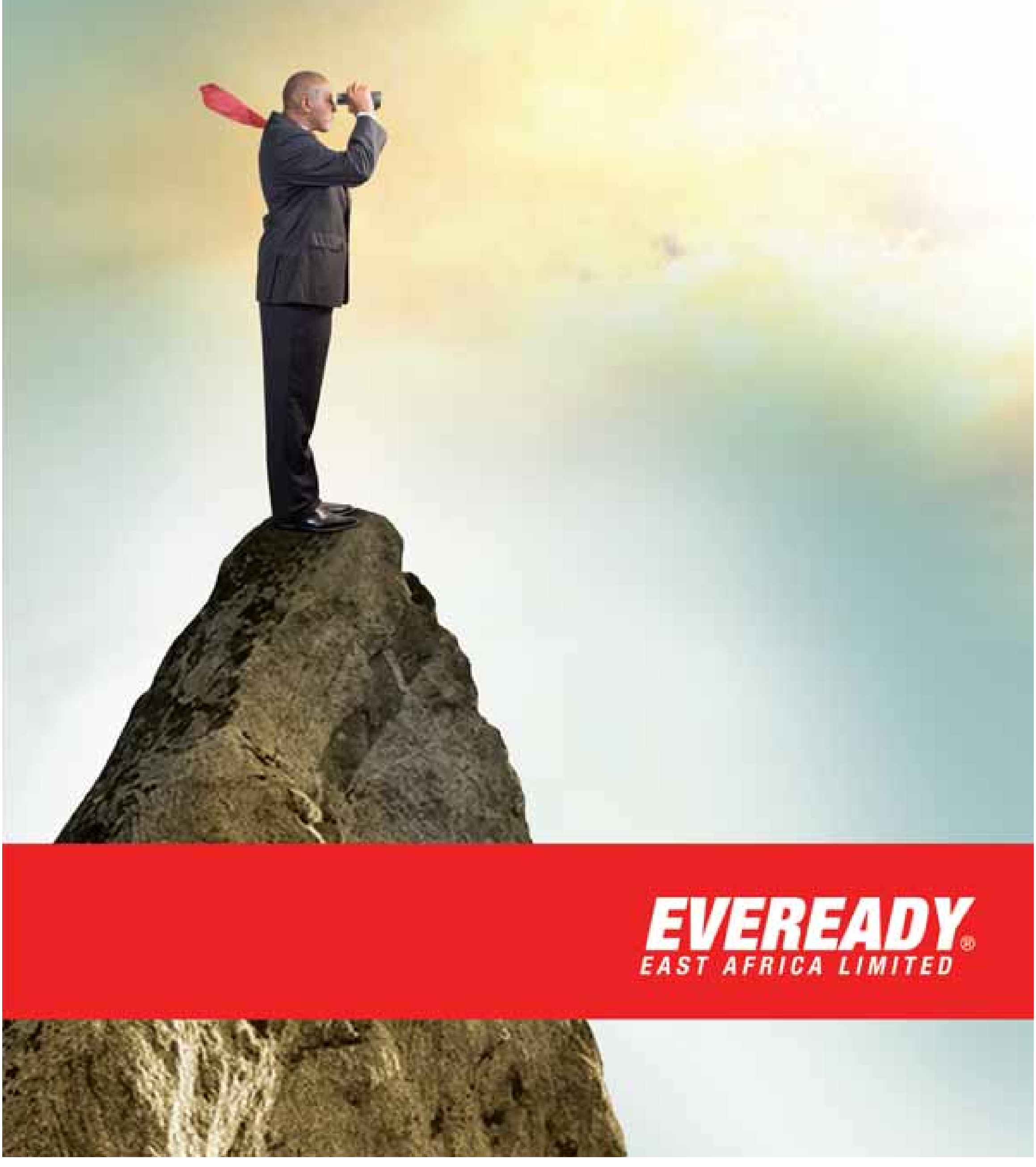
2009 ANNUAL REPORT & FINANCIAL STATEMENTS

focusing ahead



EVEREADY®
EAST AFRICA LIMITED

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FOR THE YEAR ENDED 30 SEPTEMBER, 2009

Notice of the AGM

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

NOTICE IS HEREBY GIVEN that the Forty Third (43rd) Annual General Meeting of the Company will be held at the Company premises located at George Morara Avenue, Nakuru on Thursday April 22, 2010 at 11 a.m. for the following business:

1. To table the proxies and note the presence of a quorum.
2. To read the notice convening the meeting.
3. To confirm the minutes of the Forty Second (42nd) Annual General Meeting held on April 23, 2009.
4. To receive, consider and, if approved, adopt the Financial Statements for the year ended September 30, 2009 together with the Directors' and Auditors' Reports thereon.
5. To elect Directors:
   I) Ms. Susan Mudhune will retire by rotation in accordance with article 91 of the Company's Articles of Association and being eligible offers herself for re-election as a Director of the Company.
   II) Ms. Fauzia Shah will retire by rotation in accordance with article 91 of the Company's Articles of Association and being eligible offers herself for re-election as a Director of the Company.
6. To approve the Directors' remuneration for the year ended September 30, 2009.
7. To appoint DCDM Associates as auditors of the Company for Financial Year 2010 and to authorize the Board to fix the Auditor's remuneration.
8. To transact any other business for which appropriate notice has been issued and received.
9. **Special Business:**
   To consider and, if approved, pass the following Special Resolution:
   "That the Articles of Association of the Company be amended as follows:-

Article 150

By deleting in its entirety and substituting with the following new Article:

"Any notice or other document may be served by the Company on any member or Director either personally, or by sending it by post in a prepaid letter, or by facsimile, or through electronic mail addressed to such member or Director at his registered address appearing in the Register of members or the Company's other records, whether such address shall be within or outside Kenya or by publishing the notice, document or an abridged version of the document, in at least one daily newspaper with national circulation for at least two consecutive days. Provided always that in the case of an Annual General Meeting and or Extra Ordinary Meeting, such notice may be given by:-

a. Publishing a notice containing an abridged version of both the annual financial statements and auditors' report, in at least one daily newspaper with national circulation for at least two consecutive days; or

b. Sending to every member electronically, a notice containing an abridged version of both the annual financial statement and auditor's report"

Article 151

By deleting in its entirety and substituting with the following new Article:

"A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the register of members in respect of the share."

Article 152

By deleting in its entirety and substituting with the following new Article:

"Where a notice or other document is sent by post it shall be deemed to have been served on the third day after the day on which it was posted, if addressed within Kenya, and on the fifth day after the day on which it was posted, if addressed outside Kenya. In proving such service, it shall be sufficient to prove that the cover containing the notice or document was properly addressed and put into the post office as a prepaid letter or prepaid airmail letter. Where notice is sent by facsimile or electronically, it shall be deemed to have been served at the expiration of twenty-four (24) hours after the time at which it was sent. Where notice is published in a daily newspaper, it shall be deemed to have been served on the day on which it was first published"

Issa Timamy, Company Secretary
January 31, 2010

Note:

1. A member entitled to attend and vote at the meeting and who is unable to attend is entitled to appoint a proxy to attend and vote on his or her behalf. A proxy need not be a member of the Company. To be valid, a Proxy Form, which is at page 2 of this Report, must be duly completed and signed by the member and must either be lodged at the offices of the Company's shares Registrars, Image Registrars Limited, Transnational Plaza, 8th Floor, Mama Ngina Street, P.O. Box 9287 – 00100 GPO, Nairobi or lodged at the Company's registered office at Standard Building, 5th Floor, Wabera Street, P.O. Box 44765 – 00100, Nairobi not later than 11a.m on Tuesday April 20, 2010 failing which it will be invalid. In the case of a corporate body the Proxy Form must be under its common seal or by notification in writing under the hand of some officer of the corporation duly authorized in that behalf.

2. Any member may by notice duly signed by him or her and delivered to the Company Secretary, not less than 7 nor more than 21 days before the date appointed for the Annual General Meeting, give notice of his intention to propose any person for election as director to the Board, such notice is to be accompanied by a notice signed by the person proposed indicating his or her willingness to be elected.

3 A copy of the Annual Report & Financial Statements 2009 may be viewed on the Company's website at www.eveready.co.ke.

Proxy Form

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

The Company Secretary

EVEREADY East Africa Ltd

Standard Building, 5th Floor

P.O. Box 44765 – 00100

Nairobi – Kenya

I/We* ____

____

of P.O. Box___________________________Code_____________ being a member/members* of the above

named Company, hereby appoint_____________________________________or failing him__________

____________________________________of P.O. Box__________________code ____________

as my/our proxy* to vote for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held on the

_______________________day of _________________________2010, and at any adjournment thereof.

As witness my/our* hand this ____________ day of _____________________________________2010.

____
(Signature)

This Form is to be used in favour of/against* the resolution. Unless otherwise instructed, the proxy will vote as he/she sees fit.

Strike out whichever is not desired.

Notes:

1. To be valid this Proxy Form must either be deposited at the offices of the Company's share Registrars, Image Registrars Limited, Transnational Plaza, 8th Floor, Mama Ngina Street, P.O. Box 9287 – 00100 GPO, Nairobi or lodged at the Company's registered office at Standard Building, 5th Floor, Wabera Street, P.O. Box 44765 – 00100, Nairobi not later than 11a.m on Tuesday April 20, 2010 failing which it will be invalid.

2. In the case of a corporate body the Proxy Form must be under its common seal or by notification in writing under the hand of some officer of the corporation duly authorized in that behalf.

Tear Here

Chairman's Statement

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

I am pleased to report that EVEREADY performed reasonably well against what has been a difficult trading environment.

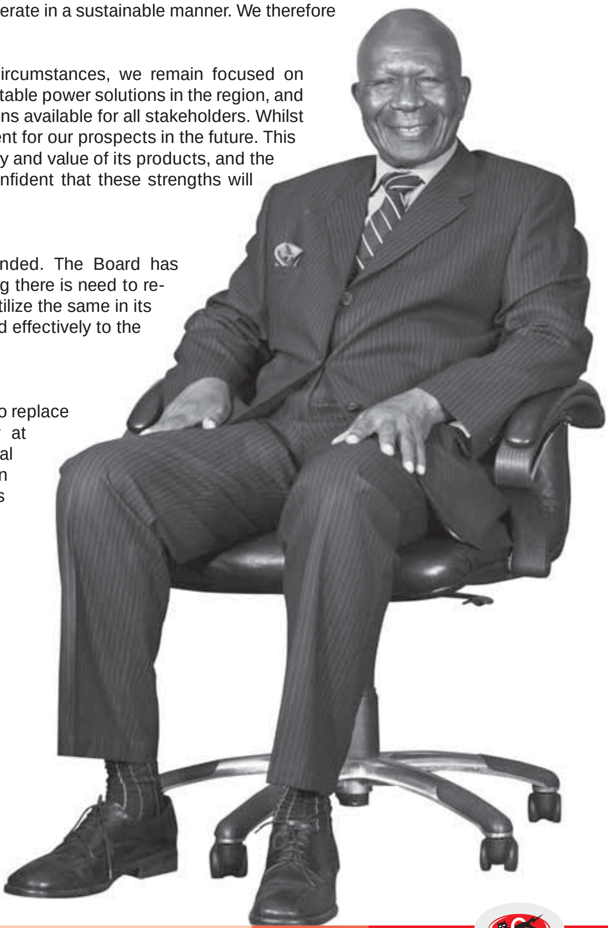
We have benefited from actions taken in prior years to rationalize our operations and reduce cost and we report a raise in net profit by 58%.

