EVEREADY
EAST AFRICA LIMITED

announcement of results for the six month period ended 31 march, 2012

The board of directors of Eveready East Africa Ltd. are pleased to announce the results for the Company for the six Month period ended 31 March, 2012

PROFIT AND LOSS ACCOUNT

	31.03.2012 Ksh '000	31.03.2011 Ksh '000
Turnover	714,674	659,672
Profit from operations	25,970	(33,919)
Finance costs	41,002	(38,304)
Profit before taxation	66,972	(72,223)
Tax charge	22,492	(18,234)
Profit after tax	44,480	(53,989)
Basic / Diluted earningsper share (Kshs)	0.21	(0.26)
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 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**
At 1 October 2011	210,000	69,405	-	279,405
Profit for the period	-	44,480	-	44,480
Dividends paid in the year	-	-	-	-
Dividends proposed	-	-	-	-
At 31 March 2012	**210,000**	**113,885**	-	**323,885**

COMMENT ON RESULTS

In the six (6) month period to March 2012, the Company registered a growth in its business compared to a similar period in FY2011.

The revenues associated with the locally manufactured D battery grew by 4% over the position realized in FY2011 while the purchased product category continued on its growth trajectory by achieving an 18% growth in revenues over a similar period in FY2011.

The above performance was achieved despite the rise in energy costs and inflationary pressures experienced over the period due to improvements in our route to market programs which resulted in improved distribution and visibility, automation of our sales reporting processes, improved relationships with our channel partners and favourable trade arrangement with key trade partners.

The cost of production reduced by 16% as the Company continued to benefit from increased plant efficiencies arising from payoffs from prior investment targeted at the same. Operating expenses reduced by 13% within a similar period as a result of tighter expenditure controls. Marketing costs grew by 13% due to associated route to market programs geared towards generating growth. These measures resulted in the Company registering a 176% growth in its profits from operations. The Company further managed to register a KShs.64 million in exchange gains following the recovering of the Kenya Shilling over the last five (5) months; however interest expense grew by 3% following a growth in the cost of borrowing from 10% to 24%. This increase in cost was however mitigated by a 21% reduction in the borrowing levels over the period.

Overall, business revenues grew by 8% compared to a similar period in FY2011. Profit before tax was KShs.67million compared to a loss position of KShs.72.2million in a similar period in FY2011.

BALANCE SHEET

	31.03.2012 Ksh '000	30.09.2011 Ksh '000
NON-CURRENT ASSETS		
Property, plant and equipment	188,532	201,286
Prepaid operating lease rentals	206	209
Deferred Income tax	73,712	76,112
Retirement benefit asset	5,593	5,593
Total Non-current Assets	268,043	283,200
CURRENT ASSETS		
Inventories	490,864	509,131
Receivables and prepayments	184,596	188,339
Current income tax receivable	7,304	6,944
Cash and bank balances	3,460	23,250
Total Current Assets	686,224	727,664
TOTAL ASSETS	**954,267**	1,010,864
SHAREHOLDERS' FUNDS AND LIABILITIES		
CAPITAL EMPLOYED		
Share Capital	210,000	210,000
Retained earnings	113,885	69,405
Proposed dividends	-	-
Total Capital employed	323,885	279,405
NON CURRENT LIABILITIES		
Provision for liabilities and charges	55,667	53,300
Hire purchase liabilities	-	-
Total Non current liabilities	55,667	53,300
CURRENT LIABILITIES		
Payables and accrued expenses	182,478	216,531
Deferred Income tax	25,776	25,776
Current income tax payable	20,092	0
Borrowings	346,369	435,852
Total Current liabilities	574,715	678,159
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES	**954,267**	**1,010,864**

CASH FLOW STATEMENT

	31.03.2012 Ksh '000	31.03.2011 Ksh '000
OPERATING ACTIVITIES		
Cash generated from operations	107,745	(61,336)
Finance Costs	(41,002)	0
Net cash generated from operating activities	**66,743**	**(61,336)**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	0	(5,039)
Proceeds on sale of property, plant and equipment	2,950	279
Net cash used in investing activities	**2,950**	**(4,760)**
FINANCING ACTIVITIES	0	0
Net cash used in financing activities	**0**	**0**
(Decrease)/increase in Cash and cash equivalents	**69,693**	**(66,096)**
Cash and cash equivalents at the beginning of the period	(412,602)	(433,086)
Cash and cash equivalents at the end of the period	**(342,909)**	**(499,182)**

Outlook

In view of the continued uncertainties with respect to the prospects of the Kenyan economy, vulnerability of the Kenya shilling, sustained inflationary pressures and high financing cost, the Board is cautiously optimistic that with the measures being pursued to mitigate against this challenging environment, the growth momentum will be sustained. To this end, additional strategic initiatives to consolidate operations in line with our FY2011 medium term plan are presently under implementation.

Dividend

The Board has not recommended the payment of an interim dividend.

By Order of the Board

Jackson Mutua, **Managing Director** Hon. A. Moody Awori, **Board Chairman**

The above extract is based on the unaudited accounts of Eveready East Africa Limited for the six months ending 31st March 2012
The principal accounting policies adopted in the preparation of these financial statements are similar to those applied to the previous financial statements









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Playtex

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