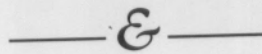


*Williamson Tea*  
KENYA LIMITED



*Report*



*Accounts*



31 March 2008

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**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008**

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## NOTICE OF THE MEETING

**NOTICE IS HEREBY GIVEN** that the Fifty Eighth ANNUAL GENERAL MEETING of the Shareholders will be held at the Nairobi Club, Ngong Road, on Thursday 31 July 2008 at 10.00 a.m for the following purposes.

### Special Business

1. To re-appoint a Director

Mr D B White who attained the age 70 on 5 February 2005 and duly re-appointed in subsequent Annual General Meetings pursuant to Section 186(5) of the Companies Act retires by rotation at the Fifty Eighth Annual General Meeting for Thursday 31 July 2008.

**SPECIAL NOTICE** is hereby given of the Board's recommendation to members to consider the re-appointment of Mr. D B White to the Board, and if thought fit, pass the following resolution as an ORDINARY RESOLUTION.

"That Mr. D B White be and hereby re-appointed as a Director pursuant to Section 186(5) of the Companies Act."

### Ordinary Business

2. To receive and adopt the report of the Directors together with the audited financial statements for the year ended 31 March 2008.
3. To declare a dividend.
4. To elect Directors:

Mr. S C A Koech retires by rotation and being eligible offers himself for re-election.

In accordance with Article 114 of the Articles of Association, Mr. A L Carmichael who was appointed a Director of the Company on 1 February 2008 retires, and being eligible offers himself for re-election.

5. To approve the remuneration of the Directors.
6. To authorize the Directors to agree the remuneration of the Auditors.
7. To transact such other competent business as may be brought before the meeting.

**BY ORDER OF THE BOARD**

**M M WACHIRA**  
SECRETARY

Wednesday, June 12, 2008

A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her, and such proxy need not also be a Member of the Company.

A form of proxy is provided with this report which shareholders who do not propose to be at the Meeting are requested to complete and return to the registered office of the Company so as to arrive not later than Twenty Four hours before the meeting.

2008/1576



**WILLIAMSON TEA KENYA LIMITED**  
**Incorporated 15 December 1952**

**COMPANY INFORMATION**

**SHARE CAPITAL**

Authorised:  
17,512,640 ordinary shares of Sh. 5/- each, Sh. 87,563,200

Issued and fully paid:  
8,756,320 ordinary shares of Sh. 5/- each, Sh. 43,781,600

**GROUP COMPANIES**

Tea production Companies:  
Williamson Tea Kenya Limited

– CHANGOI ESTATE  
(Incorporating LELSA  
ESTATE)

Kaimosi Tea Estates Limited (wholly owned)  
Tinderet Tea Estates (1989) Limited (82% owned)  
Kapchorua Tea Company Limited – (39.56% owned)

– KAIMOSI ESTATE  
– TINDERET ESTATE  
– KAPCHORUA ESTATE

Other wholly owned companies:

Williamson Power Limited  
Tea Properties Limited  
Tea Manufacturing and Supplies Limited  
Lelsa Tea Estates Limited

– GENERATOR SERVICES  
– DORMANT  
– PROPERTY INVESTMENT  
– DORMANT

Other:  
Williamson Developments Limited – (50%) owned) – PROPERTY MANAGEMENT

**DIRECTORS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

N G Sandys-Lumsdaine\* - Chairman  
A L Carmichael\* - Managing Director  
S C A Koech  
P Magor\*  
E N K Wanjama  
D B White  
A S Marsh\*

\* British

**SECRETARY**

M. M. Wachira  
Certified Public Secretary (Kenya)  
P O Box 42281 – 00100, Nairobi

**REGISTERED OFFICE** 1<sup>st</sup> Floor, Williamson House,  
4th Ngong Avenue,  
P O Box 42281 – 00100, Nairobi

**AUDITORS**

Deloitte & Touche  
Certified Public Accountants (Kenya)  
“Kirungii”, Ring Road, Westlands, P O Box 40092 – 00100, Nairobi

**BANKERS**

Barclays Bank of Kenya Limited  
Barclays Plaza Business Centre, P O Box 46661 – 00100, Nairobi

Standard Chartered Bank Kenya Limited  
Kenyatta Avenue Branch, P O Box 40310 – 00100, Nairobi

**LAWYERS**

Kaplan & Stratton  
9th Floor, Williamson House, 4th Ngong Avenue, P O Box 40111 - 00100, Nairobi

Walker Kontos  
Hakika House, Bishops Road, P O Box 60680 - 00200, Nairobi



## FINANCIAL HIGHLIGHTS

|                                       |          | 2008      | 2007      | 2006      | 2005      | 2004      |
|---------------------------------------|----------|-----------|-----------|-----------|-----------|-----------|
| <b>Tea Production</b>                 |          |           |           |           |           |           |
| Area under tea                        | Hectare  | 2,144     | 2,089     | 2,082     | 2,073     | 2,047     |
| Made tea - own                        | '000 Kgs | 5,256     | 6,665     | 5,436     | 6,783     | 5,938     |
| - Bought leaf                         | '000 Kgs | 3,129     | 3,374     | 3,126     | 3,603     | 1,972     |
| Total                                 | '000 Kgs | 8,385     | 10,039    | 8,562     | 10,386    | 7,910     |
| Tea sold                              | '000 Kgs | 9,215     | 9,085     | 9,285     | 10,244    | 7,246     |
| Average price per Kg gross Sh/Ct      |          | 117/74    | 132/08    | 105/90    | 116/75    | 118/08    |
| <b>Turnover (Sh'000)</b>              |          | 1,095,341 | 1,206,528 | 985,059   | 1,198,588 | 855,610   |
| <b>Profit (Sh'000)</b>                |          |           |           |           |           |           |
| (Loss)/profit before taxation         |          | (143,984) | 214,067   | (86,666)  | 139,754   | 123,870   |
| Taxation Credit/(Charge)              |          | 46,467    | (71,233)  | 28,391    | (43,182)  | (41,105)  |
| (Loss)/profit after taxation          |          | (97,517)  | 142,834   | (58,275)  | 96,572    | 82,765    |
| Minority interest                     |          | 10,780    | (3,163)   | 3,227     | (8,341)   | (2,344)   |
| Retained (loss)/profit for the year   |          | (86,737)  | 139,671   | (55,048)  | 88,231    | 80,421    |
| <b>Capital employed (Sh'000)</b>      |          |           |           |           |           |           |
| Property, plant & equipment           |          | 998,978   | 960,450   | 693,869   | 714,215   | 705,191   |
| Investments and long term receivables |          | 738,340   | 773,777   | 680,832   | 646,319   | 636,484   |
| Current assets                        |          | 602,701   | 774,134   | 523,947   | 654,384   | 560,769   |
| Biological assets                     |          | 1,240,306 | 1,246,488 | 1,256,146 | 1,317,036 | 1,336,192 |
| Total assets                          |          | 3,580,325 | 3,754,849 | 3,154,794 | 3,331,954 | 3,238,636 |
| <b>Financed by (Sh'000)</b>           |          |           |           |           |           |           |
| Share capital                         |          | 43,782    | 43,782    | 43,782    | 43,782    | 43,782    |
| Reserves                              |          | 2,401,075 | 2,531,594 | 2,192,435 | 2,291,265 | 2,235,870 |
| Shareholders' funds                   |          | 2,444,857 | 2,574,376 | 2,236,217 | 2,335,047 | 2,279,652 |
| Minority interest                     |          | 79,237    | 91,979    | 82,043    | 87,295    | 80,304    |
| Medium term borrowings                |          | 123,622   | 41,163    | 44,447    | 19,110    | 45,195    |
| Non current liabilities               |          | 122,497   | 122,454   | 113,949   | 118,261   | 90,327    |
| Current liabilities                   |          | 221,997   | 296,256   | 165,273   | 223,816   | 180,090   |
| Deferred income taxes                 |          | 588,115   | 627,621   | 512,865   | 548,425   | 563,068   |
|                                       |          | 3,580,325 | 3,754,849 | 3,154,794 | 3,331,954 | 3,238,636 |
| (Loss)/earnings per share             | Cents    | (991)     | 1,595     | (629)     | 1,008     | 918       |
| Dividend per share                    | %        | 10        | 100       | 10        | 100       | 75        |
| Dividend per share                    | Cents    | 50        | 500       | 50        | 500       | 375       |
| Dividend cover                        | Times    | -         | 2.02      | -         | 2.02      | 2.45      |
| Exchange rates                        | US \$    | 62.80     | 68.40     | 71.90     | 75.00     | 76.40     |



## CHAIRMAN'S STATEMENT

### Results

It is with regret that I have to report the losses the Group incurred from its operating activities of over Kshs 73.4 Million in 2007/8 against last year's favourable profits of Kshs 162.6 Million. These unfavourable results arise from depressed World Tea prices throughout much of the year as a result of over supply in the International Market. This trend began during the second period of last year. A severe drought then hit our Farms during the last quarter which assisted a partial recovery in prices but without the production to capitalize on this. The situation was further aggravated by the strong Kenya Shilling against the trading currencies especially in the last quarter of the year. Labour related costs, especially wages are the major component of our production costs and do not benefit from the strong Kenya Shilling. Both the Property and Generator divisions contributed a total of Kshs 38 million to off-set the operating loss from the Farms.

There was a further decline on Biological Assets represented by the tea and fuel plantations by Kshs 19.7 Million compared to a reduction of Kshs 36.8 Million last year. This is due to reduced margins resulting from increasing costs of production and lower sales realizations exacerbated by the strong Kenya Shilling. In determining the fair value of Biological Assets, the Group uses the present value of expected cash flows from the assets, discounted at the current market determined pre tax rate in line with International Financial Reporting Standards.

The violence and turmoil following December 2007 disputed election results had a direct impact on all our Farm management staff and workers. In Kericho, we lost 70% of our workforce. The position outside Kericho was less severe, however the ripple effects of the troubles are far reaching and we await a final resolution to the troubles.

Our Management, Staff and workforce who were able to continue on our Farms should be thanked for their enormous efforts in ensuring that our business continued to run and that no damage to any property took place.

Our business plan is long term and our investment in new machinery reflects this. We are primarily a farming business and the welfare of our employees is the cornerstone to the long term success of the Group.

### Dividends

In view of the unfavourable results the Directors are recommending a first and final Dividend payment of Kshs 0.5 per share or 10% payable from the reserves.

### Crop

During the year, the Group manufactured a total of 8.4 Million kilos of Made Tea, a drop from last year's 10 Million. The severe drought experienced from November 2007 to March 2008 caused this reduction in crop. However we continued to receive strong support from our small Tea Growers in spite of increased pressure from our competitors.

During the year, the Farms harvested some areas of their standing timber which made a positive contribution to the Group. The Farms carry out regular assessments of their timber stocks and the timber market to ensure that harvesting of timber is operated in a sustainable manner.

### Tea Market

The gross average Tea Price decreased to Kshs 117.74 per kilo from last year's gross average of Kshs 132.08. This was due to depressed prices for much of the year and the strong Kenya Shilling. The Exchange rate closed at Kshs 62.80 to the Dollar compared to last year's closing rate of Kshs 68.40.

### Corporate Social Responsibility

The Group has now attained the Fair Trade accreditation and premium payments have been received for the benefit of the workers.

During the year, the Group factories also attained the ISO 22000 certification which incorporates HACCP certification, a confirmation of our high standards in manufacturing process. We have recently completed Rainforest Alliance audits and certification, thus reaffirming our commitment to conduct our business in a sustainable and environmentally friendly manner.



## CHAIRMAN'S STATEMENT (Continued)

We maintain certificates of compliance from the Ethical Tea Partnership from the United Kingdom, again confirming the high standards of our operating procedures and corporate social responsibility.

We place high priority to the welfare of our employees and consistently invest in areas which directly benefit them including:

### **Health and Education**

The Group provides extensive medical services to the employees with 5 Health Clinics and actively participates in the Nandi Hills Doctors' scheme including visiting Doctor Services and HIV/AIDs prevention programmes.

Through Kenya Tea Growers Association the Group continues to support the running and development of various sponsored Primary and Secondary Schools in Kericho and Nandi. We continue to operate 4 Primary Schools and 1 Secondary School together with bursary schemes for gifted students proceeding to Secondary education.

### **Environment**

The Group has for many years been in the forefront with its various projects to protect the environment and ensure energy conservation as detailed below:

- Establishment of wetlands to control and negate factory effluent.
- Recycling of water used within the manufacture of Made Tea.
- Re-forestation and participation in national forestation exercises especially in the Nandi District.
- Construction and maintenance of dams and water supply reservoirs.
- Safe and proper disposal of plastics and non degradable waste materials.
- Pesticide free cultivation practices.

Our preparations and willingness to undergo audits for Rainforest Alliance certification clearly confirms our commitment to ensure our business operations comply with today's environmental requirements.

### **Welfare**

The number of permanent and seasonal employees exceeded 4,377 with over 17,700 of their dependants who also benefit from the social and welfare amenities provided.

During the year, the Group spent over Kshs 75.5 Million on employee pensions, gratuities, leave and medical expenses over and above employee's direct wages.

Costs relating to employees welfare and educational facilities during the year totalled Kshs 46.8 Million additional to the wages and benefits to them.

### **Strategies and Future prospects**

As we face a challenging future and ever increasing operational costs, the Directors and Management have adopted a proactive approach in the following areas:

### **Machinery upgrade and Modernization**

The Group continues to invest heavily on the upgrade and automation of the various operations with a view to reducing the production costs as well as improving the quality of our Tea. This will be facilitated by substantial investments in our plant and machinery. This investment has, on the other hand increased our borrowings.

The Group's modernization programme over the years includes the following:

- Trials in tea and fuel timber species selection to enhance yields and quality.
- Automation of the field operations to enhance productivity and assist in supervision.
- Automation of factory operations to enhance quality.
- Investment in new machinery to enable supply of a variety of teas.
- Completion of outstanding 10 year plans.
- Outsourcing of non key operations, which also assists with local employment.



## CHAIRMAN'S STATEMENT (Continued)

In our endeavour to meet the diverse customer tastes, we continue to explore different manufacturing processes in order to compliment the Black Tea production. With the additional investment in modern machinery, we hope to achieve premium prices on these products as a way to diversify and sustain our operations.

### Staff Training and Motivation

We continue to place a lot of importance to the contribution our workforce and staff make towards our business objectives. Efforts are being made to ensure we recruit the right people with the appropriate skills whilst developing a well motivated team. Several programmes, including training, are designed to ensure that our workforce keeps abreast of the changes in technology and attain skills which increase their productivity and motivation. The Fairtrade certification is one of the efforts the Group has made, at a cost to ensure the welfare of our workers is enhanced through appropriate utilization of the Fairtrade premiums. The ISO 22000 and Rainforest Alliance certifications further confirm the Group's commitment of carrying out business with our workers and environment in mind.

### Appreciation

During the year Mr. Alan Carmichael joined the Board as the Managing Director and his contribution is well appreciated. Mr. Carmichael has many years of experience in the tea Industry and will greatly assist in taking the Group through the demanding years ahead. Once again I would like to welcome him on behalf of the Shareholders as he joins the team.

At this juncture I would also like to mention the retirement of Mr. Solomon Koech by the end of August 2008 as the visiting Agent after 38 years of loyal service to the Group. On behalf of all, I take this opportunity to thank Solomon and wish him well in his retirement plans. Mr. Samuel Thumbi the General Manager at Changoi Estate has now taken his position and on your behalf I congratulate him for the promotion and wish him well in his additional and challenging responsibilities.

In conclusion, I would like to thank all the Farms management, staff and employees under the leadership of the General Managers Messrs. Samuel Thumbi, Tom Lloyd and John Kosgei at Changoi, Tinderet and Kaimosi respectively for their efforts during the year. My thanks also go to the Nairobi and Williamson Power staff for their support during the year.

I would also like to thank my fellow Directors for their contribution to the Management of the Group. Their business experience and advice is always most valuable.

**NIGEL SANDYS-LUMSDAINE**

Chairman

Wednesday, June 12, 2008



## NAKALA YA MWENYEKITI

### **Matokeo**

Ni kwa sikitiko natoa ripoti hii ya hasara ambayo kundi lilipata kutokana na utenda kazi inayozidi shilingi milioni 73.4 mwaka huu wa 2007/8 ikilinganishwa na faida ya kuridisha ya shilingi milioni 162.6 ya mwaka uliopita. Matokeo haya duni yalisababishwa na upungufu wa bei katika masoko ya kimataifa mwaka msima kufuatia wingi wa mazao katika masoko hayo. Hali hii ilianza kati kati ya mwaka uliopita. Baadaye kulifuatia kipindi cha ukame mkubwa Mashambani hali ambayo ilisababisha kuimalika kwa bei lakini zao lilikuwa la viwango vya chini kuweza kuchangia mapato mema. Hali ya kuendelea kuimalika kwa shilingi ya Kenya pia iliongezea hasara hii hasa hapo mwisho mwisho wa mwaka. Gharama ya mishahara kwa wafanyi kazi huwa sehemu kubwa sana kwa kusalisha mazao na hakuna manufaa yoyote ya kuimalika kwa shilingi ya Kenya. Mali na Kazi ya Uhandisi zilichangia jumla ya shilingi milioni 38 ambazo zilipunguza ile hasara ya Mashambani.

