

Announcement of results for the year ended 30 September 2009

PROFIT AND LOSS ACCOUNT

	30.09.2009 Ksh '000	30.09.2008 Ksh '000
Turnover	1,645,193	1,774,675
Profit from operations	68,233	75,017
Finance costs	(26,664)	(47,162)
Profit before taxation	41,569	27,855
Tax charge	(13,297)	(10,015)
Profit after tax	28,272	17,840
Basic / Diluted earnings per share (Kshs)	0.135	0.08
Issued shares of Ksh 1 each	210,000,000	210,000,000

STATEMENT OF CHANGES IN EQUITY

	Share Capital Ksh '000	Retained Earnings Ksh '000	Dividends Ksh '000	Total Ksh '000
At 1 October 2007	210,000	138,585	94,500	443,085
Profit for the period	-	17,840	-	17,840
Dividends paid in the year	-	-	(94,500)	(94,500)
Dividends proposed	-	-	-	-
At 30 September 2008	210,000	156,425	-	366,425
At 1 October 2008	210,000	156,425	-	366,425
Profit for the period	-	28,272	-	28,272
Dividends paid in the year	-	-	-	-
Dividends proposed	-	-	-	-
At 30 September 2009	210,000	184,697	-	394,697

Comment on results

EVEREADY registered a 58% increase in profit after tax compared to the same period last year. This was achieved against a backdrop of a very challenging operating environment experienced in the year, which caused a decline in revenues by 7%. Most of these batteries also continue to access the market duty free and various brands listed in the 7 year old banned list dominate the low end market. The effects associated with lack of enforcement of standards by the authorities was further compounded by the famine situation witnessed in the country, which eroded the purchasing power of consumers within a large segment of the battery market making the cheap sub-standard products more attractive to them. We also witnessed a depreciation of the local currency during the year which cost the Company close to Ksh 100 million in increased cost of raw materials. The Company was unable to pass on this cost to the consumer. The Company further implemented the third phase of its capacity re-alignment program which saw 26 employees being declared redundant at a cost of Ksh 37million. Despite these challenges, we continue to see significant benefits accruing to the Company from the various efficiency and cost improvement programs initiated over the last two years which led to achieving an improvement in our gross margin by 3%. The drop in global metal prices especially zinc also helped mitigate the above challenges. It is also worth noting that despite the increase in our level of borrowing, the Company managed to reduce its finance costs by 45% compared to last year. We attribute this reduction to prudent management of working capital and optimal utilization of banking facilities.

Outlook

While the challenges associated with the presence in the market of illicit dry cell batteries persist, the Company remains committed to its strategic direction which centres around product and market diversification. Various investments have been made in regional markets and business relationships established and we look forward to growth in distribution of our products in these markets both in range and geographical reach. Cost control and efficiency in our production processes will remain a core feature of our operations while we continue to challenge the authorities to provide a level playing field.

Dividend

The Directors do not recommend payment of a dividend.

Company Information

EVEREADY East Africa Ltd is incorporated in Kenya under the Companies Act as a public limited liability company and is domiciled in Kenya. The Company undertakes its manufacturing activities in Nakuru, Kenya. EVEREADY East Africa Ltd was founded in 1967 and has a workforce of over 300 people. The Company mainly manufactures and distributes 'EVEREADY' dry cell carbon zinc primary batteries as well as 'ENERGIZER' alkaline, lithium and rechargeable batteries throughout the East African region. The Company further provides flashlights under both brand names for a broad spectrum of usage together with shaving razors, blades and accessories under the brand name 'SCHICK'.

The above extract is based on the accounts of Eveready East Africa Ltd for the year ended 30th September 2009, as audited by DCDM Associates, upon which an unqualified opinion has been issued.

BALANCE SHEET

	30.09.2009 Ksh '000	30.09.2008 Ksh '000
NON-CURRENT ASSETS		
Property, plant and equipment	198,660	180,837
Prepaid operating lease rentals	215	219
Deferred tax	1,413	14,222
Retirement benefit asset	2,130	3,937
Total Non-current Assets	202,418	199,215
CURRENT ASSETS		
Inventories	497,211	400,049
Receivables and prepayments	223,133	189,050
Current income tax receivable	12,696	13,184
Cash and bank balances	62,214	35,831
Total Current Assets	795,254	638,114
TOTAL ASSETS	997,672	837,329

SHAREHOLDERS' FUNDS AND LIABILITIES

	30.09.2009 Ksh '000	30.09.2008 Ksh '000
CAPITAL EMPLOYED		
Share Capital	210,000	210,000
Retained earnings	184,697	156,425
Proposed dividends	-	-
Total Capital employed	394,697	366,425
NON CURRENT LIABILITIES		
Provision for liabilities and charges	74,800	82,800
Hire purchase liabilities	-	3,965
Total Non current liabilities	74,800	86,765
CURRENT LIABILITIES		
Payables and accrued expenses	161,397	183,766
Hire purchase liabilities	4,055	4,886
Borrowings	362,723	195,487
Total Current liabilities	528,175	384,139
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES	997,672	837,329

CASH FLOW STATEMENT

	30.09.2009 Ksh '000	30.09.2008 Ksh '000
OPERATING ACTIVITIES		
Cash generated from operations	(74,454)	410,945
Interest received	83	64
Interest paid	(34,151)	(34,892)
Income tax paid	-	(9)
Net cash generated from operating activities	(108,522)	376,108
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(40,204)	(44,044)
Proceeds on sale of property, plant and equipment	12,669	4,207
Net cash used in investing activities	(27,535)	(39,837)
FINANCING ACTIVITIES		
Dividends paid on ordinary shares	-	(94,500)
Proceeds from borrowings	-	-
Repayments of borrowings	(4,796)	(4,346)
Net cash used in financing activities	(4,796)	(98,846)
(Decrease)/increase in Cash and cash equivalents	(140,853)	237,425
Cash and cash equivalents at the beginning of the period	(159,656)	(397,081)
Cash and cash equivalents at the end of the period	(300,509)	(159,656)

By order of the Board

Hon. Moody Awori
DIRECTOR-CHAIRMAN

Steven G. Smith
MANAGING DIRECTOR



Takes upto 800 shots in digital camera



Recommended for moderate to heavy drain devices



For silky smooth shave



Eveready. The trusted name in flashlights

