2010

Annual Report & Financial Statements

EVEREADY®
EAST AFRICA LIMITED

www.eveready.co.ke

About EVEREADY

EVEREADY® is the largest supplier of portable power solutions in East Africa. Our products are trusted and give great value. We have one of the biggest dry cell battery manufacturing plants in the region and we employ over 250 people at EVEREADY® in Kenya. We are also responsible for the employment of various others within our distribution structure in other territories within Eastern Africa. Our core values of Passion, Integrity, Respect, Initiative and Teamwork are important to us.

Our Business

With an annual turnover of KShs.1.6bn, our business has a broad split between Personal Care items and Portable Power Solutions.

Personal Care Items

We are one of Kenya's leading suppliers of shavers and razors and a first choice for great value personal items. We offer great value products in the market in the women and men's categories.

Portable Power Solutions

We are the region's leading provider of high quality portable power solutions, selling lanterns and torches, primary dry cell batteries and rechargeables. We are committed to providing our consumers with products that are guaranteed to help them enjoy their world.

Where we Sell - International

We are present in the East African region which continues to contribute and support our business.

Financial Highlights from the Past year

Company Turnover	KShs.1.6billion	-0.06%	😐
Company Profit Before Tax	KShs.15million	-65%	☹
Earnings Per Share	0.04	-67%	☹
Operational Overheads	KShs.328million	-19%	☺

Did you Know...

That a soft copy version of this report may be downloaded from our website at www.eveready.co.ke.

Many shareholders are now benefiting from more accessible information and helping the environment too!

- *It saves paper and costs.*
- *It is printable.*

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for the year ended September 30, 2010

Notice Of The Annual General Meeting
for the year ended September 30, 2010

NOTICE IS HEREBY GIVEN that the Forty Fourth (44th) Annual General Meeting of the Company will be held at the Company factory premises located at George Morara Avenue, Nakuru on Thursday May 19, 2011 at 11a.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 Third (43rd) Annual General Meeting held on April 22, 2010.

4. To receive, consider and, if approved, adopt the Financial Statements for the year ended September 30, 2010 together with the Directors' and Auditors' Reports thereon.

5. To elect Directors:
   i. Henry Kiplangat will retire by rotation in accordance with Article 91 of the Company's Articles of Association and being eligible offers himself for re-election as a Director of the Company.

   ii. Industrial & Commercial Development Corporation (ICDC) will retire by rotation in accordance with Article 91 of the Company's Articles of Association and being eligible offers itself for re-election as a Director of the Company.

6. To approve the Directors' remuneration for the year ended September 30, 2010.

7. To appoint BDO East Africa (formely DCDM Associates) as auditors of the Company for the Financial Year 2011 and to authorize the Directors to fix the Auditors' remuneration.

8. To transact any other business for which appropriate notice has been issued and received.

By order of the Board

Issa Timamy, Company Secretary
March 29, 2011

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 39 of this report, must be duly completed and signed by the member and must either be lodged at the offices of the Company's 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 May 17, 2011 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.

   A Proxy Form may be downloaded from the Company's website at www.eveready.co.ke. Alternatively, shareholders may contact our company registrars at the above mentioned address for the same.

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 may be viewed on the Company's website at www.eveready.co.ke.

Chairman's Statement
for the year ended September 30, 2010

This year, we continued to implement our objectives to guide EVEREADY® through the challenging trading environment. We have by previous and continuing action, built a strong platform for growth for our Company. We remain committed to building a successful Company by addressing emerging issues, driving operational excellence in the business; strengthening our trade-channel capability and growing our portfolio.

We managed our costs prudently, ensured that we continued to meet our consumer's expectations by providing them with high quality products to ensure that EVEREADY® remains different from its competitors and more relevant than ever before in our 43 year history.

We achieved the same levels of revenues as last year despite challenging trading conditions in the region.

We remain confident in our strategy and this year we remained focused on sustaining our business in the region.

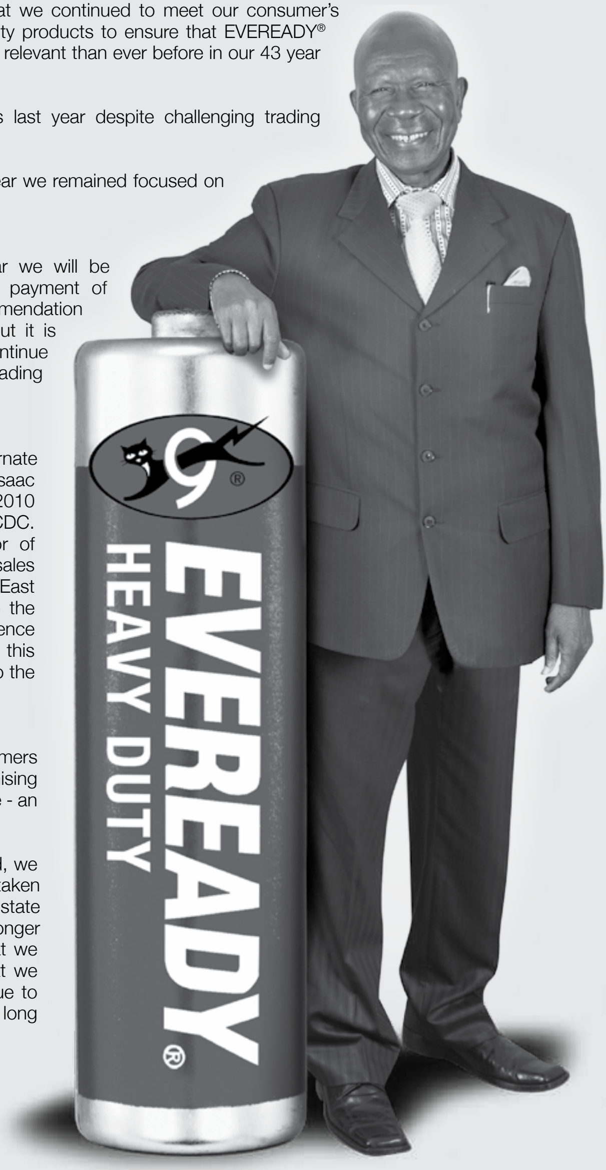
Dividend
Although we have reported a profit this year we will be recommending to our shareholders that the payment of dividend be withheld. This is not an easy recommendation and will not be an easy decision to make, but it is necessary as it will give us the flexibility to continue to invest in the business in this challenging trading environment.

Board Changes
Peter Kimurwa was appointed as the alternate director for ICDC on June 5, 2010 to replace Isaac Mogaka who retired as a Director on March 19, 2010 having resigned as the Executive Director of ICDC. Peter who is currently the Executive Director of ICDC, brings with him substantial experience in sales and marketing more recently attained from East Africa Breweries Limited. We welcome him to the EVEREADY® Board and will count on his experience to assist steer the Company to success. I take this opportunity to thank Isaac for his contribution to the Board.

Looking Ahead
We always strive by our products to give customers the value they are looking for without compromising quality. EVEREADY® continues to stand for value - an approach that is serving our consumers well.

While we remain cautious about the year ahead, we are confident that the actions that we have taken have put the business in manageable financial state to weather the uncertainties and emerge stronger than before. We believe that the strategies that we are implementing and attendant objectives that we are pursuing will guide us well. We will continue to deliver on strategies that are aimed at creating long term sustainable growth.

Hon. Moody A. Awori, Chairman
January 30, 2011



Taarifa Ya Mwenyekiti
for the year ended September 30, 2010

Mwaka huu tuliendelea kutekeleza malengo yetu ili kuongoza EVEREADY® katika mazingira yenye changamoto za kibiashara. Kwa matendo, tunaendelea kujenga msingi imara kwa ukuaji wa Kampuni yetu. Tunadiriki kujenga Kampuni iliyonawiri kwa kushughulikia masuala ibuka, ustadi wa ufanyaji kazi katika biashara, kuimarisha uwezo wa njia zetu za kibiashara pamoja na wasifu wetu.

Tulidhibiti gharama zetu ifaavyo na kuhakikisha kuwa tuliendelea kukithi matarajio ya wateja wetu kwa kuwapa bidhaa zenye ubora wa hali ya juu. Hatua hii hubainisha fofauti iliyopo baina ya EVEREADY® na washindani wake. Vilevile uhakikisha ubora wake zaidi ya ulivyowahi kuwa miaka 43 iliyopita.

Ingawa kulikuwa na changamoto za kibiashara katika eneo hili tulitimiza mapato sawa na ya mwaka jana.

Tuna imani katika mikakati yetu na kwamba mwaka huu tulibakia kwenye lengo la kuimarisha biashara yetu kieneo.

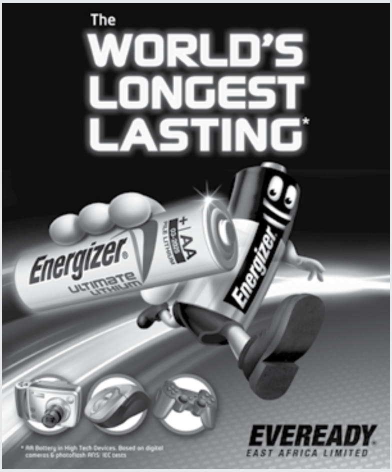
Gawio
Ingawa tulipata faida mwaka huu, tutapendekezea wanahisa wetu kuwa malipo ya gawio yasimamishwe. Hili si pendekezo sahili wala uamuzi rahisi kufanya bali ni muhimu kwa kuendelea kwetu kuwekeza katika biashara wakati wa mazingira haya yenye changamoto.

