



TATEPA LIMITED

REPORT AND FINANCIAL STATEMENTS
for the year ended

2013

2014

Chai Tausi, Bidhaa bora kutoka TATEPA na Wakulima wa Chai Rungwe





TATEPA LIMITED



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Chairman's Statement

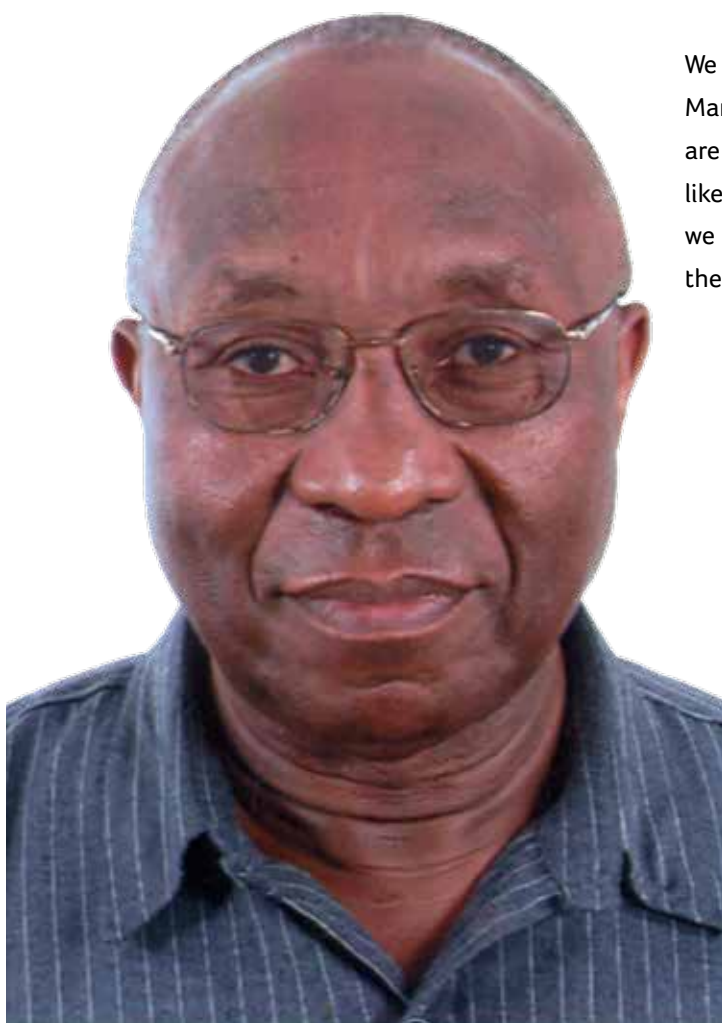
Out Growers remain at the heart of the Tatepa philosophy and we are proud of our efforts to ensure that our smallholders are paid optimally for producing good quality tea and Avocados, through training, promotion of awareness and our various other programs.

OVERVIEW

Tatepa's performance in 2013/2014 followed the fate of the commodity markets and we must acknowledge that it has been an extremely difficult year. Indeed this is the case for all tea companies in Tanzania. The Group posted a loss of over TZS 4 billion.

We would like to assure you that Board and Management continue to address all avenues that are open to them for rectification; but we would also like to advise Shareholders that as an agribusiness we have been severely and negatively impacted by the following factors outside our control:

- World commodity markets the world tea price has specifically fallen by in excess of a dollar per KG wiping over 30% straight off our turnover. Similar pressure affected our avocados.
- The strength of the Tanzania Shilling over the last 3 years has been extremely damaging to us as an exporter of tea and avocados.
- Cost inflation from introduction of new costs, cesses, taxes and charges, particularly by quasi government organizations has meant that costs in agriculture in general have soared including Land Rents, OSHA, Atomic Energy Certificates, Fire Certificate, to name but a few. We have seen our cost



Chairman's Statement *Continued*

base rise in tea by over 20% per annum as a result of this and of normal inflation in a static currency environment. &

- Failure by the Tea Board and The Ministry of Agriculture to uphold Tea Regulations; by abstaining to intervene in a dispute in Rungwe District where a competitor has acted in defiance of Tea Regulations causing us loss of over One Million KGS of made tea.

We are currently seeking shareholder debt to bolster the Balance Sheet and look forward to a turnaround in World tea prices and to the continuation of the recent devaluation of the Shilling.

The poor performance was additionally driven by the losses suffered by our Chai Tausi and Avocado operations, where the losses in Chai Tausi were mainly attributed to increased marketing and distribution costs that were necessary to grow the brand as well as set the necessary foundation for growth. Separately Rungwe Avocado Company Limited (RAC) also continued to show losses as production is yet to reach break-even point; and as we continue to be in the learning curve associated with the export of fresh produce.

The Tatepa Group has nonetheless seen some other positives in the year just ended enabling us to project a brighter future going forward consequent upon the ruthless cost reduction measures; to be followed by one more year of developing our CHAI TAUSI blending and packaging business; and our Rungwe avocado business finally breaking into positive territory. It is always Darkest just before the Dawn.

Dividends

As flagged at last year's AGM, no dividend can be paid until we return to Group profitability. It is our intention there after to continue on a trend of paying dividends.

FINANCING

In respect to Group debt financing, the Term Loans from CRDB to WATCO were reduced to US\$ 0.67m. WATCO's Secured Long Term debt will be zero by 31/1/2016. They have OD facility of US \$ 2m plus Tsh 1.35bn from CRDB Bank Plc.

RACL currently has third party debt as follows: unsecured debt of US \$1.2m from AECF; US \$ 1 m from The African Wildlife Foundation (AWF); and US \$ 1.2m from AgDevCo Tanzania Limited. Additionally it has an overdraft facility of US\$ 1m from CRDB Bank Plc.

Chai Tausi has third party debts as follows, a Term Debt of US \$ 0.7m from Maris Tatepa Holdings Limited, a term debt of US \$ 0.3m from Tanganyika Finance Company Ltd, a term debt of TZS 252 million from CRDB Bank Plc and an overdraft facility of TZS 1.5 billion from CRDB Bank Plc.

Management will embark on a strategy in the Financial Year 2014/2015 of guaranteeing all Term and Overdraft debt only by the business receiving such debt, moving away from cross company guarantees.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Our Growers remain at the heart of the Tatepa philosophy and we are proud of our efforts to



Chairman's Statement *Continued*

ensure that our smallholders are paid optimally for producing good quality tea and Avocados, through training, promotion of awareness and our various other programs. In tea in particular we paid a premium of over 30% above the government recommended price. WATCO and RAC fund the provision of extension services and training for smallholders and transport all tea green leaf and Avocado collections in order to improve efficiency and quality. We continue to research on electronic communications for direct and more prompt payments to smallholders to reduce payment waiting time

Tea Out Growers have continued to receive support from various Fair Trade tea buyers who as well as purchasing teas, have embarked on sponsored projects associated with smallholder development such as Farmer field schools and Radio communication programs. The Wood Family Foundation project will come to closure during 2015.