Our revenue performance however declined by 7% compared to last year as a result of the toll on our consumers of a slowing economy made worse by the famine situation experienced around the country in the year. The situation limited the ability of our consumers to spend unreservedly and made the cheaper priced substandard batteries currently prevalent in the Kenyan market more attractive to them.

We recognise that our operating environment continues to evolve as competition (both legitimate and illegitimate) and the effects of a slowing economy manifest themselves to our business. We appreciate that EVEREADY needs to continously adapt its strategies to meet these changes in order to remain a profitable and vibrant company. The Managing Director has been tasked to respond appropriately to these challenges.

We continue to aggressively seek partnerships that will offer us other long term opportunities in terms of expanded markets and product portfolio in order to deliver long term value to our shareholders and customers. We will also continue to manage our expenses to ensure that we operate in a sustainable manner. We therefore face the challenges ahead with confidence.

Even as we adapt appropriately to this change in circumstances, we remain focused on continuing to be the premier supplier of high quality portable power solutions in the region, and utilising our operational skills to generate the best returns available for all stakeholders. Whilst the market is challenging at present, we remain confident for our prospects in the future. This is because EVEREADY has great strengths in the quality and value of its products, and the quality and professionalism of its staff. We remain confident that these strengths will continue to serve EVEREADY well.



Dividend

To conserve cash, no dividend has been recommended. The Board has decided not to declare a dividend for the year, believing there is need to re-invest the monies back into the business to enable it utilize the same in its processes so that the company may be able to respond effectively to the operating environment.

Board Changes

Paul Scott was appointed a Director on June 25, 2009 to replace Natarajan Radhakrishnan who retired as a Director at the end of FY 2008. Paul who is currently the General Manager of Energizer Middle East & Africa Ltd based in Dubai, brings with him substantial experience in sales and marketing. We welcome him to the EVEREADY Board. We also bid farewell in the year to Centum Investment Company Limited (Centum). Centum retired from EVEREADY's Board as a result of internal re-organization of its business and priorities. I take this opportunity to thank Centum for its contribution to the Board.

Finally, I would also like to thank our staff for their focus and dedication to the business during an extremely challenging period for our Company.

Hon. Moody Awori, Chairman
January 31, 2010

Ripoti Ya Mwenyekiti

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

Ninafuraha kutangaza kwamba EVEREADY ilijizatiti na kufanya vyema haswa tukizingatia hali mbaya ya kibiashara.

Yote haya yametokana na vitendo pamoja na hatua zilizochukuliwa miaka ya mbeleni, ili kupunguza upana wa kazi na matumizi, hali ambayo imewezesha kampuni hii kupata ongezeko la asilimia hamsini na nane ya faida kwa ujumla.

Hata hivyo, mapato yetu yalishuka kwa asilimia saba ikilinganishwa na mwaka uliopita, hali iliyochangiwa na wateja wetu kupitia wakati mgumu wa kifedha kufuatia uchumi mbaya, jambo ambalo lilizidishiwa uzito na ukame ulioikumba nchi mwaka jana. Mambo haya yalizuia uwezo wa wateja wetu kununua bidhaa zetu kwa hiari na kufanya betri duni zinazopatikana katika soko la Kenya kwa bei ya chini kupendeza.

Tumetambua kuwa mitindo ya biashara halali na isiyo halali inaendelea kuibuka na kujitokeza kwa madhara yanayotokana na uchumi unaokuwa polepole masuala haya yote yakiathiri biashara yetu.

Tunatambua kuwa kampuni ya EVEREADY inastahili kuendelea kurekebisha mbinu zake kwa haraka ili kukabiliana na mabadiliko hayo, na kuendelea kuwa kampuni yenye faida inayotambulika kote. Mkurugenzi mkuu tayari amepewa jukumu la kukabiliana na changamoto hizi mara kwa mara.

Tunaendelea kutatafuta kwa ukakamavu ushirikiano utakaotusaidia kuendeleza malengo ya muda mrefu kama kupanua soko letu la biashara na kuongeza umaarufu wa bidhaa zetu ili kuwafaidi wenye hisa za kampuni yetu pamoja na wateja wetu. Pia, tutaendelea kudhibiti matumizi yetu ya fedha ili kuweza kuendesha kampuni kwa njia inayofaa. Kwa hivyo tunaweza kukabiliana vilivyo na changamoto za kila aina kwa ujasiri.

Tunavyo jitahidi kujirekebisha na kukabiliana na mabadiliko na hali ya kibiashara, tuko waangalifu kubakia watengenezaji bora nchini wa bidhaa za umeme zinazobebwa, na kuhakikisha kwamba tumetumia taaluma ya juu zaidi humu nchini ili kuwanufaisha washika dau wetu. Ingawaje, hali ya biashara inachangamoto wakati huu, tuna imani kubwa na matumaini katika siku za usoni. Hii ni kwa sababu kampuni ya EVEREADY ina bidhaa imara zenye hali ya juu na hali nzuri ya kuridhisha ya uchapa kazi wa wafanyikazi wake. Tuna imani kuwa sifa hizi zitaendelea kuwa nguzo muhimu katika kampuni ya EVEREADY.

Mgao wa Fedha

Kuhifadhi pesa, bodi ya wakurugenzi ilipendekeza isitoe mgao wa fedha mwishoni mwa mwaka, ikizingatiwa kuwa kuna haja ya kuirudisha fedha hizo katika kampuni ili kuiwezesha kampuni kuyatekeleza mipango yake ya kuisaidia kuimarisha biashara yake.

Mabadiliko Katika Bodi

Paul Scott aliteuliwa kama mkurugenzi mwezi Juni tarehe 5, mwaka wa 2009, kuchukua nafasi ya Natarajan Radhakrishnan aliyestaafu mwishoni mwaka wa 2008. Paul, ambaye ni mkurugenzi mkuu wa kampuni ya Energizer Mashariki Ya Kati Na Afrika ilioko Dubai, analeta umaarufu wake katika nyanja za mauzo na soko. Tunamkaribisha katika bodi ya kampuni ya EVEREADY. Tunachukua fursa hii pia kuaga Centum Investment Company Limited waliostaafu kutokana na hatua inayoendelea ya kampuni kuweka sawa bishara yao. Nawashukuru sana kwa mchango wao katika bodi.

Mwisho nawashukuru sana wafanyikazi wetu kwa kuendelea kuwa na imani na malengo ya kampuni pamoja na kujitolea kwa kazi haswa katika wakati mgumu tuliopitia kama kampuni.

Mheshimiwa Moody Awori, Mwenyekiti
Januari 31, 2010

Managing Director's Statement

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

The results for 2009 represent a significant achievement against a challenging trading environment.

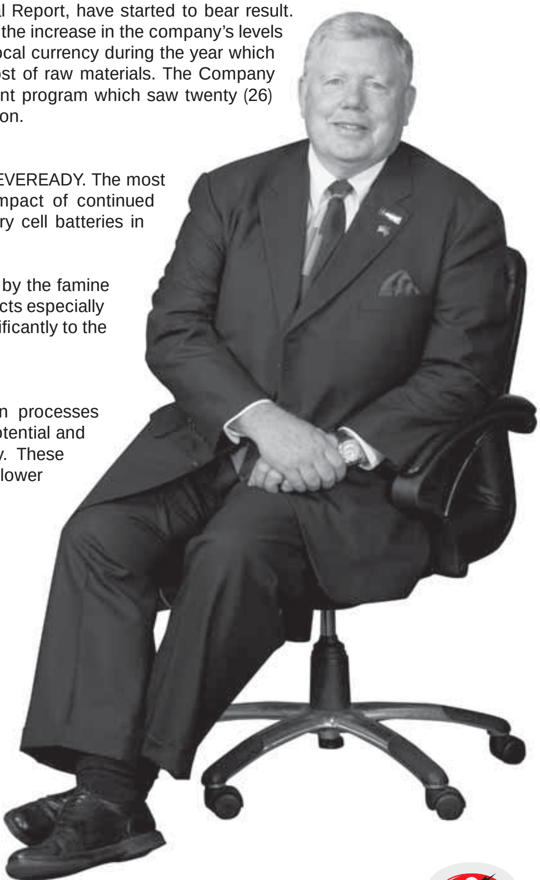
Economic Environment

EVEREADY is coping with major changes in its trading environment which have combined to create a challenging trading environment. The challenges relate largely to the influx and presence in the market of illegal and unfair competition. In the midst of those challenges, Eveready continues to function as a resilient competitor, well placed to initiate and benefit from current and future market opportunities.

A number of factors have negatively influenced the company's financial outcome in FY 2009. They included currency fluctuations, the famine situation experienced in several parts of the country for an extended course of time in FY 2009, the economic slowdown and illegal and unfair competition presented by the cheaply priced but substandard varieties of dry cell batteries which reduced demand for EVEREADY products mostly in the low end market segment. Our business has however performed well in the context of this difficult trading environment.

Company Performance

Eveready registered a 58% increase in profit after tax compared to the same period last year. There was however a decline in Company revenues by 7% compared to last year in response to the difficult trading environment. The major success of the year was the operational progress achieved, the most significant element of which was the improvement in controlling operational costs. Gross margin improved by 3% compared to FY 2008 as the benefits of the capacity re-alignment program and the various cost improvements programs initiated at our factory in preceding years and which we have reported on in previous issues of the Annual Report, have started to bear result. Finance cost reduced by 45% compared to last year despite the increase in the company's levels of borrowing. We however witnessed a depreciation of the local currency during the year which cost the Company close to Ksh 100 million in increased cost of raw materials. The Company also implemented the third phase of its capacity re-alignment program which saw twenty (26) employees being declared redundant at a cost of Ksh 37million.



Sales performance

The decline in sales performance reflects a difficult year for EVEREADY. The most significant influences on our revenue reduction was the impact of continued proliferation of cheap and sometimes illegal substandard dry cell batteries in the Kenyan market.

The negative effects of a slowing economy as compounded by the famine situation also negatively impacted our ability to sell our products especially in the lower market segment effectively, as it contributed significantly to the slowing discretionary spend of our consumers.

Factory Performance

We have invested significantly to refurbish our production processes which are now well equipped to optimize their production potential and we continue to make improvements to our Nakuru facility. These improvements have resulted in increased efficiency and lower operating cost at the Plant.

The company has invested in the following projects:

- A new Paste Platform
- Refurbished extruders
- Refurbished ABE's
- A new SW 10 Machine
- A new Can elevator Machine and
- A new 1500KVA Transformer

We expect to realize more efficiency and cost savings at the factory with these improvements. We will continue to look for more opportunities to further improve our processes in terms of efficiency and cost reduction in order that we may positively contribute to our bottom line.

Managing Director's Statement

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

Human Resources

Providing EVEREADY'S over 250 employees with a rewarding place to work and develop is key to the Company's success. We focus on hiring the right talent that is aligned with business needs, developing skills and abilities at all levels, driving a diverse and inclusive work environment and providing competitive compensation and benefits.

EVEREADY shapes its workplace culture by defining the values, skills and behaviors that employees need to succeed. Our core values are outlined in this Report and include Passion, Respect, Initiative, Teamwork and Integrity. The programs that we have put in place to achieve our goals include:

Performance Management:

This program is generated around Key Performance Indicators. It clarifies what EVEREADY expects of its employees and includes the following:

- Shared Values – the beliefs and standards that EVEREADY employees bring to their work; and
- Competencies – the skills and knowledge necessary to achieve goals.

