continued)

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 group 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.

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. 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 group 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.

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 - %
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.

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

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.

m) Financial instruments

Classification

The group 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 group intends to sell immediately or in the near term or those which the group upon initial recognition designates as at fair value through profit or loss or as available-for-sale financial assets.

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.

1. Summary of significant accounting policies (continued)

m) Financial instruments

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.

m) Financial instruments

i) Financial assets

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 group 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

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 group's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the group 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 group 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 group 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 group 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.

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.

2. Significant judgements and key sources of estimation uncertainty (continued)

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 (continued)

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 21.

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.

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

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.

The maximum exposure of the Group and the Company to credit risk 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 2018				
Trade receivables	37,548	37,896	45,196	120,640
Other receivables	1,251	-	2,210	3,461
Value Added Tax recoverable	25,483	-	-	25,483
Cash at bank	78,254	-	-	78,254
Maximum exposure to credit risk	142,536	37,896	47,406	227,838
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

b. Company	Fully performing Shs '000	Past due but not impaired Shs '000	Impaired Shs '000	Total Shs '000
At 30th September 2018				
Trade receivables	37,548	37,896	45,196	120,640
Other receivables	1,251	-	2,210	3,461
Value Added Tax recoverable	25,483	-	-	25,483
Cash at bank	78,254	-	-	78,254
Maximum exposure to credit risk	142,536	37,896	47,406	227,838
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	71,762	66,006	12,646	388,792

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 2018				
Trade payables	19,279	26,363	-	-
Other payables and accrued expenses	17,996	8,010	-	-
Dividend payable	37,308	-	-	-
Borrowings	10,216	1,584	1,082	-
	84,799	**35,957**	**1,082**	**-**
At 30th September 2017				
Trade payables	71,118	-	-	-
Other payables and accrued expenses	7,912	13,564	-	-
Payables to related parties	57,006	-	-	-
Borrowings	-	1,125	3,375	-
	136,036	14,689	3,375	-

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 2018				
Trade payables	19,279	26,363	-	-
Other payables and accrued expenses	17,996	8,010	-	-
Dividend payable	37,308	-	-	-
Borrowings	10,216	1,584	1,082	-
	84,799	35,957	1,082	-
At 30th September 2017				
Trade payables	71,118	-	-	-
Other payables and accrued expenses	7,912	13,564	-	-
Payables to related parties	57,006	-	-	-
Borrowings	-	1,125	3,375	-
	136,036	14,689	3,375	-

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 2019 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 KSh 455,000 (2017: KSh 682,000) 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.

	2018 US$ Shs'000	2017 US$ Shs'000
Cash at bank	(36)	46
Trade payables	(2,043)	(1,766)
Advance payments to suppliers	2,800	6,403
Net exposure	721	4,683

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 2019 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 KSh 50,000 (2017: KSh 328,000).

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	
	2018 Shs'000	2017 Shs'000	2018 Shs'000	2017 Shs'000
Shareholders' funds	437,667	549,370	437,667	547,822
Total borrowings	12,882	4,500	12,882	4,500
Less: cash and cash equivalents	(78,254)	(245,827)	(78,254)	(244,279)
Net debt	(65,372)	(241,327)	(65,372)	(239,779)
Total shareholders' funds	437,667	308,043	437,667	308,043
Gearing	Nil	Nil	Nil	Nil

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	
	2018 Shs'000	2017 Shs'000	2018 Shs'000	2017 Shs'000
5. Sales				
Sale of purchased goods	251,720	338,931	251,720	338,931
6. Other income				
Rental income	750	3,000	750	3,000
Interest income	10,164	33,686	10,164	33,686
Miscellaneous income	4,306	12,860	5,825	17,426
	15,220	49,546	16,739	54,112
7. Impairment of assets				
Impairment of retirement benefit asset	-	6,337	-	6,337
Impairment of receivables	31,105	46,157	31,105	46,157
Impairment of subsidiary	-	-	-	333
	31,105	52,494	31,105	52,827
8. Finance costs				
Interest expense:				
- Bank overdrafts	-	7,963	-	7,963
- Loans	455	1,773	455	1,773
	455	9,736	455	9,736

