EVEREADY® EAST AFRICA LIMITED

Announcement of results for the six month period ended March 31, 2010



Takes upto 600 shots in a digital camera



Recommended for moderate to heavy drain devices



For silky smooth shave



Eveready. The trusted name in flashlights

BALANCE SHEET

	31.03.2010	30.09.2009
	Ksh '000	Ksh '000
NON-CURRENT ASSETS		
Property, plant and equipment	204,605	198,660
Prepaid operating lease rentals	213	215
Deferred tax	3,813	1,413
Retirement benefit asset	2,130	2,130
Total Non-current Assets	**210,761**	**202,418**
CURRENT ASSETS		
Inventories	725,910	497,211
Receivables and prepayments	208,386	223,133
Current income tax receivable	12,696	12,696
Cash and bank balances	12,343	62,214
Total Current Assets	959,335	795,254
TOTAL ASSETS	**1,170,096**	**997,672**
SHAREHOLDERS' FUNDS AND LIABILITIES		
CAPITAL EMPLOYED		
Share Capital	210,000	210,000
Retained earnings	197,543	184,697
Proposed dividends	-	-
Total Capital employed	407,543	394,697
NON CURRENT LIABILITIES		
Provision for liabilities and charges	78,450	74,800
Hire purchase liabilities	-	-
Total Non current liabilities	78,450	74,800
CURRENT LIABILITIES		
Payables and accrued expenses	279,075	161,397
Hire purchase liabilities	1,515	4,055
Borrowings	403,513	362,723
Total Current liabilities	684,103	528,175
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES	**1,170,096**	**997,672**

CASH FLOW STATEMENT

	31.03.2010	31.03.2009
	Ksh '000	Ksh '000
OPERATING ACTIVITIES		
Cash generated from operations	(53,319)	(198,258)
Interest received	0	82
Interest paid	(15,495)	(17,053)
Income tax paid	0	0
Net cash generated from operating activities	**(68,814)**	**(215,229)**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(19,547)	(10,939)
Proceeds on sale of property, plant and equipment	240	2,764
Net cash used in investing activities	**(19,307)**	**(8,175)**
FINANCING ACTIVITIES		
Dividends paid on ordinary shares	0	0
Proceeds from borrowings	0	0
Repayments of borrowings	(2,540)	(2,336)
Net cash used in financing activities	**(2,540)**	**(2,336)**
(Decrease)/increase in Cash and cash equivalents	**(90,661)**	**(225,740)**
Cash and cash equivalents at the beginning of the period	(300,509)	(159,656)
Cash and cash equivalents at the end of the period	**(391,170)**	**(385,396)**

PROFIT AND LOSS ACCOUNT

	31.03.2010	31.03.2009
	Ksh '000	Ksh '000
Turnover	814,210	827,571
Profit from operations	43,831	36,543
Finance costs	(22,486)	(32,778)
Profit before taxation	21,345	3,765
Tax charge	(8,498)	(3,475)
Profit after tax	12,847	290
Basic / Diluted earnings per share (Kshs)	**0.06**	**0.00**
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 2008	**210,000**	**156,425**	**-**	**366,425**
Profit for the period	-	290	-	290
Dividends paid in the year	-	-	-	-
Dividends proposed	-	-	-	-
At 31 March 2009	**210,000**	**156,715**	**-**	**366,715**
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**

COMMENT ON RESULTS

EVEREADY registered a 567% growth in profit before tax compared to the same period last year. However, revenues were 2% below last year, mainly due to currency fluctuations within the regional markets which negatively impacted on the Company's ability to compete favourably in those markets. Domestic sales grew by 2% while export sales were down 20% compared to the same period last year. Gross Margin was down 2.5%, mainly attributable to an increase in the cost of production as a result of the rising metal prices in the global market. As an indication, Zinc price increased by 75% between the two periods. Management has therefore taken a deliberate decision to buy some of the critical materials in advance which has led to a 46% increase in stock levels compared to the close of the last financial year. Overheads as a percentage of sales were 4% below the same period last year while finance costs were 35% down. This result was achieved despite the persistent lack of enforcement of battery standards by the authorities. While we acknowledge the efforts by the Kenya Bureau of Standards (KEBS) in applying the standards to ban certain battery brands which are sub-standard from the market, little has been achieved in enforcement and these banned products continue to dominate the market. The Company will however continue to engage the authorities to ensure a level playing field.

Interim Dividend

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

Outlook

Despite the challenges the Company is currently experiencing in the export market, growth in the export business remains a key objective. The Company expects to see recoveries in these markets once the political situations in those countries normalise and the currencies stabilise. The Company is also focusing on the high value product lines where we saw a 28% growth over last year. Resources will continue to be committed to these product lines in order to maximize their contribution. Management will also continue to focus on lean management and cost control as a way of optimising the return by the business.

The principal accounting policies applied in these financial statements are similar to those adopted and applied in the most recent financial statements.

By order of the Board

Hon. Moody Awori, Board Chairman

Steven G. Smith, Managing Director

The above extract is based on the unaudited accounts of Eveready East Africa Ltd. for the six months ending March 31, 2010

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