Managers review employee performance anually against their established goals. Mid-year reviews are also conducted. Individual performance contributes to differentiated awards in our Benefits and Awards program. In addition to these formal reviews, the company encourages managers to provide employees with ongoing coaching and feedback. For example, as part of the annual performance review process, both employee and manager identify two or three strengths and under the Stop, Start, Continue feedback process.

Training and Development

Helping employees develop management and leadership skills makes EVEREADY a rewarding place to work and develop. EVEREADY's training and development programs provide employees with the skills and technical competence required to succeed in a highly regulated environment. Trainings have been conducted covering topics such as LEAN, Four Step Management, 5S, leadership and career development, environment, health and safety and many more.

Compensation & Benefits

EVEREADY provides its employees with competitive compensation and benefits. The Company provides market-based pay while rewarding employees for strong individual and business performance.

Employee Welfare

EVEREADY believes that managers and employees share the responsibility to achieve a healthy blend of work and personal life. Some of the work/life programs include team building retreats, employee assistance and counseling programs and training on various health topics.

Industrial Relations

The relationship between management and employees' union continues to be harmonious. The Collective Bargaining Agreement negotiation is currently ongoing and progress has been made towards negotiating a new agreement.

Corporate Affairs

Corporate Communications

Eveready has over 130,000 shareholders and we value their input and involvement in the affairs of the Company. Stockholders may communicate to the Board at any time by writing to them through the Company Secretary. Shareholders attending the Annual General Meetings of the Company may also direct concerns or questions at the Board during the questions and answer session that follow the official proceedings. EVEREADY publishes its interim and annual statements in a daily newspaper of national circulation and posts the said results and its Annual Report on its website www.eveready.com.The information together with any other major announcement is simultaneously made available to the securities exchange and the capital market. The EVEREADY website which is regularly updated, gives our shareholders and other stakeholder quick and easy access to company information and also allows them to communicate with the Company.

Corporate Social Responsibility

EVEREADY continues to support various projects and causes which make a genuine contribution to the society in which we do business. We believe that our success is shaped and measured not only by the financial outcomes of what we do, but also by the social impact of our decisions and actions have on the wider community. We recognize that making a contribution to the communities in which we work and live grows and strengthens that community, an outcome from which everyone benefits. We have partnered both presently and in the past with various organizations in order to strengthen our contributions and involvement in our community. In this financial year we continued to support the charities and projects that we believe in.

Managing Director's Statement

Awards & Recognition
We were honored and humbled in the course of FY 2009 to be recognized in the following areas:

- EVEREADY received a Gold Award from the USAID sponsored Aphia II for its workplace HIV/AIDs Program.
- The Company also received recognition by the Kenya Revenue Authority for its tax contribution.

Outlook
FY 2009 was a stronger year for EVEREADY compared to FY 2008. While the challenges of lack of enforcement of standards by the authorities persist and will follow us to the next financial year, our focus will remain on keeping a tight cost base and commitment towards implementing various business strategies to help us achieve our primary objective of revenue generation and profitably growing this business. We understand that based on the prevailing trading environment our biggest challenge is that of effecting fundamental change in the way we conduct business in order to deal with a new business environment and realities. We anticipate that part of this change will entail further diversification of our product lines and expansion of our reach into the regional markets.

EVEREADY continues to expand its product portfolio range and the distributive depth and coverage. In that regard, EVEREADY introduced various high margin products into its flashlight division in the course of the year and has reviewed its distribution strategies with a view of increasing its depth of coverage into channels that it previously did not fully exploit. We also expect to see growth in distribution of our products in the regional markets both in range and geographical reach. The Company has re-focused its attention to these markets and have made notable human and capital investment in them whose benefits are expected to start accruing from the 2010 financial year. We look forward to the coming into force of the East African Community Common Market Protocol and look forward to the opportunities that it will bring. We believe that this Protocol presents us with tremendous opportunities which will further strengthen our regional footprint.

Financial discipline and efficiency in our production processes will remain a core feature of our operations as we strive to conduct our operations in a sustainable manner. Our goal is to remain as the leading supplier of world class brands to our consumers throughout the East African region by developing an organization that can meet the new business realities (both economic and competitive) even as we strive to deliver on our synergies.

I would like to thank all employees and my colleagues on the Board for the contribution each of them has made to the continued success of the Company

Steven G. Smith, Managing Director
January 31, 2010

Ripoti Ya Mkurugenzi Mkuu

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

Matokeo ya mwaka wa 2009 yanaonyesha mafanikio makubwa ikilinganishwa na changamoto zilizoko katika mazingira ya bishara.

Mazingira ya Biashara

Kampuni ya EVEREADY inakumbana na mabadiliko mengi sana katika mazingira ya kibiashara yanayoleta changamoto nyingi katika hali ya kufanya biashara. Changamoto hizo zinatokana na kuwepo kwa biashara haramu na mashindano ya kibiashara yasiyo halali. Hata hivyo, kampuni ya EVEREADY inaendelea kushindana vyema katika biashara, na kuwa na fursa bora ya kunufaika kibiashara katika siku zijazo.

Kuna mambo kadhaa yalioyoathiri na kuchangia katika matokeo ya kifedha ya mwaka wa 2009. Mambo hayo ni kama; kubadilika kwa dhamana ya shillingi mara kwa mara, hali ya ukame iliyoshuhudiwa katika nchi kwa muda mrefu wa mwaka wa kifedha wa 2009, uchumi kukuwa kwa hali ya polepole, na biashara isiyo halali inayoletwa na ushindani kutoka bidhaa za mabetri hafifu yanayouzwa kwa bei rahisi, jambo linalosababisha kushuka kwa mauzo ya EVEREADY haswa kwa wale wateja wa chini. Hata hivyo biashara yetu imefanya vyema licha ya hali ngumu ya mazingira ya kibiashara.

Matokeo ya Kampuni

Kampuni ya EVEREADY ilipata ongezeko la faida ya asilimia 58 baada ya kutozwa ushuru, ikilinganishwa na mwaka jana kipindi kama hiki. Hata hivyo kulikuwa na upungufu wa mapato kwa asilimia 7 kutokana na hali ngumu ya kibiashara. Mafanikio makubwa mwaka huu ni jinsi utekelezaji wa kazi ulivyoendeshwa, jambo la muhimu likiwa kudhibiti na kupunguza matumizi ya uzalishaji. Mapato yetu ya jumla yaliimarika kwa asilimia tatu ikilinganishwa na mwaka wa 2008 kama mafanikio ya mradi wa kubadili njia za kufanya kazi pamoja na mipango mengine ya kupunguza matumizi iliyoanzishwa katika kampuni hii miaka ya mbeleni na iliyoripotiwa katika ripoti ya mwaka, na tayari imeanza kuleta mafanikio. Matumizi ya fedha yamepungua kwa asilimia 45 ikilinganishwa na mwaka uliopita licha ya ongezeko la kampuni kuchukua mikopo. Tulishuhudia pia kuporomoka kwa thamani ya shillingi ya Kenya mwaka jana, jambo lililoongeza matumizi ya ununuzi wa malighafi kufikia shilingi milioni 100. Kampuni pia imetekeleza mkondo wa tatu wa mpango wa mabadiliko katika utendakazi yaani 'Capacity Re-alignment Program' uliobainisha kuwepo kwa wafanyikazi 26 wasio na majukumu muhimu walioachishwa kazi na mkondo huo uligharimu kampuni shillingi milioni 37.

Hali ya Uuzaji

Upungufu wa mauzo umeashiria hali ngumu katika kampuni ya EVEREADY. Kilichosababisha upungufu wa mapato zaidi ni kuwepo kwa betri duni na za bei ya chini katika soko la humu nchini.

Adhari za kuzorota kwa uchumi uliotokana na ukame zimeadhiri juhudi za uuzaji wa bidhaa zetu haswa katika soko la chini, hali iliyosababishia wateja wetu kuwa na uwezo mdogo wa kununua bidhaa zetu, na kununa bidhaa duni kwa bei nafuu.

Matokeo ya Kiwanda

Tumewekeza vilivyo katika vifaa vilivyoboreshwa kwa uzalishaji ili kuweza kupata bidhaa nyingi, na vifaa hivyo vitaendelea kuboreshwa. Uboreshaji huo umesaidia katika uzalishaji wa haraka wa bidhaa pamoja na kupunguza gharama ya uzalishaji katika kiwanda chetu huko Nakuru. Kampuni imewekeza katika miradi ifuatayo.

- Stesheni mpya ya kutengenezea Paste,
- Kuboresha Extruders
- Kuboresha ABE's
- Mashine mpya ya SW 10
- Mashine mpya ya kubeba mikebe na
- Transforma mpya ya 1,500KVA

Tunatarajia kuboresha huduma na kupunguza gharama baada ya kuboresha kiwanda chetu. Tutaendele kutafuta nafasi zaidi za kuboresha uzalishaji wa bidhaa kwa haraka na kupunguza gharama ili kuafikia malengo ya awali.

Wafanyikazi

Kuboresha maeneo ya kufanyakazi ya wafanyikazi zaidi ya 250 wa EVEREADY na maendeleo yao ni suala muhimu katika ufanisi wa kampuni. Tunazingatia kuajiri kazi watu wenye talanta na taluma kulingana na mahitaji ya biashara, kuboresha mbinu na uwezo katika nyanja zote, hali inayoboresha mazingira ya kazi na kuleta ushindani mkubwa na faida.

EVEREADY inatengeneza na kuboresha tamaduni za kazi kwa kuweka mienendo, maarifa na tabia wafanyikazi wanazohitaji ili kufaulu. Tabia zinazopaswa kufuatwa zimenukuliwa katika ripoti hii katika sehemu tofauti. Baadhi ya tabia hizi ni kama vile; Motisha, Kupenda kazi, Ushirikiano na Kuwa na heshima.

Mipango tuliyoanzisha kuafikia malengo yetu ni pamoja na:

Usimamizi wa Utendakazi: mpango huu unaangazia masuala muhimu yanayoangazia utenda kazi mwema: (Viashiria vya

Ripoti Ya Mkurugenzi Mkuu

Utendakazi). Mpango huu unadhihirisha matarajio ya kampuni ya EVEREADY kutoka kwa wafanyikazi wake na kuhusisha mambo kama vile:

- Malengo na madhumuni ya pamoja – imani na kiwango kinacholetwa na wafanyikazi katika maeneo ya kazi; pamoja na
- Ufanyikazi mwema (Kumakinika Kazini) – taaluma na mbinu mwafaka za kuafikia malengo yetu.

Kampuni ya EVEREADY inaendelea kuboresha na kusimamia shughuli ya usimamizi wa utendakazi. Wasimamizi wa kampuni hukagua utendakazi wa wafanyikazi ikilinganishwa na malengo ya kampuni kila mwisho wa mwaka na hata katikati ya mwaka.

Juhudi za wafanyikazi pia zinachangia kuhusishwa katika mpango wa kuwazawadi. Isitoshe, kampuni inawatia changamoto wasimamizi kuwapa wafanyikazi mafunzo na kuwachunguza iwapo wanatumia mbinu hizo. Kwa mfano, katika mpango wa mwaka wa kuchunguza utendakazi, msimamizi na mfanyikazi wanapaswa kutambua angalau nguvu zao mbili au tatu katika utekelezaji wa kazi zao. Hii ni katika mpango wa Kusitisha, Kuanzisha na Kuendeleza matokeo yaani Stop, Start, Continue feedback.

