2011 ANNUAL REPORT & FINANCIAL STATEMENTS

EVEREADY®
EAST AFRICA LIMITED


EVEREADY®
PROVEN VALUE
TRUSTED QUALITY
Nilinunua redio
na pesa nilizosave
kwa kutumia
EVEREADY.
Save na betri
zinazodumu zaidi.
EVEREADY
GENERAL PURPOSE
EVEREADY
PAKA POWER
EVEREADY
SUPER HEAVY DUTY
SHIKA PAKA POWER!

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Chairman's Statement

FOR THE YEAR ENDED 30 SEPTEMBER, 2011

2011 was another challenging and turbulent year for our businesses as the economy saw a reversal after a few years of growth. The trade reduced their inventory levels with a view to protect cash as they reacted to a change in consumer buying behavior as the declining economy forced individuals to rein in their expenditure especially as relates to discretionary expenditure. Eveready was not immune to these micro economic factors. The trading landscape in 2011 was therefore challenging for us and as we anticipated in our communication when we announced our mid year results in May, 2011, a combination of these factors caused the Company to report a loss after tax of KShs.129million. Details of our performance may be reviewed in the Managing Director's report under the Business Review segment of the report. I will however highlight key points out of that performance.

In summary, Eveready's total net sales declined by 16% compared to last year. The largest contributor to the decline in performance was the locally manufactured D battery which registered a decline of 25% in net sales compared to F2010. The purchased products category on the other hand continued its growth trajectory and recorded an average of 12% increase in net sales over the same period.

We therefore focused on taking cost out of our business and protecting our cash flow. As a result, we undertook the following actions:-

- We reviewed our internal forecasts and plant operations with a view to aligning capacity with demand as well as head count reductions at the plant including some colleagues in management at a cost of approximately Kshs.68million which was paid in full during the year.

- We focused on improving working capital and reducing capital expenditure to optimize cash flow.

- We also regrouped and reviewed our commercial operations by identifying and implementing actions to optimize the resources allocated to the sales and marketing organization whose details will be provided in the Managing Director's report under Business Review.

Changes to the Board

One of the most important tasks in 2011 was to manage the succession of the Steve Smith, once he had signaled to the Board his intention to retire as Chief Executive of the Company. The search for his successor by the Remunerations and Nominations Committee followed due process and was thorough. We are delighted that Jackson Mutua accepted the offer to become Eveready's new Chief Executive. We also welcomed him to the Board of the Company as Managing Director. Jackson has been performing as the Company's Head of Finance since he joined the Company in August of 2007. He knows Eveready and its people well through his financial and operational roles and has demonstrated the necessary leadership skills to take the company forward. With Jackson at the helm we look forward with confidence to the next phase of Eveready's transformation.

I would like to take the opportunity to thank Steve Smith for his contribution to the company in the 13 years that he has been with us. He achieved much during his tenure including the expansion of Eveready's product portfolio from the D battery to incorporate quality brands like Energizer & Schick into the Eveready portfolio of products. We wish him success in the future.

Summary

We are committed to improving the Company's performance in 2012. The Board believes that the investments made in the business in prior years to address capacity and demands were the correct decisions. As our profit performance declined over the years, largely due to the decline of the D business, we have acted resolutely in charting a way forward for the business by introducing more brands to the company's portfolio. As a result the Company is more appropriately positioned today for the current trading environment.

We have grown our purchased product division as we work towards compensating for the losses experienced in the decline of the D. We will continue to pursue diversification of the business and we will be looking to you to approve some important recommendations that the Board will be making at the Annual General Meeting for the purpose of improving the business.

The D battery business remains fundamentally attractive and the sector is relatively resilient. Eveready can and will perform better in this category. We now have the right people in the right places from the people moves that was undertaken in the course of the year. We were resilient in 2011 in terms of our operational performance.

On behalf of the Board we would like to thank the executive team for their leadership and all our colleagues for their contribution in achieving these results. My thanks also to our business partners whose support is invaluable to us. We are better placed now to deal with the downturn in the economy and we are better placed to take advantage of the upturn when it happens.

Hon. A. Moody Awori, **Board Chairman**
February 29, 2012

Taarifa ya Mwenyekiti

FOR THE YEAR ENDED 30 SEPTEMBER, 2011

Mwaka wa 2011 ulikuwa mwaka mwingine mgumu na mwenye changamoto nyingi kibiashara kwa kuwa uchumi ulidorora baada ya miaka michache ya ukuaji. Mtungo wa ugavi ulipunguza idadi ya bidhaa ili kulinda fedha kwa sababu za kubadilika kwa mienendo ya ununuzi miongoni mwa wateja. Hii ni kwa sababu udororaji wa uchumi ulilazimu watu kupunguza matumizi yao ya fedha hasa matumizi ya hiari.

Kampuni ya Eveready haikukingwa dhidi ya hali hizi finyu kwa kuwa biashara yetu inahusu bidhaa ambazo zinachukuliwa kwamba si za lazima. Hivyo basi mazingira ya kibiashara ya mwaka wa 2011 yalijaa changamoto nyingi kwetu na kama tulivyotazamia katika taarifa zetu za mwezi Mei tulipotangaza matokeo ya kati ya mwaka wa 2011, tunasikitika kuwa hali hii ilisababisha kampuni kutangaza hasara ya shilingi milioni 129, baada ya kutozwa ushuru.

Maelezo ya utendakazi wetu yatarejelewa katika ripioti ya Meneja Mkurugenzi chini ya kipengele cha Tahakiki ya Kibiashara. Hata hivyo, nitadokeza hoja kuu za utendaji huo.

Kwa muhtasari, mauzo halisi ya Eveready yalipungua kwa asilimia kumi na sita (16%) yakilinganishwa na ya mwaka uliopita. Kilichochangia pakubwa kupungua huku kwa utendaji ni Betri D inayoundiwa humu nchini ambayo mauzo yake halisi yalipungua kwa asilimia ishirini na tano (25%) yakilinganishwa na ya mwaka wa kifedha wa 2010. Kwa upande mwingine kipengele cha bidhaa zilizonunuliwa kiliendelea kukua huku kikirekodi ongezeko la kadiri ya asilimia ishirini na nne (12%) ya mauzo halisi katika kipindi hicho.

Hivyo basi tulilenga kujiondolea gharama na kulinda mkondo wa fedha. Kutokana na hayo tulitekeleza yafutayo:-

- Tulichunguza upya matazamio yetu na utendaji wa kiwanda kwa lengo la kulainisha uwezo na mahitaji na vilevile kupunguza idadi ya wafanyakazi wakiwemo wenzangu katika utawala.
- Tulilenga kuimarisha mtaji na kupunguza matumizi ya mtaji huo ili kuboresha mkondo wa fedha.
- Aidha, tulichunguza upya ufanyaji wetu wa biashara kwa kutambua na kutekeleza vitendo vya kuboresha rasilimali zilizopewa idara ya mauzo na uhamasishaji ambao unapatikana kwenye ripoti ya Meneja Mkurugenzi katika Tahakiki ya Kibiashara.

Mabadiliko katika Halmashauri

Mojawapo ya majukumu muhimu katika mwaka wa 2011 lilikuwa kudhibiti urithi wa Steve Smith wakati alipoashiria Halmashauri nia yake ya kustaafu kuwa Mkurugenzi Mkuu Mtendaji wa kampuni. Utafutaji wa mrithi wake kupitia kamati ya Uteuzi na Mishahara ulizingatia sheria zote zilizowekwa.

Tuna furaha kwamba Jackson Mutua alikubali kuwa Mkurugenzi Mkuu Mtendaji mpya wa Eveready. Aidha, tunamkaribisha kwenye Halmashauri ya Kampuni kama Meneja Mkurugenzi. Jackson amekuwa Mkuu wa Fedha tangu ajiunge na kampuni hii Agosti mwaka wa 2007. Kupitia majukumu yake ya kifedha, Jackson anaifahamu vyema Eveready pamoja na wafanyakazi wake. Vilevile amedhihirisha stadi za kiuongozi zifaazo ili kuiimarisha kampuni hii. Tukiwa na Jackson kwenye uongozi tuna matumaini makuu katika kipindi kijacho cha mabadiliko ya Eveready.

Ningependa kutumia fursa hii kumshukuru Steve Smith kwa mchango wake kwa kampuni hii katika kipindi cha miaka 13 ambacho amekuwa pamoja nasi. Alitekeleza mengi katika kipindi chake cha uongozi ikiwa ni pamoja na kuiongoza Kampuni katika kuongeza idadi ya bidhaa kutoka Betri D ili kujumuisha chapa nyinginezo kama vile Energizer na Schick katika bidhaa za Eveready. Tunamtakia ufanisi katika siku zake za usoni.

Muhtasari

Tunaahidi kuimarisha utendaji wa kampuni katika mwaka wa 2012. Halmashauri inaamini kuwa uwekezaji uliofanywa miaka iliyotangulia ili kushughulikia uwezo na mahitaji ulikuwa sahihi. Ijapokuwa faida yetu imepungua kwa miaka iliyopita hasa kutokana na kudorora kwa biashara ya D tumetenda ifaavyo kwa kuanzisha chapa nyinginezo katika bidhaa za kampuni. Kutokana na hayo kwa sasa Kampuni ni imara zaidi kuiwezesha kuendesha biashara katika mazingira ya sasa.