Mabadili ya Halmashauri
Peter Kimurwa aliteuliwa Mkurugenzi tarehe 5 Juni, 2010 kuchukuwa mahala pake Isaac Mogaka aliyestaafu ukurugenzi tarehe 19 Machi, 2010 baada ya kustaafu kama Mkurugenzi Mkuu wa ICDC. Peter, ambaye kwa sasa ndiye Mkurugenzi Mkuu wa ICDC analeta tajriba ya uuzaji ambayo aliipokea hivi majuzi kutoka East Africa Breweries Limited. Tunamkaribisha katika Halmashauri ya EVEREADY® na tutatarajia tajriba yake itatusaidia kunawirisha Kampuni. Nachukua fursa hii kumshukuru Isaac kwa mchango wake katika Halmashauri.

Mustakabali
Kila mara tunajizatiti kuwapa wateja wetu bidhaa zenye thamani pasi na kuhujumu ubora wake. EVEREADY® inazidi kuwakilisha thamani - mtazamo ambao unawaridhisha wateja wetu.

Huku tukitahadhari kuhusu mwaka ujao, tuna imani kuwa mikakati tuliyoweka hasa kifedha itatuwezesha kumudu yale yaliyofichama huku tukiibuka imara zaidi. Tunaamini kuwa mikakati tunayotekeleza pamoja na malengo tunayoandama yatatuongoza. Tutazidi kutekeleza mikakati ambayo inalenga kujenga ukuaji wa muda mrefu.

Mheshimiwa Moody A. Awori, Mwenyekiti
Januari 30, 2011



Managing Director's Report
for the year ended September 30, 2010

I am pleased to present to you my report for financial year 2010.

The Economic Environment
The economy grew marginally by 2.6% in Gross Domestic product (GDP) terms in 2009 against a performance of 1.6% in 2008 reflecting recovery from the effects of the post election violence of 2008.The domestic economy is expected to continue on a recovery path in 2010 with real GDP projected to grow by a rate between 4% and 5%[2]. The overall 12 month inflation eased from 6.7% in September 2009 to 3.2% in September 2010.

Our Trading Environment
EVEREADY® is dealing with changes in its trading environment. The challenges relate largely to the influx and presence in the market of illegal and unfair competition. In the midst of these challenges, EVEREADY® continues to work towards implementing strategies that will enable it position itself in order to benefit from available and future market opportunities and move away from being dependent on the "D" Battery for income.

A number of factors have negatively influenced the Company's financial outcome in FY 2010. These factors which continue to be managed appropriately by EVEREADY® included:

(i) Illegal and unfair competition
We continue to see our markets flooded by low cost substandard dry cell batteries which are mainly retailed in the low end market segment. The presence of these products impacted our ability to sell our products in these informal markets due to price being a major determinant. To mitigate its impact on the business we will continue to challenge the authorities to do the right thing by enforcing the laid down product standards in appreciation of the fact that doing so promotes healthy competition, protects the consumer and ensures the continued employment of hundreds of workers.

(ii) Raw Material Prices
The metal prices in the global market are determined by supply and demand. The prices are tracked by various entities who include the LME (London Metal Exchange). In this financial year the price of zinc went up by 43%. The Company could not transfer this cost to the consumer. We continue to manage this risk and continue to monitor it and we have recorded successes in managing it the past.

Proactively, the Company re-visited its strategic plans in the course of the year to incorporate present business realities. As a result we are implementing our diversification strategy by:

(i) growing our existing product lines
(ii) expanding further into other product lines that are not associated with our historic and traditional business lines but which complement our existing portfolio, and

[2] Kenya Monthly Economic Review - 2010, Central Bank of Kenya

(iii) entrenching and expanding our presence into the regional markets where we see growth potential.

(iii) Currency fluctuations in the region

The depreciation of the local currency against the major currencies in international trade has the inevitable effect of increasing the cost of our imports, comprised of raw materials and imported products. The key influencers of depreciation are usually political and economic which are not within the control of the company.

How Did We Perform?

EVEREADY® registered a 65%decline in profit before tax compared to the same period last year.

Total revenues were at last year's levels of KShs.1.6billion despite the challenging trading environment. The challenges associated with the lack of enforcement of standards by the authorities persisted in this financial year and is expected to follow us into the next.

The depreciation of the Kenya shilling in the 2nd half of the year and the 43% rise in the cost of zinc, dampened our profit projection for the year. These added costs, upon full consideration, were not passed on to the consumer in this year primarily because of the potential adverse impact to the market in light of the presence of cheap illicit batteries.

Our gross margin went up by 4 percentage points to 24% due to the influences of a depressed Kenya shilling and the impact of an increase in the cost of Zinc. We witnessed a depreciation of the local currency during the second half of the year which cost the Company KSh.43 million in increased cost of raw materials. Aside from this, the company saw an increase in the price of zinc from an average of USD1,574 a ton in 2009 to USD2,250 a ton in 2010.

As indicated in my last report to you, we maintained a tight cost base even as we worked towards delivering on our mandate whose primary objective is profit growth and decent shareholder value. Consequently, the major success of the year was the progress achieved in managing operations, the most significant element of which was the improvement in controlling operational costs. The benefits of the capacity re-alignment program and the various cost improvement programs initiated by the Company were manifested this year which mitigated the adverse influences indicated above. Despite the pressure of depreciation and inflation on the price of zinc, through prudent cost management, we delivered savings of 19% representing an underlying saving of KShs.79million.

> "EVEREADY® has moved forward in implementing its diversification strategy aspects of which are aimed at reducing the business reliance on the "D" business line and has recorded success in that regard"

Sales performance

The sales performance remained at par with last year due to the presence of cheap substandard product in the market which restrained our growth projections. There was a decline in our revenue performance and I have outlined its most significant influences.

EVEREADY® has moved forward in implementing its diversification strategy aspects of which are aimed at reducing the business's reliance on the "D" business line and has recorded success in that regard. More effort will be taken in coming periods towards this end. In this period, we took various actions and have grown our other existing product lines from last year's volumes. These actions included, improving our brand visibility in the modern and traditional trades, further improving distributive depth in terms of coverage for our products and redefining our sales structure. The result of these actions was growth in as follows:

- Schick® - 300%,
- Energizer® - 120%, and
- AA & AAA lines - 126%.

Manufacturing - Capacity Enhancement

We see potential in the Kenyan dry cell business and continue to have positive projections on its growth pattern. We also constantly strive to improve our efficiencies. These considerations have continued to drive our investment in our production facility. We have continued to invest in the plant by refurbishing our production processes and making improvements to it. In that regard, the Company has spent over KShs.200 million since 2005 on improvements to the facility. This year we spend KShs.22 million on a new Packaging Line. The investment has resulted in increased efficiency and lower operating cost at the Plant and the factory is well equipped to optimize its production potential.

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.

Our People

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 and providing competitive compensation and benefits.

EVEREADY® shapes its workplace culture by defining the values, skills and behaviors that employees need to succeed upon which they are routinely evaluated.

In line with our long term strategy, we took steps to increase our selling capabilities and have increased the staffing of the sales and marketing departments by hiring additional personnel in the functions of merchandizing, marketing, key accounts management and business development. Our regional markets have also seen additional sales personnel being hired. We believe that with the best people, EVEREADY® will grow.

The Company also revamped its governance framework. Our newly agreed upon core values also continue to be rolled out across the Company and the process enjoys the full commitment and support of our teams.

The Company continues to enjoy a fruitful working relationship with the Kenya Chemical and Allied Workers Union and I am pleased to report that the negotiations which were ongoing during my last report on the Collective Bargaining Agreement (CBA) were successfully concluded this year and a new 3 year CBA signed with the Union. We appreciate the role that the Union plays in our business and we continue to encourage them to take proactive actions that are geared towards protecting the employment of their membership through constructive engagement with all stakeholders including the government on illicit trade issues.

Corporate Social Responsibility

EVEREADY® continues to support projects and causes which make a genuine contribution to the society in which we do business. We believe that doing the right things, by our colleagues, their families and our neighbours, in terms of decisions and actions, shape our success. We continue to support the charities and projects that we believe in by our contributions and involvement in our community. We continue to be proud members of Global Compact.

Outlook

The challenging market conditions are likely to provide the backdrop to 2011.

The Company has used the 2010 financial period to modify strategy and architecture to ensure that we are able to navigate the "new normal" efficiently and effectively. Financial discipline and efficiency in our production processes will remain a core feature of our operations as we sustain and grow our business. Although we are concerned over the performance of our "D" business, and the continuing challenges posed by illicit trade in that line of business, we are implementing plans to create value for our shareholders and benefit our consumers in the regional market.

Our leadership team has been strengthened with the recruitment of a key member. We welcome Njeru Ngentu to the management team. Njeru joined our sales and marketing team as the Domestic Sales Manager.

Finally, I would like to express my gratitude to the Board, Chairman, colleagues on the Executive Team for their continued support in 2010. I also salute and thank all colleagues for their enthusiasm and commitment as we move to deliver our mandate.