Kutoa mafunzo na kujiendeleza

Kuwasaidia wafanyikazi kutambua mbinu za usimamizi na uongozi kunasaidia kampuni ya EVEREADY kuwa mahali bora pa kuajiriwa na kujiendeleza kikazi. Mipango ya EVEREADY ya kutoa mafunzo inasaidia kuboresha mbinu za ufanyakazi na uzoefu wa teknologia unaosaidia kufanikiwa katika mazingira ya mabadiliko. Mafunzo yanayotolewa ni kama; LEAN, Usimamizi wa Kutumia Hatua Nne yaani Four Step Management, 5S, Uongozi na Kujikuza Kikazi, Mazingira, Afya na Usalama pamoja na mengineyo.

Kulipa Mshahara na Faida

Kampuni ya EVEREADY imehakikisha kwamba wafanyikazi wake wanalipwa mshahara unaolingana na soko pamoja na faida. Kampuni inawalipa wafanyikazi kulingana na soko na kuwazawadi wafanyikazi bora kwa juhudi zao.

Masuala ya wafanyikazi

Kampuni ya EVEREADY inaamini kuwa wasimamizi na wafanyikazi wanalo jukumu la kuwa na uhusiano mzuri kikazi na katika maisha yao binafsi. Baadhi ya mipango ya kikazi na kibinafsi inajumuisha mapumziko ya pamoja yanoyojumuisha michezo, usaidizi kwa wafanyikazi, mpango ya ushauri na mafunzo kuhusiana na afya na jinsi ya kukabiliana na changamoto kuu za maisha na kazi zinazochangia kuchoka kwa akili.

Uhusiano wa Kiviwanda

Uhusiano kati ya wasimamizi na wafanyikazi unaendelea kuwa shwari. Shughuli ya majadiliano inayojulikana kama ''Makubaliano ya pamoja ya maelewano" yaani "The Collective Bargaining Agreement" bado inaendelea huku hatua mwafaka zikichukuliwa kuhakikisha kwamba kuna makubaliano mapya.

Masuala ya Kampuni

Masuala ya Mawasiliano Katika Kampuni

Kampuni ya EVEREADY ina zaidi ya wenye hisa elfu 130 na tunaheshimu mchango wao na kujihusisha kwao na masuala ya kampuni. Wenye Kampuni za hisa pia wanaweza kujadiliana na bodi wakati wowote kwa kuwaandikia barua kupitia katibu katika kampuni. Na katika mkutano wa mwaka, wenye hisa pia wanaweza kuwasilisha dukuduku au maswali yao moja kwa moja kwa bodi wakati wa kuuliza na kujibiwa maswali, baada ya kukamilika kwa masuala muhimu.

EVEREADY huchapisha taarifa zote ikiwemo ya mwisho wa mwaka katika gazeti la kila siku lenye usambazaji kote nchini huku ripoti ya mwaka ikiwekwa katika tovuti yake www.eveready.co.ke. Habari zote na matangazo muhimu pia yanawekwa wazi katika kampuni na masoko ya hisa. Tovuti ya kampuni ya EVEREADY inawekwa habari mpya ili kuwezesha wenye hisa na wawekezaji kupata habari muhimu za kampuni kila wakati na kwa urahisi kabisa na pia kuweza kuwaruhusu kuwasiliana vyema na kampuni.

Jukuma la Kampuni kwa Umma

Kampuni ya EVEREADY inaendelea kuunga mkono miradi kadhaa na mawazo yanayoweza kusaidia kuboresha maisha ya wananchi wanaonunua bidhaa zetu na tunaofanya biashara nao. Tunaamini mafanikio ya kifedha ya kampuni hayaletwi na kile tunafanya bali pia jinsi maamuzi yetu yanavyoleta manufaa kwa umma kwa ujumla. Tunatambua kuwa hatua ya kusaidia na kuhusika na masuala ya umma mahali tunapoishi na kufanya kazi kunaipa jamii nguvu na uwezo na matokeo yake sote tunafaidika.

Tumeweza kushirikiana na mashirika mengine hapo awali na hata sasa ili kuipa nguvu hatua yetu ya kusaidia jamii. Katika mwaka huu tuliweza kuchangia katika miradi tunayoona inafaa.

Ripoti Ya Mkurugenzi Mkuu

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

Tuzo na Kutambulika

Tunajivunia kuwa mwaka wa 2009 tulitambulika kwa njia tofauti:

- Kampuni ya EVEREADY ilitunukiwa zawadi ya kutambulika ya Gold Award Recognition kutoka USAID Aphia II kwa kuwa na mpango wa ugonjwa wa UKIMWI kazini.
- Kampuni pia ilitambuliwa na halmashauri ya ukusanyaji ushuru nchini, kwa kupeleka ushuru.

Mitazamo

Katika mwaka wa 2009 kampuni ya EVEREADY ulipata changamoto ikilinganishwa na mwaka wa 2008. Hata kukiwa na changamoto na mashirika ya serikali kushindwa kudhibiti maadili na tatizo hili kuwepo tena mwaka huu, tutazingatia kufuata bajeti yetu na jitihada za kutekeleza mbinu zetu za kibiashara kusaidia kuafikia malengo hasa ya kampuni ya kupata faida na kuiboresha.

Tunaelewa kuwa tukizingatia mazingira ya kisasa ya kibiashara, changamoto letu kubwa ni kuanzisha mabadiliko ya jinsi tunavyofanya biashara ili kukabiliana na mazingira mapya ya kufanya kazi. Tunatarajia kuwa mabadiliko hayo yatajumuisha kupanuka na usambazaji mkubwa wa bidhaa katika maeneo mengi.

Kampuni ya EVEREADY inaendelea kupanua maeneo yake ya kibiashara na kueneza bidhaa zake katika maeneo kadhaa. Kampuni ya EVEREADY ilianzisha mbinu mpya na tofauti za usambazaji kwa nia ya kuongeza njia za usambazaji ambazo hazikuwahi kutumiwa hapo awali. Tunatarajia ongezeko la usambazaji wa bidhaa zetu kwa wingi na katika maeneo mengi. Kampuni inazingatia njia hizo za kupata soko na imewekeza katika wafanyikazi wazuri na pesa za kutosha, huku faida zake zikitegemea kuanza kuonekana katika mwaka wa 2010. Tunatazamia kuanza kutekelezwa kwa mkataba wa soko la jumla la Afrika ya Mashariki utakaoleta nafasi za biashara. Tunaamini kuwa mkataba huo utaleta fursa za kibiashara zitakazoboresha mbinu tulizoanzisha.

Tabia ya kutumia fedha vizuri na uzalishaji wa haraka wa bidhaa utabakia suala muhimu katika shughuli zetu za uzalishaji tunapojizatiti kufanya kazi kadri inavyotakikana.

Lengo letu ni kuongoza katika kutengeneza na kusambaza bidhaa iliyoko bora zaidi kwa wateja wetu katika kanda ya Afrika ya Mashariki kwa kubuni kampuni inayoweza kukabiliana na changamoto mpya katika biashara (kiuchumi na mashindani ya kibiashara) tunapojitahidi kutoa huduma.tNingependa kuwashukuru wafanyikazi wote pamoja na wenzangu katika bodi kwa mchango wenu katika kuboresha kampuni hii.

Steven G. Smith, Mkurugenzi Mkuu
Januari 31, 2010

Board Of Directors

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

Fauzia B. Shah
Ms. Shah holds a Bachelor of Laws Degree and an advocate of the High Court of Kenya with over 20 years experience in corporate and commercial matters. Fauzia is also a Certified Public Secretary with over 15 years of company secretarial practice. She is currently employed by the Sameer Group as Company Secretary and In-house Counsel. 46

Mr. Isaac B. Mogaka
Mr. Mogaka represents ICDC in the Board. He holds a Bachelor of Laws degree from the University of Nairobi. Isaac is an Advocate of the High Court of Kenya, a member of the Institute of Certified Public Secretaries (K) and an Associate Member of the Chartered Institute of Arbitrators. Isaac is currently the Executive Director of ICDC. Prior to his appointment as the Executive Director, he served as the Corporation Secretary of ICDC for 12 years and as the Company Secretary of several ICDC subsidiary/associate Companies. 52

Hon. Moody A. Awori - Chairman
Hon. Awori has had a distinguished career in both government and the private sector. He was the immediate former Vice President of Kenya and a Minister for Home Affairs in President Kibaki's government and also served as a member of parliament for Funyula Constituency in Western Kenya. Hon. Awori is the current Chairman of the Association for the physically Disabled of Kenya, a position he has held for the last 41 years. He is the Chairman of various well known companies including Macmillan Publishers, Securicor, Mareba Tiles, Mocian, The Da Gama Rose Group and Others. 82

Steven G. Smith - Managing Director
Mr. Smith received a Bachelor of Science Degree in Industrial Technology from East Carolina University (1973) and has done post graduate work at East Carolina University, Ohio State and the University of Michigan. Prior to his 1998 assignment to East Africa he was the Plant Manager for P.T. Eveready Battery Company Indonesia in Jakarta, Indonesia. Steve has been employed by Eveready Battery Company, USA for 36 years. 58

Paul Scott
Mr Scott received an SNC in Business Studies from Paisley College in 1984. He has worked closely with several local Universities on their MBA & graduate programs and holds several advanced training awards from U.K. Business Colleges. Paul is currently the General Manager of Energizer Middle East & Africa Ltd in Dubai & has worked for Energizer for 13 years. Prior to joining Energizer Mr. Scott worked with Rothmans International in various sales, marketing & training roles throughout Europe & the Middle East markets. He is a member of the American Business Institute & the British Businessman's Group in Dubai. He is also a founding member of the Council Against Counterfeit in the Middle East. 46

Henry K. Kiplangat
Mr. Kiplangat holds a Bachelor of Arts Degree and a Master of Arts in Education from the University of Lancaster, United Kingdom. Henry is the Chief Principal of the Moi High School, Kabarak and is also the Chairman of Moi Primary School, Kabarak. Henry is a member of the Kabarak University Governing Council and a Trainer of trainers at the Kenya Education Staff Institute (KESI). Henry is a recipient of the Order of the Grand Warrior which was awarded to him by the Retired President Daniel Arap Moi in recognition of his service in the education sector in Kenya. 42

Susan Mudhune
Ms. Mudhune holds a Bachelor of Arts Degree and an MBA from the University of Nairobi. She is a member of the Kenya Institute of Directors and the immediate former Chairman of the Kenya Commercial Bank Group (KCB). Prior to joining KCB, Susan worked in various management positions in the local banking industry for over 20 years. In addition, she serves as the National Chairman of the Kenya Girl Guides Association. In recognition of her outstanding achievements, the Kenya Institute of Bankers (KIB) awarded her Fellow of the Institute of Kenya Bankers (KIB) in December 2003. 59

Akif H. Butt
Mr. Butt represents Sameer Group in the Board. He is a fellow of the Association of Chartered Certified Accountants (ACCA) a Certified Public Accountant (CPA) and has over 25 years experience in financial management, corporate planning and strategic management. Akif initially trained and worked with PricewaterhouseCoopers in Kenya and the East African Region, Liberia and England. He joined the Sameer Group in 1989 and currently holds the position of Finance Director. 51