Tumekuza idara ya bidhaa tulizonunua huku tukijiandaa kufidia hasara zilizosababishwa na kudorora kwa D. Tutazidi kufuatilia uanuwai wa biashara na tunatarajia kwamba

mtaidhinisha baadhi ya mapendekezo muhimu ambayo Halmashauri itapendekeza katika Mkutano Mkuu wa Mwaka kwa lengo la kuboresha biashara.
Biashara ya Betri D ingali inavutia na sekta hii ni thabiti kiasi. Eveready inaweza na itatenda vizuri zaidi katika sekta hii. Kwa sasa tuna watu wanaofaa katika nyadhifa zifaazo kupitia ubadilishwaji wa wafanyakazi uliotekelezwa mwakani. Tulikuwa dhabiti mwaka wa 2011 katika utendakazi wetu.

Kwa niaba ya Halmashauri tungependa kushukuru jopo la uongozi kwa uongozi wao wa kibiashara na pia wenzetu wote kwa michango yao katika kupata matokeo haya. Nawashukuru pia washirika wetu wa kibiashara ambao wametuunga mkono kwa dhati.

Kwa sasa tuna uwezo wa kupigana na kudorora kwa uchumi na vilevile kushiriki katika uimarikaji wa uchumi pale utakapotokea.

Mh. A. Moody Awori, **Mwenyekiti wa Halmashauri**
Tarehe 29, Februari 2012

Business Review

The net sales and gross margin for fiscal 2010 and 2011 were as follows:

	2011	2010
Net sales	1.37billion	1.63billion
Gross Margin	20%	24%

We registered an overall revenue decline of 16% compared to last year. This performance was largely attributable to the decline in the sales performance for our manufactured product (The D battery). This category of product experienced a 25% decline in sales compared to F2010 figures arising out of the pricing pressures as a result of low priced competitor activity in the segment.

Our D battery market and environment is still in flux arising out of what we perceive to be illegal activity from cheap competitors. We are presently redefining our space as regards this segment and product to enable us steer it to recovery. The economic environment offers additional strain to this lower market segment - Kenya posted its lowest inflation performance since 2003 in our fiscal year 2011. The rate of inflation grew in the period moving from 3% in October, 2010 to 17.3% in September 2011 with associated impact on consumer discretionary spend.

Despite the decline in D battery sales, the purchased product segment registered growth and was up 12% in net sales terms on last year. This is an indicating of the strength of our emerging brands and presents us with an opportunity to grow our revenues.

As a result of the above, and particularly as a result of our inability to increase the price of the D battery, our revenue growth rate was negatively impacted which affected our gross margin performance bearing in mind the inflationary trends experienced.

This performance level of course meant that reinforcing management structures, reducing costs and making other operational improvements were key but more important still, was to create more business and focusing on promising markets to drive growth. Some of the actions that we took in the course of the year to shore up business performance included the following:-

- **Cost conscious operations:-**
  We closely managed our cost levels and managed to reduce spending and therefore cost in several areas. The overall increase in our selling costs is recorded as a result of an increase in selling expenses which grew by 14% over last year's levels. We grew selling expenses due to a deliberate effort to grow the size of our direct sales and merchandising force and associated route to market programs. We believe that our distribution system gives us a significant advantage in the market and we continuously look for opportunity to improve its speed and efficiency with which we reach our consumers and to do this we know that we must go all-out to win at retail and improve our route to market capabilities.

- **Improved selling effort:-**
  Our route to market programs took an even bigger significance focus in this period in the face of the overall decline in revenue and we went about setting up systems that will significantly improve how we relate with our channel partners and our consumers and therefore improve revenue.

We implemented an automated sales data collection system which has greatly facilitated our market operations from the perspectives of oversight and decision making.

Other measures of performance revolve around the performance of and actions that we took around inventory control, borrowing and accounts receivables.

Managing Director's Statement

FOR THE YEAR ENDED 30 SEPTEMBER, 2011

- **Inventory**
  Due to a sudden and significant decrease in demand for our product in Q1, inventory levels exceeded our estimated requirements based on demand forecasts and we took steps to correct this. As a result of our corrective actions, we managed to reduced our inventory holding to KShs.509million which was a reduction compared to F2010 figures of KShs.685million which freed up significant cash to the business.

  Inventory management remains an area of focus as we balance the need to maintain strategic inventory levels to ensure competitive lead times against the risks associated with high inventory because of market requirements.

  Production is now closely matched to demand. These actions unfortunately resulted in a further 74 person reduction in our production facility but was necessary in view of our operating conditions.

- **Accounts receivables**
  Accounts receivables declined from an opening position of KShs.243million to KSh.188 million mainly as a result process improvements surrounding billings and collections.

- **Borrowing**
  Financing Cost increased to KShs.130m (F2012: KShs.58m) largely due to due to FOREX movements. Currency translation effects/Depreciation of the Kenya shilling (from KShs.81.79 to KShs.104/-) within the year resulted to KShs.88m exchange loss. Most of the loss was unrealized at year end.

Other one off factors that influenced our profitability included the following:-
We provided for hazardous waste management and slow moving spares in the amount of KShs.57million.

We paid KShs.15m to the DB scheme in order to facilitate its closure.

Going Forward

It is unfortunate that we recorded a loss. We have however put in place measures that will reverse this trend by growing sales, returning to bottom line profitability and making other progress that will add value to our revenue line in the short term and secure the long term sustainability of the business.

To that end, upon my appointment as CEO in May, 2011, we (the Board and management) re-grouped with the intention of reviewing our business plans for the short and long term. This culminated in a series of meetings between the Board and management as we discussed how we are going to manage this business going forward. An outcome of these meetings was a new mid-term plan which sets out a road map and blue print for the business going forward which is to shape both our strategic plans as well as our long term business plans. We have commenced the implementation with the plan and we can count on your support to fully implement the same in the F2012 and beyond.

We have evolved our plans in light of the changing environment in order to ensure that we are focused on delivering shareholder value. To that end, we have resolved to:

(i) roll out a new strategic plan as guided by our agreed road map, and in the meantime,

(ii) go back to the basics in our operations.
This principle of going back to basics underlies our focus area in operations going forward as we strive to position the Company on a growth trajectory. Before turning our attention to the longer term, we realize that we need to strengthen further our foundations today in order to create a solid platform for growth tomorrow.

The operational aspects of the plan have therefore become the first stage of this journey and the actions that we are taking in that regard are geared towards strengthening our fundamentals. This focus will underlie our actions going forward as we strive to ensure that we are doing the correct things from the most basic level and at all times. We believe that based on our circumstances, achieving success in the bigger picture in terms of performance will be achieved by ensuring that at the minimum, we are achieving our basics.

On our broader focus areas for our operations, we have identified the following areas as the primary drivers central to enhancing our operating margin:

- **Sales and gross margin development:**
  Management focus will be on identifying and exploiting opportunities that not only provide for future growth, but also have potential to increase gross margin. Major levers for enhancing our Company's sales and gross margin include optimising our product mix, increasing the quality of distribution and supply chain efficiency initiatives.

- **Operating expense control:**
We put high emphasis on tightly controlling operating expenses to leverage the Company's sales growth through to the bottom line. This requires a particular focus on ensuring flexibility in the Company's cost base. Marketing working budget is our largest operating expense. It is one of the most important mechanisms for driving top-line growth. Therefore, we are committed to improving the utilisation of our marketing expenditure. This includes concentrating our communication efforts (including advertising, retail presentation and public relations) on key brand initiatives and focusing our promotion spend on well-selected partnerships. We also aim to increase operational efficiency and reduce operating overhead expenses as a percentage of sales. In this respect we constantly review our operational structure – streamlining business processes, eliminating redundancies and leveraging the scale of our organisation.

To deliver on the above, we have set out to improve our performance by the following actions acting as drivers:-

- **Achieving best performance:**
Our focus in this area is on sales growth, cash generation, cost control and profits. We have implemented a new electronic data collection system and rolled it out to our key channel partners. This system allows us to obtain up to date market data on our sales trends which are critical in decision making and oversight. Our plan addresses the aspect of new business as growth drivers and we look forward to its full implementation.

  Our export market plan will enable us take advantage of the opportunities in the region for improving our revenues through active programs and engagements.

  To keep senior management focused on long-term performance improvements, a portion of the responsible managers' total compensation is variable and linked to the Company's specific targets, as well as relevant Key Performance Indicators related to the respective performance of their operating unit. These include targets related to items such as net sales, gross margin, marketing working budget, operating profit, operating working capital and total debt management.

  We strive to maximise revenues and minimise costs by detailed target setting, and we constantly monitor deviations in rolling forecasts on a monthly basis. If necessary, action plans are implemented to optimise the development of the Company's operating performance.

- **Strengthening consumer, customers and supplier relationships:**
Our plan is geared towards developing and improving our market insight on product and delivering value through our supply chain and channel partners. Our driving focus in the market is to 'win at retail.' This requires that adequate measures be taken around our route to market programs.

  Part of our aim in this aspect is a continued focus on increasing dialogue and commitment levels of our channel/ trade partners. To this end, we have set up engagement programs with our channel partners across the country through which we gather feedback on our market programs and foster active engagement with the trade.

- **Pursuing operational excellence:**
Our key focus areas are in the areas of safety, efficiency in operations, sustainability and risk management.