Kulikuwa na upungufu wa zaidi ya shilingi milioni 19.7 kutokana na maisha ya mimea ya michai na ile ya kuni ikilinganishwa na ule wa shilingi milioni 36.8 mwaka uliopita. Hii ilipunguza gharama kufuatia mapato ya chini mwaka huu. Kwa kuafikia hali moja ya maisha ya mimea kundi hutumia thamani ya sasa ya fedha zinazotarajiwa kutoka kwa mimea na kurahisishwa kwa soko la sasa na kuafikiwa kwa viwango vya ushuru kama ilivyo pendekeshwa na kanuni za uhasibu wa kimataifa.

Matukio ya vita kufuatia uchaguzi mkuu wa Decemba 2007 yalizababisha changamoto kubwa kwa wafanyi kazi kote kundini. Kule Kericho tulipoteza asili mia 70 ya wafanyi kazi. Pande zingine nje ya Kericho ziliadhirika kwa kiasi tu lakini shida hizi ziliwacha matatizo mingi ambayo yanahitaji ufumbuzi.

Wafanyi kazi wetu wote pamoja na viongozi waliobaki mashambani wanasitahili kushukuriwa kwa bidii yao kubwa ya kuzingatia kwamba waliendelea na kazi wakati huo na kwa kulinda na kuzuilia mali ya Kampuni isihalibiwe.

Kampuni inazingatia kuendelea kufanya biashara kwa muda mrefu ujao na hali hii inadhibitishwa na jinzi tulivyo gharamia mitambo mipya viwandani. Tuna msingi wa Ukulima na ndiyo sababu tunaangazia usitawi wa wafanyi kazi wetu ilikutuwezesha kufaulu kwa siku za usoni.

### **Mgao**

Kufuatia matokeo haya duni na mgao wa juu wa mwaka uliopita, wakurugenzi wanapendekeza mgao wa kwanza na mwisho wa sumuni au asilimia kumi kwa kila hisa ambayo italipua kutoka kwa mfuko wa akiba.

### **Zao**

Mwaka huu Kampuni ilizalisha jumla ya kilo milioni 8.4 ikilinganishwa na milioni 10 za mwaka uliopita. Kiangazi kubwa kilichotukumba kwanza mwezi wa Novemba 2007 hadi Marchi 2008 kilisababisha upungufu huu. Wakuzaji wa nje waliendelea kuchangia vizuri ingawa kulikuwa na washindani wetu wanaonunua kwao.

Mwaka huu Mashamba yalifuna miti ya mbao na hii ilichangia faida kwa Kundi. Mashamba yanaendelea kusingatia ufunaji bora wa mazao na kufuna tu wakati soko ya mbao inafaa.

### **Soko ya Chai**

Wastani ya bei ya chai ilipunguka hadi shilingi 117.74 ikilinganishwa na shilingi 132.08 ya mwaka uliopita. Hii ilisababishwa na upungufu wa bei na kuimalika kwa shilingi ya Kenya. Kiwango cha kubadilishana pesa kwa dolla ya Marekani wakati wa kufunga mwaka kilikuwa ni shilingi 62.8 ikilinganishwa na mwaka uliopita ambao kilikuwa shilingi 68.40

### **Mambo ya Kampuni na Kijamii**

Kampuni zote Kundini hivi sasa zimepata vyeti vya Fair Trade na sasa wameleta malipo ya ziada kwa mambo ya jamii kwa ajili ya wafanyi kazi.

Mwaka huu pia viwanda vyote vya Kundi vilipata vyeti vya ISO 22000 ambayo inazingatia uthibitisho kwa mambo ya HACCP inayoonesha viwango vya juu kwa mambo ya uzalizi bora viwandani kwetu. Hivi sasa tunaendelea na kujitayalisha kwa ukaguzi wa Rainforest Alliance, hii ni kwa kudhibitisha kwao njinzi tunavyoendesha bishara yetu tukizingatia hali bora ya mazingira.

Bado tunamiliki vyeti vya Ethical Tea Partnership ya Ulaya ambayo inaendelea kudhibitisha hali bora ya mazingira.



## NAKALA YA MWENYEKITI (Yaendelea)

Hivi sasa tuna weka kibao mbele kwa usalama wa wafanyi kazi wetu na tunaendelea kuwekesha katika nyanja zile zinazowafaidi ikiwa ni pamoja na:

### Kiafya na Elimu

Kampuni inatoa huduma ya afya kwa wafanyi kazi na kuna vituo vitano vya afya, pia inashughurikia azimio la Madaktari wa Nandi Hills ambayo ni pamoja na Madaktari wa kutembelea wagonjwa na huduma za kuzuia ukimwi.

Kupitia hali ya mashauri ya Kenya Tea Growers Association Kundi linachangia uendeshaji wa mashule ya msingi na ya upili kule Kericho na Nandi. Tunaendesha shule 4 za msingi na moja ya upili. Wanafunzi werefu kutoka shule za msingi huzaidiwa kifedha kuwawezesha kuendelea na masomo kwa shule za upili.

### Mazingira

Kwa miaka mingi kampuni imekuwa mbele kwa kuzingatia miradi ya kulinda mazingira na kuhakikisha miti ya kuni imeifadhiwa bora kama ilivyosimuliwa hapa chini;

- Kuwepo kwa sehemu ya chemichemi ilikusuhia maji machafu kutoka viwandani.
- Usafishaji maji machafu ya viwanda ilikutumika tena.
- Kukuza upya kwa misitu kuambatana na sera za kitaifa za serikali sana sana kule wilayani Nandi.
- Ujenzi wa maboma ya kuzuia maji na viziwi vingine vya maji.
- Ukingaji na kuzuia utapakaaji wa takataka ya plastiki ovyo ovyo.
- Kukuza na kuzalisha bila kutumia madawa ya kuuu wadudu.

Kujitokesha na kuendelea kujitayalisha kwa ukaguzi chini ya Rainforest Alliance, ni kudhibitisha vile tumejitolea kuona kwamba njia bora tunayoendesha bishara yetu na kuzingatia hali bora ya mazingira na matakua ya jamii yetu.

### Usitawi

Idadi ya wafanyi kazi wa kudumu na wa muda ilizidi 4,377 na zaidi ya watu 17,700 wanaotegemea Kundi kwa mambo ya usitawi wa jamii.

Mwaka huu Kampuni iligharamia zaidi ya shilingi milioni 75.5 kwa wafanyi kazi kulipia penseni, likizo pamoja na matibabu.

Kundi liligharamia malipo ya ziada ambayo ni tofauti na ile mishahara waliolipua kwa rasilimali ya miradi inayohusu wafanyi kazi kwa jumla ya shilingi milioni 46.8.

### Hila na tazamio

Tukitazamia siku za usoni kuna changamoto mingi hasa kwa ongezeko la mishahara na kawi na wakurugenzi na viongozi wamekubali kuendeleza mbinu zingine mpya kwa maeneo yafuatayo:

### Kuimaliza Mitambo Viwandani

Kundi linaendelea kugharamia na kusitawisha utenda kazi kwa nia ya kupunguza gharama ya uzalizi pamoja na kupata mazao ya hali bora. Hii itafanyika kwa kugharamia rasilimali kwa mitambo na viwanda ambayo kwa upande mwingine imeongeza mikobo yetu. Kundi linamipango ya kuwa na mitambo ya kisasa kwa miaka ijayo ambayo ni pamoja na yafuatayo;

- Majaribio kupanda michai na miti ya kuni ambayo itazalisha viwango vya juu na mazao bora
- Kutumia mitambo ya kisasa mashambani ilikuchangia mazao na uongozi bora
- Kutumia mitambo ya kisasa viwandani kuimaliza ubora wa mazao
- Kugharamia mitambo mpya kwa ajili ya kuzalisha aina mbali mbali ya chai.
- Kukodisha nje kazi sizizo za kiini ilikuchangia kwa kuajiri watu wa mitaa ya karibu.
- Kumaliza mipango ya miaka kumi ijayo.

Ilikutosheleza wateja wetu tunazingatia na kutafuta mbinu mpya ya kuzalisha mazao bora iliyo tofauti na yale ya kawaida kwa kuongezea thamani kwa chai nyeusi. Kwa kugharamia mitambo mpya tunatarajia kupata bei ya juu kwa mazao yaliyoongezewa thamana kama njia moja ya kueneza biashara zetu.



## NAKALA YA MWENYEKITI (Yaendelea)

### **Mafunzo kwa wafanyi kazi**

Tunaendelea kuzingatia umuhimu wa wafanyi kazi wetu na mchango wao kwa kazi ya utendaji ilikuimaliza bishara yetu. Mbinu zote zinatumiwa kuona kwamba wanaojiliwa ni wale wameitimu na ambao wako na ujuzi wa kufanya kazi waliyoajiliwa kuifanya.

Kuna mipango mingi ya kuhakikisha kwamba mafunzo yanatolewa kwa wafanya kazi ilikuambatana na mabadiliko ya kitekinologia ambayo itaongezea matokeo yao. Mpango wa Fair-trade ni moja wao. Kampuni imegharamia kuhakikisha kwamba wafanyi kazi wanafaidika kwa njia ya mapato kutoka Fair-trade kwa ajili ya usitawi wao. Pia ISO 22000 na Rainforest Alliance ni dhibitisho kwamba Kundi linaendelea na kazi ya kuhakikisha kwamba mambo ya wafanyi kazi na ya mazingira inazingatiwa.

### **Shukrani**

Mwaka huu Bwana Alan Carmichael aliingia kwa Bodi kama Mkurugenzi Mkuu na tunashukru kwa mchango wake hasa mnamo mwishoni wa mwaka. Bwana Carmichael anaujuzi mkubwa kwa soko ya chai na pia kwa kuzalisha na atazaidia Kampuni kwa maitaji yake makuu miaka ijayo. Kwa mara nyingine ningependa kumukaribisha kwa niaba ya wenye hisa.

Wakati huu ningependa pia kuangazia kusitaafu kwa Bwana Solomon Koech ifikiapo mwezi wa Augusti mwaka huu wa 2008 kama Mkurugenzi wa Ustadi baada ya miaka 38 ya kazi tiifu. Kwa niaba ya wote ningependa kujukwa wakati huu kumshukru na kumtakia mema kwa mipango ya kustaafu kwake. Bwana Samuel Thumbi Meneja Mkuu wa Changoi ndiye atakaye chukuwa kutoka kwake na kwaniaba yenu ninampongeza kwa kupanda daraja na kumuombea memo kwa ongezeko ya kazi na changamoto mpya.

Na mwisho ningependa kushukru mameneja wote wa mashambani na wafanyi kazi chini ya uongozi wa Meneja wakuu Bwana Tom Lloyd na John Kosgei wakiwa Tinderet na Kaimosi kwa kazi yao wakati wa mwaka. Shukrani zangu pia zinaendea wafanyi kazi wa offisi ya Nairobi pamoja na wale wa Williamson Power kwa mchango wao mwaka huu.

Pia ningependa kuwashukru wakurugenzi wenzangu kwa kuhudhuria mikutano ya Bodi na vile vile kwa kutembelea mashamba yote mwaka huu. Maarifa yao na ujuzi wa kibiashara walionao ni wa thamani kubwa kwetu.

**NIGEL SANDYS-LUMSDAINE**

Mwenyekiti

Jumatano Juni 12, 2008



## **CORPORATE GOVERNANCE**

Corporate Governance is the process and structure used to direct and manage business affairs of the Company towards enhancing prosperity and corporate accounting with the ultimate objective of realizing shareholders long term value while taking into account the interest of other stakeholders.

The Company is committed to business integrity and professionalism in all its activities. As part of this commitment the Board fully supports issues articulated by the Capital Market Authority so as to bring the level of Governance in line with International Standards.

We confirm that we are governed by the Rules and Regulations as issued by both the Nairobi Stock Exchange (NSE) and the Capital Markets Authority (CMA).

### **BOARD OF DIRECTORS**

The full Board meets at least once every quarter for scheduled meetings and on other occasions to deal with specific matters that may require attention between the scheduled meetings. The Directors are given appropriate and timely information so that they can make well informed and balanced business decisions as well as planning for the future and growth of the Company. Scheduled meetings include review of annual and half year accounts and annual budgets together with monitoring of business and operational issues. Except for direction and guidance on general policy, the Board has delegated authority for conduct of the day-to-day business to the Chief Executive assisted by a Team of able Managerial Staff.

### **AUDIT COMMITTEE**

The Board constituted the Audit Committee in 1998 which meets at least four times in the year and chaired by an independent non executive Director. Its responsibilities include but not limited to review of financial information in particular half year and annual financial statements, annual budgets, liaison with the external auditor and maintaining oversight on internal controls.

### **INTERNAL CONTROLS**

The Board is responsible for the Company's system of internal controls and for reviewing their effectiveness. The Company has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information.

The systems in place are designed to ensure that authority is obtained for any major transaction and that the Company complies with all Kenya Laws and Regulations, including those that govern sound financial management. Procedures are in place to ensure that all assets are subject to proper physical controls and these are professionally revalued every three years.

### **COMMUNICATION WITH SHARE HOLDERS**

The Company places a great deal of importance on communication with its shareholders and publishers in the local dailies its financial statements on half year and annual basis. The full year report and accounts are distributed to all shareholders on an annual basis.

### **MAJOR SHAREHOLDERS AND ANALYSIS OF SHAREHOLDERS**

The Company files with CMA and NSE a quarterly report on the top 10 major share holders and investors return on a monthly basis.



## CORPORATE GOVERNANCE (Continued)

As at 31 March 2008 the top 10 major shareholders were as follows;

| Name                                         | Location | No of Shares | %     |
|----------------------------------------------|----------|--------------|-------|
| 1. Ngong Tea Holdings Limited                | England  | 4,506,164    | 51.46 |
| 2. Upstream Investments Limited              | Nairobi  | 324,673      | 3.71  |
| 3. Kirtesh P.Shah                            | Nairobi  | 291,221      | 3.33  |
| 4. Barclays (Kenya) Nominees Ltd A/C 9323 Nr | Nairobi  | 175,700      | 2.01  |
| 5. Barclays (Kenya) Nominees Ltd A/c 9230    | Nairobi  | 115,792      | 1.32  |
| 6. Old Mutual Life Assurance Co.Ltd          | Nairobi  | 112,444      | 1.28  |
| 7. Kenya Commercial Bank Staff Pension       | Nairobi  | 112,011      | 1.28  |
| 8. Satchu Aly-Khan                           | Nairobi  | 103,800      | 1.19  |
| 9. Barclays (Kenya) Nominees Ltd A/c 1256    | Nairobi  | 100,000      | 1.14  |
| 10. Phoenix E.A. Assurance Co. Ltd           | Nairobi  | 84,856       | 0.97  |

### Analysis of Shareholders

By region:

| Region                                        | Number       | Shares Held      | %             |
|-----------------------------------------------|--------------|------------------|---------------|
| Foreign investors                             | 61           | 4,942,939        | 56.50         |
| Local & East Africa investors (Individuals)   | 1,077        | 2,086,106        | 23.80         |
| Local & East Africa investors (Institutional) | 161          | 1,727,275        | 19.70         |
|                                               | <u>1,299</u> | <u>8,756,320</u> | <u>100.00</u> |

By shares distribution:

|                   |              |                  |               |
|-------------------|--------------|------------------|---------------|
| Less than 500     | 574          | 148,196          | 1.70          |
| 500-10,000        | 667          | 1,445,497        | 16.50         |
| 10,001- 100,000   | 50           | 1,533,922        | 17.50         |
| 100,001-1,000,000 | 7            | 1,122,541        | 12.84         |
| Above 1,000,000   | 1            | 4,506,164        | 51.46         |
|                   | <u>1,299</u> | <u>8,756,320</u> | <u>100.00</u> |



## REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the group for the year ended 31 March 2008.

### ACTIVITIES

The principal activities of the group are the cultivation, manufacture and sale of tea, investment in property and the sale and servicing of generators.

### GROUP RESULTS

|                                  | Sh'000          |
|----------------------------------|-----------------|
| Loss before taxation             | (143,984)       |
| Taxation credit                  | 46,467          |
|                                  | <hr/>           |
| Loss after taxation              | (97,517)        |
|                                  | <hr/>           |
| Atributable to:                  |                 |
| Equity holders of parent company | (86,737)        |
| Minority interest                | (10,780)        |
|                                  | <hr/>           |
| Loss for the year                | <u>(97,517)</u> |

### DIVIDENDS

The directors recommend the payment of a first and final dividend of Sh 0.5 per share, totalling Sh. 4,378,200 in respect of the year.

### DIRECTORS

The current board of directors is shown on page 3.

D B White and S C A Koech retire by rotation in accordance with section 94 of the company's Articles of Association and, being eligible, offer themselves for re-election.