The key certifications of Rain Forest Alliance and Fair-trade Labeling Organization have been sustained as well as that of ISO 22000.

WAKULIMA TEA COMPANY LIMITED (WATCO)

WATCO put in a solid performance in extremely challenging circumstances as production underperformed due to incursions on our smallholder base. Costs were radically curtailed

WATCO put in a solid performance in extremely challenging circumstances as production underperformed due to incursions on our smallholder base.

but trading was nonetheless impacted by the dramatic fall in world tea prices and very little currency depreciation. Concerns going forward include ever increasing costs (due to inflation and overzealous Government compliance) against a background of low devaluation and thus a loss is forecast for 2014/2015. We remain concerned that production is not as good as it should be because of the continuing unresolved issues with one dissident smallholder group, however our investment in inputs, training, increased out grower green leaf prices and transport support contribute significantly to WATCO being the "factory of choice" and help mitigate that negative impact. We are also concerned about recent underinvestment in our capital assets due to the current crisis and are now seeking shareholder debt to help ameliorate this shortcoming.

RUNGWE AVOCADO COMPANY LIMITED (RAC)

RAC continues to be a very promising business, allowing the Group an agricultural 'hedge' against tea. Smallholders in the region have enthusiastically taken up the culturing of this new crop and more than 600 hectares of Hass Avocado seedlings have been planted to date, distributed among smallholder farmers, bigger plantations under management agreements with RAC, and our own estate. In the year just ended we also achieved status of an Export Processing Zone (EPZ) and we completed the installation of irrigation on our plantation estates. As predicted, losses will continue until 2015 as production continues to grow and, as with tea, we look forward to the beneficial effects of a steady devaluation in the Tanzania Shilling..

Chairman's Statement *Continued*

The prospects remain bright for Chai Tausi, as current consumption levels per head in Tanzania remain very low but are likely to grow fast both in this, an election year and because the middle class is growing fast.

During the year we welcomed a new equity partner (AgDevCo) who has taken a 20% stake in the business and who is strongly supportive of all our developmental programs. They have also injected debt in the business to further support expansion plans.

Marketing continues with exports to Europe through our marketing partners Halls International and Mack Multiples Sales are intended to be made to Marks & Spencer and Sainsbury in UK; and also in France, Holland, and Scandinavia.

The growing conditions remain favorable and the future is promising.

CHAI TAUSI

CHAI TAUSI is now firmly the number three brand in the packed tea market in the country with sales of over 600 tons - a remarkable achievement as there are more than ten players in the market, most of whom have been in existence for considerably longer than CHAI TAUSI.

This business is expected to start making profit from the third quarter of 2015, though this will not translate into profit for the full year itself. The prospects remain bright for Chai Tausi, as current consumption levels per head in Tanzania remain very low but are likely to grow fast both in this, an election year and because the middle class is growing fast. If you also consider the huge and tea thirsty neighbors in the SADC Region you only see great things ahead for this Company!

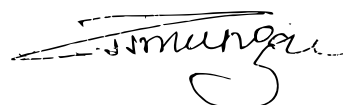
SMALL HYDRO POWER

The Suma hydro project saw substantial progress with further grant funding – this time from AgDevCo – to finalise our business plans. The AECF grant still requires final approval but with loan funding also obtained from AgDevCo the future looks rosy for this Alternative Power initiative.

CONCLUSION

The Group's activities are underpinned by a commitment to empowering Out Grower farmers and making agriculture greener. The Group's three initiatives; the launch of "Chai Tausi"; Rungwe Avocado Company; and the harnessing of energy from water in the form of the Suma project, provide strong synergies with our existing tea Production; and continue to make Tatepa a company of which we should all continue to cherish.

Once again, I would like to express my gratitude to all my colleagues on the Board of Tatepa, to my fellow directors on subsidiary companies, and to our management and staff for their commitment in what was a particularly difficult year.



Joseph Mungai rtd MP
BOARD CHAIRMAN



Taarifa ya Mwenyekiti wa Bodi ya Mwaka

Hata hivyo Kundi la Makampuni ya Tatepa limekuwa na mafanikio mengine ndani ya Mwaka; ambayo yanatupa matumaini mazuri ya baadaye kutokana na hatua kubwa ya kubana matumizi

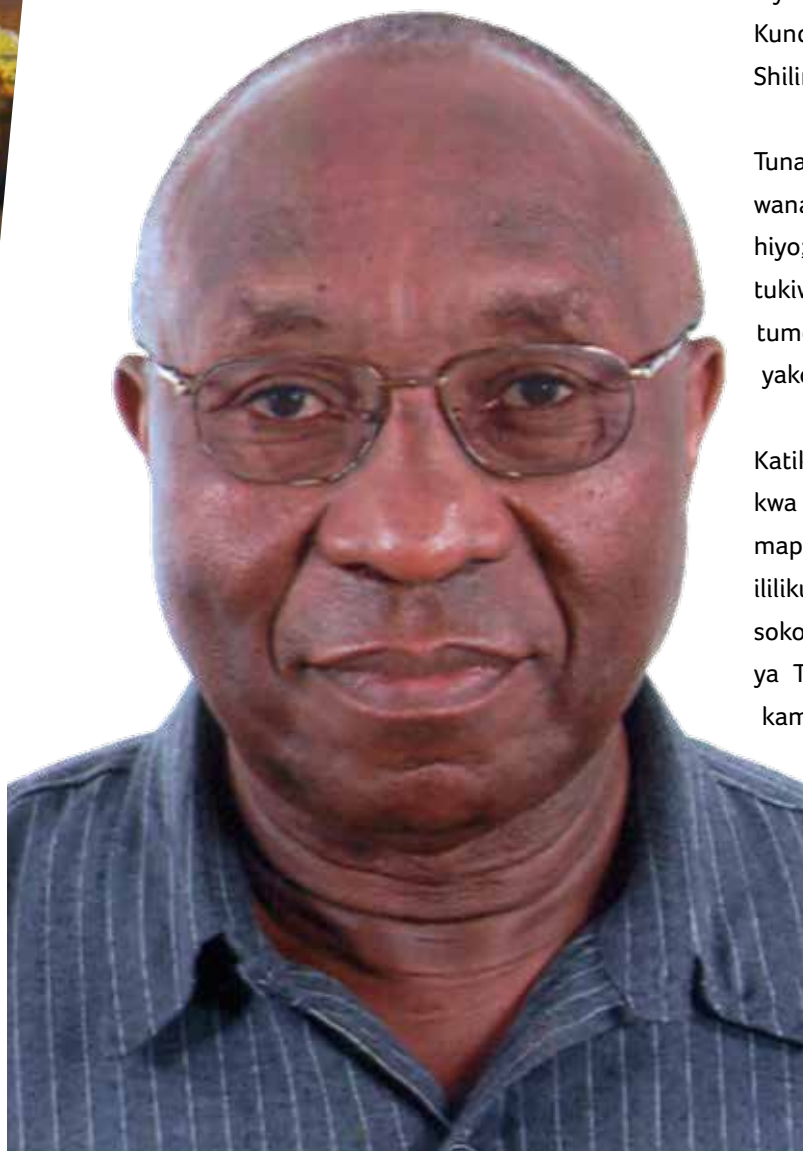
UTANGULIZI

Matokeo ya Mwaka 2013/2014 yaliendana na kuporomoka kwa bei ya mazao katika soko la Dunia; na tunalazimika kukiri kuwa tumekuwa na mwaka mugumu sana. Ukwel ni kwamba hali hiyo iliyakumba makampuni yote ya chai ya Tanzania. Kundi la Makampuni ya Tatepa lilipata hasara ya Shilingi Bilioni 4 ambayo haijawahi kutokea.

