ANNUAL REPORT

AND FINANCIAL STATEMENTS

2020

CAR
BATTERIES

DRY CELL
BATTERIES

LIGHTING
PRODUCTS

#UNSTOPPABLE POWER
#OUTRAGEOUSLY LONGLASTING

EVEREADY
E.A. PLC

We Help You Enjoy Your World

OUR MISION

To Profitably Meet Customer Needs Through The Best Use Of Available Resources

OUR VISION

To Be The Partner Of Choice Within The Region In The Provision Of Lifestyle Solutions

CORE VALUES

- Passion
- Integrity
- Teamwork
- Respect
- Initiative

FORWARD LOOKING STATEMENTS

Various statements in this Annual Report, including estimates, projections, objectives and expected results, are "forward-looking statements" and are generally identified by the words "believe," "expect," "anticipate," "intend," "opportunity," "plan," "project," "will," "should," "could," "would," "likely" and similar expressions.

Forward-looking statements are based materially from the forward-looking statements, including the risks and uncertainties discussed on including the risks and uncertainties discussed on pages 8 – 10 of this Annual Report.

We undertake no obligation to update or revise publicly any forward- looking statements.


EVEREADY
E.A. PLC
FROM THE
TRUSTED
NAME IN
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INTRODUCING
TURBO®
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SHIKA PAWA
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SHIKA PAWA
CONNECT&
GO

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 2020 and is primarily targeted at stakeholders including employees, shareholders and potential investors. This Integrated Annual Report 2020 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 2020.

FROM THE TRUSTED NAME IN BATTERIES

CORPORATE GOVERNANCE

SECTION IV

FINANCIAL REVIEW

SECTION V

Making Progress

Explore the report to find out more about the Eveready's strategy, highlights of the year and key figures. Gain insight into how EVEREADY'S focus on executing its strategy to secure and grow its business.

SHIKA PAWA
#UNSTOPPABLE POWER

About This Section

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

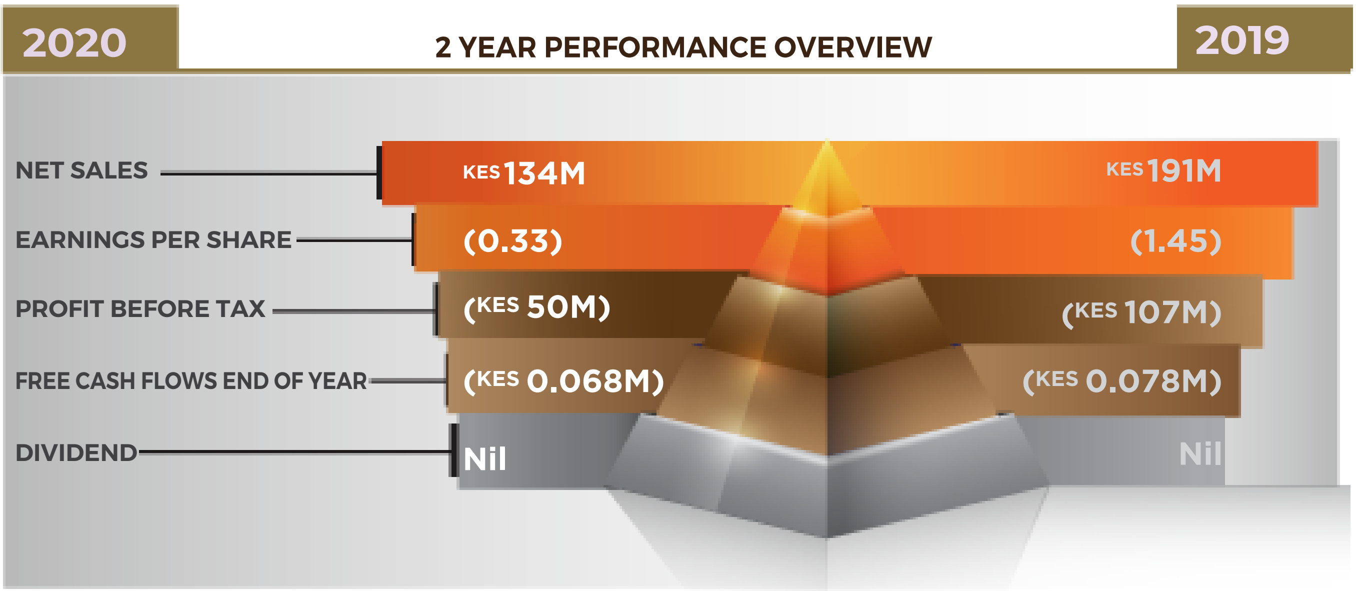
FINANCIAL HIGHLIGHTS

SECTION

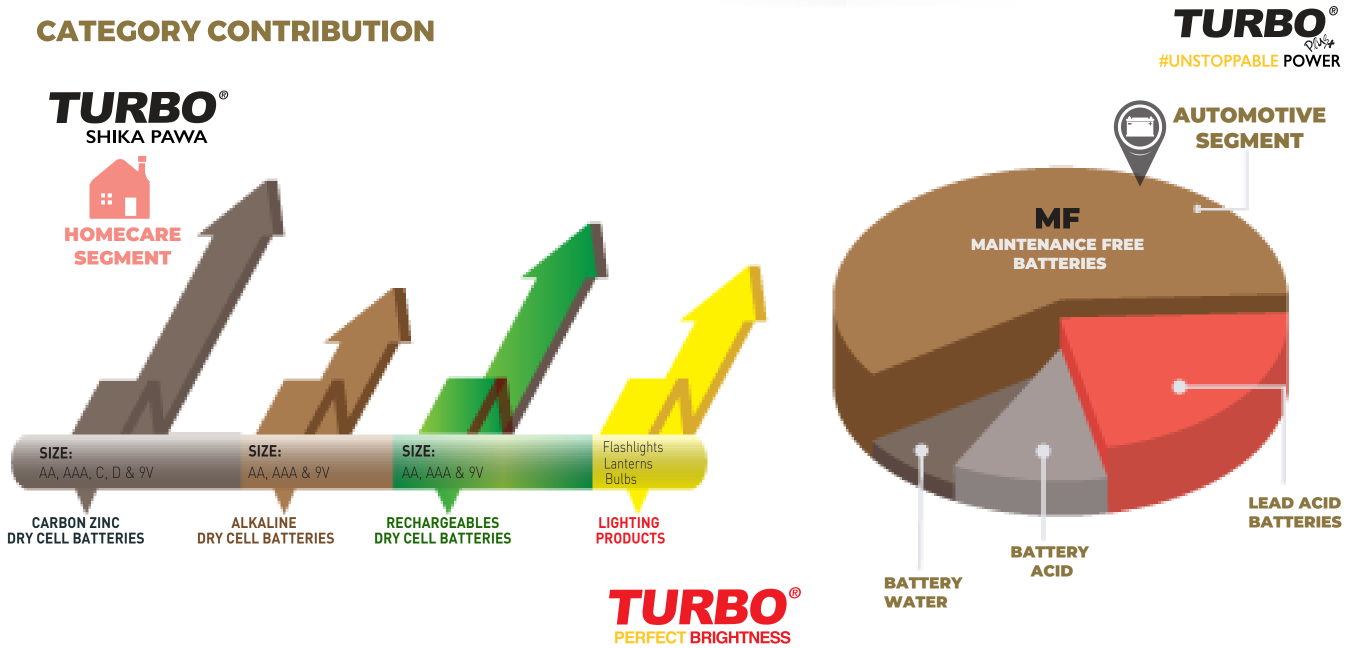
I

PAGE

FINANCIAL PERFORMANCE SUMMARY



CATEGORY CONTRIBUTION



OPERATIONAL HIGHLIGHTS

The company reported a loss before tax of KES.50M compared to KES.107M the previous year, a 53% improvement.

There was a 30% decrease in revenue due to lower sales numbers during the period principally as a result of the COVID-19 pandemic which impacted our customers, our supply chain and route to market in the period.
We adopted strict cost saving measures in response to the pandemic which resulted to a KES.33% reduction in overhead costs.

DIVIDEND

The Board does not recommend the payment of a dividend

OUTLOOK

The Directors anticipate that the economic recession arising out of the impact of COVID-19 will continue its impact into FY 2021. We remain focused on exploiting growth opportunities in fulfilment of our Strategic Plan, 2022 and since the Company's core capital has been eroded over time, the company is engaging its key stakeholders on initiatives to place the company on a path to sustainable profitability.

Mrs. Lucy Waguthi Waithaka
Chairperson

COVID-19 which was declared a pandemic of global proportions by the World Health Organization, presented an unprecedented challenge to our business. The pandemic is testing us not only as individuals, but also as families, communities, businesses and as a global society.

The government took strict measures to ensure the safety of its citizens to include social distancing requirements, curfews and movement restrictions. These measures impacted our operations in 2020 by disrupting global supply chains, limiting Go-to-Market capabilities, productivity and consumer engagements and impacting household incomes.

“OUR FOCUS NOW IS TO APPROPRIATELY SECURE EVEREADY`S REVENUE DRIVERS, TO ENSURE THAT THEY CONTINUE TO GROW AND CONTRIBUTE CORRECTLY TO OUR BUSINESS”

Some of these measures persist to date as a global solution to the pandemic is sought. The economic recession associated with the Pandemic will persist into the next financial year. The fiscal measures introduced by the government in the

impact of the pandemic to our business and our employees and the gradual easing off of the restrictions will facilitate recovery.

Progress Against Plan – Phase I & 2

We continue to make progress in re-shaping Eveready into a company capable of generating acceptable returns to its shareholder.

COVID-19 was unforeseen and muted our growth in FY2020 and we performed below our revenue and bottom-line projections for the year. This had an unprecedented impact on our financial performance and impacted the strength of our balance sheet.

We continue to believe that our 2018/22 Strategy is the right one and before the outbreak of COVID-19 we had successfully concluded its Phase 1 namely, identifying new revenue drivers and aligning operation to those growth drivers in order to maximise their returns to our business.

Our focus in Phase 2 is to appropriately secure Eveready’s identified revenue drivers, to ensure that they continue to grow and contribute correctly to our business. This means that we provide adequate investment and resources to fuel these growth drivers. This will be a key focus for the board in the following year. To that end, we are engaging with multiple partners and stakeholders on measures that are geared towards re-capitalising our business sustainably. We will be able to report on the outcomes of these engagements as they gain clarity.

Appreciation

We are currently adapting to respond to a global crisis while staying true to our purpose and relying on our abili ty to devise creative solutions to emerging challenges. We thank all Eveready employees for their hard work and dedication to the goal of growing our business. I also thank my fellow Board members for guiding the business during the year and our shareholders for their continued support.

Lucy W. Waithaka, Chairperson
29 March 2021

Mrs. Lucy Waguthi Waithaka
Mwenyekiti

COVID-19 ambayo ilitangazwa kuwa janga la idadi ya ulimwengu na Shirika la Afya Ulimwenguni, iliwasilisha changamoto isiyokuwa ya kawaida kwa biashara yetu. Janga hilo linatujaribu sio tu kama watu binafsi, bali pia kama familia, jamii, biashara na kama jamii ya ulimwengu.

Serikali ilichukua hatua kali kuhakikisha usalama wa raia wake ikiwa ni pamoja na mahitaji ya kujitenga kijamii, amri za kutotoka nje na vizuizi vya harakati. Hatua hizi ziliathiri shughuli zetu mnamo 2020 kwa kuvuruga minyororo ya usambazaji ulimwenguni, kupunguza uwezo wa Kuenda Sokoni, uzalishaji na ushiriki wa watumiaji na kuathiri mapato ya kaya.

"MZIMA WETU SASA NI KUWEKA USALAMA KABISA KWA MADEREVA YA MAPATO YA EVEREADY KUHAKIKISHA KWAMBA YANAENDELEA KUKUA NA KUCHANGIA SAHIHI KWA BIASHARA YETU"

Baadhi ya hatua hizi zinaendelea hadi sasa kama suluhisho la ulimwengu la janga kutafutwa. Uchumi wa uchumi unaohusishwa na Gonjwa hilo utaendelea hadi mwaka ujao wa fedha. Hatua za kifedha zilizoletwa na serikali katika mwaka zilipunguza athari za janga hilo kwa biashara yetu na wafanyikazi wetu na kupunguza taratibu kwa vizuizi kutarahisisha kupona.

Maendeleo dhidi ya Mpango - Awamu ya 1 na 2

Tunaendelea kufanya maendeleo katika kuunda upya Eveready kuwa kampuni inayoweza kupata mapato yanayokubalika kwa mbia wake.

COVID-19 haikutarajiwa na ilibadilisha ukuaji wetu katika FY2020 na tulifanya chini ya mapato yetu na makadirio ya mstari wa chini kwa mwaka. Hii ilikuwa na athari isiyokuwa ya kawaida katika utendaji wetu wa kifedha na iliathiri nguvu ya mizania yetu.

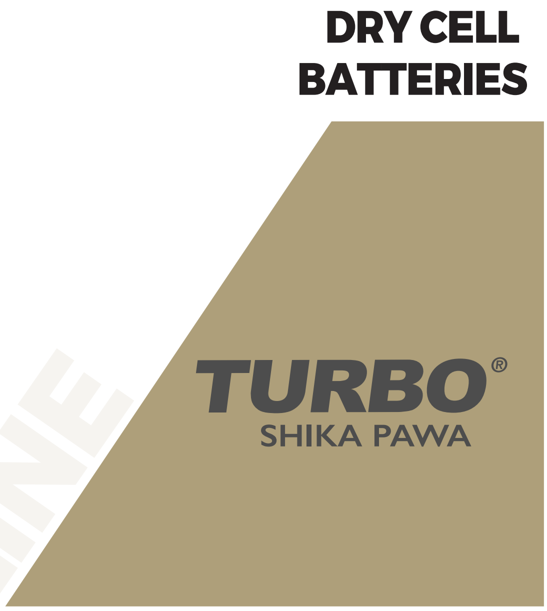
Tunaendelea kuamini kwamba Mkakati wetu wa 2018/22 ndio sahihi na kabla ya kuzuka kwa COVID-19 tulikuwa tumehitimisha kwa ufanisi Awamu ya 1 ambayo ni, kutambua madereva mapya ya mapato na kufananisha operesheni kwa madereva hayo ya ukuaji ili kuongeza mapato yao kwa biashara yetu.

