



Annual Report

Financial Statements

2011



Williamson Tea



**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

CONTENTS	PAGES
NOTICE OF MEETING	4
CORPORATE INFORMATION	5
FINANCIAL HIGHLIGHTS	6
CHAIRMAN'S STATEMENT	7 – 10
STATEMENT OF CORPORATE GOVERNANCE	11 - 13
REPORT OF THE DIRECTORS	14
STATEMENT OF DIRECTORS' RESPONSIBILITIES	15
INDEPENDENT AUDITORS' REPORT	16
FINANCIAL STATEMENTS:	
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	17
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	18
COMPANY STATEMENT OF FINANCIAL POSITION	19
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	20
COMPANY STATEMENT OF CHANGES IN EQUITY	21
CONSOLIDATED STATEMENT OF CASH FLOWS	22
NOTES TO THE FINANCIAL STATEMENTS:	
ACCOUNTING POLICIES	23 - 34
CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY	35
SCHEDULES IN SUPPORT OF THE ACCOUNTS	36 -59
CAPITAL MANAGEMENT	60
FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES	61 - 64



NOTICE OF THE MEETING

NOTICE IS HEREBY GIVEN that the Sixty first ANNUAL GENERAL MEETING of the shareholders will be held at the Nairobi Club, Ngong Road, on Thursday 11 August 2011 at 10.00 a.m for the following purposes.

Special business:

- 1) To re-appoint directors

Messrs D B White and S C A Koech attained the age of 70 on 5 February 2005 and 25 May 2011 respectively and retire by rotation at the sixty first Annual General Meeting scheduled for Thursday 11 August 2011.

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

"That Messrs D B White and S C A Koech are hereby re-appointed directors pursuant to section 186 (5) of the Companies Act"

- 2) To consider and if thought fit to pass the following resolutions as special resolutions:

- a. THAT the Articles of Association of the company be amended by deleting the entire Article 80 and adopting a new Article 80 to read as follows:

"The company may issue notices and any other communication to its members through any of, or any combination of the following ways:

- i. Post or delivery to the registered addresses of members;
- ii. Electronic transmission to the registered electronic addresses of members;
- iii. Publication on the company website;
- iv. Publication on the same date in two daily newspapers of which have nationwide circulation/coverage.

Ordinary business:

- 3) To read the auditors report on the financial statements for the year ended 31 March 2011.
- 4) To receive and adopt the report of the directors together with the audited financial statements for the year ended 31 March 2011.
- 5) To declare dividends:
 - a. To ratify the payment of interim dividend of Sh 2.50 per ordinary share paid in January 2011.
 - b. To declare a final dividend payment of Sh 12.50 per ordinary share for the year ended 31 March 2011.

part 2 - 1st week of Sept Pg 38 of alis.
- 6) To approve the remuneration of the directors.
- 7) To authorize the directors to reappoint/appoint the auditors and agree their remuneration. *Auditors → PwC Deloitte*
- 8) To transact such other business as may be brought before the meeting. *NO other business*

BY ORDER OF THE BOARD

G K. MASAKI
SECRETARY

Thursday June 16, 2011

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.



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 ESTATE
- TINDERET ESTATE
- KAPCHORUA ESTATE

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

Other wholly owned companies:

Williamson Power Limited
Tea Properties Limited
Lelsa Tea Estates Limited

- GENERATOR SERVICES
- PROPERTY INVESTMENT
- DORMANT

Other:

Williamson Developments Limited – (50%) owned)

- PROPERTY MANAGEMENT

DIRECTORS AND PROFESSIONAL ADVISERS

DIRECTORS

N G Sandys-Lumsdaine*
A L Carmichael*
S C A Kocch
P Magor*
E N K Wanjama
D B White
A S Marsh *

- Chairman
- Managing Director

* British

SECRETARY

G K Masaki
Certified Public Secretary (Kenya), Certified Public Accountant (Kenya)
P O Box 42281 - 00100
Nairobi

REGISTERED OFFICE

Williamson House, 1st Floor,
4th Ngong Avenue
P O Box 42281 - 00100, Nairobi

AUDITORS

Deloitte & Touche
Certified Public Accountants (Kenya)
Deloitte Place, Waiyaki Way, Muthangari
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
Williamson House, 9th Floor,
4th Ngong Avenue
P O Box 40111 - 00100, Nairobi

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



FINANCIAL HIGHLIGHTS

		2011	2010	2009	2008	2007
Tea Production						
Area under tea	Hectare	2,223	2,181	2,144	2,144	2,089
Made tea - own	'000 Kgs	7,514	7,501	6,420	5,256	6,665
- Bought leaf	'000 Kgs	8,159	7,140	3,646	3,129	3,374
Total	'000 Kgs	15,673	14,641	10,066	8,385	10,039
Tea sold	'000 Kgs	16,472	13,954	9,382	9,215	9,085
Average price per Kg gross Sh/Ct		194/51	190/33	148/34	117/74	132/08
Turnover (Sh'000)		3,284,909	2,723,187	1,489,982	1,185,755	1,206,528
Profit (Sh'000)						
Profit/(loss) before taxation		1,293,690	1,223,281	145,341	(143,984)	214,067
Taxation (charge)/credit		(409,305)	(347,226)	(35,471)	46,467	(71,233)
Profit/(loss) after taxation		884,385	876,055	109,870	(97,517)	142,834
Attributable to:						
Non - controlling interests		31,039	31,758	(631)	(10,780)	3,163
Equity holders of the parent		853,346	844,297	110,501	(86,737)	139,671
Retained profit/(loss) for the year		884,385	876,055	109,870	(97,517)	142,834
Capital employed (Sh'000)						
Assets (Sh'000)						
Property, plant & equipment		923,547	950,501	1,004,372	998,978	960,450
Investments and long term receivables		810,923	820,627	771,451	738,340	773,777
Current assets		2,326,779	1,929,587	915,042	602,701	774,134
Biological assets		1,971,494	1,627,991	1,230,300	1,240,306	1,246,488
Total assets		6,032,743	5,328,706	3,921,165	3,580,325	3,754,849
Medium and short term borrowings		83,048	124,811	208,572	123,622	41,163
Non current liabilities		145,125	123,098	106,868	122,497	122,454
Other current liabilities		633,477	872,780	389,147	221,997	296,256
Deferred income taxes		899,865	737,536	587,127	588,115	627,621
Total liabilities		1,761,515	1,858,225	1,291,714	1,056,231	1,087,494
Net assets		4,271,228	3,470,481	2,629,451	2,524,094	2,667,355
Financed by (Sh'000)						
Share capital		43,782	43,782	43,782	43,782	43,782
Reserves		4,093,198	3,316,470	2,507,198	2,401,075	2,531,594
Equity holders of parent company		4,136,980	3,360,252	2,550,980	2,444,857	2,575,376
Non - controlling interest		134,248	110,229	78,471	79,237	91,979
		4,271,228	3,470,481	2,629,451	2,524,094	2,667,355
Earnings/(loss) per share	Sh	97.46	96.42	12.62	(9.91)	15.96
Dividend per share	%	300	125	80	10	100
Dividend per share	Sh	15.00	6.25	4.00	0.50	5.00
Dividend cover	Times	6.50	15.43	3.15	-	3.19
Closing exchange rates	US \$	83.25	77.30	80.45	62.80	68.40
	UK £	134.03	116.58	115.12	125.21	134.99



CHAIRMAN'S STATEMENT

Results

I am pleased to report that the group recorded a profit of Sh 642.8 million resulting from its operating activities.

The year under review saw favorable weather conditions until January 2011, when after 20 months of almost continuous rain, dry weather set in that resulted in crop decline that will be felt more keenly at the start of next year. We achieved a group record crop whilst the total Kenyan crop reached an all time record of 398.5 million kilos for the 12 months to December 2010. We further strengthened relationships with green leaf smallholders and their contribution as partners in achieving the record crop is warmly recognized here. Our seedling subsidies continue and we have expanded our capacity in the Farm nurseries to service the smallholder. Strong global demand for much of the year has also culminated in the results you see before you. However, Markets are unpredictable and the Middle East and North African political scene leave us with many uncertainties as to how the world political map will look in 12 months time. Many of the areas experiencing regime change have strong tea drinking cultures and uncertainty emanating from these countries can quickly lead to a fall in market prices.

Our customer base has expanded with many commending us for our quality and service. Our investment in Rainforest Alliance, Fairtrade and now UTZ accreditation increases demand for our teas healthy percentage of our sales are attributable to our investing in good practice and the accreditation that follows this. We are in the process of ensuring all our registered smallholders are accredited with the widest possible certification so they too can enjoy the business rewards associated with the certifications.

We are continuing to invest in plant and machinery, in our factories and in the field. One factory has completed the expansion of withering facilities whilst another will embark on a similar project during the next financial year, this will better service the Orthodox market in particular, and other smaller, specialty markets.

Considerable work continues to go into managing our automated tea harvesting. Our workforce is being trained to operate sophisticated machinery. We have improved the quality of leaf harvested over our initial gains made last year to the continuing benefit of the group and our customers. We would wish to emphasize that our workforce, our staff and our management, our human capital, remains our most prized asset. However we have a clear commitment to progress, to generate and motivate a highly skilled workforce and industrialize to secure long term sustainability for the group. We faced a strike in October 2010. In spite of the strike being declared illegal by the Courts, Union leaders pushed ahead. Some workers heeded the call to stop work, the majority, including all our workers operating a plucking machine decided to carry on working. Our thousands of smallholders supported our activities and our commitment to provide them with an open factory ready and willing to process their green leaf. Together we ensured no commercial damage was inflicted on our farms. We have a very long history of peaceful negotiation and dialogue with our Union partners and we wish this to be their watchword as we head into late 2011.

The cost of our essential inputs, particularly electricity, fertilizers and our own workforce, continue to rise. To remain competitive we therefore need to work hard to control our costs whilst maintaining the quality of tea and service efficiency that provide the results we all wish to see.

The cost of conducting business in Kenya continues to rise. In addition to Corporation tax we face NEMA, WRMA, KEBS, this is in effect double taxation. Council taxes have increased with no accountability to the services that are provided. The Tea Act has been amended with an increase to our costs on account of ad valorem levy on all made tea for export. However we remain committed to staying ahead of the curve and we have employed an additional logistical and shipping executive to ensure this critical area is properly managed

Outlook

A crystal ball would be required to predict how the shifting political forces will effect market reaction. However, we can speculate that the crop position is unlikely to remain as strong as last year. Dry weather at the start of 2011 has led to lower crop levels. However we are confident that our inherent strengths and talented management pool will ensure that we remain focused and very competitive. Our ability to make good tea, deliver the tea on time, anywhere in the world, supported by the foundations of transparency, through our commitment to International accreditation agencies, ethical policies, good governance and accountability will enable us to overcome potential future hurdles through our long term relationships with a range of customers. We envisage markets will rise and fall through the year but that overall levels of demand should remain.

Further industrial action from Union leaders cannot be ruled out, however we trust our commitment to dialogue, fairness and good practice will assist in overcoming the difficult issues.



CHAIRMAN'S STATEMENT (Continued)

Dividends

In view of the favorable results, the Directors are recommending a final Dividend payment of Sh 12.50 per share in addition to the interim dividend paid in January 2011 of Sh 2.50 per share.

Crop

During the year, the Group manufactured a total of 15.7 million kilos of Made Tea compared to 14.6 million kilos manufactured last year due to continued strong support from our small tea growers.

Tea Market

The gross average tea price increased to Sh 194.51 per kilo from last year's gross average of Sh 190.33. Exchange rates remained in our favour and tea drinking appeared to retain its popularity, resisting the economic woes so prevalent around the globe.

Corporate Social Responsibility

The group continues to embrace Social enhancing ethics, food safety standards and sustainable agricultural practices. The group is still certified by Fair Trade, ISO 2200:2005 and Rainforest Alliance.

We have detailed our CSR activities for the year under review on our website, www.williamsontea.com, for reference.

Health and Education

The Group continues to provide 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. Contribution has also been given in the form of equipment to neighboring Hospitals, which treat some of our Workers and the surrounding Communities.

Through the 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 several crèches, 5 Primary Schools and 1 Secondary School together with bursary schemes for gifted students proceeding to Secondary education.

Welfare

The average number of permanent and seasonal employees was 3,020 with over 15,000 of their dependents who also benefit from the social and welfare amenities provided.

During the year, the Group spent over Sh 86 million on employees' pension, gratuities, leave and medical expenses over and above employees' direct wages. In addition, the Group incurred in excess of KShs 6 million on capital projects relating to employees welfare.

Appreciation

Finally, I would like to thank all our management staff, in particular Samuel Thumbi our Visiting Agent and the leadership of Ishmael Sang, Tom Lloyd and Sospeter Angira at Changoi, Tinderet and Kaimosi respectively. I would also like to announce that Mr Lloyd retired from Tinderet on 31st March 2011, after 25 years managing the Farm, for Williamson Tea and for its previous owners, our thanks go to him and our best wishes for a long and happy retirement. My thanks also go to our Nairobi Head Office staff together with the team at Williamson Power.

Last but not least, I would like to thank my fellow Directors for their valuable contribution and advice.

NIGEL SANDYS-LUMSDAINE

CHAIRMAN

Thursday, June 16, 2011.