Tunawahakikishia kuwa Bodi yenu na Manejimenti wanafanya kila linalowezekana kurekebisha hali hiyo; lakini tunapenda kuwashauri Wanahisa kuwa tukiwa kama biashara ya kilimo (agribusiness) tumeathirika sana na mambo yafuatayo ambayo yako nje ya uwezo wetu:

Katika soko la Dunia la mazao bei ya chai imeanguka kwa zaidi ya Dola Moja kwa Kilo na kutupunguzia mapato kwa zaidi ya 30%. Athari Kama hiyo ililikumba pia zao letu la maparachichi. Katika soko la fedha kuongezeka kwa thamani ya Shilingi ya Tanzania katika miaka 3 kumetuumiza sana kama wauzaji nje ya nchi wa chai na maparachchi.

Ongezeko la gharama kutokana na matozo mbali mbali ya kiserikali kama vile Cess za mazao, kodi ya Viwanja, OSHA, Hati ya Atomiki, na Hati ya Moto; ikijumulishwa na lile la kawaida linafikia 20% kwa mwaka. Bodi ya Chai na Wizara ya Kilimo kutokuchukua hatua dhidi ya uvunjaji wa Kanuni za Chai unaofanywa na mshindani wetu Wilayani Rungwe na kutusababishia hasara ya zaidi ya Kilo Milioni Moja za



Taarifa ya Mwenyekiti wa Bodi ya Mwaka *Kuendelea*

Chai. Hivi sasa tunaitisha mikopo ya Wanahisa ili kuimarisha mizania; na tunatazamia ongezeko la bei ya chai katika soko la Dunia; na kuendelea kushuka kwa thamani ya Shilingi.

Matokeo mabaya yalisababishwa pia na hasara za CHAI TAUSI na MAPARACHICHI. Hasara ya CHAI TAUSI ilitokana na ongezeko la gharama za kukuza mauzo na usambazaji ambazo zilihajika kuimarisha jina la Chai Tausi na msingi wa ukuaji wa soko. Kampuni ya Maparachichi ya Rungwe nayo imechangia hasara kwa sababu uzalishaji haujafikia kiwango cha kubeba gharama zote; na bado tumo ndani ya ulingo wa kujifunza mbinu za uuzaji nje wa Mazao mabichi.

Hata hivyo Kundi la Makampuni ya Tatepa limekuwa na mafanikio mengine ndani ya Mwaka; ambayo yanatupa matumaini mazuri ya baadaye kutokana na hatua kubwa ya kubana matumizi; na kufuatiwa na mwaka mwingine wa kuiendeleza CHAI TAUSI; na Biashara ya Maparachichi ya Rungwe kufikia kuanza kuingiza faida.

GAWIO (DIVIDEND)

Kama nilivyotahadharisha kwenye Mkutano Mkuu wa Mwaka Jana hakutakuwa na gawio mpaka turejee kwenye faida. Baada ya hapo ni lengo letu kuendelea na mtindo wa gawio la kila mwaka.

UGHARAMIAJI (FINANCING)

- Kuhusu ugharamiaji Mkopo wa Kipindi wa CRDB kwa WATCO umepungua kuwa US\$ 0.67. Deni la WATCO la muda mrefu lililodhaminiwa litaisha 31-01-2016. Aidha wanayo fursa ya OD ya hadi US\$ 2.0 Mn na TZS 1.35 Bn kutoka CRDB Bank Plc.

- RAC inayo mikopo ifuatayo: mkopo bila masharti wa US\$ 1.2 Mn kutoka AECF; US\$ 1.0 Mn kutoka African Wildlife Foundation (AWF); na US\$ 1.2 Mn kutoka AgrDevCo Tanzania Limited. Pia inayo fursa ya OD ya US\$ 1.0 Mn kutoka CRDB Bank Plc
- Chai Tausi inayo mikopo ifuatayo: Mkopo wa Muda Mfupi wa TZS 246 Mn na fursa ya OD ya TZS 1.5 Bn
- Manejimenti kuanzia mwaka 2014/2015 imeanzisha mkakati wa udhamini wa mikopo kufanywa na kampuni husika na mkopo; na kuuacha utaratibu wa Makampuni kuwekeana dhamana ya mikopo. Kila kampuni iitajibebea mzigo wake.

UWAJIBIKAJI WA KAMPUNI KWA JAMII (CORPORATE SOCIAL RESPONSIBILITY)

Wakulima wadogo wanaendelea kuwa msingi wa falsafa ya Tatepa; na tunajivunia mafanikio ya juhudi yetu ya kuhakikisha wanalipwa bei nzuri na tunawapa mafunzo ili wahamasike kuzalisha mazao bora ya chai na maparachichi. Wakulima wadogo wa chai tumewalipa zaidi ya 30% juu ya bei iliyopangwa na Serikali. WATCO na RAC wanalipa gharama ya ughani na mafunzo kwa wakulima pamoja na kuyasafirisha mazao yao hadi Viwandani ili kuongeza ufanisi na kulinda ubora wa mazao. Tunaendelea na utafiti wa TEKNOHAMA inayofaa ya kulipa upesi ili kupunguza muda wa kungojea malipo.



Taarifa ya Mwenyekiti wa Bodi ya Mwaka

Wakulima wadogo wa chai wanaendelea kufaidika na Washiriki wa Biashara ya Haki (Fair Trade) kutokana na chai tunayowauzia; na pia kutoka kwa Wood Family Foundation na wengineo maarufu kama Sainsbury.

WAKULIMA TEA COMPANY (WATCO)

WATCO ilileta matokeo imara katika hali ngumu ya uzalishaji uliopungua kutokana na baadhi ya wakulima wadogo wachache kumuuzia mshindani wetu asiye na liseni ya kununulia majani mabichi ya chai. Matumizi yalibanwa sana; lakini biashara iliathirika sana na kuanguka kwa bei ya chai ya solo la Dunia; na kupungua kidogo sana kwa thamani ya Shilingi. Wasiwasi mbele yetu ni kuongezeka gharama kusikoisha; na ongezeko la mruko wa bei na matozo ya Serialli bila kushuka kwa thamani ya Shilingi. Ndiyo maana tumebajeti hasara tena 2014/2015.