Steven G. Smith, Managing Director
January 30, 2011

Ripoti Ya Meneja Mkurugenzi
for the year ended September 30, 2010

Nina furaha kuwasomea ripoti ya matumizi ya fedha, ya mwaka wa 2010.

Mazingira ya Kiuchumi
Katika mwaka wa 2009 uchumi ulikua kwa asilimia mbili nukta sita (2.6%) katika kiwango cha jumla ya pato la mwananchi (Gross Domestic Product) dhidi ya asilimia moja nukta sita (1.6) mwaka wa 2008 na hivyo kudhihirisha nafuu kutokana na athari za ghasia za baada ya uchaguzi, wa mwaka wa 2008. Uchumi wa nchi unatazamiwa kuzidi kukua katika mwaka wa 2010 huku pato halisi la mwananchi likitarajiwa kukua kwa kiwango cha kati ya asilimia nne (4%) na tano (5%). Mfumko jumla wa bei wa mwaka mmoja ulipungua kutoka asilimia sita nukta saba (6.7%) katika mwezi wa Tisa, 2009 hadi asilimia tatu nukta mbili (3.2%) mwezi wa Tisa, 2010.

Mazingira ya Kibiashara
EVEREADY® inapambana na mabadiliko katika mazingira yake ya kibiashara. Changamoto hizi zinahusu kuongezeka kwa ushindani haramu na usio wa haki. Katika changamoto hizi, EVEREADY® inazidi kuweka mikakati ambayo itaiwezesha kunufaika kutokana na nafasi za soko zilizopo na za usoni, na kujitenga na utegemezi wa mapato ya betri za “D”.

Kuna sababu kadha ambazo zilidororesha hali ya kifedha ya kampuni hii katika mwaka wa 2010. Miongoni mwa sababu hizi, ambazo zinazidi kuthibitiwa ifaavyo ni pamoja na:

(i) Ushindani haramu na usio wa haki
Tunazidi kushuhudia soko letu likifurika betri kavu, duni na za bei ya chini ambazo zinauzwa kwenye soko la kawaida. Kuwepo kwa bidhaa hizi kuliathiri pakubwa uuzaji wa bidhaa zetu sokoni huku bei ikiwa kiamuzi kikuu. Ili kupunguza athari zake katika soko tutazidi kuchochea utawala kutenda haki kwa kutumia obora wa bidhaa ulioidhinishwa kwa kuzingatia kuwa kufanya hivyo hukuza ushindani unaofaa, hulinda mtumiaji na uhakikisha ajira kwa mamia ya wafanyakazi.

(ii) Bei za Mali Ghafi
Bei ya vyuma katika soko la kimataifa hutegemea ugavi na mahitaji yake. Bei hizo hufuatilizwa na wahusika anuwai kama vile LME (London Metal Exchange). Katika mwaka huu wa matumizi ya fedha bei ya zinki ilipanda kwa asilimia arubaini na tatu (43%). Kampuni haingeweza kumtwika mtumiaji bidhaa bei hii. Tunazidi kushughulikia na kufuatilia mashaka haya na tutanawiri.

Kampuni ilichunguza mikakati ya ruwaza ya mwaka uliopita ili kujumuisha uhalisia wa biashara wa kisasa. Kwa mintarafu hiyo, tunatekeleza mikakati anuwai kwa kuzingatia yafuatayo:

(i) kukuza bidhaa zetu zilizoko
(ii) kupanua bidha nyinginezo ambazo hazihusiani na biashara zetu za awali na kidesturi lakini ambazo zinaoana na wasifu biashara wetu.
(iii) kujumuisha na kupanua nafasi yetu katika masoko ya kieneo, ambako ukuaji unawezekana.

(i) Ubadilikaji wa sarafu eneoni
Kushuka kwa sarafu ya Kenya baina ya sarafu kuu katika soko la kimataifa kunasababisha kuongezeka kwa gharama ya kuagiza bidhaa, pasi na kuzingatia mali ghafi na bidhaa za kuagizwa. Aghalabu viamuzi vikuu katika kushuka huko ni masuala ya kisiasa na kiuchumi ambayo hayawezi kuthibitiwa na EVEREADY®. Usimamizi ulitumia ifaavyo nyenzo kutoka kwa wafadhili wetu ili kupunguza gharama ya mtaji.

Je, tulitekeleza nini?
Faida ya EVEREADY® ilipungua kwa asilimia sitini na tano (65%) kabla ya kutozwa ushuru ikilinganishwa na kipindi sawa na hicho mwaka uliopita.

Mapato yalikuwa sawa na ya mwaka jana, Shilingi bilioni moja nukta sita (KShs. 1.6 billion) licha ya changamoto nyingi katika mazingira ya kibiashara. Changamoto zinazohusiana na ukosefu wa utekelezaji wa ubora wa bidhaa, na utawala zilitamalaki mwaka huu na zinatarajiwa kuwepo mwaka ujao.

Kudorora kwa shilingi ya Kenya katika kipindi cha pili cha mwaka na kupanda kwa gharama ya zinki kwa asilimia arubaini na tatu (43%), kulizamisha ruwaza yetu ya fedha ya mwaka huu. Kuongezeka huku kwa gharama hakukutwikwa watumiaji kwa msingi kuwa kungeweza kuathiri vibaya soko ikiwa kungetokea betri haramu.

Uzalishaji jumla ulipanda hadi asilimia 24 kutoka asilimia ishirini, kutokana na misukumo ya kudorora kwa shilingi ya Kenya na athari ya gharama ya zinki. Tulishuhudia kudorora kwa shilingi ya Kenya wakati wa kipindi cha pili cha mwaka, ambako kuligharimu Kampuni takriban Shilingi milioni arubaini (40 million) kutokana na kupanda kwa gharama ya mali ghafi licha ya kuongezeka kwa gharama ya zinki kutoka wastani wa 1,574 Dola za Marekani mwaka wa 2009 hadi 2,250 Dola za Marekani kwa tani moja, mwaka wa 2010.

Kama ilivyodhihirishwa kwenye ripoti yangu, tulidumisha gharama ya chini hata ingawa tulijizatiti kutimiza lengo letu la kimsingi ambalo ni ukuzaji faida na udumishaji thamani kwa wanahisa. Kwa hivyo, ufanisi mkuu wa mwaka ulikuwa maendeleo yaliyotokana na uthibiti huduma, msingi ukiwa ni uboreshwaji wa kuthibiti gharama za kuendesha biashara. Faida za utaratibu wa utumiaji sawa wa nafasi ya ofisi na taratibu anuwai za kuboresha gharama zilizozuliwa na Kampuni zilidhihirika mwaka huu, ambazo zilipunguza athari hasi zilizotajwa hapo juu. Gharama za kuendesha biashara zilipungua kwa Shilingi miliomi sabini na tisa (KShs. 79 milion), ambako ni kupungua kwa asilimia kumi na tisa (19%). Ingawa kulikuwa na shinikizo za udororaji na mfumko wa bei kwa zinki, tuliweza kupata akiba ya asilimia kumi na tisa (19%) kupitia uthibiti gharama, ambayo inawakilisha akiba ya jumla ya Shilingi milioni sabini na tisa (KShs. 79 milion).

Mauzo

Mauzo yalibakia sawa na ya mwaka jana kutokana na kuwepo kwa bidhaa chapwa na zenye bei duni sokoni ambazo zilizuia ruwaza ya ukuaji wetu. Kulikuwa na kupungua kwa mapato yetu. Nimedhihirisha athari zake.

EVEREADY® imezidi kutekeleza mikakati yake anuwai inayolenga kupunguza utegemezi kwa "D". Kampuni imefanikiwa katika kufanya hivyo. Jitihada zaidi zitaelekezwa katika mkakati huu katika vipindi vijavyo. Katika kipindi hiki, tulichukua hatua kadhaa na hivyo tumekuza idadi ya bidhaa zetu ukilinganisha na za mwaka jana. Hatua hizi ni pamoja na, uboreshaji wa chapa yetu katika soko kale na la kisasa, ukuzaji wa njia na mbinu zetu za usambazi bidhaa pamoja na ubainishaji upya wa mfumo wetu wa uuzaji. Matokeo ya hatua hizi ni ukuaji kama inavyodhihirika hapa:

- Schick® - asilimia mia tatu (300%),
- Energizer® - asilimia mia moja na ishirini (120%), and
- AA & AAA lines – asilimia mia moja na ishirini na sita (126%).

Usanisi – Uboreshaji huduma

Biashara ya seli kavu ya Kenya ina uwezo wa kuzidi kukua. Aidha, tunazidi kuboresha utoaji huduma wetu. Vigezo hivi vinaendelea kutupa motisha ya kuwekeza katika uwezo wa uzalishaji. Tumezidi kuwekeza kwenye asasi hii kwa kuboresha michakato yetu ya uzalishaji. Kwa msingi huo, Kampuni imetumia zaidi ya Shilingi milioni mia mbili (KShs. 200 milion) tangu mwaka wa 2005. Mwaka huu tulitumia shilingi milioni ishirini na mbili (KShs. 22 milion) kwa upakiaji wetu mpya. Uwekezaji huu umeboresha utoaji huduma na kupunguza utekelezaji kazi katika kiwanda hiki. Aidha, kwa sasa kiwanda kina vifaa vifaavyo vya uzalishaji.