CHAIRMAN'S STATEMENT

Results

I am pleased to report that the group recorded a profit of Sh 642.8 million resulting from its operating activities.

The year under review saw favorable weather conditions until January 2011, when after 20 months of almost continuous rain, dry weather set in that resulted in crop decline that will be felt more keenly at the start of next year. We achieved a group record crop whilst the total Kenyan crop reached an all time record of 398.5 million kilos for the 12 months to December 2010. We further strengthened relationships with green leaf smallholders and their contribution as partners in achieving the record crop is warmly recognized here. Our seedling subsidies continue and we have expanded our capacity in the Farm nurseries to service the smallholder. Strong global demand for much of the year has also culminated in the results you see before you. However, Markets are unpredictable and the Middle East and North African political scene leave us with many uncertainties as to how the world political map will look in 12 months time. Many of the areas experiencing regime change have strong tea drinking cultures and uncertainty emanating from these countries can quickly lead to a fall in market prices.

Our customer base has expanded with many commending us for our quality and service. Our investment in Rainforest Alliance, Fairtrade and now UTZ accreditation increases demand for our teas healthy percentage of our sales are attributable to our investing in good practice and the accreditation that follows this. We are in the process of ensuring all our registered smallholders are accredited with the widest possible certification so they too can enjoy the business rewards associated with the certifications.

We are continuing to invest in plant and machinery, in our factories and in the field. One factory has completed the expansion of withering facilities whilst another will embark on a similar project during the next financial year, this will better service the Orthodox market in particular, and other smaller, specialty markets.

Considerable work continues to go into managing our automated tea harvesting. Our workforce is being trained to operate sophisticated machinery. We have improved the quality of leaf harvested over our initial gains made last year to the continuing benefit of the group and our customers. We would wish to emphasize that our workforce, our staff and our management, our human capital, remains our most prized asset. However we have a clear commitment to progress, to generate and motivate a highly skilled workforce and industrialize to secure long term sustainability for the group. We faced a strike in October 2010. In spite of the strike being declared illegal by the Courts, Union leaders pushed ahead. Some workers heeded the call to stop work, the majority, including all our workers operating a plucking machine decided to carry on working. Our thousands of smallholders supported our activities and our commitment to provide them with an open factory ready and willing to process their green leaf. Together we ensured no commercial damage was inflicted on our farms. We have a very long history of peaceful negotiation and dialogue with our Union partners and we wish this to be their watchword as we head into late 2011.

The cost of our essential inputs, particularly electricity, fertilizers and our own workforce, continue to rise. To remain competitive we therefore need to work hard to control our costs whilst maintaining the quality of tea and service efficiency that provide the results we all wish to see.

The cost of conducting business in Kenya continues to rise. In addition to Corporation tax we face NEMA, WRMA, KEBS, this is in effect double taxation. Council taxes have increased with no accountability to the services that are provided. The Tea Act has been amended with an increase to our costs on account of ad valorem levy on all made tea for export. However we remain committed to staying ahead of the curve and we have employed an additional logistical and shipping executive to ensure this critical area is properly managed

Outlook

A crystal ball would be required to predict how the shifting political forces will effect market reaction. However, we can speculate that the crop position is unlikely to remain as strong as last year. Dry weather at the start of 2011 has led to lower crop levels. However we are confident that our inherent strengths and talented management pool will ensure that we remain focused and very competitive. Our ability to make good tea, deliver the tea on time, anywhere in the world, supported by the foundations of transparency, through our commitment to International accreditation agencies, ethical policies, good governance and accountability will enable us to overcome potential future hurdles through our long term relationships with a range of customers. We envisage markets will rise and fall through the year but that overall levels of demand should remain.

Further industrial action from Union leaders cannot be ruled out, however we trust our commitment to dialogue, fairness and good practice will assist in overcoming the difficult issues.



CHAIRMAN'S STATEMENT (Continued)

Dividends

In view of the favorable results, the Directors are recommending a final Dividend payment of Sh 12.50 per share in addition to the interim dividend paid in January 2011 of Sh 2.50 per share.

Crop

During the year, the Group manufactured a total of 15.7 million kilos of Made Tea compared to 14.6 million kilos manufactured last year due to continued strong support from our small tea growers.

Tea Market

The gross average tea price increased to Sh 194.51 per kilo from last year's gross average of Sh 190.33. Exchange rates remained in our favour and tea drinking appeared to retain its popularity, resisting the economic woes so prevalent around the globe.

Corporate Social Responsibility

The group continues to embrace Social enhancing ethics, food safety standards and sustainable agricultural practices. The group is still certified by Fair Trade, ISO 2200:2005 and Rainforest Alliance.

We have detailed our CSR activities for the year under review on our website, www.williamsontea.com, for reference.

Health and Education

The Group continues to provide 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. Contribution has also been given in the form of equipment to neighboring Hospitals, which treat some of our Workers and the surrounding Communities.

Through the 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 several crèches, 5 Primary Schools and 1 Secondary School together with bursary schemes for gifted students proceeding to Secondary education.

Welfare

The average number of permanent and seasonal employees was 3,020 with over 15,000 of their dependents who also benefit from the social and welfare amenities provided.

During the year, the Group spent over Sh 86 million on employees' pension, gratuities, leave and medical expenses over and above employees' direct wages. In addition, the Group incurred in excess of KShs 6 million on capital projects relating to employees welfare.

Appreciation

Finally, I would like to thank all our management staff, in particular Samuel Thumbi our Visiting Agent and the leadership of Ishmael Sang, Tom Lloyd and Sospeter Angira at Changoi, Tinderet and Kaimosi respectively. I would also like to announce that Mr Lloyd retired from Tinderet on 31st March 2011, after 25 years managing the Farm, for Williamson Tea and for its previous owners, our thanks go to him and our best wishes for a long and happy retirement. My thanks also go to our Nairobi Head Office staff together with the team at Williamson Power.

Last but not least, I would like to thank my fellow Directors for their valuable contribution and advice.

NIGEL SANDYS-LUMSDAINE

CHAIRMAN

Thursday, June 16, 2011.



NAKALA YA MWENYEKITI

Matokeo

Ninafuraha kuwaarifu kwamba kundi lilipata faida ya shilingi million 642.8 kutokana na utendaji kazi.

Mwaka huu kulikuwa na hali nzuri ya hewa hadi Januari 2011, wakati ambao baada ya miezi ishirini ya mvua mfululizo, hali ya ukame iliingia na kupunguza mazao, hali ambayo itaonekana ilivyopenya hapo mwanzoni wa mwaka ujao. Tulipata mazao ya rekodi kundini mwaka huu wakati ambao mazao ya Kenya ya miezi 12 hadi Desemba 2010 kwa jumla ilikuwa ya rekodi ya juu zaidi ya kilo milioni 398.5. Uhusiano wetu na wakuzaji wa majani chai wa nje uliendelea kuimalika na mchango wao unatambulika kamilifu. Tunaendelea kuwapa mbegu ya mije. Kuimalika kwa masoko ya kimataifa kumajangia matokeo haya ya faida mwaka huu. Hata hivyo masoko bado hayawezi kubashirika hasa yale ya katikati wa Asia na Afrika kaskazini ambayo hali ya kisiasa inayumba na hakuna anayewesa kubashiri hali ya siasa ulimwenguni kwa miezi kumi na miwili ijayo. Nchi nyingi zinaososana kisiasa zinaudamaduni wa kutumia chai kwa wingi hali hii ya kisiasa inaweza kuelekea kwanguka kwa soko.

Msingi wa wateja wetu umeendelea kupanuka na wengi wao wanaendelea kutupongeza kwa ubora wa chai na huduma yetu kwao. Uwekezaji wetu kwa mashirika kama yale ya Rain Forest, Fairtrade na UTZ yameimaliza mahitaji na mauzo ya chai. Tunaendelea na mipango ya kupitisha wakuza chai wa nje na kwakikisha kwamba wamepata vyeti vya hayo mashirika ili pia kuwafanikisha kuingia kwa hayo masoko.

Tunaendelea kuwekeza kwa mitambo viwandani na mashambani. Kiwanda kimoja tayari kimepanua sehemu moja ya kukausha majani na kingine kitaanza mwakani. Hii itatoa huduma bora kwa soko halisi pamoja na huduma kwa masoko madogo madogo ya kimaalum.

Kazi kubwa inaendelea kwa kuzingatia mashine za kuchuna chai moja kwa moja. Wafanyi kazi wetu wanapata mafunzo ya kutumia mashine hizo. Tumeboresha ukwanyuaji wa majani mwaka huu ikilinganishwa na mwaka uliopita hali ambayo imechangia zao bora kundini na la kuwapendeza wateja wetu. Tungependa kuzingatia ya kwamba wafanyikazi wetu na mameneja wetu wanabakia kuwa rasimali yetu kuu. Ahadi yetu ni kuendeleza na kuwa na utendakazi wa hali ya juu hili kutuwezesha kuimalisha kundi letu kwa siku sijazo. Tulipigwa na mgomo Oktoba 2010. Hata ingawa mgomo haukuhalalishwa na koti, vyama vya wafanyakazi vilienda mbele na kuita mgomo. Baadi ya wafanyakazi walitii na kugomo hata ingawa wengi wao waliendelea na kazi hasa wale wakutumia mashine ya moja kwa moja. Maelfu ya wakuzaji wetu wa nje walituunga mkono na waliendelea kutuletea majani yao tayari kujakuzagwa. Pamoja tulihakikisha ya kwamba hakuna hasara ya kiuchumi ilipatikana. Tuna historia ndefu ya kujadiliana na vyama vya wafanyakazi na tungezingatia hiyo kuwa kiini kwa mwaka wa 2011.

Gharama ya pembejeo sana sana nguvu ya umeme na mbolea na pia wafanyakazi wetu iliendelea kuongezeka. Ilikushindana vyema tunahitajika kupunguza gharama pamoja na kuzingatia ubora na hali nzuri ya kuzalisha ambayo itachangia mapato tunaokuzudia kupata.

Gharama ya kufanya biashara inchini Kenya inaendelea kupanda. Pamoja na kulipa ushuru tunaendelea kulipa Shirika la Kimazingara NEMA, Shirika la maji WRMA na Shirika la ubora wa bidhaa mbali mbali la KBS, ambayo ni kutoa ushuru mara mbili. Mabarasa ya miji yameongeza ushuru wao maradufu bila kuwa na uwajibikaji wowote kiuduma. Sheria ya Chai ilirekebisha na kuongezea gharama kwa kutosha ushuru kwa mapato ya chai yote ambayo itakuwa ni ya kuuza nje. Hata hivyo tumebaki na mipangilio ya kuwa mbele ya ukombo huo ndiposa tumejili ofisa mwingine kwa kuimaliza kazi ya kusafirisha bidhaa zetu merikebuni kuhakikisha ya kwamba eneo hili muhimu limezimamiwa vizuri.

Matazamo

Kubashiri vile mabadiliko ya kisiasa yatahathiri masoko si rahisi. Ingawa tunaweza bashiri ya kwamba mazao yatapungwa ikilinganishwa na mwaka uliopita. Ukame wa mwanzo wa mwaka wa 2011 umesababisha upungufu wa mazao. Tukonamatumaini ya kwamba tuna nguvu na talanta ya kutufanya kuendelea kuwa na ushindani kamilifu. Kwa uwezo wetu wa kutengeza chai bora, kuisafirisha kwa wakati ufaao popote ulimwenguni, kwa mizingi ya utenda wazi, tukizingatia mazingara ya kiulimuengu pamoja na mizingi mingi ya kukubalika tutaweza kuwahifadhi wateja wetu wa kudumu kwa siku mingi zijazo. Tunatumai ya kwamba masoko yatapungua na yataimalika wakati mwingine na kwamba kutakuwa na mahitaji ya chai.

Migomo kutoka kwa viongozi wa vyama vya wafanyakazi hauwezi kusahaulika lakini tunaamini tutajadiliana kwa haki na utaratibu mzuri upatikane.



NAKALA YA MWENYEKITI (Ya endelea)

Mgao

Kufuatia matokeo mazuri wakurugenzi wenu wamependekezwa mgao wa kwanza na mwizo wa shilingi 12.5 kwa kila hisa pamoja na ile ya katikati ya mwaka ambayo ililipua Januari mwaka 2011 ya shilling 2.50 kwa kila hisa moja.

Zao

Mwaka huu kundi lilizalisha kilo milioni 15.7 ikilinganishwa na kilo milioni 14.6 za mwaka uliopita hii ilisababishwa na mchango wa wakuzaji wa nje.

Soko ya majani Chai

Jumla ya wastani ya bei ya majani iliongezeka hadi shilingi ya Kenya 194.51 kwa kilo ikilinganishwa na ya mwaka uliopita ya shilingi 190.33 Viwango vya kubadilishana fedha vilikuwa vizuri kwetu na matumizi ya majani chai yaliendelea kunawiri na kuzuia upungufu wa kiuchumi uliozikika kote duniani.

Uwajibikaji wa Kampuni

Kundini tunaendelea na mipango ya mambo ya kijamii, na kuzingatia hali bora ya uzalizi chakula na mambo ya kilimo bora. Kundi linathibitishwa na mashirika Fairtrade, Iso 22000:2005 pamoja na Rainforest Alliance. Mambo yote ya uwajibikaji wa kampuni mwaka huu yamewekwa kwa kina ndani ya mtandao wetu www.williamsonta.com kwa kumbukumbu.