	Group		Company	
	2018 Shs'000	2017 Shs'000	2018 Shs'000	2017 Shs'000
9. (Loss)/profit before tax				
(a) Items charged				
The following items have been charged in arriving at (loss)/profit before tax:				
Inventories expensed	220,108	251,610	220,108	251,610
Employee benefits expense (Note 9(b))	92,514	111,796	92,514	111,796
Operating lease rentals expense	13,592	16,446	13,592	16,446
Depreciation of property, plant and equipment	5,593	11,781	5,593	11,781
(b) Employee benefits expense				
The following items are included in employee benefits expense:				
Wages and salaries	88,127	106,945	88,127	106,945
Retirement benefit costs:				
- Defined contribution scheme	4,240	4,675	4,240	4,675
- National Social Security Fund (NSSF)	147	176	147	176
	92,514	111,796	92,514	111,796

	2018 Number	2017 Number
The average number of persons employed during the year, by category, were:		
Sales and distribution	68	86
Management and administration	11	7
	79	93

	Group		Company	
	2018 Shs'000	2017 Shs'000	2018 Shs'000	2017 Shs'000
10. Tax income				
Current income tax	3,274	66,829	3,274	66,829
Under provision in prior year	-	3,617	-	3,617
Deferred tax credit (Note 19)	(58,431)	(87,393)	(58,431)	(87,393)
Tax income	(55,157)	(16,947)	(55,157)	(16,947)
The tax on the group's (loss)/profit before tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:				
(Loss)/profit before tax	(166,831)	249,134	(165,312)	253,697
Tax calculated at a tax rate of 30%	(50,049)	74,740	(49,594)	76,110
Tax effect of:				
Income subject to tax at 5%	-	(113,117)	-	(113,117)
Under - provision of deferred income tax in prior year	(15,730)	-	(15,730)	-
Under provision of current tax in prior year	-	3,617	-	3,617
Deferred tax asset not recognised	9,243	14,418	9,243	13,050
Expenses not deductible for tax purposes	1,379	3,395	924	3,393
Tax income	(55,157)	(16,947)	(55,157)	(16,947)

11. Discontinued operations and assets held for sale - Group

	2018 Shs'000	2017 Shs'000
Profit/(loss) for the year from discontinued subsidiary company operations		
Sales	-	-
Cost of sales	-	-
Gross profit	-	-
Other income	-	1,781
Other administration expenses	(4,721)	(689)
Loss before tax	(4,721)	1,092
Tax	-	-
(Loss)/profit for the year	(4,721)	1,092

12. Earnings per share

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

	Group		Company	
	2018 Shs'000	2017 Shs'000	2018 Shs'000	2017 Shs'000
(Loss)/profit for the year (KSh' 000)	(116,395)	267,173	(110,155)	270,644
Number of ordinary shares (thousands) - Note 13	210,000	210,000	210,000	210,000
(Loss)/profit per share - basic and diluted (KSh)	(0.55)	1.27	(0.52)	1.29

There were no potentially dilutive shares outstanding at either 30th September 2018 or 30th September 2017.

13. 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.

14. Dividends

During the year, an interim dividend of Nil (2017: KSh 1) per share amounting to KSh Nil (2017: KSh 210,000,000) was paid. The total amount of dividend paid per share for the year is KSh Nil (2017: KSh 210,000,000). 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.

15. 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:

	2018 Shs'000	2017 Shs'000
At 1st October	-	657,083
Transfer of revaluation surplus on disposal of assets	-	(657,083)
At 30th September	-	-

16. Provisions for liabilities

	Group		Company	
	2018 Shs'000	2017 Shs'000	2018 Shs'000	2017 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.