Lengo letu katika Awamu ya 2 ni kupata ipasavyo madereva ya mapato yaliyotambuliwa na Eveready, kuhakikisha kuwa wanaendelea kukua na kuchangia kwa usahihi katika biashara yetu. Hii inamaanisha kuwa tunatoa uwekezaji wa kutosha na rasilimali ili kukuza dereva hizi za ukuaji. Hii itakuwa lengo kuu kwa bodi katika mwaka uliofuata. Ili kufikia mwisho huo, tunashirikiana na washirika na wadau kadhaa juu ya hatua ambazo zinalenga kurudisha biashara yetu endelevu. Tutaweza kuripoti juu ya matokeo ya maingiliano haya yanavyo zidi kupata ufafanuzi.

Shukrani

Hivi sasa tunajizoesha na kukabiliana na mzozo wa ulimwengu wakati tunakaa sawa na kusudi letu na tunategemea uwezo wetu wa kupanga suluhisho za ubunifu kwa changamoto zinazojitokeza. Tunashukuru wafanyikazi wote wa Eveready kwa bidii yao na kujitolea kwa lengo la kukuza biashara yetu. Ninawashukuru pia washiriki wenzangu wa Bodi kwa kuongoza biashara hiyo wakati wa mwaka na wanahisa wetu kwa msaada wao unaoendelea.

Lucy W. Waithaka, Mwenyekiti
29 Machi 2021



Mr. Thomas MASAKI
Ag. Managing Director

The outbreak and spread of COVID-19 has impacted all our lives in ways we could not have imagined last year. I appreciate the team for demonstrating resilience and devotion during this challenging time.

"UNFORTUNATELY EVEN AS WE RECORDED THIS VISIBLE POSITIVE MARCH TOWARDS OUR GOAL, A POSITIVE PERFORMANCE WHICH WAS EXPECTED TO BE ACHIEVED BY 2021 OUR PROGRESS SLOWED DOWN AS A RESULT OF THE GLOBAL PANDEMIC AND WE HAVE WORK WITH NEW RECOVERY TIMELINES AND ITS IMPACT TO OUR FUTURE FINANCIAL PERFORMANCE"

Charting our Strategic Progress

Our Company has recorded a declining performance over many years and our various plans to include the Strategic Plan 2018/22 (the "Plan") was intended to correct that trajectory of performance. Our Plan focus areas include:

- Diversifying our revenue streams,
- identifying growth drivers and focusing our investments (human and capital) on them,
- growing these growth drivers through adequate investment.

We have incorporated our Plan into all our business operations, including the operational plans of our business units.

An annual review is undertaken in order to track progress against our stated objectives, keep our Company focused on what is most important, assist with removing barriers, and encourage corrective actions.

We have made significant progress in executing our Plan objectives and goals since launch, which is manifested in our bottom line performance over the Plan period.

Since the launch of our strategy, and prior to the outbreak of the COVID-19 pandemic, we were on track to move to the second phase of our Plan having concluded the first phase.

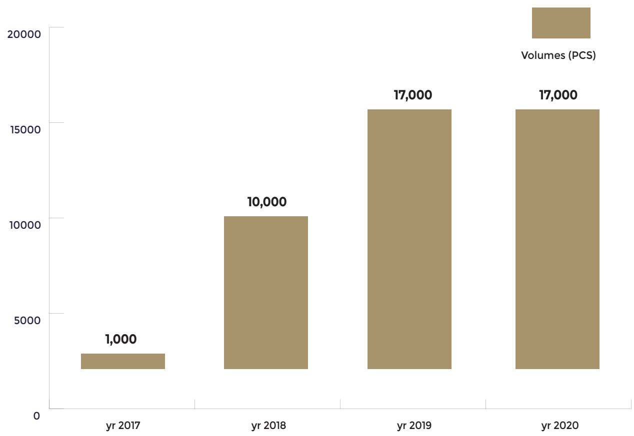
Our first phase required that we complete the process of:

(i)Identifying the growth drivers for our business;

(ii)Alignment of our operations and got to market strategies to our revenue drivers in order to provide a better fit for purpose and achieve execution excel lence.

Since then, we have grown our auto accessories busi ness consistently over the Plan period which regis tered the following outcomes:

(i)Achieving year on year organic growth on growth drivers:



We have achieved consistent year on year growth in our car accessories business since 2017 as we focused our investment in this category. The rate of growth was 900% and 70% in year 2018 and 2019 respectively.

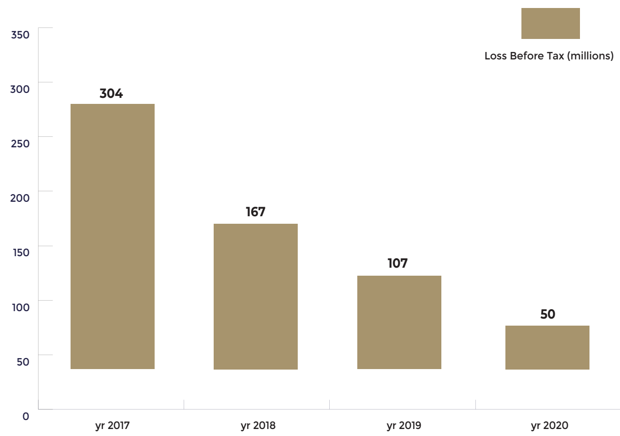
The global health emergency inevitably checked some of our momentum as the measures taken by govern ments to control the spread of the pandemic and ensure the safety of its citizens (to include social distancing requirements, curfews and movement restrictions) started to impact our business. Our global supply chain started being impacted in December 2019 and by the end of March, we had started feeling the impact of the pandemic locally which was impact-ing our Go-to-Market activities, limiting consumer employee productivity and impacting household incomes. These matters muted our growth projections for the auto accessories business therefore impacting the second half of our financial year and contributing significantly to the general decline in our revenue performance.

It is important to reiterate that the 30% decline in reve-nue is a transitional matter as we move investment from less performing segments to the new and emerging segments with growth potential to guide our future focus in line with our Plan.

(ii)Achieving an Improved Bottom-line Perfor mance:

We took action to reverse the impact of the pandemic to our business by adopting strict cost control mea sures in our operations and undertaking a portfolio rationalisation program in order to protect the erosion to our margins brought about by a volatile foreign exchange market even as we sought to remain sensi tive to our consumers. This resulted in a 30% decline in our overheads and an overall improved outcome in the bottom-line performance of the Company compared to prior year.

Notwithstanding the pandemic therefore, we contin ued the record of consistently improved bottom-line performance over the Plan period, with an eye on achieving profitability in the Plan period:



We have consistently improved our bottom-line perfor mance by reducing our loss position by 35% and 53% in FY2019 and 2020 respectively.

Phase 2 – Investment and Financing

Unfortunately, even as we recorded this visible positive march towards our goal - a positive performance which was expected to be achieved by 2021 - our progress slowed down as a result of the global pandemic and we now have to work with new recovery timelines and its impact to our future financial performance.

To that end, the directors having reviewed future plans and projections, resolved that additional measures need to be implemented to protect and sustain the gains so far made under the Plan. To that end, the Directors, have resolved to issue a caution to our shareholders on future performance, even as they fast track certain initiatives that are underway which are aimed at protecting the business.

These initiatives will guide the second phase focus of our strategy, which is to avail and channel sufficient financing and investment towards our growth drivers to ensure sustainable growth and contribution is achieved for these businesses.

We have previously relied on self-financing to fuel our growth. To this end, we have taken aggressive action to bring down our total receivables position. We have achieved this by adopting strict credit control policies which improved our day's outstanding position from 188 days to 49 days.

Going forward, we see potential to improve returns to shareholders by improving investment/financing for our revenue drivers.

The business is in discussion with partners and stakeholders on channelling additional investment to our growth drivers and we are cautiously optimistic that we will achieve our objectives in that regard.

We continue to pursue our strategy of building a sustainable business that can create value for our shareholders. We continue to have a strong commitment to operational improvement paired with a firm focus on the most profitable product categories with distinct consumer benefits.

Looking Ahead

Although it is impossible to determine the precise course of the pandemic and its economic consequences, we are well prepared for a range of potential outcomes.

On behalf of everyone at Eveready, I hope that you, our shareholders, and your loved ones keep safe and healthy as we navigate these extraordinary times.

Mr. Thomas MASAKI Ag. MD
29 March 2021

PORTABLE
LANTERNS

TURBO®
PERFECT BRIGHTNESS

Mr. Thomas MASAKI
Kaimu Mkurugenzi Mtendaji

Mlipuko na kuenea kwa COVID-19 umeathiri maisha yetu yote kwa njia ambazo hatungeweza kufikiria mwaka jana. Nashukuru timu kwa kuonyesha uthabiti na kujitolea wakati huu wa changamoto.

"KWA BAHATI MBAYA, HATA KAMA TULIVYOREKIDI MAANDAMANO HAYA KWAKUELEKEA KWENYE MAONESHO MAZURI AMBAO YALITAJIWA KAPATAKA IFIKAPO 2021 MAENDELEO YETU YALIPATIKANA NA JANGA LA SASA TUNAPASWA KUFANYA KAZI NA NYAKATI MPYA ZA KUPONA NA ATHARI ZAKE KWA UTENDAJI WETU WA KIFEDHA BAADAYE"

Kuzungumuzia Maendeleo Yetu Ya Kimkakati

Kampuni yetu imerekodi utendaji unaopungua kwa miaka mingi na mipango yetu mbalimbali ya kujumuisha Mpango Mkakati 2018 / 22 ("Mpango") ulikusudi wa kurekebisha na sahihisha njia hiyo ya utendaji. Maeneo yetu ya kuzingatia Mpango ni pamoja na:

-Kubadilisha mikondo yetu ya mapato,

-Kutambua madereva ya ukuaji na kuzingatia

(binadamu na mtaji) juu yao

- Kukuza madereva haya

uwekezaji wa kutosha.

wetu katika shughuli zetu zote za biashara, pamoja na mipango ya utendaji wa vitengo vya biashara zetu.

CARBON ZINC
DRY CELL BATTERIES

#SHIKA PAWA

Mapitio ya kila mwaka hufanywa ili kufuatilia maendeleo dhidi ya malengo yetu yaliyotajwa, kuweka Kampuni yetu ikilenga kile kilicho muhimu zaidi, kusaidia kuondoa vizuizi, na kuhimiza hatua za kurekebisha.

Tumefanya maendeleo makubwa katika kutekeleza malengo na malengo ya Mpango wetu tangu uzinduzi, ambayo inadhihirika katika utendaji wetu wa msingi katika kipindi cha Mpango.

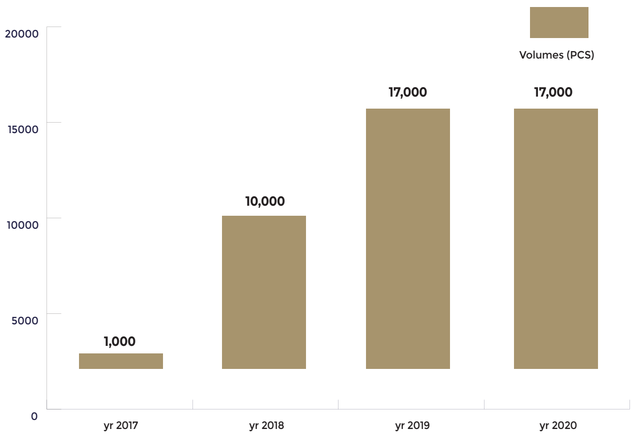
Tangu kuzinduliwa kwa mkakati wetu, na kabla ya kuzuka kwa janga la COVID-19, tulikuwa kwenye njia ya kuhamia awamu ya pili ya Mpango wetu baada ya kuhiti misha awamu ya kwanza. Awamu yetu ya kwanza ilihitaji kwamba tukamilishe mchakato wa:

I. Kutambua madereva ya ukuaji wa biashara yetu

II. Kuweka sawa kwa shughuli zetu na kufikia mikakati ya soko kwa madereva wetu wa mapato ili kutoa usawa bora kwa madhumuni na kufikia ubora wa utekelezaji.

Tangu wakati huo, tumekuza biashara yetu ya vifaa vya magari mara kwa mara katika ya kipindi cha Mpango ambacho kilisajili matokeo yafuatayo:

(i) Kufikia mwaka kwa mwaka ukuaji wa kikaboni kwa madereva wa ukuaji:



Tumepata mwaka thabiti juu ya ukuaji wa mwaka katika biashara yetu ya vifaa vya gari tangu 2017 tulipolenga uwekezaji wetu katika jamii hii. Kiwango cha ukuaji kilikuwa asili mia, mia tisa (900%) na sabini (70%) mwaka 2018 na 2019 mtawalia.