Uzalishaji utaendelea kuathirika kutokana na wale wakulima wadogo wachache wanaouza majani mabichi ya chai kwa mshindani wetu kinyume cha Sheria na Mkataba wetu. Hata hivyo kutokana na bei nzuri; na huduma zetu za mikopo ya pembejeo na usafirishaji; bado kwa wakulima wadogo wengi Chaguo Lao la Kiwanda ni WATCO; na hali hiyo inasaidia kupunguza athari ya wale wachache wanaouza kwingine kinyume na Sheria. Aidha

WATCO ilileta matokeo imara katika hali ngumu ya uzalishaji uliopungua kutokana na baadhi ya wakulima wadogo wachache kumuuzia mshindani wetu asiye na liseni ya kununulia majani mabichi ya chai.

tunaiona athari ya uwekezaji mdogo katika utunzaji wa Kiwanda wakati huu mgumu na tunatafuta mkopo kwa Wanahisa kwa ajili ya kukabiliana na kasoro hiyo.

RUNGWE AVOCADO COMPANY (RAC) LTD

RAC inaendelea kuwa Biashara yenye matumaini makubwa; inayotuwezesha Tatepa kuwa na zao mbadala kwa chai. Wakulima wadogo wa Rungwe wamelipokea kwa furaha kubwa. Zimekwisha kupandwa zaidi ya Hecta 600 na washiriki mbali mbali wakiwemo: Wakulima Wadogo; Wakulima wa Kati walioingia Mikataba ya Usimamiaji na RAC; na Shamba la RAC yenyewe. Katika Mwaka uliomalizika tumepewa usajili wa "Export Processing Zone (EPZ)"; na pia tumekamilisha kufunga vifaa vya umwagiliaji katika Shamba la RAC yenyewe.

Kama ilivyotegemewa hasara itaendelea hadi 2015 wakati uzalishaji unaendelea kuongezeka; na kama katika chai, tunatazamia kunufaika na kuendelea kupungua thalami ya Shilingi. Ndani ya Mwaka huu tumempata mwana hisa muwekezaji mwingine : AgDevCo Tanzania Limited ambaye anakuwa na 20% ya Hisa za RAC; na pia ameipa RAC mkopo wa kuongezea kasi ya uwekezaji.

Mauzo yanaendelea kwa kuuza Ulaya kupitia wabia wetu wa mauzo: Halls International na Mack Multiples; ambapo UK mauzo yatapitia Marks and Spencer; na Sainsbury; lakini pia kupitia kwa wengineo huko France, Holland, na Scandinavia. Ukulima na ukuaji wa maparachchii ni mzuri na unaashiria matumaini makubwa ya baadaye.

Taarifa ya Mwenyekiti wa Bodi ya Mwaka *Kuendelea*

Lakini yapo matumaini mazuri kwa CHAI TAUSI kwa sababu bado wastani wa unywaji chai Tanzania uko chini sana lakini unategemewa kuongezeka Mwaka huu wa Uchaguzi Mkuu; na pia kutokana na kuendelea kuongezeka upesi kwa watu wa Mapato ya Kati (Middle Class).

CHAI TAUSI

CHAI TAUSI imezidi kuimarika kama aina ya chai namba tatu katika soko la ndani ikiwa na mauzo ya zaidi ya Tani 600 kwa Mwaka; ambalo ni fanikio kubwa ikieleweka kuwa wamo washindani zaidi ya 10 katika soko la ndani; na wengi wao wamekuwepo kabla ya CHAI TAUSI.

Biashara hii inategemewa kuanza kuingiza faida Robo ya Tatu ya 2015, ingawaje inaweza isifikisha faida kwa Mwaka mzima. Lakini yapo matumaini mazuri kwa CHAI TAUSI kwa sababu bado wastani wa unywaji chai Tanzania uko chini sana lakini unategemewa kuongezeka Mwaka huu wa Uchaguzi Mkuu; na pia kutokana na kuendelea kuongezeka upesi kwa watu wa Mapato ya Kati (Middle Class). Lakini pia ikieleweka kuwa Tanzania imezungukwa na nchi Jirani za Ukanda wa SADC zenye kiu kubwa ya chai yanaonekana matumaini makubwa ya baadaye kwa CHAI TAUSI.


UMEME MDOGO WA MAJI WA SUMA (SUMA MINI HYDRO PROJECT)

Mradi Mdogo wa Umeme wa Maji wa Suma (Suma Mini Hydro Project) umekuwa na maendeleo mazuri kwa kupata uhisani wa ruzuku kutoka kwa AgDevCo ya kukamilishia Plani ya Kibiashara. Ruzuku iliyoahidiwa ya AECF bado inasubiri kibali cha mwisho, lakini pamoja na mkopo wa AgDevCo yapo matumaini ya kuaminika ya Mradi huu wa Nishati Mbadala ya uhakika.

MWISHO (CONCLUSION)

Kama nilivyosema Mwaka Jana lengo kuu la Tatepa Limited ambayo ni kampuni ya kimaendeleo ni kuwaongezea ujuzi na uwezo wakulima wadogo. Tatepa Limited kwa kubuni mikakati hii mitatu ya: (i) Chai Tausi; (ii) Kampuni ya Maparachichi ya Rungwe; na (iii) Umeme wa Maji wa Suma; inawezesha uwezekano wa kushirikiana kuongeza uimara wa shughulii yetu muhimu ya sasa ya uzalishaji wa chai; na kuendelea kuifanya Tatepa Limited kuwa kampuni ya matumaini mazuri kwa wote ambao tuko tayari kuona mbali.

Kwa mara nyingine nawashukuru wajumbe wenzangu wa Bodi ya Tatepa, na Bodi za Kampuni zake tanzu kwa ushirkiano na umahiri wao. Aidha nawashukuru Manajementi na Wafanyakazi wa ngazi zote kwa moyo wao wa kujituma kuokoa jahazi lisizame ndani ya Mwaka mgumu uliomalizika.