17. Property, plant and equipment

Group and company

	Furniture and fixtures Shs'000	Computers Shs'000	Motor vehicles Shs'000	Total Shs'000
At 1st October 2016				
Cost	42,853	30,491	47,178	120,522
Accumulated depreciation	(36,438)	(25,442)	(40,349)	(102,229)
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)
Assets written off	(942)	(40)	-	(982)
Closing carrying amount	844	3,069	5,399	9,312
At 30th September 2017				
Cost	25,862	14,739	47,409	88,010
Accumulated depreciation and impairment	(25,018)	(11,670)	(42,010)	(78,698)
Net carrying amount	844	3,069	5,399	9,312
Year ended 30th September 2018				
Opening carrying amount	844	3,069	5,399	9,312
Additions	2,250	626	705	3,581
Assets written back	291	-	-	291
Depreciation charge	(792)	(1,882)	(2,919)	(5,593)
Closing carrying amount	2,593	1,813	3,185	7,591
At 30th September 2018				
Cost	18,674	14,277	40,503	73,454
Accumulated depreciation and impairment	(16,081)	(12,464)	(37,318)	(65,863)
Net carrying amount	2,593	1,813	3,185	7,591

Fully depreciated assets still used had a cost of KSh 60,077,000 (2017: KSh 76,904,000).

18. Investments in subsidiaries

Company

Unquoted securities at cost	**Holding**	**2018 Shs'000**	**2017 Shs'000**
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.

19. 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 (2017: 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 2018	**At start of year Shs'000**	**(Credited)/ charged to profit or loss Shs'000**	**At end of year Shs'000**
Deferred tax asset			
Tax losses	169,592	35,264	204,856
Provision for staff leave	1,244	30	1,274
Provision for bad debts	13,847	8,743	22,590
Provision for obsolete inventory	8,662	137	8,799
	193,345	44,174	237,519
Deferred tax liability			
Property, plant and equipment	(7,865)	14,257	6,392
Net deferred tax asset	185,480	58,431	243,911

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 (liability)/asset	98,087	87,393	185,480

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

The deferred tax asset has not been recognised on deductible temporary differences and tax losses carried forward amounting to KSh 245,424,000 (2017: KSh 214,614,000) 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 KSh 928,278,000 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
2018	148,356	2027
	928,278	

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.

	Group		Company	
	2018 Shs'000	2017 Shs'000	2018 Shs'000	2017 Shs'000
20. Inventories				
Finished goods	119,885	211,673	119,885	211,673
Less: provision for impairment	(31,034)	(28,875)	(31,034)	(28,875)
	88,851	182,798	88,851	182,798
21. Trade and other receivables				
Trade receivables (Note 26(iii))	281,912	227,329	281,912	227,329
Less: Provision for impairment losses	(161,272)	(130,609)	(161,272)	(130,609)
	120,640	96,720	120,640	96,720
Other receivables	3,461	5,397	3,461	5,397
Receivable from related parties	-	-	53,102	54,621
Less: Provision for impairment losses	-	-	(53,102)	(54,621)
Value Added Tax recoverable	25,483	35,993	25,483	35,993
Prepayments	5,577	4,722	5,577	4,722
Advance payment to suppliers	-	6,403	-	6,403
	155,161	149,235	155,161	149,235
The movement on the provision for impairment losses for trade receivables and receivables from related parties is as follows:				
At 1st October	130,609	84,452	185,230	143,638
Net increase charged to profit and loss account	31,105	46,157	31,105	46,157
Provisions utilised	(442)	-	(1,961)	(4,565)
At 30th September	161,272	130,609	214,374	185,230

	Group		Company	
	2018 Shs'000	2017 Shs'000	2018 Shs'000	2017 Shs'000
22. Cash at bank and in hand				
Cash at bank and in hand	3,180	21,697	3,180	20,149
Short-term bank deposits	75,074	224,130	75,074	224,13
	78,254	245,827	78,254	244,279
For the purposes of the statement of cash flows, cash and cash equivalents comprise the				
Cash and bank balance	3,180	21,697	3,180	20,149
Short-term bank deposits	75,074	224,130	75,074	224,130
Bank overdraft (Note 24)	(9,688)	-	(9,688)	-
	68,566	245,827	68,566	244,279
23. Trade and other payables				
Trade payables (Note 26(iii))	45,642	71,118	45,642	71,118
Other payables	16,822	11,912	16,822	11,912
Accrued expenses	9,184	9,564	9,184	9,564
Dividend payables	37,308	57,006	37,308	57,006
	108,956	149,600	108,956	149,600
24. Borrowings				
Current				
Bank overdraft (Note 22)	9,688	-	9,688	-
Insurance premium financing	3,194	4,500	3,194	4,500
	12,882	4,500	12,882	4,500
The borrowings are repayable as follows:				
On demand or within 1 year	12,882	4,500	12,882	4,500