- **Building a winning organization:**
This will be achieved by fostering a culture that drives performance towards our mission and delivers on promises. We have commenced a review of our management structures and functions. To this end we have reviewed our people profiles and functions and made certain changes to our management structure and people profiles. The aim of the review is to ensure that we have a leaner and more efficient organization manned by the right talent for our next phase of transformation.

While we expect challenging business conditions to persist, we are working towards delivering better performance going forward.

Jackson Mutua, **Managing Director**
February 29, 2012

Taarifa ya Mkurugenzi Mkuu

FOR THE YEAR ENDED 30 SEPTEMBER, 2011

Tahakiki ya Kibiashara

Mauzo Halisi na Ziada Ghafi ya mwaka wa 2010 na 2011 yalikuwa kama yafuatayo:

	2011	**2010**
Mauzo Halisi	Bilioni 1.37	Bilioni 1.63
Ziada Ghafi	Asilimia 20 (20)%	Asilimia 24 (24%)

Mapato yetu yalipungua kwa asilimia kumi na sita (16%) yakilinganishwa na mwaka uliopita. Utendaji huu ulichangiwa pakubwa na kupungua kwa mauzo ya Betri D. Mauzo ya aina hii ya bidhaa yalishuka kwa asilimia sihirini na tano (25%) ikilinganishwa na mwaka wa kifedha wa 2010. Hii ilitokana na shinikizo za kibei hasa kutoka kwa washindani wa bei nafuu.

Soko letu la Betri D pamoja na mazingira yangali yamejaa kutokana na kile tunachojua ni kuwepo kwa bidhaa bandia kutoka kwa washindani duni. Kwa sasa tunachunguza upya nafasi yetu katika soko hili na bidhaa husika ili kuweza kuliimarisha. Mazingira ya kiuchumi yanaongeza shinikizo katika soko hili duni – hii ni kwa sababu mwaka wa 2011, Kenya ilidhihirisha hali mbaya zaidi ya kiuchumi tangu mwaka wa 2003. Kiasi cha mvuvumko wa bei za bidhaa kilipanda kutoka asilimia tatu (3%) Septemba 2010 hadi asilimia kumi na saba nukta tatu (17.3%) Oktoba 2011 ambako kulihusishwa na athari kwa ununuzi wa bidhaa kwa hiari.

Licha ya kudorora kwa mauzo ya Betri D, kipengele cha bidhaa zilizonunuliwa kilikua kwa asilimia kumi na mbili (12%) kwa mauzo halisi mwaka jana. Hili ni dhihirisho la uthabiti wa chapa hizi na hivyo basi kutupa fursa ya kuimarisha mapato yetu.

Kutokana na hali hii na kwasababu hatungeweza kuongeza bei ya Betri D, ukuaji wa mapato yetu uliadhirika na hivyo uliathiri Ziada Ghafi haswa ukitafakari hali duni ya mazingira ya kiuchumi uliyomo.

Utendaji huu bila shaka unamaanisha kwamba usisitizwaji wa mifumo ya kuiongozi, upunguzwaji wa gharama na uboreshwaji wa mbinu nyingine za kiutendakazi ni muhimu. Hata hivyo, muhimu zaidi ni uandaaji wa biashara nyiginezo na kulenga masoko yatakayoimarisha ukuaji. Baadhi ya mikakati tuliyoitumia kuinua utendaji kibiashara ni kama ifuatayo:-

- **Utendaji wenye kujali gharama:-**
  Tuliweza kutawala gharama zetu na hivyo kupunguza matumizi ya fedha katika sehemu kadhaa. Kuongezeka kwa jumla ya gharama za mauzo kunatokana na kuongezeka kwa jumla ya gharama za matumizi. Gharama za matumizi ziliongezeka kwa asilimia kumi na nne (14%) zaidi ya za mwaka uliopita. Tulikuza gharama za matumizi kwa sababu za juhudi za kuongeza mauzo yetu ya moja kwa moja na shughuli nyingine husika. Tunaamini kuwa mfumo wetu wa uuzaji unatupa nafuu sokoni na hivyo basi kutazamia fursa ya kuboresha kasi na utendaji kazi wake ambao kwao tunawafikia wateja. Ili kufanya haya ni lazima tujitolee kushinda katika uwezo wetu wa soko.

- **Uboreshaji wa juhudi za uuzaji:-**
  Mbinu zetu za shughuli za soko zilichukua nafasi na lengo kubwa katika kipindi hiki kupambana na udororaji wa mapato. Hivyo basi tulianzisha mifumo ambayo itaimarisha jinsi tunavyohusiana na washirika wetu pamoja na wateja wetu ili kuboresha mapato.

Tulitekeleza mfumo wa kielektroniki wa kukusanya data ya mauzo ambao umewezesha utendaji wetu wa soko kutoka kwa mitazamo ya usimamizi na uamuzi.

Mikakati mingineyo ya utendaji inahusu hatua tunazochukua katika kudhibiti thamani ya bidhaa, ukopaji na fedha zilizopokelewa.

- **Hesabu ya Bidhaa**
  Kutokana na kupungua kwa ghafla kwa mahitaji ya bidhaa zetu katika robo ya kwanza, idadi ya bidhaa ilipita matarajio yetu kwa mujibu wa mahitaji na hivyo tulichukua hatua kuhusu hali hii. Kwa sababu ya hatua zetu za urekebishaji, tuliweza kupunguza thamani ya bidhaa zetu hadi shilingi milioni 509 kulinganisha na thamani ya mwaka wa 2010 iliyokuwa shilingi milioni 685. Hali hii iliwezesha kuwepo kwa fedha za kutimika katika biashara.

  Utawala wa thamani ya bidhaa ungali sehemu lengwa huku tukithibiti thamani ya bidhaa ifaayo kuhakikisha ushindani dhidi ya hatari zinazohusiana na hesabu kubwa ya bidhaa kwa sababu ya mahitaji ya wateja.

  Uundaji bidhaa sasa unakaribiana na mahitaji. Kwa bahati mbaya hatua hizi zilisababisha kuachishwa kazi kwa watu wengine 74 katika kitengo chetu cha uundaji bidhaa lakini muhimu kwa mtazamo wa hali yetu ya utendaji.

- **Fedha zilizopokelewa**
  Fedha zilizopokelewa zilipungua kutoka milioni 243 hadi milioni 188 kutokana na shughuli zinazohusiana na udai malipo pamoja na ukusanyaji.

- **Ukopaji**
  Kufikia mwezi Juni mwaka wa 2011, tulikuwa na deni la shilingi milioni 439 ambalo lilipunguzwa hadi shilingi milioni 435 kufikia mwisho wa mwaka. Gharama ya riba iliongezeka hadi shilingi milioni 130 (shilingi milioni 58 mwaka wa 2012) hususan kutokana na kukosa uthabiti katika soko la hisa. Kushuka kwa thamani ya shilingi ya Kenya (kutoka shilingi 81.79 kwa Dola hadi shilingi 104 kwa Dola) katika kipindi cha mwaka mmoja kusababisha hasara ya ubadilishanaji ya shilingi milioni 88.

Hali za moja kwa moja ambazo ziliathiri faida yetu ni zifuato:-
- Tuligharamia uzoaji taka hatari na vipuri visivyonunuliwa kwa urahisi kwa shilingi milioni 57.
- Tulilipa mradi wa DB shilingi milioni 15 ili kuwezesha utekelezwaji wake.

Mustakabali
Tunajuta kuwa tumepata hasara. Hata hivyo tunaamini kuwa mambo tunayo endelea kutekeleza yataendelea kukuza mauzo kwa kujiwekea kiwango fulani cha faida na kwa kutumia mbinu nyinginezo zitakazoongeza mapato yetu kwa muda mfupi unayokuja na kuboresha biashara katika siku za usoni kwa njia ambayo itakimu biashara.

Kwa msingi huu, tangu kuteuliwa kwangu kuwa Mkurugenzi Mkuu Mtendaji mwezi Mei 2011, sisi (Halmashauri na Utawala) tulijiandaa upya kwa lengo la kuchunguza upya mipango yetu ya kibiashara ya wakati huu na ile ya wakati ujao. Kujiunda upya huku kulizua mikutano kadhaa kati ya halmashauri na utawala ambapo tulijadili jinsi ya kutawala biashara hii kwenda mbele. Matokeo ya mikutano hii ni mpango wa muda mfupi ambao ndio ramani ya biashara hii kwenda mbele ambayo ni kuandaa umbo la mikakati yetu pamoja na mipango yetu ya siku zijazo. Tumeanza utekelezaji wa mpango huu na bila shaka tunajua mnatuunga mkono ili kuutekeleza kikamilifu mwaka wa 2012 na zaidi.

Tumeboresha mipango yetu kwa kuzingatia mazingiria yetu yanayobadilika ili kuhakikisha kwamba tunalenga faida ya mwanahisa. Kwa hili tumeamua yafuatayo:-

i. Kuanzisha mkakati mpya tukiongozwa na road map ambayo tumekwishakubaliana.
ii. Kwa sasa tutarejelea utendaji wetu wa msingi
  msimamo ambao unasisitiza lengo letu katika utendaji huku
  tukijikaza kuirejesha Kampuni katika ukuaji. Kabla ya kujiingiza katika siku sijazo, tumegundua kuwa tunahitaji kuimarisha misingi yetu zaidi ili kujenga msingi wa ukuaji wa siku za usoni.