Afya na elimu

Kampuni inatoa huduma ya matibabu kwa wafanyi kazi wote na kuna vituo 5 vya afya. Kuna shirika la Madaktari kutoka Nandi hills ambalo sisi ni wanachama wake. Pia Kuna lile kundi la madakitari wa kutoa huduma ya kutembelea wagonjwa pamoja na kuwazaidia kwa azimio la kuzuia maradhi ya Ukimwi. Mchango pia umetolewa kwa kuzinunulia hospitali za kijirani hasa zile zinozotibu wafanyi kazi wetu na jamii zinazopakana mitambo mbali mbali.

Kupitia shirika la Kenya Tea Growers association tunaendelea kuzaidia na kuendesha mashule ya kimsingi na ya upili kule Kericho na Nandi. Tunaendelea kuendesha shule za msingi tano na moja ya upili na pia tunazaidia kwa kughramia karo ya wanafunzi wrefu kutoka shule za msingi wanaostahili kuendelea na masomo kwa shule za upili. Mambo ya Jamii

Jumla ya wafanyi kazi wakudumu na wa vibarua ilizidi 3020 na kuna watu 15,000 wanaotegemea na waliofaidika kutoka kwa uwajibikaji wa kampuni

Mwakani kundi liligharamia shilingi milioni 86 kwa wafanyi kazi kwa marupurupu wakati wa kustaafu, kwenda likizo pamoja na za matibabu hii ni baada ya kulipa wafanyi kazi mishahara. Kundi bado lilitumia shilingi milioni 6 kugharamia kazi za kijamii kundini.

Shukurani

Mwishowe ningependa kuwashukuru mameneja wetu wote hasa Bwana Samuel Thumbi ambaye anasimamia ustadi kote kundini. Uongozi wa Bwana Ishmael Sang, Tom Lloyd na wa Sospeter Angira wakiwa kule Changoi, Tinderet na Kaimosi kikadirifu. Ningependa kutangaza ya kwamba Bwana Tom Lloyd alistaafu kutoka Tinderet tarehe 31.3.2011 baada ya kuhudumia Shamba hilo kwa miaka 25 likiwa chini ya Williamson Tea na pia waliokuwa wanalimiliki hapo zamani, tunamshukuru na kumutakia heri njema wakati wa kustaafu kwake. Shukurani zangu pia ni kwa wafanyi kazi wetu wa ofisi kuu ya Nairobi pamoja na wale wa Williamson Power.

Na mwisho ningependa kutoa shukurani zangu kwa wakurugenzi wenzangu kwa mchango wao na ushauri mwema.

NIGEL SANDYS-LUMSDAINE

CHAIRMAN

Alhamisi, June 16, 2011



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 compliant in all areas of the corporate governance guidelines save for the facts of the Chairman not being an independent non-executive director, and the audit committee being composed of only two independent directors. The Chairman is a non-executive and is only deemed to be non-independent because he was the Managing Director until 2007; he will be continuing with the full support of the Board. The desirability of increasing the number of non-executives on the audit committee is currently under consideration.

BOARD OF DIRECTORS

The Board consists of seven directors, six of whom are non-executive directors including the Chairman. Among the non-executive directors are two independent directors. All the non-executive directors are subject to retirement by rotation and must seek re-election by shareholders at least once every three years in accordance with the Articles of Association. Among the non-executive Directors, Mr D B White is over seventy years, Mr S C A Koech is seventy years while Mr N G S Lumsdaine is approaching seventy years. In accordance with the Articles of Association, Messrs D B White and S C A Koech have offered themselves for re-election as indicated in the notice of meeting.

The composition of the Board is set with the aim of having a board with an appropriate balance of skills and experience to support the group's strategy and to lead the group effectively.

There's a clear division of responsibility between the Chairman and the Managing Director. The Chairman is responsible for the leadership of the Board ensuring its effectiveness and he sees that they are given appropriate and timely information to enable them to properly discharge their responsibilities. He also ensures effective communication with shareholders and facilitates relations between the different board members. The Managing Director is responsible for the day to day management of the group and the execution of the strategy agreed by the Board.

The Board is responsible for formulating policies and strategies and ensuring that the business objectives, aimed at promoting and protecting the shareholder value while taking into account the interests of other stakeholders are achieved. The Board ensures that procedures and practices are set in place to ensure effective control over strategic, financial, operational and compliance issues. The Board meets to review annual budgets and half year and annual accounts and to monitor operational performance. The Directors are given appropriate and timely information to enable them maintain full and effective control. Except for direction and guidance on general policy, the Board has delegated authority for conduct of the day-to-day business to the Managing Director assisted by a Team of able Managerial Staff.

The full Board meets at least once every quarter for scheduled meetings and on other occasions as required for consideration of exceptional matters. A timetable of calendar dates for Board meetings to be held during the year is circulated in advance to the Board. The notice of Board meetings is distributed together with the agenda and board papers to all the Directors before hand.

The Company Secretary is always available to the Board of Directors and is a member of both the Institute of Certified Public Accountants of Kenya (ICPAK) and Institute of Certified Public Secretaries of Kenya (ICPSK). The Head of Finance is also a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

BOARD REMUNERATION

Non-executive directors are paid an annual fee together with a sitting allowance for every meeting attended. The aggregate amount of emoluments paid to directors for services rendered during the financial year are disclosed in note 4 to the financial statements.

DIRECTORS SHAREHOLDING

None of the directors as at the end of the year March 2011 held shares in their individual capacity that were more than 1% of the Company's total equity. The Directors interests in the shares of the company is summarised below:

Name	Number of Shares
D B White	598
N G S Lumsdaine	10,000
S C A Koech	1,010



CORPORATE GOVERNANCE (Continued)

COMMITTEES OF THE BOARD

The Board has three standing committees which meet under the terms of reference set by the Board.

GOVERNANCE AND AUDIT COMMITTEE

The Governance and Audit committee was constituted by the Board in 1998 and comprises two non-executive Directors and professionals. The committee meets at least four times in the year. The responsibilities of the committee include:

- All areas of corporate governance, with specific reference to issues of risk management;
- Review of interim and annual financial statements to ensure compliance with disclosure requirements;
- Maintenance and review of Group's system of accounting and internal controls;
- Liaising with external auditors of the Group.

Every year the committee visits each of the Group's farms for a full day. In addition, the committee meets with the external auditors once every year and other times when deemed necessary.

NOMINATING COMMITTEE

The Board of the company has a nominating committee consisting of independent and non-executive Directors. This committee is responsible for proposing new nominees for the Board and for assessing the performance and effectiveness of all the Directors.

STAFF AND REMUNERATION COMMITTEE

There's a staff and remuneration committee consisting entirely of non-executive Directors. The committee is responsible for the remuneration and incentives for the Board and the senior management and for the structure of remuneration packages and submits its recommendations to the Board.

INTERNAL CONTROLS

The Board is responsible for the group's system of internal controls and for reviewing their effectiveness. The group 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 group 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.

The company's internal auditor reviews policy, systems and procedures on a regular basis and reports to the Managing Director and the Audit Committee.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to ensuring that there's open and good communication with investors through the Annual General Meeting, distribution of the group's annual report, the release of notices in the press of its half yearly and annual results and the company website: www.williamsontea.com.



CORPORATE GOVERNANCE (Continued)

SHAREHOLDING PROFILES

The company, through its Registrar, files returns regularly in line with Capital Markets Authority and the Nairobi Stock Exchange under the listing regulations on transactions related to shareholders.

Principal shareholders

As at 31 March 2011 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	258,521	2.95
4.	Standard Chartered Nominees Ltd A/C 9280 Nr	Nairobi	172,700	1.97
5.	Garot International Ltd	Nairobi	156,900	1.79
6.	Satchu Aly-Khan	Nairobi	121,900	1.39
7.	Standard Chartered Nominees Ltd A/C 9230	Nairobi	115,792	1.32
8.	Standard Chartered Nominees Ltd A/C 9854	Nairobi	115,000	1.31
9.	Old Mutual Life Assurance Co.Ltd	Nairobi	112,444	1.28
10.	Phoenix of E.A.Assurance CO.	Nairobi	84,856	0.97

Analysis of Shareholders

By region:

Region	Number	Shares held	%
Foreign investors	66	4,905,829	56.03
Local & East Africa investors (Individuals)	1,054	2,193,964	25.06
Local & East Africa investors (Institutional)	138	1,656,527	18.91
	<u>1,258</u>	<u>8,756,320</u>	<u>100.00</u>

By shares distribution:

Less than 500	575	145,627	1.66
500-10,000	621	1,329,000	15.18
10,001- 100,000	53	1,076,655	12.30
100,001-1,000,000	8	1,698,874	19.40
Above 1,000,000	1	4,506,164	51.46
	<u>1,258</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 2011.

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 FOR THE YEAR

	Sh'000
Profit before taxation	1,293,690
Taxation charge	(409,305)
Profit after taxation	884,385
Attributable to:	
Owners of the company	853,346
Non-controlling interests	31,039
Profit for the year	884,385

DIVIDENDS

During the year, an interim dividend amounting to Sh 21,890,800 (2010 – Sh nil) which amounts to Sh 2.50 per share (2010 – Sh nil per share) was paid. The Directors recommend that a final dividend of Sh 12.50 (2010 – Sh 6.25) per share equivalent to a total sum of Sh 109,454,000 (2010 – Sh 54,727,000) be paid to owners of the parent company. The final dividend is subject to approval by the shareholders at the next Annual General Meeting.

DIRECTORS

The current board of directors is shown on page 5.

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.

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

Secretary



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan 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 company and its subsidiaries 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 and the provisions of the Kenyan Companies Act, and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the 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 a going concern for at least the next twelve months from the date of this statement.

A.L. CARMICHAEL
Director

E.N.K. WANJAMA
Director

Thursday, June 16, 2011



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

Report on the Financial Statements

We have audited the accompanying financial statements of Williamson Tea Kenya Limited and its subsidiaries, set out on pages 17 to 64 which comprise the consolidated and company statements of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, consolidated and company statements of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to the Group's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of financial affairs of the company and its subsidiaries as at 31 March 2011 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

Report on Other Legal Requirements

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

- (i) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- (ii) in our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books; and
- (iii) the company's statement of financial position (balance sheet) is in agreement with the books of account.

Deloitte & Touche
Certified Public Accountants (Kenya)

Thursday, June 16, 2011

Nairobi



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2011**

	Note	2011 Sh'000	2010 Sh'000
REVENUE	3(c)	3,284,909	2,723,187
FAIR VALUE CHANGES			
-Tea bushes		399,741	326,032
-Timber trees		(52,484)	(4,248)
		3,632,166	3,044,971
COST OF SALES		(2,394,435)	(1,737,308)
GROSS PROFIT		1,237,731	1,307,663
OTHER INCOME		82,751	43,200
FAIR VALUE GAIN ON INVESTMENT PROPERTY	14	225,000	37,500
FAIR VALUE CHANGES - Firewood	18	(13,434)	60,569
DISTRIBUTION COSTS		(266,780)	(208,021)
ADMINISTRATIVE EXPENSES		(108,082)	(96,181)
FINANCE COSTS	6	(9,165)	(11,143)
NET FOREIGN EXCHANGE GAINS		39,493	10,757
SHARE OF RESULTS OF ASSOCIATE COMPANIES	15	106,176	78,937
PROFIT BEFORE TAXATION	4	1,293,690	1,223,281
TAXATION CHARGE	7	(409,305)	(347,226)
PROFIT FOR THE YEAR	8	884,385	876,055
COMPRISING:			
PROFIT ARISING FROM OPERATING ACTIVITIES		642,849	587,327
PROFIT ARISING FROM CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS (NET OF ATTRIBUTABLE TAXATION)		210,497	256,970
		853,346	844,297
NON - CONTROLLING INTERESTS			
- FROM OPERATING ACTIVITIES	26	7,859	21,130
- FROM CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS	26	23,180	10,628
		31,039	31,758
PROFIT AND COMPREHENSIVE INCOME FOR THE YEAR		884,385	876,055
PROFIT AND COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE COMPANY		853,346	844,297
NON - CONTROLLING INTERESTS	26	31,039	31,758
		884,385	876,055
EARNINGS PER SHARE - Basic and diluted	9	Sh 97.46	Sh 96.42