	Company	
	2018 Shs'000	2017 Shs'000
25. Operating lease arrangements		
Group and company		
The company as lessee:		
Minimum lease payments under operating leases recognised through profit or loss	13,592	16,446
At the end of the reporting period, the company had outstanding commitments under operating leases, payable as follows:		
Within one year	9,826	2,666
In the second to fifth years inclusive	35,402	1,200
	45,228	3,866

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.

	2018 Shs'000	2017 Shs'000
26. 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) Purchase of goods and services		
Other related parties	4,674	-
ii) Sale of goods and services		
Other related parties	493	-
Sales and purchases to/from related parties were made at terms and conditions similar to those offered to/by major customers/suppliers.		
iii) Outstanding balances arising from sale and purchase of goods/services		
Payables to related parties (Note 23)	4,505	69,685
Receivables from related parties (Note 21)	785	-
iv) Key management compensation		
The remuneration for key management during the year was as follows:		
Salaries and other benefits	47,679	48,620
v) Directors' remuneration		
Salaries	16,182	16,009
Fees for services as directors	4,860	6,346
	21,042	22,355
27. Contingencies		
Bank guarantees	12,600	12,600

28. 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 2017.

IFRS 15 *Revenue from Contracts with Customers* (issued in May 2014)
The new standard, effective for annual periods beginning on or after 1st January 2018, replaces IAS 11, IAS 18 and their interpretations (SIC-31 and IFRIC 13, 15 and 18). It establishes a single and comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance.

Under IFRS 15, revenue from sale of goods will be recognised when the customer obtains control of the goods. Revenue from sales of services will be recognised over time provided the consumption of the service by the customer is simultaneous with the performance of the service by the company. Having carried out a preliminary assessment, the directors do not expect there to be a material retrospective adjustment to retained earnings on initial application of the standard in the year ending 30th September 2019.

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 1st January 2018. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition, summarised as follows:

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

IFRS 9 *Financial Instruments* (issued in July 2014) (Continued)

- IFRS 9 requires all financial assets to be measured at fair value on initial recognition and subsequently at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.
- For financial liabilities, the most significant effect of IFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.
- For the impairment of financial assets, IFRS 9 introduces an "expected credit loss" (ECL) model based on the concept of providing for expected losses at the inception of a contract; this will require judgement in quantifying the impact of forecast economic factors. For financial assets for which there has not been a significant increase in credit risk since initial recognition, the loss allowance should represent ECLs that would result from probable default events within 12 months from the reporting date (12-month ECLs). For financial assets for which there has been a significant increase in credit risk, the loss allowance should represent lifetime ECLs. A simplified approach is allowed for trade receivables and lease receivables, whereby lifetime ECLs can be recognised from inception.
- For hedge accounting, IFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.
- The derecognition provisions are carried over almost unchanged from IAS 39.

On 1st October 2018, financial assets currently classified as available-for-sale (at fair value through other comprehensive income) will be reclassified to 'fair value through profit or loss', with the consequent transfer of the balance on the fair value reserve to retained earnings. In addition, provision will have to be made for either 12-month or lifetime ECLs for all financial assets measured at amortised cost, lease receivables, and debt instruments measured at fair value through other comprehensive income. The directors expect to apply the simplified approach for trade receivables and lease receivables. Based on their preliminary assessment, additional provisions of KSh 24.6 million will have to be recognised at 1st October 2018 with a corresponding decrease, net of deferred tax, in retained earnings at that date.

