

EVEREADY EAST AFRICA LIMITED

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2008

BALANCE SHEET

	31.03.2008 Ksh '000	30.09.2007 Ksh '000
ASSETS		
Property, plant and equipment	172,480	162,234
Prepaid operating lease rentals	222	223
Deferred tax	13,040	15,438
Retirement benefit asset	6,143	6,143
	191,885	184,038
CURRENT ASSETS		
Inventories	554,789	793,647
Receivables and prepayments	161,769	174,769
Current income tax receivable	18,819	21,974
Cash and bank balances	24,283	14,889
	759,660	1,005,279
TOTAL ASSETS	951,545	1,189,317
SHAREHOLDERS' FUNDS AND LIABILITIES		
CAPITAL EMPLOYED		
Share Capital	210,000	210,000
Retained earnings	144,073	138,585
Proposed dividends	94,500	94,500
	448,573	443,085
NON CURRENT LIABILITIES		
Provision for liabilities and charges	94,582	92,900
	94,582	92,900
CURRENT LIABILITIES		
Payables and accrued expenses	167,063	228,165
Current income tax payable	-	-
Borrowings	241,327	425,167
	408,390	653,332
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES	951,545	1,189,317

CASH FLOW STATEMENT

	31.03.2008 Ksh '000	31.03.2007 Ksh '000
Cash Flow (Absorbed by)/ Generated from Operations	225,325	(107,313)
Interest received	39	93
Interest paid	(19,200)	(9,185)
Income tax paid	0	(32,042)
Net cash flow (absorbed by)/ from operating activities	206,164	(148,447)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(23,315)	(14,454)
Rent income	-	3,782
Net cash flow used in investing activities	(23,315)	(10,672)
FINANCING ACTIVITIES		
Repayments of borrowings	(2,812)	-
Net cash flow used in financing activities	(2,812)	-
(Decrease)/increase in Cash and cash equivalents	180,037	(159,119)
Cash and cash equivalents at the beginning of the period	(397,081)	(113,467)
Cash and cash equivalents at the end of the period	(217,044)	(272,586)

PROFIT AND LOSS ACCOUNT

	31.03.2008 Ksh '000	31.03.2007 Ksh '000
Turnover	956,520	1,170,900
Profit from operations	32,263	113,352
Finance costs	(21,220)	2,972
Profit before taxation	11,043	116,324
Tax charge	(5,555)	(35,869)
Profit after tax	5,488	80,455
Earnings per share/ Diluted earnings per share (Ksh)	0.03	0.38
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	Proposed Dividends Ksh '000	Total Ksh '000
At 1 October 2006	210,000	106,677	126,000	442,677
Profit for the period	-	80,455	-	80,455
At 31 March 2007	210,000	187,132	126,000	523,132
At 1 October 2007	210,000	138,585	94,500	443,085
Profit for the period	-	5,488	-	5,488
Proposed dividends	-	-	-	-
At 31 March 2008	210,000	144,073	94,500	448,573

COMMENTS ON RESULTS

The Company saw an 18% reduction in revenues for the 1st six months of the year, while profit before tax for the same period was down by 91% compared to the same period last year. The short fall is a repercussion of the down-turn experienced by the Company arising out of unfair competition from large quantities of zero rated duty imports of very low priced batteries into the Kenyan market which began in 2007. This was compounded by the disruption of business following the post election violence which seriously affected the delivery of goods to our key market segments of Nyanza, Rift Valley and Western Provinces. The Company experienced a Ksh 40 million loss due to market inaccessibility and depreciation of the local currency during the crisis period.

We remain committed to the strategic direction and long term business targets we have set. The Company has therefore accelerated its export market growth strategy which has seen us increase market penetration in Uganda and Tanzania while at the same time venturing into Sudan and Somalia. We expect to see increased regional market coverage during 2008. We are also in the process of aligning our internal production capacity to the market situation, which has resulted in retrenchment of 36 permanent employees at a cost of Kshs 35 million. The cost of this Phase 1 reorganization will affect the results of the 2nd half of the year, while the benefits are expected to be fully realised within a period of 18 months. We are also constantly engaging the relevant Government agencies in an effort to level the playing field, and it is our hope that the correct action will be taken soon.

The Directors do not recommend payment of an interim dividend.

The principal accounting policies adopted in the preparation of this financial statement are similar to those applied in the previous financial statements.

The above extract is based on the unaudited accounts of Eveready East Africa Limited for the six months ended 31st March 2008

By order of the Board

I. A. Timamy
Company Secretary