> "EVEREADY® inazidi kuunga mkono miradi na shughuli nyingine zinazonufaisha jamii inamoendeshea biashara. Tunaamini kuwa kutenda haki kwa wenzetu kazini, familia zao na majirani hususan kiuamuzi na kimatendo ndiko kunakotuimarisha."

Kwa kuwepo kwa hatua hizi, tutatarajia kuboresha utoaji huduma na kupunguza matumizi ya fedha katika kiwanda hiki. Tutazidi kuangazia fursa zaidi ili kuboresha michakato yetu ya huduma na upunguzaji gharama. Kwa msingi huu, tutawekaza zaidi kwenye kiwanda hiki katika mwaka wa 2011 ili kujumuisha uboreshaji wa kituo kikuu (Capacitor Bank) cha utoaji umeme.

Wafanya kazi wetu

Utoaji mahala pa kazi na kukua kwa wafanyakazi zaidi ya 250 wa EVEREADY® ndio msingi wa kukua kwa Kampuni. Tunalenga kuajiri wafanyakazi wenye talanta zinazofaa na zinazoambatana na mahitaji ya kibiashara, kukuza stadi na uwezo katika daraja zote, na kuboresha fidia na faida za ufanyakazi.

Katika EVEREADY®, tunadumisha thamani, stadi na tabia zinazohitajika ili wafanyakazi kunawiri na ambazo hutumika kuwatathmini.

Kuambatana na mikakati yetu ya siku za usoni, tumeongeza uwezo wetu wa uuzaji na kuongeza idadi ya wafanyakazi katika idara ya uuzaji kwa kuajiri wafanyakazi katika uuzaji bidhaa, utangazaji, uhasibu na ukuzaji bishara. Masoko yetu ya kieneo pia yameongezwa wafanyakazi. Tunaamini kuwa kwa kuwepo kwa wafanyakazi wanaofaa EVEREADY® itakua.

Aidha, Kampuni imeboresha mfumo wake wa kiuongozi. Thamani zetu zinazidi kuungwa mkono na wafanyakazi.

Tunazidi kufurahia uhusiano mwema na umoja wa wafanyakazi wa dawa wa Kenya (Kenya Chemical and allied Workers Union). Kwa sababu hii ningependa kusema kuwa majadiliano yaliyokuwa yakiendelea wakati wa ripoti yangu iliyotangulia kuhusu uwiano wa kibei (Collective Bargaining Agreement – CBA) ulitamatika na tumetia sahihi CBA mpya kwa miaka mitatu. Tungependa kutambua jukumu la muungano huo na tunawapa motisha ya kutekeleza hatua zinazolinda waajiriwa wao kupitia mazungumzo na washika dau wote pamoja na serikali juu ya masuala ya biashara haramu.

Uwajibikaji kwa jamii

EVEREADY® inazidi kuunga mkono miradi na shughuli nyingine zinazonufaisha jamii inamoendeshea biashara. Tunaamini kuwa kutenda haki kwa wenzetu kazini, familia zao na majirani hususan kiuamuzi na kimatendo ndiko kunakotuimarisha. Tunaendelea kufadhili miradi na hisani kwa kuchangia na kushiriki katika masuala ya kijamii.

Mandhari

Huenda changamoto za kisoko zikajenga mandhari ya mwaka wa 2011.

Tumetumia kipindi cha matumizi ya fedha cha 2010 kuboresha ramani na mikakati kuhakikisha kuwa tunaweza kumudu 'uhalisia mpya' ifaavyo. Nidhamu ya kifedha na ustadi katika michakato yetu ya uzalishaji itabakia sifa kuu ya utendakazi wetu huku tukikuza biashara. Ingawa tuna wasiwasi kuhusu biashara ya "D", pamoja na kuongezeka kwa changamoto zinazozuliwa na biashara haramu katika aina hiyo hiyo ya biashara tunaweka mipango ya kujengea wanahisa wetu thamani na kunufaisha wateja wa soko la eneo hili.

Uongozi wetu umeimarishwa kwa kumwajiri Bwana Njeru Ngetu. Tungependa kumkaribisha Njeru Ngetu katika uongozi. Njeru alijiunga na kikundi chetu cha mauzo kama meneja wa mauzo ya humu nchini.

Hatimaye, ningependa kushukuru almashauri, mwenyekiti na wenzangu katika usimamizi mkuu kwa kuniunga mkono katika mwaka wa 2010. Aidha, ninawashukuru na kuwavulia kofia wenzangu wote kwa ari na kujitolea kwao tunapotekeleza wajibu wetu.

Steven G. Smith, Meneja Mkurugenzi
Januari 30, 2011

Our Brands

for the year ended September 30, 2010

Our marketing campaigns remain a visible - and important way - of communicating with our customers. Over the last 12 months we have responded to the difficult market conditions by refocusing and increasing our marketing activities, keeping the EVEREADY® brand alive and relevant to our consumers needs.

Save Chapaa

In 2010 we reviewed the promise given by our core brand, EVEREADY® "D" which we re-affirmed as being relevant. In previous years, we have used *"Chagua Nguvu"* to convey our quality message to the consumer. We still use this tagline in other markets. Our offer of 'Quality' products is a simple message, *"Save Chapaa"* that demonstrates the continued relevance of our founding principles of Quality and Value.

> Our offer of 'Quality' products is a simple message, *"Save Chapaa"* that demonstrated the continued relevance of our founding principles of Quality and Value

The campaign this year revolved around radio ads and point of sale material and we focused largely on our key markets. This campaign resonated well, reassuring our customers that the EVEREADY® brand can be trusted to deliver quality and value.

We believe that our quality message has ongoing relevance, reinforcing the value for money EVEREADY® offers and this message continues to underpin our 2011 campaigns.

Delivering

Our brand communications extend beyond advertising - from experiential marketing (road shows) to radio ads to in-store promotions, they help us show customers that we are in tune with their needs. We focus our marketing activities to those that are expected to deliver tangible benefits across the business, with our internal measures pointing to a direct correlation between improved consumer perception of the EVEREADY® brand and positive sales and profit growth.

Looking ahead

The EVEREADY® Energizer® and Schick® brands are strong and as we move into the 2011 period we will continue as much as possible to communicate with our customers, delivering engaging, relevant campaigns that bring out the value in our brands.

Board Of Directors

for the year ended September 30, 2010

The biographies of the Directors holding office as of the date of this report are as follows from left to right:

1. Akif H. Butt
Mr. Butt is a fellow of the Association of Chartered Certified Accountants (ACCA) and 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. He represents the interests of the Sameer Group on the Board of various companies. **52**

2. Mr. Peter Kimurwa
Mr Kimurwa holds a Bachelor of Commerce degree from Kenyatta University, a Masters of Business Administration degree from INSEAD, in Fontainebleu, France and is also a Certified Public Accountant (CPA). He has extensive and varied business experience spanning over 15 years in the areas of financial management, audit, corporate planning and strategic management having worked with PricewaterhouseCoopers (PWC) in Kenya in audit and business advisory, as the Head of Audit at British American Tobacco Eastern Africa (BATEA), Financial Controller at BOC Kenya Limited, Group Business Development Manager at East African Breweries Limited (EABL) and more recently as General Manager, Linksoft Communications Systems Limited. Peter has also been engaged privately by various firms as a business consultant in his core focus areas of strategy and financial management. He joined ICDC in July 2010 and currently holds the position of Executive Director. **39**

3. 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. **60**

4. 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 matters. She is currently employed by the Sameer Group as Company Secretary and In-house Counsel. **47**

5. 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 renowned for his passionate involvement in social and security work in Kenya for over 40 years. He is the current Chairman of the Association for the physically Disabled of Kenya, a position he has held for over 40 years. He is the Chairman of various well known companies including Macmillan Publishers and Securicor. **83**

6. Steven G. Smith - Managing Director
Mr. Smith holds a Bachelor of Science degree in Industrial Technology from East Carolina University, Greenvile, North Carolina, USA. Steve has over 33 years experience in EBC. Steve has worked with EVEREADY® since 1998 as the Managing Director. **59**

7. Henry K. Kiplangat
Mr. Kiplagat holds a Bachelor of Arts Degree and a Master of Arts in Education from the University of Lancaster, United Kingdom. Henry currently serves as 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 Hon. Daniel Arap Moi in recognition of his service in the education sector in Kenya. **43**

8. 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 based 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. **47**

Management Team
for the year ended September 30, 2010

From left to right:
Fattah Bahig
Plant Manager

Ngentu Njeru
Domestic Sales Manager

Narmin Kassam
Head of Human Resources & Administration

Steven G. Smith
Managing Director

Margaret Odhiambo
Corporate & Regulatory Affairs Manager

David Kinuthia
Export Sales Manager

Jackson Mutua
Head of Finance

The profiles of the team are available on our website www.eveready.co.ke

Corporate Information
for the year ended September 30, 2010

Directors
Hon. Moody A. Awori - Chairman
Mr. S.G. Smith - Managing Director
Mr. A. H. Butt
Mr. P. Scott
Mr. I. Mogaka - (Alternate, ICDC) (Retired on March 19, 2010)
Mr. H. K. Kiplangat
Ms. F. B. Shah
Ms. Mbatha Mbithi (Alternate, ICDC) (Appointed on April 13, 2010)

Audit Committee
Ms. S. Mudhune - Chair
Ms. F. B. Shah
Mr. I. Mogaka
Ms. Mbatha Mbithi

Remuneration and Nomination Committee
Mr. H. Kiplangat - Chair
Mr. I. Mogaka
Ms. Mbatha Mbithi
Ms. F. B. Shah

Finance and Risk Committee
Mr. H. Kiplangat - Chair
Mr. P. Scott
Mr. A. H. Butt

Auditors & Tax Advisors
BDO East Africa
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
Williamson House, Ngong Avenue
P.O. Box 40111-00100,
Nairobi

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

Secretary & Company Registered Office
Mr. I. A. Timamy
5th Floor, Standard Building, Wabera Street
P.O. Box 44765-00100,
Nairobi

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

Corporate Governance
for the year ended September 30, 2010

At EVEREADY®, we believe that better communication of governance can help support business performance and define behaviours. We have aligned our governance programs with the themes in the Corporate Governance Guidelines (the 'Guidelines) issued by the Capital Markets Authority. To this end, the Board has adopted the Director's Code of Business Conduct and Corporate Governance policies modeled around the Guidelines and the Nairobi Stock Exchange listing manual.