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, address a current conflict between the two standards and clarify that a gain or loss should be recognised fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

IFRS 16 *Leases* (issued in January 2016)

The new standard, effective for annual periods beginning on or after 1st January 2019, introduces a new lessee accounting model, and will require a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Application of IFRS 16 in 2019 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.

Amendments to IFRS 2 titled *Classification and Measurement of Share-based Payment Transactions* (issued in June 2016)

The amendments, applicable to annual periods beginning on or after 1st January 2018, clarify the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments (SBP), the accounting for SBP transactions with a net settlement feature for withholding tax obligations, and the effect of a modification to the terms and conditions of a SBP that changes the classification of the transaction from cash-settled to equity-settled.

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

Amendments to IFRS 4 titled *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* (issued in September 2016)
The amendments, applicable to annual periods beginning on or after 1st January 2018, include a temporary exemption from IFRS 9 for insurers that meet specified criteria and an option for insurers to apply the overlay approach to designated financial assets.

Amendment to IFRS 1 - *Annual Improvements to IFRSs 2014–2016 Cycle*, issued in December 2016
The amendment, applicable to annual periods beginning on or after 1st January 2018, deletes certain short-term exemptions and removes certain reliefs for first-time adopters.

Amendment to IAS 28 - *Annual Improvements to IFRSs 2014–2016 Cycle*, issued in December 2016
The amendment, applicable to annual periods beginning on or after 1st January 2018, clarifies that exemption from applying the equity method is available separately for each associate or joint venture at initial recognition.

Amendments to IAS 40 titled *Transfers of Investment Property* (issued in December 2016)
The amendments, applicable to annual periods beginning on or after 1st January 2018, clarify that transfers to or from investment property should be made when, and only when, there is evidence that a change in use of property has occurred.

IFRIC 22 titled *Foreign Currency Transactions and Advance Consideration* (issued in December 2016)
The Interpretation, applicable to annual periods beginning on or after 1st January 2018, clarifies that the exchange rate to use in transactions that involve advance consideration paid or received in foreign currency is the one at the date of initial recognition of the non-monetary asset or liability.

IFRS 17 *Insurance Contracts* (issued in May 2017)
The new standard, effective for annual periods beginning on or after 1st January 2021, establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The company does not issue insurance contracts.

IFRIC 23 *Uncertainty over Income Tax Treatments* (issued in June 2017)
The Interpretation, applicable to annual periods beginning on or after 1st January 2019, clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty over income tax treatments.

