EVEREADY®
EAST AFRICA LIMITED

ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2011

PROFIT AND LOSS ACCOUNT	31.03.2011 Ksh '000	31.03.2010 Ksh '000
Turnover	659,672	814,210
Profit from operations	(33,919)	43,831
Finance costs	(38,304)	(22,486)
Profit before taxation	(72,223)	21,345
Tax charge	(18,234)	(8,498)
Profit after tax	(53,989)	12,847
Basic / Diluted earnings per share (Kshs)	(0.26)	0.06
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 2009	210,000	184,696	-	394,696
Profit for the period	-	12,847	-	12,847
Dividends paid in the year	-		-	-
Dividends proposed				
At 31 March 2010	**210,000**	**197,543**	**-**	**407,543**
At 1 October 2010	210,000	193,399	-	403,399
Profit for the period	-	(53,989)	-	(53,989)
Dividends paid in the year	-		-	-
Dividends proposed	-	-	-	-
At 31 March 2011	**210,000**	**139,410**	**-**	**349,410**

BALANCE SHEET	31.03.2011 Ksh '000	30.09.2010 Ksh '000
NON-CURRENT ASSETS		
Property, plant and equipment	217,154	225,018
Prepaid operating lease rentals	209	211
Deferred tax	(1,633)	767
Retirement benefit asset	339	339
Total Non-current Assets	216,069	226,335
CURRENT ASSETS		
Inventories	668,743	685,669
Receivables and prepayments	181,574	243,711
Current Income Tax Receivable	27,937	7,299
Cash and bank balances	4,683	6,718
Total Current Assets	882,937	943,397
TOTAL ASSETS	**1,099,006**	**1,169,732**
SHAREHOLDERS' FUNDS AND LIABILITIES		
CAPITAL EMPLOYED		
Share Capital	210,000	210,000
Retained earnings	139,410	193,399
Proposed dividends	-	-
Total Capital employed	349,410	403,399
NON CURRENT LIABILITIES		
Provision for liabilities and charges	47,700	97,500
Hire purchase liabilities	-	-
Total Non current liabilities	47,700	97,500
CURRENT LIABILITIES		
Payables and accrued expenses	177,572	229,029
Hire purchase liabilities	-	-
Borrowings	524,324	439,804
Total Current liabilities	701,896	668,833
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES	**1,099,006**	**1,169,732**

CASH FLOW STATEMENT	31.03.201 Ksh '000	31.03.2010 Ksh '000
OPERATING ACTIVITIES		
Cash generated from operations	(61,336)	(53,319)
Interest received	0	0
Interest paid	(20,459)	(15,495)
Income tax paid	0	0
Net cash generated from operating activities	**(81,795)**	**(68,814)**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,039)	(19,547)
Proceeds on sale of property, plant and equipment	279	240
Net cash used in investing activities	**(4,760)**	**(19,307)**
FINANCING ACTIVITIES		
Dividends paid on ordinary shares	0	0
Proceeds from borrowings	0	0
Repayments of borrowings	0	(2,540)
Net cash used in financing activities	**0**	**(2,540)**
(Decrease)/increase in Cash and cash equivalents	**(86,555)**	**(90,661)**
Cash and cash equivalents at the beginning of the period	(433,086)	(300,509)
Cash and cash equivalents at the end of the period	**(519,641)**	**(391,170)**

EVEREADY® registered a 19% drop in revenues for the six months of FY2011 compared to the same period last year. The Company also registered a Kshs.54 million loss after tax compared to Kshs.13m profit after tax realised in the same period last year. The factors affecting current period performance are:

1. The continued trade in illicit dry cell batteries which are mainly targeted at the low end market where the D battery is sold and which continues to flourish in the country unabated.
2. The redundancy exercise carried out at the beginning of the year at a cost of Kshs.63 million.
3. The depreciation of the Kenya shilling that significantly increased the cost of raw materials impacting margins and led to Kshs.18 million in foreign exchange losses.

The drop in revenues is mainly attributable to the loss of D sales volume mainly occasioned by the trade in illicit dry cells. Notwithstanding the loss in the D volume, the Company did register an average of 7% growth in the other product lines. We have and continue to express our concerns on the continued practice of dumping of dry cell batteries into the Kenyan market at prices below cost and the presence of several brands in the market that do not meet the required standards and have been banned by the Kenya Bureau of Standard for many years.

Outlook

Measures have been put in place to assist in product diversification in an effort to grow the top line and cover the Company from the effects of the loss of the D battery business. We are looking to expand into business areas which although not traditionally associated with EVEREADY®, have significant growth potential and can leverage on our distribution capabilities.

Resources are being committed to our sales organization to accelerate growth of other product lines and we are also in the process of investigating various other manufacturing options that will allow us to improve our cost position.

In the meantime, the Board has approved a review of the strategic direction of the Company which incorporates the continued restructuring to our production facility. While the restructure is expected to negatively impact performance in the short term, the measures adopted are expected to benefit the Company in the long term. It is therefore anticipated that the company will record a loss for the current financial year ending September 30, 2011.

We will continue to concentrate on improvements in efficiency and cost performance in all areas of our business. However, the Government of Kenya does need to stop what we view as the dumping of dry cell batteries in Kenya at prices that are unrealistic and below the prices levels set at their originating country.

The Directors do not recommend the payment of an interim dividend.S

By Order of the Board

Steve G. Smith, Managing Director

Hon. Moody A. Awori, Board Chairman

The above extract is based on the unaudited accounts of Eveready East Africa Ltd for the six months ending March 31, 2011
The principal accounting policies adopted in the preparation of this financial statement are similar to those applied in the previous financial statements.



Takes upto 600 shots in digital camera



Recommended for moderate to heavy drain devices



For silky smooth shave



Eveready. The trusted name in flashlights

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