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 MARCH 2011

	Note	2011 Sh'000	2010 Sh'000
ASSETS			
Non current assets			
Property, plant and equipment	11	923,547	950,501
Intangible assets	12	849	3,026
Prepaid operating leases	13	76,962	77,046
Investment property	14	345,500	395,500
Investment in associate companies	15	386,263	343,706
Other investments	17	1,349	1,349
Biological assets	18	1,971,494	1,627,991
		<u>3,705,964</u>	<u>3,399,119</u>
Current assets			
Inventories	19	318,958	444,794
Trade and other receivables	20	830,866	997,081
Due from associate companies	21(a)	35,835	22,948
Taxation recoverable	7(c)	6,009	2,678
Short term deposits	23	481,200	261,364
Cash and bank balances	33(d)	359,096	200,722
		<u>2,031,964</u>	<u>1,929,587</u>
Non – current assets classified as held for sale	24	294,815	-
		<u>2,326,779</u>	<u>1,929,587</u>
Total assets		<u><u>6,032,743</u></u>	<u><u>5,328,706</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	25	43,782	43,782
Revaluation surplus		239,867	261,195
Revenue reserve		3,853,331	3,055,275
		<u>4,136,980</u>	<u>3,360,252</u>
Equity attributable to equity holders of parent company			
Non – controlling interests	26	134,248	110,229
		<u>4,271,228</u>	<u>3,470,481</u>
Total equity			
Non current liabilities			
Deferred taxation	27	899,865	737,536
Service gratuity	28	145,125	123,098
Borrowings	29	-	11,158
Finance lease obligations	30	29,129	37,939
		<u>1,074,119</u>	<u>909,731</u>
Current liabilities			
Borrowings	29	14,618	18,804
Finance lease obligations	30	39,301	56,910
Trade and other payables	31	612,037	725,540
Due to associate company	21(d)	2,542	3,592
Unclaimed dividends	32	4,268	4,417
Taxation payable	7(c)	14,630	139,231
		<u>687,396</u>	<u>948,494</u>
Total equity and liabilities		<u><u>6,032,743</u></u>	<u><u>5,328,706</u></u>

The financial statements on pages 17 to 64 were approved and authorised for issue by the board of directors on June 16, 2011 and were signed on its behalf by:

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



COMPANY STATEMENT OF FINANCIAL POSITION

31 MARCH 2011

	Note	2011 Sh'000	2010 Sh'000
ASSETS			
Non current assets			
Property, plant and equipment	11	383,420	392,184
Intangible assets	12	390	1,363
Prepaid operating leases	13	11,786	11,799
Investment property	14	345,500	395,500
Investment in associate companies	15	49,479	79,837
Investment in subsidiary companies	16	109,877	109,877
Other investments	17	546	546
Biological assets	18	930,231	758,844
		<u>1,831,229</u>	<u>1,749,950</u>
Current assets			
Inventories	19	137,442	133,433
Trade and other receivables	20	339,830	430,134
Due from associate companies	21(a)	32,091	17,129
Due from subsidiary companies	21(b)	93,719	50,045
Loans to subsidiary company	22	38,929	126,313
Taxation recoverable	7(c)	919	-
Short term deposits	23	345,514	125,475
Cash and bank balances		144,548	99,964
		<u>1,132,992</u>	<u>982,493</u>
Non – current assets classified as held for sale	24	305,358	-
		<u>1,438,350</u>	<u>982,493</u>
Total assets		<u><u>3,269,579</u></u>	<u><u>2,732,443</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	25	43,782	43,782
Revaluation surplus		116,797	130,606
Revenue reserve		2,336,686	1,777,259
		<u>2,497,265</u>	<u>1,951,647</u>
Shareholders' funds			
Non current liabilities			
Deferred taxation	27	476,355	357,078
Service gratuity	28	50,574	42,237
Borrowings	29	-	3,210
Finance lease obligations	30	-	2,046
		<u>526,929</u>	<u>404,571</u>
Current liabilities			
Borrowings	29	2,953	2,569
Finance lease obligations	30	2,616	3,070
Trade and other payables	31	210,911	255,138
Due to subsidiary companies	21(c)	24,637	25,862
Unclaimed dividends	32	4,268	4,417
Taxation payable	7(c)	-	85,169
		<u>245,385</u>	<u>376,225</u>
Total equity and liabilities		<u><u>3,269,579</u></u>	<u><u>2,732,443</u></u>

The financial statements on pages 17 to 64 were approved and authorised for issue by the board of directors on June 16, 2011 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 2011**

	Note	Share capital Sh'000	Revaluation surplus Sh'000	Biological assets gains Sh'000	Other Sh'000	Total Sh'000	Revenue reserve	Equity attributable to equity holders of the parent Sh'000	Non -Controlling interests Sh'000	Total Sh'000
At 1 April 2009		43,782	296,486	481,065	1,729,647	2,210,712		2,550,980	78,471	2,629,451
Total profit and comprehensive income for the year		-	-	256,970	587,327	844,297		844,297	31,758	876,055
Excess depreciation transfer		-	(51,020)	-	51,020	51,020		-	-	-
Deferred tax on excess depreciation		-	15,306	-	(15,306)	(15,306)		-	-	-
Surplus realised on disposal of revalued assets		-	604	-	(604)	(604)		-	-	-
Deferred tax on revaluation surplus realised on disposal of revalued assets		-	(181)	-	181	181		-	-	-
Dividends declared – 2009	32	-	-	-	(35,025)	(35,025)		(35,025)	-	(35,025)
At 31 March 2010		43,782	261,195	738,035	2,317,240	3,055,275		3,360,252	110,229	3,470,481
At 1 April 2010		43,782	261,195	738,035	2,317,240	3,055,275		3,360,252	110,229	3,470,481
Total profit and comprehensive income for the year		-	-	210,497	642,849	853,346		853,346	31,039	884,385
Excess depreciation transfer		-	(30,547)	-	30,547	30,547		-	-	-
Deferred tax on excess depreciation		-	9,164	-	(9,164)	(9,164)		-	-	-
Surplus realised on disposal of revalued assets		-	78	-	(78)	(78)		-	-	-
Deferred tax on revaluation surplus realised on disposal of revalued assets		-	(23)	-	23	23		-	-	-
Dividends declared – 2010	32	-	-	-	(76,618)	(76,618)		(76,618)	(7,020)	(83,638)
At 31 March 2011		43,782	239,867	948,532	2,904,799	3,853,331		4,136,980	134,248	4,271,228

Revaluation reserve is made up of the periodic adjustment arising from the revaluation of property and equipment. The reserve is not available for distribution to the shareholders.

The revenue reserve on biological assets represents surplus arising from fair valuation of biological assets in line with IAS 41 on Agriculture. The reserve is not available for distribution to the shareholders.

Other revenue reserves represents accumulated surplus arising from other normal operating activities. The reserves are available for distribution to the shareholders.



COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2011

	Note	Share capital Sh'000	Revaluation surplus Sh'000	Biological assets gains Sh'000	Revenue reserve Other Sh'000	Total Sh'000	Total Sh'000
At 1 April 2009		43,782	147,563	221,153	1,101,744	1,322,897	1,514,242
Total profit and comprehensive income for the year		-	-	151,430	321,000	472,430	472,430
Excess depreciation transfer		-	(24,224)	-	24,224	24,224	-
Deferred tax on excess depreciation		-	7,267	-	(7,267)	(7,267)	-
Dividends declared - 2009	32	-	-	-	(35,025)	(35,025)	(35,025)
At 31 March 2010		43,782	130,606	372,583	1,404,676	1,777,259	1,951,647
At 1 April 2010		43,782	130,606	372,583	1,404,676	1,777,259	1,951,647
Total profit and comprehensive income for the year		-	-	-	622,236	622,236	622,236
Excess depreciation transfer		-	(19,727)	-	19,727	19,727	-
Deferred tax on excess depreciation		-	5,918	-	(5,918)	(5,918)	-
Dividends declared - 2010	32	-	-	-	(76,618)	(76,618)	(76,618)
At 31 March 2011		43,782	116,797	372,583	1,964,103	2,336,686	2,497,265

Revaluation reserve is made up of the periodic adjustment arising from the revaluation of property and equipment. The reserve is not available for distribution to the shareholders.
The revenue reserve on biological assets represents surplus arising from fair valuation of biological assets in line with IAS 41 on Agriculture. The reserve is not available for distribution to the shareholders.
The revenue reserves represents accumulated surplus arising from other normal operating activities. The reserves are available for distribution to the shareholders



CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 Sh'000	2010 Sh'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	33(a)	927,566	498,998
Interest paid	6	(9,165)	(11,143)
Interest received		14,873	2,670
Taxation paid	7(c)	(342,711)	(33,858)
Net cash generated from operating activities		<u>590,563</u>	<u>456,667</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	(99,596)	(52,805)
Purchase of intangible assets	12	(950)	(35)
Proceeds from disposal of property, plant and equipment		15,971	5,242
Proceeds from disposal of investment property		-	67,469
Net expenditure on biological assets	18	(9,680)	(8,644)
Dividend received - from associate company	15	11,607	3,867
- other		542	-
Net cash (used in)/generated from investing activities		<u>(82,106)</u>	<u>15,094</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans repaid	33(b)	(17,274)	(14,947)
Asset finance loans repaid	33(c)	(27,831)	(24,144)
Dividends paid to shareholders	32	(76,767)	(35,320)
Dividends paid to minority interest	26	(7,020)	-
Net cash used in financing activities		<u>(128,892)</u>	<u>(74,411)</u>
INCREASE IN CASH AND CASH EQUIVALENTS		379,565	397,350
CASH AND CASH EQUIVALENTS AT 1 APRIL		460,731	63,381
CASH AND CASH EQUIVALENTS AT 31 MARCH	33(d)	<u>840,296</u>	<u>460,731</u>



NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

For the Kenyan companies Act reporting purposes, in these financial statements the balance sheet is represented by/is equivalent to the statement of financial position and the profit and loss account is presented in the statement of comprehensive income.

Adoption of new and revised International Financial Reporting Standards (IFRSs) and Interpretations (IFRIC)

- (a) *New and revised IFRS affecting presentation and disclosure reported in the current year (and /or prior years)*

The following new and revised IFRSs have been applied in the current period and have affected the amounts reported in these financial statements.

- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to IFRSs issued in 2009)
- Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2009)
- Amendments to IAS 7 Statement of Cash Flows (as part of Improvements to IFRSs issued in 2009)
- Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)
- IFRS 3 (Revised 2008), Business Combinations – comprehensive revision on applying the acquisition method (Effective for annual periods beginning on or after 1 July 2009)
- IAS 27, Consolidated and Separate Financial Statements; IAS 28, Investments in Associates; and IAS 31, Interests in Joint Ventures – consequential amendments arising from amendments to IFRS 3

(Effective for annual periods beginning on or after 1 July 2009).

Impact of the relevant new and revised standards and interpretations in issue

Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to IFRSs issued in 2009)

The amendments to IFRS 5 clarify that the disclosure requirements in IFRSs other than IFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those IFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of IFRS 5 and the disclosures are not already provided in the consolidated financial statements.

The adoption of the clarification has no impact on the amounts and disclosures reported in the financial statements of the Group.

Amendments to IAS 7 Statement of Cash Flows (as part of Improvements to IFRSs issued in 2009)

The amendments to IAS 7 specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. The Group will apply this amendment prospectively. This amendment has had no effect on the amounts reported in the financial statements of the Group in the current and prior years.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (continued)

Adoption of new and revised International Financial Reporting Standards (IFRSs) and Interpretations (IFRIC) (Continued)

- (a) *New and revised IFRS affecting presentation and disclosure reported in the current year (and /or prior years) (Continued)*

Impact of the relevant new and revised standards and interpretations in issue (Continued)

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2009)

The amendments to IAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non - current. This amendment has had no effect on the amounts reported because the Group has not previously issued instruments of this nature.

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)

The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. This amendment has had no effect on the amounts reported in the financial statements of the Group since the group has no items reported under other comprehensive income.

IFRS 3 (revised in 2008) Business Combinations

The impact of the application of IFRS 3(2008) is as follows.

- IFRS 3(2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree.
- IFRS 3(2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition.
- Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of the acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the date of acquisition. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.
- IFRS 3(2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the company and the acquiree.
- IFRS 3(2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (continued)

Adoption of new and revised International Financial Reporting Standards (IFRSs) and Interpretations (IFRIC) (Continued)

- (a) *New and revised IFRS affecting presentation and disclosure reported in the current year (and /or prior years)(Continued)*

Impact of the relevant new and revised standards and interpretations in issue (Continued)

IFRS 3 (revised in 2008) Business Combinations (Continued)

As part of Improvements to IFRSs issued in 2010, IFRS 3(2008) was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition (see above) is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards.

In addition, as part of *Improvements to IFRSs* issued in 2010, IFRS 3(2008) was amended to give more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with IFRS 2 Share-based Payment at the acquisition date ('market-based measure').

These changes in accounting policies have been applied prospectively from 1 April 2010 in accordance with the relevant transitional provisions.

IAS 27 (revised in 2008) Consolidated and Separate Financial Statements

The application of IAS 27(2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in IFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under IAS 27(2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes in accounting policies have been applied prospectively from 1 April 2010 in accordance with the relevant transitional provisions.

IAS 28 (revised in 2008) Investments in Associates

The principle adopted under IAS 27(2008) (see above) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendments to IAS 28. Therefore, when significant influence over an associate is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss.

These changes in accounting policies have been applied prospectively from 1 April 2010 in accordance with the relevant transitional provisions.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (continued)

Adoption of new and revised International Financial Reporting Standards (IFRSs) and Interpretations (IFRIC) (Continued)

(b) Relevant new and revised IFRSs and interpretations in issue but not yet effective

	<i>Effective for annual periods beginning on or after</i>
IFRS 7, Financial Instruments: Disclosures – amendments enhancing disclosures about transfers of financial assets	1 January 2011
IFRS 9, Financial Instruments – Classification and Measurement	1 January 2013
IAS 24, Related Party Disclosures – revised definition of related parties	1 January 2011
<i>New and Amendments to standards</i>	1 July 2010
Various improvements resulting from May 2010 Annual Improvements to IFRSs	and 1 January 2011

Impact of the relevant new and revised IFRSs in issue but not yet effective

Amendments to IFRS 7 Financial Instruments: Disclosures (as part of Improvements to IFRSs issued in 2010)

The amendments to IFRS 7 clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans. The Group will apply this amendment prospectively. The directors anticipate no material impact to the Group's financial statements.