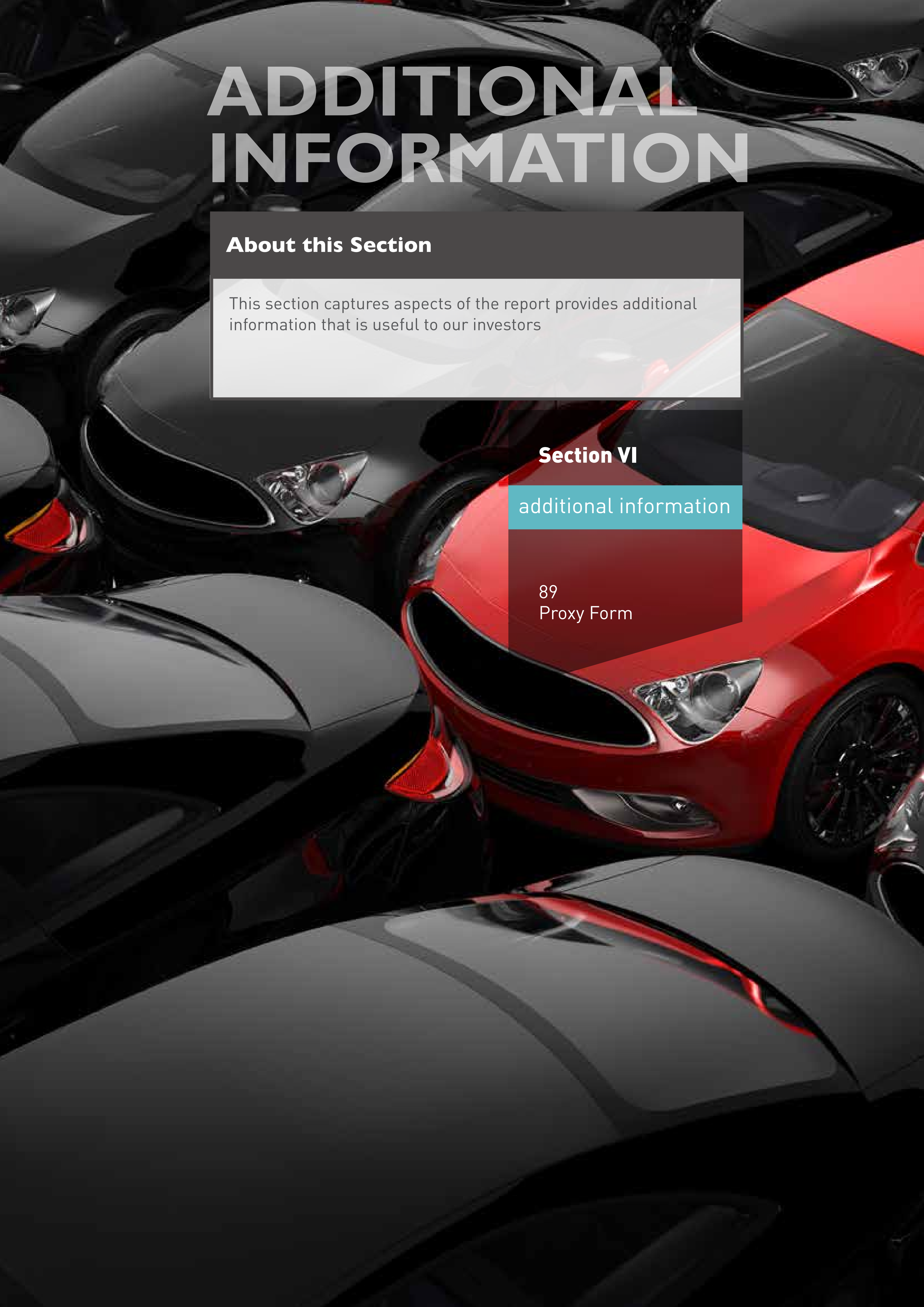
Amendments to IFRS 9 titled *Prepayment Features with Negative Compensation* (issued in October 2017)
The amendments, applicable to annual periods beginning on or after 1 January 2019, allow entities to measure prepayable financial assets with negative compensation at amortised cost or fair value through other comprehensive income if a specified condition is met.

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 IFRS 3 - *Annual Improvements to IFRSs 2015–2017 Cycle*, issued in December 2017
The amendments, applicable to annual periods beginning on or after 1st January 2019, provide additional guidance on applying the acquisition method to particular types of business combination.

Amendments to IAS 23 - *Annual Improvements to IFRSs 2015–2017 Cycle*, issued in December 2017
The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that the costs of borrowings made specifically for the purpose of obtaining a qualifying asset that is substantially completed can be included in the determination of the weighted average of borrowing costs for other qualifying assets.

Amendments to IAS 19 titled Plan *Amendment, Curtailment or Settlement* (issued in February 2018)
The amendments, applicable to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1st January 2019, requires an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset) in the manner specified in the amended standard.



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

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Proxy Form

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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 Alhamisi, 28 Machi 2019 ama siku yoyote ile endapo mkutano huo utaahirishwa.

Sahihi

____

Sahihi hii/hizi imewekwa/zimewekwa Tarehe _______ ya____________2019.

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. Jumanne, 26 Machi, 2019.

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 Thurday 28th day of March 2019, and at any adjournment thereof.

As witness my/our* hand this __________ day of ____________ 2019.

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 Tuesday March 26, 2019 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

a touch of sparkle to your laundry
fast rich foaming action
everclean®
WASHES AWAY STUBBORN STAINS
45g
everclean®
washing powder
EVEREADY
E.A. PLC


HEAVY
TURBO
TURBO