Executive Team

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

From left to right:
Jackson Mutua
Head of Finance

Narmin Kassam
Head of Human Resources & Administration

David Kinuthia
Export Sales Manager

Steven Smith
Managing Director

Fattah Bahig
Plant Manager

Ngentu Njeru
Domestic Sales Manager

Margaret Odhiambo
Legal Relations Manager

Corporate Information

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

Directors

Hon. Moody A. Awori - Chairman (Appointed on 5 Dec, 2008)
Mr. S.G. Smith - Managing Director
Mr. P. Scott (Appointed on 25 June, 2009)
Centum Investment Company Limited (Retired on 25 June, 2009)
Industrial & Commercial Development Corporation (ICDC)
Mr. N.N Merali - Chairman (Retired on 5 Dec, 2008)
Mr. A. H. Butt
Ms. S. Mudhune
Mr. H. K. Kiplangat
Ms. F. B. Shah

Audit Committee

Ms. S. Mudhune
Mr. A. H. Butt

Remuneration And Nomination Committee

Ms. S. Mudhune - Chair
Mr. I. Mogaka - (representing ICDC)
Ms. F. B. Shah

Finance And Risk Committee

Mr. I. Mogaka - (representing ICDC)
Mr. H. Kiplangat

Auditors & Tax Advisors

DCDM Associates
Certified Public Accountants
P. O. Box 10032 - 00100
Nairobi

Share Registrars

Image Registrars Limited
Transnational House,
Mama Ngina Street
P.O. Box 9287 - 00100
Nairobi

Advocates

Kaplan & Stratton,
Advocates
P.O. Box 40111- 00100
Nairobi

Mukite Musangi & Company
Advocates
Seguton Building,
Kenyatta Avenue
P.O. Box 149 - 20100
Nakuru

Secretary & Company Registered Office

Mr. I. A. Timamy
Standard Building, 5th Floor
Wabera Street
P.O. Box 44765 - 00100
Nairobi
Tel: +254 20 2216139

Bankers

Commercial Bank of Africa Limited
Barclays Bank of Kenya Limited
CITIBANK N.A

Corporate Governance Statement

Approach to Corporate Governance

At EVEREADY East Africa Limited, we acknowledge in order to create and build sustainable value to our shareholders we must be committed to achieving the highest standards of corporate governance. EVEREADY continues to support the Corporate Governance Guidelines issued by the Capital Markets Authority(CMA) guidelines. EVEREADY complied with the guidelines in FY 2009 to the extent indicated in this Statement.

The Board of Directors is the highest governance body responsible for EVEREADY's strategic direction and activities. The Board is governed by written Code of Business Conduct and Corporate Governance guidelines that comply with the Nairobi Stock Exchange (NSE) & CMA listing standards and guidelines respectively. The guidelines set out the requirements relating to director responsibilities, qualification, orientation and continuing education and assessment of board performance among other things.

The Board has the following standing committees Audit Committee, Finance & Risk Committee, and the Remuneration & Nominations Committee. The descriptions of the mandates as well as the requirements of committee members are spelt out in the respective committee charters which are routinely updated. The role and function of the Committees are spelt out as under:

a) Audit Committee

The Audit Committee of the Board of Directors assists the Board in fulfilling its responsibilities with respect to accounting and management controls, and financial reporting. Specifically, the Audit Committee is responsible for overseeing:

- the internal audit function and the work of the external auditor;
- that that the system of management controls in place in the Company is robust and effective, and protects the assets of the Company on a reasonable and economic basis
- provides for proper authorization and recording of transactions
- ensures financial information is reliable and accurate
- monitors compliance with laws and regulations
- the issuance of financial statements and ensuring that these reflect fairly the financial situation and results of the company, in accordance with generally accepted accounting principles.

The standing members of this Committee were reduced to two (2) from three (3) in the course of FY2009 with the resignation of Centum. The Remunerations & Nominations Committee has recommended to the Board the need to appoint an additional Director to replace Centum which will be implemented in FY 2010.

b) Finance & Risk Committee

The Finance and Risk Committee assists the Board in reviewing the financial plans, budgets and strategies of the company, and ensures that all major risks facing the business are identified and addressed in a systematic fashion. The Committee works with management officers to examine and strengthen the quality of financial planning, and to maintain a comprehensive risk management framework.

c) Nomination & Remuneration Committee

The Remuneration and Nominations Committee assists the Board in addressing issues pertaining to remuneration levels and employee development and motivation. It ensures that the correct incentives and reward mechanisms are in place at the highest levels of the Company, whilst maintaining the principles of equity and appropriateness of compensation. The Committee is also the custodian of a systematic and transparent process for bringing new Directors on to the Board, and for proposing appointments to Board committees. It is comprised mainly of independent Directors.

All matters deliberated upon by the Committees are tabled before the full Board in the form of a Committee Report as recommendations for the Board's decision.

Eveready's Board is required to be made up of up to nine (9) members, three (3) of these members should be independent. There were eight (8) Directors in total in FY2009 two (2) or one third (1/3) of whom are independent. The above structure satisfies the representation of minority shareholders. On the recomendation of the remuneration and nomination commitee, the Board will appoint a new independent Director to serve in the Board in FY 2010.

The Board has delegated the management of the Company to the Managing Director who together with his management team are charged with the day to day operations of the Company. The Chairman meets separately with the Managing Director on a regular basis and other informal meetings take place between the Managing Director and the other directors as appropriate.

Corporate Governance Statement

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

The Director's remuneration is approved in gross terms by the shareholders at the Annual General Meetings. The Directors' costs which are related to the performance of their responsibilities to the Company as approved by the Chairman of the Board is met by the Company. The quantum and components of remuneration for Directors is comprised of executive Directors' fees and emoluments. The non-executive directors fees and emoluments in FY2009 are set out in the financial statements under note 26.

Remuneration of senior management is based on market rates and performance in line with the company's polices on remuneration of employees as outlined in page 6 of this Report. There were no share option plans implemented in FY 2009 and no Director was advanced a loan by the Company in the same period.

Audit & Accounting Functions

The Company has engaged the Audit firm of KPMG to spearhead its internal Audit function. Two (2) audit exercises were conducted in FY 2009. The audit findings and recommendations are tabled before the Audit Committee for an appropriate review and tracking of the status of any pending audit related recommendations.

The Company's external Auditors, DCDM Associates, and the Company's Head of Finance are members of the Institute of Certified Public Accountants (ICPAK). The Auditors comply with the International Auditing Standards.

Board & Committees

The Board convenes at least four (4) times a year. The various board Committees also meet in the year to discuss various issues relating to the Company.

The time, date, venue and agenda of the meetings are communicated in advance of the meetings. The Chairman manages the conduct of the meeting to ensure that open and constructive discussions are held between the board and the management team. Ad hoc committee and Board meetings are convened to consider particular matters.

Board & Committee Attendance Record FY2009

Directors	Board	Remuneration & Nominations Committee	Audit Committee	Finance & Risk Committee
Hon. Moody Awori (Chairman)[1]	4 (out of 4)	-	-	-
Naushad Merali[2]	1 (out of 4)	-	-	-
Steven Smith (Managing Director)	4 (out of 4)	-	-	-
Akif Butt	4 (out of 4)	-	3 (out of 3)	-
Paul Scott[3]	2 (out of 4)	-	-	-
Fauzia Shah	4 (out of 4)	3 (out of 3)	-	-
ICDC (Alt. Isaac Mogaka)	4 (out of 4)	3 (out of 3)	-	2 (out of 2)
Henry Kiplangat	4 (out of 4)	-	-	2 (out of 2)
Susan Mudhune	4 (out of 4)	3 (out of 3)	3 (out of 3)	-
Centum Inv. Co. Ltd[4] (Alt. James Mworia)	2 (out of 4)	-	-	-

[1] Appointed on December 5, 2008
[2] Retired on December 5, 2008
[3] Appointed June 25, 2009
[4] Resigned on June 25, 2009

Ethics and Securities trading

As a public company EVEREADY operates in an increasingly regulated and scrutinized environment. Eveready's culture is rooted in strong ethical behavior and this is evidenced by the sets of guidelines adopted by the Company to guide everyday behavior. We have an ongoing ethics program and also have a set of codes and standards that we expect our suppliers and business partners to adhere to.

In accordance with the CMA guidelines on price sensitive information, EVEREADY has adopted an Insider Trading policy. Under this policy, Directors and employees of the Company are prohibited from trading or otherwise dealing in company stock if they are in possession of price sensitive information which is not generally available to the public. In addition, Directors and employees are prohibited from trading in or otherwise dealing in the Company stock when a major announcement is imminent such as prior to the release of interim and annual results and when major negotiations are being undertaken.

Shareholding Information

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

Global Top Ten Shareholders

Rank	Names	Address	Shares	%
1	East Africa Batteries Limited	P.O. Box 55358 - 00200 Nairobi, Kenya	73,806,929	35.15%
2	Industrial And Commercial Dev. Corporation	P.O. Box 45519 - 00100 Nairobi, Kenya	36,583,575	17.42%
3	Energizer International Inc.	533 Maryville University Drive St. Louis, Mo 63141, USA	22,061,559	10.51%
4	CFC Stanbic Nominees Ltd A/C R98301	P.O. Box 30550 - 00100 Nairobi, Kenya	8,419,023	4.01%
5	CFC Nominees Ltd A/C 210	P.O. Box 47198 - 00100 Nairobi, Kenya	1,101,800	0.52%
6	Kibirichia Stores Limited	P.O. Box 61- 60201 Kibiricha Meru, Kenya	860,100	0.41%
7	Pravinkant Lakhamshi Shah	P.O. Box 45892 - 00100 Nairobi, Kenya	548,400	0.26%
8	Secumart Holdings Ltd A/C Eveready	P.O. Box 62095 - 00200 Nairobi, Kenya	501,700	0.24%
9	Denroma Investment Limited	P.O. Box 5133 - 00200 Nairobi, Kenya	500,000	0.24%
10	Johnson Mwangi Gitari	P.O. Box 68472 - 00622 Nairobi, Kenya	365,300	0.17%
11	Others		65,251,614	31.07%
	Total:		**210,000,000**	**100.00%**

Shares Distribution Summary

RANGE	No. of Shareholders	No. of Shares Held	Percentage Shareholding
Below 500	121,327	25,439,882	12.11%
500 to 5,000	12,275	17,567,819	8.37%
5,001 to 10,000	730	5,230,700	2.49%
10,001 to 50,000	490	9,068,934	4.32%
50,001 to 100,000	51	3,608,179	1.72%
100,001 to 1,000,000	32	7,111,600	3.39%
Above 1,000,000	6	141,972,886	67.61%
Total:	**134,911**	**210,000,000**	**100.00%**

Top Ten Foreign Shareholders

Rank	Names	Address	Shares	%
1	Energizer International Inc.	533 Maryville University Drive St. Louis, Mo 63141, USA	22,061,559	97.17%
2	Abdulrasul Ismail Thawer	P.O. Box 45544 - 00100 Nairobi, Kenya	100,200	0.44%
3	Amirali Husenalli Nathu	P.O. Box 7666 Kampala, Uganda	90,500	0.40%
4	Vimal Nemchand Gala	P.O. Box 575 Kerugoya, Kenya	49,700	0.22%
5	Kesete Abraha Hadgu	P.O. Box 30413 - 00100 Nairobi, Kenya	38,300	0.17%
6	Roger Alan Danity	P.O. Box 95918 - 80100 Mombasa, Kenya	22,700	0.10%
7	Anthony John Duckworth	P.O. Box 1108 Ukunda, Kenya	20,000	0.09%
8	Steven George Smith	P.O. Box 44765 - 00100 Nairobi, Kenya	19,000	0.08%
9	Seth Mihir & Nisita Salilkumar Shah	P.O. Box 97155 - 80100 Mombasa, Kenya	16,000	0.07%
10	Seraphim Kykkotis	1096 Houghton 2041 Johannesburg, South Africa	14,000	0.06%
11	Others - 786		272,684	1.20%
	Total:	**796**	**22,704,643**	**100.00%**

Directors Shareholding

Rank	Name	Shares
1	Steven George Smith	19,000
2	Akif. H. Butt	4,200
3	Susan Mudhune	7,000
Total		**30,200**

There were no holders of any other classes of shares other than ordinary shares of the company outlined in the Shareholding Information.