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)

The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group will apply this amendment prospectively. The directors anticipate no material impact to the Group's financial statements.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (continued)

Adoption of new and revised International Financial Reporting Standards (IFRSs) and Interpretations (IFRIC) (Continued)

(b) *Relevant new and revised IFRSs and interpretations in issue but not yet effective (continued)*

Impact of the relevant new and revised IFRSs in issue but not yet effective

IFRS 9, Financial Instruments

IFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.
- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was recognised in profit and loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 9 that will be adopted in the Group's financial statements for the annual period beginning 1 January 2013 and that the application of the new standard will not have a significant impact on the amounts reported in respect of the Group's financial statements and financial liabilities.

The amendments to IFRS 7 titled Disclosures – Transfers of Financial Assets

These increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to IFRS 7 will have a significant effect on the Group's disclosures regarding transfers of financial assets. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

IAS 24 Related Party Disclosures (as revised in 2009)

This modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in IAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these financial statements may be affected when the revised version of the Standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the Standard.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (continued)

Adoption of new and revised International Financial Reporting Standards (IFRSs) and Interpretations (IFRIC) (Continued)

(b) *Relevant new and revised IFRSs and interpretations in issue but not yet effective (continued)*

Impact of the relevant new and revised IFRSs in issue but not yet effective

The amendments to IAS 32 titled Classification of Rights Issues

These address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to IAS 32 will have an impact on the classification of those rights issues.

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments

This provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, IFRIC 19 will affect the required accounting. In particular, under IFRIC 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

(c) *Early adoption of standards*

The Group did not early-adopt any new or amended standards in 2010.

The Group's principal accounting policies are set out below:

Basis of preparation

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

Basis of 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.

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 16, and include the Group's share of the results of the associate companies as disclosed in note 15, all made up to 31 March.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination. Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified.

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (continued)

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 statement of financial position 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 15.

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

Non – current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

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 inventory costs comprise fair value of tea leaf less point of sale costs at the point of harvest and actual costs incurred at the factory in the processing of made tea from tea leaf. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Firewood is stated at the lower of production cost and net realizable value.

Consumable stores inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method.

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.

The cost of replanting, infilling and upkeep are recognised as an expense through profit or loss.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (continued)

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 bases of valuation are as follows:

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

Any revaluation increase arising on the revaluation of such land and other assets is recognized in other comprehensive income, except to the extent that it reserves a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluations of such land and other assets is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus reserve relating to a previous revaluation of that asset.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Capital work in progress

Capital work in progress relates to property and plant under construction. Cost includes materials, direct labour and any other direct expenses incurred in respect of the project. The amounts are transferred to the appropriate property, plant and equipment categories once the project is completed and commissioned.

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 estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. 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%

Depreciation on revalued building and other property is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (continued)

Intangible assets-computer software costs

Costs incurred on computer software are accounted for at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight line basis over the estimated useful lives not exceeding a period of 3 years.

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 property

Investment property is treated as long term investment and carried at market value for existing use as determined regularly by external independent valuers. Investment property is not subject to depreciation. Changes in the carrying amounts are dealt with through the profit or loss.

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

Taxation

Income tax expense represents the sum of the current taxation 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 end of the reporting period.

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 profit or loss in the year to which they relate.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (continued)

Retirement benefit obligations (Continued)

The Group also contributes to the statutory National Social Security Fund. This is a defined contribution scheme registered under the National Social Security Fund 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 profit or loss in the year to which they relate.

Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, 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 asset's recoverable amount is estimated and an impairment loss is dealt with through profit or loss 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 statement of financial position 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

Monetary assets and liabilities expressed in foreign currencies are translated into Kenya Shillings at the rates of exchange ruling at the end of each reporting period. 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 profit or loss.

Financial instruments

A financial asset or liability is recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets

Classification

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.

(i) 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. Gains and losses arising from changes in fair value are recognised in the profit or loss.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (continued)

Financial instruments (Continued)

Financial assets

Classification (Continued)

(ii) 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 Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

(iii) Held to maturity investments

Financial assets with fixed or determinable payments and fixed maturity where the Group has the positive intent and ability to hold to maturity other than loans and receivables originated by the Group are classified as held to maturity investments and are measured at amortised cost using effective interest rate method less any impairment with revenue recognised on an effective yield basis.

(iv) 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 are classified as available-for-sale.

Recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

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 profit or loss 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 in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in the profit or loss when the Group's right to receive the dividends is established.

Impairment and uncollectability of financial assets

At the end of each reporting period, all financial assets are subject to review for impairment.

If it is probable that the Group will not be able to collect all amounts due (principal and interest) according to the contractual terms of loans, receivables, or held-to-maturity investments carried at amortised cost, an impairment or bad debt loss has occurred. The carrying amount of the asset is reduced to its estimated recoverable amount either directly or through use of an allowance account. The amount of the loss incurred is dealt with through profit or loss for the period.

If a loss on a financial asset carried at fair value (recoverable amount is below original acquisition cost) has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative net loss that had been recognised in other comprehensive income is removed and recognised in the profit or loss for the period even though the financial asset has not been derecognised.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue 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 they arise.

Trade payables

Trade payables are carried at cost which is measured at the fair or contracted value of the consideration to be paid in future in respect of goods and services supplied by the suppliers, whether billed or not, to the Group.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. A financial liability is derecognised when its contractual obligations are redeemed or otherwise extinguished.

Offsetting

Financial instrument are set off and the net amount reported in the statement of financial position when there is a legal right to set off the amounts and there is an intention to settle on a net basis or to realise the assets and settle the liability simultaneously.

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.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (Group Board of directors). The directors then allocate resources to and assesses the performance of the operating segments of the Group.

The operating segments are based on the Group's internal reporting structure. In accordance with IFRS 8, the Group has the following operating segments; cultivation sale and manufacture of tea, investment in property and the sale and servicing of generators.

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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 year. Estimates and judgements 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:

(i) Critical judgements in applying the company's accounting policies

Held to maturity investments

The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity financial assets. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these assets to maturity, for example selling an insignificant amount close to maturity, it will be required to classify the entire class as available-for-sale. The assets would therefore have to be measured at fair value and not amortised cost with the difference arising from this change in valuation being a corresponding entry in the fair value reserve in shareholders' equity.

Impairment losses

At the end of each reporting period, 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 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.

(ii) Key sources of estimation uncertainty

Biological assets

In determining the fair value of biological assets, the Group uses the present value of expected discounted cashflows from the assets in their present location and condition. The discounted cash flows are estimates based on historical data relating to yields, prices of made tea and exchange rates, and on any projected changes in point of sale costs. The methodology and assumptions used are reviewed regularly to try to minimize differences between estimates and actual experience, but material differences can and do arise.

The significant assumptions, and a note as to an instance where there has been a material change as a result of reviewing the assumptions, are set out in note 18.

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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 SEGMENTAL INFORMATION

a) Products and services from which reportable segments derive their revenues

In accordance with IFRS 8, Operating segments, information reported to the Group's chief operating decision makers (the Board of Directors) for the purposes of resource allocation and assessment of segment performance is focussed on the principal activities and the products offered by the Group.

The identifiable reporting segments of the Group therefore are:

- The cultivation, manufacture and sale of tea.
- Investment in property.
- Sale and servicing of generators.

b) Measurement of operating segment profit or loss, assets and liabilities

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in note 1.

Williamson Tea Kenya accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

c) Segment revenues and results, assets and liabilities and other information

The segment information provided to the Group board of directors for the reportable segments is as follows:-

	Tea Sh'000	Property Sh'000	Generator trading Sh'000	Group Sh'000
2011				
Revenues and results				
Revenue	3,197,700	38,034	49,175	3,284,909
Other income	82,273	225,000	478	307,751
Profit before tax (excluding associate)	868,039	318,817	658	1,187,514
Group's share of associate companies' results before tax	106,176	-	-	106,176
Assets and liabilities				
Segment assets	5,346,602	620,500	65,641	6,032,743
Segment liabilities	1,747,659	-	13,856	1,761,515
Other information				
Depreciation	107,155	-	1,402	108,557
Amortisation of prepaid operating lease	84	-	-	84
Amortisation of intangible assets	2,794	-	333	3,127
Capital expenditure	50,637	-	2,168	52,805
	=====	=====	=====	=====



NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 SEGMENTAL INFORMATION (Continued)

c) Segment revenues and results, assets and liabilities and other information (Continued)

	Tea	Property	Generator	Group
	Sh'000	Sh'000	trading Sh'000	Sh'000
2010				
Revenues and results				
Revenue	2,650,270	29,320	43,597	2,723,187
Other income	11,091	69,264	345	80,700
Profit before tax (excluding associate)	1,060,349	84,383	(388)	1,144,344
Group's share of associate companies' results before tax	78,937	-	-	78,937
Assets and liabilities				
Segment assets	4,871,280	395,500	61,926	5,328,706
Segment liabilities	1,847,167	-	11,058	1,858,225
Other information				
Depreciation	95,560	-	1,018	96,923
Amortisation of prepaid operating lease	84	-	-	84
Amortisation of intangible assets	2,662	-	333	2,995
Capital expenditure	97,553	-	2,043	99,596
	=====	=====	=====	=====

Revenue reported above represents revenue generated from external customers.

Some of the revenue from the property segment was earned from Williamson Tea Kenya's investment in Williamson House. An agreement was entered to sell the investment property during the year. However, as at the end of the year, the sale process had not been completed and it is expected to be completed before the end of the year to March 2012. Investment in Williamson House has therefore been reclassified as held for sale (note 24) in line with the requirements of IFRS 5: Non – current Assets Held for Sale and Discontinued Operations.

d) Information on major customers

Included in revenue and other income arising from the cultivation, manufacture and sale of tea business of Sh 3,284,909,000 (2009: Sh 2,723,187,000) is revenue of approximately Sh 3,117,454,000 (2009: Sh 2,543,062,000) which arose from a related company which is also the Group's largest customer.

e) Geographical information

The Group is based in Kenya and hence all its assets are located in Kenya. However, the Group's revenue is derived from the following markets:

	2011 Sh'000	2010 Sh'000
Offshore	3,117,454	2,543,062
Kenya	167,455	180,125
	=====	=====
	3,284,909	2,723,187

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2011 Sh'000	2010 Sh'000
4	PROFIT BEFORE TAXATION	
	The profit before taxation is arrived at after charging:	
	Amortisation of leasehold property (note 13)	84
	Amortisation of intangible assets (note 12)	3,127
	Depreciation of property and equipment (note 11)	108,557
	Directors' remuneration:	
	Non-executive	
	Fees	1,500
	Other emoluments	-
	Executive	15,840
	Staff costs (note 5)	647,626
	Auditors' remuneration	5,483
	Loss on disposal of property, plant and equipment	2,022
	=====	=====
	and after crediting:	
	Operating lease rental income	38,034
	Fair value of agricultural produce harvested during the year	504,294
	Dividend income	11,608
	Gain on disposal of property, plant and equipment	-
	=====	=====
5	STAFF COSTS	
	Wages and salaries	561,258
	Social security costs (NSSF)	8,886
	Pension costs (defined contribution plan)	6,151
	Service gratuity and other terminal benefits	31,995
	Leave pay	24,833
	Medical expenses	14,503
	=====	=====
	647,626	596,488
6	FINANCE COSTS	
	Interest expense on:	
	- bank overdrafts	491
	- bank loans	2,588
	- Group loans	6,086
	=====	=====
	9,165	11,143



NOTES TO THE FINANCIAL STATEMENTS (Continued)

	GROUP		COMPANY	
	2011 Sh'000	2010 Sh'000	2011 Sh'000	2010 Sh'000
7 TAXATION				
(a) TAXATION CHARGE				
Current taxation based on the adjusted profit at 30%				
- current year	213,032	174,094	132,041	111,407
- prior year under/(over) provision	1,747	(1,127)	2,802	(1,997)
	<u>214,779</u>	<u>172,967</u>	<u>134,843</u>	<u>109,410</u>
Deferred taxation charge (note 27)				
- current year	148,159	151,602	108,649	61,285
- prior year under/(over) provision	14,170	(1,193)	10,628	86
	<u>162,329</u>	<u>150,409</u>	<u>119,277</u>	<u>61,371</u>
	<u>377,108</u>	<u>323,376</u>	<u>254,120</u>	<u>170,781</u>
Share of associate company's taxation:				
Current taxation	13,361	22,253	-	-
Deferred taxation charge	18,836	1,597	-	-
	<u>32,197</u>	<u>23,850</u>	<u>-</u>	<u>-</u>
Taxation charge	<u>409,305</u>	<u>347,226</u>	<u>254,120</u>	<u>170,781</u>
(b) RECONCILIATION OF EXPECTED TAX BASED ON ACCOUNTING PROFIT TO TAX CHARGE				
Accounting profit before taxation	<u>1,293,690</u>	<u>1,223,281</u>	<u>876,356</u>	<u>643,210</u>
Tax at the applicable rate of 30%	388,107	366,984	262,906	192,963
Tax effect of expenses not deductible for tax purposes	5,520	4,503	3,024	1,430
Tax effect of income not taxable	(239)	(21,941)	(25,240)	(21,701)
Prior year under/(over) provision of current tax	1,747	(1,127)	2,802	(1,997)
Prior year under/(over) provision of deferred tax	14,170	(1,193)	10,628	86
Taxation charge	<u>409,305</u>	<u>347,226</u>	<u>254,120</u>	<u>170,781</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 TAXATION (Continued)

	GROUP		COMPANY	
	2011	2010	2011	2010
	Sh'000	Sh'000	Sh'000	Sh'000
(c) TAX MOVEMENT				
At beginning of the year:				
Taxation payable	139,231	4,656	85,169	4,613
Taxation recoverable	(2,678)	(7,212)	-	-
	<u>136,553</u>	<u>(2,556)</u>	<u>85,169</u>	<u>4,613</u>
Taxation charge	214,779	172,967	134,843	109,410
Taxation paid	(342,711)	(33,858)	(220,931)	(28,854)
At end of the year				
Net tax payable(recoverable)	<u>8,621</u>	<u>136,553</u>	<u>(919)</u>	<u>85,169</u>
Comprising:				
Taxation payable	14,630	139,231	-	85,169
Taxation recoverable	(6,009)	(2,678)	(919)	-
	<u>8,621</u>	<u>136,553</u>	<u>(919)</u>	<u>85,169</u>

8 PROFIT FOR THE YEAR - COMPANY

The company profit for the year of Sh 622,236,000 (2010 – Sh 472,430,000) has been dealt with in the separate 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 weighted average number of ordinary shares in issue during the year.