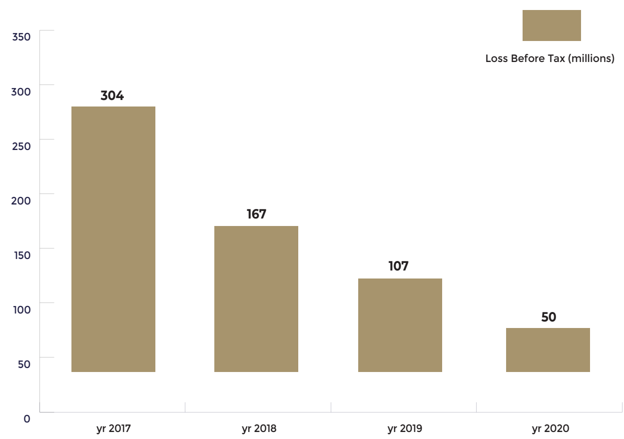
Dharura ya afya ya ulimwengu bila shaka ilikagua kasi yetu kama hatua zilizochukuliwa na serikali kudhibiti kuenea kwa janga hili na kuhakikisha usalama wa raia wake (kujumuisha mahitaji ya umbali wa kijamii, vizuizi vya kutotoka nje na harakati) vilianza kuathiri biashara yetu. Mnyororo wetu wa usambazaji duniani ulianza kuathiriwa desemba 2019 na mwishoni mwa Mwezi Machi, tulikuwa tumeanza kuhisi athari za janga hili ndani ya nchi ambalo lilikuwa linaathiri shughuli zetu za kwenda sokoni, kupunguza uzalishaji wa wafanyakazi wa walaji na kuathiri mapato ya kaya. Maswala haya yalibadilisha makadirio ya ukuaji wetu kwa biashara ya vifaa vya magari kwa hivyo kuathiri nusu ya pili ya mwaka wetu wa kifedha na kuchangia kwa kiasi kikubwa kushuka kwa jumla kwa utendaji wetu wa mapato.

Ni muhimu kurudia kwamba kushuka kwa mapato kwa asili mia thelathinj (30%) ni jambo la mpito tunapohamisha uwekezaji kutoka kwa sehemu ambazo hazijafanya vizuri kwenda kwa sehemu mpya na zinazoibuka na uwezo wa ukuaji kuongoza mwelekeo wetu wa baadaye kulingana na Mpango wetu.

(ii) Kufikia Utendaji wa Mstari wa Juu ulioboreshwa:

Tulichukua hatua kugeuza athari za janga hilo kwa biashara yetu kwa kuchukua hatua kali za kudhibiti gharama katika shughuli zetu na kufanya mpango wa ujanibishaji wa kwingineko ili kulinda mmomonyoko kwa pembezoni mwetu zilizoletwa na soko la ubadilishaji wa kigeni hata tulipokuwa tukitafuta kubaki nyeti kwa watumiaji wetu. Hii ilisababisha kushuka kwa asili mia therathini na tatu (30%) kwa vichwa vyetu na matokeo ya jumla yaliyoboreshwa katika utendaji wa chini wa Kampuni ikilinganishwa na mwaka uliopita.

Ijapokuwa janga hili kwa hivyo, tuliendelea na rekodi ya utendaji ulioboreshwa kila wakati wa kipindi cha Mpango, tukiwa na jicho la kupata faida katika kipindi cha Mpango:



Tumeendelea kuboresha utendaji wetu wa chini kwa kupunguza nafasi yetu ya kupoteza kwa asili mia sitini na tano (35%) na hamsini na tatu (53%) katika mwaka wa fedha (FY2019 na 2020) mtawaliwa.

Awamu ya Pili (2) - Uwekezaji na Fedha

Kwa bahati mbaya, hata wakati tulirekodi maandamano haya yanayoonekana kuelekea lengo letu - utendaji mzuri ambao ulitarajiwa kupatikana ifikapo mwaka 2021 - maendeleo yetu yalipungua kwa sababu ya janga la ulimwengu na sasa tunapaswa kufanya kazi na nyakati mpya za kupona na athari zake kwa utendaji wetu wa kifedha wa baadaye.

Ili kufikia lengo hilo, wakurugenzi baada ya kukagua mipango na makadirio ya siku za usoni, wameamua kwamba hatua za ziada zinahitajika kutekelezwa kulinda na kudumisha mafanikio yaliyopatikana chini ya Mpango. Ili kufikia lengo hilo, Wakurugenzi, wameamua kutoa tahadhari kwa wanahisa wetu juu ya utendaji wasiku zijazo, hata wakati wanafuatilia mipango kadhaa ambayo inaendelea ambayo inakusudia kulinda biashara

Mipango hii itaongoza mwelekeo wa awamu ya pili ya mkakati wetu, ambayo ni kupata na kupitisha fedha za kutosha na uwekezaji kuelekea madereva wetu wa ukuaji ili kuhakikisha ukuaji endelevu na mchango una - patikana kwa biashara hizi.

Hapo awali tulitegemea ufadhili wa kibinafsi kuchochea ukuaji wetu. Ili kufikia mwisho huu,tumechukua hatua kali ili kupunguza jumla ya mapato yetu. Tumefanikiwa kwa kupitisha sera kali za kudhibiti mkopo ambazo ziliboresha nafasi yetu bora ya siku kutoka siku mia moja themanini na nane (188) hadi siku arubahini na tisa (49).

Kuendelea mbele, tunaona uwezekano wa kuboresha mapato kwa wanahisa kwa kuboresha uwekezaji / ufadhili kwa madereva yetu ya mapato.

Biashara inajadiliana na washirika na washika dau juu ya kupeleka uwekezaji wa ziada kwa madereva wetu wa ukuaji na tuna matumaini kwa uangalifu kwamba tutafikia malengo yetu katika suala hilo.

Tunaendelea kufuata mkakati wetu wa kujenga biashara endelevu ambayo inaweza kutengeneza thamani kwa wanahisa wetu. Tunaendelea kuwa na dhamira mad-hubuti ya uboreshaji wa operesheni iliyojumuishwa na kulenga sana kategoria za bidhaa zenye faida zaidi na faida tofauti za watumiaji.

Kuangalia Mbele

Ingawa haiwezekani kuamua mwendo sahihi wa janga hilo na athari zake za kiuchumi, tumejiandaa vyema kwa matokeo mbalimbali yanayoweza kutokea.

Kwa niaba ya kila mtu huku Eveready, ninatumahi kuwa wewe, wanahisa wetu, na wapendwa wako tuwe salama na wenye afya tunapopita nyakati hizi za ajabu.

Mr. Thomas MASAKI,
Kaimu Mkurugenzi Mtendaji
29 Machi 2021

FLASHLIGHTS

STRATEGIC REVIEW

SECTION

II

About This Section

Our Strategic Review contains information about us, how we create value and how we run our business. It includes our strategy and business model as well as our approach to the market and risk. The Strategic Report is only part of the Annual Report and Accounts 2018.

22

23 - 24

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.

01

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+®

ONE OF THE
LARGEST
SUPPLIER OF
PORTABLE POWER
SOLUTIONS

02

Household Segment

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

OUR PRODUCTS ARE
RECOGNIZED FOR
THEIR DISTINCT
QUALITY

03

Lighting Segment

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

WE HAVE A
FAR-REACHING
DISTRIBUTION
NETWORK

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

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

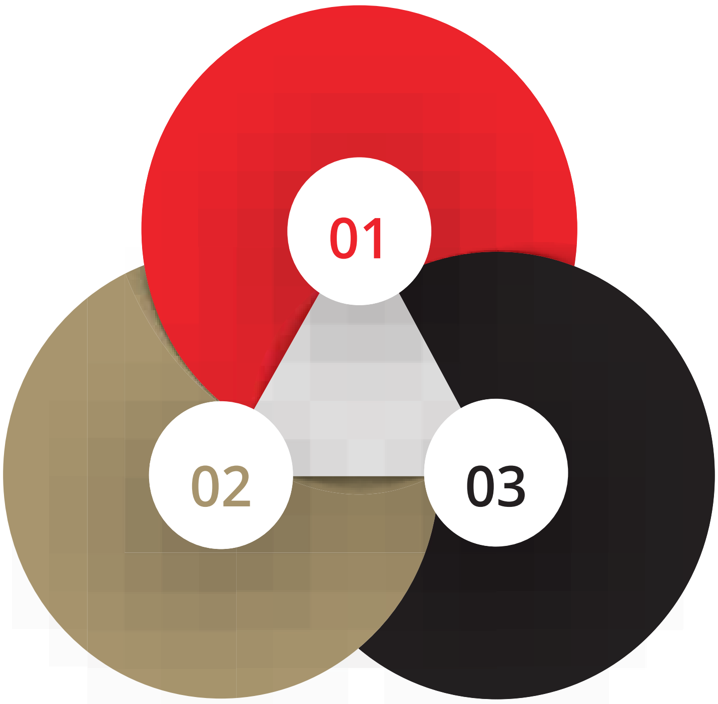
Strategy 2018-22

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

The key pillars of success are:

(i)Diversification

We will continue to diversify our business into categories that generate value to us.



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

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

(iii)Execution excellence

Productivity will create flexibility to fund our programs, offset cost challenges and improve operating margins. We continue to take significant steps to accelerate productivity and savings across all elements of costs.

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 channel which is largely modelled around the branded retail stores and corporate customers,

-General Trade channel which incorporates wholesale, kiosks, Tier II and II supermarkets, petrol stations, elec tronic stores, dealers, auto-care centres, automotive dealerships etc.

Dedicated sales representative's key account and territory manager's work in functional teams to serve each customer and their shoppers directly in order to sustain strong customer relationships and a growth mind-set. The need to delight our consumers, drive the innovations in our root to market programs.

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

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

POWERFUL
DEPENDABLE
PERFORMANCE

UNSTOPPABLE POWER

OUR MOST POWERFUL ALKALINE BATTERY YET

Our business is subject to various risks and uncertainties. Highlighted below are some of the key risks to our busi ness. 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 01

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 02

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

ECONOMIC, POLITICAL RISKS AND NATURAL DISASTERS 03

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

SYSTEMS AND INFORMATION 04

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

ETHICAL

05

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

06

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

07

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

08

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.

ALKALINE BATTERIES

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.

OUR BEST PERFOMING BATTERY FOR HIGH DRAIN DEVICES

STRATEGIC REVIEW

SECTION

II

PAGE

Summary Returns As At Wednesday September 30 2020

INVESTOR POOL	RECORDS	SHARES	PERCENTAGE
Local Institutions	3,635	125,660,285	59.84%
Local Individuals	110,154	62,231,692	29.63%
Foreign Investors	643	22,108,023	10.53%
Grand Totals:	**114,432**	**210,000,000**	**100.00%**

Shares Distribution Statistics As At Wednesday 30 2020

RANGE	RECORDS	SHARES	PERCENTAGE
1 to 500	105,062	22,157,725	10.55%
501 to 1,000	3,530	2,745,166	1.31%
1,001 to 5,000	4,823	9,750,470	4.64%
5,001 to 10,000	533	3,868,384	1.84%
10,001 to 50,000	377	7,442,031	3.54%
50,001 to 100,000	51	3,437,161	1.64%
100,001 to 500,000	42	7,754,113	3.69%
500,001 to 1,000,000	7	4,705,700	2.24%
1,000,001 to 20,000,000	7	148,139,250	70.54%
Grand Totals:	**114,432**	**210,000,000**	**100.00%**

Top 10 Foreign Investors As At Wednesday September 30 2020

NAMES	ADDRESS	SHARES	PERCENTAGE
1. Energizer International INC	533 Maryville University Drive 63141 ST Louis United States of America	21,052,859	95.23%
2. Ruparel Shila Jayant Kumar Jamnadas	P.O BOX 42882 00100 Nairobi Kenya	418,500	1.89%
3. Haria, Navin Raichand	P.O BOX 48811 00100 Nairobi Kenya	150,000	0.68%
4. Thawer, Abdurasul Ismail	P.O BOX 45544 00100 Nairobi Kenya	100,200	0.45%
5. Shah, Saroj Gulabchandrajpal	P.O BOX 858 00606 Nairobi Kenya	35,100	0.16%
6. Umbi, Taban Loliyong Iburaim	P.O BOX 237 Juba S. Sudan 237 Juba Jub	30,000	0.14%
7. Shah, Pritee Narendra; Shah, Narendra Pethraj	P.O BOX 45145 00100 Nairobi Kenya	29,900	0.14%
8. Dainty, Roger Alan	P.O BOX 95918 - 80106 Mombasa 80106 Mombasa Kenya	22,700	0.10%
9. Smith, Steven George	P.O BOX 44765 - 00100 00100 Nairobi Kenya	19,000	0.09%
10. Kykkotis, Seraphim	1096 Houghton 2041 Johannesburg South Africa	14,000	0.06%
11. Others -633		235,764	1.07%
	Grand Totals:	**22,108,023**	**100.00%**

Top 10 Global Investors As At Wednesday September 30 2020

NAMES	ADDRESS	SHARES	PERCENTAGE
1. East Africa Batteries Limited	P.O BOX 55358 - 00200 Nairobi Kenya	60,052,555	28.60%
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. East Africa Batteries Limited	P.O BOX 55358 - 00200 Nairobi Kenya	13,372,474	6.37%
5. Jamal Karim	P.O BOX 49863 - Nairobi Kenya	9,106,787	4.34%
6. Best Investment Decisions LTD	P.O BOX 40127 - 00100 Nairobi Kenya	6,180,000	2.94%
7. Shah, Kantilal Zaverchand Shah,Jinal Kantilal Shah & Kushal Kantilal	P.O BOX 43939 - 00100 Nairobi Kenya	1,791,000	0.85%
8. CFCFS Nominees LTD A/C 210	P.O BOX 47198 - 00100 Nairobi Kenya	830,300	0.40%
9. BID Management Consultancy Limited	P.O BOX 40127 - 00100 Nairobi Kenya	770,100	0.37%
10. David Wekesa		675,500	0.32%
11. Others		59,584,850	28.37%
	Grand Totals:	210,000,000	100.00%

