2019

ANNUAL REPORT AND FINANCIAL STATEMENTS

#OUTRAGEOUSLYLONGLASTING

EVEREADY
E.A. PLC

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 materially from the forward-looking statements, including the risks and uncertainties discussed on 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.


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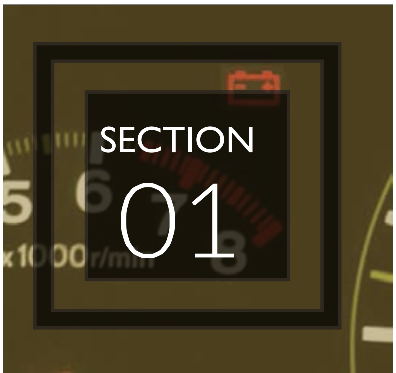
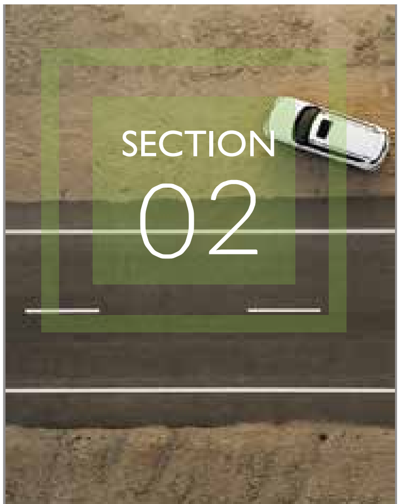
EVEREADY E.A. PLC

ABOUT THIS REPORT

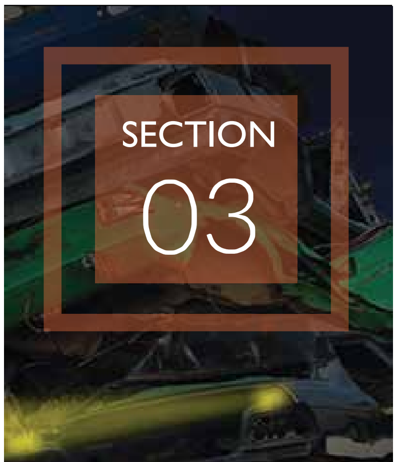
This Integrated Annual Report (the Report) provides a consolidated review of EVEREADY East Africa PLC's (the "Company" or "EVEREADY") financial, social, economic and environmental performance for the year ended 30 September 2019 and is primarily targeted at stakeholders including employees, shareholders and potential investors. This Integrated Annual Report 2019 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 2019.



Financial Highlights



Strategic Review



Stakeholders Report

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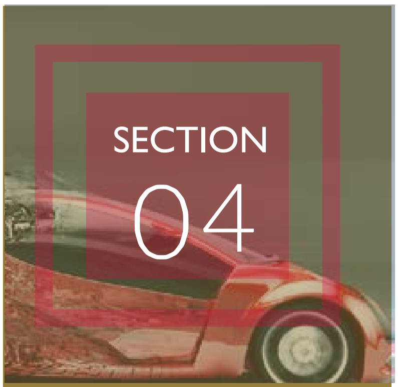
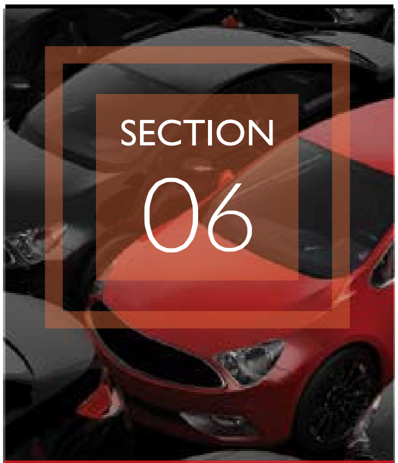


Corporate Governance

Financial Review



Additional Information

FINANCIAL HIGHLIGHTS

SECTION 01

Financial Highlights

ABOUT THIS SECTION

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

01


FLASHING BATTERY
LIGHT. A DRIVERS
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TURBO
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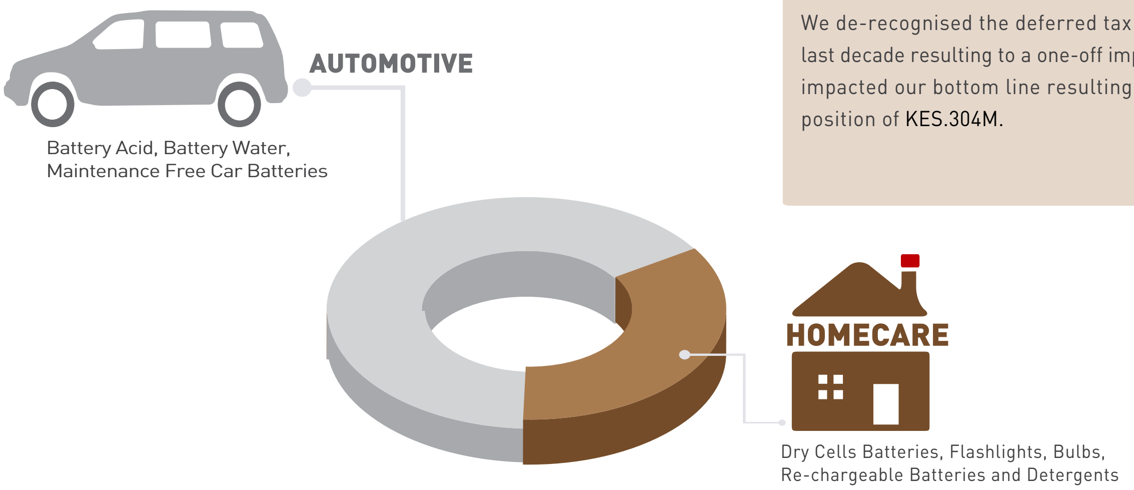
FREE

FINANCIAL PERFORMANCE SUMMARY

Financial Year	2019	2018
Net Sales	KES191M	KES252M
Earnings Per Share (EPS)	(1.45)	(0.55)
Profit Before Tax	(KES107M)	(KES167M)
Cash Flows End Of Year	KES0.78M	(KES0.69M)
Dividend	KES Nil	Nil

CATEGORY CONTRIBUTION



EXTRAORDINARY ITEM

We de-recognised the deferred tax asset accrued over the last decade resulting to a one-off impact of KES.229M. This impacted our bottom line resulting to an after-tax loss position of KES.304M.

Operational Highlights

In FY 2019, we focused on investing in products that prioritises a return for our business, notable the automobile segment. This resulted to actions being completed in Q2 which re-structured our organization to deliver on our identified key growth areas. To this end, we refined and aligned our business model, resulting to a clearer and more effective go to market model in terms of channel, resourcing (both human and capital) and associated route to market programs, and this re-organization has facilitated a significant reduction in costs at 66% without compromising operations. The challenge in the transition was replacement revenue which though reversible, was an anticipated transitory challenge. Therefore, although there was a 24% decline in revenues in 2019 compared to 2018, the impact was mitigated by margin improvements due to increased revenues emanating from our automobile segment and thereby affirmed the decisions made in investing in this growing business.

As a result of the above, although our second half performance registered an improved performance compared to KES.167M in 2018. We de-recognised the deferred tax asset accrued over the last decade resulting to a one-off impact of KES.229M. This impacted our bottom line resulting to an after-tax loss position of KES.304M.

Dividend

The Board does not recommend the payment of a dividend

Outlook

Our automobile segment continues to generate impressive returns and recorded a 540% increase in revenue over prior year. We will continue to focus our investments to our growth opportunities in order to escalate revenue growth even further and thereby organically grow the business.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MRS. LUCY WAGUTHI WAITHAKA

Chairperson

In 2019, Eveready made signifcant progress re-organising the business to enable a sharper focus on our strengths as an emerging player in the car battery ecosystem.

In 2019, Eveready made signifcant progress re-organising the business to enable a sharper focus on our strengths as an emerging player in the car battery ecosystem.

We also welcomed a new CEO on 1 February 2019 and, having worked within the Company and played key transformational roles, she is instrumental in championing our growth agenda for the Company.

In 2019, the Board laid out a plan to build a business that is fit for the future by focusing on our growth drivers and thereby casting our business as an emerging player in the car battery ecosystem. These actions would also resolve underlying structural issues and deficiencies that were eroding our operating profits and impeding our growth.

The task of re-organizing our business and aligning it to our strategy and model was completed in March, 2019 and since then, we have made gains across key areas:

- We have correctly structured our organization to deliver on our identified key growth areas.To this end, we have refined and aligned our business model, resulting to a clearer and more effective go to market model in terms of the channel, resourcing (both human and capital) and associated programs, and this re-organization has facilitated a significant reduction in costs without compromising returns (revenues and margin).

- As a result of the above, we continue to record impressive growth in our automobile accessories segment while expanding distribution channels for our dry cell and flashlight categories.

- We have rationalised our pricing structures to generate maximum returns for our business and the resultant margin improvement continue to support our business without compromising our consumer's needs.

- We have minimised our operating costs in order to further enhance our margins.

Despite the achievements and milestones passed during the year, our financial performance in 2019 highlights that further progress is required to deliver acceptable returns to our shareholders. Loss before tax was KES.107M compared to KES167M in 2018, a 45% improvement on prior year.

The bottom-line results can sometimes obscure the real underlying progress that is being made and we thank our shareholders for their support. We expect over the medium-term, Eveready's recalibration and alignment will strengthen and further differentiate our value proposition through our distribution and service network particularly in respect of the auto-mobile accessories segment which will translate to better results.

We are looking forward to the continued execution of Eveready's strategic plan with a focus of reversing performance. To achieve our strategic growth objectives, we will be clearly focused on some of the key areas as specified below:

• *Focus on Customer:*
We continue to build strong customer focused processes and systems which enabled us to gain the trust and confidence of our customers. We continue to add new customers to our fold which, we expect, will continue to drive volumes.