Joseph Mungai rtd MP
MWENYEKITI WA BODI

Joseph James Mungai
P O Box 1211
Dar es Salaam,
Cell +255 753 192 999
Email: jjmungai@aflife.co.tz

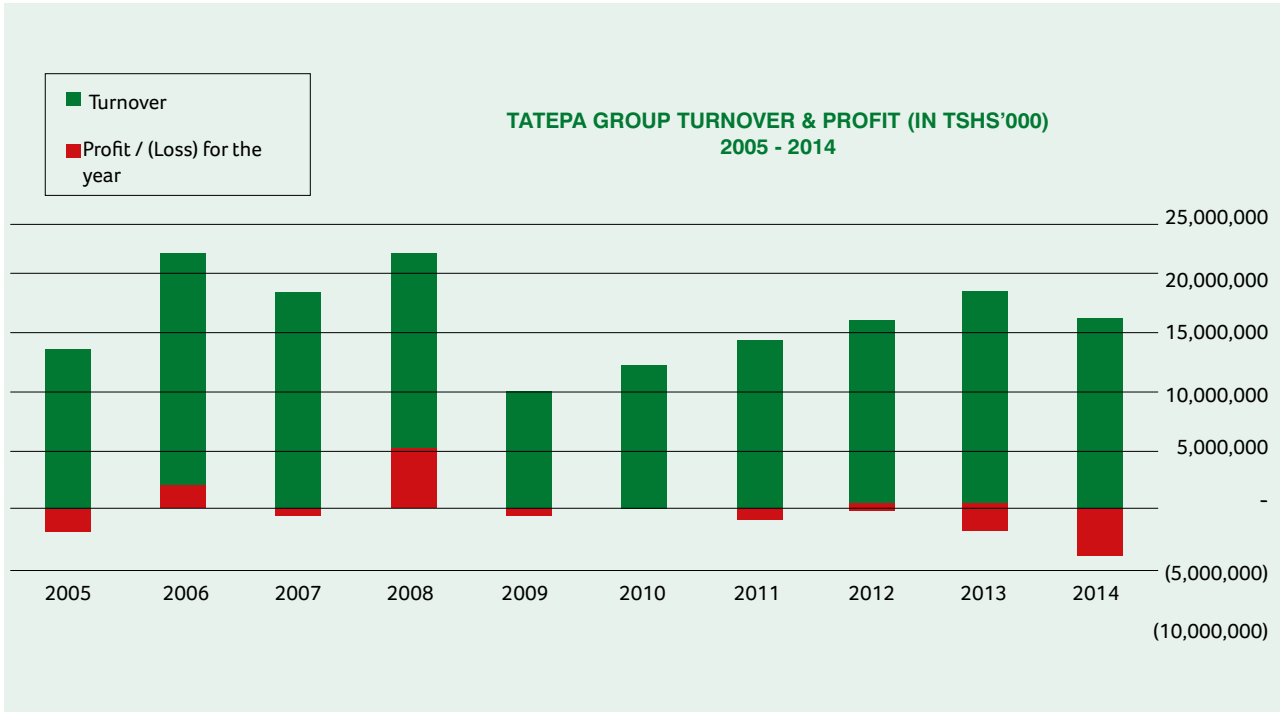
FINANCIAL REVIEW

For the year ended 30 September

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
	Group	Group	Group	Group	Group	Group	Group	Group	Group	Group
	TZs'000'	TZs'000'	TZs'000'	TZs'000'	TZs'000'	TZs'000'	TZs'000'	TZs'000'	TZs'000'	TZs'000'
Turnover										
Continuing Operations	16,092,180	18,602,444	15,517,370	14,191,143	12,152,841	9,947,794	10,225,170	6,041,186	19,415,363	13,549,011
Discontinued Operations		-	-	-	-	-	5,391,086	12,271,844	-	-
Group turnover	16,092,180	18,602,444	15,517,370	14,191,143	12,152,841	9,947,794	15,616,256	18,313,030	19,415,363	13,549,011
Profit/(Loss) for the year										
From continuing operations	(3,972,147)	(2,005,639)	505,803	(806,647)	14,807	(582,270)	5,578,284	(1,964,520)	2,321,531	(1,928,866)
From Discontinued operations		-	-	-	-	-	(248,850)	1,422,234	-	-
Group profit / (loss) for the year	(3,972,147)	(2,005,639)	505,803	(806,647)	14,807	(582,270)	5,329,434	(542,286)	2,321,531	(1,928,866)
Dividends	-	-	-	-	-	-	6,517,865	2,525,088	739,372	-
Cash Generated From Operations	(2,915,087)	(1,697,878)	140,169	(1,665,384)	747,906	573,828	947,866	2,731,108	2,643,798	(409,088)
Net Cash from Investment activities	(406,758)	(868,029)	(595,232)	(1,516,129)	(2,358,066)	(586,510)	5,845,631	1,202,456	(423,398)	(357,873)
Interest Bearing Debt	5,677,166	3,659,341	4,307,580	4,972,602	3,656,592	2,649,153	3,030,033	1,901,699	7,555,821	7,850,838
Interest Free Debt	1,951,225	2,071,188	1,898,794	1,761,890	1,166,109	-	-	0	-	-
Earnings Per Share (Tzs)	(121)	(77)	22	(28)	(2)	(27)	294	(40)	120	(112)
Dividends Per Share (Tzs)	0	20	0	0	0	0	365	100	45	-

FINANCIAL REVIEW

For the year ended 30 September





REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

The Directors submit their report together with the audited financial statements for the year ended 30 September 2014, which disclose the state of affairs of Tatepa Limited (“the Company”) and its subsidiaries (“the Group”).

1 INCORPORATION

The Company is incorporated in Tanzania under the Companies Act, CAP 212 Act No. 12 of 2002 as a public limited liability company.

2 GROUP VISION

The Group’s vision is to become Tanzania’s premier “green” agricultural business, being both environmentally and commercially aware and giving fair returns to all stakeholders. The Group aims to deliver sustainable development, to develop businesses with smallholder partners and other stakeholders, and gradually to empower them to own these businesses.

3 COMPANY MISSION

The Company’s mission is to invest, develop and manage businesses that will deliver broad participation and benefits for all stakeholders. All businesses in which the Company invests endeavour to be commercially, socially and environmentally sustainable and pursue best practices in the management and development of their activities. The Company is able to participate in new ideas and start-ups in all areas of the Tanzanian agricultural value chain, including logistics, and seeks to assist in the development of effective regulations and other Governance matters where it can make a difference.

4 PRINCIPAL ACTIVITIES

The Company holds a majority equity stake of 70% in Wakulima Tea Company Limited (**WTCL**) (2013: 70%); an aggregated majority stake of 55.69% (2013: 66.23%) in the equity of Rungwe Avocado Company Limited (**RACL**), of which 45.42% (2013: 51.97%) is held directly by Tatepa Limited and 10.27% (2013: 20.38%) is held indirectly through WTCL; and a majority stake of 56.76% of which 31.93% is held directly by Tatepa and 24.83% is held indirectly through WTCL. (2013: 70% + 1 share) in the equity of Kyimbila Tea Packing Company Limited (**KTPCL**).

Wakulima Tea Company Limited undertakes the growing, processing and sale of tea in both local and export markets. Exports are made through the Mombasa Tea Auction as well as through private contracts. Rungwe Avocado Company Limited undertakes the growing, packing and export of avocados. Exports are made through private contract. Kyimbila Tea Packing Company Limited blends and packs black tea for the local market and for export.