Top 10 Local Individuals As At Wednesday September 30 2020

NAMES	ADDRESS	SHARES	PERCENTAGE
1. Jamal Karim	P.O BOX 49863 Nairobi Kenya	9,106,787	14.63%
2. Shah, Kantilal Zaverchand Shah,Jinal Kantilal Shah & Kushal Kantilal	P.O BOX 43939 - 00100 00100 Nairobi Kenya	1,791,000	2.88%
3. David Wekesa	P.O BOX 61831 - 00200 Nairobi Kenya	675,500	1.09%
4. Hirani, Naran Khimji; Hirani Virji Khimji	99093 80700 Mombasa Kenya	658,500	1.06%
5. Shah, Mohanlal Dharamshi	P.O BOX 16 01000 Thika Kenya	613,700	0.99%
6. Shah, Parotiben Sudhir Kumar Premchand	P.O BOX 45594 - 00100 Nairobi Kenya	600,000	0.96%
7. Maina, Martin Munyiri	P.O BOX 12602 - 10109 Nyeri Kenya	557,600	0.90%
8. Mahendra Dahy Abhai Patel & Jasumati Mehendra Patel Patel	P.O BOX 178 - 00606 Nairobi Kenya	431,500	0.69%
9. Gitari, Johnson Mwangi	P.O BOX 68472 - 00622 Nairobi Kenya	365,300	0.59%
10. Tundo, Carl Jean Pierre	P.O BOX 9712 - 20112 Nakuru Kenya	342,300	0.55%
11. Others -110144		47,089,505	75.67%
	Grand Totals:	62,231,692	100.00%

Top 10 Local Institutions As At Wednesday September 30 2020

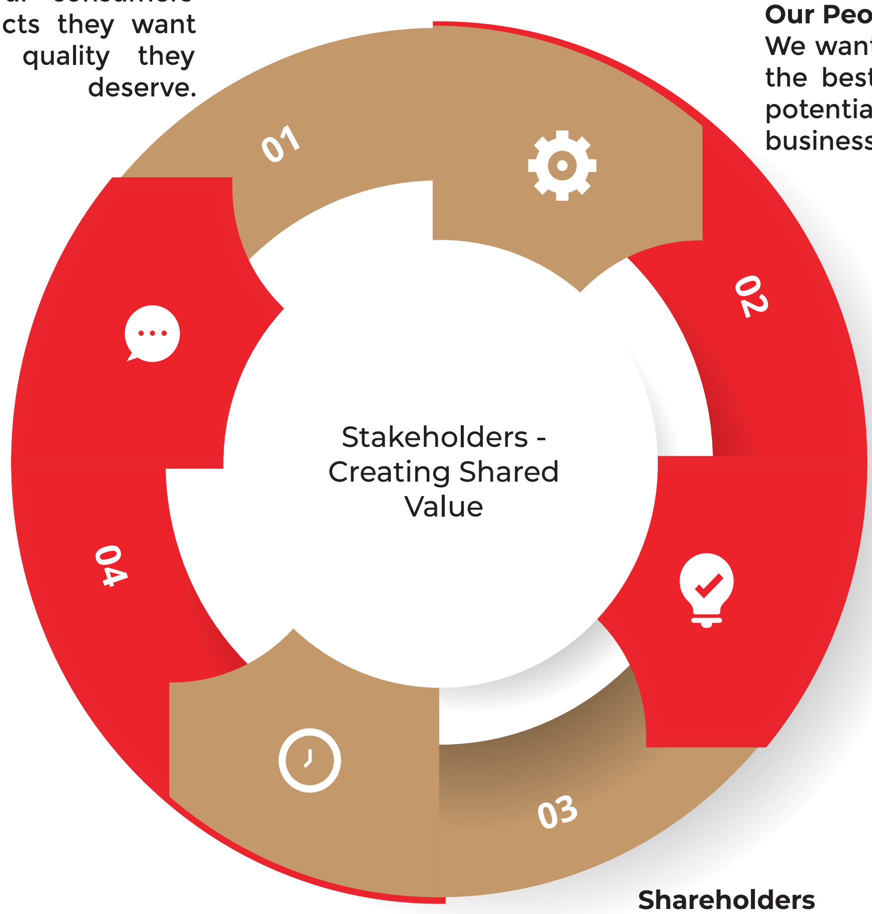
NAMES	ADDRESS	SHARES	PERCENTAGE
1. East Africa Batteries Limited	P.O BOX 55358 Nairobi Kenya	60,052,555	47.79%
2. Industrial & Commercial Development Corporation	P.O BOX 45519 00100 Nairobi Kenya	36,583,575	29.11%
3. East Africa Batteries Limited	P.O BOX 53358 00200 Nairobi Kenya	13,372,474	10.64%
4. Best Investment Decisions LTD	P.O BOX 40127 00100 Nairobi Kenya	6,180,000	4.92%
5. CFCFS Nominees LTD A/C 210	P.O BOX 47198 00100 Nairobi Kenya	830,300	0.66%
6. BID Management Consultancy Limited	P.O BOX 40127 00100 Nairobi Kenya	770,100	0.61%
7. Best Investment Decisions LTD	P.O BOX 40127 00100 Nairobi Kenya	450,800	0.36%
8. Paperbags Limited	P.O BOX 18167 00500 Nairobi Kenya	250,000	0.20%
9. Denroma Investment Limited	P.O BOX 5133 00200 Nairobi Kenya	216,700	0.17%
10. Kericho Wholesalers LTD	P.O BOX 55 Kericho Kenya	201,400	0.16%
11. Others -3625		6,752,381	5.37%
	Grand Totals:	125,660,285	100.00%

Stakeholders - Creating Shared Value

The following pages highlight how Eveready has performed for the benefit of our consumers, wider society, our people and our shareholders in 2020

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

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



Society
Our core goals of improving the lives of women and children in our communi - ties by enhancing livelihoods.

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

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

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

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

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

Our marketing strategy is driven by our focus on consumers – and how to satisfy their needs better in our specific product areas. In our strategy, we aim to nurture and grow the businesses by driving growth through focus on our channel strategies and programs to establish optimal coverage and improve in market visibility. Our Go to Market toolkit has excellence in execution as a primary goal.

Our operating landscape is undergoing significant changes that affect the way we go to market and in-store execution. Key changes to the retail landscape include:

- Increased competition
- Channel differentiation and development
- Distribution growth
- The increasing role of data and technology
- Targeted collaboration

To achieve our goals and having regard to the changing operating landscape, our RTM Strategies continue to be guided by our GROW principles:

- Grow our customers
- Grow distribution and reach
- Grow our value instore

TURBO® Plus
#UNSTOPPABLE POWER

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.

We recorded decline in the number of employees compared to prior year. The reduction in 2020 was driven by portfolio activities and changes and out continued effort to improve operational efficiency and to reduce cost. These changes were partly offset by the insourcing of specific skill sets into the organisation – this impacted all roles. We continue to leverage and expand capabilities to ensure a sustainable talent pool.

Communication & Engagement

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.

Strong engagement is especially important during times of change. Our processes facilitate management briefing on operational and financial results through various channels, including team meetings, face-to-face gatherings with our Chief Executive Officer and online publications.

Code Of Conduct

The Eveready General Business Practices and Codes of Conduct provides guidance on ethical conduct. Communication from leaders emphasise the importance of our ethical commitment and compliance with requirements. These are reinforced with targeted communication to ensure our staff are reminded of their obligations. By making a commitment to our core values – Passion, Respect, Integrity, Teamwork and Initiatives and following our codes of conduct, we reinforce Eveready's values.

We ensure that our policies are communicated to our employees and where necessary to our business partners. We regularly review and revise our manuals to ensure that they remain up to date with applicable laws and regulations and best practices.

We have an obligation to investigate all good faith allegations of breaches of the code of conduct. We promote safe reporting of views about our processes and practices. In addition to local channels, the Eveready Alert Line enables employees to report potential breaches of the Eveready General Business Practices and Codes of Conduct, confidentially and anonymously. The Board has delegated responsibility for reviewing the functioning of the Ethics process and reports arsing therefrom to the Audit Committee.

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

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

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.

Diversity & Inclusion

Our intention is to sustain a diverse work force and an inclusive environment for all our peoples because such teams are more engaged and therefore deliver bettwe safety and business performance. We have a better under standing of the needs of our people and our varied customers, partners and stakeholders.

GENDER DIVERSITY

	MEN	WOMEN
Board	2	4
Employees	19	15
Senior Management / Senior Managament	4	1

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

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

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

We also supported Usikimye, a community organization that aims to challenge harmful and violent norms impacting women and children.

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

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

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

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

CARBON ZINC
BATTERIES

CORPORATE GOVERNANCE

SECTION

IV

About This Section

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


TURBO®
SHIKA PAWA
C-Size
D-Size
AA-Size
AAA-Size
9V
QUALITY YOU CAN
TRUST
Dependable
Power.
We Help You Enjoy Your World

At Eveready, we acknowledge that in order to create and build sustainable value to our shareholders we must be committed to achieving the highest standards of corporate governance. Eveready continues to support the Capital Markets Authority (CMA)'s Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 (the "CG Code) issued by the Capital Markets Authority. Eveready complied with the guidelines except as may be indicated in this statement.

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

Board of Directors

The Board of Directors is the highest governance body responsible for Eveready's long term strategic direction and the ultimate supervision of the Company. It assess adequacy of risk management and mitigation measures authorise and monitor strategic investments, to ensure regulatory compliance as well as high standards of governance and safeguard interests of all stakeholders. It oversees our economic, social and environmental sustainability. The Board attends to all matters which are not reserved for the Annual General Meeting.

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

Eveready's Board is required to be made up of up to nine (9) member three (3) of whom should be independent. The Board has established that six (6) members is the optimal number that the Company should operate with based on skills assessments undertaken and Committee requirements. One third (1/3) of the Directors were independent. The membership satisfies the representation of minority shareholders. The Board has adopted and continues to recognise the criteria for establishing independence that has been adopted by the Board set out in the Capital Markets (Securities) (Public Offers, Listing And Disclosures) Regulations, 2002 in addition to those outlined in the CG Code.

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

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

The Chairman meets separately with the Managing Director on a regular basis and other informal meetings take place between the Managing Director and the other directors as appropriate.

Allocation of Tasks within the Board of Directors

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

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

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

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

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

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

(i)the internal audit function and the work of the external auditor;

(ii)that that the system of management controls in place in the Company is robust and effective, and protects the assets of the Company on a reasonable and economic basis;

(iii)provides for proper authorization and recording of transactions;

(iv)ensures financial information is reliable and accurate;

(v)monitors compliance with laws and regulations;

(vi)the issuance of financial statements and ensuring that these reflect fairly the financial situation and results of the company, in accordance with generally accepted accounting principles.

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

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

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.

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

The Remuneration and Nominations Committee assists the Board in addressing issues pertaining to remuneration levels and employee development and motivation. It ensures that the correct incentives and reward mechanisms are in place at the highest levels of the Company, whilst maintaining the principles of equity and appropriateness of compensation.

The Committee is also the custodian of a systematic and transparent process for bringing new Directors on to the Board, and for proposing appointments to Board committees. To this end, the Board on the recommendation of this Committee, reviewed and put in place a robust policy on Recruitment ad Selection Procedures which will guide all future appointments to the Board.

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 2020, the Board met in 5 sessions with a session dedicated to reviewing the Company's Strategic Plan, 2018-2022.

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

The Chairman manages the conduct of the meeting to ensure that open and constructive discussions are held between the board and management. Ad hoc committee and Board meetings are convened to consider particular matters. The formal sessions recorded are outside of other meetings held between the Chairmen of the various committees and the Board Chairman and those between the Managing Director and the Board Chairman.

The Board reserves at least one day per year to discuss the strategic long-term plan of the Company and as indicated above a session was convened in FY 2020 to review the Company's Strategic Plan, 2018-2022. The attendance at the Board meetings and Committee for year 2020 meetings is set out below.

DIRECTORS	BOD	F&R COMMITTEE	AUDIT COMMITTEE	R&N COMMITTEE
Mrs. Lucy Waithaka	5 (out of 5)	N/A	4 (out of 4)	N/A
Ms. Margaret Odhiambo	5 (out of 5)	4 (out of 4)	4 (out of 4)	4 (out of 4)
Mr. Akif Butt	5 (out of 5)	4 (out of 4)	4 (out of 4)	4 (out of 5)
Ms. Mbatha Mbithi	5 (out of 5)	4 (out of 4)	4 (out of 4)	4 (out of 4)
Ms. Fauzia Shah	5 (out of 5)	4 (out of 4)	4 (out of 4)	4 (out of 4)
Mr. Joseph Sitati	5 (out of 5)	4 (out of 4)	4 (out of 4)	4 (out of 4)

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 2020 are set out on page 54.

Remuneration of senior management is based on market rates and performance in line with the Company's policies on remuneration and is outlined in page 84 of this Report under Note 28. There were no share option plans implemented in FY 2020 and no Director was advanced a loan by the Company in the same period.