• *Investment in Growth Drivers:*
The Board has established that there is need for additional investment in our growth drivers so that the business continues to grow organically.

Dividend
The Board does not recommend the payment of a dividend.

Appreciation
As we move forward into 2019-20, I would like to express my sincere gratitude to all our stake holders who have been there with us along this journey. My earnest thankfulness to fellow Directors for their commitment and professionalism in paving our long-term path. My deep appreciation to all our shareholders for their continued confidence and support. My thanks to our suppliers and lenders, who continue to be our partners in growth. Lastly, my appreciation to our management team and staff for their valuable and ongoing dedication.

Lucy Waithaka, Chairperson
30 January 2020

BI. LUCY WAGUTHI WAITHAKA

Mwenyekiti

Mwaka wa 2019, Eveready imefanya maendeleo makubwa katika mwamko mpya wa mipangilio ya biashara ili kuweza kufanikisha malengo yanayotokana na uwezo wetu.

Mwaka wa 2019, Kampuni ya Eveready ilifanya maendeleo makubwa katika mpangilio mpya wa mifumo ya kibiashara ili kuweza kuafikia azimio mwafaka katika nyanja ya biashara ya betri za magari.

Tuliweza pia kumkaribisha mkurugenzi mkuu tarehe moja February, 2019 na kutokana na kuwa alikuwa amefanya kazi kwenye kampuni hii, ameweza kutimiza majukumu muhimu ya mabadiliko. Hivyo basi amekuwa na nafasi muhimu katika kupigania ukuaji wa kiajenda wa kampuni hii.

Mwaka wa 2019, japo la wakurugenzi liliweka mpango wa kuanzisha biashara itakayoweza kuwa bora zaidi siku zijazo. Hii ni kutokana na kutilia mkazo au kuangazia zaidi ukuaji wetu katika nyanja ya biashara ya betri za magari. Hatua hizi zinaweza pia kutatua masuala ya kimsingi yanayohusiana na miundo ambayo imekuwa ikiharibu na kuathiri ukuaji wa kampuni hii.

Jukumu la kustawisha mipangilio mipya katika biashara yetu kuilinganisha na mikakati na mitindo husika ilikamilika Machi, mwaka wa 2019.

Tangu wakati tumeweza kuunda na kupata faida maradufu katika nyanja mbalimbali zilizo muhimu katika kampuni hii;

- Tumefanikiwa kuunda mpangilio wa kuweza kutekeleza utambulisho wa maeneo ya ukuaji muhimu. Kufikia hatima hii, tumesanifisha mtindo wetu wa kibiashara. Matokeo yake yamekuwa ni ufanisi wa mtindo wa masoko ya kibiashara ikiwemo rasilimali watu na fedha, mfumo wa uendeshaji na mipango husika. Mpangilio huu mpya umewezesha kupunguka kwa gharama za uendeshaji kwa kiwango fulani bila kuhusisha au kuathiri mapato ya kampuni.

•Kwa ajali ya hayo, tumeweza kuendelea kurekodi ukuaji wa kuvutia katika sehemu yetu ya magari huku tukipanua vituo vya usambazaji katika kategoria ya kiini kavu na tochi.

•Tumeweza vile vile kufanya marekebisho katika miundo bei ili kuzalisha mapato/ faida ya kiwango cha juu zaidi. Matokeo ya hatua hii ni kuwa tumeweza kujimarisha bila kuathiri mahitaji ya wateja wetu.

•Tumefanikiwa pia kupunguza gharama za uendeshaji wa kampuni ili kuongeza kiwango chetu chauzalishaji.

Licha ya kushuhudia mafanikio ya kupiga hatua mwakani, utendaji wetu wa fedha katika mwaka wa 2019 unaonyesha kuwa bado tunahitaji kupiga hatua zaidi ili tuweze kuzalisha mapato mazuri kwa washikadau wetu. Hasara kabla ya kutozwa ushuru ilikuwa shilingi milioni 107 ikilinganishwa na milioni 167 katika mwaka wa 2018, ongezeko la asilimia 45 kwa mwaka uliopita.

Matokeo ya kifedha yanaweza kuficha maendeleo ya kimsingi wakati mwingine na tuna washukuru wanahisa wetu kwa kutuunga mkono. Tunatarajia kuwa katika kipindi cha muda wa kati, mipangilio mpya ya "Eveready" utaimarisha na kutofautisha dhamani pendekezo kupitia usambazaji hasa wa nyanja ya magari ilikuweza kuleta matokeo bora.

Tunatarajia kuendelea kutekeleza mpango wa kimkakati wa Eveready kwa kuangazia zaidi mageuzi ya utendakazi. ili tuweze kufikia malengo yetu ya ukuaji wa kimkakati,tutaangazia zaidi baadhi ya nyanja muhimu kama zifuatazo:

Kuangazia au kulenga mteja

•Tutaendelea kujenga utaratibu thabiti unaohusu wateja na mifumo ambayo itatuwezesha kupata uaminifu kutoka kwa wateja wetu. Tunaendelea kuongeza wateja wapya, jambo ambalo tunatarajia kuwa litatusaidia kupiga hatua kubwa sana

Uwekezaji katika hatua za maendeleo

•Jopo la wakurugezi lilibaini kuwa kuna haja ya kuwa na uwekezaji wa ziada katika hatua zetu za maendeleo ili biashara iendelee kukua zaidi.

Gawio

Bodi ya wakugenzi haijapendekeza malipo ya gawio

Shukrani

Tunapotazamia kusonga mbele katika mwaka wa 2019-2020, ningependa kuwasilisha shukrani zangu za dhati kwa wote ambao ni wadau wetu kwa kuwa nasi katika safari hii. Shukrani zangu za moyoni pia ni kwa wakurugenzi wenzangu kwa kujitolea katika taaluma hii ili kuweza kuyaafika maazimio yetu. Ningependa pia kuwashukuru wenye hisa wetu wote kwa kuonyesha imani yao kwetu na kutupa msaada kila wakati. Shukrani zangu za dhati pia ziweze kwafikia wafanyabiashara wetu na wakopeshaji ambao wameendelea kufanya kazi nasi kwa pamoja ili tuzidi kujimarisha zaidi. Nikitamatisha, ningependa pia kukishukuru kitengo chote cha usimamizi wa timu hii pamoja na wafanyakazi kwa ubora wenu na kujitolea kwenu pasipo kukoma.

Lucy Waithaka, Mwenyekiti
30 Januari 2020

AUTOMOTIVE

MS. MARGARET A. ODHIAMBO
Managing Director

"We will continually shape the Company, strategically choosing the businesses in which we compete to achieve the optimal con(guration for success. Our decisions, actions and efforts will always be focused on reinforcing our commitment to create long-term value for our shareholders"

2019 represented recorded significant changes in Eveready's management and structure.

In the second half of the year, I joined as Managing Director and I appreciate the opportunity given to me by the Board of Directors to serve a Company with such great legacy.

We started the second half of the year 2019 by implementing and finalising a restructuring and re-alignment of our business which was intended to make Eveready have a sharp and decisive focus on its revenue drivers as per our strategy, by aligning its operations and route to market to its core revenue lines and rationalising our cost structure as well.

Our key milestones which spanned through and affected various operations and processes, were achieved at pace within the next 2 months which resulted in the following outcomes:

- We reviewed our capital commitments and refocused our investments fully to profitable product segments. Our resourcing guide considered contribution of the segment underpinned by growth opportunity in the same, as primary factors in the evaluation of our investment considerations an decisions.

- Operationally, we took strategic actions to shift, re-allign our go to market approach and strengthen our value proposition around our revenue drivers. In order to adapt our structures to our markets and customers, we allocated financial resources on this restructuring effort which was funded by internally generated funds. A significant portion of the effort and spend was channelled to the optimization of our sales, IT, administration and supply chain infrastructures and capabilities. This has resulted in improved focus on our core business, enhanced controls, an aligned competency focus by teams, improved IT support, which actions resulted in improved efficiencies and a further reduction in overhead costs compared to the first half of the year.

- We reduced our exposure to declining and/or less-profitable product segments. As we focused on investing in products that prioritises a return, the challenge was replacement revenue which was an anticipated transitory challenge that is reversible

Therefore, although there was a 25% dip in revenue in 2019 compared to 2018 there was a margin improvement due to a better contribution from the products of focus which served to compensate the lost revenue and affirmed the decisions made in that regard..

We continue to see margin improvements as make better decisions in this area.

We reduced the drag from low returning businesses and put in additional and guided investment on new and emerging lines and thereby started to see the true earning potential of this business.

As a result, our new business lines, continue to drive growth in our business.

We saw impressive gains in the automobile segment which grew their revenues by over 540% on account of the additional investments made in the segment.

As a result of the above actions, our second half performance registered an improved performance compared to the first half of the year.

Our total year performance was a loss before tax of KES.107M [2018: KES.167M]. This was a 45% improvement in performance, achieved on the back of better margin performance and reduced operating cost across all areas, notably in administration, which recorded a reduction of costs by 66% without compromising returns. We have driven better efficiency through the business and allowed us to bring our costs marginally lower and within our guidance range.

We recorded an after-tax loss position of KES.303M largely due to one off items. We made additional provisions in the sum of KES.22.6M for bad debts in order to comply with Internal Reporting Standards, even though recovery of these amounts is expected in future periods. Further, we de-recognised the deferred tax asset accrued over the last decade resulting to a one-off impact of KES.229M, even though our performance from the second half of the year indicates that we are on course towards recovery

What these key performance measures demonstrate, is that focusing our investments to growth opportunities in line with our strategic objectives, is working and there is value in putting in additional investment on our new product lines that generate value in order to escalate revenue growth even further and thereby organically grow the business.

The restructuring actions were financed by internally generated funds and absorbed a lot of management focus.