In accordance with Article 114 of the Articles of Association, Mr. A L Carmichael who was appointed a Director of the Company on 1 February 2008 retires, and being eligible offers himself for re-election.

### AUDITORS

Deloitte & Touche, having expressed their willingness, continue in office in accordance with the provisions of section 159 (2) of the Companies Act.

BY ORDER OF THE BOARD

**M.M. WACHIRA**

Secretary

Wednesday, June 12, 2008



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the company as at the end of the financial year and of the operating results of the group for that year. It also requires the directors to ensure that the group and the company keep proper accounting records, which disclose with reasonable accuracy at any time the financial position of the group and the company. They are also responsible for safeguarding the assets of the group.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. 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 directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the 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 group and of the company and of the group's operating results. The directors further accept responsibility for the maintenance of accounting records which 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 and its subsidiaries will not remain going concerns for at least the next twelve months from the date of this statement.

**A. L. CARMICHAEL**

Director

12 June, 2008

**E. N. K. WANJAMA**

Director

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIAMSON TEA KENYA LIMITED**

We have audited the financial statements of Williamson Tea Kenya Limited and its subsidiaries set out on pages 16 to 56 which comprise the consolidated and company balance sheets as at 31 March 2008, and the consolidated income statement, consolidated and company statements of changes in equity and consolidated cash flow statement for the year then ended, together with the summary of significant accounting policies and other explanatory notes, and have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

### **Respective responsibilities of directors and auditors**

The group's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the provisions 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. Our responsibility is to express an opinion on these financial statements based on our audit.

### **Basis of opinion**

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 as to 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 our judgment and include an assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered internal controls relevant to the group'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 group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that our audit provides a reasonable basis for our opinion.

### **Opinion**

In our opinion:

- (a) proper books of account have been kept by the company and the company's balance sheet is in agreement therewith;
- (b) the financial statements give a true and fair view of the state of affairs of the company and the of group at 31 March 2008 and of the loss and cash flows of the group for the year then ended in accordance with International Financial Reporting Standards and comply with the Kenyan Companies Act.

**Deloitte & Touche**

Certified Public Accountants

27 June, 2008



**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2008**

|                                                                                                | Note | 2008<br>Sh'000 | 2007<br>Sh'000 |
|------------------------------------------------------------------------------------------------|------|----------------|----------------|
| REVENUE FROM SALE OF TEA                                                                       | 3(b) | 1,095,341      | 1,206,528      |
| FAIR VALUE LOSS ON TEA                                                                         | 17   | (29,099)       | (42,071)       |
| OPERATING INCOME                                                                               |      | 1,066,242      | 1,164,457      |
| COST OF SALES                                                                                  |      | (1,019,782)    | (932,757)      |
| GROSS PROFIT                                                                                   |      | 46,460         | 231,700        |
| OTHER OPERATING INCOME                                                                         |      | 127,822        | 179,049        |
| FAIR VALUE CHANGES ON – Timber                                                                 | 17   | 10,238         | 9,317          |
| - Firewood                                                                                     | 17   | (836)          | (4,097)        |
| DISTRIBUTION COSTS                                                                             |      | (102,926)      | (82,208)       |
| ADMINISTRATIVE EXPENSES                                                                        |      | (151,766)      | (113,527)      |
| FINANCE COSTS                                                                                  | 6    | (32,197)       | (6,980)        |
| SHARE OF RESULTS OF ASSOCIATE COMPANIES                                                        | 14   | (40,779)       | 813            |
| (LOSS)/PROFIT BEFORE TAXATION                                                                  |      | (143,984)      | 214,067        |
| TAXATION CREDIT/(CHARGE)                                                                       | 7    | 46,467         | (71,233)       |
| (LOSS)/PROFIT AFTER TAXATION FOR THE YEAR                                                      | 8    | (97,517)       | 142,834        |
| ATTRIBUTABLE TO:                                                                               |      |                |                |
| EQUITY HOLDERS OF THE PARENT                                                                   |      | (86,737)       | 139,671        |
| MINORITY INTEREST                                                                              | 26   | (10,780)       | 3,163          |
|                                                                                                |      | (97,517)       | 142,834        |
| COMPRISING:                                                                                    |      |                |                |
| (LOSS)/PROFIT ARISING FROM OPERATING ACTIVITIES                                                |      | (73,451)       | 162,617        |
| LOSS ARISING FROM CHANGES IN FAIR VALUE OF<br>BIOLOGICAL ASSETS (NET OF ATTRIBUTABLE TAXATION) |      | (13,286)       | (22,946)       |
| MINORITY INTEREST                                                                              |      | (10,780)       | 3,163          |
| (LOSS)/PROFIT FOR THE YEAR                                                                     |      | (97,517)       | 142,834        |
| (LOSS)/EARNINGS PER SHARE - Basic and diluted                                                  | 9    | Sh (9.91)      | Sh 15.95       |
| DIVIDENDS PER SHARE                                                                            | 10   | Sh 0.50        | Sh 5.00        |



# **CONSOLIDATED BALANCE SHEET** **AS AT 31 MARCH 2008**

|                                                         | Note | 2008<br>Sh'000          | 2007<br>Sh'000          |
|---------------------------------------------------------|------|-------------------------|-------------------------|
| <b>ASSETS</b>                                           |      |                         |                         |
| <b>Non current assets</b>                               |      |                         |                         |
| Property, plant and equipment                           | 11   | 998,978                 | 960,450                 |
| Prepaid operating leases                                | 12   | 77,214                  | 77,298                  |
| Investment properties                                   | 13   | 394,500                 | 394,500                 |
| Investment in associate companies                       | 14   | 265,277                 | 300,630                 |
| Other investments                                       | 16   | 1,349                   | 1,349                   |
| Biological assets                                       | 17   | 1,240,306               | 1,246,488               |
|                                                         |      | <u>2,977,624</u>        | <u>2,980,715</u>        |
| <b>Current assets</b>                                   |      |                         |                         |
| Inventories                                             | 18   | 121,251                 | 215,479                 |
| Trade and other receivables                             | 19   | 344,240                 | 301,821                 |
| Due from associate companies                            | 20   | 50,291                  | 24,547                  |
| Taxation recoverable                                    | 7(c) | 19,174                  | 8,702                   |
| Short term deposits                                     | 23   | -                       | 59,935                  |
| Cash and bank balances                                  |      | 67,745                  | 163,650                 |
|                                                         |      | <u>602,701</u>          | <u>774,134</u>          |
| <b>Total assets</b>                                     |      | <u><u>3,580,325</u></u> | <u><u>3,754,849</u></u> |
| <b>EQUITY AND LIABILITIES</b>                           |      |                         |                         |
| <b>Capital and reserves</b>                             |      |                         |                         |
| Share capital                                           | 25   | 43,782                  | 43,782                  |
| Revaluation surplus                                     |      | 326,901                 | 359,415                 |
| Revenue reserve                                         |      | 2,074,174               | 2,172,179               |
| Equity attributable to equity holders of parent company |      | <u>2,444,857</u>        | <u>2,575,376</u>        |
| Minority interest                                       | 26   | 79,237                  | 91,979                  |
| <b>Total equity</b>                                     |      | <u>2,524,094</u>        | <u>2,667,355</u>        |
| <b>Non current liabilities</b>                          |      |                         |                         |
| Deferred income taxes                                   | 27   | 588,115                 | 627,621                 |
| Service gratuity                                        | 28   | 122,497                 | 122,454                 |
| Borrowings                                              | 29   | 10,976                  | 12,655                  |
| Finance lease obligations                               | 30   | 58,613                  | -                       |
|                                                         |      | <u>780,201</u>          | <u>762,730</u>          |
| <b>Current liabilities</b>                              |      |                         |                         |
| Trade and other payables                                | 31   | 216,082                 | 269,583                 |
| Due to associate companies                              | 20   | 1,001                   | -                       |
| Taxation payable                                        | 7(c) | -                       | 23,120                  |
| Borrowings                                              | 29   | 47,372                  | 28,508                  |
| Finance lease obligations                               | 30   | 6,661                   | -                       |
| Unclaimed dividends                                     | 32   | 4,914                   | 3,553                   |
|                                                         |      | <u>276,030</u>          | <u>324,764</u>          |
| <b>Total equity and liabilities</b>                     |      | <u><u>3,580,325</u></u> | <u><u>3,754,849</u></u> |

The financial statements on pages 16 to 56 were approved by the board of directors on 12 June 2008 and were signed on its behalf by:

A.L. CARMICHAEL  
E.N.K. WANJAMA

} Directors



## COMPANY BALANCE SHEET AS AT 31 MARCH 2008

|                                     | Note | 2008<br>Sh'000   | 2007<br>Sh'000   |
|-------------------------------------|------|------------------|------------------|
| <b>ASSETS</b>                       |      |                  |                  |
| <b>Non current assets</b>           |      |                  |                  |
| Property, plant and equipment       | 11   | 448,373          | 456,401          |
| Prepaid operating leases            | 12   | 11,825           | 11,838           |
| Investment properties               | 13   | 394,500          | 394,500          |
| Investment in associate companies   | 14   | 79,837           | 79,837           |
| Investment in subsidiary companies  | 15   | 109,877          | 109,877          |
| Other investments                   | 16   | 546              | 546              |
| Biological assets                   | 17   | 627,727          | 556,674          |
|                                     |      | <u>1,672,685</u> | <u>1,609,673</u> |
| <b>Current assets</b>               |      |                  |                  |
| Inventories                         | 18   | 45,231           | 69,447           |
| Trade and other receivables         | 19   | 121,009          | 114,634          |
| Due from associate companies        | 20   | 45,555           | 20,588           |
| Due from subsidiary companies       | 21   | 92,912           | 59,980           |
| Loans to subsidiary companies       | 22   | 7,500            | 7,500            |
| Tax recoverable                     | 7(c) | 7,784            | -                |
| Short term deposits                 | 23   | -                | 59,935           |
| Cash and bank balances              |      | 47,342           | 82,140           |
|                                     |      | <u>367,333</u>   | <u>414,224</u>   |
| <b>Total assets</b>                 |      | <u>2,040,018</u> | <u>2,023,897</u> |
| <b>EQUITY AND LIABILITIES</b>       |      |                  |                  |
| <b>Capital and reserves</b>         |      |                  |                  |
| Share capital                       | 25   | 43,782           | 43,782           |
| Revaluation surplus                 |      | 157,710          | 175,776          |
| Revenue reserve                     |      | 1,303,868        | 1,286,167        |
|                                     |      | <u>1,505,360</u> | <u>1,505,725</u> |
| <b>Shareholders' funds</b>          |      |                  |                  |
| <b>Non current liabilities</b>      |      |                  |                  |
| Deferred income taxes               | 27   | 316,376          | 312,882          |
| Service gratuity                    | 28   | 65,980           | 67,616           |
| Borrowings                          | 29   | 7,063            | 2,109            |
| Finance lease obligations           | 30   | 6,018            | -                |
|                                     |      | <u>395,437</u>   | <u>382,607</u>   |
| <b>Current liabilities</b>          |      |                  |                  |
| Trade and other payables            | 31   | 104,878          | 87,465           |
| Due to subsidiary companies         | 21   | 26,362           | 26,647           |
| Taxation payable                    | 7(c) | -                | 16,634           |
| Borrowings                          | 29   | 1,565            | 1,266            |
| Finance lease obligations           | 30   | 1,502            | -                |
| Unclaimed dividends                 | 32   | 4,914            | 3,553            |
|                                     |      | <u>139,221</u>   | <u>135,565</u>   |
| <b>Total equity and liabilities</b> |      | <u>2,040,018</u> | <u>2,023,897</u> |

The financial statements on pages 16 to 56 were approved by the board of directors on 12 June 2008 and were signed on its behalf by:

A.L. CARMICHAEL  
E.N.K. WANJAMA

}

Directors



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2008

|                                              | Share capital | Revaluation surplus | Biological assets gains/(losses) | Other     | Total     | Equity attributable to equity holders of the parent | Minority interest | Total     |
|----------------------------------------------|---------------|---------------------|----------------------------------|-----------|-----------|-----------------------------------------------------|-------------------|-----------|
|                                              | Sh'000        | Sh'000              | Sh'000                           | Sh'000    | Sh'000    | Sh'000                                              | Sh'000            | Sh'000    |
| April 2006                                   | 43,782        | 163,996             | 529,903                          | 1,498,536 | 2,028,439 | 2,236,217                                           | 82,043            | 2,318,260 |
| valuation surplus                            | -             | 257,997             | -                                | -         | -         | 257,997                                             | 9,869             | 267,866   |
| ferred tax revaluation surplus (note 27)     | -             | (77,400)            | -                                | -         | -         | (77,400)                                            | (2,961)           | (80,361)  |
| re of associate revaluation surplus          | -             | 23,269              | -                                | -         | -         | 23,269                                              | -                 | 23,269    |
| plus realised on disposal of revalued assets | -             | (449)               | -                                | 449       | 449       | -                                                   | -                 | -         |
| ess depreciation transfer                    | -             | (11,618)            | -                                | 11,618    | 11,618    | -                                                   | -                 | -         |
| ferred tax on excess depreciation            | -             | 3,620               | -                                | (3,620)   | (3,620)   | -                                                   | -                 | -         |
| fit for the year                             | -             | -                   | (22,946)                         | 162,617   | 139,671   | 139,671                                             | 3,163             | 142,834   |
| idends paid - 2006                           | -             | -                   | -                                | (4,378)   | (4,378)   | (4,378)                                             | (135)             | (4,513)   |
| 31 March 2007                                | 43,782        | 359,415             | 506,957                          | 1,665,222 | 2,172,179 | 2,575,376                                           | 91,979            | 2,667,355 |
| April 2007                                   | 43,782        | 359,415             | 506,957                          | 1,665,222 | 2,172,179 | 2,575,376                                           | 91,979            | 2,667,355 |
| ess depreciation transfer                    | -             | (46,146)            | -                                | 46,146    | 46,146    | -                                                   | -                 | -         |
| ferred tax on excess depreciation            | -             | 13,935              | -                                | (13,935)  | (13,935)  | -                                                   | -                 | -         |
| plus realised on disposal of revalued assets | -             | (303)               | -                                | 303       | 303       | -                                                   | -                 | -         |
| s for the year                               | -             | -                   | (13,286)                         | (73,451)  | (86,737)  | (86,737)                                            | (10,780)          | (97,517)  |
| idends paid -2007                            | -             | -                   | -                                | (43,782)  | (43,782)  | (43,782)                                            | (1,962)           | (45,744)  |
| 31 March 2008                                | 43,782        | 326,901             | 493,671                          | 1,580,503 | 2,074,174 | 2,444,857                                           | 79,237            | 2,524,094 |

revaluation surplus arises on revaluation of property, plant and equipment and is not distributable.  
revenue reserve on biological assets represents surplus arising from fair valuation of biological assets in line IAS 41 on Agriculture.  
revenue reserves represents accumulated surplus arising from normal operating activities.



**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2008**

|                                               | Share capital | Revaluation surplus | Biological assets gains/(losses) Sh'000 | Revenue reserve Other Sh'000 | Total Sh'000 |
|-----------------------------------------------|---------------|---------------------|-----------------------------------------|------------------------------|--------------|
| At 1 April 2006                               | 43,782        | 98,490              | 233,162                                 | 944,009                      | 1,319,443    |
| Revaluation surplus                           | -             | 119,606             | -                                       | -                            | 119,606      |
| Deferred tax on revaluation surplus (note 27) | -             | (35,882)            | -                                       | -                            | (35,882)     |
| Excess depreciation transfer                  | -             | (9,197)             | -                                       | 9,197                        | -            |
| Deferred tax on excess depreciation           | -             | 2,759               | -                                       | (2,759)                      | -            |
| Profit for the year                           | -             | -                   | 487                                     | 106,449                      | 106,936      |
| Dividends paid - 2006                         | -             | -                   | -                                       | (4,378)                      | (4,378)      |
| At 31 March 2007                              | 43,782        | 175,776             | 233,649                                 | 1,052,518                    | 1,505,725    |
| At 1 April 2007                               | 43,782        | 175,776             | 233,649                                 | 1,052,518                    | 1,505,725    |
| Excess depreciation transfer                  | -             | (25,808)            | -                                       | 25,808                       | -            |
| Deferred tax on excess depreciation           | -             | 7,742               | -                                       | (7,742)                      | -            |
| Profit for the year                           | -             | -                   | 48,409                                  | (4,992)                      | 43,417       |
| Dividends paid - 2007                         | -             | -                   | -                                       | (43,782)                     | (43,782)     |
| At 31 March 2008                              | 43,782        | 157,710             | 282,058                                 | 1,021,810                    | 1,505,360    |

The revaluation surplus arises on revaluation of property, plant and equipment and is not distributable.

The revenue reserve on biological assets represents surplus arising from fair valuation of biological assets in line with IAS 41 on Agriculture.

Other revenue reserves represents accumulated surplus arising from normal operating activities.