	2011	2010
Earnings		
Earnings for purposes of basic and diluted earnings per share (Sh'000)	<u>853,346</u>	<u>844,297</u>
Number of shares		
Number of ordinary shares	<u>8,756,320</u>	<u>8,756,320</u>
Earnings per share		
Basic and diluted (Sh)	<u>97.46</u>	<u>96.42</u>

There were no potentially dilutive shares outstanding at 31 March 2011 and at 31 March 2010.

10 PROPOSED DIVIDEND

During the year, an interim dividend of Sh 2.50 (2010-Sh nil) per share representing an amount of Sh 21,890,800 (2010: Sh nil) was declared and paid.

In respect of the current year, the directors propose that a dividend of Sh 12.50 per share (2010 – Sh 6.25 per share) amounting to a total of Sh 109,454,000 (2010 – Sh 54,727,000) will be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting 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 land & buildings	Machinery & equipment	Tractors & accessories	Motor vehicles	Office equipment furniture & fittings	Computers	Work in progress	Total
	Sh 000	Sh 000	Sh 000	Sh 000	Sh 000	Sh 000	Sh 000	Sh 000
COST OR VALUATION								
At 1 April 2009	635,867	485,243	89,106	54,268	22,663	23,271	16,226	1,326,644
Additions	2,754	22,791	7,666	9,586	2,274	6,178	1,556	52,805
Disposals	(1,594)	(825)	(11,130)	(12,779)	(2,153)	-	-	(28,481)
Reclassification	1,710	8,952	-	-	-	-	(10,662)	-
Transfer to biological assets	-	-	-	-	-	-	(6,694)	(6,694)
At 31 March 2010	638,737	516,161	85,642	51,075	22,784	29,449	426	1,344,274
Comprising:								
At valuation 2007	611,727	305,003	-	-	-	-	-	916,730
At cost	27,010	211,158	85,642	51,075	22,784	29,449	426	427,544
At 31 March 2010	638,737	516,161	85,642	51,075	22,784	29,449	426	1,344,274
At 1 April 2010	638,737	516,161	85,642	51,075	22,784	29,449	426	1,344,274
Additions	6,598	44,333	8,969	18,723	1,806	3,796	15,371	99,596
Disposals	(2,748)	(19,830)	(519)	(2,777)	(352)	(48)	-	(26,274)
Reclassification	89	496	-	-	-	150	(735)	-
At 31 March 2011	642,676	541,160	94,092	67,021	24,238	33,347	15,062	1,417,596
Comprising:								
At valuation 2007	611,727	305,003	-	-	-	-	-	916,730
At cost	30,949	236,157	94,092	67,021	24,238	33,347	15,062	500,866
At 31 March 2011	642,676	541,160	94,092	67,021	24,238	33,347	15,062	1,417,596

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Freehold land & buildings Sh 000	Machinery & equipment Sh 000	Tractors & accessories Sh 000	Motor vehicles Sh 000	Office equipment furniture & fittings Sh 000	Computers Sh 000	Work in progress Sh 000	Total Sh 000
DEPRECIATION								
At 1 April 2009	101,386	73,012	69,888	44,684	13,535	19,767	-	322,272
Charge for the year	39,838	42,865	6,466	4,056	1,631	2,067	-	96,923
Eliminated on disposal	(276)	(165)	(10,480)	(12,779)	(1,722)	-	-	(25,422)
At 31 March 2010	140,948	115,712	65,874	35,961	13,444	21,834	-	393,773
At 1 April 2010	140,948	115,712	65,874	35,961	13,444	21,834	-	393,773
Charge for the year	38,340	51,085	6,924	8,008	1,453	2,747	-	108,557
Eliminated on disposal	(1,031)	(4,576)	(1,474)	(1,127)	(37)	(36)	-	(8,281)
At 31 March 2011	178,257	162,221	71,324	42,842	14,860	24,545	-	494,049
NET BOOK VALUE								
At 31 March 2011	464,419	378,939	22,768	24,179	9,378	8,802	15,062	923,547
At 31 March 2010	497,789	400,449	19,768	15,114	9,340	7,615	426	950,501
NET BOOK VALUE (Cost basis)								
At 31 March 2011	258,599	242,092	22,768	24,179	9,378	8,802	15,062	580,880
At 31 March 2010	279,928	239,355	19,768	15,114	9,340	7,615	6,246	577,366

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 property, plant and equipment are assets with an original cost of Sh 164,807,857 (2010 - Sh 160,099,895) which are fully depreciated and whose normal depreciation charge for the year would have been Sh 31,091,945 (2010 - Sh 23,252,502).

Land and buildings with net book value of Sh 464,419,000 (2010 - Sh 497,789,000) 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 71,553,200 (2010 - Sh 95,855,774) are subject of a finance lease as disclosed in note 30.

Locations and details of the freehold land and buildings have been disclosed in note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 PROPERTY, PLANT AND EQUIPMENT

COMPANY

	Freehold land and buildings Sh'000	Machinery & equipment Sh'000	Tractors & accessories Sh'000	Motor vehicles Sh'000	Office equipment furniture & fittings Sh'000	Computers Sh'000	Work in progress Sh'000	Total Sh'000
COST OR VALUATION								
At 1 April 2009	326,334	135,274	35,539	17,966	10,070	10,296	1,921	537,400
Additions	549	6,795	3,388	3,715	2,443	3,521	793	21,204
Disposals	(205)	-	(1,258)	(631)	(2,120)	-	-	(4,214)
Reclassification	1,710	915	-	-	-	-	(2,625)	-
At 31 March 2010	328,388	142,984	37,669	21,050	10,393	13,817	89	554,390
Comprising:								
At valuation 2007	319,829	117,744	-	-	-	-	-	437,573
At cost	8,559	25,240	37,669	21,050	10,393	13,817	89	116,817
At 31 March 2011	328,388	142,984	37,669	21,050	10,393	13,817	89	554,390
At 1 April 2010	328,388	142,984	37,669	21,050	10,393	13,817	89	554,390
Additions	5,823	6,865	6,768	6,924	1,504	2,203	2,265	32,352
Disposals	(1,195)	(40)	(519)	(361)	(238)	-	-	(2,353)
Reclassification	89	-	-	-	-	150	(239)	-
At 31 March 2011	333,105	149,809	43,918	27,613	11,659	16,170	2,115	584,389
Comprising:								
At valuation 2007	319,829	117,744	-	-	-	-	-	437,573
At cost	13,276	32,065	43,918	27,613	11,659	16,170	2,115	146,816
At 31 March 2011	333,105	149,809	43,918	27,613	11,659	16,170	2,115	584,389



NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 PROPERTY, PLANT AND EQUIPMENT COMPANY

	Freehold land and buildings Sh'000	Machinery & equipment Sh'000	Tractors & accessories Sh'000	Motor vehicles Sh'000	Office equipment furniture & fittings Sh'000	Computers Sh'000	Work in progress Sh'000	Total Sh'000
DEPRECIATION								
At 1 April 2009	50,250	26,426	28,382	10,854	5,052	8,683	-	129,647
Charge for the year	19,221	11,009	1,597	2,672	899	929	-	36,327
Eliminated on disposal	(190)	-	(1,258)	(631)	(1,689)	-	-	(3,768)
At 31 March 2010	69,281	37,435	28,721	12,895	4,262	9,612	-	162,206
At 1 April 2010	69,281	37,435	28,721	12,895	4,262	9,612	-	162,206
Charge for the year	18,772	13,399	1,869	3,854	919	1,439	-	40,252
Eliminated on disposal	(614)	(40)	(474)	(361)	-	-	-	(1,489)
At 31 March 2011	87,439	50,794	30,116	16,388	5,181	11,051	-	200,969
NET BOOK VALUE								
At 31 March 2011	245,666	99,015	13,802	11,225	6,478	5,119	2,115	383,420
At 31 March 2010	259,107	105,549	8,948	8,155	6,131	4,205	89	392,184
NET BOOK VALUE (Cost basis)								
At 31 March 2011	101,610	76,218	13,802	11,225	6,478	5,119	2,115	216,567
At 31 March 2010	110,374	67,701	8,948	8,155	6,131	4,056	239	205,604

Land, buildings and machinery were revalued as at 31 March 2007 by Lloyd Masika Limited, registered valuers and estate agents on a replacement cost basis.

Included in property, plant and equipment are assets with an original cost of Sh 65,620,639 (2010 - Sh 51,102,921) which are fully depreciated and whose normal depreciation charge for the year would have been Sh 9,605,266 (2010 - Sh 7,884,670).

Land, buildings and development with net book value of Sh 245,666,000 (2010 - Sh 259,107,000) have been charged to secure banking facilities granted to the company as disclosed in note 29.

Motor vehicles and machinery with a net book value of Sh 3,137,951 (2010: 4,665,542) are subject of a finance lease as disclosed in note 30.

Locations and details of the freehold land and buildings have been disclosed in note 29 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

		GROUP		COMPANY	
		2011 Sh'000	2010 Sh'000	2011 Sh'000	2010 Sh'000
12	INTANGIBLE ASSETS				
	COST				
	At 1 April	9,013	8,978	4,025	3,990
	Additions	950	35	400	35
	31 March	9,963	9,013	4,425	4,025
	AMORTISATION				
	At 1 April	5,987	2,992	2,662	1,330
	Amortisation for the year	3,127	2,995	1,373	1,332
	At 31 March	9,114	5,987	4,035	2,662
	At 31 March	849	3,026	390	1,363
13	PREPAID OPERATING LEASES				
	COST				
	At 1 April	81,581	81,581	12,613	12,613
	AMORTISATION				
	At 1 April	4,535	4,451	814	801
	Amortisation for the year	84	84	13	13
	At 31 March	4,619	4,535	827	814
	NET BOOK VALUE				
	At 31 March	76,962	77,046	11,786	11,799

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.

Locations and details of the leasehold land have been disclosed in note 29 to the financial statements.

		GROUP & COMPANY	
		2011 Sh'000	2010 Sh'000
14	INVESTMENT PROPERTY		
	At fair value:		
	At 1 April	395,500	394,500
	Fair value gain	225,000	37,500
	Disposals	-	(36,500)
	Transfer to non – current assets reclassified as held for sale (note 24)	(275,000)	-
	At 31 March	345,500	395,500
	COST BASIS	17,932	102,833



NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 INVESTMENT PROPERTY (Continued)

Investment property was revalued as at 31 March 2011 by Lloyd Masika Limited, Registered Valuers and Estate Agents on an open market value basis.

Locations and details of the investment property are LR No 160/196, LR No 160/197 and LR No 330/490 all located in the Nairobi area.

