ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

EVEREADY E.A. PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group	
	2016	2015 Restated
	Shs '000	Shs '000
Continuing operations		
Sales	553,311	1,124,582
Cost of sales	(425,016)	(905,915)
Gross profit	128,295	218,667
Other income	4,872	75,929
Reversal of impairment of assets	17,021	-
Overhead expenses	(296,782)	(405,734)
Finance costs	(72,368)	(50,267)
Loss before tax	(218,962)	(161,405)
Tax income/(expense)	47,138	(20,670)
Loss for the year from continuing operations	(171,824)	(182,075)
Loss for the year from discontinued operations	(34,681)	(19,434)
Loss for the year	(206,505)	(201,509)
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Surplus on revaluation of property, plant and equipment	-	705,000
Deferred tax relating to surplus on revaluation of property, plant and equipment	-	(35,250)
Actuarial losses	310	(5,248)
Items that will be reclassified subsequently to profit or loss when specific conditions are met:		
Currency translation differences on foreign operations	10,284	1,031
Other comprehensive income for the year, net of tax	10,594	665,533
Total comprehensive (loss)/ income for the year attributable to the owners of the Company	(195,911)	464,024
Earnings per share	**Shs**	**Shs**
Loss per share - basic and diluted	(0.98)	(0.96)

BALANCE SHEET AS AT 30TH SEPTEMBER 2016

	Group		Company	
	2016	2015 Restated	2016	2015 Restated
	Shs'000	Shs'000	Shs'000	Shs'000
Equity				
Share capital	210,000	210,000	210,000	210,000
Actuarial reserve	(3,270)	(3,580)	(3,270)	(3,580)
Translation reserve	11,118	834	-	-
Revaluation reserve	657,073	669,750	657,073	669,750
Retained earnings	(388,343)	(194,515)	(379,895)	(161,562)
Total Equity	486,578	682,489	483,908	714,608
Non-current Liabilities				
Provisions for liabilities charges	8,847	8,847	8,847	8,847
	8,847	8,847	8,847	8,847
	495,425	691,336	492,755	723,455
REPRESENTED BY				
Non-current assets				
Property, plant and equipment	18,293	721,670	18,293	718,053
Non-current assets held for sale	695,658	-	693,797	-
Investment in subsidiary	-	-	333	333
Deferred income tax	98,087	50,013	98,087	50,013
Retirement benefit asset	4,215	3,418	4,215	3,418
	816,253	775,101	814,725	771,817
CURRENT ASSETS				
Inventories	161,997	355,720	161,997	334,233
Trade and other receivables	94,805	184,855	94,805	249,788
Current tax	6,007	11,140	6,007	6,944
Cash at bank and in hand	3,744	6,979	562	2,373
	266,553	558,694	263,371	593,338
Current liabilities				
Trade and other payables	144,107	315,049	142,067	314,290
Borrowings	443,274	327,410	443,274	327,410
	587,381	642,459	585,341	641,700
Net current liabilities	(320,828)	(83,765)	(321,970)	(48,362)
	495,425	691,336	492,755	723,455

COMMENTS ON THE RESULTS

The Company experienced a challenging out of stock situation occasioned by lack of supplies from our global supplier of carbon zinc and alkaline batteries which adversely affected supply for a considerable period during the year under review. As a result the Company recorded a 51% decline in total revenues compared to last year. This situation affected both our domestic and export business. The Company also reviewed its route to market operations in Uganda and a decision was made to close our operations in that market and focus on working through partnerships with third parties. This was important in addressing inherent business risks in Uganda. This impacted the performance of the year by Ksh 35m. Finance costs mainly driven by the high interest rate regime before the change in law saw the company incur financing costs of Ksh 72m compared to 50m in prior year. The above factors led to a loss after tax of Ksh 207m compared to a loss after tax last year of Ksh 202m.

The Company made key strategic decisions last year in order to ensure a more sustainable solution to the business challenges and help position the business for future growth. Key ones among this was sell the Nakuru property in order to clear the debt and provide sufficient working capital to support the distribution business. The Company also reviewed its relationship with Energizer Middle East & Africa Ltd. from a supply stand point in light of the onerous terms offered for purposes of renewing the distribution agreement, and decided that it would not be in the best interests of the business to renew the agreement under those terms. The Company therefore decided to pursue other options in the supply of portable power solutions, which will guarantee certainty and sustainability to the business.

DIVIDEND

The Directors do not recommend the payment of dividend.

ANNUAL GENERAL MEETING

The 50th Annual General Meeting of Eveready East Africa PLC will be held at Merica Hotel, Nakuru on Tuesday 28 March 2017 at 11am.

