ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

EVEREADY E.A. PLC



EXTRACT OF CHAIRPERSON'S STATEMENT

We have been reviewing and reshaping our business since 2011, diversifying our revenue streams, creating greater efficiencies in operations, strengthening our financial base and reducing costs. We have continued to make good progress on our Strategic Plan.

"The core of the Eveready strategy is delivering great brands built on the strength of our retail infrastructure"

We have for a long time manufactured and distributed 3rd party brands, at great risk. The risk manifested itself in FY2016 severely impacting Eveready business due to lack of supplies. This had a significant impact in the financial performance for the year. The arrangement also severely affected our ability to respond correctly to our consumer needs due to inability to provide localised solutions to these needs.



Eveready was presented with an opportunity to revisit the terms of the relationship with Energizer, in 2016. However, the offer presented did not meet the interests of the Company and we opted against taking it. We were excited by the opportunity to take creative control and ownership of our core business, hence the birth of TURBO®. Eveready will no longer operate only as a distributor. We will now own and control a significant part of our business while providing infrastructure to third parties who are looking for an effective route to market in the region.

We wound up the Uganda operations in 2016 as it had become unprofitable. We will instead manage that market through third parties. This action has caused a one off hit to our financials this year. Also, following shareholder approval in 2016, we have as a matter of fact completed the disposal of the Nakuru property. This action has enabled the Company offset its debts and eliminate financing cost which was previously a major strain to our business. We have also injected additional funds into operations in order to support our diversification plans.

The future is positive. Eveready owns majority of its business with brand(s) capable of competing against the best in the world. We look forward to expanding our family with more quality brands. Shareholders and other stakeholders in Eveready will benefit from the diversified revenue streams.

Lucy Waithaka, **Chairperson**
7 March 2017



EXTRACT OF CEO'S STATEMENT

Eveready made significant milestones in the year as we worked in tandem with our strategy to lay the bedrock for our business. Unfortunately we also dealt with serious unforeseen disruptions to our supply chain.

"We have done a great job building and growing brands. However it is time to build our own"

2016 was a landmark year for us as we started the journey of redefining who Eveready is from what it has been for nearly 50 years.

Eveready has been at the forefront of the growth of the dynamic (portable power) business for 50 years. The category evolution is consumer driven due to the devices that they use and the choices they make on what product drives these devices. Obtaining creative control over the products that we offer to our consumers means that we can channel their needs into our product offering and adapt our strategies on how we engage with them - price and formats.



We continue to focus on our portable power business as it remains an industry with significant opportunities. We will leverage on our core portable power business for growth as we take advantage of the opportunities presented by the growing middle class, digital migration and rural electrification through a combination of organic growth and new category introductions.

The following actions taken within our plan period have been instrumental in setting the right stage for our business: Retirement of old debt (to our shareholder by protecting their returns); new quality product introductions and formats (creates value to our consumers); and closure of non - profitable units (eliminates the drain on our business).

We launched our own brand of portable power products under the TURBO® brand after opting not to take up a new distribution agreement with Energizer due to the onerous terms imposed. Our TURBO® brand means that we completed the last mile of the structural challenges that we needed to resolve in order to move away from dependence on third party brands.

Jackson Mutua, **Managing Director**
7 March 2017

RSM

RSM Eastern Africa
Certified Public Accountants

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

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

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

We have audited the accompanying financial statements of Eveready East Africa Plc (the company) and its subsidiary (together, the group), which comprises of the consolidated and company balance sheets as at 30th September 2016, the consolidated profit and loss account and statements of comprehensive income, consolidated and company statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the group and of the company as at 30th September 2016 and of the financial performance and cash flows of the group for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act, 2015.

Report on other legal requirements

As required by the Kenyan Companies Act, 2015 we report to you, based on our audit, that:
i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those
iii) the company's balance sheet is in agreement with the books of account.

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

RSM Eastern Africa
Certified Public Accountants
Nairobi
30th January 2017
015/2017

* In accordance with Section 42 of the Sixth Schedule, Transitional and Saving Provisions, of the Companies Act, 2015 the company's financial statements and this report have been prepared in accordance with Sections 147 to 163 of the repealed Companies Act, as if that repeal had not taken effect.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group 2016 Shs '000	Group 2015 Restated 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 2016 Shs'000	Group 2015 Restated Shs'000	Company 2016 Shs'000	Company 2015 Restated 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

Mrs Lucy Waithaka, **Board Chair**
30th January, 2017

Jackson Mutua, **Managing Director**
30th January, 2017

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	Group 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)

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.

HEAD OFFICE: MCFL Logistics Centre, 1st Floor, Mombasa Road, P. O. Box 44765-00100, Nairobi, Kenya. TEL: +254 - 20 - 2980 000
EMAIL: info@eveready.co.ke WEB: eveready.co.ke

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