

# ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE 6 MONTH PERIOD ENDED 31 MARCH 2018

# EVEREADY

E.A. PLC

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	GROUP		COMPANY	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	Shs '000	Shs '000	Shs '000	Shs '000
<b>Continuing operations</b>				
Sales	149,776	241,594	149,776	241,594
Cost of sales	(120,948)	(168,854)	(120,948)	(168,854)
<b>Gross profit</b>	<b>28,828</b>	<b>72,740</b>	<b>28,828</b>	<b>72,740</b>
Other income	9,755	33,626	9,755	33,626
Gain on disposal of property, plant and equipment	472	397,310	472	397,310
Overhead expenses	(101,378)	(142,340)	(101,378)	(142,340)
Finance costs	(77)	(10,222)	(77)	(10,222)
<b>Income/(Loss) before tax</b>	<b>(62,400)</b>	<b>351,114</b>	<b>(62,400)</b>	<b>351,114</b>
Tax income/(expense)	(2,155)	13,859	(2,155)	13,859
<b>Income/(Loss) for the period from continuing operations</b>	<b>(64,555)</b>	<b>364,973</b>	<b>(64,555)</b>	<b>364,973</b>
Other comprehensive income for the period, net of tax	-	-	-	-
<b>Total comprehensive Income/ (loss)/ income for the period attributable to the owners of the company</b>	<b>(64,555)</b>	<b>364,973</b>	<b>(64,555)</b>	<b>364,973</b>
Earnings per share	Shs	Shs	Shs	Shs
Profit/(Loss) per share - basic and diluted	<b>(0.31)</b>	<b>1.74</b>	<b>(0.31)</b>	<b>1.74</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	31.03.2018	30.09.2017	31.03.2018	30.09.2017
	Shs'000	Shs'000	Shs'000	Shs'000
Share capital	210,000	210,000	210,000	210,000
Translation reserve	-	13,467	-	-
Retained earnings	273,267	325,903	273,267	337,822
<b>Total equity</b>	<b>483,267</b>	<b>549,370</b>	<b>483,267</b>	<b>547,822</b>
Non-current liabilities				
Provisions for liabilities charges	8,847	8,847	8,847	8,847
<b>REPRESENTED BY Non-current assets</b>	<b>8,847</b>	<b>8,847</b>	<b>8,847</b>	<b>8,847</b>
Property, plant and equipment	8,982	9,312	8,982	9,312
Deferred income tax	185,481	185,480	185,481	185,480
<b>Current assets</b>	<b>194,463</b>	<b>194,792</b>	<b>194,463</b>	<b>194,792</b>
Inventories	129,432	182,798	129,432	182,798
Trade and other receivables	208,377	149,235	208,377	149,235
Cash at bank and in hand	131,161	245,827	131,161	244,279
<b>Current liabilities</b>	<b>468,970</b>	<b>577,860</b>	<b>468,970</b>	<b>576,312</b>
Trade and other payables	109,194	149,600	109,194	149,600
Dividend payable	37,845	-	37,845	-
Income tax	7,737	60,335	7,737	60,335
Overdraft	12,434	-	12,434	-
Borrowings	4,109	4,500	4,109	4,500
<b>Net current(liabilities)/assets</b>	<b>171,319</b>	<b>214,435</b>	<b>171,319</b>	<b>214,435</b>
	297,651	363,425	297,651	361,877
	<b>492,114</b>	<b>558,217</b>	<b>492,114</b>	<b>556,669</b>

## STATEMENT OF CHANGES IN EQUITY

COMPANY	SHARE CAPITAL	TRANSLATION RESERVE	ACTUARIAL RESERVE	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
As at 1 <sup>st</sup> October 2016	210,000	-	(3,270)	657,073	(379,895)	483,908
<b>Changes in equity in 2017</b>						
Profit/(Loss) for the year	-	-	-	-	270,644	270,644
Other comprehensive income	-	-	3,270	-	-	3,270
Total comprehensive income for the year	-	-	3,270	-	270,644	273,914
Dividend	-	-	-	-	(210,000)	(210,000)
Transfer of revaluation surplus on disposal of assets	-	-	-	(657,073)	657,073	-
<b>At 30<sup>th</sup> September 2017</b>	<b>210,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>337,822</b>	<b>547,822</b>
<b>At 1<sup>st</sup> October 2017</b>	<b>210,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>337,822</b>	<b>547,822</b>
<b>Changes in equity in 2018</b>						
Profit/(Loss) for the year	-	-	-	-	(64,555)	(64,555)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(64,555)	(64,555)
<b>At 31<sup>st</sup> March 2018</b>	<b>210,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>273,267</b>	<b>483,267</b>

## COMMENT ON RESULTS

The Company is now entering its second year since the introduction of the TURBO® brand. We have recorded significant success over the last twelve months with most of the products attaining position two and in some cases leadership positions in the respective categories notwithstanding significant competition from established brands. While the challenge of fully entrenching these brands in the trade and in people's minds still remains, a lot of work has and continues to be undertaken to achieve brand acceptance. The Company's ownership of the brands has significantly mitigated critical business risks and has enabled the Company deal with business challenges and opportunities in a proactive and timely manner in order to meet changing consumer needs.