During the year, the Company’s principal activities continued to be the holding and financing of the investments described above and the management function of KTPCL up to May 2014 and the management function of WTCL and RACL from January 2014 to June 2014. Subsequently the Board of Directors of respective companies and their management teams are responsible for the management of the respective companies.



REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2014

5 COMPOSITION OF THE BOARD OF DIRECTORS

The Directors of the Company at the date of this report, all of whom have served since 01 October 2012 unless otherwise stated, are:

S/N	Name	Position	Age (years)	Qualifications	Nationality
1	Joseph J Mungai	Chairman	71	MPA (Master of Public Administration)	Tanzanian
2	George C Theobald	Member	56	BA –Economics	Tanzanian
3	Peter D Rowland	Member	60	Msc. Agric Eng. C. Eng	British
4	Keith Alexander *	Member	59	B Sc., FCA.	British
5	Robin Harrison	Member	57	MA (History, Archaeology & Anthropology)	British
6	Johannes Gunnell	Member	34	MA (Oxon): Philosophy, Politics & Economics	British

*Mr. Keith Alexander resigned on 16 September 2014 and this was accepted by the Board.

The Company Secretary at the date of this report, who has served in this capacity since 1 October 2013, is Mr. V. K. Tewari (Indian national).

In accordance with the Company's Articles of Association, the Directors are elected by the shareholders in an Annual General Meeting (AGM), to hold office for a period of two years, after which they retire but are eligible for re-election. All the above directors were appointed in the AGM held on 24 April 2014 for a period of two years.

The disclosures of Directors' emoluments are set out in note 34 to the financial statements.

6 CORPORATE GOVERNANCE

The Board of the Company consists of five Directors (six until 16 September 2014). The Board takes overall responsibility for the Company, including identification of key risk areas, considering and monitoring investment decisions, considering financially significant matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring the comprehensive systems of internal control policies and procedures are operating, and for compliance with sound governance principles.

The Board meetings are held at regular intervals; there were four meetings during the year ended 30 September 2014. The Board delegated the day to day management of the business of the Group to a corporate management and consultancy company, Tanganyika Finance Company Limited (TFC). However, this arrangement was mutually terminated as at the end of December 2013 and Tatepa managed Wakulima Tea Company Limited and Rungwe Avocado Company Limited up to June 2014 and Kyimbila Tea Company Limited up to May 2014. After that the individual companies are responsible for their own management through their respective Board of Directors.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

6 CORPORATE GOVERNANCE (CONTINUED)

The Company is committed to the principles of effective corporate governance. The Directors also recognise the importance of integrity, transparency and accountability.

The Board of the Company has the following sub-committees to ensure a high standard of corporate governance throughout the Company and in all of its subsidiaries. Its meetings are held as necessary and as directed by the Board.

Audit Committee

	Name	Position
1	Mr. Keith Alexander*	Chairman
2	Mr. Robin Harrison	Member
3	Mr. Johanees Gunnell	Member

*Mr. Keith Alexander resigned on 16 September 2014.

The Audit Committee reports to the Board of Directors of the company and has been established to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Group's financial reports and financial reporting process, internal control structure, risk management systems and the external audit process. The Audit Committee met 2 times during the year.

Remunerations Committee

	Name	Position
1	Mr. Keith Alexander*	Chairman
2	Hon. JJ Mungai (rtd MP)	Member
3	Mr. Johannes Gunnell	Member
4	Mr. Robin Harrison	Member

*Mr. Keith Alexander resigned on 16 September 2014.

The Remuneration Committee reports to the Board of Directors of the company. The Committee reviews compensation arrangements for the directors and the executive team by assessing the appropriateness of emoluments on a periodic basis. The Remuneration Committee was not required to meet during the year.



REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2014

7 CAPITAL STRUCTURE

The Group and Company capital structures as at reporting date are as shown below:

	Group		Company	
	Sep 2014 TShs '000	Sep 2013 TShs '000	Sep 2014 TShs '000	Sep 2013 TShs '000
Ordinary share capital	466,431	466,431	466,431	466,431
Share premium	4,048,462	4,048,462	4,048,462	4,048,462
(Accumulated losses)/retained earnings	(3,854,089)	(1,592,496)	52,560	68,700
Total owners equity	660,804	2,922,397	4,567,453	4,583,593
Non-controlling interests	(473,062)	100,372	-	-
Total equity	187,742	3,022,769	4,567,453	4,583,593
Borrowings	14,250,284	11,316,930	-	-

8 MANAGEMENT

The Management of the Company and that of its subsidiaries was organised through a management agreement with Tanganyika Finance Company Limited (TFC), a corporate management and consultancy firm incorporated in Tanzania. However, the arrangement was terminated with mutual consent at the end of December 2013 and Tatepa Ltd took over the responsibilities from TFC.

9 SHAREHOLDERS OF THE COMPANY

The total number of shareholders at 30 September 2014 is 1,634 shareholders (2013: 1,641 shareholders). Three of the Directors had interests in the issued and fully paid up shares of the Company and details are provided below:

Name	Nationality	Number of ordinary shares including scrip shares to be issued after CMSA approval
Mr. J.J. Mungai (Rtd MP)	Tanzanian	2,339,126 shares
Mr. P. D. Rowland	British	2,338,173 shares
Mr. G. C. Theobald	Tanzanian	4,204,411 shares

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

The shares of the Company are held as follows:

S/N	Name	Number of ordinary shares held	
		30 Sep 2014	30 Sep 2013
1	Thompson Lloyd & Ewart Limited	4,442,565	4,442,565
2	Mr. G. C. Theobald	4,204,411	4,204,411
3	Maris Tatepa Holding Limited	3,370,520	3,370,520
4	Mr. P. D. Rowland	2,338,173	2,338,173
5	Hon J. J. Mungai (rtd MP)	2,339,126	2,339,220
6	George P Theobald & Josephine M Theobald	255,960	255,960
7	Various others	1,706,499	1,706,405
Total		18,657,254	18,657,254

10 STOCK EXCHANGE INFORMATION

The Company is listed with the Dar es Salaam Stock Exchange (DSE) since 1999. The share price as at 30 September 2014 was Tshs. 650 (2013: Tshs 650). The market capitalization as at 30 September 2014 was Tshs 12.1 billion (2013: Tshs 12.1 billion)

11 RESULTS AND DIVIDEND

The results for the year are disclosed on page 12. The Board does not propose any dividend for the year 2014 (2013: Tshs 357m).

12 PERFORMANCE FOR THE YEAR

Performance of Wakulima Tea Company Limited: Tea production was below expectations due to unfavourable weather conditions, low smallholder yields and also some farmers selling their leaf illegally to GD Estates. The average sale price at USD 1.85 per Kg was lower than last year's of USD 2.13 per Kg. The lower company price was due to a drop in world market prices. These fluctuations in world tea prices are cyclical and normal. Despite severe reductions in costs of production, the aforementioned factors plus local inflation and relatively lower devaluation of Tanzanian Shillings (2.3%) adversely affected the profitability of the Company.