But the effort and investment is worth it to remove major drags on the operational effectiveness and profitability of Eveready, and to create the model that is supported by our strategy and which is expected to generate sustainable returns for our shareholders.

Focus

To strengthen our position in the competitive automobile segment, we are in the process of establishing a connected business model to make the battery buying process easier for customers and consumers. We believe this will help create a sustainable competitive advantage.

We are recording margin improvement and growth in volumes, driven by our TURBO® brand. We are committed to strengthening the value of our brand, our products and our aligned network of customers in the mobility ecosystem.

The groundwork is already laid to increase our competitive advantage. Our dry cell and lighting categories continue to support our revenues and our brand objectives.

Impact

I remain proud of the continuing positive impact which Eveready has in the community in which we operate through the individual, local charitable efforts by colleagues which says a lot about our culture.

Appreciation

I am grateful for the efforts and commitment exhibited by the team every day and the guidance of the Board of Directors which continues to add value to management.

Ms. Margaret A. Odhiambo, Managing Director

30 January 2020

BI. MARGARET A. ODHIAMBO
Mkurugenzi Mkuu

"Tutaendelea kuijenga kampuni hii, kwa kuteua biashara nyinginezo kwa njia ya mikakati ili tuweze ku(kia usanidi mojawapo wa mafanikio. Maamuzi yetu, matendo na jitihadi zetu daima zitalenga kuimarisha kujitolea kwetu ili kukuza maadili ya muda mrefu ya washikadau wa kampuni hii."

Mwaka wa 2019 ulirekodi mabadiliko mengimuimu katika muundo na usimamizi na muundo wa kampuni ya Eveready.

Katika kipindi cha pili cha mwaka huo wa 2019,niliweza kujiunga nanyi kama mkurugenzi mkuu. Ningependa kuchukua fursa hii kuweza kuwashukuru wote katika jopo au bodi ya wakurugenzi mlioweza kunipa nafasi ya kuhudumu kwa kampuni hii.

Tulianza kipindi cha pili cha mwaka wa 2019 kwa kutekeleza na kukamilisha urekebishaji na upangaji mpya wa biashara yetu. Hii ilikusudia kusanifisha lengo la kimaamuzi kuhusu mbinu za mapato kulingana na mikakati yetu. Pia tulikusudia kulenga mpangilio mpya wa uendeshaji na njia mwafaka za kutuelekeza kwenye masoko ya kibiashara ili kuweza kuhitimisha njia zetu za kuweza kupata mapato na kurekebisha muundo wa gharama.

Mambo muhimu yaliyoweza kuathiri uendeshaji na utaratibu wa kampuni yalishughulikiwa katika muda wa miezi miwili. Kutokana na hatua hizi basi tuliweza kufikia matokeo yafuatayo:

•Tuliweza kuzitathmini ahadi za kupata mtaji na kuangazia kigezo cha kubadilisha uwekezaji wetu kikamilifu ili kuweza kuafikia sehemu mbalimbali za bidha ili kuunda faida. Mwongozo wa mpangilio wetu wa mambo uliweza kuangaziwa zaidi mbinu zitakazosaidia kukuza nafasi kama vile mambo yakatika utendajikazi, tuliweza kufanya mabadiliko ya mikakati ya kulenga mpangilio mpya wa mbinu za sokoni ili kuweza kuimarisha pendekezo bora kuzalisha mapato yetu.

•Ili tuweze kukabiliana na miundo yetu inayohusu masoko yetu ya biashara na wateja wetu, ilitulazimu kutengea mpangilio huu mpya wa rasilimali fedha zilizo dhaminiwa na fedha za ndani. Juhudi hizi ziliweza kugharamia kiwango cha juu cha mauzo yetu, teknolojia, utawala wetu na ugavi wa miundo msingi na uwezo wake. Jambo hili limetusaidia kuimarisha na kuboresha azimio letu kuu la kibiashara , uthibiti wa mambo, wa mpangilio wa azimio la nyanja mbalimbali ikiwemo kuboresha teknolojia ya kisasa. Mambo haya yote kwa ujumla yalichangia sana kuboresha ufanisi wetu kiasi cha kupunguza gharama za uendeshaji ikilinganishwa na kipindi cha kwanza cha mwaka huu.

•Tuliweza pia kupunguza faida finyu itokanayo na uuzaji katika sekta mbalimbali za bidha. Tunaendelea kuangaziauwekezaji katika bidhaa. Changamoto kuu ilikuwa ubadilishaji wa mapato ambalo ni jambo gumu kulibadili. Kwa hivyo, ingawa mapato yetu yalirudi chini kwa asilimia 25 katika mwaka wa 2019 ikilinganishwa na mwaka uliotangulia wa 2018, kulikuwa pia na ongezeko la mapato ambayo ilitokana na mchango bora wa bidha muhimu.

Fedha hizo ziliweza kufidia mapato tuliyokuwa tumepoteza na kudhibitisha maamuzi yaliyofanywa kutokana nayo. Tumeeendelea vilevile kushuhudia maboresho kiasi cha kadri tunavyoendelea kufanya maamuzi bora katika nyanjahii.

• Tumeweza kudhibiti viwango vya kurudi chini kwa biashara kwa kulazimika kuongeza uwekezaji wa mbinu mpya zinazojitokeza. Baada ya kufanya hivyo tulianza kuona kipato kamili cha biashara hii.

Kutokana na mikakati hii mipya tumeendelea kukua na kupanua biashara yetu. Tuliaweza pia kuona mafanikio ya kuvutia katika nyanja ya magari ambayo iliweza kuongeza na kuboresha mapatoyake hadi kiwango cha asilimia 540 (540%) kutokana na uwekezaji wa zaidi uliofanywa.

Kutokana na vitendo vilivyotajwa hapo juu,kipindi chetu cha pili cha mwaka kilisajili au kilirekodi uborekaji wa utendajikazi ikilinganishwa na kipindi cha kwanza cha hapo awali. Utendaji wa jumla wa mwaka ulionyesha kuwa hasara kabla ya kutozwa kodi ilikuwa shilingi milioni 107, huku mwaka uliotangulia wa 2018 ukiwa na hasara ya shilingi milioni 167. Hili lilidhirisha kuboreshwa kwa utendajikazi kwa asilimia 45 iliyotimizwa kutokana na utendaji kiasi na kupunguka kwa gharama za uendeshaji kwa maneno yote hasa kile kitengo cha usimamizi kilochrekodi kupunguka kwa gharama hizi kwa asilimia 66 bila kuhusisha mapato.

Tulirekodi hasara baada ya kutozwa ushuru ambayo ilikuwa ya shilingi milioni 322 kwa njia kubwa iliyotokana na mojawapo ya vitu. Tulihitimu vifungu ya ziada vya jumlaya shilingi milioni 22.6 kwa madeni mabaya ili kuzingatia viwango vya ripoti za ndani. Tunatarajia kurejesha kiasi hiki kwa vipindi vijavyo. Zaidi ya hayo, tulitambua upya mali isiyohamishika ya ushuru iliweza kuongezeka zaidi kwa mmoja uliopita iliyosababisha athari za upande mmoja za shilingi milioni 229. Hata hivyo utendaji wetu wa kipindi cha pili cha mwaka kinaashiria kuwa tulikuwa kwenye harakati za kuweza kurejesha fedha hizo.

Vipimo vya utendaji muhimu vinaonyesha kuwa kulenga uwekezaji wetu kwa kuelekeza kwa nafasi za ukuaji kulingana na malengo ya kimkakati imefanya kazi vizuri.

Inaonyesha pia kuna thamani kubwa katika uwekezaji wa ziada kwa bidhaa mpya zinzoongeza ubora na ukuaji wa mapato ya kampuni hii. Mwamko huu mpya wa kampuni ya Eveready ulifadhiliwa na fedha zinzotokana kwa ndani na tendo hili likavutia msimamo mkuu katika usimamizi wa kampuni hii. Lakini uwekezaji na juhudi zitalazimu Changamoto za uendeshaji kuondoka. Kuna haja pia ya kujenga miundo ambayo inachangiwa na mikakati yetu ambayo itahitajika kutengeza mapato ya kudumu kati ya washikadau wetu.

Lengo la kutilia mkazo

Kuimarisha nafasi yetu katika nyanja ya magari. Tuko katika harakati za kuanzisha mshikamano wa mtindo mpya wa kibiashara ili kuweza kufanya mchakato wa kununua betri za magari kuwa rahisi kwa wateja wetu. Tuna Imani kuwa jambo hili litasaidia kujenga mashindano muhimu ya kudumu ya kibiashara.

Tumeweza pia kushuhudia uboreshaji na ukuaji ambao umestawishwa na jina yetu ya "TURBO." Nia yetu kuu ni kuimarisha ubora wa kampuni, bidhaa na kudumisha ushirikiano na wateja wetu katika nyanja hii ya magari. Msingi wa kazi yetu umeshaimarishwa ili kuweza kuleta ongezeko la mashindano ya kibiashara kwa manufaa yetu.

Nitazidi kujivunia maendeleo ambayo kampuni ya Eveready imeleta katika jamii yote kwa jumla, kwa watu binafsi, juhudi za wanajamii na watendakazi wenzangu.

Shukrani

Nimekuwa mwingi wa furaha kwa ajili ya juhudi na kujitolea kwenu kwa kila siku. Pia, ningependa kuishukuru bodi au jopo la wakurugenzi kwa mwongozo wao mzuri ambao umeendelea kunikuza. Aidha bodi hiyo imeweza kuboresha usimamizi wa kampuni hii kwa njia mbalimbali.

Ms. Margaret A. Odhiambo, Mkurugenzi Mkuu

30 January 2020

OUR BEST PERFOMING BATTERY


TURBO
#UNSTOPPABLE POWER.

STRATEGIC REVIEW

SECTION
02

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 2019.