Report of the Directors

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

The directors submit their report together with the audited financial statements for the year ended September 30, 2009, which disclose the state of affairs of the company.

Principal Activities

The principal activities of the company are manufacturing and selling of Eveready dry cells "D" size batteries in East Africa and trading in an assortment of imported Eveready flashlights, batteries, razors and accessories.

Results And Dividend

The net profit for the year of Shs. 28,271,000 (2008: Shs. 17,840,000) has been added to retained earnings. No dividend has been paid or proposed for the year ended 30 September 2009 (2008: nil).

Directors

The present membership of the board is set out on Page 11.

Auditors

The company's auditors, DCDM Associates, express their willingness to continue in office in accordance with Section 159(2) of the Companies Act. Subsequent to the year end, DCDM Associates became a member firm of BDO International, a worldwide network of public accounting firms. DCDM Associates is therefore in the process of changing its name to BDO East Africa.

By order of the Board

Issa Timamy, Company Secretary
December 10, 2009

Statement Of Directors' Responsibilities

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

The Kenyan Companies Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss. It also requires the Directors to ensure that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company. They are also responsible for safeguarding the assets of the company.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

Hon. Moody A. Awori, Director

December 10, 2009

Steven G. Smith, Director

December 10, 2009

Independent Auditors' Report

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

DCDM Associates

This report is made solely to the members of Eveready East Africa Limited (the "Company"), as a body, in accordance with Section 159 of the Companies Act (CAP 486). Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Eveready East Africa Limited set out on pages 18 to 35 which comprise the balance sheet at September 30, 2009, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

1. *Directors' Responsibility for the Financial Statements*

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Kenyan Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

2. *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial state ments, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. *Opinion*

In our opinion, the financial statements on pages 18 to 35 give a true and fair view of the financial position of the Company at September 30, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Kenyan Companies Act.

4. *Report on Other Legal and Regulatory Requirements*

As required by the Kenyan Companies Act we report to you, based on our audit, that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and
iii) the financial statements of the Company are in agreement with the books of account.

Certified Public Accountants
Nairobi, Kenya

December 11, 2009

Partners: J.M Githongo, D. Doshi (British) Consultants: S. Khapre (Indian) P. , S. Lakhani, C. Muchuha, S. Nusrath, N. Bugo, Web site: http://www.dcdm.biz

Income Statement

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

	Notes	2009	2008
		Shs'000	**Shs'000**
Sales		1,645,193	1,774,675
Cost of sales		(1,185,530)	(1,336,590)
Gross profit		459,663	438,085
Other operating income		14,410	5,396
Selling expenses		(127,248)	(80,510)
Other expenses		(278,593)	(287,954)
Operating profit	6	68,232	75,017
Finance costs	8	(26,664)	(47,162)
Profit before income tax		41,568	27,855
Income tax expense	9	(13,297)	(10,015)
Profit for the year		28,271	17,840
Earnings per Share attributable to the equity holders of the company (Shs. per share)			
Basic	10	0.135	0.085
Diluted	10	0.135	0.085
Interim dividend paid	11	-	-
Final dividend proposed	11	-	-
		-	-

Balance Sheet

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

	Notes	2009	2008
		Shs'000	**Shs'000**
CAPITAL EMPLOYED			
Share capital	12	210,000	210,000
Retained earnings		184,696	156,425
Shareholders' funds		394,696	366,425
Non-current liabilities			
Provision for liabilities and charges	22	74,800	82,800
Hire purchase liabilities	13	-	3,965
		74,800	86,765
		469,496	453,190
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	16	198,660	180,837
Prepaid operating lease rentals	17	215	219
Deferred tax	14	1,413	14,222
Retirement benefit asset	15	2,130	3, 937
		202,418	199,215
Current assets			
Inventories	18	497,211	400,049
Receivables	19	223,133	189,050
Current income tax receivable	9	12,696	13,184
Cash and bank balances	20	62,214	35,831
		795,254	638,114
Current liabilities			
Payables and accrued expenses	21	161,398	183,766
Borrowings	13	362,723	195,487
Hire purchase liabilities	13	4,055	4,886
		528,176	384,139
Net current assets		267,078	253,975
		469,496	453,190

The financial statements on pages 18 to 35 were approved for issue by the board of directors on December 10, 2009 and signed on its behalf by:

Hon. Moody A. Awori, Director

Steven G. Smith, Director

Statement Of Changes In Equity

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

	Notes	Share capital	Retained earnings	Dividends	Total
		Shs'000	Shs'000	Shs'000	Shs'000
Year ended 30 September 2008					
At start of period		210,000	138,585	94,500	443,085
Profit for the year		-	17,840	-	17,840
Dividends paid in the year	11	-	-	(94,500)	(94,500)
At end of year		**210,000**	**156,425**	-	366,425
Year ended 30 September 2009					
At start of period		210,000	156,425	-	366,425
Profit for the year		-	28,271	-	28,271
At end of year		210,000	184,696	-	394,696

Cash Flow Statement

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

	Notes	2009	2008
		Shs'000	Shs'000
Operating activities			
Cash (utilised in)/generated from operations	25	(74,455)	410,945
Interest received		83	64
Interest paid		(34,151)	(34,892)
Income tax paid		-	(9)
Net cash (used in)/generated from operating activities		(108,523)	376,108
Investing activities			
Purchase of property, plant and equipment	16	(40,204)	(44,044)
Proceeds from disposal of property, plant and equipment		12,670	4,207
Net cash used in investing activities		(27,534)	(39,837)
Financing activities			
Repayments of borrowings		(4,796)	(4,346)
Dividends paid		-	(94,500)
Net cash used in financing activities		(4,796)	(98,846)
(Decrease)/increase in cash and cash equivalents		(140,853)	237,425
Movement in cash and cash equivalents			
At start of year		(159,656)	(397,081)
(Decrease)/increase		(140,853)	237,425
At end of year	20	(300,509)	(159,656)

Notes to the financial statements

1. General information

Eveready East Africa Limited is incorporated in Kenya under the Companies Act and is domiciled in Kenya. The financial statements were authorised for issue by the board of directors on December 10 2009.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The financial statements are presented in the functional currency, Kenya Shillings (Shs), rounded to the nearest thousand, and prepared under the historical cost convention as modified by the revaluation of certain property and equipment.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions It also requires management to exercise its judgement in the process of applying the company's accounting policies The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Interpretations effective in 2009 but not relevant to the Company

The following interpretations to accounting standards became effective in 2009, but are not relevant to the Company's operations

~ IFRIC 12 - Service Concession Arrangements
~ IFRIC 13 - Customer Loyalty Programmes
~ IFRIC 16 - Hedges of a Net Investment in a Foreign Operation

Standards, interpretations and amendments to published standards that are not yet effective

There are a number of amendments to existing standards, new standards and interpretations that will be mandatory for the Company's accounting periods beginning on or after 1 January 2009, but which the Company has elected not to adopt early.

The Directors have assessed the relevance of these amendments and interpretations with respect to the Company's operations and concluded that they are not relevant to the Company except for the following, which will be adopted in accordance with the stipulated effective dates:

~ IFRIC 14 - IAS 19 - The limit on a defined benefit asset - for annual periods starting on or after 1 January 2008
~ IAS 23 - Borrowing costs (revised)- from 1 January 2009
~ IAS 36 - Impairment of assets - from 1 January 2009
~ IAS 38 - Intangible assets - from 1 January 2009

(b) Revenue recognition

Sales of goods are recognised in the period in which the company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.Revenue represents the fair value of the consideration receivable for sales of goods and services, and is stated net of value-added tax (VAT), rebates and discounts.

Interest income is recognised as it accrues, unless collectibility is in doubt.

(c) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into the functional currency, Kenya Shillings, using the exchange rates prevailing at the dates of the transactions Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(d) Property, plant and equipment

All categories of property, plant and equipment are recorded at historical cost less depreciation.

Notes to the financial statements

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Freehold land is not depreciated Depreciation on other assets is calculated using the straight line method to write down their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	25 - 30 years
Plant and machinery	15 years
Motor vehicles	3 years
Computers	3 years
Furniture and fittings	6 years

Freehold land is not depreciated as it is deemed to have an indefinite life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

(e) Accounting for leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the company bears substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out (FIFO) method for manufactured goods and weighted average for imported finished goods. The cost of manufactured finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(g) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of expected cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit and loss account.

(h) Employee benefits

(i) Retirement benefit obligations

The company operates a defined benefit scheme for the majority of its non-unionised employees and a defined contribution retirement benefit scheme for the rest of its non-unionised employees A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity.

The assets of both schemes are held in separate trustee administered funds, which are funded by contributions from both the company and employees. The company and all its employees also contribute to the National Social Security Fund, which is a defined contribution scheme.

For the defined benefit scheme, the pension costs are assessed using the “Projected Unit Credit” method. Under this method, the cost of providing pensions is charged to the profit and loss account so as to spread the regular cost over the service lives of the employees. This is done based on advice received from the actuaries who carry out a full valuation of the plan every three years. The company’s contributions to the defined contribution scheme are charged to the profit and loss account in the year to which they relate. The company has no further obligation once the contributions have been paid.

The liability recognised in the balance sheet in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability Actuarial gains and losses are recognised over the remaining service lives of the employees.

(ii) Other entitlements

The company operates an unfunded gratuity scheme for its unionised employees, under which lump sum payments are paid on retirement due to age, medical, termination of service and redundancy. The gratuity payable is dependent on the number of completed years of service by the employee.

The liability recognised in the balance sheet and the company contributions are assessed using the projected unit credit method. The notional contributions are charged to the profit and loss account in the year to which they relate.The estimated monetary liability for employees’ accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

(i) Income tax

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax and deferred income tax.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Kenyan Income Tax Act.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

(j) Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Notes to the financial statements

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

(l) Segment reporting

IFRS 8, Operating Segments, replaces IAS 14, Segment Reporting. The new standard requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is consistent with the internal reporting provided to the board of directors. The Company defines operating segments mainly on the basis of geographical areas.

(m) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 Financial risk management objectives and policies

The Company’s activities expose it to a variety of financial risks, including credit risk and the effects of foreign currency exchange rates and interest rates. The Company’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. Risk management is carried out by the Finance Department under policies approved by the Board of Directors The Finance department identifies, evaluates and hedges financial risks

A description of the significant risk factors is given below together with the risk management policies applicable.