OUTLOOK

During the year, the Company intensified its diversification program and introduced two new lines in its portfolio where the Company signed a distribution agreement with Clorox SSA Ltd to distribute CLOROX® bleach within Kenya and also launched EVERCLEAN®, a new detergent manufactured locally. The Company has also put in place measures to develop its own range of portable power products under the TURBO® brand ensuring that we will continue to avail quality flashlights, and carbon zinc and alkaline batteries. Considerable resources have been set aside to effect strategies geared towards ensuring the success of these brands. These initiatives will ensure the Company gets back on a path to growth, profitability and long term sustainability.

By Order of the Board

Mrs Lucy Waithaka, **Board Chair** Jackson Mutua, **Managing Director**

The above extract is based on the accounts of Eveready E.A. PLC for the year ended 30 September 2016 as audited by RSM East Africa upon which an unqualified opinion has been issued.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Share Capital Kshs'000	Translation Reserve Ksh '000	Acturial Reserve Ksh '000	Revaluation Reserve Ksh '000	Retained Earnings Ksh '000	Total Ksh '000
As at 1st October 2014	210,000	(197)	1,668	-	6,994	218,465
Changes in equity in 2015						
Loss for the year - restated	-	-	-	-	(201,509)	(201,509)
Other comprehensive income	-	1,031	(5,248)	705,000	-	700,783
Deferred income tax relating to components of other comprehensive income	-	-	-	(35,250)	-	(35,250)
Total comprehensive income for the year	-	1,031	(5,248)	669,750	(201,509)	464,024
At 30th September 2015 - restated	**210,000**	**834**	**(3,580)**	**669,750**	**(194,515)**	**682,489**
At 1st October 2015 - as previously reported	210,000	834	(3,580)	669,750	(70,716)	806,288
Prior period adjustments:						
- Restatement of deferred income tax	-	-	-	-	(41,873)	(41,873)
- Restatement of receivables	-	-	-	-	(38,879)	(38,879)
- Understatement of cost of sales	-	-	-	-	(43,047)	(43,047)
As at 1st October 2015 - as restated	**210,000**	**834**	**(3,580)**	**669,750**	**(194,515)**	**682,489**
Changes in equity in 2016						
Loss for the year	-	-	-	-	(206,505)	(206,505)
Other comprehensive income	-	10,284	310	-	-	10,594
Total comprehensive income for the year	-	10,284	310	-	(206,505)	(195,911)
Transactions with owners:						
Transfer of excess depreciation (net of deferred tax)	-	-	-	(12,677)	12,677	-
At 30th September 2016	**210,000**	**11,118**	**(3,270)**	**657,073**	**(388,343)**	**486,578**

CONSOLIDATED CASH FLOW STATEMENT

	Group	
	2016 Shs'000	2015 Shs'000
Cash flows from operating activities		
(Loss) before tax	(206,505)	(201,509)
Adjustments for:		
Income tax	(47,138)	20,670
Depreciation charge	26,521	23,636
Gain on disposal of assets	(1,752)	(64,205)
Interest expense	72,368	50,267
Movement in retirement benefit asset and liabilities	(487)	3,580
Gratuity paid	-	(118,278)
Reversal of impairment loss on property plant and equipment	(17,021)	-
Write off of assets	4,460	-
Operating profit before working capital changes	(169,554)	(285,839)
Decrease in trade and other receivables	111,056	57,536
Decrease in inventories	194,720	146,685
(Decrease) / increase in trade and other payables	(171,329)	138,440
Cash (used in)/generated from operations	(35,107)	56,822
Interest paid	(72,368)	(50,267)
Tax paid	-	(1,574)
Net cash (used in)/generated from operating activities	(107,475)	4,981
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,090)	(8,006)
Proceeds from disposal of property, plant and equipment	3,164	64,219
Net cash generated from investing activities	74	56,213
Cash flows from financing activities		
Receipt/(repayment) of borrowings	383,558	(57,083)
Net cash generated from /(used in) financing activities	383,558	(57,083)
Net increase in cash and cash equivalents	276,157	4,111
Cash and cash equivalents at start of the Year	(285,519)	(285,845)
Effects of exchange rate changes on cash and cash equivalents	8,631	(3,785)
Cash and cash equivalents at end of the year	(731)	(285,519)

ABOUT EVEREADY

EVEREADY East Africa PLC (the "Company") is a public limited liability company incorporated in Kenya. The Company has a fully owned subsidiary Flamingo Properties Kenya Limited and is headquartered in Nairobi, Kenya. Eveready was founded 50 years ago in 1967. The Company distributes TURBO® and TURBO Plus® dry cell batteries in carbon zinc and alkaline constructions in various sizes and configurations. The batteries are also available in the rechargeable variety. The Company also provides bulbs, car batteries, flashlights and lanterns under the same brand name and now CLOROX® brand of household bleach therefore continuing our history of bring our consumers products that are recognized for their distinct quality.