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

|                                                        | Note  | 2008<br>Sh'000 | 2007<br>Sh'000 |
|--------------------------------------------------------|-------|----------------|----------------|
| <b>OPERATING ACTIVITIES</b>                            |       |                |                |
| Cash generated from operations                         | 33(a) | 2,110          | 224,912        |
| Interest paid                                          | 6     | (8,047)        | (4,468)        |
| Taxation paid                                          | 7(c)  | (39,784)       | (13,974)       |
|                                                        |       | <hr/>          | <hr/>          |
| Net cash (used in)/generated from operating activities |       | (45,721)       | 206,470        |
|                                                        |       | <hr/>          | <hr/>          |
| <b>INVESTING ACTIVITIES</b>                            |       |                |                |
| Purchase of plant and equipment                        | 33(c) | (89,948)       | (62,185)       |
| Purchase of Zinga farm by Tea Properties Limited       |       | -              | (38,900)       |
| Proceeds from disposal of plant and equipment          |       | 8,474          | 2,221          |
| Expenditure on biological assets                       |       | (11,703)       | (27,193)       |
| Dividend received - from associated company            | 14    | 7,727          | 774            |
| - other                                                |       | 1,480          | 1,446          |
|                                                        |       | <hr/>          | <hr/>          |
| Net cash used in investing activities                  |       | (83,970)       | (123,837)      |
|                                                        |       | <hr/>          | <hr/>          |
| <b>FINANCING ACTIVITIES</b>                            |       |                |                |
| Loans received                                         | 33(b) | 3,011          | 18,585         |
| Loans repaid                                           | 33(b) | (1,844)        | (17,768)       |
| Dividends paid to shareholders                         | 32    | (42,421)       | (3,018)        |
| Dividends paid to minority interest                    | 26    | (1,962)        | (135)          |
|                                                        |       | <hr/>          | <hr/>          |
| Net cash used in financing activities                  |       | (43,216)       | (2,336)        |
|                                                        |       | <hr/>          | <hr/>          |
| (DECREASE)/INCREASE IN<br>CASH AND CASH EQUIVALENTS    |       | (172,907)      | 80,297         |
| CASH AND CASH EQUIVALENTS AT 1 APRIL                   |       | 202,671        | 122,374        |
|                                                        |       | <hr/>          | <hr/>          |
| CASH AND CASH EQUIVALENTS AT 31 MARCH                  | 33(d) | 29,764         | 202,671        |
|                                                        |       | <hr/> <hr/>    | <hr/> <hr/>    |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

### 1 ACCOUNTING POLICIES

#### **Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted are as stated below:

#### **Adoption of new and revised International Financial Reporting Standards (IFRS)**

##### *Standards and Interpretations effective in the current period*

In the current year, the group has adopted IFRS 7 Financial Instruments: Disclosures which is effective for annual periods beginning 1 January 2007 and the consequential amendments to IAS 1 Presentation of Financial Statements.

The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the group's financial instruments and management of capital.

Four interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are IFRIC 7; Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies, IFRIC 8; Scope of IFRS 2, IFRIC 9; Reassessment of embedded derivatives and IFRIC 10; Interim Financial Reporting and Impairment. The adoption of these interpretations has not led to any changes in the group's accounting policies.

##### *Standards and Interpretations issued but not effective in the current period*

At the date of approval of these financial statements, the following new or revised Standards and Interpretations were in issue but not yet effective:

- IFRS 8 on Operating Segments
- IFRIC 11 - IFRS 2 Group and Treasury Share Transactions
- IFRIC 12 - Service Concession Arrangements
- IFRIC 13 - IAS 18 Revenue: Customer Loyalty Programs
- IFRIC 14 - IAS 19 Employee Benefits: Effect of Minimum Funding Requirements on Asset Ceiling.

The adoption of these standards and interpretations, when effective, will have no material impact on the financial statements of the group.

#### **Basis of preparation**

The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of certain assets.

#### **Consolidation**

Subsidiary undertakings, being those companies in which the group either directly or indirectly has an interest of more than 50% of the voting rights or otherwise has power to exercise control over the operations, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the group and are no longer consolidated as from the date of disposal. All inter company transactions balances and unrealised surpluses and deficits on transactions with the subsidiary company have been eliminated.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

### 1 ACCOUNTING POLICIES (Continued)

#### **Consolidation (Continued)**

The group financial statements reflect the result of the consolidation of the financial statements of the company and its subsidiaries, details of which are disclosed in note 15, and include the group's share of the results of the associate companies as disclosed in note 14, all made up to 31 March.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Investments in subsidiary companies in the company's books are carried at cost less provision for impairment.

#### **Investments in associate companies**

Investments in associated undertakings are accounted for using the equity method of accounting. These are undertakings in which the group has between 20% and 50% of the voting rights and over which the group exercises significant influence but which it does not control.

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. A listing of the group's associated undertakings is shown in note 14.

In the company's books, investments in associated companies are carried at cost less provision for impairment.

#### **Revenue recognition**

Sales are recognised upon despatch of products and are stated net of returns, discounts and value added tax.

Rental income is recognised on the accruals basis and dividend income is recognised when the shareholder's right to receive payment has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### **Inventories**

Made tea inventories are stated at the lower of cost and net realisable value. Made tea cost comprises fair value of tea leaf less estimated point of sale costs at the point of harvest plus actual costs incurred in the processing of green leaf to made tea. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Generator stocks are stated at the lower of purchase cost and net realisable value.

Consumable stores inventories are stated at weighted average cost.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

### 1 ACCOUNTING POLICIES (continued)

#### **Biological assets**

Biological assets (tea bushes, fuel plantations and timber plantations) and agricultural produce have been stated at their fair value less estimated point-of-sale costs.

The fair value of tea bushes is determined based on the present value of expected net cash flows discounted at a current market-determined pre-tax rate. The fair values of fuel and timber plantations are determined based on the prices existing in the market. Details of the significant assumptions made in determining the fair value of biological assets are set out on note 17.

The cost of replanting, infilling and upkeep are recognised as an expense in the income statement.

#### **Property, plant and equipment**

Property, plant and equipment are stated at cost or as professionally revalued less accumulated depreciation and any impairment losses.

Professional valuations are carried out in accordance with the company's policy of revaluing certain items of property, plant and equipment from time to time. The last valuation was performed as at 31 March 2007.

The bases of valuation are as follows:

Land – open market value for the existing use  
Other assets – net current replacement cost.

Increases in the carrying amount arising on revaluation are credited to a revaluation surplus. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to the income statement.

#### **Depreciation**

No depreciation is provided on freehold land. Capital work in progress is not depreciated until the asset is brought into use.

Other items of property, plant and equipment are depreciated on a straight line basis to write off the cost or valuation over their estimated useful lives. The annual rates generally in use are as follows:

|                                          |          |
|------------------------------------------|----------|
| Buildings                                | 5%       |
| Dams                                     | 2.5%     |
| Machinery and equipment                  | 10%      |
| Tractors and accessories                 | 10 - 25% |
| Motor vehicles                           | 25%      |
| Office equipment, furniture and fittings | 10%      |
| Computers                                | 25%      |

Each year the difference between depreciation based on the revalued carrying amount of an asset (the depreciation charged to the income statement) and depreciation based on the asset's original cost is transferred from the revaluation surplus to revenue reserves.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

### 1 ACCOUNTING POLICIES (continued)

#### **Leasehold land**

Payments to acquire leasehold interest in land are treated as prepaid operating lease rentals and amortised over the period of the lease.

#### **Investment properties**

Investment properties are treated as long term investments and carried at market value for existing use as determined regularly by external independent valuers. Investment properties are not subject to depreciation. Changes in their carrying amounts are dealt with in the income statement.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

#### **Taxation**

Income tax expense represents the sum of the current tax payable and the deferred taxation.

Current taxation is provided on the basis of the results for the year, as shown in the financial statements, adjusted in accordance with tax legislation.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

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

#### **Provision for employee entitlements**

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave accrued at the balance sheet date.

The group's unionisable staff who resign or whose services are terminated either due to illness or other reasons after completion of ten years of continuous and meritorious service are entitled to twenty one days pay for each completed year of service by way of gratuity, based on the wages or salary at the time of such resignation or termination of services, as provided for in the trade union agreement. An employee who is dismissed or terminated for gross misconduct is not entitled to gratuity. The service gratuity is provided for in the financial statements at present value of benefits payable as it accrues to each employee.

#### **Retirement benefit obligations**

The group operates a defined contribution scheme for eligible non-unionisable employees. The assets of the scheme are held in a separate trustee administered fund.. The group's contributions to the defined contribution plan are charged to the income statement in the year to which they relate.

The group also contributes to the statutory National Social Security Fund. This is a defined contribution scheme registered under the National Social Security Act. The group's obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of Sh 200 per month per employee. The group's contributions are charged to the income statement in the year to which they relate.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

### 1 ACCOUNTING POLICIES (continued)

#### **Impairment**

At each balance sheet date, the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognized in the income statement whenever the carrying amount of the asset exceeds its recoverable amount.

#### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight line basis over the terms of the relevant leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Assets held under finance leases are recognised as assets of the group at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

#### **Foreign currencies**

Assets and liabilities expressed in foreign currencies are translated into Kenya Shillings at the rates of exchange ruling at the balance sheet date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Gains and losses on exchange are dealt with in the income statement.

#### **Financial instruments**

The group classifies its financial assets into the following categories: Financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale assets. Management determines the appropriate classification of its investments at initial recognition.

##### *Financial assets at fair value through profit or loss*

This category has two sub-categories: Financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable.

##### *Held to maturity*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale occurs other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and classified as available for sale.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

### 1 ACCOUNTING POLICIES (continued)

#### **Financial instruments (Continued)**

##### *Available-for-sale financial assets*

Financial assets that are not (a) financial assets at fair value through profit or loss, (b) loans and receivables, or (c) financial assets held to maturity.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the company has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of "financial assets at fair value through profit or loss" are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement.

##### *Bank borrowings*

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

##### *Investments*

Unquoted investments are classified as available for sale and are stated at fair value.

##### *Trade receivables*

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

##### *Trade payables*

Trade payables are stated at their nominal value.

##### *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 amounts of cash and are subject to an insignificant risk of changes in value.

#### **Dividends payable**

Dividends payable on ordinary shares are charged to retained earnings in the period in which they are declared. Proposed dividends are not accrued for until ratified in an Annual General Meeting.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

### 1 ACCOUNTING POLICIES (continued)

#### **Segmental reporting**

Segment results include revenue and expenses directly attributable to a segment.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Capital expenditure represents the total cost incurred during the year to acquire segment assets that are expected to be used during more than one period (property, plant and equipment).

#### **Comparatives**

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

### 2 CRITICAL JUDGMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

In the process of applying the group's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. These are dealt with below:

#### ***Biological assets***

In determining the fair value of biological assets, the group uses the present value of expected cashflows from the asset discounted at the current market determined pre tax rate. The objective of a calculation of the present value of expected net cash flows is to determine the fair value of a biological asset in its present location and condition. The group considers this in determining an appropriate discount rate to be used and in estimating expected net cash flows. Management uses estimates based on historical data relating to yields, prices of made tea and exchange rates. The methodology and assumptions used for estimating both the amount and timing of future cashflows are reviewed to reduce any differences between estimates and actual experience. The significant assumptions are set out in note 17.

#### ***Property, plant and equipment***

Critical estimates are made by directors in determining the useful lives and residual values to property, plant and equipment based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

#### ***Impairment losses***

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs. Any impairment losses are recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss, other than that arising from goodwill, is recognised as income immediately.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 3 SEGMENTAL INFORMATION

#### (a) Primary reporting format – Business segments

|                                                   | Tea<br>Sh '000 | Property<br>Sh '000 | Generator<br>trading<br>Sh '000 | Group<br>Sh '000 |
|---------------------------------------------------|----------------|---------------------|---------------------------------|------------------|
| <b>2008</b>                                       |                |                     |                                 |                  |
| Revenue                                           | 1,095,341      | -                   | -                               | 1,095,341        |
| Other operating revenue                           | 17,669         | 30,261              | 79,892                          | 127,822          |
| Loss before tax                                   | (182,354)      | 31,996              | 6,374                           | (143,984)        |
| Group's share of associated<br>companies' results | (40,779)       | -                   | -                               | (40,779)         |
| Segment assets                                    | 3,120,022      | 394,500             | 65,803                          | 3,580,325        |
| Segment liabilities                               | 1,042,257      | -                   | 13,974                          | 1,056,231        |
| Depreciation                                      | 107,876        | -                   | 1,094                           | 108,970          |
| Amortisation                                      | 84             | -                   | -                               | 84               |
| Capital expenditure                               | 154,741        | -                   | 481                             | 155,222          |
| <b>2007</b>                                       |                |                     |                                 |                  |
| Revenue                                           | 1,206,528      | -                   | -                               | 1,206,528        |
| Other operating revenue                           | 31,738         | 70,693              | 76,618                          | 179,049          |
| Profit before tax                                 | 143,493        | 64,162              | 6,412                           | 214,067          |
| Group's share of associated<br>companies' results | 813            | -                   | -                               | 813              |
| Segment assets                                    | 3,303,199      | 394,500             | 57,150                          | 3,754,849        |
| Segment liabilities                               | 1,073,700      | -                   | 13,794                          | 1,087,494        |
| Depreciation                                      | 67,814         | -                   | 1,307                           | 69,121           |
| Amortisation                                      | 83             | -                   | -                               | 83               |
| Capital expenditure                               | 61,961         | -                   | 224                             | 62,185           |
|                                                   |                |                     | 2008<br>Sh'000                  | 2007<br>Sh'000   |

#### (b) Secondary reporting – geographical segments

The group's tea revenue is derived from the following markets:

|          |                  |                  |
|----------|------------------|------------------|
| Offshore | 956,972          | 1,050,876        |
| Kenya    | 138,369          | 155,652          |
|          | <u>1,095,341</u> | <u>1,206,528</u> |



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

|                                                                                   | 2008<br>Sh'000 | 2007<br>Sh'000 |
|-----------------------------------------------------------------------------------|----------------|----------------|
| 4 (LOSS)/PROFIT BEFORE TAX                                                        |                |                |
| The (loss)/profit before tax is arrived at after charging:                        |                |                |
| Amortisation (note 12)                                                            | 84             | 83             |
| Depreciation (note 11)                                                            | 108,970        | 69,121         |
| Directors' remuneration:                                                          |                |                |
| Fees                                                                              | 500            | 583            |
| Other emoluments                                                                  | 10,345         | 10,408         |
| Staff costs (Note 5)                                                              | 421,827        | 414,079        |
| Auditors' remuneration                                                            | 4,892          | 4,491          |
|                                                                                   | <u>=====</u>   | <u>=====</u>   |
| and after crediting:                                                              |                |                |
| Operating lease rental income                                                     | 30,262         | 31,193         |
| Fair value of agricultural produce harvested during the year                      | 147,858        | 385,746        |
| Dividend income                                                                   | 1,480          | 1,446          |
| Profit on disposal of property plant and equipment                                | 2,562          | 372            |
| Gain on valuation of investment property                                          | -              | 39,500         |
|                                                                                   | <u>=====</u>   | <u>=====</u>   |
| 5 STAFF COSTS                                                                     |                |                |
| Wages and salaries                                                                | 346,309        | 355,366        |
| Social security costs (NSSF)                                                      | 10,139         | 11,219         |
| Pension costs (defined contribution plan)                                         | 5,308          | 2,842          |
| Service gratuity and other terminal benefits                                      | 24,108         | 21,092         |
| Leave pay                                                                         | 24,380         | 7,067          |
| Medical expenses                                                                  | 11,583         | 16,493         |
|                                                                                   | <u>=====</u>   | <u>=====</u>   |
|                                                                                   | 421,827        | 414,079        |
|                                                                                   | <u>=====</u>   | <u>=====</u>   |
| The average number of staff employed by the group during the year was as follows: | Number         | Number         |
| Permanent                                                                         | 3,474          | 3,692          |
| Seasonal                                                                          | 903            | 1,285          |
|                                                                                   | <u>=====</u>   | <u>=====</u>   |
|                                                                                   | 4,377          | 4,977          |
|                                                                                   | <u>=====</u>   | <u>=====</u>   |
|                                                                                   | Sh'000         | Sh'000         |
| 6 FINANCE COSTS                                                                   |                |                |
| Interest expense:                                                                 |                |                |
| - bank overdrafts                                                                 | 5,733          | 2,950          |
| - bank loans                                                                      | 2,314          | 1,351          |
| - group loans                                                                     | -              | 167            |
| Net foreign exchange losses                                                       | 24,150         | 2,512          |
|                                                                                   | <u>=====</u>   | <u>=====</u>   |
|                                                                                   | 32,197         | 6,980          |
|                                                                                   | <u>=====</u>   | <u>=====</u>   |