(a) Market risk

(i) Foreign exchange risk

The Company closely monitors foreign exchange rates. Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies. Foreign currency letters of credit facilities are also used to manage foreign currency fluctuations Management also considers whether foreign exchange hedges should be undertaken when exchange rate fluctuations are more volatile than normal.

The Company’s main currency risk arises from a depreciation of the Kenya Shilling against the US Dollar or the Euro since the Company has significant liabilities that are denominated in US Dollars or Euros.

For the year ended 30 September 2009, if the Kenya Shilling weakened/(strengthened) by 1% against the US Dollar or the Euro, with all other variables held constant, the post-tax profit for the year would have been lower/(higher) as stated below, mainly as a result of foreign currency purchases and creditors.

US Dollar ~ Shs. 828,644 lower/(higher) (2008: Shs. 1,760,525 lower/(higher))

Euro ~ Shs. 238,879 lower/(higher) (2008: Shs. 136,465 lower/(higher))

GB Pound ~ Shs. 135,529 lower/(higher) (2008: Shs. 116,332 lower/(higher))

(ii) Cash flow and fair value interest rate risk

As the Company has no significant interest bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

The Company’s interest rate risk arises from short-term and long-term borrowings Borrowings issued at variable rates expose the Company to cash flow interest rate risk Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

At 30 September 2009, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been Shs. 256,135 (2008: Shs. 244,240) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

The Company monitors its interest rate exposure regularly, taking into account alternative financing options to ensure that optimum interest rates are obtained and that the risk borne is reasonable.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks, as well as trade and other receivables. The Company does not have any significant concentrations of credit risk.The Company’s customers comprise mainly of contracted distributors and the main retail supermarkets. The

Notes to the financial statements

Company's policies require that each customer's credit limit be supported by a bank guarantee; any excesses above the credit limit are assessed on a case by case basis, and usually requires approval by the Managing Director Individual risk limits are set based on a customer's financial position, past experience and other factors The utilisation of credit limits is regularly monitored. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and the current economic environment.

The amount that best represents the Company's exposure to credit risk as at 30 September 2009 is made up as follows:

	2009 Shs'000	2008 Shs'000
Cash and cash equivalents	62,214	35,831
Trade receivables	211,611	168,096
Other receivables	11,522	20,954
	285,347	224,881

No collateral is held for any of the above assets All receivables that are either past due or impaired are within their approved credit limits, and no such receivables have had their terms renegotiated.

None of the above assets are past due or impaired except for the following amounts in trade receivables (which are due within 30 days of the end of the month in which they are invoiced):

	2009 Shs'000	2008 Shs'000
Past due but not impaired:		
~ by up to 30 days	95,782	118,077
~ by 31 to 90 days	104,741	41,574
~ Over 90 days	15,013	12,934
Total past due but not impaired	215,536	172,585
Impaired	3,925	4,489

All receivables past due by more than 90 days are considered to be impaired, and are carried at their estimated recoverable value.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash, and the availability of funding from an adequate amount of committed credit facilities Due to the dynamic nature of the Company's business, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position on the basis of expected cash flows.

The table below analyses the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date The amounts disclosed in the table below are the contractual undiscounted cash flows Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Notes to the financial statements

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

	Less than 1 year Shs'000	Between 1 & 2 years Shs'000	Between 2 & 5 years Shs'000	Over 5 years Shs'000
At 30 September 2009:				
Borrowings	366,778	-	-	-
Trade & other payables	161,398	-	-	-
Gratuity payable	-	-	-	74,800
	528,176	-	-	74,800
At 30 September 2008:				
Borrowings	200,373	3,965	-	-
Trade & other payables	183,766	-	-	-
Gratuity payable	-	-	-	82,800
	384,139	3,965	-	82,800

(d) **Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The gearing ratios at 30 September 2009 and 2008 were as follows:

	2009 Shs'000	2008 Shs'000
Total borrowings	366,778	204,338
Less: cash & cash equivalents	(62,214)	(35,831)
Net debt	304,564	168,507
Total equity	394,696	366,425
Total capital	699,260	534,932
Gearing ratio	44%	32%

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

Retirement benefit obligations

Critical assumptions are made by the actuary in determining the present value of retirement benefit obligations. These assumptions are set out in Note 15 and 22.

Property, plant and equipment

Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment. The rates used are set out in Note 2(d) above.

Income taxes

Significant judgement is required in determining the Company's provision for income taxes There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Notes to the financial statements

(ii) Critical judgements in applying the entity's accounting policies
In the process of applying the company's accounting policies, management has made judgements in determining:

~ the classification of leases

~ the useful lives of, or expected pattern of consumption of the future economic benefits embodied in depreciable assets

~ whether assets are impaired

~ the value of deferred tax asset recognised

~ provision for bad and doubtful debts

~ provision for stock obsolescence

~ the fair value of financial liabilities

5 Segmental information

The Company defines operating segments on the basis of geographical regions. During the financial year ended September 30, 2009, Eveready expanded its distribution channels in the Uganda and Tanzania markets, mainly in respect of the D - size battery. Volumes in this market accounted for 20% of the total sales reported during the year.Uniform accounting policies were applicable to all operating segments.

Segmental Operating Results:

2009			
Details	**Export Sales Shs'000**	**Local sales Shs'000**	**Total Shs'000**
Turnover	353,616	1,291,577	1,645,193
Gross Profit (28% Margin)	99,012	361,642	460,654
Total Assets (Export Debtors)	61,570	150,041	211,611
2008			
Turnover	275,864	1,498,811	1,774,675
Gross Profit (24.7% Margin)	68,138	370,206	438,345
Total Assets (Export Debtors)	8,374	159,722	168,096

6 Operating profit

	2009 Shs'000	**2008 Shs'000**
The following items have been charged/(credited) in arriving at operating profit:		
Depreciation on owned property, plant and equipment (Note 16)	18,189	20,400
Depreciation on assets held under finance lease (Note 16)	3,476	4,682
Operating lease rentals expensed	4,233	3,469

Notes to the financial statements

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

Operating lease rentals expensed	4,233	3,469
Employee benefits expense (Note 7)	316,956	351,477
Profit on sale of plant and equipment	11,954	(3,847)
Amortisation of prepaid lease rentals	4	4
Auditors' remuneration:		
~ year end audit	650	650

The decline in operating profit is attributable mainly to external factors Both the effect of the post-election violence and unfair competition from Chinese imports were contributory factors

7 Employee benefits expense

	2009 Shs'000	2008 Shs'000
The following items are included within employee benefits expense:		
Retirement benefits costs:		
- Defined contribution scheme	6,115	7,470
- Defined benefit scheme (Note 15)	124	379
- National Social Security Fund	747	871

8 Finance costs

Interest expense	(34,151)	(34,892)
Interest income	83	64
Net foreign exchange gains/(losses)	7,404	(12,334)
	7,487	(12,270)
Net finance costs	(26,664)	(47,162)

9 Income tax

Balance sheet:		
Balance at October 1	13,184	21,974
Corporation tax charge for the year	(488)	(9,003)
Over provision in prior year	-	204
Payment of instalment taxes during the year	-	9
Balance at September 30	12,696	13,184

Income statement	2009 Shs'000	2008 Shs'000
Current income tax	488	9,003
Deferred income tax (Note 14)	12,809	1,216
Over provision of current income tax in the prior years	-	(204)
Income tax expense	13,297	10,015

Notes to the financial statements

The tax on the company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2009 Shs'000	2008 Shs'000
Profit before income tax	41,568	27,855
Tax calculated at the statutory income tax rate of 25% (2008 - 25%)	10,392	6,964
Tax effect of:		
Income not subject to tax	53	(2,582)
Expenses not deductible for tax purposes	2,852	5,429
Over provision of current tax in prior year	-	204
Income tax expense	13,297	10,015

10 Earnings per share (basic and diluted)

Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the year, in accordance with IAS 33, Earnings per share.

	2009	2008
Profit attributable to equity holders of the company (Shs '000)	28,271	17,840
Weighted average number of ordinary shares in issue (thousands)	210,000	210,000
Basic EPS (Shs per share)	0.135	0.085
Diluted EPS	0.135	0.085

11 Dividends per share

No final dividend is proposed for the year ended 30 September 2009 (2008: nil) No interim dividend was paid during the year (2008: Nil). Proposed dividends are accounted for as a separate component of equity until they have been ratified at an annual general meeting.

Payment of dividends is subject to withholding tax at a rate of 10% for non-resident shareholders. No withholding tax is charged to local shareholders consisting of companies that hold more than 12.5% of the total shareholding or are exempt.

12 Share capital

	Number of shares (Thousands)	Par Value Shs	Ordinary shares Shs'00
Authorised, issued and fully paid up ordinary share capital			
Balance at 1 October 2008	210,000	1	210,000
Balance at 30 September 2009	210,000	1	210,000

13 Borrowings

	2009 Shs'000	2008 Shs'000
a) Short term bank loans and bank overdrafts		
Bank overdrafts	362,723	195,487
	362,723	195,487

Notes to the financial statements

Borrowings are secured by a debenture over all the assets of the company. The weighted average effective interest rate on the short term loans and bank overdraft at the period end was 9.24% (2008: 11.09%).

The borrowing facilities are renewable annually. They expire within 1 year and are subject to review at various dates during the year 2009.

b) Hire purchase liabilities

	2009	2009	2008	2008
	Principal	Gross (including interest)	Principal	Gross (including interest)
	Shs'000	Shs'000	Shs'000	Shs'000
HP Liability				
Current : Due within one year	4,055	4,235	4,886	5,629
Non - Current : Due after more than one year	-	-	3,965	4,235
	4,055	4,235	8,851	9,864

The hire purchase facilities were obtained for the purchase of motor vehicles They have fixed repayment terms and are secured by a charge over the asset financed. The average interest charged on these facilities is 6.8% per annum.

14 Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 25% (2008: 25%). The movement on the deferred income tax account is as follows:

	2009	2008
	Shs'000	Shs'000
At start of year	14,222	15,438
Charge to profit and loss account (Note 9)	(12,809)	(1,216)
At end of year	1,413	14,222

Deferred income tax assets and liabilities, deferred income tax charge/(credit) in the profit and loss account, and deferred income tax charge/(credit) in equity are attributable to the following items:

	1-Oct-08	Charged/ (credited) to P/L	30-Sep-09
	Shs'000	Shs'000	Shs'000
Deferred income tax liabilities			
Property, plant and equipment	10,609	12,267	22,876
	10,609	12,267	22,876
Deferred income tax assets			
Provisions	(24,267)	4,877	(19,390)
Unrealised exchange (losses)	(564)	909	345
Tax losses	-	(5,244)	(5,244)
	(24,831)	542	(24,289)
Net deferred income tax asset	(14,222)	12,809	(1,413)

15 Retirement benefit obligations

(i) Defined benefit scheme	2009 Shs'000	2008 Shs'000
The amounts recognised in the balance sheet are determined as follows:		
Present value of funded obligations	(72,172)	(91,512)
Fair value of scheme assets	59,525	78,501
Net under funding	(12,647)	(13,011)
Unrecognised actuarial loss	14,777	16,948
Asset in the balance sheet	2,130	3,937

The defined benefit scheme has been closed to future accrual of benefits with effect from 1 October 2006 for members except those within 5 years of retirement. Past service benefits remain intact with the company meeting any under funding through either cash injection and better investment returns on the scheme assets, over a period of 3 years commencing 1 October 2006. Future service benefits for all non-unionised employees will be through the defined contribution scheme.