During the period under review, most businesses in Kenya operated in a depressed economy occasioned by unfavorable political environment, which affected the performance of the Company in Q1. The Company recorded revenues of Kes.150m, which is a 38% decline compared to a similar period last financial year. Overall, the Company registered a loss before tax for the year of Kes.62.4m, which was mainly driven by the factors above.

### PROFIT WARNING

The FY 2017 results contained a one off item relating to gain on the sale of assets. Therefore, a preliminary assessment of the projected financial results of the Company for the financial year ending 30 September 2018 indicates that net earnings will be at least 25% lower than that reported in the financial year ended 30 September 2017.

### DIVIDEND

The Company does not recommend the payment of an interim dividend.

### OUTLOOK

The Company remains focused on growth of the new products. We have gained sufficient insight into the performance of the new brand in the various segments. We have been able to establish the opportunity areas for each product, and we are now prioritizing resources in the areas that offer a faster and sustainable path to profitability. The Company will continue to anchor its business on car batteries, carbon zinc & alkaline dry cell batteries and flashlights. In addition, critical trade partnerships will be enhanced to grow the business. We are confident that the initiatives taken by the Company provide a clear path to growth and profitability while ensuring that the long term sustainability of the business is realized.

### BY ORDER OF THE BOARD.

Jackson Mutua, Managing Director

Mrs. Lucy Waithaka, Chairperson

## CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP		COMPANY	
	31.03.2018	30.09.2017	31.03.2018	30.09.2017
	Shs'000	Shs'000	Shs'000	Shs'000
<b>Cash flows from operating activities</b>				
Profit/(Loss) before tax	(62,400)	267,173	(62,400)	270,643
<b>Adjustments for:</b>				
Income tax	-	(16,947)	-	(16,947)
Depreciation charge	2,965	11,781	2,965	11,781
Gain on disposal of assets	(473)	(452,468)	(473)	(452,468)
Interest expense	103	9,736	103	9,736
Interest receivable	(6,434)	(33,686)	(6,434)	(33,686)
Movement in retirement asset/liabilities	-	7,485	-	7,485
Impairment of investment in subsidiary	-	-	-	333
Write off of assets	-	2,768	-	982
<b>Operating profit before working capital changes</b>	<b>(66,239)</b>	<b>(204,158)</b>	<b>(66,239)</b>	<b>(202,141)</b>
Decrease/(increase) in trade and other receivables	53,367	(20,801)	53,367	(54,428)
Decrease/(increase) in inventories	(59,147)	(54,430)	(59,147)	(20,801)
[Decrease]/increase in trade and other payables	(2,560)	5,911	(2,560)	7,533
<b>Cash (used in)/generated from operations</b>	<b>(74,579)</b>	<b>(273,478)</b>	<b>(74,785)</b>	<b>(269,837)</b>
Tax paid	(54,754)	(4,104)	(54,754)	(4,104)
Interest paid	(103)	(9,736)	(103)	(9,736)
Interest income	6,434	33,686	6,434	33,686
<b>Net cash (used in)/generated from operating activities</b>	<b>(123,002)</b>	<b>(253,632)</b>	<b>(123,002)</b>	<b>(249,991)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(2,291)	(3,782)	(2,291)	(3,782)
Proceeds from disposal of property, plant and equipment	130	1,146,265	130	1,146,265
<b>Net cash generated from investing activities</b>	<b>(2,161)</b>	<b>1,142,483</b>	<b>(2,161)</b>	<b>1,142,483</b>
<b>Cash flows from financing activities</b>				
Dividend paid	-	(210,000)	-	(210,000)
Receipt/(repayment) of borrowings	(390)	(433,969)	(390)	(434,299)
<b>Net cash generated from/(used in) financing activities</b>	<b>(390)</b>	<b>(643,969)</b>	<b>(390)</b>	<b>(644,299)</b>
Net increase in cash and cash equivalents	(125,553)	244,882	(125,553)	248,193
Cash and cash equivalents at start of the year	245,827	(731)	244,279	(3,914)
Effect of exchange rate changes on cash and cash equivalents	(1,547)	1,676	-	-
<b>Cash and cash equivalents at end of the period</b>	<b>118,727</b>	<b>245,827</b>	<b>118,727</b>	<b>244,279</b>

This extract is based on the unaudited accounts of Eveready East Africa PLC for the six month period ended 31 March 2018, which were approved by the Board of Directors on 30 March 2018. The Principal accounting policies adopted in the preparation of the financial statements are similar to those applied in the previous financial statements.

The interim financial statements can be accessed on the Company's website [www.eveready.co.ke](http://www.eveready.co.ke).