How did we comply with the corporate governance code

The corporate governance rules which apply to Kenyan companies listed on the Nairobi Stock Exchange are found in the Guidelines. Throughout the year ended September 30, 2010 the Company complied with the guidelines.

The Board of Directors

Some of What the Board did in 2010:

- Reviewed our code of ethics and report.
- Responded to the market challenges through a program of cost control, balance sheet management through the Audit Committee.
- Commissioned a major review of our risk governance and controls.
- Assessed the effectiveness of our financial reporting controls, internal control and assurance processes.
- Reviewed and approved strategic objectives.
- Reviewed with management the key risks and the quality of our risk management systems.
- Initiated the search for an independent Director through the Remuneration & Nomination Committee.
- Assessed the total reward framework for colleagues through the Remuneration Committee.

The present Board is comprised of eight (8) members one third (1/3) of whom are independent an arrangement which satisfies the representation of minority shareholders. The Board relies on management to run the business. The Board therefore monitors what management is doing, holding them accountable for performance against targets and standards and probing their thinking to make sure that the company is on the right track. The Board works closely with management in thinking through our direction and long-term plans, the opportunities, the risks and making sure we're developing the right management team for the future.

There is an appropriate mix within the Board of the expertise needed to effectively run the business and this mix is routinely reviewed by the Remuneration & Nomination Committee. The Board is confident that the collective experience of its members enables it to be effective. It also has access to the financial and legal expertise of the Company and can seek further professional advice at the Company's expense, if required.

The non-executives provide independent challenge and review, bringing wide experience, specific expertise and fresh, objective perspective. As members of the Board Committees, they play a crucial role in undertaking detailed governance work with a particular focus on shareholders.

Remuneration & Nomination 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 whilst maintaining the principles of equity and appropriateness of compensation. The Committee is also the custodian of the process for bringing new directors onto the Board and for proposing appointments to the Board committees. It is comprised largely of independent directors.

Audit Committee assists the Board to fulfill its mandate around accounting and management controls and financial reporting. The Committee is responsible by their charter to:

- Overseeing the internal audit function and the work of the external auditor,
- Ensuring that the systems of management controls in the Company is robust and effective and protects the assets of the Company on a reasonable and economic basis,
- Provide for the proper authorization and recording of transactions,
- Monitor compliance with laws and regulations,
- Oversee the issuance of financial statements and ensuring that these reflect fairly the financial situation and results of the Company in accordance with generally acceptable accounting principles.

The Finance & Risk Committee assists the Board in reviewing 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 to examine and strengthen the quality of financial planning, to maintain a comprehensive risk management framework.

Audit & Accounting Functions

The Audit firm of KPMG remains the Company's internal auditors and spearheaded the function in the course of 2010. In that regard, two (2) reviews were conducted in the course of the year with the Audit Committee.

The Company's auditors 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.

Director & Senior Management Compensation

The Director's remuneration is comprised of Directors fees and sitting allowance. The fees are payable quarterly and the sitting allowance is payable per sitting attended. The allowances and fees are reviewed for appropriateness by the Renumeration and Nomination Committee. The Directors may in the course of their duties with the Company, as approved by the Chairman of the Board, incur certain expenses. These expenses may be reimbursed to them in accordance with the appropriate Company policy on expense management.

Director's remuneration is approved in gross terms by the shareholders at the Annual General Meetings. The quantum and component of the Director's remuneration for FY 2011 is set out in the financial statements under note 26.

Senior management compensation is based on the market and performance (individual and corporate) in line with the Company's polices on remuneration of employees.

There were no share option plans implemented in FY 2010 and no Director was advanced a loan by the Company in the same period.

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.co.ke. 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.

Ethics

EVEREADY® has an ongoing ethics program that binds all colleagues and Directors. Suppliers and business partners have a Suppliers Code of Standards that they are expected to abide by.

In accordance with the CMA guidelines on the handling of price sensitive information, EVEREADY® has adopted an Insider Trading Policy which prohibits all colleagues, including Directors, from trading in or otherwise dealing in Company shares if they are in possession of price sensitive information which is not generally available to the public. There are clearly prescribed safe periods when trading in company stock may be undertaken which all colleagues are expected to adhere to. These guidelines are issued annually to colleagues under the Ethics program to ensure top of mind awareness.

How do we make sure our Board is effective?

Last year we said that to achieve good governance, we need a Board that demonstrates independence, is well-informed and acts responsibly. We put particular effort into this year's Board performance review, by setting the parameters for review and in so doing 'drilling down' into specific areas that we feel matter, and looking at how we can drive better governance through to the business. We are confident that putting effort into getting the self-assessment right will result in a more rigorous review.

Our Website

There is a wealth of information online including:

Forward Looking Statement

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 competitors 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.

Ripoti ya Matazamio

Baadhi ya ripoti zilizoko hapa zinaangazia masuala ya usoni. Ripoti hizi zinauwezekano wa kukumbwa na mambo yasiyotarajiwa hivyo basi kubadilisha matazamio na matokeo yanayotarajiwa kutokana na ripoti hii. Hata hivyo, kampuni ya EVEREADY inaamini kwamba matazamio yaliyoko katika ripoti hii ni ya sawa, japokuwa EVEREADY haiwezi kutoa hakikisho kwamba kila kitu kitakuwa sambamba. Kuna masuala kama vile mabadiliko katika hali ya uchumi, hali ya kisiasa na biashara, vitendo vya washindani wa sasa na wale wanaotarajiwa vinavyowavutia wateja wapywa pamoja na masuala mengine ambayo yanaweza kuleta mabadiliko katika matokeo yanayotarajiwa na kampuni ya EVEREADY katika ripoti hii ya matazamio.

Shareholder Information

Top 10 Global Investors

	Names	Address	Shares	Percentage
1	East Africa Batteries Limited	P.O. Box 55358 - 00200 Nairobi Kenya	73,425,029	34.96%
2	Industrial & Commercial Development Corporation	P.O Box 455 19 - 00100 Nairobi Kenya	36,583,575	17.42%
3	Energizer® International Inc.	533 Maryville University Drive St. Loius, MO 63141 United States	22,061,559	10.51%
4	Co-Op Custody A/C 4003	P.O. Box 48231- 00100 Nairobi, Kenya	8,219,023	3.91%
5	Kibirichia Stores Limited	P.O Box 61 - 60201 Kibiricha - Meru, Kenya	860,100	0.41%
6	CFC Nominees Ltd A/C 210	P.O. Box 47198-00100 Nairobi, Kenya	830,300	0.40%
7	Mahendra Dahyabhai Patel & Jasumati Mahendra Patel Patel	P.O. Box 178 - 00606 Nairobi, Kenya	431,400	0.21%
8	Pravinkant Lakhamshi Shah	P.O Box 45892 - 00 100 Nairobi, Kenya	387,300	0.18%
9	Johnson Mwangi Gitari	P.O Box 68472 - 00622 Nairobi, Kenya	365,300	0.17%
10	Chali Investment Limited	P.O. Box 53172 - 00200 Nairobi, Kenya	291,100	0.14%
11	Others		66,545,314	31.69%
		Grand Totals:	**210,000,000**	**100.00%**

Shares Distribution Summary

	Range	No. of Shareholders	No. of Shares Held	Percentage
1	1 to 499	117471	24,609,619	11.72 %
2	500 to 5,000	11698	16,747,911	7.98 %
3	5,001 to 10,000	710	5,106,999	2.43 %
4	10,001 to 50,000	523	10,081,245	4.80 %
5	50,001 to 100,000	60	4,184,440	1.99 %
6	10,0001 to 1,000,000	44	8,980,600	4.28 %
7	Above 1,000,000	4	140,289,186	66.80 %
	Totals:	**130,510**	**210,000,000**	**100.00%**

Top Ten Foreign Shareholders

	Names	Address	Shares	Percentage
1	Energizer® International Inc.	533 Maryville University Drive St. Loius, MO 63141 United States	22,061,559	97.95%
2	Abdulrasul Ismail Thawer	P.O. Box 45544 - 00100 Nairobi, Kenya	100,200	0.44%
3	Roger Alan Danity	P.O. Box 95918 - 80100 Mombasa, Kenya	22,700	0.10%
4	Anthony John Duckworth	P.O .Box 1108 Ukunda, Kenya	20,000	0.09%
5	Steven George Smith	P.O. Box 44765 - 00100 Nairobi, Kenya	19,000	0.08%
6	George Gitagia Kiarie	31 Dawson Avenue IG11999 Barking Essex United Kingdom	17,000	0.08%
7	Seraphim Kykkotis	1096 Houghton 2041 Johannesburg, South Africa	14,000	0.06%
8	Bhavini Suresh Shah	P.O Box 49916 - 00100 Nairobi, Kenya	10,200	0.05%
9	Krishan Kumar Prabhakar	P.O. Box 32350 - 00600 Nairobi, Kenya	10,000	0.04%
10	Manojkumar Zaverchand Ramji Gudhka	P.O Box 958 - 40100 Kisumu, Kenya	7,300	0.03%
11	Others	743	240,884	1.07%
		Grand Total:	**22,522,843**	**100.00%**

Directors Shareholding

Rank	Name	No. of Shares
1.	Steven George Smith	19,000
2.	Susan Mudhune	7,000
3.	Akif Butt	4,200

There are no other classes of shares issued by the Company other than ordinary shares.