Hivyo basi vipengele vya kiutendaji katika mpango huu ndiyo hatua ya mwanzo katika safari hii na hatua tunazochukua katika mwelekeo huo zinanuiwa kuimarisha mihimili yetu. Lengo hili litasititiza hatua zetu za siku za usoni huku tukijizatiti kuhakikisha kuwa tunatenda lifaalo katika masuala ya kimsingi na pia wakati wote. Tunaamini kuwa tukizingatia hali zetu kunawiri kwa jumla katika utendaji kutapatikana kwa kuhakikisha kwamba tunafaulu katika mambo ya kimsingi.

Katika lengo letu pana la utendaji tumetambua sehemu zifuatazo kuwa misukumo ya kimsingi iliyomuhimu katika uimarishaji wa ziada ya utendaji:
- **Ukuaji wa mauzo na ziada ghafi:**
  Lengo la uongozi litakuwa kwenye kutambua na kutekeleza nafasi ambazo hazisaidii tu katika ukuaji wa siku zijazo bali pia ambazo zinaweza kuongeza ziada ghafi. Mihimili mikuu ya kuimarisha mauzo ya kampuni pamoja na ziada ghafi ni kama vile kuboresha aina za bidhaa, kuongeza ubora wa usambazaji wa bidhaa pamoja na ustadi.

- **Uthibiti wa gharama ya utendaji:**
  Tulisisitiza uthibiti imara wa gharama ya utendaji ili kuwezesha ukuaji wa mauzo ya Kampuni. Hatua hii inahitaji lengo maalum katika kuhakikisha ubadilikaji wa msingi wa gharama ya Kampuni. Bajeti tekelezi ya uhamasishaji ndio gharama kubwa zaidi ya utendaji. Ni mojawapo ya taratibu muhimu za kuhakikisha ukuaji mkuu. Hivyo basi, tunajitolea kuimarisha gharama yetu ya uhamasishaji. Hii inajumuisha matumizi makubwa ya jitihada za kimawasiliano (zikiwa ni pamoja na utangazaji, maonyesho ya bidhaa na uhusuano wa umma) katika chapa muhimu na kulenga uhamasishaji wetu kwa ushirika teule. Aidha, tunalenga kuongeza ustadi wa utendaji na kupunguza gharama za utendaji kama sehemu ya mauzo. Katika kipengele hiki tunachunguza muundo wetu wa utendaji mara kwa mara huku tukinyoosha shughuli za kibiashara, kuondoa uradidi na kulipa shirika letu nguvu.

Ili kufaulu kwa hayo tuliyotaja tutaimarisha utendaji wetu kupitia hatua zifuatazo:-

- **Kutimiza utendaji bora:**
  Lengo letu katika uwanja huu lipo kwenye ukuaji wa mauzo, utengezaji pesa, uthibiti gharama na faida. Tumetekeleza mfumo mpya wa kielektroniki wa data na kuwapa washirika wetu wakuu. Mfumo huu unatuwezesha kupata data rasmi na ya sasa ya soko kuhusu mitindo yetu ya mauzo ambayo ni muhimu katika kutoa uamuzi na usimamizi. Mpango wetu unashughulikia kipengele cha biashara mpya kuwa visukuma ukuaji. Tunatazamia utekelezwaji wake kikamilifu.

  Mpango wa soko letu la nje utatuwezesha kutumia fursa ya nafasi zilizopo katika eneo hili ili kuimarisha mapato yetu kupitia mipango tekelezi na ushirika.

  Ili kuweka utawala mkuu kwenye lengo la kuboresha utendaji katika siku sijazo sehemu ya ridhaa ya jumla ya utawala wenye kuwajibika inahusishwa na malengo maalumu ya Kampuni na vilevile viashiria vikuu vya utendaji vinavyohusiana na utendaji wa sehemu wanazotenda kazi. Hizi ni pamoja na mauzo halisi, ziada ghafi, bajeti tekelezi ya uhamasishaji, faida ya utendaji, mtaji wa utendaji na uimarishaji wa deni.

  Tunajitahidi kuongeza mapato hadi upeo na kupunguza gharama kupitia malengo madhubuti na uchunguzi wa mara kwa mara wa ubadilikaji wa matazamio ya kila mwezi. Pakitokea haja, mipango tekelezi hutekelezwa ili kupata upeo wa ukuaji wa utendaji wa Kampuni.

- **Uimarishaji wa uhusiano baina ya mteja, wateja na wagawaji:**
  Mpango wetu unalenga kukuza na kuimarisha uhamasishaji wetu wa bidhaa na thamani kupitia mtungo wa wagawaji na washirika. Lengo linalotuongoza sokoni ni 'Shida katika mauzo'. Hili linahitaji mikakati maridhawa katika soko letu.

  Sehemu mojawapo ya shabaha yetu katika kipengele hiki ni kuendelea kulenga kuongeza mijadala na ushirika. Hapa tumeandaa taratibu tukishirikiana na washirika wetu katika nchi nzima ambapo tunapata majibu juu ya taratibu za soko letu na kuendeleza uhusiano tekelezi kibiashara.

- **Kushikilia ubora wa utendaji:**
  Lengo letu kuu hapa ni katika usalama, ubora wa utendaji, uhimili na kutawala hatari. Tumeanzisha uchunguzi wa miundo yetu ya utawala pamoja na kazi zake. Hapa tumechunguza majukumu na kazi za waajiriwa wetu pamoja na kufanya mabadiliko fulani katika utawala na majukumu. Lengo la uchunguzi huu ni kuhakikisha kuwa tuna shirika lililotayari kusoma na linalooongozwa na watu wenye vipawa viffavyo ili kuingia katika hatua ijayo.

- **Ujenzi wa shirika-shindi:**
  Huu utapatikana kwa kuendeleza mwenendo ambao unasukuma utendaji kuambatana na wito na ambao unatekeleza ahadi zake.

Huku tukitarajia hali mbaya ya kibiashara kuendelea, tutajitahidi kuboresha utendaji wetu.

Jackson Mutua, **Meneja Mkurugenzi**
Tarehe 29, Februari 2012

EVEREADY East Africa Limited we acknowledge in order to create and build sustainable value to our shareholders we must be committed to achieving the highest standards of corporate governance. EVEREADY continues to support the Corporate Governance Guidelines issued by the Capital Markets Authority. EVEREADY largely complied with the guidelines in F2011 except as indicated in this Statement.

The Board of Directors is the highest governance body responsible for Eveready's strategic direction and activities. The Board is governed by a Code of Business Conduct and written Corporate Governance guidelines that comply with the NSE & CMA listing standards and guidelines. The guidelines set out the requirements relating to director responsibilities, qualification, compensation, orientation and continuing education and assessment of board performance among other things. The Board has the following standing committees Audit Committee, Finance & Risk Committee, and the Remuneration & Nominations Committee. The descriptions of the mandates as well as the requirements of committee members are spelt out in the respective committee charters which are routinely updated. The role and function of the Committees are spelt out below:

a. Audit Committee

The Audit Committee of the Board of Directors assists the Board in fulfilling its responsibilities with respect to accounting and management controls, and financial reporting. Specifically, the Audit Committee is responsible for overseeing the internal audit function and the work of the external auditor;

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

b. Finance & Risk Committee

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

c. Nomination & Remuneration Committee

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

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

Eveready's Board is required to be made up of up to nine (9) member three (3) of whom should be independent. We closed the year with seven (7) Directors, one (1) or less than one third (⅓) of whom was independent. The reduction in the number of independent directors was as a result of the non re-election of Henry Kiplangat to the Board at the AGM in 2011. The Board is aware that the above structure does not satisfy the representation of minority shareholders as required by the corporate governance guidelines and the Remunerations & Nominations Committee is at an advanced stage of recruiting a new independent director which process will follow due process.

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

The Directors are usually authorized to fix their remuneration and the amounts paid are subsequently approved in gross terms by the shareholders at the Annual General Meetings. The Directors' costs which are related to their responsibilities to the Company as approved by the Chairman are Company is met by the Company. The fees and emoluments paid out to Directors in fiscal year 2011 are set out in Note 28 in the page 42. Remuneration of senior management is based on market rates and performance in line with the company's polices on remuneration and is outlined in page 42 of this Report under Note 28. There were no share option plans implemented in F2011 and no

Corporate Governance Statement

FOR THE YEAR ENDED 30 SEPTEMBER, 2011

Director was advanced a loan by the Company in the same period.

Audit & Accounting Functions

The Company has engaged the Audit firm of KPMG to spearhead its internal Audit function. Audit findings and recommendations are tabled before the Audit Committee for review who approve any changes to company operations. Following Board approvals, the internal auditors dedicated their efforts in fiscal year 2011 towards reviewing the Company's operations from the perspective of risk and best in class practice in operations. This action was in line with the company's plan to strengthen operations through prudent risk management and the outcome will be new policies to guide company operations. The Company's external Auditors, DCDM Associates, and the Company's Head of Finance are members of the Institute of Certified Public Accountants (ICPAK). The Auditors comply with the International Auditing Standards.

Board & Committees

The Board convenes at least four (4) times a year. The various board Committees also meet in the year to discuss various issues relating to the Company. The time, date, venue and agenda of the meetings are communicated in advance of the meetings. The Chairman manages the conduct of the meeting to ensure that open and constructive discussions are held between the board and management. Ad hoc committee and Board meetings are convened to consider particular matters.