Performance of Rungwe Avocado Company Limited: The loss for the year was more than expected due to quality issues that resulted in lower prices and also due to lower production compared to budget. To improve production an irrigation system has been put in place and several measures (still on-going) have been taken with third party experts to resolve the quality issues.

Performance of Kyimbila Tea Packing Company Limited:

Kyimbila Tea Packing Company Limited continued its efforts to penetrate the market. The loss is attributed to the fact that the business is in relatively new and in early stages of operation (about 3 years now) which requires investment in the initial operating phase and marketing costs in order to penetrate the market.



REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2014

Due to the above, the Group did not achieve its budget for the year.

The Board considers that the outlook for all Tatepa's operations remains encouraging on the following basis:

1. The tea prices are low at the moment but the tea prices usually follow cyclical pattern and are expected to rise in coming six months.
2. The avocado production is increasing and the quality is gradually improving. The world market is looking favourable for avocados.
3. The tea blending business is new and competition is tough but the brand is getting known, consumers are starting to like the brand and sales are most likely to pick up in short to medium term.
4. The group is also looking into investment in hydro-electric project for cheaper power for its operations.

13 RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of the Company and its subsidiaries. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the assets of the Company and its subsidiaries;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by employees.

13 RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

Whilst no system of internal control can provide absolute assurance against misstatement or losses, the systems of the Company and its subsidiaries are designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial year ended 30 September 2014 and is of the opinion that they met accepted criteria.

14 SOLVENCY

The Board of Directors confirms that applicable International Financial Reporting Standards ('IFRS') have been followed and that the financial statements have been prepared on a going concern basis. The Board of Directors has reasonable expectation that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

15 EMPLOYEES' WELFARE

Management and Employees' Relationship

There were continued good relations between group employees and management for the year ended 30 September 2014. There were no unresolved complaints received by management from the employees during the year. A healthy relationship continues to exist between management and the Trade Union.

The Group remains an equal opportunity employer providing equal access to employment opportunities and ensuring that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge relevant duties.

Training Facilities

When presenting its annual budget for the year ended 30 September 2014, the Group allocated a sum of TShs 6.7 million (2013: TShs 13 million) for staff training in order to improve employees' technical skills and hence effectiveness. Training programs have been and are continually being developed to ensure employees are adequately trained at all levels.

Medical Assistance

All members of staff with a maximum number of four beneficiaries (dependants) for each employee were availed medical assistance (payment of certain medical bills) at Government hospitals within their locations or through medical insurance schemes.

Health and Safety

The Group has strong health and safety committees which ensure that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision, as necessary.

15 EMPLOYEES' WELFARE (CONTINUED)

Financial Assistance to Staff

Loans are available to all permanent employees on commercial terms depending on the assessment of and the discretion of management as to the need and circumstances. However, the Group advises its employees to seek independent financial assistance from financial institutions wherever possible.



REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2014

Persons with Disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and appropriate training is arranged. It is the policy of the Group that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employees Benefit Plans

The Group pays contributions to a publicly administered pension plans on mandatory basis which qualifies to be a defined contribution plan.

The Group also maintains an unfunded non-contributory employee gratuity arrangement (the "Arrangements"), which provides for lump sum payments to eligible employees on their retirement at the age of 60, or those allowed to retire early, based on length of service and salary at retirement and qualifies as a defined benefits plan. The payments to the retired employees are made from Group's internally generated funds. The Group also pays contributions to publicly administered pension plans on mandatory basis which qualifies to be a defined contribution plan.

The average number of employees in the Group during the year was 333 (2013: 341).

16 GENDER PARITY

As at 30 September 2014, the Group had 333 employees (2013: 341 employees), out of whom 71 (2012: 92) were female and 262 (2013: 249) were male.

17 RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in note 34 to these financial statements.

18 POLITICAL AND CHARITABLE DONATIONS

The Group did not make any political donations during the year. Donations made to public institutions and charitable organisations during the year ended 30 September 2014 amounted to TShs 2.1 million (2013: TShs 3.5 million).

19 ENVIRONMENTAL CONTROL PROGRAMME

Wakulima Tea Company Limited (WTCL) uses firewood as a source of power in the process of tea manufacturing. As part of its environmental control programme WTCL has adopted policies aimed at the protection of the environment by distributing low energy stoves and forest nurseries to its small holder tea growers free of charge. Furthermore, WTCL also discourages the harvesting of immature forests by not buying firewood harvested from immature forests.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

The Group also has programmes, policies and independent standards that involve the training of farmers on good agricultural practice, the use of pesticides and fertiliser and the safe disposal of used containers. Additional steps are taken to enhance environmental management with control of waste and management of energy.

20 CORPORATE SOCIAL RESPONSIBILITY

The Group continues to ensure that its employees, stakeholders and the environment are responsibly managed through collective bargain agreements, pursuit of international standards (Fairtrade, HACCP, ISO 22000 and Rain Forest Alliance), innovative HIV/AIDS awareness and prevention schemes and continual dialogue.

21 AUDITOR

The auditor, PricewaterhouseCoopers, has expressed its willingness to continue in office and is eligible for reappointment.

Approved by Board of Directors and signed on its behalf by;



G C THEOBALD
DIRECTOR

29/1/2015

DATE



STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL

FOR THE YEAR ENDED 30 SEPTEMBER 2014

The Companies Act, Cap 212 Act No.12 of 2002 requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act, Cap 212 Act No.12 of 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its loss in accordance with International Financial Reporting Standards. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

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 twelve months from the date of this statement.

Approved by Board of Directors and signed on its behalf by;

G C THEOBALD
DIRECTOR

29/1/2015

DATE

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TATEPA LIMITED

FOR THE YEAR ENDED 30 SEPTEMBER 2014

Report on the financial statements

We have audited the accompanying financial statements of Tatepa Limited (the Company) and its subsidiaries (together, the Group), which comprise the statements of financial position as at 30 September 2014, and the statements of profit or loss and other comprehensive income, changes in equity and 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 with the requirements of the Companies Act, CAP 212 Act No. 12 of 2002 and for such internal control, as the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the 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 our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 the Group's and Company's financial affairs at 30 September 2014 and of their profits or losses and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, CAP 212 Act No. 12 of 2002.



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TATEPA LIMITED

FOR THE YEAR ENDED 30 SEPTEMBER 2014

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the Company's members as a body in accordance with the Companies Act, CAP 212 Act No. 12 of 2002 and for no other purposes.

As required by the the Companies Act, CAP 212 Act No. 12 of 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the company is not disclosed. There is no matter to report in respect of the foregoing requirements.