Report of the Directors
for the year ended September 30, 2010

The Directors submit their report together with the audited financial statements for the year ended September 30, 2010, 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® and Energizer® flashlights and batteries and Schick ® razors and accessories.

Results And Dividend
The net profit for the year of Kshs. 8,703,000 (2009: Kshs. 28,271,000) has been added to retained earnings. No dividend has been paid or proposed for the year ended September 30, 2010 (2009: nil).

Directors
The present composition of the board is set out on Page 12.

Auditors
The company's auditors, BDO East Africa (formerly DCDM Associates), express their willingness to continue in office in accordance with Section 159(2) of the Companies Act. DCDM Associates became a member firm of BDO International, a worldwide network of public accounting firms. Effective January 25, 2010, DCDM Associates therefore changed its business name to BDO East Africa.

By order of the Board

Issa Timamy, Company Secretary
December 16, 2010

Statement of Directors' Responsibilities
for the year ended September 30, 2010

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 comply with 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 result. 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 and risk management.

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 16, 2010

Steven G. Smith, Director
December 16, 2010

Independent Auditors' Report
for the year ended September 30, 2010

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BDO East Africa
12th Floor
Pension Towers, Loita Street
P.O. Box 10032-00100
Nairobi, Kenya

Report on the Financial Statements

We have audited the financial statements of Eveready East Africa Limited set out on pages 20 to 38 which comprise the Statement of Financial Position at 30 September 2010, the Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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.

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 thefinancial statements, 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.

Opinion

In our opinion, the financial statements on pages 20 to 38 give a true and fair view of the financial position of the Company at 30 September 2010, 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.

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

16th December 2010

Income Statement

for the year ended September 30, 2010

	Notes	2010 Kshs'000	2009 Kshs'000
Sales		1,635,106	1,645,193
Cost of sales		(1,239,02)	(1,185,530)
Gross profit		396,079	459,663
Other income	6	4,405	14,410
Selling and marketing expenses		(108,549)	(127,248)
Other expenses		(219,302)	(278,593)
		72,633	68,232
Finance costs	7	(57,887)	(26,664)
Profit before taxation	8	14,746	41,568
Income tax expense	9	(6,043)	(13,297)
Profit for the year		8,703	28,271
Other comprehensive income		-	-
Total comprehensive income for the year		8,703	28,271

Earnings per Share attributable to the equity holders of the company (Kshs. per share)

	Notes	2010	2009
Basic	10	0.041	0.135
Diluted	10	0.041	0.135
Dividends:			
Interim dividend paid	11	-	-
Final dividend proposed	11	-	-
		-	-

Balance Sheet
for the year ended September 30, 2010

	Notes	2010	2009
ASSETS		**Kshs'000**	**Kshs'000**
Non-current assets			
Property, plant and equipment	12	225,018	198,660
Prepaid operating lease rentals	13	211	215
Deferred income tax	14	767	1,413
Retirement benefit asset	15 (c)	339	2,130
		226,335	202,418
Current assets			
Inventories	16	685,669	497,211
Trade and other receivables	17	243,711	223,133
Current income tax assets	9	7,299	12,696
Cash and cash equivalents		6,718	62,214
		943,397	795,254
Total assets		1,169,732	997,672
EQUITY AND LIABILITIES			
Capital and reserves (attributable to owners of the company)			
Share capital	18	210,000	210,000
Retained earnings		193,399	184,696
Total equity		403,399	394,696
LIABILITIES			
Non-current liabilities			
Provision for liabilities and charges	19	97,500	74,800
		97,500	74,800
Current liabilities			
Trade and other payables	20	229,029	161,398
Borrowings	21	439,804	362,723
Hire purchase liabilities	22	-	4,055
		668,833	528,176
Total liabilities		766,333	602,976
Total equity and liabilities		1,169,732	997,672

The financial statements on pages 20 to 38 were approved for issue by the Board of Directors on December 16, 2010 and signed on its behalf by:

Hon. Moody A. Awori
Director

Steven G. Smith,
Director

Statement of Changes in Equity

for the year ended September 30, 2010

	Share capital	Retained earnings	Total
	Kshs'000	Kshs'000	Kshs'000
YEAR ENDED September 30, 2009			
At October 1, 2008	210,000	156,425	366,425
Total comprehensive income for the year		28,271	28,271
At September 30, 2009	210,000	184,696	394,696
YEAR ENDED September 30, 2010			
At October 1, 2009	210,000	184,696	394,696
Total comprehensive income for the year	-	8,703	8,703
At September 30, 2010	210,000	193,399	403,399

Cash Flow Statement

for the year ended September 30, 2010

	Notes	2010	2009
		Kshs'000	Kshs'000
Cash flows from operating activities			
Cash absorbed in operations	23(a)	(36,457)	(74,455)
Interest received		-	83
Interest paid		(37,372)	(34,151)
Net cash absorbed in operating activities		(73,829)	(108,523)
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(54,941)	(40,204)
Proceeds from disposal of property, plant and equipment		248	12,670
Net cash flows from investing activities		(54,693)	(27,534)
Cash flows from financing activities			
Payment of borrowings		(4,055)	(4,796)
Net cash flows from financing activities		(4,055)	(4,796)
Decrease in cash and cash equivalents		(132,577)	(140,853)
Movement in cash and cash equivalents			
At October 1, 2009		(300,509)	(159,656)
Decrease		(132,577)	(140,853)
At September 30, 2010	23(b)	(433,086)	(300,509)

Notes to the Financial Statements
for the year ended September 30, 2010

1 General Information

EVEREADY® East Africa Limited is incorporated under the Kenyan Companies Act and domiciled in Kenya. The address of the registered office is P.O. Box 44765-00100, Nairobi. These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of the Shareholders of the Company.

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 comply with Kenya Companies Act and are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are presented in the functional currency, Kenya Shillings (Kshs), rounded to the nearest thousand, and prepared under the historical cost convention.

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.

Amendments to published standards, Standards and Interpretations issued but not yet effective. Certain standards, amendments to published standards, interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2009 or later periods, but which the Company has not early adopted.

At the date of authorisation of these financial statements, the following new standards and interpretations were in issue but not yet effective.

- *IAS 27 Consolidated and Separate Financial Statements (effective December 31, 2009)*
- *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (effective December 31, 2009)*
- *Amendments to IAS 39 - Eligible Hedge items (effective December 31, 2009)*

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.

(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 collectability is in doubt.

(c) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured in Kenya Shillings (Kshs) which is the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Kenya Shilling.

Notes to the Financial Statements
for the year ended September 30, 2010

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 September 30, 2010, 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	- Kshs. 1,330,040 lower/(higher) (2009: Kshs. 828,644 lower/(higher)
Euro	- Kshs. 30,502 lower/(higher) (2009: Kshs. 238,879 lower/(higher))
GB Pound	- Kshs. 7,836 lower/(higher) (2009: Kshs. 135,529 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.

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 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 Statement of Financial Position 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 September 30, 2010 is made up as follows:

	2010 Kshs'000	2009 Kshs'000
Cash and cash equivalents	6,718	62,214
Trade receivables	233,842	211,611
Other receivables	9,869	11,522
	250,428	285,348

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):

Past due but not impaired:	2010 Kshs'000	2009 Kshs'000
- by up to 30 days	169,088	95,782
- by 31 to 90 days	40,224	104,741
- Over 90 days	28,469	15,013
Total past due but not impaired	237,781	215,536
Impaired	3,939	3,925

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 statement of financial position 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.

	Less than 1 year Kshs'000	Between 1 & 2 years Kshs'000	Between 2 & 5 years Kshs'000	Over 5 years Kshs'000
At September 30, 2010:				
Borrowings	439,804	-	-	-
Trade & other payables	229,029	-	-	-
Gratuity payable	-	-	-	97,500
	668,833	-	-	97,500
At September 30, 2009:				
Borrowings	366,778	-	-	-
Trade & other payables	161,398	-	-	-
Gratuity payable	-	-	-	74,800
	528,176	-	-	74,800

(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 September 30, 2010 and 2009 were as follows:

	2010 Kshs'000	2009 Kshs'000
Total borrowings	439,804	366,778
Less: cash & cash equivalents	(6,718)	(62,214)
Net debt	433,086	304,564
Total equity	403,399	394,696
Total capital	836,485	699,259
Gearing ratio	52%	44%

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 19.