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

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

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,

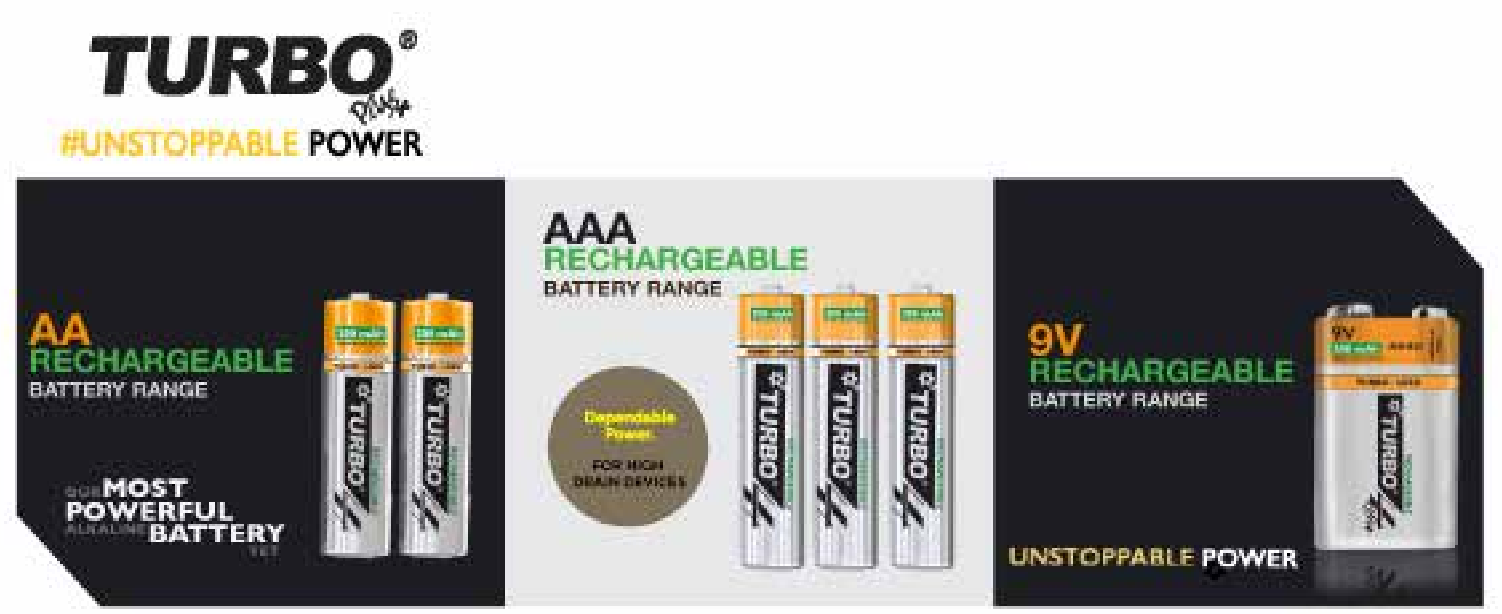
(Ii) Individual Directors (Including Ceo And Chairman) And

(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. Due to government restrictions associated with the COVID 19 pandemic, the directors did not meet the threshold for annual trainings as required. This will be resolved in the new year.



Board of Directors

Mrs. Lucy W. Waithaka
Chairperson

Mr. Thomas MASAKI
Ag. Managing Director

Ms. Fauzia Shah

Mr. Akif Butt

Mr. Joseph Sitati

Ms. Mbatha Mbithi

Mrs. Lucy W. Waithaka - Chairperson
Mrs. Waithaka is an export business development specialist. She holds a Master of Science degree in Horticulture/Agronomy and a BSC in Agriculture from the University of Nairobi. She has extensive experience in agriculture, export marketing and business management having held senior positions in agriculture and international trade related institutions, namely, the Horticultural Crops Development Authority (HCDA) and the Fresh Produce Exporters Association of Kenya (FPEAK), where she was the Chief Executive before joining the Export Promotion Council (EPC) of Kenya. She left EPC in 2015 as General Manager, Enterprise and Product Development. She has served as a member of the Board of Directors of the Kenya Plant Health Inspectorate Service (KEPHIS) and is currently a member of Sasini Ltd. Board of Directors, where she chairs the Sasini Audit Committee. Mrs. Waithaka has carried out research work and published widely in the areas of cut flowers, post-harvest handling of horticultural produce and export marketing. She has organized and led market study and export promotion missions to several international markets in Europe, USA, Japan, Middle East and Africa, providing business to business linkages for Kenyan exporters. At the EPC, she managed several programmes, all aimed at enhancing the export supply base and export competitiveness through enterprise development initiatives and capacity building. These included product development and test marketing; market penetration and promotion; and training in export trade, business development and management skills. **64**

Mr. Thomas M. MASAKI - Ag. Managing Director
Thomas holds a Bachelors of Arts degree in Technology and Management from the Moi University. He has over nineteen (19) years of experience out of which the last five (5) years have been in corporate financial analysis and management: offering strategic financial management advice and technical expertise required for smooth operations with a long-standing record of initiative and innovation, developed and executed strategies.

He joined EVEREADY from Sameer Management Limited (a member of the Sameer Group). Where he was perfoming as a manager in finance. He has extensive Board experience having served in various boards and committees, he is serving as a director in the Board of Aristocrats Concrete Limited and Yana Oil Limited. Previously worked for Manrik Group, Twiga Chemical Industries Limited, Industrial Promotion Services (IPS), and Jinadasa Group (Sri Lanka). **44**

Ms. Fauzia B. Shah
Ms. Shah holds a Bachelor of Laws Degree and is an advocate of the High Court of Kenya with over 20 years' experience in corporate and commercial matters. Fauzia is also a Certified Public Secretary with over 15 years of company secretarial matters. She has worked for the Sameer Group as Company Secretary and Inhouse Counsel and is presently practicing as an advocate at Shapley Barret & Company, Advocates. **57**

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. **62**

Mr. Joseph Sitati
Mr. Sitati holds a Bachelor of Science (Mechanical Engineering) degree from the University of Nairobi. He is a Fellow of the Association of Chartered Certified Accountants and a platinum member of the Information System Audit and Control Association. He has attended various professional development training programs and is a member of the Institute of Directors (Kenya). Joseph has a wealth of experience in finance, retail management, operations, information technology and logistics having worked for over 22 years' across various sectors in finance & audit. He served as the Chief Finance and Administration Officer at Deacons East Africa PLC, the Commercial Finance Manager – Central East & West Africa Business Unit, the Coca Cola Company, Nairobi, the Group Finance Director at the Old Mutual Group, the Finance Manager at Shell BP Kenya Limited and as Finance Planning and Analysis Manager at GlaxoSmithkline amongst other positions. Joseph is currently a Board member at Kengen Ltd where he also serves as Chairman of the Audit, Risk & Governance Committee as well as a member of the Strategy Committee. **46**

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. **52**

Eveready Code of Conduct

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

Eveready Helpline

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

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.co.ke/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 (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.

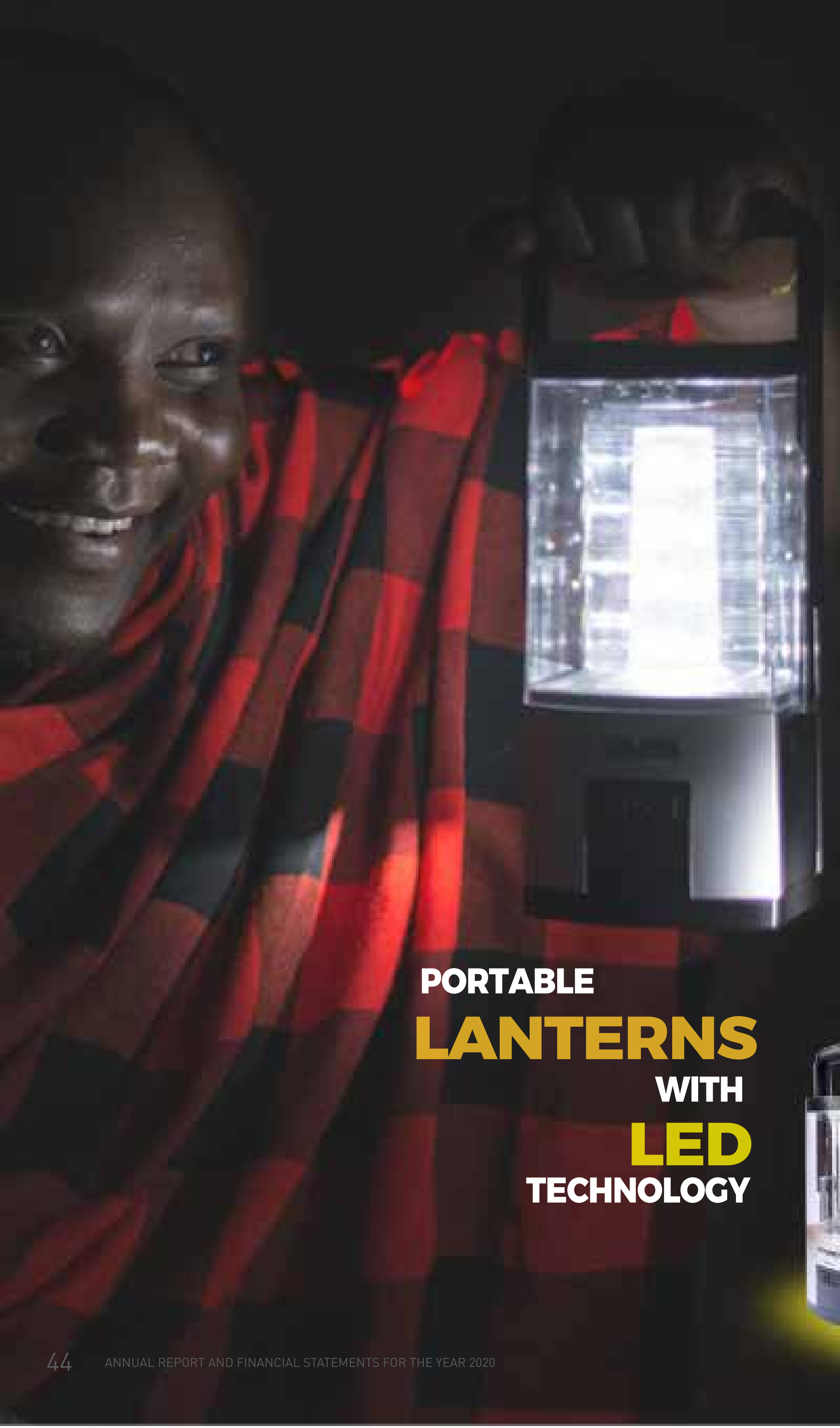
Eveready believes that all accidents are preventable and we work hard to foster our Company's safety culture.

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.

Environmental

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

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



FINANCIAL REVIEW

SECTION
V

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.

FLASHLIGHTS

PERFECT
BRIGHTNESS

EVEREADY E.A. PLC

Directors

Mrs L Waithaka - Chairperson
Mr. Thomas M. MASAKI - Ag. Managing Director
Mr A H Butt
ICDC - Represented by Ms M Mbithi
Ms F B Shah
Mr Joseph Sitati

Company secretary

Image Registrars Limited
5th Floor, Barclays Plaza, Loita Street
P.O. Box 9287 - 00100
Nairobi,
Kenya.

Registered office

Sameer Industrial Park
Mombasa Road
P.O. Box 30429 - 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 LLP
Certified Public Accountants
1st Floor, Pacis Centre
Slip Road, off Waiyaki Way, Westlands
P.O. Box 349 - 00606
Nairobi,
Kenya.

Principal banker

NCBA Bank Kenya PLC
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.

For the year ended 30th September 2020

The directors submit their report together with the audited financial statements of the group for the year ended 30th September 2020.

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

Directorate
The directors who held office during the year and to the date of this report are set out on page 1.

Principal activities
The principal activities of the group are those of selling imported dry cell and car batteries and trading in an assortment of flashlights, range of bulbs, washing detergents, sanitary towels and tyres.

Recommended dividend
The directors do not recommend the declaration of dividend for the year (2019: 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 TURBO-Plus+®. This segment also includes the company's fabric care segment under the brand EVER CLEAN®, sanitary towels under tye brand name NIA® and motor vehicle tyres under the brand name FALKEN TYRES®.

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

Performance
Gross turnover reduced by 30% during the financial year to KSh 133 million down from KSh 191 million achieved in 2018/2019.

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

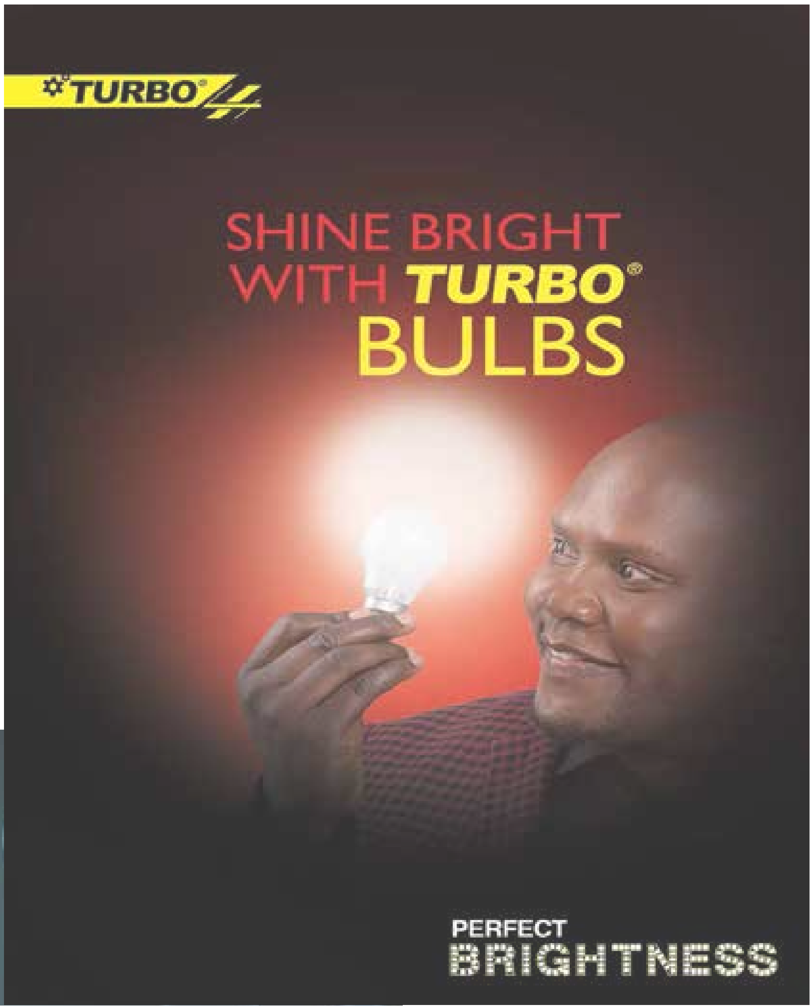
(b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

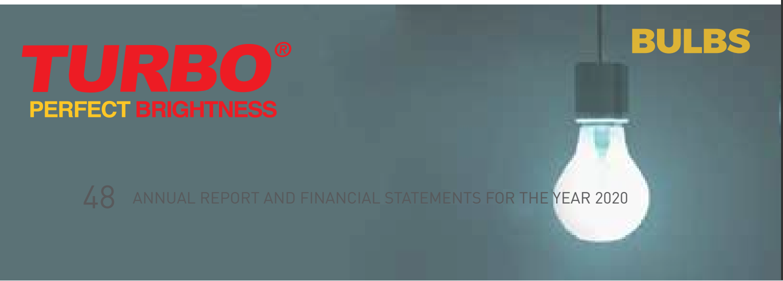
Terms of appointment of the auditor
The directors approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of KSh 1,250,000 has been charged to profit or loss in the year.