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

|                                                                                                        | GROUP           |                | COMPANY        |                |
|--------------------------------------------------------------------------------------------------------|-----------------|----------------|----------------|----------------|
|                                                                                                        | 2008<br>Sh'000  | 2007<br>Sh'000 | 2008<br>Sh'000 | 2007<br>Sh'000 |
| 7 TAXATION                                                                                             |                 |                |                |                |
| (a) TAX CHARGE                                                                                         |                 |                |                |                |
| Current taxation based<br>on the adjusted profit at 30%                                                |                 |                |                |                |
| -current year                                                                                          | 9,125           | 37,931         | 6,683          | 22,766         |
| -prior year                                                                                            | (2,933)         | (2,273)        | 110            | (2,274)        |
|                                                                                                        | <u>6,192</u>    | <u>35,658</u>  | <u>6,793</u>   | <u>20,492</u>  |
| Deferred tax (credit)/charge-note 27                                                                   | (39,506)        | 34,395         | 3,494          | 25,659         |
|                                                                                                        | <u>(33,314)</u> | <u>70,053</u>  | <u>10,287</u>  | <u>46,151</u>  |
| Share of associated<br>company's taxation:                                                             |                 |                |                |                |
| Current taxation                                                                                       | 11              | 3,276          | -              | -              |
| Deferred tax credit                                                                                    | (13,164)        | (2,096)        | -              | -              |
|                                                                                                        | <u>(13,153)</u> | <u>1,180</u>   | <u>-</u>       | <u>-</u>       |
|                                                                                                        | <u>(46,467)</u> | <u>71,233</u>  | <u>10,287</u>  | <u>46,151</u>  |
| (b) RECONCILIATION OF<br>EXPECTED TAX BASED<br>ON ACCOUNTING (LOSS)<br>/PROFIT TO TAX (CREDIT)/EXPENSE |                 |                |                |                |
| Accounting (loss)/profit<br>before taxation                                                            | (143,984)       | 214,067        | 53,704         | 153,087        |
| Tax at the applicable rate of 30%                                                                      | (43,195)        | 64,220         | 16,111         | 45,926         |
| Tax effect of expenses not<br>deductible for tax purposes                                              | 15,696          | 27,406         | 5,931          | 22,002         |
| Tax effect of income not taxable                                                                       | (16,035)        | (18,120)       | (11,865)       | (19,953)       |
| Prior year (over)/under<br>provision of current tax                                                    | (2,933)         | (2,273)        | 110            | (1,824)        |
|                                                                                                        | <u>(46,467)</u> | <u>71,233</u>  | <u>10,287</u>  | <u>46,151</u>  |

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 7 TAXATION (Continued)

|                              | GROUP          |                | COMPANY        |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | 2008<br>Sh'000 | 2007<br>Sh'000 | 2008<br>Sh'000 | 2007<br>Sh'000 |
| (c) TAX MOVEMENT             |                |                |                |                |
| At beginning of the year:    |                |                |                |                |
| Payable                      | 23,120         | 8,691          | 16,634         | 8,691          |
| Recoverable                  | (8,702)        | (15,957)       | -              | (1,640)        |
|                              | <hr/>          | <hr/>          | <hr/>          | <hr/>          |
|                              | 14,418         | (7,266)        | 16,634         | 7,051          |
| Taxation charge              | 6,192          | 35,658         | 6,793          | 20,492         |
| Taxation paid                | (39,784)       | (13,974)       | (31,211)       | (10,909)       |
|                              | <hr/>          | <hr/>          | <hr/>          | <hr/>          |
| At end of the year           |                |                |                |                |
| Net tax(recoverable)/payable | (19,174)       | 14,418         | (7,784)        | 16,634         |
|                              | <hr/>          | <hr/>          | <hr/>          | <hr/>          |
| Comprising:                  |                |                |                |                |
| Payable                      | -              | 23,120         | -              | 16,634         |
| Recoverable                  | (19,174)       | (8,702)        | (7,784)        | -              |
|                              | <hr/>          | <hr/>          | <hr/>          | <hr/>          |
|                              | (19,174)       | 14,418         | (7,784)        | 16,634         |
|                              | <hr/>          | <hr/>          | <hr/>          | <hr/>          |

### 8 PROFIT AFTER TAXATION - COMPANY

The company profit after taxation of Sh 43,417,000 (2007 – Sh 106,936,000) has been dealt with in the financial statements of Williamson Tea Kenya Limited.

### 9 EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to shareholders by the number of ordinary shares in issue during the year.

|                                                                               | 2008     | 2007    |
|-------------------------------------------------------------------------------|----------|---------|
| <b>Earnings</b>                                                               |          |         |
| (Loss)/earnings for purposes of basic and diluted earnings per share (Sh'000) | (86,737) | 139,671 |
|                                                                               | <hr/>    | <hr/>   |
| <b>Number of shares</b>                                                       |          |         |
| Number of ordinary shares (thousands)                                         | 8,756    | 8,756   |
|                                                                               | <hr/>    | <hr/>   |
| <b>Earnings/(loss) per share</b>                                              |          |         |
| Basic (Sh) and diluted (Sh)                                                   | (9.91)   | 15.95   |
|                                                                               | <hr/>    | <hr/>   |

There were no potentially dilutive shares outstanding at 31 March 2008 or 31 March 2007.

### 10 PROPOSED DIVIDEND

In respect of the current year, the directors propose that a dividend of Sh 0.50 per share (2007 – Sh 5 per share) amounting to a total of Sh 4,378,200 (2007 – Sh 43,782,000) will be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting to be held on 31 July 2008 and has not been included as a liability in these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 11 PROPERTY, PLANT AND EQUIPMENT

#### GROUP

|                                     | Freehold<br>land &<br>buildings<br>Sh '000 | Machinery<br>&<br>equipment<br>Sh '000 | Tractors<br>&<br>accessories<br>Sh '000 | Motor<br>vehicles<br>Sh '000 | Office<br>equipment<br>furniture &<br>fittings<br>Sh '000 | Computers<br>Sh '000 | Work in<br>progress<br>Sh '000 | Total<br>Sh '000 |
|-------------------------------------|--------------------------------------------|----------------------------------------|-----------------------------------------|------------------------------|-----------------------------------------------------------|----------------------|--------------------------------|------------------|
| <b>COST OR VALUATION</b>            |                                            |                                        |                                         |                              |                                                           |                      |                                |                  |
| At 1 April 2006                     | 539,821                                    | 316,849                                | 81,647                                  | 47,143                       | 19,652                                                    | 21,174               | 9,231                          | 1,035,517        |
| Additions                           | 10,527                                     | 30,066                                 | 108                                     | 1,261                        | 499                                                       | 2,768                | 16,956                         | 62,185           |
| Additions on acquisition<br>of farm | 7,500                                      | -                                      | -                                       | -                            | -                                                         | -                    | -                              | 7,500            |
| Disposals                           | (1,790)                                    | (357)                                  | (2,867)                                 | (2,746)                      | -                                                         | -                    | -                              | (7,760)          |
| Revaluation                         | 32,259                                     | (31,788)                               | -                                       | -                            | -                                                         | -                    | -                              | 471              |
| Reclassification                    | 17,982                                     | 638                                    | -                                       | -                            | -                                                         | 50                   | (18,670)                       | -                |
| At 31 March 2007                    | 606,299                                    | 315,408                                | 78,888                                  | 45,658                       | 20,151                                                    | 23,992               | 7,517                          | 1,097,913        |
| Comprising:                         |                                            |                                        |                                         |                              |                                                           |                      |                                |                  |
| At Valuation 2007                   | 606,299                                    | 315,408                                | -                                       | -                            | -                                                         | -                    | -                              | 921,707          |
| At Cost                             | -                                          | -                                      | 78,888                                  | 45,658                       | 20,151                                                    | 23,992               | 7,517                          | 176,206          |
|                                     | 606,299                                    | 315,408                                | 78,888                                  | 45,658                       | 20,151                                                    | 23,992               | 7,517                          | 1,097,913        |
| At 1 April 2007                     | 606,299                                    | 315,408                                | 78,888                                  | 45,658                       | 20,151                                                    | 23,992               | 7,517                          | 1,097,913        |
| Additions                           | 3,166                                      | 85,863                                 | 22,078                                  | 15,588                       | 4,049                                                     | 2,180                | 22,298                         | 155,222          |
| Disposals                           | -                                          | (5,750)                                | (12,419)                                | (4,323)                      | (3,175)                                                   | (3,693)              | -                              | (29,360)         |
| Reclassification                    | 704                                        | -                                      | -                                       | -                            | -                                                         | -                    | (2,516)                        | (1,812)          |
| At 31 March 2008                    | 610,169                                    | 395,521                                | 88,547                                  | 56,923                       | 21,025                                                    | 22,479               | 27,299                         | 1,221,963        |
| Comprising:                         |                                            |                                        |                                         |                              |                                                           |                      |                                |                  |
| At Valuation 2007                   | 606,299                                    | 309,658                                | -                                       | -                            | -                                                         | -                    | -                              | 915,917          |
| At Cost                             | 3,870                                      | 85,863                                 | 88,547                                  | 56,923                       | 21,025                                                    | 22,479               | 27,299                         | 306,006          |
|                                     | 610,169                                    | 395,521                                | 88,547                                  | 56,923                       | 21,025                                                    | 22,479               | 27,299                         | 1,221,963        |

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 11 PROPERTY, PLANT AND EQUIPMENT (Continued)

#### GROUP

|                                        | Freehold<br>land &<br>buildings<br>Sh '000 | Machinery<br>&<br>equipment<br>Sh '000 | Tractors<br>&<br>accessories<br>Sh '000 | Motor<br>vehicles<br>Sh '000 | Office<br>equipment<br>furniture &<br>fittings<br>Sh '000 | Computers<br>Sh '000 | Work in<br>progress<br>Sh '000 | Total<br>Sh '000 |
|----------------------------------------|--------------------------------------------|----------------------------------------|-----------------------------------------|------------------------------|-----------------------------------------------------------|----------------------|--------------------------------|------------------|
| <b>DEPRECIATION</b>                    |                                            |                                        |                                         |                              |                                                           |                      |                                |                  |
| At 1 April 2006                        | 120,956                                    | 92,719                                 | 61,629                                  | 36,331                       | 13,784                                                    | 16,229               | -                              | 341,648          |
| Charge for the year                    | 30,893                                     | 23,896                                 | 4,501                                   | 5,877                        | 1,270                                                     | 2,684                | -                              | 69,121           |
| Eliminated on disposal                 | (703)                                      | (366)                                  | (2,867)                                 | (1,975)                      | -                                                         | -                    | -                              | (5,911)          |
| Write back on revaluation              | (151,146)                                  | (116,249)                              | -                                       | -                            | -                                                         | -                    | -                              | (267,395)        |
| At 31 March 2007                       | -                                          | -                                      | 63,263                                  | 40,233                       | 15,054                                                    | 18,913               | -                              | 137,463          |
| At 1 April 2007                        | -                                          | -                                      | 63,263                                  | 40,233                       | 15,054                                                    | 18,913               | -                              | 137,463          |
| Charge for the year                    | 54,701                                     | 35,217                                 | 8,962                                   | 5,996                        | 1,429                                                     | 2,665                | -                              | 108,970          |
| Eliminated on disposal                 | -                                          | -                                      | (12,419)                                | (4,170)                      | (3,170)                                                   | (3,689)              | -                              | (23,448)         |
| At 31 March 2008                       | 54,701                                     | 35,217                                 | 59,806                                  | 42,059                       | 13,313                                                    | 17,889               | -                              | 222,985          |
| <b>NET BOOK VALUE</b>                  |                                            |                                        |                                         |                              |                                                           |                      |                                |                  |
| At 31 March 2008                       | 555,468                                    | 360,304                                | 28,741                                  | 14,864                       | 7,712                                                     | 4,590                | 27,299                         | 998,978          |
| At 31 March 2007                       | 606,299                                    | 315,408                                | 15,625                                  | 5,425                        | 5,097                                                     | 5,079                | 7,517                          | 960,450          |
| <b>NET BOOK VALUE<br/>(Cost basis)</b> |                                            |                                        |                                         |                              |                                                           |                      |                                |                  |
| At 31 March 2008                       | 215,143                                    | 215,995                                | 28,741                                  | 14,864                       | 7,712                                                     | 4,590                | 27,299                         | 514,344          |
| At 31 March 2007                       | 209,067                                    | 180,095                                | 15,625                                  | 5,425                        | 5,097                                                     | 5,079                | 7,517                          | 427,905          |

Land, building and machinery were last revalued as at 31 March 2007 by Lloyd Masika Limited, registered valuers and estate agents on the basis of open market value for the existing use.

Included in the property, plant and equipment are assets with an original cost of Sh. 91,688,076 (2007 - Sh. 75,702,000) which are fully depreciated and whose normal depreciation charge for the year would have been Sh. 16,991,334 (2007 - Sh. 16,548,000).

Land and buildings with net book value of Sh. 555,468,000 (2007 - Sh. 606,299,000) have been charged to secure banking facilities granted to the group as disclosed in note 29.

Motor vehicles and machinery with a net book value of Sh. 36,561,000 are subject of a finance lease as disclosed on note 30.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 11 PROPERTY, PLANT AND EQUIPMENT (Continued)

#### COMPANY

|                          | Freehold<br>land &<br>buildings<br>Sh '000 | Machinery<br>&<br>equipment<br>Sh '000 | Tractors<br>&<br>accessories<br>Sh '000 | Motor<br>vehicles<br>Sh '000 | Office<br>equipment<br>furniture &<br>fittings<br>Sh '000 | Computers<br>Sh '000 | Work in<br>progress<br>Sh '000 | Total<br>Sh '000 |
|--------------------------|--------------------------------------------|----------------------------------------|-----------------------------------------|------------------------------|-----------------------------------------------------------|----------------------|--------------------------------|------------------|
| <b>COST OR VALUATION</b> |                                            |                                        |                                         |                              |                                                           |                      |                                |                  |
| At 1 April 2006          | 295,249                                    | 132,394                                | 35,186                                  | 13,669                       | 9,045                                                     | 11,109               | 1,179                          | 497,831          |
| Additions                | 3,384                                      | 7,265                                  | 99                                      | -                            | 442                                                       | 1,531                | 6,322                          | 19,043           |
| Disposals                | -                                          | -                                      | (1,447)                                 | (1,540)                      | -                                                         | -                    | -                              | (2,987)          |
| Revaluation              | 20,017                                     | (21,915)                               | -                                       | -                            | -                                                         | -                    | -                              | (1,898)          |
| Reclassification         | 1,179                                      | -                                      | -                                       | -                            | -                                                         | -                    | (1,179)                        | -                |
| <b>At 31 March 2007</b>  | <b>319,829</b>                             | <b>117,744</b>                         | <b>33,838</b>                           | <b>12,129</b>                | <b>9,487</b>                                              | <b>12,640</b>        | <b>6,322</b>                   | <b>511,989</b>   |
| Comprising:              |                                            |                                        |                                         |                              |                                                           |                      |                                |                  |
| At Valuation 2007        | 319,829                                    | 117,744                                | -                                       | -                            | -                                                         | -                    | -                              | 437,573          |
| At Cost                  | -                                          | -                                      | 33,838                                  | 12,129                       | 9,487                                                     | 12,640               | 6,322                          | 74,416           |
|                          | 319,829                                    | 117,744                                | 33,838                                  | 12,129                       | 9,487                                                     | 12,640               | 6,322                          | 511,989          |
| <b>At 1 April 2007</b>   | <b>319,829</b>                             | <b>117,744</b>                         | <b>33,838</b>                           | <b>12,129</b>                | <b>9,487</b>                                              | <b>12,640</b>        | <b>6,322</b>                   | <b>511,989</b>   |
| Additions                | -                                          | 8,513                                  | 4,810                                   | 10,276                       | 1,866                                                     | 723                  | 14,010                         | 40,198           |
| Disposal                 | -                                          | -                                      | (3,933)                                 | (1,435)                      | (3,175)                                                   | (3,692)              | -                              | (12,235)         |
| Reclassification         | -                                          | -                                      | -                                       | -                            | -                                                         | -                    | (1,322)                        | (1,322)          |
| <b>At 31 March 2008</b>  | <b>319,829</b>                             | <b>126,257</b>                         | <b>34,715</b>                           | <b>20,970</b>                | <b>8,178</b>                                              | <b>9,671</b>         | <b>19,010</b>                  | <b>538,630</b>   |
| Comprising:              |                                            |                                        |                                         |                              |                                                           |                      |                                |                  |
| At Valuation 2007        | 319,829                                    | 117,744                                | -                                       | -                            | -                                                         | -                    | -                              | 437,573          |
| At Cost                  | -                                          | 8,513                                  | 34,715                                  | 20,970                       | 8,178                                                     | 9,671                | 19,010                         | 101,057          |
|                          | 319,829                                    | 126,257                                | 34,715                                  | 20,970                       | 8,178                                                     | 9,671                | 19,010                         | 538,630          |

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 11 PROPERTY, PLANT AND EQUIPMENT (Continued)