02


MF N70
TURBO®
MF
MAINTENANCE
FREE
OUTRAGEOUSLY LONG LASTING
TURBO
#UNSTOPPABLE POWER.

TURBO® #UNSTOPPABLE POWER

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

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 two segments Automotive and Household. The Company sells its products primarily through automotive dealers, whole-salers, 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+®

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

HOUSEHOLD SEGMENT

HOMECARE

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®.

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

TURBO #UNSTOPPABLE POWER

AUTOMOTIVE

Car Batteries & Accessories

HOMECARE

Dry Cells & Flashlights

Lanterns, Bulbs

TURBO
#UNSTOPPABLE POWER

OUR STRATEGIC FOCUS

We have been delighting consumers for over 50 years. Although our Company has evolved over 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. we are making our company simpler, leaner, growth focused as we pursue our profitability goals. 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

PROTECTING & ENHANCING OUR MARGINS

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 categorie tha 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 withinthe 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

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

The need to delight our consumers, drive the innovations in our root to market programs.

Our Dial a Delivery program will enhance our customer experience and increase our consumer touch points. The partnerships that we have created will drive our value forward as we facilitate and expand an invaluable direct engagement with our consumers.

CAR BATTERY CHANNEL

FMCG CHANNEL

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 distributionof 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 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 errorcannot 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

SECTION 03

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.

> 03


#OUTRAGEOUSLY LONG LASTING

The following pages highlight how Eveready has performed for the benefit of our consumers, widersociety, our people and our shareholders in 2019.

Our Consumers

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

PG 31

Our People

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

PG 32

Our Community

Our core goals of improving the lives of women and children in our communities by enhancing livelihoods.

PG 33

Shareholders

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

PG 34

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.©

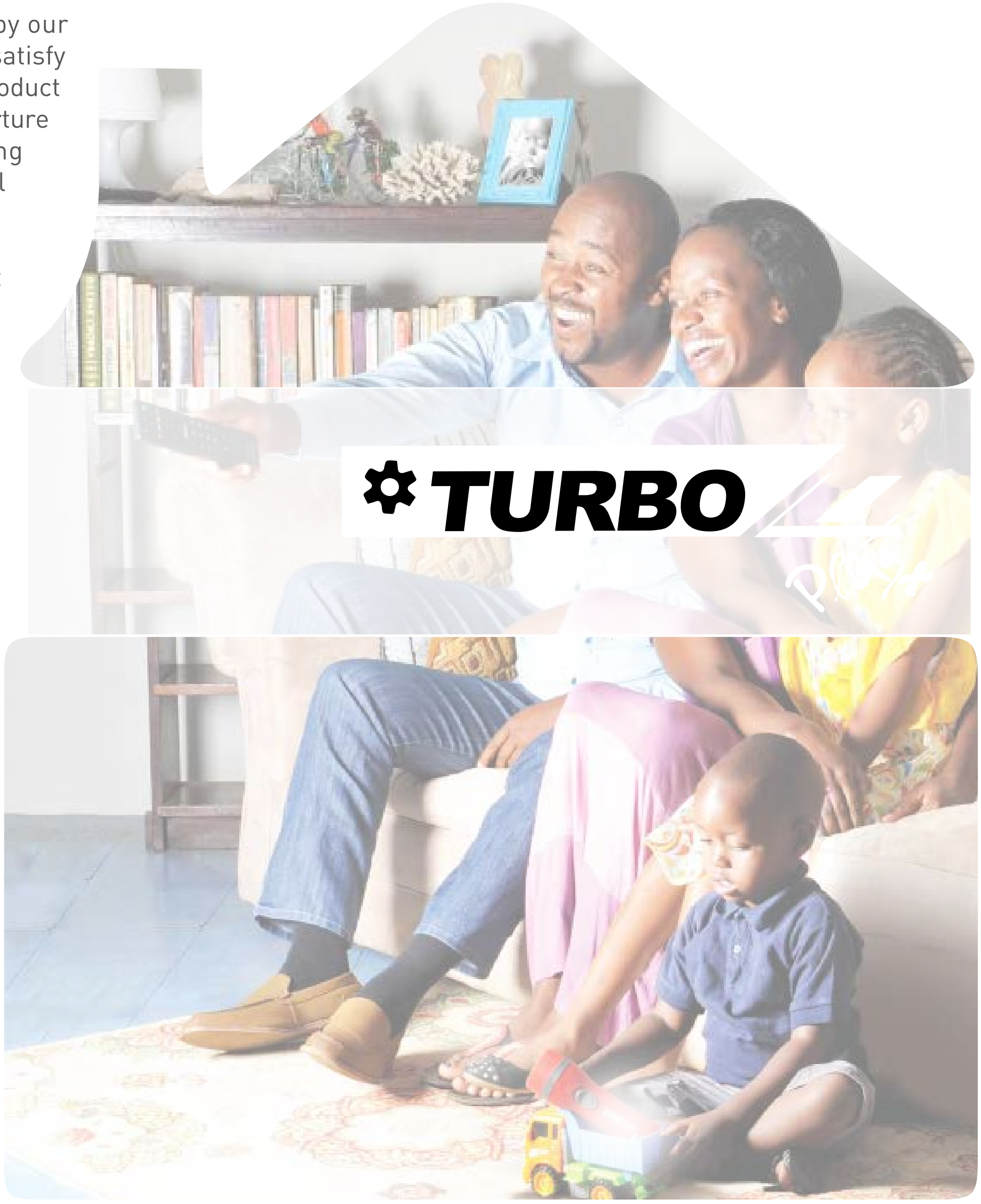
QUALITY YOU CAN TRUST

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 marketvisibility. 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 andonline publications.

We promote safe reporting of views about ourprocesses and practices. In addition to localchannels, the Eveready Alert Line enablesemployees 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.

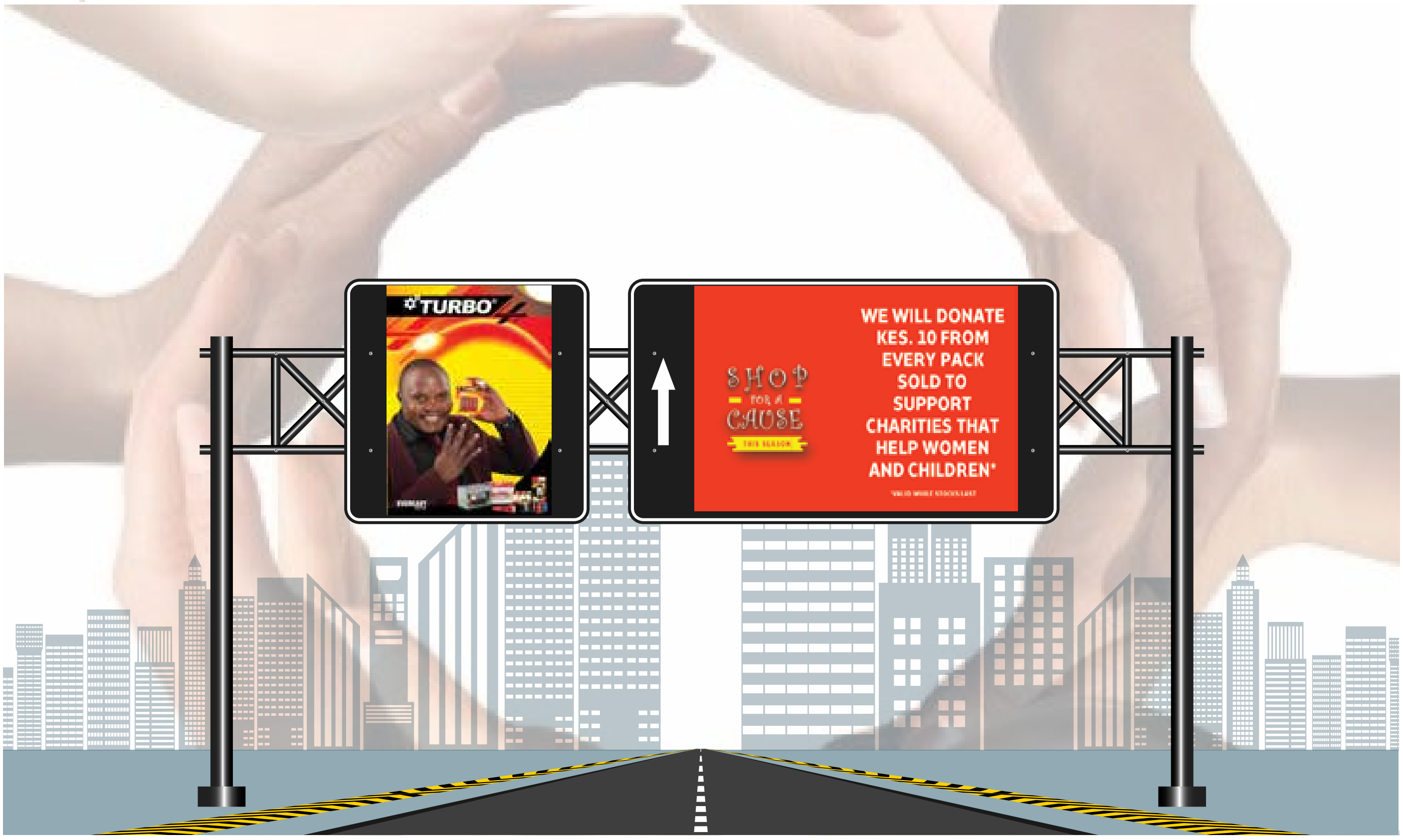
OUR KIKE AND ZOEZI (EMPLOYEE) NETWORKS CONTINUE TO CREATE FORUMS FOR LIKE-MINDED COLLEAGUES TO EXPLORE THEIR COMMON INTERESTS.

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



Our products generate income and employment for retailers and distributors who bring our brands to ourconsumers. We also create value for suppliers – wepurchase millions worth of product and services fromus. Taxes pay for the public good and services thatbenefit us all.