By Order Of The Board

....
Director

Date ....29 March.............**2021**





Section 1- Not Subject To Audit

a)Decisions on directors' remuneration
During the year the company was facing financial challenges and the directors decided that they take half of quarter 3 pay and forfeit quarter 4.

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 responsible 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 (KSh)	Allowance per Sitting (KSh)	Mileage Claim per KM (KSh)
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 for the year ended 30th September 2020 KSh	Fees and allowances for the year ended 30th September 2019 KSh
Mrs L Waithaka - Chairperson	850,000	1,325,000
Ms Margaret Odhiambo - Managing Director (Resigned on 15th March 2021)	9,141,123	5,960,080
Mr J K Mutua - Managing Director (Resigned on 31st January 2019)	-	7,487,206
Mr A H Butt	437,500	680,000
Mr Joseph Sitati	337,500	405,000
Ms F B Shah	442,500	710,000
ICDC - Represented by Ms M Mbithi	375,000	690,000
	11,583,623	17,257,286

By Order Of The Board

Director

Statement Of Directors' Responsibilities

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 accu racy, 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 Kenyan Companies Act, 2015.

The directors accept responsibility for the preparation and presentation of these financial statements in accor dance 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 group'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 group's ability to continue as a going concern.

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

Approved by the board of directors on ....29 March............ 2021 and signed on its behalf by:

....

Director **Director**

RSM Eastern Africa Certified
Public Accountants

1st Floor, Pacis Centre, Slip Road
off Waiyaki Way, Westlands
P.O. Box 44-00600, Nairobi, Kenya
T +254(0)20 3624000/ 4451747/ 8/
9 M +254 (0) 706347950/ 772
786111 F+254(0) 20 4451773

To The Members Of Eveready East Africa Plc

Opinion

We have audited the accompanying financial statements of Eveready East Africa PLC (''the Company'') and its subsidiary (together, ''the Group''), set out on pages 10 to 37, which comprise, for both the Group and the Company, the balance sheet as at 30th September 2020, the statement of profit and loss and other comprehensive income, statement of 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 2020 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015.

Basis For Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 27 in the financial statements, which indicates that the company incurred a net loss of KSh 69,010,000 (2019: KSh 303,544,000) during the year ended 30th September 2020. As stated in Note 27, these events or conditions, along with other matters set forth in Note 27, indicate that a material uncertainty exists that may cast significant doubt on the Group and the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key audit matter	How the matter was addressed
Existence and valuation of inventory	The Group had inventory with a total value of KSh 38 million at year end representing 23% of the total current assets. The procedures we 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.

Key Audit Matter(Continued)

Recoverability of trade receivables	The Group had trade receivables amounting to KSh 201 million, out of which KSh 187 million are deemed to be irrecoverable and therefore provided. The debtors' days have also improved from 188 days in 2019 to 49 days in 2020 as some the company put in place stringent credit policies. **How the matter was addressed** Our procedures performed included the following: • Analysed the ageing of accounts receivable. • Circularized key accounts to confirm balances outstanding at year end. • Examined the historical recovery records and current credit status of customers. • Performed alternative procedures where confirmations not received by checking subsequent receipts from customers after the year end. • Ensured that adequate provision for impairment was in place for balances whose recovery is doubtful in accordance with IFRS 9.

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, other than that prescribed by the Kenyan Companies Act, 2015, as set out below.

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.

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. How ever, 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.

RSM Eastern Africa LLP
Certified Public Accountants
Nairobi

29 March 2021

043/2021

The signing partner responsible for the independent audit was CPA Elvis Ogeto, Practising Certificate No. 2303.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH SEPTEMBER 2020

		Group		Company	
Continuing Operations	Note	2020 KSh'000	2019 KSh'000	2020 KSh'000	2019 KSh'000
Sales	5	133,590	190,667	133,590	190,667
Cost Of Sales		(105,655)	(154,013)	(105,655)	(154,013)
Gross Profit		27,935	36,654	27,935	36,654
Other Income	6	9,066	20,856	9,066	20,856
Selling And Distribution Expenses		(11,705)	(20,239)	(11,705)	(20,239)
Administrative Expenses		(66,303)	(92,021)	(66,303)	(92,021)
Establishment Expenses		(6,370)	(9,082)	(6,370)	(9,082)
Impairment Of Assets	7	366	(42,174)	366	(42,174)
Finance Costs	8	(2,926)	(889)	(2,926)	(889)
Loss Before Tax	9	(49,937)	(106,895)	(49,937)	(106,895)
Tax Expense	10	(19,073)	(196,649)	(19,073)	(196,649)
Loss For The Year Attributable To The Owners Of The Company		(69,010)	(303,544)	(69,010)	(303,544)
Earnings Per Share		KSh	KSh	KSh	KSh
Loss Per Share - Basic And Diluted	11	(0.33)	(1.45)	(0.33)	(1.45)

BALANCE SHEET AT 30TH SEPTEMBER 2020

		Group		Company	
	Note	2020 KSh'000	2019 KSh'000	2020 KSh'000	2019 KSh'000
Equity					
Share Capital	12	210,000	210,000	210,000	210,000
Translation Reserve		18,159	18,159	-	-
Retained Earnings		(187,168)	(118,158)	(169,009)	(99,999)
Total Equity		40,991	110,001	40,991	110,001
Non-current Liabilities					
Lease Liabilities	13	3,744	-	3,744	-
Provisions For Liabilities	14	4,424	8,847	4,424	8,847
		8,168	8,847	8,168	8,847
		49,159	**118,848**	**49,159**	**118,848**
REPRESENTED BY					
Non-current Assets					
Right-of-use Assets	15	7,759	-	7,759	-
Equipment	16	3,505	4,485	3,505	4,485
Investment In Subsidiaries	17	-	-	-	-
Deferred Income Tax	18	31,872	49,284	31,872	49,284
		43,136	53,769	43,136	53,769
Current Assets					
Inventories	19	38,055	36,014	38,055	36,014
Trade And Other Receivables	20	42,044	80,554	42,044	80,554
Cash At Bank And In Hand	21	77,850	78,189	77,850	78,189
		157,949	194,757	157,949	194,757
Current Liabilities					
Lease Liabilities	13	4,267	-	4,267	-
Trade And Other Payables	22	129,681	111,728	129,681	111,728
Current Tax		4,547	5,258	4,547	5,258
Borrowings	23	13,431	12,692	13,431	12,692
		151,926	129,678	151,926	129,678
Net Current Assets		6,023	65,079	6,023	65,079
		49,159	**118,848**	**49,159**	**118,848**

The financial statements on pages 10 to 37 were approved for issue by the board of directors on ......29 March......... 2021 and were signed on its behalf by:

....
Director

....
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH SEPTEMBER 2020

Group

	Share Capital KSh'000	Translation Reserve KSh'000	Retained Earnings KSh'000	Total KSh'000
As At 1st October 2018	210,000	18,159	185,386	413,545
Changes In Equity In 2019				
Loss For The Year	-	-	(303,544)	(303,544)
At 30th September 2019	210,000	18,159	(118,158)	110,001
At 1st October 2019	210,000	18,159	(118,158)	110,001
Changes In Equity In 2020				
Loss For The Year	-	-	(69,010)	(69,010)
At 30th September 2020	210,000	18,159	(187,168)	40,991

Company

	Share Capital KSh'000	Translation Reserve KSh'000	Retained Earnings KSh'000	Total KSh'000
As At 1st October 2018	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
At 1st October 2019	210,000	-	(99,999)	110,001
Changes In Equity In 2020				
Loss For The Year	-	-	(69,010)	(69,010)
At 30th September 2020	210,000	-	(169,009)	40,991

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH SEPTEMBER 2020

		Group		Company	
	Note	2020 KSh'000	2019 KSh'000	2020 KSh'000	2019 KSh'000
Cash Flows From Operating Activities					
Loss Before Tax		(69,010)	(303,544)	(69,010)	(303,544)
Adjustments For:					
Income Tax	10	19,073	196,649	19,073	196,649
Depreciation Of Equipment	16	972	3,109	972	3,109
Depreciation Of Right-of-use Assets	15	3,880	-	3,880	-
Gain On Disposal Of Assets	6	(1,144)	(5,983)	(1,144)	(5,983)
Interest Expense	8	2,030	889	2,030	889
Interest Paid On Lease Liabilities	13	896	-	896	-
Assets Write Off		-	1,386	-	1,386
Operating Loss Before Working Capital Changes		(43,303)	(107,494)	(43,303)	(107,494)
(Increase)/decrease In Inventories		(2,041)	52,837	(2,041)	52,837
Decrease In Trade And Other Receivables		38,510	50,485	38,510	50,485
Increase In Trade And Other Payables		17,953	2,772	17,953	2,772
Decrease In Provision For Liabilities	14	(4,423)	-	(4,423)	-
Cash Generated From/(Used In) Operations		6,696	(1,400)	6,696	(1,400)
Interest Paid		(2,030)	(889)	(2,030)	(889)
Interest Paid On Lease Liabilities		(896)	-	(896)	-
Tax Paid		(2,372)	(2,180)	(2,372)	(2,180)
Net Cash Generated/(Used In) Operating Activities		1,398	(4,469)	1,398	(4,469)
Cash Flows From Investing Activities					
Purchase Of Equipment	16	(80)	(1,663)	(80)	(1,663)
Proceeds From Disposal Of Equipment		1,232	6,257	1,232	6,257
Net Cash Generated From Investing Activities		1,152	4,594	1,152	4,594
Cash Flows From Financing Activities					
Payment Of Principal Portion Of The Lease Liability	13	(3,628)	-	(3,628)	-
(Repayment Of)/proceeds From Of Borrowings		(9,490)	9,498	(9,490)	9,498
Net Cash (Used In)/generated From Financing Activities		(13,118)	9,498	(13,118)	9,498
Net (Decrease)/increase In Cash And Cash Equivalents		(10,568)	9,623	(10,568)	9,623
Cash And Cash Equivalents At Start Of The Year		78,189	68,566	78,189	68,566
Cash And Cash Equivalents At End Of The Year	21	67,621	78,189	67,621	78,189

1. Summary Of Significant Accounting Policies

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

a) Basis of preparation

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

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

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

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

Measurement basis

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

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

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

1. Summary Of Significant Accounting Policies (Continued)

b) New and revised standards

i) Adoption of new and revised standards

One new Standard, one new Interpretation and a number of Amendments to standards became effective for the first time in the financial year beginning 1st October 2019 and have been adopted by the company. Neither the Amendments nor the Interpretation has had an effect on the company's financial statements, but the new Stan dard has had an impact, as follows:

IFRS 16 Leases

From 1st October 2019, to comply with IFRS 16, Leases, which replaced IAS 17, Leases, the company now recognises lease liabilities relating to leases under which the company is the lessee that had previously been classified as operating leases (other than leases with less than 12 months to run from 1st October 2019 and leases of low value items). Such liabilities have been measured at 1st October 2019 at the present value of the remaining lease payments discounted using the company's incremental borrowing rate as at 1st October 2019. Corresponding right-of-use assets have been recognised, measured as if the company's new accounting policy (see Note 1(q)) had been applied since the commencement of each lease but discounted using the company's incremental borrow ing rate as at 1st October 2019. The difference between the lease liabilities and right-of-use assets at 1 October 2019 has been recognised as an adjustment to retained earnings at that date (see Note 24). As permitted by the transi tion provisions in the new Standard, comparative amounts have not been restated.

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 2019, 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.

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. How ever, 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.

1. Summary Of Significant Accounting Policies (Continued)

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.

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 recog nition 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 reas sessed 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 acquisi tion, 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.

1. Summary Of Significant Accounting Policies (Continued)

h) Dividends

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

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 convert ible 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 subsidiary is dormant and fully impaired at the balance sheet date.

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.

1. Summary Of Significant Accounting Policies (Continued)

l) Discontinued operations

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

m) Financial instruments

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 profit 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.

1. Summary Of Significant Accounting Policies (Continued)

m) Financial instruments (continued)

Classification (continued)

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.

Initial measurement

On initial recognition:

i)Trade receivables are measured at their transaction price.

ii)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.

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.

1. Summary Of Significant Accounting Policies (Continued)

m)Financial instruments (continued)

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 Group 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.

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.

1. Summary Of Significant Accounting Policies (Continued)

q) Leases

Leases under which the company is the lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the company recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the company is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the company's incremental borrowing rate is used.

For leases that contain non-lease components, the company allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassess ment, lease modifications, or revised fixed lease payments.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If own ership of the underlying asset is not expected to pass to the Company at the end of the lease term, the estimated useful life would not exceed the lease term.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

The above accounting policy has been applied from 1st October 2019. Note 24 sets out the equivalent policy applied in the previous year and the impact of the change in accounting policy.