Board & Committee Attendance Record F2011

Directors	Board	R&N Committee	Audit Committee	Finance and Risk Committee
Hon. A. Awori (Chairman)	6 (out of 6)			
Jackson Mutua[1]	5 (out of 6)	2 (out of 5)	3 (out of 6)	3 (out of 6)
Steven Smith[2] (Managing Director)	4 (out of 6)	3 (out of 5)	3 (out of 6)	3 (out of 6)
Akif Butt	6 (out of 6)	5 (out of 5)	6 (out of 6)	6 (out of 6)
Paul Scott	6 (out of 6)	5 (out of 5)	6 (out of 6)	6 (out of 6)
Fauzia Shah	6 (out of 6)	5 (out of 5)	6 (out of 6)	6 (out of 6)
ICDC (Alt. Peter Kimurwa[3])	6 (out of 6)	5 (out of 5)	6 (out of 6)	6 (out of 6)
Henry Kiplangat[4]	6 (out of 6)	5 (out of 5)	6 (out of 6)	6 (out of 6)
Susan Muthune	6 (out of 6)	5 (out of 5)	6 (out of 6)	6 (out of 6)

[1] Appointed on June, 2011
[2] Retired on May, 2011
[3] Appointed on March, 2011
[4] Retired on May, 2011

The Board met over more sessions than the usual quarterly meetings in order to transact important business associated with the Company's new strategic road map. These meetings commenced with a Strategic Retreat organized in May 2011.

The Finance & Risk and Audit committees also met over more sessions than usual in order to deliberate on issues arising out of existing trading arrangements with a key business partner. These negotiations were ongoing by the year end and are expected to be concluded in F2012. To this end a subcommittee of the Board comprised of 2 members was set up to work closely with management in order to lead and finalize these negotiations necessitating a further two sittings of the sub-committee by year end. The Remunerations & Nominations Committee also met over additional sessions in order to handle the transition issues associated with the departure of Steve Smith from the Company and the appointment of Jackson Mutua as CEO & MD of Eveready. The formal sessions recorded are also outside of other meetings held between the Chairmen of the various committees and the Board Chairman and those between the Managing Director and the Board Chairman.

Securities trading

As a public company Eveready operates in an increasingly regulated and scrutinized environment. Eveready's culture is rooted in strong ethical behavior and this is evidenced by the sets of guidelines adopted by the company to guide everyday behavior. We have an ongoing ethics program and also have a set of codes and standards that we expect our suppliers and business partners to adhere to. In accordance with the CMA guidelines on price sensitive information, EVEREADY has adopted an Insider Trading policy. Under this policy, Directors and employees of the company are prohibited from trading or otherwise dealing in company stock if they are in possession of price sensitive information which is not generally available to the public. In addition, Directors and employees are prohibited from trading in or otherwise dealing in company stock when a major announcement is imminent such as prior to the release of interim and annual results and when major negotiations are being undertaken.

Executive Team

FOR THE YEAR ENDED 30 SEPTEMBER, 2011

1 Anthony Waiganjo,
National Sales Manager

2 Fattah Bahig,
Plant Manager

3 Jackson Mutua,
Managing Director

4 Margaret Odhiambo,
Head of Corporate, Legal, HR & Admin.

5 David Koskei,
Export Sales Manager

6 Samuel Aggrey,
Finance Manager

Board of Directors

FOR THE YEAR ENDED 30 SEPTEMBER, 2011

1 Akif Butt

2 Peter Kimurwa

3 Susan Mudhune

4 Fauzia Shah

5 Hon. A. Moody Awori
Board Chairman

6 Jackson Mutua
Managing Director

7. Paul Scott

Board of Directors

FOR THE YEAR ENDED 30 SEPTEMBER, 2011

The biographies of the Directors holding office as of the date of this report are as follows:

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. 53

2. Mr. Peter Kimurwa
Mr. Kimurwa holds a Bachelor of Commerce degree from Kenyatta University, an INSEAD Masters of Business Administration from Fontainebleu, France and is 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 the 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 2010 and currently holds the position of Executive Director. 40

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. 48

5. Hon. A. Moody Awori
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 the last 41 years. He is the Chairman of various well known companies including Macmillan Publishers, Securicor, Marena Tiles, Mocian, The Da Gama Rose Group and Others. 84

6. Jackson Mutua
Mr. Mutua holds a Bachelor of Commerce degree from University of Nairobi, a Masters of Business Administration from the same university and is a Certified Public Accountant (CPA) and a Certified Public Secretary (CPS). He has extensive and varied business experience spanning over 15 years in the areas of financial management, project management and strategic management having worked with Karirana Estates Ltd (a member of First Chartered Group of Companies), Best Foods Kenya Ltd and Transami Kenya Ltd. He joined Eveready in 2007. 41

7. 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. He is a member of the American Business Institute & the British Businessman's Group in Dubai. He is also a founding member of the Council Against Counterfeits, a group set up to work with local Customs & Ports Authorities preventing the importation of & helping in the identification of counterfeit goods across the Middle East. 48

Notice of the AGM

FOR THE YEAR ENDED 30 SEPTEMBER, 2011

NOTICE IS HEREBY GIVEN that the Forty Fifth (45th) Annual General Meeting of the Company will be held at **Menengai Hall** in **Merica Hotel**, **Nakuru** located at Kenyatta Avenue, Nakuru on **Thursday August 9, 2012** at **11 a.m**.

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

Shareholding Structure

FOR THE YEAR ENDED 30 SEPTEMBER, 2011

Top 10 Global Investors

Name	Address	Share	Percentage
East Africa Batteries Limited	P.O. Box 55358-00200 Nairobi, Kenya.	73,425,029	34.96
Industrial & Commercial Development Corporation	P.O Box 45519-00100 Nairobi, Kenya.	36,583,575	17.42
Energizer International Inc.	533 Maryville University Drive - St. Louis, MO 63141 U.S	22,061,559	10.51
Co-op Custody A/C 4003	P.O. Box 48231-00100 Nairobi, Kenya.	8,219,023	3.91
Kibirichia Stores Limited	P.O Box 61-60201- Kibiricha Meru, Kenya	1,054,400	0.50
CFC Nominees Ltd A/C 210	P.O. Box 47198-00100 Nairobi, Kenya.	830,300	0.40
Mahendra Dahyabhai Patel & Jasumati Mahendra Patel Patel	P.O. Box 178-00606 Nairobi, Kenya.	703,900	0.34
Joseph Muriuki Daniel	P.O. Box 178-00606 Nairobi, Kenya.	431,400	0.21
Johnson Mwangi Gitari	P.O Box 68472-00622 Nairobi, Kenya.	394,700	0.19
Others	-	65,930,814	31.56
	Grand Total	**210,000,000**	**100.00**

Top 10 Foreign Investors

Name	Address	Share	Percentage
Energizer International Inc.	533 Maryville University Drive- St.V Loius, Mo 63141 U.S	22,061,559	97.69
Abdulrasul Ismail Thawer	P.O. Box 45544 00100 Nairobi Kenya	100,200	0.44
Sadaf Seher & Fahim Ahmed	P.O. Box 98459 80100 Mombasa, Kenya.	51,900	0.23
Roger Alan Danity	P.O. Box 95918 80100 Mombasa, Kenya.	22,700	0.10
Anthony John Duckworth	P.O. Box 1108 Ukunda, Kenya.	20,000	0.09
Steven George Smith	P.O. Box 44765-00100 00100 Nairobi, Kenya	19,000	0.09
George Gitagia Kiarie	31 Dawson Avenue Barking, Essex U.K	16,600	0.07
Seraphim Kykkotis	1096 Houghton 2041 Johannesburg, South Africa.	14,000	0.06
Abdul Waheed Chaudhry	P.O. Box 43912 00100 Nairobi, Kenya.	11,000	0.05
Bhavini Suresh Shah	P.O Box 49916 00100 Nairobi, Kenya.	10,200	0.05
Others - 720		256,984	1.14
	Grand Totals:	**22,584,143**	**100.00**

Shares Distribution summary

Range	Records	Range Total	Percentage
Below 500	115,678	24,539,098	11.69
501 to 5000	10,096	15,441,522	7.35
5001 to 10000	694	5,001,849	2.38
10001 to 50000	539	10,554,792	5.03
50001 to 100000	68	4,582,640	2.18
500001 to 1000000	42	8,536,513	4.07
Above 1000001	5	141,343,586	67.31
	127,122	**210,000,000**	**100.00**

Shareholding Structure

FOR THE YEAR ENDED 30 SEPTEMBER, 2011

Top 10 Local Institutions

Name	Address	Share	Percentage
East Africa Batteries Limited	P.O. Box 55358 00200 Nairobi, Kenya.	73,425,029	56.34
Industrial & Commercial Development Corporation	P.O Box 45519 00100 Nairobi, Kenya.	36,583,575	28.07
Co-op Custody A/C 4003	P.O. Box 48231 00100 Nairobi, Kenya.	8,219,023	6.31
Kibirichia Stores Limited	P.O Box 61-60201 Kibiricha Meru, Kenya	1,054,400	0.81
CFC Nominees Ltd A/C 210	P.O. Box 47198 00100 Nairobi, Kenya.	830,300	0.64
Chali Investments Limited	P.O. Box 53172 00200 Nairobi Kenya	338,500	0.26
Secumart Investment Ltd A/C Holdings Limited	P.O Box 62095 - 00200 Nairobi Kenya	250,000	0.19
Denroma Investment Limited	P.O. Box 5133 00200 Nairobi Kenya	216,700	0.17
Kericho Wholesalers Ltd	P.O. Box 55 Kericho Kenya	201,400	0.15
Tausi Assurance Company Limited	P.O Box 28889 00200 Nairobi Kenya	162,600	0.12
Others - 4640	-	9,048,427	6.94
		130,329,954	**100.00**