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

We had partneres with major branded retail stores to support local causes through this initiative.

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 continue to support 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 inline with our focus areas.

We thank our consumers who supported this initiative and look forward to future co-operation

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 Monday September 30 2019

	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	1,788,500	2.86%
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	PAROTIBEN SUDHIR KUMAR PREMCHAND SHAH	P.O. BOX 45594 00100 NAIROBI KENYA	600,100	0.96%
6	MARTIN MUNYIRI MAINA	P.O BOX 12602 10109 NYERI KENYA	557,600	0.89%
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		47,539,105	76.06%
		GRAND TOTALS:	**62,499,692**	**100.00%**

Top 10 Foreign Investors as at Monday September 30 2019

	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 - 643		234,164	1.08%
		GRAND TOTALS:	**21,696,523**	**100.00%**

Top 10 Local Institutions as at Monday September 30 2019

	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	6,630,800	5.27%
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	DENROMA INVESTMENT LIMITED	P.O. BOX 5133 00200 NAIROBI KENYA	216,700	0.17%
7	PAPERBAGS LIMITED	P.O. BOX 18167 00500 NAIROBI KENYA	209,000	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 - 3639		6,623,081	5.26%
		GRAND TOTALS:	**125,803,785**	**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	6,630,800	3.16%
6	KANTILAL ZAVERCHAND SHAH, JINAL KANTILAL SHAH & KUSHAL KANTILAL SHAH	P.O.BOX 43939 - 00100 NAIROBI KENYA	1,788,500	0.85%
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		58,539,850	27.88%
		GRAND TOTALS:	**210,000,000**	**100.00%**

CORPORATE GOVERNANCE

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.

04

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 as amended 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 Chair of the Remuneration & Nominations Committee is 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
Mr. Joseph Sitati	Financial Management, Retail Management and Strategic Planning	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

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 2019, the Board met in 9 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 sessions were convened in FY 2019 to review the Company's Strategic Plan, 2018-2022 and appoint a new CEO/MD.

The attendance at the Board meetings and Committee for year 2019 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)
Ms. Margaret A. Odhiambo **	1 (out of 9)	0 (out of 4)	0 (out of 4)	0 (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 31 January 2019** Appointed in 1 February 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 2019 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 24. There were no share option plans implemented in FY 2019 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 was completed in the year. The Company concluded its
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.

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 linkagesfor 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. **64**

MS. Margaret A. Odhiambo
Managing Director

Ms. Odhiambo holds a Bachelor of Laws (LLB) Degree obtained form the University of Nairobi with over 15 years' experience having worked across various sectors in legal, and in multiple operations in commercial/retail within an FMCG setting.

She is an advocate of the High Court of Kenya and is a member of the Institute of Directors (Kenya).

Margaret has previously worked as a Senior Associate with A&K Advocates (formerly Anjarwalla & Khanna Advocates), a member of the Africa Legal Network (ALN). 40

Ms. Fauzia 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**

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**

Mr. Joseph w. Sitati

Mr. Joseph W. Sitati is a finance and audit professional with a wealth of experience in finance, retail management, operations, information technology and logistics.

Joseph has over 22 years' experience having worked 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 earned his 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 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**

PRINCIPLES AND CODES

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.

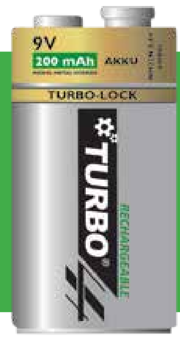
Furthermore, Eveready has an active investor relations programme, including both group meetings and one-to one meetings to include the Annual General Meeting.

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. +254 722 205 469 / 733 655 556
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.

Sustainability & Quality

We strive to provide our consumers with products that are benficial tto the global environment. The aim is to make a reduction in environmental impact through its product.

The evironment and quality are important criteria in the choice of products. we ensue that our products meets applicable equiements and legislations but also try to exceed them. In order to ensure us and our customers that our products are of high quality, we work after and comply with multile regulations and certifications.

We participate in recycling programs for our car batteries in order ot educe our environmental impact.

We 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.

Rechargeable batteries are better choice
- they are used over and over, so our consumer not only conserve resources as fewer batteries are used compared to primary batteries. LEDs are energy efficient with longer life span and therefore need less frequent replacements. ALl our torches and lanters are LED.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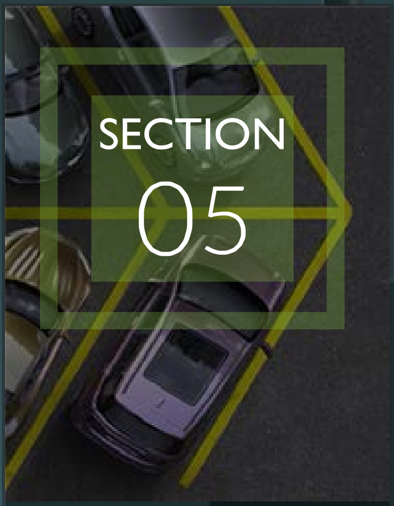
E.A. PLC

FINANCIAL REVIEW



Financial Review

ABOUT THIS SECTION

Our Financial Statements and Notes constitute the Eveready Annual Report and Accounts 2019.

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NOTICE IS HEREBY GIVEN that the fifty third (53rd) Annual General Meeting of **Eveready East Africa PLC (the "Company")** will be held at **Merica Hotel, Nakuru on Thursday 26, March 2020 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 (53nd) Annual General Meeting held on Thursday 28 March, 2019.

3. Ordinary Business

(i) Report of the Auditors and Financial Statements for the Year Ended 30 September 2019:

To receive, consider and, if thought fit, adopt the Audited Financial Statements for the year ended 30 September 2019 together with the Directors' and Auditors' Reports thereon.

(ii) Election of Directors:

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

b) Mrs. Lucy Waithaka will retire by rotation in accordance with Article 91 of the Company's Articles of Association and being eligible offers herself for re-election as a Director of the Company.

(iii) Board Audit Committee Membership

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

(a) Ms. Mbatha Mbithi;
(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 2019.

(ii) To approve the Directors' Remuneration Report for the year ended 30 September 2019. (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, 2020

NOTE

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 24, 2020 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.

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.

A copy of the Annual Report & Financial Statements, 2019 may be viewed on the Company's website at **www.eveready.co.ke**

DIRECTORS	Mrs L Waithaka - Chairperson Ms M A Odhiambo - Managing Director Mr A H Butt ICDC - Represented by Ms M Mbithi Ms F B Shah Joseph W Sitati - Appointed 27th September 2018 Mr J K Mutua (Resigned on 31 January2019)
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. Prime Bank Limited Riverside Drive, Westlands P.O. Box 42825 - 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 2019.

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 and washing detergents.

Recommended dividend

The directors do not recommend the declaration of dividend for the year (2018: Nil).

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 24% during the financial year to KSh 191 million down from KSh 252 million achieved in 2017/2018.

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 couldbe 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 1,750,000 has been charged to profit or loss in the year.

By order of the board

Director
Nairobi 30 January 2020

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 2019 KSh	Fees and allowances as at 30th September 2018 KSh
Mrs L Waithaka - Chairperson	1,325,000	1,470,000
Ms M A Odhiambo - Managing Director	5,960,080	-
Mr J K Mutua - Managing Director	7,487,206	16,181,916
Mr A H Butt	680,000	910,000
Mr Joseph Sitati	405,000	815,000
Ms F B Shah	710,000	915,000
ICDC - Represented by Ms M Mbithi	690,000	750,000
	17,257,286	**21,041,916**

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 2020 and signed on its behalf by:

Director **Director**

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

RSM

RSM Eastern Africa
Certified Public Accountants

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

T +254(0)20 3624000/ 4451747/ 8/ 9
M +254 (0) 706347950/ 772 786111
F+254(0) 20 4451773

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 60 to 86, which comprise, for both the Group and the Company, the balance sheet as at 30th September 2019, 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 2019 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 Basis for opinion

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	The group had inventory with a total value of KSh 36 million at year end representing 17% of the total current assets. The procedures performed included: • Attendend at the inventory count to confirm controls in place. We also performed a physical count to obtain evidence supporting existence of stock. • Ensured correct application of the group's policy - weighted average. • Confirmed that slow moving or obsolete stock items are identified and adequate provision for inventory write-down is in place. • Ensured that inventory is stated at the lower of cost and net realisable value and corroborated any estimates made by management.

RSM

RSM Eastern Africa
Certified Public Accountants

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off Waiyaki Way, Westlands
P.O. Box 44-00600, Nairobi, Kenya

T +254(0)20 3624000/ 4451747/ 8/ 9
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F+254(0) 20 4451773

Key audit matters	How the matter was addressed
Recoverability of trade receivables	The group had trade receivables amounting to KSh 260 million, out of which KSh 216 million are deemed to be irrecoverable and therefore provided. The debtors' days have also deteriorated from 175 days in 2018 to 188 days in 2019 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	As per the group policy, which is in line with IAS 12 (Income Taxes), 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. The directors have therefore reassessed whether it is appropriate to recognise deferred tax asset relating to tax losses in view of the continued loss position of the group. As a result, deferred tax asset of KSh 303 million has been derecognised in the financial statements.

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.