The amounts recognised in the income statement for the year are as follows:

	2009 Shs'000	2008 Shs'000
Current service cost	191	218
Interest cost	7,847	8,788
Expected return on scheme assets	(6,564)	(7,331)
Net actuarial losses recognised in the year	457	774
Net charge for the year included in staff costs	1,931	2,449
Movement in the asset in the balance sheet	1,807	2,206

The actual return on scheme assets was Shs. 6,960,000 (2008: Shs 9,032,000).

The principal actuarial assumptions used were as follows:	2009	2008
- discount rate	10%	10%
- expected rate of return on scheme assets	10%	10%
- future salary increases	7%	7%
- future pension increases	0%	0%

(ii) Defined contribution scheme

Following the closure of the defined benefit scheme (note 15 (i)) the company commenced contributions to a defined contribution scheme for all its non-unionised employees recruited from 1 October 2005. With effect from 1 October 2006, other non-unionised employees from the defined benefit scheme except those within 5 years of retirement have migrated to the defined contribution scheme. For the year ended 30 September 2009, the company contributed Shs 6,114,923 (2008: Shs 7,470,000), which has been charged to the profit and loss account.

The company also makes contribution to a statutory provident fund, the National Social Security Fund. Contributions are determined by local statutes and are shared between the employer and employee. For the year ended 30 September 2009, the company contributed Shs 746,603 (2008: Shs 871,000), which has been charged to the profit and loss account.

Notes to the financial statements

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

16 Property, plant and equipment

	Buildings & freehold land	Plant & machinery	Furniture & Fittings	Vehicles	Computers & equipment	Capital Work in Progress	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Year ended 30 September 2008							
Opening net book amount	19,985	77,008	16,121	25,526	-	23,594	**162,234**
Reclassification between asset categories	-	10,260	(10,260)	-	-	-	**-**
Transfers from capital work in progress	-	1,926	2,424	-	-	(4,350)	**-**
Additions	-	-	-	-	-	44,044	**44,044**
Disposals	-	-	-	(12,950)	-	-	**(12,950)**
Depreciation charge	(1,399)	(10,142)	(2,060)	(11,480)	-	-	**(25,081)**
Depreciation on disposal	-	-	-	12,590	-	-	**12,590**
Closing net book amount	**18,586**	**79,052**	**6,225**	**13,686**	**-**	**63,288**	**180,837**
At 30 September 2008							
Cost	42,744	239,794	64,535	84,570	-	63,288	**494,929**
Reclassification between asset categories	-	10,260	(10,260)	-	-	-	**-**
Accumulated depreciation	(24,158)	(171,002)	(48,050)	(70,884)	-	-	**(314,092)**
Net book amount	**18,586**	**79,052**	**6,225**	**13,686**	**-**	**63,288**	**180,837**
Year ended 30 September 2009							
Opening net book amount	18,586	79,052	6,225	13,686	-	63,288	180,837
Reclassification between categories	2,337	(3,209)	(30,074)	1,379	29,628	-	61
Transfer from capital work in progress	974	75,130	4,753	-	4,450	(85,307)	-
Additions	-	-	426	1,651	2,903	35,163	40,143
Disposals	-	(448)	-	(22,670)	(18,808)	-	(41,926)
Depreciation reclassification between asset categories	(12)	1,376	27,512	(2,631)	(26,600)	-	(355)
Depreciation charge	(1,389)	(10,087)	(1,069)	(7,116)	(1,649)	-	(21,310)
Depreciation on disposal	-	448	-	21,958	18,804	-	41,210
Closing net book amount	20,496	142,262	7,773	6,257	8,728	13,144	198,660
At 30 September 2009							
Cost	43,718	324,736	59,454	63,551	(11,455)	13,144	493,148
Reclassification between asset categories	2,337	(3,209)	(30,074)	1,379	29,628	-	61
Accumulated depreciation	(25,559)	(179,265)	(21,607)	(58,673)	(9,445)	-	(294,549)
Net book amount	20,496	142,262	7,773	6,257	8,728	13,144	198,660

The company's property, plant and equipment has been pledged as security under floating charge in respect of short term bank borrowings (see Note 13).The company acquired a number of vehicles under hire purchase agreements. The net book amount of such motor vehicles at September 30, 2009, amounting to Shs. 4,344,792 (2008: Shs.9,365,000), is included in vehicles and equipment.

Notes to the financial statements

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

17 Prepaid operating lease rentals

	2009 Shs'000	2008 Shs'000
At start of period	219	223
Amortisation for the period	(4)	(4)
At end of period	215	219

18 Inventories

	2009 Shs'000	2008 Shs'000
Raw materials	203,295	170,499
Work in progress	62,206	35,932
Finished goods	181,646	122,769
Maintenance stock	50,064	70,849
	497,211	400,049

19 Receivables and prepayments

	2009 Shs'000	2008 Shs'000
Trade receivables	215,536	172,585
Less: Provision for impairment losses	(3,925)	(4,489
	211,611	168,096
Amounts due from related parties (Note 26)	-	372
Prepayments	6,082	13,539
Other receivables	5,440	7,043
The fair values of current receivables approximate to their carrying amount	223,133	189,050

20 Cash and cash equivalents

	2009 Shs'000	2008 Shs'000
Cash at bank and in hand	62,214	35,831
Bank overdraft and short-term bank loans (Note 13)	(362,723)	(195,487)
	(300,509)	(159,656)

21 Payables and accrued expenses

	2009 Shs'000	2008 Shs'000
Trade payables	38,513	86,008
Amounts due to related companies (Note 26)	79,074	57,486
Accrued expenses	32,657	1,455
Other payables	11,154	8,817
	161,398	183,766

22 Provisions for liabilities and charges

	2009 Shs'000	2008 Shs'000
Service gratuity		
At start of period	82,800	92,900
(Credit)/charge to profit and loss account	(8,000)	(10,100)
At end of period	74,800	82,800

In accordance with IAS 19, an actuarial valuation was carried out to determine the present value of the defined benefit obligation for gratuity. According to the valuation report, the company's obligation at 30 September 2009 amounted to Shs 74,800,000, resulting in a credit of Kshs. 8,000,000 to the income statement during the year.

The principal actuarial assumptions used were as follows:

- Discount rate	10% per annum
- Future salary increase	7% per annum
- Retirement age	60 years

Notes to the financial statements

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

23 Contingent liabilities

~ The company has contingent liabilities arising from various legal claims The directors, having taken appropriate legal advice, do not anticipate that material liabilities will arise from the pending litigations against the company.
~ Outflows of resources are also expected to arise from the disposal of waste matter that results from the battery production process A quantification of such costs at this stage is difficult as the company has not received approval from the relevant authorities as regards the most suitable methods for the disposal of such waste.

24 Commitments

Capital commitments
Capital expenditure committed but not contracted for at the balance sheet date and therefore not recognised in the financial statements is as follows:

	2009 Shs'000	2008 Shs'000
Property, plant and equipment	56,580	58,591
Operating lease commitments		
Not later than 1 year	1,365	3,442
Later than 1 year and not later than 5 years	-	1,968
	1,365	5,410

25 Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations:

	2009 Shs'000	2008 Shs'000
Profit before income tax	41,568	27,855
Adjustments for:		
Interest income (Note 8)	(83)	(64)
Interest expense (Note 8)	34,151	34,892
Depreciation (Note 16)	21,665	25,081
Amortisation of prepaid operating lease rentals (Note 17)	4	4
Profit on sale of property, plant and equipment	(11,954)	(3,847)
Retirement benefit obligations	1,807	2,206
Changes in working capital		
- receivables and prepayments	(34,083)	(14,281)
- inventories	(97,162)	393,598
- payables and accrued expenses	(22,368)	(44,399)
- provision for liabilities and charges	(8,000)	(10,100)
Cash (utilised in)/generated from operations	(74,455)	410,945

26 Related party transactions

The immediate parent company is East Africa Batteries Limited incorporated in Kenya. The company has other related parties by virtue of common directorships or common shareholdings.

Notes to the financial statements

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

The following transactions were carried out with related parties:

	2009 Shs'000	2008 Shs'000
I) Purchase of goods and services	343,236	156,618

Purchases from related parties were made at commercial terms and conditions.

ii) Sale of goods	-	1,000

Sales to related parties were made on commercial terms and conditions.

iii) Technical services and trade mark fees

The company has a technical service and trademark agreement with Eveready Battery Company Inc, USA. Technical service and trademark fees are based on sales of Eveready branded products during the year.

The charges for the year were as follows:	2009 Shs'000	2008 Shs'000
Technical fees	66,007	72,802
Trademark fees	13,199	14,560
	79,206	87,362

iv) Outstanding balances arising from purchase of goods and services, and commissions

Payables to related parties	79,074	57,486
Finance lease from related party	2,909	6,212
	81,983	63,698

v) Outstanding balances arising sale of goods

Receivables from related parties	-	372

(vi) Key management compensation

- Salaries and other short term employment benefits	71,542	62,239
- Post employment benefits	1,577	1,243
	73,119	63,482

In the year ended 30 September, 2009 two members of staff were promoted to management position.

(vii) Directors' remuneration

- fees for services as a director	5,579	6,458
- other emoluments (including those in key management above)	26,416	27,639

PROVEN VALUE

TRUSTED QUALITY

Mission Vision Values

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

Company Information

EVEREADY East Africa Ltd is incorporated in Kenya under the Companies Act as a public limited liability company and is domiciled in Kenya. The Company undertakes its manufacturing activities in Nakuru, Kenya. EVEREADY East Africa Ltd was founded in 1967 and has a workforce of over 250 people.

The Company mainly manufactures and distributes 'EVEREADY' dry cell carbon zinc primary batteries as well as 'ENERGIZER' alkaline, lithium and rechargeable batteries throughout the East African region. The Company further provides flashlights under both brand names for a broad spectrum of usage together with shaving razors, blades and accessories under the brand name 'SCHICK'.

Our Mission

To strengthen EVEREADY's long term global position by profitably growing our brands and products across the East Africa Region faster and more successfully than our competitors. Passion and Innovation fuel our growth.

Our Vision

- We are the regional leader in portable power and personal care products.
- Our iconic brands change the world, giving consumers the freedom to enjoy life.
- As the undisputed industry leader, we earn the admiration, trust and respect of consumers and business partners.
- We are one team aligned in everything we do.
- We value and develop our colleagues and support a balance between work and family life.
- We take an active role in our communities, and are committed to preserving the environment.

Our Values

Passion Integrity Respect Teamwork Initiative

Forward Looking Statements

Some of the statements contained in this Report constitute forward looking statements. These statements involve risks and uncertainties that could cause actual results to differ materially from those described in these statements. Although EVEREADY believes that the expectations reflected in such forward looking statements are reasonable, it can give no assurance that such assurance will prove to be correct. Important factors including changes in general economic, political and business conditions, actions of current and potential competitor's ability to attract and retain new and existing customers and other factors could cause actual results to differ materially from EVEREADY's expectations and these forward looking statements.

Highlights of company performance

FOR THE YEAR ENDED 30 SEPTEMBER, 2009

Parameters	Trend	Percentage	Impact
Turnover	↓	7.3%	😐
Profit Before Tax	↑	49.2%	☺
Overal Cost	↓	11.3%	☺
Finance Cost	↓	43.5%	☺
Profit for the Year	↑	58.5%	☺
Earnings Per Share	↑	58.5%	☺

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