Corporate information

FOR THE YEAR ENDED 30 SEPTEMBER, 2011

Directors	Hon. Moody A. Awori - **Chairman** Mr. J K Mutua - **Managing Director** (appointed on 1 June 2011) Mr. A H Butt Mr. P Scott Ms. S Mudhune Mr. H K Kiplangat (resigned on 19 May 2011) Ms. F B Shah Mr. Peter Kimurwa **(Alternate to ICDC)** Mr. S G Smith (retired on 31 May 2011)
Audit Committee	Ms. S Mudhune - **Chairperson** Mr. A H Butt Mr. Peter Kimurwa
Remuneration and Nomination Committee	Ms. S Mudhune - **Chairperson** Mr. P Scott Ms. F B Shah
Finance and Risk Committee	Mr. Peter Kimurwa - **Chairperson** Mr. P Scott Mr. A H Butt
Auditors & Tax Advisors	BDO East Africa Certified Public Accountants P O Box 10032 Nairobi 00100
Share Registrars	Image Registrars Limited Transnational House, Mama Ngina Street P O Box 9287 Nairobi 00100
Advocates	Kaplan & Stratton Williamson House, Ngong Avenue P O Box 40111 Nairobi 00100 Mukite Musangi & Company Seguton Building, Kenyatta Avenue P O Box 149 Nakuru 20100 Kemboy & Ogola Acasia suite, 1st Floor Riverside Green, Riverside Drive P O Box 19500 Nairobi 00100
Secretary & Company Registered Office	Mr. I A Timamy 5th Floor, Standard Building, Wabera Street P O Box 44765 Nairobi 00100
Bankers	Commercial Bank of Africa Limited Barclays Bank of Kenya Limited Citibank N.A.


POWER
SEAL
TECHNOLOGY
Energizer®
max
+ / AA
ALKALINE BATTERY
Energizer
Keeps unused
batteries fresh for longer

Directors Report

FOR THE YEAR ENDED 30 SEPTEMBER, 2011

The directors submit their report together with the audited financial statements for the year ended 30 September 2011.

Principal activity

Main business and operations

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 for the year

The results for the year ended 30 September 2011 are set out on page 23.

The net loss for the year of KSh 123,994,000 (2010: Profit of KSh 8,703,000) has been added to retained earnings.

Dividends

No dividend has been paid or proposed for the year ended 30 September 2011 (2010: Nil).

Directors

The present composition of the Board is set out on page 15

Auditors

BDO East Africa have expressed their willingness to continue in office in accordance with section 159(2) of the Companies Act (Cap 486).

By order of the Board

Issa Timamy, **Company Secretary**
December 5, 2011.

Statement of directors responsibilities

FOR THE YEAR ENDED 30 SEPTEMBER, 2011

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 results for that year. 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 that have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the International Financial Reporting Standards and the requirements of the Kenyan Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its results. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Hon. A. Moody Awori, **Board Chairman**

Jackson Mutua, **Managing Director**

December 5, 2011

Report of the Independent Auditor

FOR THE YEAR ENDED 30 SEPTEMBER, 2011

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Pension Towers, Loita Street
P.O. Box 10032-00100
Nairobi, Kenya

To the members of Eveready East Africa Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Eveready East Africa Limited, set out on pages 21 to 40 which comprise the statement of financial position as at 30 September 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 comply 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. The Kenyan Companies Act also requires the directors to ensure that the Company maintains proper books of accounts which are in agreement with the statement of financial position and statement of comprehensive income.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 accompanying financial statements give a true and fair view of financial affairs of the Company as at 30 September 2011 and of its result and cash flows for the year 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:

1. we have obtained all the information and explanations which to the best of our knowledge and our belief were necessary for the purposes of our audit;

2. in our opinion proper books of accounts have been kept by the Company, so far as it appears from our examination of those books; and

3. the Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

BDO East Africa, **Certified Public Accountants of Kenya**
December 5, 2011

Statement of Comprehensive income

FOR THE YEAR ENDED 30 SEPTEMBER, 2011

	Notes	2011 K Sh '000	2010 K Sh '000
Sales		1,374,847	1,635,106
		(1,106,411)	**(1,239,027)**
Gross profit		268, 436	**396,079**
Other income	6	4,927	4,405
Selling and marketing expenses			(108,549)
Selling and marketing expenses			(219,302)
Operating (loss)/ profit	7	**(43,707)**	**72,633**
Finance costs	8	(129,501)	(57,887)
(Loss)/ profit before taxation	**9**	**(173,208)**	**14,746**
Taxation		49,214	(6,043)
(Loss)/ profit for the year		(123,994)	**8,703**
Other comprehensive income		-	-
Total comprehensive (loss)/ income		**(123,994)**	**8,703**

Earnings per share attributable to the equity holders of the Company	**(K Sh per share)**	**(Note 10)**
Basic	0.59	0.041
Diluted	0.59	0.041
Dividends (Note 11):	-	-
Interim dividend paid	-	-
Final dividend paid	-	-

Statement of Financial Position

FOR THE YEAR ENDED 30 SEPTEMBER, 2011

	Notes	2011 K Sh '000	2010 K Sh '000
Assets			
Non Current Assets			
Property, plant and equipment	12	201,286	225,018
Prepaid operating lease rentals	13	209	211
Deferred income tax	14	76,112	26,859
Retirement benefit asset	15	5,593	339
		283,200	**252,427**
Current Assets			
Inventories	16	509,131	685,669
Trade and other receivables	17	188,339	243,711
Current tax receivable	18	6,944	7,299
Cash and cash equivalents	19	23,250	6,718
		727,664	**943,397**
Non current assets held for sale and assets of disposal groups	20	-	-
Total Assets		**1,010,864**	**1,195,824**
Equity and Liabilities			
Equity			
Share capital	21	210,000	210,000
Retained earnings		69,405	193,399
		279,405	**403, 399**
Liabilities			
Non Current Liabilities			
Deferred income tax	14	25,776	26,092
		53,300	97,500
		79,076	**123,592**
Current Liabilities			
Trade and other payables	23	216,531	229,029
	19	435,852	439,804
		652,383	**668,833**
Total Liabilities		**731,459**	**792,425**
Total Equity and Liabilities		**1,010,864**	**1,195,824**

The financial statements set out on pages 22 to 41, were approved for issue by the Board of Directors on December 5, 2011 and signed on its behalf by:

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

Statements of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER, 2011

	Share capital	Retained earnings	Total equity
	KSh '000	KSh '000	KSh '000
Balance at 01 October 2009	**210,000**	**184,696**	**394,696**
Changes in equity			
Total comprehensive income for the year	-	8,703	8,703
Total changes	-	8,703	8,703
Balance at 01 October 2010	**210,000**	**193,399**	**403,399**
Changes in equity			
Total comprehensive loss for the year	-	(123,994)	(123,994)
	-	(123,994)	(123,994)
Balance at 30 September 2011	**210,000**	**69,405**	**279,405**

Cashflow Statements

FOR THE YEAR ENDED 30 SEPTEMBER, 2011

	Notes	2011 KSh '000	2010 KSh '000
Cash flows from operating activities			
Cash generated from operations	25	161,281	(15,942)
Finance costs		(129,501)	(57,887)
Net cash from operating activities		**31,780**	**(73,829)**
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(11,359)	(54,941)
Sale of property, plant and equipment	12	63	248
Net cash from investing activities		**(11,296)**	**(54,693)**
Cash flows from financing activities			
Repayment of borrowings		-	(4,055)
Net cash from financing activities		**-**	**(4,055)**
Total cash movement for the year		**20,484**	**(132,577)**
Cash at the beginning of the year		(433,086)	(300,509)
Total cash at end of the year	**19**	**(412,602)**	**(433,086)**

Accounting Policies

FOR THE YEAR ENDED 30 SEPTEMBER, 2011

1. General information
Eveready East Africa Limited is incorporated under the Kenya Companies Act and is domiciled in Kenya. The address of the registered office is P.O. Box 44765 GPO, Nairobi 00100.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of the Shareholders of the Company.

2. Presentation of Financial Statements
The financial statements have been prepared in accordance with International Financial Reporting Standards, and comply with the Companies Act of Kenya. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Kenyan Shillings, rounded to the nearest thousand.

These accounting policies are consistent with the previous period.

1.1 Revenue
Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest income is recognised, in profit or loss, as it accrues, unless collectability is in doubt.

1.2 Leases
A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor
Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee
Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.3 Tax
Current tax assets and liabilities
Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/ (assets) for the current and prior periods are measured at the amount expected to be paid to/ (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities
A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax

liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit/ (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit/ (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.4 Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements are measured in Kenya Shillings (K Sh) 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.

Transactions and balances

A foreign currency transaction is recorded, on initial recognition in Kenya Shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Kenya Shilling by applying to the foreign currency amount the exchange rate between the Kenya Shilling and the foreign currency at the date of the cash flow.

1.5 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Company; and

- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognized in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is de recognized.