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

RSM

RSM Eastern Africa
Certified Public Accountants

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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 2020

003/2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH SEPTEMBER 2019

	Note	Group		Company	
		2019 KShs '000	2018 KShs '000	2019 KShs '000	2018 KShs '000
Continuing Operations					
Sales	5	190,667	251, 720	190,667	251,720
Cost Of Sales		(154,013)	(220,108)	(154,013)	(220,108)
Gross Profit		**36,654**	**31,612**	**36,654**	**31,612**
Other Income	6	20,856	19,522	20,856	21,041
Selling and Distribution Expenses		(20,239)	(32,647)	(20,239)	(32,647)
Administration Expenses		(92,021)	(140,916)	(92,021)	(140,916)
Establishment Expenses		(9,082)	(12,842)	(9,082)	(12,842)
Impairment of Assets	7	(42,174)	(31,105)	(42,174)	(31,105)
Finance Costs	8	(889)	(455)	(889)	(455)
Loss Before Tax	9	(106,895)	(166,831)	(106,895)	(165,312)
Tax Income/(Expense)	10	(196,649)	55,157	(196,649)	55,157
Loss For The Year From Continuing Operations		(303,544)	(111,674)	(303,544)	(110,155)
Loss For The Year From Discontinued Operations	11	-	(4,721)	-	-
(Loss)/Profit For The Year		(303,544)	(116,395)	(303,544)	(110,155)
Other Comprehensive Income					
Items That Will Be Reclassified Subsequently To Profit Or Loss When Specifc Conditions Are Met					
Currency Translation Differences On Foreign Operations		-	4,692	-	-
Other Comprehensive Income For The Year, Net Of Tax		-	4,692	-	-
Total Comprehensive Loss Income For The Year Attributable To The Owners Of The Company		(303,544)	(111,703)	(303,544)	(110,155)
Earnings Per Share		**KShs**	**KShs**	**KShs**	**KShs**
Loss Per Share - Basic And Diluted	12	(1.45)	(0.55)	(1.45)	(0.52)

BALANCE SHEET AS AT 30TH SEPTEMBER 2019

	Note	Group 2019 KShs '000	Group 2018 KShs '000	Company 2019 KShs '000	Company 2018 KShs '000
Equity					
Share Capital	13	210,000	210,000	210,000	210,000
Translation Reserve		18,159	18,159	-	-
Retained Earnings		(118,158)	209,508	(99,999)	227,667
Total Equity		110,001	437,667	110,001	437,667
Non-Current Liabilities					
Provision For Liabilities	14	8,847	8,847	8,847	8,847
		8,847	8,847	8,847	8,847
		118,848	446,514	118,848	446,514
REPRESENTED BY					
Non-current assets					
Equipment	15	4,485	7,591	4,485	7,591
Investment In Subsidiary	16	-	-	-	-
Deferred Income Tax	17	49,284	243,911	49,284	243,911
		53,769	251,502	53,769	251,502
Current assets					
Inventories	18	36,014	88,851	36,014	88,851
Trade And Other Receivables	19	80,554	155,161	80,554	155,161
Cash At Bank And In Hand	20	78,189	78,254	78,189	78,254
		194,757	322,266	194,757	322,266
Current liabilities					
Trade And Other Payables	21	111,728	108,956	111,728	108,956
Current Tax		5,258	5,416	5,258	5,416
Borrowings	22	12,692	12,882	12,692	12,882
		129,678	127,254	129,678	127,254
Net current liabilities		65,079	195,012	65,079	195,012
		118,848	446,514	118,848	446,514

The financial statements on pages 60 to 86 were approved for issue by the board of directors on 30 January 2020 and were signed on its behalf by:

Director

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH SEPTEMBER 2019

Group	Note	Share Capital KShs '000	Translation Reserve KShs '000	Retained Earnings KShs'000	Total KShs'000
As at 1st October 2017		210,000	13,467	325,903	549,370
Changes in equity in 2019					
Loss for the year		-	-	(116,395)	(116,395)
Other comprehensive income for the year		-	4,692	-	4,692
Total comprehensive income for the year		-	4,692	(116,395)	(111,703)
At 30th September 2018		210,000	18,159	209,508	437,667
At 1st October 2018		210,000	18,159	209,508	437,667
As previously stated					
Adjustment on initial application of IFRS9:					
- Additional allowance for credit losses**	26	-	-	(24,122)	(24,122)
As restated		210,000	18,159	185,386	413,545
Changes in equity in 2019					
Loss for the year		-	-	(303,544)	(303,544)
Other comprehensive income		-	-	-	
Total comprehensive income/(loss) for the year		-	-	(303,544)	(303,544)
At 30th September 2019		210,000	18,159	(118,158)	110,001

**Additional allowance for credit losses has not resulted to restatement of comparatives; the adjustment has been made on the opening retained earnings as per IFRS 9 requirements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH SEPTEMBER 2019

Company	Note	Share Capital KShs '000	Translation Reserve KShs '000	Retained Earnings KShs'000	Total KShs'000
As at 1st October 2017		210,000	-	337,822	547,822
Changes in equity in 2019					
Loss for the year		-	-	(110,155)	(110,155)
At 30th September 2018		210,000	-	227,667	437,667
At 1st October 2018					
As previously stated		210,000	-	227,667	437,667
Adjustment on initial application of IFRS9:					
- Additional allowance for credit losses**	26	-	-	(24,122)	(24,122)
As restated		210,000	-	203,545	413,545
Changes in equity in 2019					
Loss for the year		-	-	(303,544)	(303,544)
At 30th September 2019		210,000	-	(99,999)	110,001

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH SEPTEMBER 2019

		Group		Company	
	Note	2019 KShs '000	2018 KShs '000	2019 KShs '000	2018 KShs '000
Cash Flows From Operating Activities					
Loss Before Tax		(303,544)	(116,395)	(303,544)	(110,155)
Adjustments For:					
Income Tax	10	196,649	(55,157)	196,649	(55,157)
Depreciation Charge	15	3,109	5,593	3,109	5,593
Gain On Disposal Of Assets	6	(5,983)	(4,302)	(5,983)	(4,302)
Interest Expense	8	889	455	889	455
Assets (Write Back)/write Off		1,386	(291)	1,386	(291)
Operating Loss Before Working Capital Changes		(107,494)	(170,097)	(107,494)	(163,857)
Decrease In Inventories		52,837	93,947	52,837	93,947
Decrease/(Increase) In Trade And Other Receivables		50,485	(5,926)	50,485	(5,926)
(Decrease)/increase In Trade And Other Payables		2,772	(35,887)	2,772	(40,644)
Cash Used In Operating Activities		(1,400)	(117,963)	(1,400)	(116,480)
Interest Paid		(889)	(455)	(889)	(455)
Tax Paid		(2,180)	(58,193)	(2,180)	(58,193)
Net Cash Used In Operating Activities		(4,469)	(176,611)	(4,469)	(175,128)
Cash Flows From Investing Activities					
Purchase Of Equipment	15	(1,663)	(3,581)	(1,663)	(3,581)
Proceeds From Disposal Of Equipment		6,257	4,302	6,257	4,302
Net Cash Flows From Investing Activities		4,594	721	4,594	721
Cashflows From Financing Activities					
Repayment Of Borrowings		9,498	(1,306)	9,498	(1,306)
Net Cash Generated From/(Used In) Financing Activities		9,498	(1,306)	9,498	(1,306)
Net Increase/(decrease) In Cash And Cash Equivalents		9,623	(177,196)	9,623	(175,713)
Cash And Cash Equivalents At Start Of The Year		68,566	245,827	68,566	244,279
Effect Of Exchange Rate Changes On Cash And Cash Equivalents		-	(65)	-	-
Cash And Cash Equivalents At End Of The Year	20	78,189	68,566	78,189	68,566

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 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices)

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

Two new standards and a number of amendments to standards became effective for the first time in the financial year beginning 1st October 2018 and have been adopted by the Group. The effect on the Group's financial statements, of the two new standards as follows:

1. Summary of significant accounting policies (continued)
b) New and revised standard (continued)

IFRS 9 Financial Instruments

From 1st October 2018, to comply with IFRS 9, which replaced IAS 39, provision has been made for either 12-month or lifetime expected credit losses (ECLs) for all financial assets measured at amortised cost. The directors have opted to apply the simplified approach for trade receivables whereby lifetime ECL are provided for from inception. As a result, additional provisions of KSh 24,122,010 have been recognised at 1st October 2018 with a corresponding decrease in accumulated funds at that date.

IFRS 15 Revenue from Contracts with Customers

Under IFRS 15, revenue from sale of goods is recognised when the customer obtains control of the goods. Revenue from sales of services is recognised over time provided the consumption of the service by the customer is simultaneous with the performance of the service by the Company. The application of the standard, retrospectively, in the current year has not had a material impact on the financial position or financial performance of the Company, and a prior period adjustment has, therefore, not been required.

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 October 2018, and the Directors do not plan to apply any of them until they become effective. Note 27 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.

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.

1. Summary of significant accounting policies (continued)

e) Income tax

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

Current tax

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

Deferred income tax

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

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the 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.

1. Summary of significant accounting policies (continued)

i) Equipment
All categories of equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that it will increase the future economic benefits associated with the item that will flow to the Company over those originally assessed and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit and loss account in the year in which they are incurred.

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.

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

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

Gains and losses on disposal of 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.

1. Summary of significant accounting policies (continued)

m) Financial instruments

Initial recognition

Financial instruments are recognised when, and only when, the Group becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the Group commits itself to the purchase or sale.

Classification

The group classifies its financial instruments into the following categories:

i) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at **amortised cost;**

ii) Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at fair value through other **comprehensive income.**

iii) All other financial assets are classified and measured **at fair value through pro(t or loss.**

iv) Notwithstanding the above, the Group may:

a) on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it **at fair value through other comprehensive income.**

b) on initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

v) Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The Group may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

vi) All other financial liabilities are classified and measured at amortised cost.

Financial instruments held during the year were classified as follows:

- Demand and term deposits with banking institutions, trade and other receivables were classified as at amortised cost:
- Borrowings and trade and other liabilities were classified as at amortised cost.

Intial Measurement

On initial recognition:

i) Trade receivables are measured at their transaction price.

i) All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument.

Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured either at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss according to their classification.

Interest income, dividend income, and exchange gains and losses on monetary items are recognised in profit or loss.

Fair value is determined as set out in Note 1(a), 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, for financial assets, adjusted for any loss allowance.