#### COMPANY

|                                | Freehold<br>land &<br>buildings<br>Sh '000 | Machinery<br>&<br>equipment<br>Sh '000 | Tractors<br>&<br>accessories<br>Sh '000 | Motor<br>vehicles<br>Sh '000 | Office<br>equipment<br>furniture &<br>fittings<br>Sh '000 | Computers<br>Sh '000 | Work in<br>progress<br>Sh '000 | Total<br>Sh '000 |
|--------------------------------|--------------------------------------------|----------------------------------------|-----------------------------------------|------------------------------|-----------------------------------------------------------|----------------------|--------------------------------|------------------|
| DEPRECIATION                   |                                            |                                        |                                         |                              |                                                           |                      |                                |                  |
| At 1 April 2006                | 60,225                                     | 35,361                                 | 25,934                                  | 10,322                       | 6,550                                                     | 9,431                | -                              | 147,823          |
| Charge for the year            | 16,043                                     | 9,875                                  | 2,268                                   | 1,542                        | 440                                                       | 1,318                | -                              | 31,486           |
| Eliminated on disposal         | -                                          | -                                      | (1,447)                                 | (770)                        | -                                                         | -                    | -                              | (2,217)          |
| Write back<br>revaluation      | (76,268)                                   | (45,236)                               | -                                       | -                            | -                                                         | -                    | -                              | (121,504)        |
| At 31 March 2007               | -                                          | -                                      | 26,755                                  | 11,094                       | 6,990                                                     | 10,749               | -                              | 55,588           |
| At 1 April 2007                | -                                          | -                                      | 26,755                                  | 11,094                       | 6,990                                                     | 10,749               | -                              | 55,588           |
| Charge for the year            | 27,195                                     | 13,991                                 | 2,805                                   | 1,538                        | 499                                                       | 868                  | -                              | 46,896           |
| Eliminated on disposal         | -                                          | -                                      | (3,933)                                 | (1,435)                      | (3,170)                                                   | (3,689)              | -                              | (12,227)         |
| At 31 March 2008               | 27,195                                     | 13,991                                 | 25,627                                  | 11,197                       | 4,319                                                     | 7,928                | -                              | 90,257           |
| NET BOOK VALUE                 |                                            |                                        |                                         |                              |                                                           |                      |                                |                  |
| At 31 March 2008               | 292,634                                    | 112,266                                | 9,088                                   | 9,773                        | 3,859                                                     | 1,743                | 19,010                         | 448,373          |
| At 31 March 2007               | 319,829                                    | 117,744                                | 7,083                                   | 1,035                        | 2,497                                                     | 1,891                | 6,322                          | 456,401          |
| NET BOOK VALUE<br>(Cost basis) |                                            |                                        |                                         |                              |                                                           |                      |                                |                  |
| At 31 March 2008               | 108,433                                    | 76,753                                 | 9,088                                   | 9,773                        | 3,859                                                     | 1,743                | 19,010                         | 228,659          |
| At 31 March 2007               | 118,254                                    | 74,550                                 | 7,083                                   | 1,035                        | 2,497                                                     | 1,891                | 6,322                          | 211,632          |

Land, buildings and machinery were valued at 31 March 2007 by Lloyds Masika Limited, registered valuers and estate agencies.

Included in the property, plants and equipment are assets with an original cost of Sh. 41,143,440 (2007 - Sh. 42,640,000) which are fully depreciated and those normal depreciation charges for the year which have been Sh. 7,355,643 (2007 - Sh. 9,051,000).

Land, buildings and development with net book value of Sh. 292,634,000 (2007 - Sh. 319,829,000) have been charged to secure baking facilities granted to the company as disclosed in note 29.

Motor vehicles with a net book value of Sh. 14,789,000 are subject of a financial lease as disclosed in note 30.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 12 PREPAID OPERATING LEASES

|                           | GROUP  |        | COMPANY |        |
|---------------------------|--------|--------|---------|--------|
|                           | 2008   | 2007   | 2008    | 2007   |
|                           | Sh'000 | Sh'000 | Sh'000  | Sh'000 |
| <b>COST</b>               |        |        |         |        |
| At 1 April and 31 March   | 81,581 | 81,581 | 12,613  | 12,613 |
| <b>AMORTISATION</b>       |        |        |         |        |
| At 1 April                | 4,283  | 4,200  | 775     | 762    |
| Amortisation for the year | 84     | 83     | 13      | 13     |
| At 31 March               | 4,367  | 4,283  | 788     | 775    |
| <b>NET BOOK VALUE</b>     |        |        |         |        |
| At 31 March               | 77,214 | 77,298 | 11,825  | 11,838 |

Leasehold land has been charged to secure banking facilities granted to the group as disclosed in note 29.

Leasehold land was last revalued as at 31 March 2007 by Lloyd Masika Ltd, registered valuers and estate agents, at Sh 169.75 million at that time, based on open market value.

### 13 INVESTMENT PROPERTIES

|                       | GROUP & COMPANY |         |
|-----------------------|-----------------|---------|
|                       | 2008            | 2007    |
|                       | Sh'000          | Sh'000  |
| <b>At fair value:</b> |                 |         |
| At 1 April            | 394,500         | 355,000 |
| Gain in market value  | -               | 39,500  |
| At 31 March           | 394,500         | 394,500 |
| <b>COST</b>           | 182,233         | 182,233 |

The investment properties were revalued as at 31 March 2007 by Lloyd Masika Limited, Registered Valuers and Estate Agents on an open market value basis. The directors are of the opinion that the fair value of the property has not materially changed from the previous year.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

|                                                          | 2008<br>Sh'000 | 2007<br>Sh'000 |
|----------------------------------------------------------|----------------|----------------|
| 14 INVESTMENT IN ASSOCIATE COMPANIES                     |                |                |
| Available for sale                                       |                |                |
| <b>GROUP</b>                                             |                |                |
| Kapchorua Tea Company Limited (Quoted) - 39.56% owned:   |                |                |
| At share of net assets (market value – Sh 116,083,500    |                |                |
| 2007 – Sh 173,351,000)                                   | 245,789        | 281,132        |
| Williamson Developments Limited (Unquoted) - 50%         |                |                |
| Share of net assets                                      | 19,488         | 19,498         |
|                                                          | <hr/>          | <hr/>          |
|                                                          | 265,277        | 300,630        |
|                                                          | <hr/>          | <hr/>          |
| <b>COMPANY</b>                                           |                |                |
| Available for sale                                       |                |                |
| Kapchorua Tea Company Limited (Quoted);                  |                |                |
| 39.56% owned:                                            |                |                |
| At cost - (market value – Sh 116,083,500                 |                |                |
| 2007 – Sh 173,351,000)                                   | 49,479         | 49,479         |
| Williamson Developments Limited (Unquoted)               |                |                |
| - 50% owned at cost                                      | 30,358         | 30,358         |
|                                                          | <hr/>          | <hr/>          |
|                                                          | 79,837         | 79,837         |
|                                                          | <hr/>          | <hr/>          |
| The movement in group investment in associated companies |                |                |
| is as follows:                                           |                |                |
| At 1 April                                               | 300,630        | 278,502        |
| Share of (loss)/profit before taxation                   | (40,779)       | 813            |
| Share of tax                                             | 13,153         | (1,180)        |
| Share of revaluation surplus                             | -              | 23,269         |
| Dividend received                                        | (7,727)        | (774)          |
|                                                          | <hr/>          | <hr/>          |
| At 31 March                                              | 265,277        | 300,630        |
|                                                          | <hr/>          | <hr/>          |

The details of the above associated companies are as follows:

| Company                      | Share Capital<br>Sh. | % Owned | Country of<br>Incorporation | Principal activity                            |
|------------------------------|----------------------|---------|-----------------------------|-----------------------------------------------|
| Kapchorua Tea Company Ltd.   | 19,560,000           | 39.56%  | Kenya                       | Cultivation, manufacturer<br>and sale of tea. |
| Williamson Developments Ltd. | 3,600                | 50%     | Kenya                       | Property management.                          |



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

|     |                                                            | 2008<br>Sh'000 | 2007<br>Sh'000 |
|-----|------------------------------------------------------------|----------------|----------------|
| 15  | INVESTMENT IN SUBSIDIARY COMPANIES                         |                |                |
| (a) | Unquoted investments at cost in wholly owned subsidiaries: |                |                |
|     | Kaimosi Tea Estates Limited                                | 2,863          | 2,863          |
|     | Williamson Power Limited                                   | 3,689          | 3,689          |
|     | Tea Manufacturing and Supplies Limited                     | -              | -              |
|     | Tea Properties Limited                                     | 2              | 2              |
|     | Lelsa Tea Estates Limited                                  | -              | -              |
|     |                                                            | <hr/>          | <hr/>          |
|     |                                                            | 6,554          | 6,554          |
| (b) | Unquoted investment at cost in Partly owned subsidiaries   |                |                |
|     | Tinderet Tea Estates (1989) Limited (82% owned)            | 103,323        | 103,323        |
|     |                                                            | <hr/>          | <hr/>          |
|     |                                                            | 109,877        | 109,877        |
|     |                                                            | <hr/> <hr/>    | <hr/> <hr/>    |

The details of the above subsidiary companies are as follows:

| <i>Company</i>                         | <i>Share capital<br/>Sh</i> | <i>Country of<br/>Incorporation</i> | <i>Principal activity</i>                       |
|----------------------------------------|-----------------------------|-------------------------------------|-------------------------------------------------|
| Kaimosi Tea Estates Limited            | 2,540,000                   | Kenya                               | Cultivation, manufacture and sale of tea.       |
| Williamson Power Limited               | 2,880,000                   | Kenya                               | Sale, installation and servicing of generators. |
| Tea Manufacturing and Supplies Limited | 2,000,000                   | Kenya                               | Dormant company.                                |
| Tea Properties Limited                 | 2,000                       | Kenya                               | Property Investment                             |
| Lelsa Tea Estates Limited              | 4,000,000                   | Kenya                               | Dormant company.                                |
| Tinderet Tea Estates (1989) Limited    | 100,000                     | Kenya                               | Cultivation, manufacture and sale of tea.       |

|                                                                                   | 2008<br>Sh'000               | 2007<br>Sh'000 |
|-----------------------------------------------------------------------------------|------------------------------|----------------|
| 16                                                                                | OTHER INVESTMENTS            |                |
|                                                                                   | Available for sale           |                |
|                                                                                   | Unquoted investments at cost |                |
| <b>Group</b>                                                                      |                              |                |
| 999,326 Shares (2007 – 999,326) shares of Sh 10 each in Kenya Tea Packers Limited | 1,349                        | 1,349          |
|                                                                                   | <hr/>                        | <hr/>          |
| <b>Company</b>                                                                    |                              |                |
| 403,545 Shares (2007 – 403,545) shares of Sh 10 each in Kenya Tea Packers Limited | 546                          | 546            |
|                                                                                   | <hr/>                        | <hr/>          |

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 17 BIOLOGICAL ASSETS

#### GROUP

|                                                                                    | Tea bushes<br>Sh'000 | Timber<br>trees<br>Sh'000 | Fuel trees<br>Sh'000 | Total<br>2008<br>Sh'000 | Total<br>2007<br>Sh'000 |
|------------------------------------------------------------------------------------|----------------------|---------------------------|----------------------|-------------------------|-------------------------|
| Carrying amount at 1 April 2007                                                    | 953,428              | 169,810                   | 123,250              | 1,246,488               | 1,256,146               |
| Expenditure on biological assets                                                   | 10,576               | 1,224                     | 1,119                | 12,919                  | 29,963                  |
| Transfer from property, plant and equipment                                        | 1,812                | -                         | -                    | 1,812                   | -                       |
| Decrease due to harvest                                                            | -                    | (64)                      | (1,152)              | (1,216)                 | (2,770)                 |
|                                                                                    | <u>965,816</u>       | <u>170,970</u>            | <u>123,217</u>       | <u>1,260,003</u>        | <u>1,283,339</u>        |
| (Losses)/gains arising from changes in fair value attributable to physical changes | (17,039)             | 10,238                    | (836)                | (7,637)                 | (6,614)                 |
| Loss arising from changes in fair value attributable to price changes              | (12,060)             | -                         | -                    | (12,060)                | (30,237)                |
| Net fair value (loss)/gain                                                         | <u>(29,099)</u>      | <u>10,238</u>             | <u>(836)</u>         | <u>(19,697)</u>         | <u>(36,851)</u>         |
| Carrying amount at 31 March 2008                                                   | <u>936,717</u>       | <u>181,208</u>            | <u>122,381</u>       | <u>1,240,306</u>        | <u>1,246,488</u>        |
| <b>COMPANY</b>                                                                     |                      |                           |                      |                         |                         |
| Carrying amounts at 1 April 2007                                                   | 440,710              | 55,268                    | 60,696               | 556,674                 | 555,236                 |
| Expenditure on biological assets                                                   | 164                  | 811                       | 29                   | 1,004                   | 1,814                   |
| Transfer from property, plant and equipment                                        | 1,322                | -                         | -                    | 1,322                   | -                       |
| Decrease due to harvest                                                            | -                    | (16)                      | (413)                | (429)                   | (1,071)                 |
|                                                                                    | <u>442,196</u>       | <u>56,063</u>             | <u>60,312</u>        | <u>558,571</u>          | <u>555,979</u>          |
| (Loss)/gain arising from changes in fair value attributable to physical changes    | (17,590)             | 3,297                     | (5,239)              | (19,532)                | (5,978)                 |
| Gain arising from changes in fair value attributable to price changes              | 88,688               | -                         | -                    | 88,688                  | 6,673                   |
| Net fair value gain/(loss)                                                         | <u>71,098</u>        | <u>3,297</u>              | <u>(5,239)</u>       | <u>69,156</u>           | <u>695</u>              |
| Carrying amount at 31 March 2008                                                   | <u>513,294</u>       | <u>59,360</u>             | <u>55,073</u>        | <u>627,727</u>          | <u>556,674</u>          |

Significant assumptions made in determining the fair values of biological assets are:

- Tea bushes are considered to be productive for an estimated period of 30 years.
- The expected market price of tea will remain constant, based on the dollar average price for the last five years and the ruling rate of exchange at year end. Firewood and timber prices are also expected to remain constant.
- A discount rate of 14.8% per annum is applied to discount the expected net cash flows arising from the asset.
- Based on the biological transformation which the tea bushes and tea leaf undergo, 60% of future cash flows less point of sale costs and tea processing income are discounted to determine the fair value of tea bushes. The remaining 40% of net market value is assigned to regeneration of tea leaf.
- The maturity period of firewood and timber trees is between 5 and 25 years depending on the species of the tree.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

|                                                                       |                                | GROUP          |                | COMPANY        |                |
|-----------------------------------------------------------------------|--------------------------------|----------------|----------------|----------------|----------------|
|                                                                       |                                | 2008           | 2007           | 2008           | 2007           |
|                                                                       |                                | Sh'000         | Sh'000         | Sh'000         | Sh'000         |
| 18                                                                    | INVENTORIES                    |                |                |                |                |
|                                                                       | Tea stocks                     | 66,041         | 156,488        | 26,000         | 52,660         |
|                                                                       | Firewood                       | 4,899          | 3,237          | 844            | 752            |
|                                                                       | Stores                         | 45,235         | 53,793         | 18,387         | 16,035         |
|                                                                       | Generators                     | 802            | 1,642          | -              | -              |
|                                                                       | Work in progress               | 1,030          | 164            | -              | -              |
|                                                                       | Goods in transit               | 3,244          | 155            | -              | -              |
|                                                                       |                                | <u>121,251</u> | <u>215,479</u> | <u>45,231</u>  | <u>69,447</u>  |
| 19                                                                    | TRADE AND OTHER RECEIVABLES    |                |                |                |                |
|                                                                       | Trade                          | 229,591        | 219,974        | 71,813         | 77,406         |
|                                                                       | Staff                          | 18,364         | 19,103         | 6,664          | 10,236         |
|                                                                       | VAT receivable                 | 51,110         | 31,265         | -              | 18,154         |
|                                                                       | Loans to directors             | 1,343          | 970            | 1,343          | 970            |
|                                                                       | Other                          | 43,832         | 30,509         | 41,189         | 7,868          |
|                                                                       |                                | <u>344,240</u> | <u>301,821</u> | <u>121,009</u> | <u>114,634</u> |
| The loans to directors are interest free and repayable within a year. |                                |                |                |                |                |
| 20                                                                    | DUE FROM ASSOCIATE COMPANIES   |                |                |                |                |
|                                                                       | Kapchorua Tea Company Limited  | 47,534         | 20,246         | 42,853         | 16,287         |
|                                                                       | Williamson Development Limited | 2,757          | 4,301          | 2,702          | 4,301          |
|                                                                       |                                | <u>50,291</u>  | <u>24,547</u>  | <u>45,555</u>  | <u>20,588</u>  |
|                                                                       | DUE TO ASSOCIATE COMPANIES     |                |                |                |                |
|                                                                       | Kapchorua Tea Company Limited  | <u>1,001</u>   | <u>-</u>       | <u>-</u>       | <u>-</u>       |



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

|    |                                     | 2008<br>Sh'000 | 2007<br>Sh'000 |
|----|-------------------------------------|----------------|----------------|
| 21 | DUE FROM SUBSIDIARY COMPANIES       |                |                |
|    | <b>COMPANY</b>                      |                |                |
|    | Kaimosi Tea Estates Limited         | 55,624         | 38,606         |
|    | Williamson Power Limited            | 3,234          | 2,271          |
|    | Tinderet Tea Estates (1989) Limited | 34,054         | 19,103         |
|    |                                     | <hr/>          | <hr/>          |
|    |                                     | 92,912         | 59,980         |
|    |                                     | <hr/>          | <hr/>          |
|    | DUE TO SUBSIDIARY COMPANIES         |                |                |
|    | <b>COMPANY</b>                      |                |                |
|    | Tea Properties Limited              | 25,841         | 26,647         |
|    | Tinderet Tea Estates (1989) Limited | 57             | -              |
|    | Williamson Power Limited            | 464            | -              |
|    |                                     | <hr/>          | <hr/>          |
|    |                                     | 26,362         | 26,647         |
|    |                                     | <hr/>          | <hr/>          |
| 22 | LOAN TO SUBSIDIARY COMPANIES        |                |                |
|    | Kaimosi Tea Estate Limited          | 7,500          | 7,500          |
|    |                                     | <hr/>          | <hr/>          |

The loan to the subsidiary company is unsecured and matures within one year. The effective interest rate on the loan as at 31 March 2008 was 6.92 % (2007 – 6.92%).

|    | <b>GROUP</b>              |                | <b>COMPANY</b> |                |
|----|---------------------------|----------------|----------------|----------------|
|    | 2008<br>Sh'000            | 2007<br>Sh'000 | 2008<br>Sh'000 | 2007<br>Sh'000 |
| 23 | SHORT TERM DEPOSITS       |                |                |                |
|    | NIC Bank Limited          | - 41,935       | - 41,935       |                |
|    | Bank of Africa Limited    | - 5,000        | - 5,000        |                |
|    | Commercial Bank of Africa | - 13,000       | - 13,000       |                |
|    |                           | <hr/>          | <hr/>          |                |
|    |                           | - 59,935       | - 59,935       |                |
|    |                           | <hr/>          | <hr/>          |                |

The effective interest rate on short term deposits as at 31 March 2007 was 6.5% and they matured within 90 days of the balance sheet date.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 24 RELATED PARTIES

The group transacts with the ultimate holding company and other companies related to it by virtue of common shareholding.