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

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Freehold land is not depreciated.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**Average useful life**
Buildings	25 - 30 years
Plant and machinery	15 years
Motor vehicles	3 years
Computers	3 years
Furniture and fittings	6 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognized in profit or loss unless it is included in the carrying amount of another asset.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The gain or loss arising from the DE recognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized. The gain or loss arising from the DE recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 Impairment of assets

The Company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.
Irrespective of whether there is any indication of impairment, the Company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amound of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.
An impairment loss of assets carried at cost less any accumulated depreciation or amortization is recognized immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognized for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognized in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortization other than goodwill is recognized immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined by the first-in-first out (FIFO) method for manufactured goods and weighted average for imported finished goods.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of manufactured finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs.

The cost of imported finished goods comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.8 Financial instruments

Classification

The Company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables

Classification depends on the purpose for which the financial instruments were obtained/ incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognized initially when the Company becomes a party to the contractual provisions of the instruments.

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at trade date.

Subsequent measurement
Loans and receivables are subsequently measured at amortized cost, using the effective interest method, less accumulated impairment losses.

Trade and other receivables
Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss. Trade and other receivables are classified as loans and receivables.

Trade and other payables
Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings
Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after end of the reporting period.

1.9 Share capital and equity
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.10 Retirement benefit obligations
The Company operates a defined benefit scheme for the majority of its non-unionized employees and a defined contribution retirement benefit scheme for the rest of its non-unionized employees.

Defined contribution plan
A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The assets of both schemes are held in separate trustee administered funds, which are funded by contributions from both the Company and employees. The Company and all its employees also contribute to the National Social Security Fund, which is a defined contribution scheme.

The Company's contributions to the defined contribution scheme are charged to the statement of comprehensive income in the year to which they relate. The Company has no further obligation once the contributions have been paid.

Defined benefit plan
A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on

retirement, usually dependent on one or more factors such as age, years of service and compensation. For the defined benefit scheme, the pension costs are assessed using the "Projected Unit Credit" method.

Under this method, the cost of providing pensions is charged to the statement of comprehensive income so as to spread the regular cost over the service lives of the employees. This is done based on advice received from the actuaries who carry out a full valuation of the plan every three years.

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

Other entitlements

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

The liability recognized in the statement of financial position and the Company contributions are assessed using the projected unit credit method. The notional contributions are charged to the statement of comprehensive income in the year to which they relate.

The estimated monetary liability for employees' accrued annual leave entitlement at the date of the statement of financial position is recognized as an expense accrual.

1.11 Provisions

Provisions are recognized when:

- the Company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

1.12 Dividends

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

1.13 Segment reporting

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

1.14 Comparatives

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

3. Risk management

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's 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.

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 GB Pound since the Company has significant liabilities that are denominated in US Dollars or GB Pound.

For the year ended 30 September 2011, if the Kenya Shilling weakened/ (strengthened) by 1% against the US Dollar or the GB Pound, with all other variables held constant, the post-tax loss for the year would have been lower/ (higher) as stated below, mainly as a result of foreign currency purchases and creditors.

US Dollar - KSh 1,018,649 lower / (higher) (2010: KSh 1,330,040 lower/ (higher)
Euro - KSh Nil lower / (higher) (2010: KSh 30,502 lower / (higher))
GB Pound - KSh 32,280 lower / (higher) (2010: KSh 7,836 lower/ (higher)

Cash flow and fair value interest rate risk

As the Company has no significant interest-bearing assets, the Company's 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.

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 excess 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 30 September 2011 is made up as follows:

Trade receivables	169,533	233,842
Other receivables	18,805	9,869
Cash and cash equivalents	23,250	6,718
	211,588	**250,429**

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):

Trade receivables	124,957	169,088
Other receivables	36,846	40,224
Cash and cash equivalents	13,224	28,469
Total past due but not impaired	**175,027**	**237,781**
Impaired	5,494	3,939

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

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. 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 and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 September 2011	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	5 years
Borrowings	435,852	-	-	-
Trade and other payables	216,526	-	-	-
Gratuity payable	-	-	-	53,300

At 30 September 2010	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	5 years
Borrowings	439,804			
Trade and other payables	229,029			
Gratuity payable				97,500

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.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio.

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 ratio at 2011 and 2010 respectively were as follows:

Less: Cash and cash equivalents	19	(412,602)	(433,086)
Net debt		412,602	433,086
		279,405	403,399
Total capital		**692,007**	**836,485**
Gearing ratio		60%	52%

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.

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(1.5) above.

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

(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 30 September 2011, Eveready expanded its distribution channels in the Tanzania markets, mainly in respect of the D size battery. Volumes in this market accounted for 20% of the total sales reported during the year. Uniform accounting policies were applicable to all operating segments.

Segmental Operating Results:

Sales	271,054	234,494
Export sales	1,103,793	1,400,612
Total	**1,374,847**	**1,635,106**
Gross profit		
Export sales	52,923	56,279
Local sales	215,513	339,801
Total (2011: 20% margin, 2010: 24% margin)	**268,436**	**396,080**

Total assets (Export debtors)

Export sales	-	22,716
Local sales	169,533	211,126
Total	**169,533**	**233,842**

6. Other income

Profit on disposal of equipment	63	248
	4,864	4,157
	4,927	**4,405**

7. Operating (loss) / profit

Operating (loss)/ profit for the year is stated after accounting for the following:

Profit on sale of property, plant and equipment	63	248
Employee costs	222,359	252,497
Depreciation on property, plant and equipment	26,483	28,583
Amortisation of prepaid lease rentals	3	4
Auditors' remuneration	715	715
Operating lease rentals expensed	5,332	4,360

a) Employee benefit expense

Salary and wages	196,780	237,244
Retirement benefit costs:		
• Defined contribution scheme	15,263	13,239
• Defined benefit scheme	10,097	1,828
• National Social Security Fund	219	186
	222,359	**252,497**

b) Expenses by nature

Depreciation	26,483	28,583
Amortisation	4	4
Employee benefits expenses	222,359	252,497
Changes in inventories of finished goods and WIP	371,325	154,498
Raw materials and consumables used	430,375	743,467
Transportation	1,165	1,901
Other expenses	371,770	383,928
Total cost of sales, selling and marketing and administrative expenses	**1,423,481**	**1,564,878**

8. Finance costs

Interest expense	42,010	37,372
Net foreign exchange loss	87,491	20,515
	129,501	**57,887**

9. Income tax expense

Major components of the tax income

Current tax

Current tax on the adjusted profit for the year at 25%	355	5,397
Deferred tax		
Deferred income tax	(49,569)	646
Income tax expense	**(49,214)**	**6,043**

Reconciliation of the tax expense

The tax on the Company's (loss)/ profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

(Loss)/ profit before tax	(173,208)	14,746
Tax calculated at the statutory income tax rate of 25% (2010: 25%)	43,302)	3,687
Tax effect of adjustments on taxable income		
Overprovision of deferred tax in prior year	(8,150)	-
Income not subject to tax	-	(2,539)
Expenses not allowable for tax purposes	3,551	10,407
Tax effect of movement in retirement benefit provision	(1,313)	-
Utilisation of previously unrecognised tax loss	-	(5,512)
	(49,214)	6,043

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.

(Loss)/Profit attributable to equity holders of the Company (K Sh '000)	(123,994)	8,703
Weighted average number of ordinary shares in issue (thousands)	210,000	210,000

Basic EPS (K Sh per share) - 2011: -0.59 (2010: 0.041)

Diluted EPS (K Sh per share) - 2011: -0.59 (2010: 0.041)

11. Dividends per share

No final dividend is proposed for the year ended 30 September 2011 (2010: Nil). No interim dividend was paid during the year (2010: Nil).

Proposed dividends are accounted for as a separate component of equity until they have been ratified at an annual general meeting.

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

12. Property, plant and equipment

	2011			2010		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings and freehold land	49,734	(27,450)	22,284	51,986	(27,070)	24,916
Plant and machinery	363,197	(207,207)	155,990	333,743	(194,213)	139,530
Furniture and fittings	30,353	(23,940)	6,413	30,225	(22,790)	7,435
Vehicles	79,328	(69,557)	9,771	73,758	(65,144)	8,614
Computer and equipment	17,794	(14,190)	3,604	17,603	(10,148)	7,455
Capital work in progress	3,224	-	3,224	37,068	-	37,068
Total	**543,630**	**(342,344)**	**201,286**	**544,383**	**(319,365)**	**225,018**

Reconciliation of property, plant and equipment 2011

	Opening balance	Additions	Transfers	Other movements	Depreciation	Total
Buildings and freehold land	24,916	-	-	-	(2,632)	22,284
Land						
Plant and machinery	139,530	-	30,658	-	(14,198)	155,990
Furniture and fittings	7,435	-	128	-	(1,150)	6,413
Vehicles	8,614	-	5,570	-	(4,413)	9,771
Computers and equipment	7,455	-	322	(83)	(4,090)	3,604
Capital work in progress	37,068	11,359	(36,678)	(8,525)	-	3,224
	225,018	**11,359**	**-**	**(8,680)**	**(26,483)**	**201,286**

Reconciliation of property, plant and equipment 2010

	Opening balance	Additions	Transfers	Depreciation	Total
Buildings and freehold land	20,496	2,343	3,589	(1,512)	24,916
Plant and machinery	142,262	8,845	3,371	(14,948)	139,530
Furniture and fittings	7,773	690	155	(1,183)	7,435
Vehicles	6,257	1,732	8,467	(7,842)	8,614
Computers and equipment	8,728	807	1,018	(3,098)	7,455
Capital work in progress	13,144	40,524	(16,600)	-	37,068
	198,660	**54,941**	**-**	**(28,583)**	**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 23).