1. Summary of significant accounting policies (continued)

m) Financial instruments (Continued)

Impairment

The Group recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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/Write off:

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.

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.

1. Summary of significant accounting policies (continued)

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 amounts recognised in the financial statements. 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. However, actual results may differ from those estimates. The judgements and estimates are reviewed at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available, and any revisions to such judgements and estimates are recognised in the year in which the revision is made.

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:

i) Whether it is probable that future taxable profits will be available against which temporary differences can be utilised (see Note 17); and

ii) Classification of financial assets: whether the business model in which financial assets are held has as its objective the holding of such assets to collect contractual cash flows or to both collect contractual cash flows and sell the assets; and whether the contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest.

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

b) Key sources of estimation uncertainty

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

i) Income taxes

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

ii) Impairment losses

Estimates made in determining the impairment losses on receivables. Such estimates include the determination of the net realisable value or the recoverable amount of the asset. The movement on the impairment provision is set out in Note 19.

iii) Net realizable value of inventory

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

3. Risk management objectives and policies

a) Financial risk management

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

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a group - wide basis.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution. The Group carries out its own assessment of credit risk before investing in corporate bonds, and updates such assessments at each reporting date.

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.

In assessing whether the credit risk on a financial asset has increased significantly, the Group compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Group considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the Group does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the Company groups financial assets on the basis of shared credit risk characteristics, such as:

- Type of instrument
- Industry in which the debtor operates
- Nature of collateral.

3. Risk management objectives and policies (continued)

a) Financial risk management (Continued)

i) Credit risk (continued)

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties.

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

Basis for measurement of loss allowance

Lifetime expected credit losses (see note below)

Group/Company	12- months expected credit losses KSh	(a) KSh	(b) KSh	(c) KSh	Totals KSh
At 30th September 2019					
Trade receivables	44,526	-	161,272	54,641	260,439
Other receivables	24,152	-	2,673		26,825
Cash at bank	78,189	-	-	-	78,189
Gross carrying amount	146,867	-	163,945	54,641	365,453
Loss allowance	-	-	(163,945)	(54,641)	(218,586)
Exposure to credit risk	146,867	-	-	-	146,867
At 30th September 2018					
Trade receivables	120,640	-	161,272	-	281,912
Other receivables	28,944	-	-	-	28,944
Cash at bank	78,254	-	-	-	78,254
Gross carrying amount	227,838	-	161,272	-	389,110
Loss allowance	-	-	(161,272)	-	(161,272)
Exposure to credit risk	227,838	-	-	-	227,838

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

a) financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired;

b) financial assets that are credit impaired at the balance sheet date; and

c) trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

The loss allowances at the end of each year relate to the trade receivables.

The Group does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due receivables.

No provision for expected credit losses was recognised on other receivables, cash in hand, financial assets and short term deposits since it was not considered material.

3. Risk management objectives and policies (continued)

a) Financial risk management (continued)

i) Credit risk (continued)

The age analysis of the trade receivables at the end of each year was as follows:

Group/Company	Not past due KSh'000	30 to 90 days KSh'000	90 to 120 KSh'000	Over 120 days KSh'000	Total KSh'000
At 30th September 2019	12,378	24,961	3,865	219,235	260,439
At 30th September 2018	38,990	31,284	9,509	202,129	281,912

The changes in the loss allowance during the year were as follows:

Year ended 30th September 2019	12-month expected KSh'000	Basis for measurement of loss allowance Lifetime expected credit losses (see note above) (a) KSh'000	(b) KSh'000	(c) KSh'000	Total KSh'000
At start of year	-	-	161,272	-	161,272
Changes arising from receivables originating during the year	-	-	2,673	30,519	30,519
Prior year provision for credit losses		-	-	24,122	24,122
At end of year	-	-	163,945	54,641	215,913
Year ended 30th September 2018					
At start of year	-	-	130,609	-	130,609
Changes arising from receivables originating during the year	-	-	31,105	-	31,105
Provisions utilised	-	-	(442)	-	(442)
At end of year	-	-	161,272	-	161,272

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 Group's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The Group manages liquidity risk by continuously reviewing forecasts and actual cash flows, and may consider banking facilities for future and likely shortfalls in the cash flows.

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

Group/company	Less than one month KSh'000	Between 1-3 months KSh'000	Between 3-12 months KSh'000	Over 1 year KSh'000	Total KSh'000
At 30th September 2019					
Trade payables	40,567	-	-	-	40,567
Other payables and accrued expenses	33,985	-	-	-	33,985
Dividend payable	37,176	-	-	-	37,176
Borrowings	-	12,692	-	-	12,692
	111,728	12,692	-	-	124,420
At 30th September 2018					
Trade payables	45,642	-	-	-	45,642
Other payables and accrued expenses	26,006	-	-	-	26,006
Dividend payable	37,308	-	-	-	37,308
Borrowings	10,216	1,584	1,082	-	12,882
	119,172	1,584	1,082	-	121,838

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 (2018: 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.

	2019 US$ Shs'000	2018 US$ Shs'000
Cash at bank	1	(36)
Trade payables	(2,571)	(2,043)
Advance payments to suppliers	10,315	2,800
Net exposure	7,745	721

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 (2018: 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	
	2019 KSh'000	2018 KSh'000	2019 KSh'000	2018 KSh'000
Shareholders' funds	110,001	437,667	110,001	437,667
Total borrowings	12,692	12,882	12,692	12,882
Less: cash and cash equivalents	(78,189)	(68,566)	(78,189)	(68,566)
Net debt	(65,497)	(55,684)	(65,497)	(55,684)
Total shareholders' funds	44,504	381,983	44,504	381,983
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	
	2019 KShs'000	2018 KShs'000	2019 KShs'000	2018 KShs'000
5. Sales				
Sale of purchased goods	**190,667**	**251, 720**	**190,667**	**251,720**
6. Other income				
Rental income	-	750	-	750
Interest income	6,740	10,164	6,740	10,164
Miscellaneous income	8,133	4,306	8,133	5,825
Gain on disposal of assets	5,983	4,302	5,983	4,302
	20,856	19,522	20,856	21,041
7. Impairment of assets				
Impairment of trade receivables	30,519	31,105	30,519	31,105
Impairment of other receivables	2,673	-	2,673	-
Impairment of inventories	8.982	-	8.982	-
	42,174	31,105	42,174	31,105
8. Finance costs				
Interest expense- Loans	889	455	889	455

9. (Loss)/profit before tax

(a) Items charged

	Group 2019 KShs'000	Group 2018 KShs'000	Company 2019 KShs'000	Company 2018 KShs'000
The following items have been charged in arriving at loss before tax:				
Inventories expensed	154,013	220,108	154,013	220,108
Employee benefits expense (Note 9(b))	60,345	92,514	60,345	92,514
Operating lease rentals expense	6,859	13,592	6,859	13,592
Depreciation of equipment	3,110	5,593	3,110	5,593

(b) Employee benefits expense

	Group 2019 KShs'000	Group 2018 KShs'000	Company 2019 KShs'000	Company 2018 KShs'000
The following items are included in employee benefits expense:				
Wages and salaries	57,780	88,127	57,780	88,127
Retirement benefit costs:				
- Defined contribution scheme	2,451	4,240	2,451	4,240
- National Social Security Fund (NSSF)	114	147	114	147
	60,345	92,514	60,345	92,514

The average number of persons employed during the year, by category, were:	2019 Number	2018 Number
Sales and distribution	40	54
Management and administration	12	16
	52	70

10. Tax Expense (Income)

	Group 2019 KShs'000	Group 2018 KShs'000	Company 2019 KShs'000	Company 2018 KShs'000
Current income tax	2,022	3,274	2,022	3,274
Deferred tax credit (Note 17)	194,627	(58,431)	194,627	(58,431
Tax income	196,649	(55,157)	196,649	(55,157)
The tax on the group's and company's loss before tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:				
Loss before tax	(106,895)	(166,831)	(106,895)	(165,312)
Tax calculated at a tax rate of 30%	(32,069)	(50,049)	(32,069)	(49,594)
Tax effect of:				
Under - provision of deferred income tax in prior year	(1,330)	(15,730)	(1,330)	(15,730)
Deferred tax asset not recognised	229,109	9,243	229,109	9,243
Expenses not deductible for tax purposes	939	1,379	939	924
Tax (expense)/income	196,649	(55,157)	196,649	(55,157)

11. Discontinued operations - Group

	2019 KShs'000	2018 KShs'000
loss for the year from discontinued subsidiary company operations		
Sales	-	-
Cost of sales	-	-
Gross profit	-	-
Other administration expenses	-	(4,721)
Loss before tax	-	(4,721)
Tax	-	-
Loss for the year	-	(4,721)

12. Earnings per share

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

	Group		Company	
	2019 KShs'000	2018 KShs'000	2019 KShs'000	2018 KShs'000
Loss for the year (KSh' 000)	(303,544)	(116,395)	(303,544)	(110,115)
Number of ordinary shares (thousands) - Note 13	210,000	210,000	210,000	210,000
Loss per share - basic and diluted (KSh)	(1.45)	(0.55)	(1.45)	(0.52)

There were no potentially dilutive shares outstanding at either 30th September 2019 or 30th September 2018.

13. Share capital

	No. of shares '000	Issued and paid up capital KShs
Ordinary shares		
At 1st October 2017 and 30th September 2018	210,000,000	210,000,000
At 1st October 2018 and 30th September 2019	210,000,000	210,000,000

The total number of authorised ordinary shares is 210,000,000 (2018: 210,000,000) with a par value of Shs 1 each.

14. Provisions for liabilities

	Group		Company	
	2019 KShs'000	2018 KShs'000	2019 KShs'000	2018 KShs'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.