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.

Notes to the Financial Statements
for the year ended September 30, 2010

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.

(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, 2010, 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 14% of the total sales reported during the year. Uniform accounting policies were applicable to all operating segments.

Segmental Operating Results:

Details	Export sales	Local sales	Total
	Kshs'000	**Kshs'000**	**Kshs'000**
2010			
Sales	234,494	1,400,612	1,635,106
Gross Profit (24% Margin)	56,279	339,801	396,079
Total Assets (Export Debtors)	22,716	211,126	233,842
2009			
Sales	353,616	1,291,577	1,645,193
Gross Profit (28% Margin)	99,012	360,651	459,663
Total Assets (Export Debtors)	61,570	150,041	211,611

Notes to the Financial Statements
for the year ended September 30, 2010

6 Other Income

	2010 Kshs'000	2009 Kshs'000
Profit on disposal of equipment	248	11,954
Other miscellaneous income	4,157	2,456
	4,405	14,410

7 Finance Costs

	2010 Kshs'000	2009 Kshs'000
Interest expense	37,372	34,151
Interest income	-	(83)
Net foreign exchange losses/(gains)	20,515	(7,404)
Net finance costs	57,887	26,664

8 Profit Before Taxation

Profit before taxation is arrived at after:

	2010 Kshs'000	2009 Kshs'000
Depreciation on owned property, plant and equipment (Note 12)	28,583	18,189
Depreciation on assets held under finance lease (Note 12)	-	3,476
Operating lease rentals expensed	4,360	4,233
Employee benefits expense (Note 8 (a))	252,497	316,956
Profit on sale of plant and equipment	248	11,954
Amortisation of prepaid lease rentals (Note 13)	4	4
Auditors' remuneration:	715	650

(a) Employee benefit expense

	2010 Kshs'000	2009 Kshs'000
Salary and wages	237,244	308,163
Retirement benefits costs:		
- Defined contribution scheme	13,239	6,115
- Defined benefit scheme (Note 15)	1,828	1,931
- National Social Security Fund	186	747
	252,497	316,956

(b) Expenses by nature

	2010 Kshs'000	2009 Kshs'000
Depreciation	28,583	21,665
Amortisation	4	4
Employee benefits expenses	252,497	316,956
Changes in inventories of finished goods and WIP	154,498	174,814
Raw material and consumables used	743,467	695,356
Transportation	1,901	413
Others expenses	385,928	382,166
Total cost of sales, selling and marketing and administrative expenses	1,566,878	1,591,371

9 Income Tax Expense

	2010 Kshs'000	2009 Kshs'000
(a) Current tax on the adjusted profit for the year at 25%	5,397	488
Deferred income tax (Note 14)	646	12,809
Income tax expense	6,043	13,297

(b) 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:

Notes to the Financial Statements
for the year ended September 30, 2010

	2010 Kshs'000	2009 Kshs'000
Profit before tax	14,746	41,568
Tax calculated at the statutory income tax rate of 25% (2009: 25%)	3,687	10,392
Tax effect of:		
Income not subject to tax	(2,539)	53
Expenses not allowable for tax purposes	10,407	2,852
Utilisation of previously unrecognised tax loss	(5,512)	-
Income tax expense	6,043	13,297

	2010 Kshs'000	2009 Kshs'000
(c) Movement in current income tax asset		
At October 1, 2009	12,696	13,184
Tax charge for the year	(5,397)	(488)
At September 30, 2010	7,299	12,696

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.

	2010	2009
Profit attributable to equity holders of the company (Kshs '000)	8,703	28,271
Weighted average number of ordinary shares in issue (thousands)	210,000	210,000
Basic EPS (Kshs per share)	0.041	0.135
Diluted EPS (Kshs per share)	0.041	0.135

11 Dividends Per Share

No final dividend is proposed for the year ended September 30, 2010 (2009: nil). No interim dividend was paid during the year (2009: 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.

9 Income Tax Expense

	2010 Kshs'000	2009 Kshs'000
(a) Current tax on the adjusted profit for the year at 25%	5,397	488
Deferred income tax (Note 14)	646	12,809
Income tax expense	6,043	13,297

(b) 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:

Notes to the Financial Statements
for the year ended September 30, 2010

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Profit before tax	14,746	41,568
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Tax effect of:		
Income not subject to tax	(2,539)	53
Expenses not allowable for tax purposes	10,407	2,852
Utilisation of previously unrecognised tax loss	(5,512)	-
Income tax expense	6,043	13,297

	2010	2009
(c) Movement in current income tax asset	**Kshs'000**	**Kshs'000**
At October 1, 2009	12,696	13,184
Tax charge for the year	(5,397)	(488)
At September 30, 2010	7,299	12,696

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.

	2010	2009
Profit attributable to equity holders of the company (Kshs '000)	8,703	28,271
Weighted average number of ordinary shares in issue (thousands)	210,000	210,000
Basic EPS (Kshs per share)	0.041	0.135
Diluted EPS (Kshs per share)	0.041	0.135

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Notes to the Financial Statements

for the year ended September 30, 2010

12 Property, Plant And Equipment

	Buildings & freehold Land	Plant & machinery	Furniture & fittings	Vehicles	Computers & equipment	Capital Work in progress	Total
PRIOR YEAR	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
At October 1, 2008	18,586	79,052	6,225	13,686	-	63,288	**180,837**
Reclassification							
- Cost	2,337	(3,209)	(30,074)	1,379	29,628	-	**61**
- Depreciation	(12)	1,376	27,512	(2,631)	(26,600)	-	**(355)**
Transfers	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 charge	(1,389)	(10,087)	(1,069)	(7,116)	(1,649)	-	**(21,310)**
Depreciation on disposal	-	448	-	21,958	18,804	-	**41,210**
At September 30, 2009	**20,496**	**142,262**	**7,773**	**6,257**	**8,728**	**13,144**	**198,660**
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**

	Buildings & freehold Land	Plant & machinery	Furniture & fittings	Vehicles	Computers & equipment	Capital Work in progress	Total
CURRENT YEAR	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
At October 1, 2009	20,496	142,262	7,773	6,257	8,728	13,144	**198,660**
Transfers	3,589	3,371	155	8,467	1,018	(16,600)	**-**
Additions	2,343	8,845	690	1,732	807	40,524	**54,941**
Depreciation charge	(1,512)	(14,948)	(1,183)	(7,842)	(3,098)	-	**(28,583)**
At September 30, 2010	**24,916**	**139,530**	**7,435**	**8,614**	**7,455**	**37,068**	**225,018**
Cost	48,397	330,372	30,070	65,291	16,585	53,668	**544,383**
Reclassification	3,589	3,371	155	8,467	1,018	(16,600)	**-**
Accumulated depreciation	(27,070)	(194,213)	(22,790)	(65,144)	(10,148)	-	**(319,365)**
Net book amount	**24,916**	**139,530**	**7,435**	**8,614**	**7,455**	**37,068**	**225,018**

The company's property, plant and equipment has been pledged as security under floating charge in respect of short term bank borrowings (see Note 21).

13 Prepaid Operating Lease Rentals

	2010	2009
	Kshs'000	**Kshs'000**
At October 1,	215	219
Amortisation for the year	(4)	(4)
At September 30,	211	215

Notes to the Financial Statements
for the year ended September 30, 2010

14 Deferred Income Tax

Deferred income tax is calculated using the enacted income tax rate of 25% (2009: 25%). The movement on the deferred income tax account is as follows:

(a) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity.

	2010	2009
	Kshs'000	Kshs'000
Deferred tax assets	(26,859)	(25,166)
Deferred tax liabilities	26,092	23,753
Net deferred tax (asset)	(767)	(1,413)

(b) The movement of the deferred tax account is as follows:

	2010	2009
	Kshs'000	Kshs'000
At October 1, 2009	1,413	14,222
Charge to Statement of Comprehensive Income (Note 9)	(646)	(12,809)
At September 30, 2010	767	1,413

Deferred income tax assets are recognised for tax loss carry forwards only to the extent that realisation of the related tax benefit is probable.