During the year, the following transactions were entered into with related parties:

|                                                                                    | 2008<br>Sh'000 | 2007<br>Sh'000 |
|------------------------------------------------------------------------------------|----------------|----------------|
| Sales through a related party (Williamson Tea Holdings Limited – parent)           | 579,717        | 1,060,539      |
| Technical support (Williamson Tea Holdings Limited – parent)                       | -              | 13,559         |
| Agency commission and charges received (Kapchorua Tea Company Limited – associate) | 22,103         | 23,728         |
| Licence fees (George Williamson & Co Limited)                                      | -              | 13,559         |
| Agency fees-Cohen & Griffiths Ltd                                                  | 23,234         | -              |
| Green leaf sales to Kapchorua Tea Company Limited                                  | 5,181          | 6,101          |

#### *Loan from parent company*

The group received a loan of GBP 200,000 during the financial year ended 31 March 2007 for purchase of factory machinery from Williamson Tea Holdings Limited, the ultimate holding company. The loan is repayable in eight quarterly instalments with a one year moratorium granted on both principal and interest. The group received a further loan of GBP 51,750 during the financial year ended 31 March 2008 for purchase of farm machinery from George Williamson & Co Limited, a related company. The interest rate on the loans is BOE plus 1.5 %. The balance outstanding on the shareholder loan at 31 March 2008 is disclosed in note 29.

|                                                 | 2008<br>Sh'000 | 2007<br>Sh'000 |
|-------------------------------------------------|----------------|----------------|
| <b>Compensation of key management personnel</b> |                |                |

The remuneration of directors and other members of key management during the period was as follows:

|                                               |               |               |
|-----------------------------------------------|---------------|---------------|
| Salaries and other benefits                   | 67,511        | 56,079        |
| Fees and allowances for services as directors | 1,000         | 1,053         |
|                                               | <u>68,511</u> | <u>57,132</u> |

### 25 SHARE CAPITAL

|                                                         |        |        |
|---------------------------------------------------------|--------|--------|
| Authorised:<br>17,512,640 shares of Sh 5 each           | 87,563 | 87,563 |
| Issued and fully paid:<br>8,756,320 shares of Sh 5 each | 43,782 | 43,782 |

### 26 MINORITY INTEREST

|                                                                   |               |               |
|-------------------------------------------------------------------|---------------|---------------|
| At 1 April                                                        | 91,979        | 82,043        |
| Share of (loss)/profit                                            | (10,780)      | 3,163         |
| Dividend paid                                                     | (1,962)       | (135)         |
| Share of revaluation surplus net of deferred tax                  | -             | 6,908         |
| At 31 March                                                       | <u>79,237</u> | <u>91,979</u> |
| Represented by:<br>Holding in Tinderet Tea Estates (1989) Limited | 18%           | 18%           |

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 27 DEFERRED INCOME TAXES

Deferred income taxes are calculated on all temporary differences under the liability method using the enacted tax rate of 30%.

|                                                                             | <b>GROUP</b>    |                 | <b>COMPANY</b>  |                 |
|-----------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                                                             | 2008            | 2007            | 2008            | 2007            |
|                                                                             | Sh'000          | Sh'000          | Sh'000          | Sh'000          |
| The net deferred taxation liability is attributable to the following items: |                 |                 |                 |                 |
| Deferred tax liabilities:                                                   |                 |                 |                 |                 |
| Accelerated capital allowances                                              | 229,306         | 223,257         | 98,085          | 98,048          |
| Revaluation of investment property                                          | 66,521          | 66,521          | 66,521          | 66,521          |
| Revaluation surplus                                                         | 145,128         | 159,609         | 62,004          | 68,993          |
| Fair value adjustments - biological assets                                  | 221,411         | 227,320         | 120,882         | 100,135         |
| Fair value adjustments – inventories                                        | -               | 1,827           | -               | 1,681           |
|                                                                             | <u>662,366</u>  | <u>678,534</u>  | <u>347,492</u>  | <u>335,378</u>  |
| Deferred tax assets:                                                        |                 |                 |                 |                 |
| Unrealised exchange gains                                                   | (3,543)         | (38)            | (1,476)         | (159)           |
| Service gratuity provision                                                  | (36,749)        | (36,735)        | (19,794)        | (20,284)        |
| Leave pay provision                                                         | (4,245)         | (4,223)         | (1,843)         | (1,794)         |
| Inventories general provision                                               | (583)           | (580)           | (253)           | (259)           |
| Tax losses                                                                  | (29,131)        | (9,337)         | (7,750)         | -               |
|                                                                             | <u>(74,251)</u> | <u>(50,913)</u> | <u>(31,116)</u> | <u>(22,496)</u> |
| Net deferred tax liability                                                  | <u>588,115</u>  | <u>627,621</u>  | <u>316,376</u>  | <u>312,882</u>  |

The movement on the deferred tax account is as follows:

|                                                                | <b>GROUP</b>   |                | <b>COMPANY</b> |                |
|----------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                | 2008           | 2007           | 2008           | 2007           |
|                                                                | Sh'000         | Sh'000         | Sh'000         | Sh'000         |
| At 1 April                                                     | 627,621        | 512,865        | 312,882        | 251,341        |
| Income statement tax (credit)/charge (note 7a)                 | (39,506)       | 34,395         | -              | 25,659         |
| Deferred tax on revaluation surplus charged directly to equity | -              | 80,361         | (20,112)       | 35,882         |
| At 31 March                                                    | <u>588,115</u> | <u>627,621</u> | <u>292,770</u> | <u>312,882</u> |

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

|    |                                          | GROUP          |                | COMPANY        |                |
|----|------------------------------------------|----------------|----------------|----------------|----------------|
|    |                                          | 2008<br>Sh'000 | 2007<br>Sh'000 | 2008<br>Sh'000 | 2007<br>Sh'000 |
| 28 | SERVICE GRATUITY                         |                |                |                |                |
|    | At 1 April                               | 122,274        | 113,949        | 67,616         | 67,077         |
|    | Provision during the year                | 12,593         | 21,592         | 7,557          | 8,766          |
|    | Payments in the year                     | (12,370)       | (13,087)       | (9,193)        | (8,227)        |
|    | At 31 March                              | <u>122,497</u> | <u>122,454</u> | <u>65,980</u>  | <u>67,616</u>  |
| 29 | BORROWINGS                               |                |                |                |                |
|    | a) Loans                                 |                |                |                |                |
|    | Bank overdraft                           | 37,981         | 20,914         | -              | -              |
|    | Shareholder loan                         | 20,367         | 20,249         | 8,628          | 3,375          |
|    |                                          | <u>58,348</u>  | <u>41,163</u>  | <u>8,628</u>   | <u>3,375</u>   |
|    | The borrowings are repayable as follows: |                |                |                |                |
|    | On demand and within one year            | 47,372         | 28,508         | 1,565          | 1,266          |
|    | In the second to fifth year              | 10,976         | 12,655         | 7,063          | 2,109          |
|    |                                          | <u>58,348</u>  | <u>41,163</u>  | <u>8,628</u>   | <u>3,375</u>   |

### Analysis of borrowings by currency

#### Group

|                  | Borrowings<br>in USD<br>Sh'000 | Borrowings<br>in GBP<br>Sh'000 | Total<br>Sh'000 |
|------------------|--------------------------------|--------------------------------|-----------------|
| 2008             |                                |                                |                 |
| Bank overdrafts  | 37,981                         | -                              | 37,981          |
| Shareholder loan | -                              | 20,367                         | 20,367          |
|                  | <u>37,981</u>                  | <u>20,367</u>                  | <u>58,348</u>   |
| 2007             |                                |                                |                 |
| Bank overdrafts  | 20,914                         | -                              | 20,914          |
| Shareholder loan | -                              | 20,249                         | 20,249          |
|                  | <u>20,914</u>                  | <u>20,249</u>                  | <u>41,163</u>   |

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 29 BORROWINGS (Continued)

#### Analysis of borrowings by currency

##### Company

|                  | Borrowings<br>in USD<br>Sh'000 | Borrowings<br>in GBP<br>Sh'000 | Total<br>Sh'000 |
|------------------|--------------------------------|--------------------------------|-----------------|
| 2008             |                                |                                |                 |
| Shareholder loan | -                              | 8,628                          | 8,628           |
|                  | =====                          | =====                          | =====           |
| 2007             |                                |                                |                 |
| Shareholder loan | -                              | 3,375                          | 3,375           |
|                  | =====                          | =====                          | =====           |

#### b) Interest rates

The average interest rates paid by the group were as follows:

|                         | 2008              | 2007       |
|-------------------------|-------------------|------------|
| Share holder loan - GBP | BOE & LIBOR +1.5% | LIBOR+1.5% |
| Bank overdraft - KSh    | 13.75%            | 13.75%     |
| Bank overdraft - US\$   | 6.82%             | 6.82%      |
|                         | =====             | =====      |

#### c) Details of securities for loans and bank overdrafts

The loan facilities with Barclays Bank of Kenya Limited are secured by:

##### GROUP

1. Joint and several debenture between Kaimosi Tea Estates Limited, Williamson Tea Kenya Limited, Tea Properties Limited, Changoi and Lelsa to Barclays Bank of Kenya Limited stamped and registered to cover Sh 104 million.
2. Legal mortgage over LR Nos. 1892, 1893, 1894, 1895, 1896 and 1899 (Kaimosi Tea Estates) registered and stamped to cover Sh 104 million supplemental to the debenture.
3. A fixed and floating debenture over all the assets of Tinderet Tea Estates (1989) Limited for Sh 94 million and a legal charge over the company's property in Tinderet (LR 11490) for Sh 94 million.

The bank overdraft facility with Standard Chartered Bank Kenya Limited is secured by an all assets debenture supported by a collateral legal charge over LR 11297 (Changoi Estate) Kericho of Sh 84 million.

The share holder's loan is unsecured and repayable in two years.

##### COMPANY

1. Joint and several debenture between Kaimosi Tea Estates Limited, Williamson Tea Kenya Limited, Tea Properties Limited and Lelsa to Barclays Bank of Kenya Limited stamped and registered to cover Sh 104 million.
2. All assets debenture supported by a collateral charge over LR 11297 (Changoi Estate) Kericho to Standard Chartered Bank of Kenya Limited registered to cover Sh 84 million.

#### d) Undrawn facilities

The group had undrawn committed borrowing facilities amounting to Sh 164,359,000 (2007 - Sh 119,250,000).

The borrowing facilities consist of loans, bank overdrafts, letters of credit and guarantees.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 30 FINANCE LEASE OBLIGATIONS

#### GROUP

|                                            | Minimum<br>lease payments<br>(including finance charges) |          | Present value of<br>minimum lease payments<br>(excluding finance charges) |          |
|--------------------------------------------|----------------------------------------------------------|----------|---------------------------------------------------------------------------|----------|
|                                            | 2008                                                     | 2007     | 2008                                                                      | 2007     |
|                                            | Sh'000                                                   | Sh'000   | Sh'000                                                                    | Sh'000   |
| Within one year                            | 10,258                                                   | -        | 6,661                                                                     | -        |
| In second year                             | 73,002                                                   | -        | 58,613                                                                    | -        |
|                                            | <u>83,260</u>                                            | <u>-</u> | <u>65,274</u>                                                             | <u>-</u> |
| Less: Future finance charges               | (17,986)                                                 | -        | -                                                                         | -        |
|                                            | <u>65,274</u>                                            | <u>-</u> | <u>65,274</u>                                                             | <u>-</u> |
| Present value of lease obligations         | <u>65,274</u>                                            | <u>-</u> | <u>65,274</u>                                                             | <u>-</u> |
| Amounts due for settlement within one year |                                                          |          | (6,661)                                                                   | -        |
| Amounts due for settlement after one year  |                                                          |          | <u>58,613</u>                                                             | <u>-</u> |

#### COMPANY

|                                            | Minimum<br>lease payments<br>(including finance charges) |          | Present value of<br>minimum lease payments<br>(excluding finance charges) |          |
|--------------------------------------------|----------------------------------------------------------|----------|---------------------------------------------------------------------------|----------|
|                                            | 2008                                                     | 2007     | 2008                                                                      | 2007     |
|                                            | Sh'000                                                   | Sh'000   | Sh'000                                                                    | Sh'000   |
| Within one year                            | 1,915                                                    | -        | 1,502                                                                     | -        |
| In second year                             | 7,674                                                    | -        | 6,018                                                                     | -        |
|                                            | <u>9,589</u>                                             | <u>-</u> | <u>7,520</u>                                                              | <u>-</u> |
| Less: Future finance charges               | (2,069)                                                  | -        | -                                                                         | -        |
|                                            | <u>7,520</u>                                             | <u>-</u> | <u>7,520</u>                                                              | <u>-</u> |
| Present value of lease obligations         | <u>7,520</u>                                             | <u>-</u> | <u>7,520</u>                                                              | <u>-</u> |
| Amounts due for settlement within one year |                                                          |          | (1,502)                                                                   | -        |
| Amounts due for settlement after one year  |                                                          |          | <u>6,018</u>                                                              | <u>-</u> |

The average lease period is 3 years. The average interest rate was 14%.