13. Prepaid operating lease rentals

	2011			2010		
	Cost	**Accumulated amortisation**	**Carrying value**	**Cost**	**Accumulated amortisation**	**Carrying value**
Prepaid operating lease rentals	362	(153)	209	362	(151)	211

14. Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 25% (2010: 25%). The movement on the deferred income tax account is as follows:

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.

Deferred tax assets	74,798	26,859
Deferred tax (liabilities)	(25,776)	(26,092)
Net deferred tax asset	**49,022**	**767**

Movement of the deferred tax account is as follows:

At 1 October	767	1,413
Credit/(Charge) to the statement of comprehensive income	48,255	(646)
At 30 September	**49,022**	**767**

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:

Deferred tax (liability)/ asset

Accelerated capital allowances	(25,776)	(22,017)
Provision for obsolete stock	12,111	-
Provision for retirement benefit obligation	1,398	(85)
Tax losses available for set off against future taxable income	26,049	-
Unrealised exchange differences	20,790	(3,990)
Provision for staff leave	64	24,375
Provision for gratuity	15,100	24,375
	50,336	**767**

Reconciliation of deferred tax (liability)/ asset

At start of the year	767	1,413
Accelerated capital allowances	(3,759)	859
Retirement benefit asset	1,483	447
Unrealised exchange differences	24,780	(3,645)
Provision for staff leave	(1,820)	1,262
Provision for gratuity	(9,275)	5,675
Tax losses	26,049	(5,244)
Provision for obsolete stock	12,111	-
At end of the year	**50,336**	**767**

15. Retirement benefits

Defined benefit scheme

Reconciliation of benefit obligation		
Opening benefit obligation	82,003	72,172
Current service cost (employer)	-	51
Interest cost	6,248	6,986
Employee contributions	-	22
Actuarial (gain)/ loss	(2,149)	7,465
Benefits paid	(19,705)	(4,693)
Settlements	(58,401)	-
Closing benefit obligation	**7,996**	**82,003**

Reconciliation of assets

Opening market value of assets	74,652	59,525
Expected return on asset	5,855	5,721
Employer contributions	15,351	37
Employee contributions	-	22
Actuarial gain/ (loss)	(7,680)	14,040
Benefits paid	(19,705)	(4,693)
Settlements	(58,401)	-
	10,072	**74,652**

The amounts recognised in the statement of financial position are determined as follows:

Carrying value

Present value of the defined benefit obligation partially or wholly funded	(7,996)	(82,003)
Fair value of scheme assets	10,072	74,652
Unrecognised actuarial loss	3,517	7,690
Asset in the statement of financial position	**5,593**	**339**

Defined benefit plan

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

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

Net expense recognised in the statement of comprehensive income

Current service cost	-	51
Interest cost	6,248	6,986
Expected return on scheme assets	(5,855)	(5,721)
Net actuarial losses recognised in the year	9,704	512
Net charge for the year included in staff costs	**10,097**	**1,828**
Actual return on scheme assets	(1,825)	19,761

Reconciliation of the net (asset)/ liability

Net asset at start of the year	(339)	(2,130)
Net expense recognised in the income statement	10,097	1,828
Employer contributions	(15,351)	(37)
Net (asset)/ liability at end of the year	**(5,593)**	**(339)**

The principal actuarial assumptions used were as follows:

Discount rate	13.50%	10.00%
Expected rate of return on scheme assets	10.00%	10.00%
Future salary increases	-%	7.00%
Future pension increases	-%	-%

Defined contribution scheme

Following the closure of the defined benefit scheme, the Company commenced contributions to a defined contribution scheme for all its non unionised employees recruited from 1 October 2005. With effect from 1 October 2006, other non unionised employees from the defined benefit scheme except those within 5 years of retirement have migrated to the defined contribution scheme. For the year ended 30 September 2011, the Company contributed KSh 15,262,960 (2010: KSh 13,238,823), 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 30 September 2011, the Company contributed KSh 218,581 (2010: KSh 185,576), which has been charged to the statement of comprehensive income.

16. Inventories

Raw materials, components	217,469	206,650
Work in progress	32,627	37,474
Finished goods	238,704	391,375
Maintenance stock	20,331	50,170
	509,131	**685,669**

(a) The cost of inventory recognised as expense and included in cost of sales amounted to KSh 712,438,630 (2010: KSh 897,965,906).
(b) Borrowings are secured by floating charges on the assets of the Company including inventory

17. Trade and other receivables

Trade receivables	169,534	233,842
Amounts due from related parties	440	223
Prepayments	10,967	5,624

Notes to the financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER, 2011

Other receivables	7,398	4,022
	188,339	**243,711**
Trade receivables comprise of the following:		
Trade receivables	170,919	237,781
Less: provision for impairment losses	(5,363)	(3,939)
	165,556	**233,842**

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

18. Current tax receivable

Balance at start of the year	7,299	12,696
Tax charge for the year	(355)	(5,397)
Balance at end of the year	(6,944)	(7,299)
Tax paid during the year	**-**	**-**

19. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	23,250	6,718
Borrowings (Note 23)	(435,852)	(439,804)
	(412,602)	**(433,086)**
Current assets	23,250	6,718
Current liabilities	(435,852)	(439,804)
	(412,602)	**(433,086)**

20. Discontinued operations or disposal groups or non current assets held for sale

Non current assets held for sale comprise two residential properties owned by the Company (L.R. ref 18/27 Nakuru and L.R. ref 214/329 Nairobi).

The Board of Directors approved the sale of these properties with an intention to dispose them within the next twelve months.
Management has already advertised the properties for sale in the national newspapers.

The residential properties are not critical to the Company's core business and sale proceeds will be utilised to improve the core operations.

21. Share capital

Authorised, issued and fully paid up ordinary share capital

210,000,000 ordinary shares of par value of K Sh 1	210,000	210,000

22. Provisions for liabilities and charges

Service gratuity		
At start of the year	97,500	74,800
(Credit) / charge to statement of comprehensive income	(44,200)	22,700
At end of the year	**53,300**	**97,500**

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 30 September 2011 amounted to KSh 53,300,000 (2010: K Sh 97,500,000), resulting in a credit of KSh 44,200,000 (2010: KSh 22,700,000) to the statement of comprehensive income during the year.

The principal actuarial assumptions used were as follows:

Discount rate: 2011: 13.5% p.a. (2010: 10% p.a.)
Future salary increase: 2011: 10.5% p.a. (2010: 10% p.a.)
Retirement age: 2011: 60 years (2010: 60 years)

23. Trade and other payables

Trade payables	81,480	152,927
Amount due to related companies	91,850	44,292
Accrued expenses	25,468	27,617
Other payables	17,733	4,193
	216,531	**229,029**

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

24. Borrowings

Bank overdraft	302,368	256,610
Short term trade loans	133,484	183,194
	435,852	**439,804**

(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.

(iv) Debenture for aggregrate of K Sh 175,000,000 over all assets of the borrower to rank pari passu with existing debenture holders.

(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%

The carrying amounts of the borrowings are denominated in the following currencies:

US Dollar	302,368	253,135
Kenya Shilling	133,484	186,669
	435,852	**439,804**

25. Cash generated from operations

Loss before taxation	(173,208)	14,746
Adjustments for:		
Depreciation	26,483	28,583
Amortisation of pre paid operating lease rentals	3	4
Finance costs	129,501	57,887
Movements in retirement benefit assets and liabilities	(5,254)	1,791
Profit on sale of assets	(63)	(248)
Impairment loss	8,525	-
Other movements in assets	83	-
Changes in working capital:		
Inventories	176,538	(188,458)
Trade and other receivables	55,372	(20,578)
Movements in provisions	(44,200)	22,700
Trade and other payables	(12,499)	67,631
	161,281	**(15,942)**

26. Contingencies

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 pending litigations against the Company.

Outflow 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.

27. Commitments

Authorised capital expenditure

Property, plant and equipment	23,415	36,371

This capital expenditure has been committed but not contracted for at the date of the statement of financial position and therefore not recognised in the financial statements.

28. 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:
Related party balances

(i) Purchase of goods and services

Purchase of goods and services (at commercial terms and conditions)	179,701	308,741

(ii) Sale of goods

Sale of goods (at commercial terms and conditions)	-	378,401

(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.

Technical fees	41,528	63,142
Trademark fees	14,441	12,629
	55,969	**75,771**

(iv) Outstanding balances arising from purchase of goods, services and commissions
Payables to related parties

Energizer Egypt	26,462	10,519
Eveready Hong Kong	15,522	3,591
Energizer Middle East and Africa	1,095	230
Energizer Hong Kong	4,534	8,894
Energizer Group Limited	-	1,477
Energizer Singapore	19,646	-
Energizer Indonesia	6	-
Energizer Battery Company Technical service fees	24,586	9,581
	91,851	**44,292**

(v) Outstanding balances arising from intercompany transactions.

Receivables from related parties

Energizer Singapore	279	-
Energizer Indonesia	162	-
Eveready Egypt	-	223
	441	**223**

(vi) Key management compensation

Salaries and other short term employment benefits	86,226	84,681
Post employment benefits	2,129	1,682
	88,355	**86,363**

(vii) Director's remuneration

- Fees for services as a director	4,170	4,440
- other emoluments (including those in key management above)	24,065	30,172


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