15. Property, plant and equipment

Group and Company	Furniture and fixtures KShs'000	Computers KShs'000	Motor vehicles KShs'000	Total KShs'000
At 1st October 2017				
Cost	25,862	14,739	47,409	88,010
Accumulated depreciation	(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
Depreciation charge	(792)	(1,882)	(2,919)	(5,593)
Assets written back	291	-	-	291
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
Year ended 30th September 2019				
Opening carrying amount	2,593	1,813	3,185	7,591
Additions	1,325	338	-	1,663
Disposals	-	-	(274)	(274)
Assets written off	(1,169)	(217)	-	(1,386)
Depreciation charge	(510)	(300)	(2,299)	(3,109)
Closing carrying amount	2,239	1,634	612	4,485
At 30th September 2019				
Cost	18,405	13,280	23,857	55,542
Accumulated depreciation and impairment	(16,166)	(11,646)	(23,245)	(51,057)
Net carrying amount	2,239	1,634	612	4,485

Fully depreciated assets still used had a cost of KSh 56,908,000 (2018: KSh 60,077,000).

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

16. Investments in subsidiaries

Company		2019 KShs'000	2018 KShs'000
Unquoted securities at cost	**Holding**		
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.

17. 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 (2018: 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 2019	At start of year KShs'000	(Credited)/ charged to profit or loss KShs'000	At end of year KShs'000
Deferred tax asset			
Tax losses	278,483	24,253	302,736
Provision for staff leave	1,274	(657)	617
Provision for bad debts	22,590	9,156	31,746
Equipment	6,392	(1,783)	4,609
Provision for obsolete inventory	8,799	3,513	12,312
	317,538	34,482	352,020
Deferred tax asset not recognized on tax losses	(73,627)	(229,109)	(302,736)
Net deferred tax asset	243,911	(194,627)	49,284

Year ended 30th September 2018			
Deferred tax asset			
Tax losses	233,976	44,507	278,483
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
	257,729	53,417	311,146
Deferred tax liability			
Equipment	(7,865)	14,257	6,392
	249,864	67,674	317,538
Deferred tax asset not recognized on tax losses	(64,384)	(9,243)	(73,627)
Net deferred tax asset	185,480	58,431	243,911

17. 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 1,009,121,000 (2018: KSh 245,423,000) 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 1,009,121,000 carried forward will expire as follows:

Arising in:	Tax losses KShs'000	Expiring:
2011	92,518	2020
2012	55,148	2021
2015	180,226	2024
2016	232,032	2025
2017	219,998	2026
2018	148,355	2027
2019	80,843	2028
	1,009,121	

	Group		Company	
18. Inventories	**2019 KSh' 000**	**2018 KSh' 000**	**2019 KSh' 000**	**2018 KSh' 000**
Finished goods	77,054	119,885	77,054	119,885
Less: provision for impairment	(41,040)	(31,034)	(41,040)	(31,034)
	36,014	88,851	36,014	88,851
19. Trade and other receivables				
Trade receivables (Note 24(iii))	260,439	281,912	260,439	281,912
Less: Provision for impairment losses	(215,913)	(161,272)	(215,913)	(161,272)
	44,526	120,640	44,526	120,640
Other receivables	9,861	3,461	9,861	3,461
Less: Provision for impairment losses	(2,673)	-	(2,673)	-
Receivable from related parties	-	-	53,102	53,102
Less: Provision for impairment losses	-	-	(53,102)	(53,102)
Value Added Tax recoverable	16,964	25,483	16,964	25,483
Prepayments	11,876	5,577	11,876	5,577
	80,554	155,161	80,554	155,161
The movement on the provision for impairment losses for trade receivables and receivables from related parties is as follows:				
At 1st October	161,272	130,609	161,272	130,609
Net increase charged to profit and loss account	30,519	31,105	30,519	31,105
Prior year provision for credit losses (Note 26)	24,122	-	24,122	-
Provisions utilised	-	(442)	-	(442)
At 30th September	215,913	161,272	215,913	161,272

20. Cash at bank and in hand

	Group		Company	
	2019 KSh'000	2018 KSh'000	2019 KSh'000	2018 KSh'000
Cash at bank and in hand	1,493	3,180	1,493	3,180
Short-term bank deposits	76,696	75,074	76,696	75,074
	78,189	78,254	78,189	78,254
Cash and bank balance	1,493	3,180	1,493	3,180
Short-term bank deposits	76,696	75,074	76,696	75,074
Bank overdraft (Note 22)	-	(9,688)	-	(9,688)
	78,189	68,566	78,189	68,566

21. Trade and other payables

	Group 2019 KSh'000	Group 2018 KSh'000	Company 2019 KSh'000	Company 2018 KSh'000
Trade payables (Note 24(iii))	40,567	45,642	40,567	45,642
Other payables	15,956	16,822	15,956	16,822
Accrued expenses	18,029	9,184	18,029	9,184
Dividend payables	37,176	37,308	37,176	37,308
	111,728	108,956	111,728	108,956

22. Borrowings

	Group 2019 KSh'000	Group 2018 KSh'000	Company 2019 KSh'000	Company 2018 KSh'000
Current				
Bank overdraft (Note 20)	-	9,688	-	9,688
Post dated cheques discounting	11,847	-	11,847	
Insurance premium financing	845	3,194	845	3,194
	12,692	12,882	12,692	12,882
The borrowings are repayable as follows:				
On demand or within 1 year	12,692	12,882	12,692	12,882

23. Operating lease arrangements

The Company as lessee:	Group and Company 2019 KSh'000	2018 KSh'000
Minimum lease payments under operating leases recognised through profit or loss	6,859	13,592
At the end of the reporting period, the company had outstanding commitments under operating leases, payable as follows:		
Within one year	5,886	9,826
In the second to fifth years inclusive	17,658	35,402
	23,544	45,228

Operating lease payments represent rentals payable by the company for certain of its office premises and storage facilities.

	2019 KShs'000	2018 KShs'000
24. 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	893	4,674
ii) Sale of goods and services		
Other related parties	1,707	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 21)	903	4,505
Receivables from related parties (Note 19)	284	785
iv) Key management compensation		-
The remuneration for key management during the year was as follows:		
Salaries and other benefits	27,196	47,679
v) Directors' remuneration		
Salaries	13,447	16,182
Fees for services as directors	3,810	4,860
	17,257	21,042
25. Contingencies		
Bank guarantees	12,600	12,600

26. Prior year adjustment

a) Classi(cation and Measurement of Financial Instruments

The date of initial application of IFRS 9 was 1 October 2018. This is the date at which the classification of financial assets and liabilities was reassessed. The measurement attributes of all the Group's financial assets and liabilities remained the same.

There were no changes in classification and measurement of financial assets as a consequence of the application of IFRS 9.

b) Expected Credit Losses

As explained in Note 1(b) (i), IFRS 9 requires impairment provisions to be made based on expected credit losses instead of incurred credit losses. The effect of this has been applied retrospectively, but without restating comparative amounts, as the directors are of the opinion that this was possible not without the use of hindsight.

No 12-month expected credit losses have been recognised for government securities, corporate bonds, and bank balances, since all of these were assessed as being of low credit risk at 1 October 2018. Lifetime expected credit losses have been recognised for trade receivables using a provision matrix.

Group and Company	Carrying amount under IAS 39	Carrying amount under IFRS 9	Prior period adjustment
	KSh'000	KSh'000	KSh'000
At 1st October 2018			
Trade receivables	120,640	96,518	24,122
Other receivables	28,944	28,944	-
Cash at bank	3,180	3,180	-
Short-term bank deposits	75,074	75,074	-
	227,838	203,716	24,122

27. 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 2018.

Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014)

The amendments, applicable from a date yet to be determined, 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 October 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. Based on the Directors' preliminary assessment, right of use assets of KSh 14,286,694, lease liabilities of KSh 14,682,102 and a deferred tax asset of KSh 118,623 will have to be recognised at 1st January 2019 with a corresponding decrease of the net amount in retained earnings at that date.

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 IFRS 11 - 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 when an entity obtains joint control of a business that is a joint operation, it does not remeasure its previously held interests.

Amendments to IAS 12 - 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 all income tax consequences of dividends should be recognised when a liability to pay a dividend is recognised, and that these income tax consequences should be recognised in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions to which they are linked.

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

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.

Amendments to IFRS 3 titled Definition **of a Business (issued in October 2018)**
The amendments, applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st January 2020 and to asset acquisitions that occur on or after the beginning of that period, clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

Amendments to IAS 1 and IAS 8 titled Definition **of Material (issued in October 2018)**
The amendments, applicable to annual periods beginning on or after 1 January 2020, clarify the definition of material and how it should be applied by including in the definition guidance that previously featured elsewhere in IFRS.

SECTION
06

ADDITIONAL INFORMATION

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

> 06

Additional Information

Fomu ya Uwakilishi

Mimi/Sisi____

Anwani_____________________________kama mwanahisa/wanahisa wa

Kampuni iliotajwa, namteua/tunamteua eneo ________________________

na akikosa, nateua/tunamteua ________________Anwani eneo ________

kama mwakilishi wangu/wetu, kupiga kura kwa niaba yangu/yetu kwenye Mkutano Mkuu wa Mwaka wa Kampuni utaofanyika Jumanne, 27 Machi 2018 ama siku yoyote ile endapo mkutano huo utaahirishwa.

Sahihi____

Sahihi hii/hizi imewekwa/zimewekwa Tarehe _______ ya____________2020.

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. Alhamisi, 24 Machi, 2020.

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

Form of Proxy

EVEREADY E.A. PLC

I/We* ____of

P.O. Box _______________Code________ being a member/members*

of the above named Company, hereby appoint ______________________

or failing him __________________________________ of P.O. Box

____________code _______ as my/our proxy* to vote for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held on Thursday 26th day of March 2020, and at any adjournment thereof.

As witness my/our* hand this __________ day of ____________ 2020.

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 24, 2020 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

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E.A. PLC

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