The finance lease is secured by motor vehicles and machinery which are the subject of the finance lease.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

|    |                                                                                  | GROUP          |                | COMPANY        |                |
|----|----------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|    |                                                                                  | 2008           | 2007           | 2008           | 2007           |
|    |                                                                                  | Sh'000         | Sh'000         | Sh'000         | Sh'000         |
| 31 | TRADE AND OTHER PAYABLES                                                         |                |                |                |                |
|    | Trade payables                                                                   | 21,613         | 33,143         | 8,241          | 10,445         |
|    | Green leaf provision                                                             | 50,388         | 104,554        | 10,928         | 19,150         |
|    | Leave provision                                                                  | 14,154         | 14,076         | 6,145          | 5,979          |
|    | Accruals and other payables                                                      | 129,927        | 117,810        | 79,564         | 51,891         |
|    |                                                                                  | <u>216,082</u> | <u>269,583</u> | <u>104,878</u> | <u>87,465</u>  |
| 32 | UNCLAIMED DIVIDENDS                                                              |                |                |                |                |
|    | GROUP & COMPANY                                                                  |                |                |                |                |
|    |                                                                                  |                |                | 2008           | 2007           |
|    |                                                                                  |                |                | Sh'000         | Sh'000         |
|    | At beginning of the year                                                         |                |                | 3,553          | 2,193          |
|    | Declared in the year                                                             |                |                | 43,782         | 4,378          |
|    | Dividends claimed                                                                |                |                | (42,421)       | (3,018)        |
|    | At end of year                                                                   |                |                | <u>4,914</u>   | <u>3,553</u>   |
| 33 | NOTES TO THE CASH FLOW STATEMENT                                                 |                |                |                |                |
|    |                                                                                  |                |                | 2008           | 2007           |
|    |                                                                                  |                |                | Sh'000         | Sh'000         |
|    | GROUP                                                                            |                |                |                |                |
|    | (a) Reconciliation of (loss)/profit before tax to cash generated from operations |                |                |                |                |
|    | (Loss)/profit before tax                                                         |                |                | (143,984)      | 214,067        |
|    | Adjustments for:                                                                 |                |                |                |                |
|    | Depreciation                                                                     |                |                | 108,970        | 69,121         |
|    | Amortisation                                                                     |                |                | 84             | 83             |
|    | Profit on disposal of plant and equipment                                        |                |                | (2,562)        | (372)          |
|    | Share of results of associates                                                   |                |                | 40,779         | (813)          |
|    | Exchange differences                                                             |                |                | (1,049)        | 1,664          |
|    | Fair value adjustment on biological assets                                       |                |                | 19,697         | 36,851         |
|    | Fair value gain on investment property                                           |                |                | -              | (39,500)       |
|    | Interest paid                                                                    |                |                | 8,047          | 4,468          |
|    | Dividend received                                                                |                |                | (1,480)        | (1,446)        |
|    | Profit before working capital changes                                            |                |                | <u>28,502</u>  | <u>284,123</u> |
|    | Decrease/(increase) in inventories                                               |                |                | 94,228         | (115,163)      |
|    | Increase in trade and other receivables                                          |                |                | (42,419)       | (67,711)       |
|    | (Decrease)/increase in trade and other payables                                  |                |                | (53,501)       | 115,194        |
|    | Movement in associate companies balances                                         |                |                | (24,743)       | (36)           |
|    | Increase in service gratuity                                                     |                |                | 43             | 8,505          |
|    | Cash generated from operations                                                   |                |                | <u>2,110</u>   | <u>224,912</u> |

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 33 NOTES TO THE CASH FLOW STATEMENT (Continued)

|                                                 | 2008<br>Sh'000 | 2007<br>Sh'000 |
|-------------------------------------------------|----------------|----------------|
| (b) Analysis of changes in loans                |                |                |
| At 1 April                                      | 20,249         | 17,768         |
| Loans received                                  | 3,011          | 18,585         |
| Loans repaid                                    | (1,844)        | (17,768)       |
| Exchange (gain)/loss                            | (1,049)        | 1,664          |
|                                                 | <hr/>          | <hr/>          |
| At 31 March                                     | 20,367         | 20,249         |
|                                                 | <hr/>          | <hr/>          |
| (c) Analysis of purchase of plant and equipment |                |                |
| Additions in the year                           | 155,222        | 62,185         |
| Amounts subject of a finance lease              | (65,274)       | -              |
|                                                 | <hr/>          | <hr/>          |
|                                                 | 89,948         | 62,185         |
|                                                 | <hr/>          | <hr/>          |
| (d) Analysis of cash and cash equivalents       |                |                |
| Short term deposits                             | -              | 59,935         |
| Cash and bank balances                          | 67,745         | 163,650        |
| Bank overdrafts                                 | (37,981)       | (20,914)       |
|                                                 | <hr/>          | <hr/>          |
| At 31 March                                     | 29,764         | 202,671        |
|                                                 | <hr/>          | <hr/>          |

For the purpose of the cash flow statement, cash equivalents include short term liquid investments which are readily convertible to known amounts of cash and which were within three months to maturity when acquired, less advances from banks repayable within three months from the date of the advance.

|                                   | GROUP          |                | COMPANY        |                |
|-----------------------------------|----------------|----------------|----------------|----------------|
|                                   | 2008<br>Sh'000 | 2007<br>Sh'000 | 2008<br>Sh'000 | 2007<br>Sh'000 |
| 34 CAPITAL COMMITMENTS            |                |                |                |                |
| Authorised but not contracted for | 126,661        | 185,866        | 28,338         | 29,656         |
| Authorised and contracted for     | 23,303         | -              | 4,210          | -              |
|                                   | <hr/>          | <hr/>          | <hr/>          | <hr/>          |
|                                   | 149,964        | 185,866        | 32,548         | 29,656         |
|                                   | <hr/>          | <hr/>          | <hr/>          | <hr/>          |

The Group intends to finance these commitments from internally generated funds, asset financing from the banks and loans from overseas Shareholders.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 35 OPERATING LEASE COMMITMENTS

*The group as a lessor*

Property rental income earned during the year amounted to Sh 31,193,307 (2007 – Sh 30,380,479). At the balance sheet date, the group had contracted with tenants for the following future lease receivables.

|                                        | 2008<br>Sh'000 | 2007<br>Sh'000 |
|----------------------------------------|----------------|----------------|
| Within one year                        | 21,690         | 29,590         |
| In the second to fifth years inclusive | 18,466         | 75,329         |
|                                        | <u>40,156</u>  | <u>104,919</u> |

Leases are negotiated for an average term of two years for residential properties and six years for non-residential properties, and rentals are reviewed annually. The leases are cancellable with no penalty when the tenants give three months notice to vacate the premises.

### 36 CONTINGENT LIABILITIES

Guarantees in respect of banking facilities granted to related company, Subati Limited

| GROUP          |                | COMPANY        |                |
|----------------|----------------|----------------|----------------|
| 2008<br>Sh'000 | 2007<br>Sh'000 | 2008<br>Sh'000 | 2007<br>Sh'000 |
| -              | 73,413         | -              | 73,413         |

A suit has been filed against the company by a former employee for wrongful dismissal. No liability has been recognised in these financial statements, as in the opinion of the directors, the company has no liability.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 37 CAPITAL MANAGEMENT

The group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 29 and 30, cash and cash equivalents and equity attributable to equity holders, comprising issued capital and retained earnings.

Consistent with others in the industry, the group 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.

|                                 | 2008<br>Sh'000 | 2007<br>Sh'000 |
|---------------------------------|----------------|----------------|
| Share capital                   | 43,782         | 43,782         |
| Retained earnings               | 2,074,174      | 2,193,271      |
|                                 | <hr/>          | <hr/>          |
| Equity                          | 2,117,956      | 2,237,053      |
| Total borrowings                | 123,622        | 41,163         |
| Less: cash and cash equivalents | (67,745)       | (163,650)      |
|                                 | <hr/>          | <hr/>          |
| Net debt                        | 55,877         | (122,487)      |
|                                 | <hr/>          | <hr/>          |
| Total Capital                   | 2,173,833      | 2,114,566      |
|                                 | <hr/> <hr/>    | <hr/> <hr/>    |
| Gearing                         | 2.63%          | -              |
|                                 | <hr/> <hr/>    | <hr/> <hr/>    |

### 38 FINANACIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's activities expose it to a variety of financial risks, including credit risk and the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the finance department under policies approved by the Board of Directors. Finance identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments and investing excess liquidity.

The group has policies in place to ensure that sales are made to customers with an appropriate credit history.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### *Credit risk*

Credit risk is managed on a group-wide basis. Credit risk arises from cash and cash equivalents, deposits with banks, as well as trade and other receivables. The group management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

The amount that best represents the group's maximum exposure to credit risk as at 31 March 2008 is made up as follows:

|                             | Fully<br>performing<br>Sh'000 | Past due<br>Sh'000 | Total<br>Sh'000 |
|-----------------------------|-------------------------------|--------------------|-----------------|
| Trade and other receivables | 326,600                       | 17,640             | 344,240         |
| Due from related parties    | 50,291                        | -                  | 50,291          |
| Cash and bank balances      | 67,745                        | -                  | 67,745          |
|                             | =====                         | =====              | =====           |

The amount that best represents the group's maximum exposure to credit risk as at 31 March 2007 is made up as follows:

|                             | Fully<br>performing<br>Sh'000 | Past due<br>Sh'000 | Total<br>Sh'000 |
|-----------------------------|-------------------------------|--------------------|-----------------|
| Trade and other receivables | 301,821                       | -                  | 301,821         |
| Due from related parties    | 24,547                        | -                  | 24,547          |
| Cash and bank balances      | 163,650                       | -                  | 163,650         |
|                             | =====                         | =====              | =====           |

The customers under the fully performing category are paying their debts as they continue trading.

The receivables that are past due related to trade receivables overdue by over 60 days. The receivables are not impaired and continue to be paid. The finance department is actively following these receivables. No collateral is held with respect to the debt.

The group has no debt that is considered to be impaired.

#### *Liquidity risk*

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the group's short, medium and long term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### *Liquidity risk (Continued)*

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

|                             | Up to<br>1 month<br>Sh'000 | 1-3<br>months<br>Sh'000 | 3-12<br>months<br>Sh'000 | 1-5<br>years<br>Sh'000 | Over<br>5 years<br>Sh'000 | Total<br>Sh'000 |
|-----------------------------|----------------------------|-------------------------|--------------------------|------------------------|---------------------------|-----------------|
| At 31 March 2008            |                            |                         |                          |                        |                           |                 |
| Financial assets            |                            |                         |                          |                        |                           |                 |
| Trade and other receivables | 175,912                    | 76,692                  | 91,636                   | -                      | -                         | 344,240         |
| Due from related parties    | -                          | 50,291                  | -                        | -                      | -                         | 50,291          |
| Cash and bank balances      | 67,745                     | -                       | -                        | -                      | -                         | 67,745          |
| Total financial assets      | 243,657                    | 126,983                 | 91,636                   | -                      | -                         | 462,276         |
| Liabilities                 |                            |                         |                          |                        |                           |                 |
| Trade and other payables    | 107,326                    | 108,756                 | -                        | -                      | -                         | 216,082         |
| Due to related parties      | -                          | 1,001                   | -                        | -                      | -                         | 1,001           |
| Finance lease obligations   | 1,109                      | 1,353                   | 9,977                    | 52,835                 | -                         | 65,274          |
| Borrowings                  | 37,981                     | 9,391                   | 3,055                    | 10,976                 | -                         | 61,403          |
| Total financial liabilities | 146,416                    | 120,501                 | 13,032                   | 63,811                 | -                         | 343,760         |
| Net liquidity gap           | 97,241                     | 6,482                   | 78,604                   | (63,811)               | -                         | 118,516         |
| At 31 March 2007            |                            |                         |                          |                        |                           |                 |
| Total financial assets      | 293,293                    | 72,882                  | 42,552                   | -                      | -                         | 408,727         |
| Total financial liabilities | (104,672)                  | (194,314)               | (16,166)                 | (12,655)               | -                         | (327,807)       |
| Net liquidity gap           | 188,621                    | (121,432)               | 26,386                   | (12,655)               | -                         | 80,920          |

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Market risk

#### (i) Foreign exchange risk

The group undertakes certain transactions denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters.

The carrying amounts of the group's foreign currency denominated monetary assets and liabilities at the balance sheet date are as follows:

|                           | USD<br>Sh'000 | GBP<br>Sh'000 | EURO<br>Sh'000 |
|---------------------------|---------------|---------------|----------------|
| <b>2008</b>               |               |               |                |
| <b>Assets</b>             |               |               |                |
| Bank and cash balances    | 18,849        | 24,353        | 1,579          |
| Trade receivables         | 65,593        | 117,765       | 2,086          |
|                           | =====         | =====         | =====          |
| <b>Liabilities</b>        |               |               |                |
| Borrowings                | -             | 8,628         | -              |
| Finance lease obligations | 65,274        | -             | -              |
|                           | =====         | =====         | =====          |
| <b>2007</b>               |               |               |                |
| <b>Assets</b>             |               |               |                |
| Bank and cash balances    | 58,785        | 101,828       | 3,524          |
| Trade receivables         | 58,038        | 112,045       | 7,908          |
|                           | =====         | =====         | =====          |
| <b>Liabilities</b>        |               |               |                |
| Borrowings                | -             | 3,375         | -              |
|                           | =====         | =====         | =====          |

#### Foreign exchange risk – Appreciation/Depreciation of Ksh against other currencies by 1%

The following sensitivity analysis shows how profit and equity would change if the market risk variables had been different on the balance sheet date with all other variables held constant.

|                       | 2008<br>Sh'000      |                     | 2007<br>Sh'000      |                     |
|-----------------------|---------------------|---------------------|---------------------|---------------------|
|                       | Effect on<br>Profit | Effect on<br>Equity | Effect on<br>Profit | Effect on<br>Equity |
| Currency - GB pounds  |                     |                     |                     |                     |
| + 1% KSh Movement     | 1,265               | 884                 | 1,935               | 1,354               |
| - 1 %KSh Movement     | (1,265)             | (884)               | (1,935)             | (1,354)             |
| Currency - US dollars |                     |                     |                     |                     |
| + 1% KSh Movement     | 525                 | 367                 | 963                 | 673                 |
| - 1% KSh Movement     | (525)               | (367)               | (963)               | (673)               |
| Currency - Euro       |                     |                     |                     |                     |
| + 1 % Movement        | 29                  | 20                  | 101                 | 71                  |
| - 1 % Movement        | (29)                | (20)                | (101)               | (71)                |
|                       | =====               | =====               | =====               | =====               |

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### (ii) Tea price risk

The group derives its income mainly from the sale of its black tea and prices are dependant on the international market.

The following sensitivity analysis shows how profit and equity would change if the tea price had been different with all other variables held constant:

|               | 2008<br>Sh'000      |                     | 2007<br>Sh'000      |                     |
|---------------|---------------------|---------------------|---------------------|---------------------|
|               | Effect on<br>Profit | Effect on<br>Equity | Effect on<br>Profit | Effect on<br>Equity |
| Tea price     |                     |                     |                     |                     |
| + 1% Movement | 10,954              | 7,667               | 12,065              | 8,445               |
| -1% Movement  | (10,954)            | (7,667)             | (12,065)            | (8,445)             |
|               | =====               | =====               | =====               | =====               |

#### (iii) Interest rate risk

Interest rate risks arise from fluctuations in the bank borrowing rates. The interest rates vary from time to time depending on the prevailing economic circumstances. The group closely monitors the interest rate trends to minimize the potential adverse impact of interest rate changes. The table below summarises the exposure to interest rate risk at the balance sheet date. Included in the table are the group's financial instruments at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

|                             | Up to<br>1 month<br>Sh'000 | 1-3<br>months<br>Sh'000 | 3-12<br>months<br>Sh'000 | 1-5<br>years<br>Sh'000 | Over<br>5 years<br>Sh'000 | Non<br>interest<br>bearing<br>Sh'000 | Total<br>Sh'000 |
|-----------------------------|----------------------------|-------------------------|--------------------------|------------------------|---------------------------|--------------------------------------|-----------------|
| At 31 March 2008            |                            |                         |                          |                        |                           |                                      |                 |
| Assets                      |                            |                         |                          |                        |                           |                                      |                 |
| Cash and bank balances      | 67,745                     | -                       | -                        | -                      | -                         | -                                    | 67,745          |
| Total financial assets      | 67,745                     | -                       | -                        | -                      | -                         | -                                    | 67,745          |
| Liabilities                 |                            |                         |                          |                        |                           |                                      |                 |
| Finance lease obligations   | 555                        | 1,666                   | 4,443                    | 58,610                 | -                         | -                                    | 65,274          |
| Borrowings                  | 37,981                     | 2,347                   | 7,044                    | 10,976                 | -                         | -                                    | 58,348          |
| Total financial liabilities | 38,536                     | 4,013                   | 11,487                   | 69,586                 | -                         | -                                    | 123,622         |
| Interest sensitivity gap    | 29,209                     | (4,013)                 | (11,487)                 | (69,586)               | -                         | -                                    | (55,877)        |
| At 31 March 2007            |                            |                         |                          |                        |                           |                                      |                 |
| Total assets                | 163,650                    | -                       | -                        | -                      | -                         | -                                    | 163,650         |
| Total financial liabilities | (20,914)                   | (1,899)                 | (5,695)                  | (12,655)               | -                         | -                                    | (41,163)        |
| Interest sensitivity gap    | 142,736                    | (1,899)                 | (5,695)                  | (12,655)               | -                         | -                                    | 122,487         |



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### *Market risk (Continued)*

#### *Interest rate risks – Increase / Decrease of 1% in Net Interest Margin*

The following sensitivity analysis shows how profit and equity would change if the market risk variables had been different on the balance sheet date with all other variables held constant.

|               | 2008<br>Sh'000      |                     | 2007<br>Sh'000      |                     |
|---------------|---------------------|---------------------|---------------------|---------------------|
|               | Effect on<br>Profit | Effect on<br>Equity | Effect on<br>Profit | Effect on<br>Equity |
| + 1% Movement | 289                 | 201                 | 203                 | 133                 |
| -1 % Movement | (289)               | (201)               | (203)               | (133)               |

### 39 COUNTRY OF INCORPORATION

All the companies in the group are incorporated and domiciled in Kenya under the Companies Act.

### 40 ULTIMATE HOLDING COMPANY

The immediate holding company is Ngong Holdings Limited, incorporated in the United Kingdom. The ultimate holding company is Williamson Tea Holdings Limited, a company incorporated in the United Kingdom.

### 41 CURRENCY

These financial statements are presented in Kenya Shillings thousands (Sh'000).





POLL BALLOT PAPER

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Share Account No: \_\_\_\_\_

No. of shares: \_\_\_\_\_

| ITEM NO:                 | IN FAVOUR                | AGAINST                  |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

PLEASE TICK AS APPROPRIATE

Signature: \_\_\_\_\_



*Williamson Tea*

NOTES



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