	2011	2010
	Sh'000	Sh'000
15 INVESTMENT IN ASSOCIATE COMPANIES		

GROUP

Kapchorua Tea Company Limited (Quoted) - 39.56% owned:

At share of net assets (market value – Sh 177,994,707)

2010 – Sh 225,975,889) 386,263 323,891

Williamson Developments Limited (Unquoted) - 50%

Share of net assets - 19,815

386,263	343,706
---------	---------

The movement in Group investment in associate companies is as follows:

At 1 April	343,706	292,486
Share of profit before taxation	106,176	78,937
Share of tax	(32,197)	(23,850)
Dividend received	(11,607)	(3,867)
Transfer to non – current assets classified as held for sale (note 24)	(19,815)	-
At 31 March	386,263	343,706

COMPANY

Kapchorua Tea Company Limited (Quoted);

39.56% owned:

At cost (market value – Sh 177,994,707)

2010 – Sh 225,975,889) 49,479 49,479

Williamson Developments Limited (Unquoted)

- 50% owned at cost (note 24) - 30,358

49,479	79,837
--------	--------

The movement in company investment in associate companies is as follows:

At 1 April	79,837	79,837
Transfer to non – current assets classified as held for sale (note 24)	(30,358)	-
At 31 March	49,479	79,837



NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 INVESTMENT IN ASSOCIATE COMPANIES (Continued)

The details of the above associate companies are as follows:

<i>Company</i>	<i>Share capital Sh</i>	<i>% owned</i>	<i>Country of Incorporation</i>	<i>Principal activity</i>
Kapchorua Tea Company Ltd	19,560,000	39.56%	Kenya	Cultivation, manufacture and sale of tea
Williamson Developments Ltd	3,600	50.00%	Kenya	Property management

The audited summarised financial information as of 31 March 2011 in respect of the associated companies is set out below:

	KAPCHORUA TEA COMPANY LIMITED		WILLIAMSON DEVELOPMENTS LIMITED	
	2011 Sh'000	2010 Sh'000	2011 Sh'000	2010 Sh'000
Total assets	1,570,203	1,498,931	45,036	42,791
Total liabilities	(593,806)	(680,199)	(5,405)	(3,160)
Net assets	976,397	818,732	39,631	39,631
Group's share of the net assets	386,263	323,891	18,974	19,815
Revenue	1,375,133	1,138,783	5,902	6,172
Profit before taxation	268,393	199,538	-	-
Taxation charge	(81,388)	(60,286)	-	-
Profit for the year	187,005	139,252	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	187,005	139,252	-	-



NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2011 Sh'000	2010 Sh'000
16	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 Properties Limited	2	2
	Lelsa Tea Estates Limited	-	-
		6,554	6,554
	(b) Unquoted investment at cost in Partly owned subsidiaries:		
	Tinderet Tea Estates (1989) Limited (82% owned)	103,323	103,323
		109,877	109,877
		=====	=====

The details of the above subsidiary companies are as follows:

		2011 Sh'000	2010 Sh'000
17	OTHER INVESTMENTS		
	Unquoted investments at cost		
	Group		
	999,326 Shares (2010 – 999,326) shares of Sh 10 each in Kenya Tea Packers Limited	1,349	1,349
		=====	=====
	Company		
	403,545 Shares (2010 – 403,545) shares of Sh 10 each in Kenya Tea Packers Limited	546	546
		=====	=====

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 BIOLOGICAL ASSETS

GROUP

	Tea bushes Sh'000	Timber trees Sh'000	Fuel Trees Sh'000	Total 2011 Sh'000	Total 2010 Sh'000
Carrying amount at 1 April 2010	1,219,408	190,318	218,265	1,627,991	1,230,300
Transfer from property, plant and equipment	-	-	-	-	6,694
Expenditure on biological assets	11,572	195	9,023	20,790	10,226
Decrease due to harvest	(1,657)	(7,494)	(1,959)	(11,110)	(1,582)
Net expenditure on biological assets	9,915	(7,299)	7,064	9,680	8,644
	1,229,323	183,019	225,329	1,637,671	1,245,638
(Losses)/gains arising from changes in fair value attributable to physical changes	(3,672)	(52,484)	(13,434)	(69,590)	25,963
Gains arising from changes in fair value attributable to price changes	403,413	-	-	403,413	356,390
Net fair value (losses)/gains	399,741	(52,484)	(13,434)	333,823	382,353
Carrying amount at 31 March 2011	1,629,064	130,535	211,895	1,971,494	1,627,991

COMPANY

Carrying amount at 1 April 2010	605,693	57,924	95,227	758,844	542,830
Expenditure on biological assets	1,276	-	1,675	2,951	496
Decrease due to harvest	(1,657)	(362)	(958)	(2,977)	(811)
Net expenditure on biological assets	(381)	(362)	717	(26)	(315)
	605,312	57,562	95,944	758,818	542,515
Gains/(losses) arising from changes in fair value attributable to physical changes	10,743	(17,727)	1,940	(5,044)	24,866
Gains arising from changes in fair value attributable to price changes	176,457	-	-	176,457	191,463
Net fair value gain/(loss)	187,200	(17,727)	1,940	171,413	216,329
Carrying amount at 31 March 2011	792,512	39,835	97,884	930,231	758,844

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

- The expected lifespan of the plantations (tea bushes 30 years; firewood and timber trees between 5 and 25 years depending on the species of the tree).
- Tea selling prices are to remain constant, based on the dollar average for the last five years and the ruling rate of exchange at year end; firewood and timber prices are also to remain constant.
- Tea bush fair values are 60% of discounted future cash flows less point-of-sale and tea-processing costs; the remaining 40% is assigned to regeneration of tea leaf.
- Discount rates to be applied to discount the expected net cash flows arising from the asset should be 14.8% per annum.
- Point-of-sale and tea-processing costs will be the same as for the last financial year except where material changes are to be expected from projected changes in operational procedures.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

		GROUP		COMPANY	
		2011	2010	2011	2010
		Sh'000	Sh'000	Sh'000	Sh'000
19	INVENTORIES				
	Tea stocks	201,093	368,248	97,207	114,580
	Firewood	7,195	3,845	2,552	1,355
	Stores	109,457	70,009	37,683	17,498
	Generators	578	578	-	-
	Work in progress	295	487	-	-
	Goods in transit	340	1,627	-	-
		<u>318,958</u>	<u>444,794</u>	<u>137,442</u>	<u>133,433</u>
		=====	=====	=====	=====
20	TRADE AND OTHER RECEIVABLES				
	Trade	655,644	868,643	281,321	359,863
	Staff	44,966	37,238	29,528	27,010
	VAT receivable	70,212	42,306	11,510	7,352
	Other	60,044	48,894	17,471	35,909
		<u>830,866</u>	<u>997,081</u>	<u>339,830</u>	<u>430,134</u>
		=====	=====	=====	=====
		GROUP		COMPANY	
		2011	2010	2011	2010
		Sh'000	Sh'000	Sh'000	Sh'000
21	BALANCES WITH RELATED COMPANIES				
	(a) DUE FROM ASSOCIATE COMPANIES				
	Kapchorua Tea Company Limited	34,717	19,992	30,973	14,173
	Williamson Development Limited	1,118	2,956	1,118	2,956
		<u>35,835</u>	<u>22,948</u>	<u>32,091</u>	<u>17,129</u>
		=====	=====	=====	=====
	(b) DUE FROM SUBSIDIARY COMPANIES				
	COMPANY			2011	2010
				Sh'000	Sh'000
	Kaimosi Tea Estates Limited			42,868	14,641
	Williamson Power Limited			7,118	5,246
	Tinderet Tea Estates (1989) Limited			43,733	30,158
				<u>93,719</u>	<u>50,045</u>
				=====	=====



NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 BALANCES WITH RELATED COMPANIES (Continued)

	2011 Sh'000	2010 Sh'000
(c) DUE TO SUBSIDIARY COMPANIES		
COMPANY		
Tea Properties Limited	24,403	24,868
Tinderet Tea Estates (1989) Limited	-	285
Williamson Power Limited	234	709
	<u>24,637</u>	<u>25,862</u>

(d) DUE TO ASSOCIATE COMPANY –GROUP

Kapchorua Tea Company Limited	2,542	3,592
	<u>=====</u>	<u>=====</u>

22 LOANS TO SUBSIDIARY COMPANY - COMPANY

Tinderet Tea Estate (1989) Limited	38,929	126,313
	<u>=====</u>	<u>=====</u>

The loan to the subsidiary company is unsecured and is repayable quarterly within two years.

The effective interest rate on the loan as at 31 March 2011 was 6.5% (2010 – 8.75 %).

	GROUP		COMPANY	
	2011 Sh'000	2010 Sh'000	2011 Sh'000	2010 Sh'000
23 SHORT TERM DEPOSITS – Held to maturity				
At amortised cost				
Maturing within 90 days				
NIC Bank Limited	133,931	80,401	93,85	225,122
Bank of Africa Limited	347,269	180,963	251,662	100,353
At 31 March	<u>481,200</u>	<u>261,364</u>	<u>345,514</u>	<u>125,475</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

The effective interest rates on fixed deposits at 31 March 2011 was as below:

	2011 %	2010 %
NIC Bank Limited	4.00	7.00
Bank of Africa Limited	5.25	7.25
	<u>=====</u>	<u>=====</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 NON – CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	GROUP		COMPANY	
	2011 Sh'000	2010 Sh'000	2011 Sh'000	2010 Sh'000
At 1 April	-	-	-	-
Reclassification from;				
Investment in associate companies (note 15)	19,815	-	30,358	-
Investment properties (note 14)	275,000	-	275,000	-
	<u>294,815</u>	<u>-</u>	<u>305,358</u>	<u>-</u>
At 31 March	294,815	-	305,358	-
	<u>294,815</u>	<u>-</u>	<u>305,358</u>	<u>-</u>

During the year, the directors resolved to dispose of Williamson Tea Kenya Limited's shares in Williamson Developments Limited (Unquoted investment in associates) and Williamson House (Investment property). A sale agreement was entered into during the year but some sale formalities had not been concluded on as at the end of the reporting period. The sale is however expected to be concluded before the end of the year to 31 March 2012.

These non – current assets held for sale were held under the investment in property segment.

25 SHARE CAPITAL

	2011 Sh'000	2010 Sh'000
Authorised:		
17,512,640 shares of Sh 5 each	87,563	87,563
	<u>87,563</u>	<u>87,563</u>
Issued and fully paid:		
8,756,320 shares of Sh 5 each	43,782	43,782
	<u>43,782</u>	<u>43,782</u>

26 NON – CONTROLLING INTERESTS

At 1 April	110,229	78,471
	<u>110,229</u>	<u>78,471</u>
Share of profit – arising from operating activities	7,859	21,130
– arising from changes in biological assets	23,180	10,628
	<u>31,039</u>	<u>31,758</u>
Dividend paid	(7,020)	-
	<u>(7,020)</u>	<u>-</u>
At 31 March	134,248	110,229
	<u>134,248</u>	<u>110,229</u>
Represented by:		
Holding in Tinderet Tea Estates (1989) Limited	18.00%	18.00%
	<u>18.00%</u>	<u>18.00%</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 DEFERRED INCOME TAXATION

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

	GROUP		COMPANY	
	2011 Sh'000	2010 Sh'000	2011 Sh'000	2010 Sh'000
The net deferred taxation liability is attributable to the following items:				
Deferred tax liabilities:				
Accelerated capital allowances	312,828	280,368	130,191	99,159
Revaluation of investment property	123,071	55,571	123,071	55,571
Revaluation surplus	102,800	111,940	50,056	55,974
Fair value adjustments - biological assets	409,977	334,948	190,160	159,679
Unrealised exchange gains	1,516	2,073	775	862
	<u>951,926</u>	<u>784,900</u>	<u>494,253</u>	<u>371,245</u>
Deferred taxation assets:				
Unrealised exchange losses	(946)	(6,792)	(143)	(469)
Service gratuity provision	(43,538)	(36,931)	(15,172)	(12,671)
Leave pay provision	(3,518)	(2,759)	(2,202)	(800)
Inventories general provision	(590)	(343)	(381)	(227)
Doubtful debts provision	(1,413)	-	-	-
Tax losses	-	(293)	-	-
Accelerated depreciation charges	(322)	(246)	-	-
	<u>(50,327)</u>	<u>(47,364)</u>	<u>(17,898)</u>	<u>(14,167)</u>
Net deferred taxation liability	<u>899,865</u>	<u>737,536</u>	<u>476,355</u>	<u>357,078</u>

The movement on the deferred taxation account is as follows:

	GROUP		COMPANY	
	2011 Sh'000	2010 Sh'000	2011 Sh'000	2010 Sh'000
At 1 April	737,536	587,127	357,078	295,707
Taxation charge/(credit) (note 7a)				
- current year charge	148,159	151,602	108,649	61,285
- Prior year under/(over) provision	14,170	(1,193)	10,628	86
At 31 March	<u>899,865</u>	<u>737,536</u>	<u>476,355</u>	<u>357,078</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

		GROUP		COMPANY	
		2011 Sh'000	2010 Sh'000	2011 Sh'000	2010 Sh'000
28	SERVICE GRATUITY				
	At start of the year	123,098	106,868	42,237	43,470
	Provision during the year	31,888	38,366	11,302	14,692
	Payments in the year	(9,861)	(22,136)	(2,965)	(15,925)
	At 31 March	145,125	123,098	50,574	42,237
29	BORROWINGS				
	a) Loans				
	Bank overdraft	-	1,355	-	-
	Shareholder loan	14,618	28,607	2,953	5,779
		14,618	29,962	2,953	5,779
	The borrowings are repayable as follows:				
	On demand and within one year	14,618	18,804	2,953	2,569
	In the second to fifth year	-	11,158	-	3,210
		14,618	29,962	2,953	5,779

Analysis of borrowings by currency

GROUP

	Borrowings In KES Sh'000	Borrowings in GBP Sh'000	Total Sh'000
2011			
Shareholder loan	-	14,618	14,618
2010			
Bank overdrafts	1,355	-	1,355
Shareholder loan	-	28,607	28,607
	1,355	28,607	29,962