Leases under which the company is the lessor

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments received under operating leases are recognised as income in the profit and loss account on a straight-line basis over the lease term. The company has not entered into any finance leases.

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.

1. Summary Of Significant Accounting Policies (Continued)

s) Post-employment benefit obligations

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 Group'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 Group's accounting policies

The judgements made by the directors in the process of applying the group'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 18); 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 speci-fied dates to cash flows that are solely payments of principal and interest.

b) Key sources of estimation uncertainty

Key assumptions made about the future and other sources of estimation uncertainty that have a signif-icant 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 deter-mination 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 20.

iii) Net realizable value of inventory

Estimates made in determining the net realizable value of inventory. Net realizable value is the estimat-ed 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 and expected credit losses

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

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.

3. Risk Management Objectives And Policies (Continued)

a) Financial risk management (continued)

i) Credit risk and expected credit losses (continued)

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

Group/Company		Lifetime Expected Credit Losses (See Note Below)			
At 30th September 2020	**12- Months Expected Credit Losses Ksh**	**(a) KSh**	**(b) KSh**	**(c) KSh**	**Totals KSh**
Trade Receivables	13,974	-	188,559	2,900	205,433
Other Receivables	20,257	-	15,038	-	35,295
Cash At Bank	77,850	-	-	-	77,850
Gross Carrying Amount	112,081	-	203,597	2,900	318,578
Loss Allowance	-	-	(203,597)	(2,900)	(206,497)
Exposure To Credit Risk	112,081	-	-	-	112,081
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

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 and expected credit losses (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 Days Ksh'000	Over 120 Days Ksh'000	Total Ksh'000
At 30th September 2020	11,475	19,821	5,568	164,236	201,100
At 30th September 2019	12,378	24,961	3,865	219,235	260,439

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

Year ended 30th September 2020

		Basis For Measurement Of Loss Allowance Lifetime Expected Credit Losses (See Note Above)			
	12-month Expected Credit Losses Ksh'000	(a) KSh'000	(b) KSh'000	(c) KSh'000	Total KSh'000
At Start Of Year	-	-	161,272	57,314	218,586
Changes Arising From Receivables Originating During The Year	-	-	42,325	(54,414)	(12,089)
At End Of Year	-	-	203,597	2,900	206,497

Year ended 30th September 2019

	12-month Expected Credit Losses Ksh'000	(a) KSh'000	(b) KSh'000	(c) KSh'000	Total KSh'000
At Start Of Year	-	-	161,272	-	161,272
Changes Arising From Receivables	-	-	-	33,192	33,192
Originating During The Year	-	-	-	24,122	24,122
At End Of Year	-	-	161,272	57,314	218,586

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:

3. Risk Management Objectives And Policies (Continued)

a) Financial risk management (continued)

ii) Liquidity risk (continued)

Group/Company

At 30th September 2020	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
Trade Payables	41,999	-	-	-	41,999
Other Payables And Accrued Expenses	50,521	-	-	-	50,521
Dividend Payable	37,161	-	-	-	37,161
Borrowings	10,229	3,202	-	-	13,431
	139,910	3,202	-	-	143,112

At 30th September 2020	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
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

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 2021 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 (2019: 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.

3. Risk Management Objectives And Policies (Continued)

a)Financial risk management (continued)

iii) Market risk (continued)

	2020 US$ KSh' 000	2019 US$ KSh' 000
Cash At Bank	301	1
Trade Payables	(1,553)	(2,571)
Advance Payments To Suppliers	6,852	10,315
Net Exposure	5,600	7,745

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 2021 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 420,000 (2019: KSh 50,000).

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 Group had no other external debt at the end of the year.

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

	Group		Company	
	2020 KSh'000	2019 KSh'000	2020 KSh'000	2019 KSh'000
Shareholders' Funds	40,762	110,001	40,762	110,001
Total Borrowings	13,431	12,692	13,431	12,692
Less: Cash And Cash Equivalents	(77,850)	(78,189)	(77,850)	(78,189)
Net Debt	(64,419)	(65,497)	(64,419)	(65,497)
Gearing	N/A	N/A	N/A	N/A

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	
	2020 KSh'000	2019 KSh'000	2020 KSh'000	2019 KSh'000
5. Sales				
Sale Of Purchased Goods	133,590	190,667	133,590	190,667
6. Other Income				
Interest Income	6,643	6,740	6,643	6,740
Miscellaneous Income	1,279	8,133	1,279	8,133
Gain On Disposal Of Assets	1,144	5,983	1,144	5,983
	9,066	20,856	9,066	20,856
7. Impairment Of Assets				
Impairment Of Trade Receivables	(28,787)	30,519	(28,787)	30,519
Impairment Of Other Receivables	12,365	2,673	12,365	2,673
Bad Debts Written-off	16,056	-	16,056	-
Impairment Of Inventories	-	8,982	-	8,982
	(366)	42,174	(366)	42,174
8. Finance Costs				
Interest On Lease Liability	896	-	896	-
Interest Expense - Loans	2,030	889	2,030	889
	2,926	889	2,926	889
9. Loss Before Tax				
a) Items charged				
The Following Items Have Been Charged In Arriving At Loss Before tax:				
Inventories Expensed	105,655	154,013	105,655	154,013
Employee Benefits Expense (Note 9(B))	44,349	60,345	44,349	60,345
Operating Lease Rentals Expense	1,077	6,859	1,077	6,859
Depreciation Of Right-of-use Asset	3,880	-	3,880	-
Depreciation Of Equipment	972	3,109	972	3,109
B) Employee Benefits Expense				
The Following Items Are Included In Employee Benefits Expense:				
Wages And Salaries	43,138	57,780	43,138	57,780
Retirement Benefit Costs:				
- Defined Contribution Scheme	1,126	2,451	1,126	2,451
- National Social Security Fund (Nssf)	85	114	85	114
	44,349	60,345	44,34	60,345

The average number of persons employed during the year, by category, were:	2020 Number	2019 Number
Sales And Distribution	25	40
Management And Administration	12	12
	37	52

10. Tax Expense

	Group		Company	
	2020 KSh'000	2019 KSh'000	2020 KSh'000	2019 KSh'000
Current Income Tax	1,661	2,022	1,661	2,022
Deferred Tax (Note 18)	17,412	194,627	17,412	194,627
Tax Expense	19,073	196,649	19,073	196,649
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	(49,937)	(106,895)	(49,937)	(106,895)
Tax Calculated At A Tax Rate Of 25% (2019: 30%)	(12,484)	(32,069)	(12,484)	(32,069)
Tax Effect Of:				
Under - Provision Of Deferred Income Tax In Prior Year	-	(1,330)	-	(1,330)
Change In Tax Rate	58,670	-	58,670	-
Deferred Tax Asset Not Recognised	(51,038)	229,109	(51,038)	229,109
Expenses Not Deductible For Tax Purposes	796	939	796	939
Write Down Of A Deferred Tax Asset	23,129	-	23,129	-
Tax Expense	19,073	196,649	19,073	196,649

11. 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	
	2020 KSh'000	2019 KSh'000	2020 KSh'000	2019 KSh'000
Loss For The Year (Ksh' 000)	(69,239)	(303,544)	(69,239)	(303,544)
Number Of Ordinary Shares (Thousands) - Note 12	210,000	210,000	210,000	210,000
Loss Per Share - Basic And Diluted (Ksh)	(0.33)	(1.45)	(0.33)	(1.45)

There were no potentially dilutive shares outstanding at either 30th September 2020 or 30th September 2019.

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	No. of Shares '000	Issued And Paid Up Capital KSh'000
12. Share Capital		
Ordinary Shares		
At 1st October 2018 and 30th September 2019	210,000	210,000
At 1st October 2019 and 30th September 2020	210,000	210,000

The total number of authorised ordinary shares is 210,000,000 (2019: 210,000,000) with a par value of KSh 1 each.

	Group		Company	
13. Lease Liabilities	2020 KSh'000	2019 KSh'000	2020 KSh'000	2019 KSh'000
Current	4,267	-	4,267	-
Non-current	3,744	-	3,744	-
The Total Cash Outflow For Leases In The Year Was:	8,011	-	8,011	-
Payments Of Principal Portion Of The Lease Liability	3,628	-	3,628	-
Interest Paid On Lease Liabilities	896	-	896	-
	4,524	-	4,524	-

For more information on the nature of the leases entered into and the related right-of-use assets, see Note 15.

	Group		Company	
14. Provisions for liabilities	2020 KSh'000	2019 KSh'000	2020 KSh'000	2019 KSh'000
At Start Of Year	8,847	8,847	8,847	8,847
Reversed During The Year	(4,423)	-	(4,423)	-
At End Of Year	4,424	8,847	4,424	8,847

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

15. Right-of Use Assets - Group And Company

	Buildings KSh'000
At 1st October 2019	
Effect Of Change Of Accounting Policy (Note 24)	11,639
Depreciation Charge	(3,880)
Carrying Amount At 30th September 2020	7,759

The right-of-use asset relates to leased warehouses. The current lease for the warehouse is for 4.8 years and expires on 31st October 2022. The lease does not contain any restrictions or covenants other than the protective rights of the lessor and does not carry a residual value guarantee.

For information on the related lease liabilities, see Note 13.

16. Equipment

Group And Company	Furniture And Fixtures KSh'000	Computers KSh'000	Motor Vehicles KSh'000	Total KSh'000
At 1st October 2018				
Cost	18,674	14,277	40,503	73,454
Accumulated Depreciation	(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
Cost Elimininated On Disposal	-	-	(16,646)	(16,646)
Cost Elimininated On Write-off	(1,594)	(1,335)	-	(2,929)
Accumulated Depreciation Eliminated On Disposal	-	-	16,372	16,372
Accumulated Depreciation Eliminated On Write-off	425	1,118	-	1,543
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	55,543
Accumulated Depreciation And Impairment	(16,166)	(11,646)	(23,245)	(51,057)
Net Carrying Amount	2,239	1,634	612	4,485
Year ended 30th September 2020				
Opening Carrying Amount	2,239	1,634	612	4,485
Additions	80	-	-	80
Cost Elimininated On Disposal	-	-	(4,263)	(4,263)
Accumulated Depreciation Eliminated On Disposal	-	-	4,175	4,175
Depreciation Charge	(269)	(204)	(499)	(972)
Closing Carrying Amount	2,050	1,430	25	3,505
At 30th September 2020				
Cost	18,485	13,280	19,594	51,359
Accumulated Depreciation And Impairment	(16,435)	(11,850)	(19,569)	(47,854)
Net Carrying Amount	**2,050**	**1,430**	**25**	**3,505**

Fully depreciated assets still used had a cost of KSh 55,446,455 (2019: KSh 56,908,000).

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	6.7
Computers	33.3
Motor Vehicles	33.3

17. Investments In Subsidiaries

Company		2020 KSh'000	2019 KSh'000
Unquoted Securities At Cost	**Holding**	333	333
Flamingo Properties Uganda Limited	100%	(333)	(333)
Impairment Loss		-	-

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.

18. Deferred Income Tax - Group And Company

Deferred income tax is calculated using the enacted tax rate of 25% (2019: 30%).

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 2020	At Start Of Year Ksh'000	Credited / (Charged) To Profit Or Loss KSh'000	At End Of Year Ksh'000
Deferred Tax Asset			
Tax Losses	302,736	(51,038)	251,698
Provision For Staff Leave	617	(32)	585
Provision For Bad Debts	31,746	(9,396)	22,350
Equipment	4,609	(1,368)	3,241
Right-of-use Assets	-	(1,940)	(1,940)
Lease Liability	-	2,003	2,003
Provision For Obsolete Inventory	12,312	(6,679)	5,633
	352,020	(68,450)	283,570
Deferred Tax Asset Not Recognized On Tax Losses	(302,736)	51,038	(251,698)
Net Deferred Tax Asset	49,284	(17,412)	31,872

Year Ended 30th September 2019	At Start Of Year Ksh '000'	Credited / (Charged) To Profit Or Loss Ksh '000'	At End Of Year Ksh '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
Provision For Obsolete Inventory	8,799	3,513	12,312
Equipment	6,392	(1,783)	4,609
	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

18. Deferred Income Tax - Group And Company (Continued)

The deferred tax asset has not been recognised on tax losses carried forward amounting to KSh 1,007,705 (2019: KSh 1,009,121,000) due to lack of certainty of availability of future taxable profits against which such 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 1,007,705 carried forward will expire as follows:

Arising in:	Tax Losses KSh'000	Expiring:
2012	55,148	2021
2015	180,226	2024
2016	232,032	2025
2017	219,998	2026
2018	148,355	2027
2019	80,843	2028
2020	91,103	2029
	1,007,705	

	Group		Company	
	2020 KSh' 000	2019 KSh' 000	2020 KSh' 000	2019 KSh' 000
19. Inventories				
Finished Goods	60,589	77,054	60,589	77,054
Less: Provision For Impairment	(22,534)	(41,040	(22,534)	(41,040)
	38,055	36,014	38,055	36,014
20. Trade And Other Receivables				
Trade Receivables (Note 24(Iii))	201,100	260,439	201,100	260,439
Less: Provision For Impairment Losses	(187,126)	(215,913)	(187,126)	(215,913)
Other receivables	13,974	44,526	13,974	44,526
Less: Provision for impairment losses	20,709	9,861	20,709	9,861
Receivable from related parties	(15,038)	(2,673)	(15,038)	(2,673)
Less: Provision for impairment losses	-	-	53,102	53,102
Value Added Tax recoverable	-	-	(53,102)	(53,102)
Prepayments	14,586	16,964	14,586	16,964
	7,813	11,876	7,813	11,876
	42,044	80,554	42,044	80,554
The movement on the provision for impairment losses for trade receivables and receivables from related parties is as follows:				
At 1st October	215,913	161,272	215,913	161,272
Net increase charged to profit and loss account	(28,787)	30,519	(28,787)	30,519
Prior year provision for credit losses (Note 26)	-	24,122	-	24,122
At 30th September	187,126	215,913	187,126	215,913