Deferred income tax assets and liabilities, deferred income tax charge/(credit) in the Statement of Comprehensive Income are attributable to the following items:

	At 1 October 2009	Charged/ (credited) Statement of Comprehensive Income	At 30 September 2010
	Kshs'000	Kshs'000	Kshs'000
Deferred income tax liabilities			
Property, plant and equipment	22,876	(859)	22,017
Provision for retirement benefit obligation	532	(447)	85
Unrealised exchange losses	345	3,645	3,990
	23,753	2,339	26,092
Deferred income tax assets			
Provision for staff leave	(1,222)	(1,262)	(2,484)
Provision for gratuity	(18,700)	(5,675)	(24,375)
Tax losses	(5,244)	5,244	-
	(25,166)	(1,693)	(26,859)
Net deferred income tax asset	(1,413)	646	(767)

Notes to the Financial Statements
for the year ended September 30, 2010

15 Retirement Benefit Obligations

(i) Defined benefit scheme

	2010	2009
(a) Reconciliation of benefit obligation	**Kshs'000**	**Kshs'000**
Opening benefit obligation	72,172	91,513
Current service cost (employer)	51	191
Interest cost	6,986	7,847
Employee contributions	22	73
Actuarial (gain)/loss	7,465	(1,104)
Benefits paid	(4,693)	(26,348)
Closing benefit obligation	82,003	72,172

	2010	2009
(b) Reconciliation of assets	**Kshs'000**	**Kshs'000**
Opening market value of assets	59,525	78,716
Expected return on asset	5,721	6,564
Employer contributions	37	124
Employee contributions	22	73
Actuarial gain/(loss)	14,040	396
Benefits paid	(4,693)	(26,348)
	74,652	59,525

(c) The amounts recognised in the Statement of Financial Position are determined as follows:

	2010	2009
	Kshs'000	**Kshs'000**
Present value of funded obligations	(82,003)	(72,172)
Fair value of scheme assets	74,652	59,525
Net under funding	(7,351)	(12,647)
Unrecognised actuarial loss	7,690	14,777
Asset in the Statement of Financial Position	339	2,130

The defined benefit scheme has been closed to future accrual of benefits with effect from October 1, 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 October 1, 2006. Future service benefits for all non-unionised employees will be through the defined contribution scheme.

(d) The amounts recognised in the Statement of Comprehensive Income for the year are as follows:

	2010 Kshs'000	2009 Kshs'000
Current service cost	51	191
Interest cost	6,986	7,847
Expected return on scheme assets	(5,721)	(6,564)
Net actuarial losses recognised in the year	512	457
Net charge for the year included in staff costs	1,828	1,931
Actual return on scheme assets	19,761	6,960

(e) Reconciliation of the net (asset)/liability

	2010 Kshs'000	2009 Kshs'000
Net liability at start of the period	(2,130)	(3,937)
Net expense recognised in the income statement	1,828	1,931
Employer contributions	(37)	(124)
Net (asset)/liability at end of the period	(339)	(2,130)

(f) The principal actuarial assumptions used were as follows:

	2010	2009
- discount rate	10%	10%
- expected rate of return on scheme assets	10%	10%
- future salary increases	7%	7%
- future pension increases	-	-

(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 October 1, 2005. With effect from October 1, 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 September 30, 2010, the Company contributed Kshs 13,238,823 (2009: Kshs 6,114,923), which has been charged to the Statement of Comprehensive Income.

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 September 30, 2010, the Company contributed Kshs. 185,576 (2009: Kshs 746,603), which has been charged to the Statement of Comprehensive Income.

16 Inventories

	2010 Kshs'000	2009 Kshs'000
Raw materials	206,650	203,295
Work in progress	37,474	62,206
Finished goods	391,375	181,646
Maintenance stock	50,170	50,064
	685,669	497,211

(a) The cost of inventory recognised as expense and included in cost of sales amounted to Kshs. 897,965,906 (2009: Kshs. 870,169,885).

(b) Borrowings are secured by floating charges on the assets of the Company including inventory.

Notes to the Financial Statements
for the year ended September 30, 2010

17 Trade And Other Receivables

	2010 Kshs'000	2009 Kshs'000
Trade receivables	237,781	215,536
Less: Provision for impairment losses	(3,939)	(3,925)
	233,842	211,611
Amounts due from related parties (Note 26)	223	-
Prepayments	5,624	6,082
Other receivables	4,022	5,440
	243,711	223,133

The fair values of trade and other receivables approximate to their carrying amount.

18 Share Capital

	Number of shares (Thousands)	Par Value Kshs	Ordinary shares Kshs'000
Authorised, issued and fully paid up ordinary share capital			
At October 1, 2009	210,000	1	210,000
At September 30, 2010	210,000	1	210,000

19 Provisions For Liabilities And Charges

Service gratuity

	2010 Kshs'000	2009 Kshs'000
At October 1,	74,800	82,800
Charge/(credit) to Statement of Comprehensive Income	22,700	(8,000)
At September 30,	97,500	74,800

An actuarial valuation was carried out to determine the present value of the gratuity component of the retirement benefit. According to the valuation report, the Company's obligation at September 30, 2010 amounted to Kshs. 97,500,000 (2009: Kshs 74,800,000), resulting in a charge of Kshs.14,700,000 (2009: Kshs. 8,000,000) to the Statement of Comprehensive Income during the year.

The principal actuarial assumptions used were as follows:

	2010	2009
- Discount rate	10% p.a.	10% p.a.
- Future salary increase	7% p.a.	7% p.a.
- Retirement age	60 years	60 years

20 Trade And Other Payables

	2010 Shs'000	2009 Shs'000
Trade payables	152,927	38,513
Amounts due to related companies (Note 26)	44,292	79,074
Accrued expenses	27,617	32,657
Other payables	4,193	11,154
	229,029	161,398

The fair values of trade and other payables approximate to their carrying amount.

Notes to the Financial Statements
for the year ended September 30, 2010

21 Borrowings

	2010 Kshs'000	2009 Kshs'000
Bank overdrafts	256,610	326,544
Short term trade loans	183,194	36,179
	439,804	362,723

(a) The borrowings are secured as follows:

(i) An all-asset debenture over present and future assets of the Company for USD 5,800,000 to rank *pari passu* with existing debenture holders.

(ii) Negative pledge over the assets of the company not charged to the Bank.

(iii) Inter-lenders Agreement

(b) The interest rates are as follows:

(i) Issuance of letters of credit and trade loans: 3 month USD LIBOR + 2.5%

(ii) Advances and overdraft: 91-day Government of Kenya treasury bill rate + 3.5%

(c) The carrying amounts of the borrowings are denominated in the following currencies

	2010 Kshs'000	2009 Kshs'000
US Dollar	253,135	215,195
Kenya Shilling	186,669	147,528
	439,804	362,723

22 Hire Purchase Liabilities

	2010 Kshs'000 Net	2010 Kshs'000 Gross	2009 Kshs'000 Net	2009 Kshs'000 Gross
Current : Due within one year	-	-	4,055	4,235
Non-Current : Due after one year	-	-	-	-
	-	-	4,055	4,235

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. In 2010, all outstanding balances had been cleared.

23 Notes To The Statement Of Cash Flow

	2010 Kshs'000	2009 Kshs'000
(a) Cash absorbed in operations		
Profit before taxation	14,746	41,568
Adjustments for:		
Interest income (Note 7)	-	(83)
Interest expense (Note 7)	37,372	34,151
Depreciation (Note 12)	28,583	21,665

Notes to the Financial Statements
for the year ended September 30, 2010

	2010 Kshs'000	2009 Kshs'000
Amortisation of prepaid operating lease rentals (Note 13)	4	4
Profit on sale of property, plant and equipment	(248)	(11,954)
Retirement benefit obligations	1,791	1,807
Changes in working capital:		
- trade and other receivables	(20,578)	(34,083)
- inventories	(188,458)	(97,162)
- trade and other payables	67,631	(22,368)
- provision for liabilities and charges	22,700	(8,000)
Cash absorbed in operations	(36,457)	(74,455)
Cash and cash equivalents		
Cash at bank and in hand	6,718	62,214
Borrowings (Note 21)	(439,804)	(362,723)
	(433,086)	(300,509)

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.

Commitments

Capital commitments
Capital expenditure committed but not contracted for at the date of the Statement of Financial Position and therefore not recognised in the financial statements is as follows:

	2010 Kshs'000	2009 Kshs'000
Property, plant and equipment	36,371	56,580

Operating lease commitments

	2010 Kshs'000	2009 Kshs'000
Not later than 1 year	-	1,365
Later than 1 year and not later than 5 years	-	-
	-	1,365

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.

The following transactions were carried out with related parties:

Notes to the Financial Statements
for the year ended September 30, 2010

	2010 Kshs'000	2009 Kshs'000
i) Purchase of goods and services	308,741	343,236

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

ii) Sale of goods

	2010 Kshs'000	2009 Kshs'000
	378,401	-

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.

	2010	2009
The charges for the year were as follows:	Kshs'000	Kshs'000
Technical fees	63,142	66,007
Trademark fees	12,629	13,199
	75,771	79,206

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

	2010 Kshs'000	2009 Kshs'000
Payables to related parties		
Energizer Egypt	10,519	16,567
Energizer Singapore	-	18,012
Eveready Hong kong	3,591	16,310
Energizer Middle East and Africa	230	192
Energizer Hong kong	8,894	5,105
Energizer Philippines	-	5,960
Energizer Group Ltd	1,477	1,314
Eveready Battery Company - Technical service fee	19,581	12,705
Finance lease from related party	-	2,909
	44,292	79,074

v) Outstanding balances arising sale of goods	2010 Kshs'000	2009 Kshs'000
Receivables from Eveready Egypt	223	-

(vi) Key management compensation	2010 Kshs'000	2009 Kshs'000
- Salaries and other short term employment benefits	84,681	71,542
- Post employment benefits	1,682	1,577
	86,363	73,119

(vii) Directors' remuneration	2010 Kshs'000	2009 Kshs'000
- fees for services as a director	4,440	5,579
- other emoluments (including those in key management above)	30,172	26,416

Proxy Form

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 Thursday May 19, 2011, and at any adjournment thereof.

As witness my/our* hand this _____________________________ day of _________________________________ 2011.

____
(signature/seal)

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 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 Thursday, May 17, 2011 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.