NOTES TO THE FINANCIAL STATEMENTS (Continued)

29 BORROWINGS (Continued)

a) Loans (Continued)

Analysis of borrowings by currency

COMPANY

	Borrowings In KES Sh'000	Borrowings in GBP Sh'000	Total Sh'000
2011			
Shareholder loan	-	2,953	2,953
	=====	=====	=====
2010			
Shareholder loan	-	5,779	5,779
	=====	=====	=====

b) Interest rate

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

	2011	2010
Share holder loan - GBP	BOE+1.5%	BOE +1.5%
Bank overdraft - KSh	15.50%	15.75%
Bank overdraft - US\$	7.0%	6.25%
	=====	=====

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.
4. 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.
5. 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 196,035,000 (2010 – Sh 185,777,000). 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 lease payments (including finance charges)		Present value of minimum lease payments (excluding finance charges)	
	2011	2010	2011	2010
	Shs'000	Shs'000	Shs'000	Shs'000
Within one year	42,641	61,747	39,301	56,910
In second to fifth year	31,605	41,164	29,129	37,939
	74,246	102,911	68,430	94,849
Less: future finance charges	(5,816)	(8,062)	-	-
Present value of lease obligations	68,430	94,849	68,430	94,849
	<u>=====</u>	<u>=====</u>		
Amounts due for settlement within one year			(39,301)	(56,910)
Amounts due for settlement after one year			29,129	37,939
			<u>=====</u>	<u>=====</u>

COMPANY

	Minimum lease payments (including finance charges)		Present value of minimum lease payments (excluding finance charges)	
	2011	2010	2011	2010
	Shs'000	Shs'000	Shs'000	Shs'000
Within one year	2,838	3,331	2,616	3,070
In second year to fifth year	-	2,220	-	2,046
	2,838	5,551	2,616	5,116
Less: future finance charges	(222)	(435)	-	-
Present value of lease obligations	2,616	5,116	2,616	5,116
	<u>=====</u>	<u>=====</u>		
Amounts due for settlement within one year			(2,616)	(3,070)
Amounts due for settlement after one year			-	2,046
			<u>=====</u>	<u>=====</u>

The average lease period is 3 years. The average interest rate was 8.50% (2010 - 8.50%).

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	
		2011 Sh'000	2010 Sh'000	2011 Sh'000	2010 Sh'000
31	TRADE AND OTHER PAYABLES				
	Trade payables	95,043	117,345	27,564	59,355
	Green leaf provision	331,109	447,558	83,220	103,902
	Leave provision	13,925	9,201	7,340	2,670
	Accruals and other payables	171,960	151,436	92,787	89,211
		<u>612,037</u>	<u>725,540</u>	<u>210,911</u>	<u>255,138</u>
32	UNCLAIMED DIVIDENDS				
				2011 Sh'000	2010 Sh'000
	GROUP & COMPANY				
	At beginning of the year			4,417	4,712
	Declared in the year			76,618	35,025
	Dividends claimed			(76,767)	(35,320)
	At end of year			<u>4,268</u>	<u>4,417</u>
33	NOTES TO THE CASH FLOW STATEMENT				
	GROUP				
(a)	Reconciliation of profit before taxation to cash generated from operations				
	Profit before taxation			1,293,690	1,223,281
	Adjustments for:				
	Depreciation			108,557	96,923
	Amortisation of prepaid operating leases			84	84
	Amortisation of intangible assets			3,127	2,995
	Loss/(profit) on disposal of plant and equipment			2,022	(2,183)
	Share of results of associates			(106,176)	(78,937)
	Fair value adjustment on biological assets			(333,823)	(382,353)
	Gain on disposal of investment property			-	(30,969)
	Fair value gain on investment property			(225,000)	(37,500)
	Exchange differences on loans (note 33(b))			3,285	(586)
	Exchange differences on asset finance loans (note 33(c))			1,412	(2,311)
	Interest paid			9,165	11,143
	Interest received			(14,873)	(2,670)
	Dividend received			(542)	-
				<u>740,928</u>	<u>796,917</u>
	Profit before working capital changes			740,928	796,917
	Decrease/(increase) in inventories			125,836	(173,986)
	Decrease/(increase) in trade and other receivables			166,215	(498,891)
	(Decrease)/increase in trade and other payables			(113,503)	350,777
	Movement in associate companies balances			(13,937)	(15,382)
	Movement in short term loan to associate			-	23,333
	Increase in service gratuity			22,027	16,230
				<u>927,566</u>	<u>498,998</u>
	Cash generated from operations			<u>927,566</u>	<u>498,998</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 NOTES TO THE CASH FLOW STATEMENT (Continued)

	2011 Sh'000	2010 Sh'000
(b) Analysis of changes in loans		
At 1 April	28,607	44,140
Loans repaid	(17,274)	(14,947)
Exchange loss/(gain)	3,285	(586)
At 31 March1	4,618	28,607
(c) Analysis of changes in asset finance loan		
At 1 April	94,849	121,304
Asset finance loans repaid	(27,831)	(24,144)
Exchange loss/(gain)	1,412	(2,311)
At 31 March	68,430	94,849
(d) Analysis of cash and cash equivalents		
Cash and bank balances	359,096	200,722
Short term deposits	481,200	261,364
Bank overdrafts	-	(1,355)
At 31 March	840,296	460,731

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.

34 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:

	2011 Sh'000	2010 Sh'000
Sales through a related party (Williamson Tea Holdings Limited – parent)	3,117,454	2,543,062
Agency commission and charges received (Kapchorua Tea Company Limited – associate)	50,820	43,699
Agency fees-Cohen & Griffiths Ltd	93,551	72,651
Green leaf purchases from Kapchorua Tea Company Limited	61,403	10,894
Firewood sales to Kapchorua Tea Company Limited	-	357



NOTES TO THE FINANCIAL STATEMENTS (Continued)

34 RELATED PARTIES (Continued)

Loan from parent company

The Group received a loan of GBP 200,000 during the financial year ended 31 March 2008 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 2010 for purchase of farm machinery from George Williamson & Co Limited, a related company. The interest rate on the loans is Bank of England plus 1.50 %. The balance outstanding on the shareholder loan at 31 March 2011 is disclosed in note 29.

2011	2010
Sh'000	Sh'000

Compensation of key management personnel

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

Directors' emoluments

Salaries and benefits	15,840	20,568
Fees and allowances for services as directors	1,500	1,000
	<u>17,340</u>	<u>21,568</u>

Key management remuneration

Salaries and other benefits	85,241	68,143
-----------------------------	--------	--------

	GROUP		COMPANY	
	2011 Sh'000	2010 Sh'000	2011 Sh'000	2010 Sh'000
35 CAPITAL COMMITMENTS				
Authorised but not contracted for	299,076	116,708	82,423	40,506
Authorised and contracted for	47,064	20,499	17,889	5,138
	<u>346,140</u>	<u>137,207</u>	<u>100,312</u>	<u>45,644</u>

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

36 OPERATING LEASE COMMITMENTS

The Group as a lessor

Property rental income earned during the year amounted to Sh 38,033,814 (2010 – Sh 29,320,035). At the end of the reporting period, the Group had contracted with tenants for the following future lease receivables.

	2011 Sh'000	2010 Sh'000
Within one year	38,034	28,805
In the second to fifth years inclusive	8,650	27,675
	<u>46,684</u>	<u>56,480</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

36 OPERATING LEASE COMMITMENTS (Continued)

Leases are negotiated for an average term of six years for both residential properties and 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.

The non-residential property includes Williamson House which the company entered into a sale agreement during the year. The sale had not been concluded as at the end of the year and is expected to be completed before the end of the year to 31 March 2012.

37 CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 March 2011 (2010: Sh nil).

38 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.

	GROUP	
	2011 Sh'000	2010 Sh'000
Share capital	43,782	43,782
Retained earnings	3,932,080	3,055,275
Equity	3,975,862	3,099,057
Total borrowings	83,048	126,166
Less: cash	(359,096)	(200,722)
Net debt	(276,048)	(74,556)
Total capital	3,699,814	3,024,501
Gearing	Nil	Nil

39 FINANCIAL RISK MANAGEMENT

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 department 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.

Financial risks arising from use of financial instruments

The Group has exposure to the following risks due to its use of financial instruments:

- credit risk
- liquidity risk
- market risk

NOTES TO THE FINANCIAL STATEMENTS (Continued)

39 FINANCIAL RISK MANAGEMENT (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 credit risk on liquid funds and bank balances is limited because the counter parties are banks with high credit ratings assigned by international credit rating agencies. 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 Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

The amount that best represents the Group's maximum exposure to credit risk as at 31 March 2011 is made up as follows:

	Fully performing Sh'000	Past due Sh'000	Total Sh'000
Trade receivables	655,644	-	655,644
Short term deposits	481,200	-	481,200
Bank balances	354,381	-	354,381
	=====	=====	=====

The amount that best represents the Group's maximum exposure to credit risk at 31 March 2010 is made up as follows:

	Fully performing Sh'000	Past due Sh'000	Total Sh'000
Trade receivables	868,643	-	868,643
Short term deposits	261,364	-	261,364
Bank balances	200,722	-	200,722
	=====	=====	=====

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

The receivables that are past due relate 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.

The following table analyses the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the end of the reporting period 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.

Liquidity risk (Continued)

	Up to 1 month Sh'000	1-3 months Sh'000	3-12 months Sh'000	1-5 years Sh'000	Over 5 years Sh'000	Total Sh'000
Financial liabilities						
At 31 March 2011						
Trade payables	39,659	52,945	2,439	-	-	95,043
Finance lease obligations	3,553	7,107	31,981	31,605	-	74,246
Borrowings	4,707	9,415	42,367	-	-	56,489
	<u>47,919</u>	<u>69,467</u>	<u>76,787</u>	<u>31,605</u>	<u>-</u>	<u>225,778</u>
At 31 March 2010						
Trade payables	55,997	181,684	608	-	-	238,289
Finance lease obligations	5,145	10,288	46,305	41,164	-	102,902
Borrowings	5,563	8,416	6,295	14,334	-	34,608
	<u>66,705</u>	<u>200,388</u>	<u>53,208</u>	<u>55,498</u>	<u>-</u>	<u>375,799</u>

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 end of the reporting period are as follows:

	USD Sh'000	GBP Sh'000	EURO Sh'000
2011			
Financial assets			
Bank and cash balances	174,963	113,853	901
Trade receivables	462,008	146,306	12,582
	<u>636,971</u>	<u>260,159</u>	<u>13,483</u>
Financial liabilities			
Borrowings	54,749	14,618	-
Finance lease obligations	13,681	-	-
	<u>68,430</u>	<u>14,618</u>	<u>-</u>
2010			
Financial assets			
Bank and cash balances	48,523	56,640	397
Trade receivables	665,990	125,267	29,027
	<u>714,513</u>	<u>181,907</u>	<u>30,424</u>
Financial liabilities			
Borrowings	72,371	28,606	-
Finance lease obligations	22,478	-	-
	<u>94,849</u>	<u>28,606</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market risk (Continued)

(i) Foreign exchange risk (Continued)

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 at the end of the reporting period with all other variables held constant.

	2011 Sh'000		2010 Sh'000	
	Effect on profit	Effect on equity	Effect on profit	Effect on equity
Currency - GB pounds				
+ 1 percentage point movement	2,456	1,719	2,218	1,552
- 1 percentage point movement	(2,456)	(1,719)	(2,218)	(1,552)
Currency - US dollars				
+ 1 percentage point movement	5,035	3,525	7,546	5,282
- 1 percentage point movement	(5,035)	(3,525)	(7,546)	(5,282)
Currency - Euro				
+ 1 percentage point movement	134	94	419	294
- 1 percentage point movement	(134)	(94)	(419)	(294)
	=====	=====	=====	=====

(ii) 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.

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 at the end of the reporting period with all other variables held constant.

	2011 Sh'000		2010 Sh'000	
	Effect on profit	Effect on equity	Effect on profit	Effect on equity
+ 1 percentage point movement	5,876	4,113	1,366	956
- 1 percentage point movement	(5,876)	(4,113)	(1,366)	(956)

Financial risks arising from involvement in agricultural activity

The Group is exposed to financial risks arising from changes in tea prices. The Group does not anticipate that tea prices will decline significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of a decline in tea prices. The Group reviews its outlook for tea prices regularly in considering the need for active financial risk management. This is achieved through the marketing agent based in the United Kingdom.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

40 COUNTRY OF INCORPORATION

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

41 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.

42 CURRENCY

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)



PROXY FORM FOR ANNUAL GENERAL MEETING

THE SECRETARY,
WILLIAMSON TEA KENYA LTD,
1st FLOOR, WILLIAMSON HOUSE,
4th NGONG AVENUE,
P.O. BOX 42281 – 00100,
NAIROBI.

I/WE CAPITAL LETTERS PLEASE
of
being a Member/Members of Williamson Tea Kenya Limited hereby appoint.....
.....
of
or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the
Annual General Meeting of the Company to be held on 11th August 2011 and at any adjournment thereof.

Dated this day of..... 2011

Signature

Address

.....

.....

I desire to vote* in ☐ favour of the resolution

☐ against

*NOTE: Unless otherwise directed a Proxy holder will vote as he thinks fit and in respect of the member's total holding.