21. Cash At Bank And In Hand

	Group 2020 KSh'000	Group 2019 KSh'000	Company 2020 KSh'000	Company 2019 KSh'000
Cash At Bank And In Hand	1,510	1,493	1,510	1,493
Short-term Bank Deposits	76,340	76,696	76,340	76,696
	77,850	78,189	77,850	78,189
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:				
Cash And Bank Balance	1,510	1,493	1,510	1,493
Short-term Bank Deposits	76,340	76,696	76,340	76,696
Bank Overdraft (Note 22)	(10,229)	-	(10,229)	-
	67,621	78,189	67,621	78,189

22. Trade And Other Payables

	Group 2020 KSh'000	Group 2019 KSh'000	Company 2020 KSh'000	Company 2019 KSh'000
Trade Payables (Note 24(Iii))	41,999	40,567	41,999	40,567
Other Payables And Accruals	46,019	30,709	46,019	30,709
Dividend Payables	37,161	37,176	37,161	37,176
Payable To Directors	4,502	3,276	4,502	3,276
	129,681	111,728	129,681	111,728

23. Borrowings

	Group 2020 KSh'000	Group 2019 KSh'000	Company 2020 KSh'000	Company 2019 KSh'000
Current				
Bank Overdraft (Note 20)	10,229	-	10,229	-
Post Dated Cheques Discounting	3,202	11,847	3,202	11,847
Insurance Premium Financing	-	845	-	845
	13,431	12,692	13,431	12,692
The Borrowings Are Repayable As Follows:				
On Demand Or Within 1 Year	13,431	12,692	13,431	12,692

24. Effect Of Change Of Accounting Policy - Leases

As explained in Note 2(b)(i), the company changed its accounting policy for leases where the company is lessee. The new policy is described in Note 2(g). As permitted by the transition provisions in the new Standard, comparative amounts have not been restated. The company's accounting policy for leases under which the company was a lessee was, up to 30th September 2019, as follows:

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 under operating leases are charged 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.

Right-of-use assets and lease liabilities in respect of operating leases (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) in force at 1st October 2019 have been recognised in accordance with the transition requirements of IFRS 16, as described in Note 2(b)(i). The resulting adjustment processed at 1st October 2019 as a result of applying IFRS 16, was as follows:

24. Effect Of Change Of Accounting Policy - Leases (Continued)

	KSh'000
Lease Liabilities	11,639
Right-of-use Assets	(11,639)
Net Adjustment To Retained Earnings At 1st October 2019	-

25. 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.

Iii) Outstanding Balances Arising From Sale And Purchase Of Goods/services

	2020 KSh'000	2019 KSh'000
Payables To Related Parties (Note 22)	3,818	903
Receivables From Related Parties (Note 20)	404	284
Iv)key Management Compensation		
The Remuneration For Key Management During The Year Was As Follows:	16,345	27,196
Salaries And Other Benefits	9,469	13,447
V)Directors' Remuneration	2,115	3,810
Salaries		
Fees For Services As Directors	11,584	17,257

26. Contingencies

	2020 KSh'000	2019 KSh'000
Bank Guarantees	8,600	12,600

27. New And Revised Standards And Interpretations Which Have Been Issued But Are Not Yet Effective

The group has not applied the following new and revised standards and interpretations that have been published but are not yet effective for the year beginning 1st October 2019.

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

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

Amendments to IFRS 3 titled Definition of a Business (issued in October 2018). he 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.

Amendments to IFRS 3 titled Definition of a Business (issued in October 2018). he 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.

Amendments to IAS 1 and IAS 8 titled Definition of Material (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.

Amendments to IFRS 9, IAS 39 and IFRS 7 titled Interest Rate Benchmark Reform (issued in September 2019). The amendments, applicable to annual periods beginning on or after 1 January 2020, modify some specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by the IBOR reform.

Amendments to IFRS 16 titled Covid-19 Related Rent Concessions (issued in May 2020), the amendments, applica ble to annual periods beginning on or after 1 June 2020, permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifi cations and instead to account for those rent concessions as if they are not lease modifications.

Amendments to IAS 37 titled Onerous Contracts - Cost of Fulfilling a Contract (issued in May 2020), the amend ments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022.

Amendments to IAS 16 titled Property, Plant and Equipment: Proceeds before Intended Use (issued in May 2020), the amendments, applicable to annual periods beginning on or after 1 January 2022, prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing an asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss

Amendment to IFRS 1 titled First time Adoption of International Financial Reporting Standards (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020), The amendment, applicable to annual periods beginning on or after 1 January 2022, provides a subsidiary that becomes a first-time adopter later than its parent with an exemption relating to the measurement of its assets and liabilities. The exemption does not apply to components of equity.

27. New And Revised Standards And Interpretations Which Have Been Issued But Are Not Yet Effective (Continued)

Amendment to IFRS 9 titled Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020), The amendment, applicable to annual periods beginning on or after 1 January 2022, to IFRS 9 clarifies the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to IFRS 41 titled Taxation in Fair Value Measurements (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020), The amendment, applicable to annual periods beginning on or after 1 January 2022, to IAS 41 removed the requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS Standards.

1. SELLING AND DISTRIBUTION EXPENSES

	2020 KSh'000	2019 KSh'000
Salary And Wages	4,031	6,307
Staff Other Costs	181	592
Rent And Rates	1,069	5,886
Vehicle running costs	3,672	3,129
Travel	544	427
Transport	535	2,857
Miscellaneous Expenses	565	555
Postage And Telephone	(339)	34
Printing And Stationery	187	33
Security	535	224
Insurance	725	138
Depreciation	-	57
Total Selling And Distribution Expenses	11,705	20,239

2. ADMINISTRATIVE EXPENSES

	2020 KSh'000	2019 KSh'000
Employment:		
Salaries And Wages	39,107	51,473
Staff Welfare Costs	166	1,315
National Social Security Fund (NSSF)	85	114
Defined Contribution Scheme	1,126	2,451
Staff Medical	866	3,612
Total Employment Costs	41,350	58,965
Other Administration Expenses:		
Directors Remuneration	2,115	3,810
Postage, Telephone And Email	3,448	2,539
Printing And Stationery	861	821
Travel	1,523	1,774
Audit Fees		
- Current Year	1,250	1,750
- Under - Provision In Prior Year	58	72
Vehicle Running Expenses	4,544	5,239
Legal And Professional Fees	2,733	1,733
Bank Charges And Commissions	776	800
Subscription	74	440
Office Expenses	164	80
Distributors Incentives	102	(455)
Advertisement And Sales	1,074	1,915
Shareholders' Services	4,285	8,683
Foreign Exchange Loss On Trade Payables	(168)	97
Fines And Penalties	1,358	2,278
Miscellaneous Expenses	756	1,480
Total Other Administration Expenses	24,953	33,056
Total Administrative Expenses	**66,303**	**92,021**

3. ESTABLISHMENT EXPENSES

	2020 KSh'000	2019 KSh'000
Establishment:		
Rent And Rates	8	973
Security	1	43
Electricity And Water	(79)	414
Insurance	1,557	3,011
Licences	31	202
Equipment Written Off	-	1,387
Depreciation Of Right-of-use Asset	3,880	-
Depreciation	972	3,052
Total Establishment Expenses	**6,370**	**9,082**

1. TAX COMPUTATION

	KSh	KSh
Loss Before Tax As Per Financial Statements		(49,937,000)
Add: Depreciation On Property, Plant And Equipment	971,940	
Depreciation Of Right-of-use Asset	3,880,000	
Provision For Leave	286,694	
Provision For Inventories	(18,506,191)	
Provision For Other Debtors	12,040,105	
Provision For Bad Debts	(28,787,000)	
Legal Fees	1,087,213	
Fines And Penalties	1,358,403	
Non-deductible portion of contribution to retirement benefit scheme	733,912	(26,934,924)
Less: Wear and tear allowance	(2,226,897)	
Interest income	(7,232,823)	
Principal Payment Of Lease Liability	(3,628,000)	
Gain On Disposal Of Property, Plant And Equipment	(1,143,607)	(14,231,327)
Tax Loss For The Year		**(91,103,251)**
Tax Loss Brought Forward		**(916,603,002)**
Tax Loss C/f		**(1,007,706,253)**

2. SUMMARY	Taxable Income KSh	Tax rate	KSh
i)Business income	-	25%	-
iii)Interest income	7,232,823	25%	1,808,206
Tax thereon	7,232,823		1,808,206

3. WEAR AND TEAR ALLOWANCE

A. NEW CLASSES - WEF 15TH APRIL 2020

	Class I 25% KSh	Class II 10.00% KSh	Total KSh
Transfers from old classes - bal at 30th September 2020	3,614,080	16,233,533	19,847,613
Additions	-	80,000	80,000
Disposals	(1,231,902)	-	(1,231,902)
	2,382,178	16,313,533	18,695,711
Wear & Tear Allowance	(595,544)	(1,631,353)	(2,226,897)
W.D.V at 30th September 2020	**1,786,634**	**14,682,180**	**16,468,814**

B. OLD CLASSES - BAL AT 30TH SEPTEMBER 2020

	Class I 37.5% KSh	Class II 30% KSh	Class III 25% KSh	Class IV 12.50% KSh	Total KSh
W.D.V at 30th September 2019	26,639	2,149,814	1,437,627	16,233,533	19,847,613

4. CLASSIFICATION OF ADDITION TO W & T SCHEDULE

	Additions KSh	Class I KSh	Class II KSh
Furniture, fittings & equipment	80,000	-	80,000
Total	**80,000**	**0**	**80,000**

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.

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 subsidiary is dormant and fully impaired at the balance sheet date.

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

k) Impairment of non-financial assets
Non-financial assets that are carried at amortised cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

m) Financial instruments
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 profit or loss.**

iv) Notwithstanding the above, the Group may:


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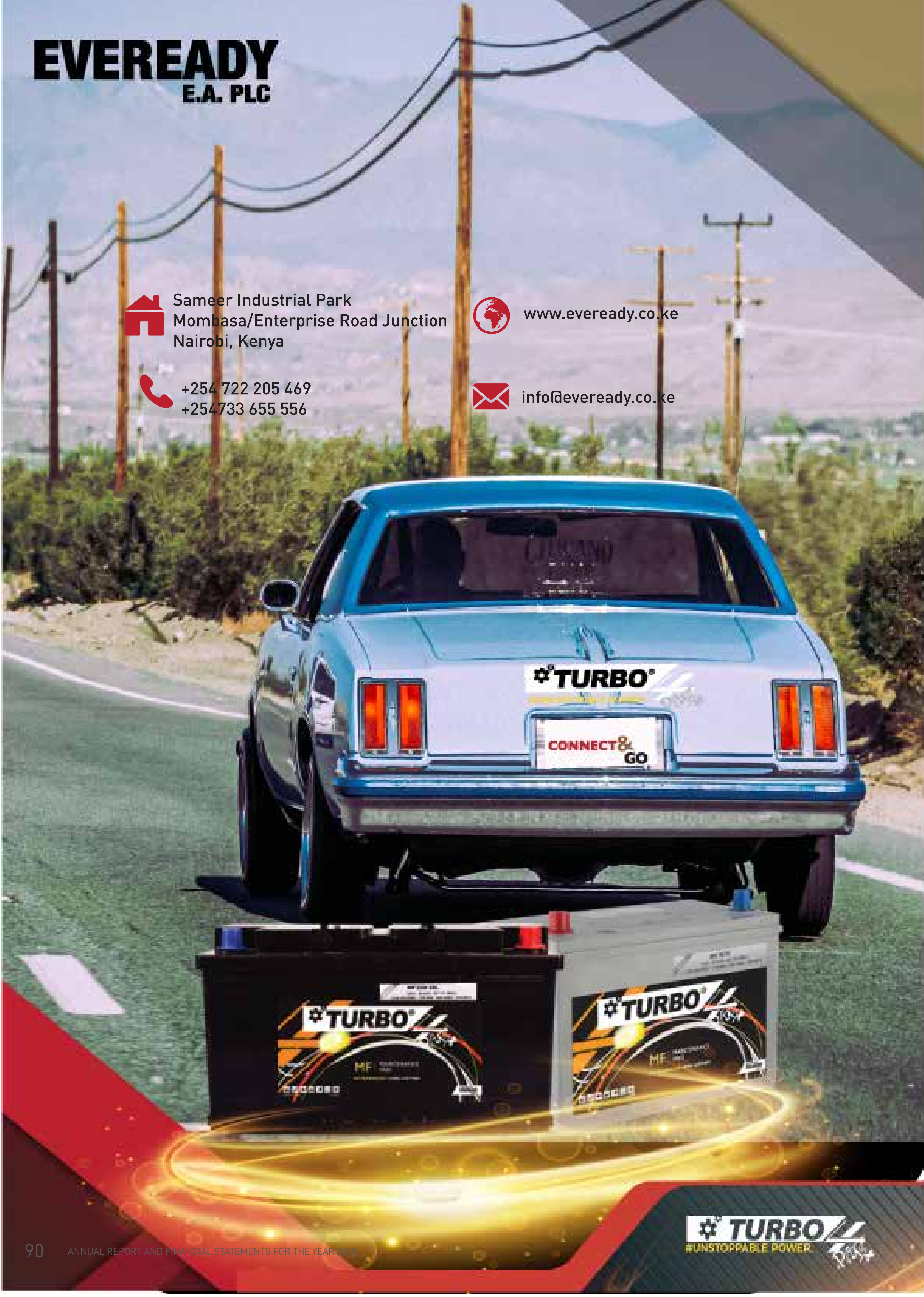
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