EVEREADY®
EAST AFRICA LIMITED

Announcement of audited result for the year ended 30th September 2008



Takes upto 600 shots in digital camera

PROFIT AND LOSS ACCOUNT

	30.09.2008 Ksh '000	30.09.2007 Ksh '000
Turnover	1,774,675	2,232,143
Profit from operations	75,017	187,980
Finance costs	(47,162)	(8,475)
Profit before taxation	27,855	179,505
Tax charge	(10,015)	(53,097)
Profit after tax	17,840	126,408
Basic / Diluted earnings per share (Kshs)	0.085	0.60
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 2006	**210,000**	**106,677**	**126,000**	**442,677**
Profit for the period	-	126,408	-	**126,408**
Dividends proposed	-	(94,500)	94,500	**-**
Dividends paid in the year	-	**-**	**(126,000)**	**(126,000)**
At 30 September 2007	**210,000**	**138,585**	**94,500**	**443,085**
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**



Recommended for moderate to heavy drain devices

COMMENT ON RESULTS

EVEREADY has registered a Ksh 457m decline in revenues for the year ended 30th September 2008, compared to same period last year. The Company was faced with various challenges in 2007; The authorities allowed Chinese companies to import complete raw cells into the country duty free and there was dumping of low cost sub-standard batteries into the Kenyan market over the last one year. These actions cost the company close to Ksh. 100m in income. The situation was further compounded by the disruption of business following the post election violence which negatively affected key market segments of Nyanza, Coast, Western and Rift Valley. This together with the subsequent depreciation of the local currency cost the business Ksh 50m. Other challenges included port congestion which led to stock outs of some of the imported products.

To mitigate the effects of these challenges, the management undertook various cost cutting measures together with a redundancy exercise geared towards aligning the internal capacity to the prevailing business situation. The redundancy exercise cost the Company Ksh 36.5m which was absorbed in the year. Significant improvements were also achieved in stocks control and management leading to a reduction in stock holding and a reduction in the level of borrowing. Benefits of some of these measures are expected to be fully realised in the next financial year. With the challenges highlighted above together with the mitigating measures put in place, the Company realised a profit before tax of Ksh 27.9m.



For silky smooth shave

OUTLOOK

While the shilling is depreciating, the price of zinc has dropped by about 70% and this has helped to mitigate the cost increase. The Company has also reliably been informed that in June 2008, KRA revoked the zero duty access granted to the Chinese Companies and came up with minimum duty values for imported dry cells while KEBS has acquired the necessary equipment to determine the performance qualities of dry cell products which is expected to be operational during December 2008. The Company will continue to adjust personnel requirements to reflect market conditions and the improved performance it is obtaining from the factory refurbishment program started in 2005. The Company is well positioned to take advantage of these measures to regain its share of the mass market, while at the same time continuing to venture into other markets and to diversify its products to guard against over reliance on the 'D' battery.

COMPANY INFORMATION

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



Eveready. The trusted name in flashlights

BALANCE SHEET

	30.09.2008 Ksh '000	30.09.2007 Ksh '000
NON-CURRENT ASSETS		
Property, plant and equipment	180,837	162,234
Prepaid operating lease rentals	219	223
Deferred tax	14,222	15,438
Retirement benefit asset	3,937	6,143
Total Non-current Assets	199,215	184,038
CURRENT ASSETS		
Inventories	400,049	793,647
Receivables and prepayments	189,050	174,769
Current income tax receivable	13,184	21,974
Cash and bank balances	35,831	14,889
Total Current Assets	638,114	1,005,279
TOTAL ASSETS	**837,329**	**1,189,317**
SHAREHOLDERS' FUNDS AND LIABILITIES		
CAPITAL EMPLOYED	**-**	
Share Capital	210,000	210,000
Retained earnings	156,425	138,585
Proposed dividends	-	94,500
Total Capital employed	366,425	443,085
NON CURRENT LIABILITIES		
Provision for liabilities and charges	82,800	92,900
Hire purchase liabilities	3,965	8,857
Total Non current liabilities	86,765	101,757
CURRENT LIABILITIES		
Payables and accrued expenses	183,766	228,165
Hire purchase liabilities	4,886	4,340
Borrowings	195,487	411,970
Total Current liabilities	384,139	644,475
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES	**837,329**	**1,189,317**

CASH FLOW STATEMENT

	30.09.2008 Ksh '000	30.09.2007 Ksh '000
OPERATING ACTIVITIES		
Cash generated from operations	410,945	(37,334)
Interest received	64	138
Interest paid	(34,892)	(30,020)
Income tax paid	(9)	(65,086)
Net cash generated from operating activities	**376,108**	**(132,302)**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(44,044)	(45,478)
Proceeds on sale of property, plant and equipment	4,207	6,969
Net cash used in investing activities	**(39,837)**	**(38,509)**
FINANCING ACTIVITIES		
Dividends paid on ordinary shares	(94,500)	(126,000)
Proceeds from borrowings	0	14,047
Repayments of borrowings	(4,346)	(850)
Net cash used in financing activities	**(98,846)**	**(112,803)**
(Decrease)/increase in Cash and cash equivalents	**237,425**	**(283,614)**
Cash and cash equivalents at the beginning of the period	(397,081)	(113,467)
Cash and cash equivalents at the end of the period.	**(159,656)**	**(397,081)**

DIVIDEND

Directors do not recommend payment of a dividend.

By order of the board

Steven G. Smith
DIRECTOR

Akif H. Butt
DIRECTOR

The above extract is based on the accounts of EVEREADY EAST AFRICA LIMITED for the year ended 30th September 2008, as audited by DCDM Associates, upon which an unqualified opinion has been issued. Any forward looking statement must only be used to note the intended direction of the company.

5th Floor, Standard Building, Wabera Street | P. O. Box 44765 - 00100 Nairobi, Kenya • Tel: +254 020 2216139 • Website: www.eveready.co.ke Email: info@eveready.co.ke