Michael M. Sallu, FCPA-PP

For and on behalf of PricewaterhouseCoopers
Certified Public Accountants
Dar es Salaam

29/1/2015

Date:

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

STATEMENTS OF PROFIT OR LOSS

	Note	Group		Company	
		2014 TShs '000	2013 TShs '000	2014 TShs '000	2013 TShs '000
Revenue	6	16,092,180	18,602,444	142,658	752,214
Gain arising from changes in fair value less costs to sell of biological assets	18	963,507	456,123	-	-
		17,055,687	19,058,567	142,658	752,214
Cost of sales	7	(13,090,492)	(14,352,902)	-	-
Gross profit		3,965,195	4,705,665	142,658	752,214
Other operating income	8	37,515	7,517	32,167	-
Selling and marketing costs	9	(2,520,201)	(2,587,833)	-	-
Administrative expenses	10	(3,728,936)	(3,804,943)	(384,271)	(531,493)
Grant amortisation	27	20,279	20,279	-	-
Operating (loss)/profit		(2,226,148)	(1,659,315)	(209,446)	220,721
Interest income	13	26,638	30,146	188,345	263,810
Finance cost	12	(1,478,404)	(914,242)	-	-
(Loss)/profit before income tax expense		(3,677,914)	(2,543,411)	(21,101)	484,531
Income tax (expense)/credit	14	(294,233)	537,772	4,961	(29,645)
(Loss)/profit for the year		(3,972,147)	(2,005,639)	(16,140)	454,886
Loss attributable to:					
- Owners of the parent		(2,261,593)	(1,405,474)	-	-
- Non-controlling interests		(1,710,554)	(600,165)	-	-
		(3,972,147)	(2,005,639)	-	-
Earnings per share attributable to the equity holders of the Company during the year (expressed in TShs per share)					
Earnings per share (basic and diluted)	15	(121.22)	(76.70)	-	-
STATEMENTS OF COMPREHENSIVE INCOME					
(Loss)/profit for the year		(3,972,147)	(2,005,639)	(16,140)	454,886
<u>Other comprehensive income</u>					
Item that will not be reclassified to profit or loss:		-	(5,740)	-	245
-Actuarial (loss)/gain, net of tax					
Total comprehensive (loss)/income for the		(3,972,147)	(2,011,379)	(16,140)	455,131
Attributable to:					
Owners of the parent		(2,261,593)	(1,409,631)	-	-
Non-controlling interests		(1,710,554)	(601,748)	-	-
		(3,972,147)	(2,011,379)	-	-



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

STATEMENTS OF FINANCIAL POSITION

ASSETS	Note	Group		Company	
		2014 TShs '000	2013 TShs '000	2014 TShs '000	2013 TShs '000
Non-current assets					
Property, plant and equipment	17	6,004,836	6,694,696	-	-
Biological assets	18	3,460,100	2,496,593	-	-
Intangible asset		4,727	4,727	-	-
Deferred tax assets	28	836,494	1,119,699	104,863	98,917
Investment in subsidiaries	19	-	-	3,240,401	2,402,462
Prepaid land rent	21	5,864	19,867	-	-
Loans receivable	20	731,370	273,444	1,170,564	1,756,598
		11,043,391	10,609,026	4,515,828	4,257,977
Current assets					
Inventories	22	5,119,207	3,960,240	-	-
Prepaid land rent	21	15,231	14,906	-	-
Trade and other receivables	23	1,323,676	2,653,771	121,660	58,902
Loans receivable	20	-	-	208,563	341,458
Income tax recoverable		461,326	429,601	266,586	239,086
Bank balances and cash	24	325,231	159,867	13,746	37,149
		7,244,671	7,218,385	610,555	676,595
Total assets		18,288,062	17,827,411	5,126,383	4,934,572
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	31	466,431	466,431	466,431	466,431
Share premium	31	4,048,462	4,048,462	4,048,462	4,048,462
(Accumulated losses)/retained earnings		(3,854,089)	(1,592,496)	52,560	68,700
		660,804	2,922,397	4,567,453	4,583,593
Non-controlling interests		(473,062)	100,372	-	-
Total equity		187,742	3,022,769	4,567,453	4,583,593
LIABILITIES					
Non-current liabilities					
Borrowings	26	6,335,181	4,461,240	-	-
Deferred capital grant	27	251,946	272,225	-	-
Retirement benefit obligations	29	630,780	494,161	705	561
		7,217,907	5,227,626	705	561
Current liabilities					
Trade and other payables	25	2,967,310	2,721,326	558,225	350,418
Borrowings	26	7,915,103	6,855,690	-	-
		10,882,413	9,577,016	558,225	350,418
Total liabilities		18,100,320	14,804,642	558,930	350,979
Total equity and liabilities		18,288,062	17,827,411	5,126,383	4,934,572

The financial statements on pages 12 to 61 were approved by the Board of Directors and signed on its behalf by:

G C THEOBALD - DIRECTOR

29/1/2015

Date:

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP	Attributable to owners of the parent					Total equity TShs '000
	Share capital TShs '000	Share premium TShs '000	(Accumulated losses)/ retained earnings TShs '000	Proposed dividends TShs '000	Non-controlling interests TShs '000	
Year ended 30 September 2014						
At 1 October 2013	466,431	4,048,462	(1,592,496)	-	100,372	3,022,769
<i>Comprehensive income</i>						
Loss for the year			(2,261,593)	-	(1,710,554)	(3,972,147)
<i>Transactions with owners:</i>						
Shares issued during the year	-	-	-	-	1,137,120	1,137,120
As at 30 September 2014	466,431	4,048,462	(3,854,089)	-	(473,062)	187,742
Year ended 30 September 2013						
At 1 October 2012	446,429	3,748,429	174,278	187,500	1,093,231	5,649,867
<i>Comprehensive income</i>						
Loss for the year	-	-	(1,405,474)	-	(600,165)	(2,005,639)
Other comprehensive income			(4,157)	-	(1,583)	(5,740)
<i>Transactions with owners:</i>						
Dividends paid for 2013	-	-	(357,143)	-	(75,000)	(432,143)
Dividends paid for 2012	-	-	-	(187,500)	-	(187,500)
Shares issued during the year	20,002	300,033	-	-	(316,111)	3,924
As at 30 September 2013	466,431	4,048,462	(1,592,496)	-	100,372	3,022,769



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

STATEMENTS OF CHANGES IN EQUITY

COMPANY	Share capital TShs '000	Share premium TShs '000	Retained earnings/ (accumulated losses) TShs '000	Total equity TShs '000
Year ended 30 September 2014				
At 1 October 2013	466,431	4,048,462	68,700	4,583,593
<i>Comprehensive income</i>				
Loss for the year			(16,140)	(16,140)
As at 30 September 2014	466,431	4,048,462	52,560	4,567,453
Year ended 30 September 2013				
At 1 October 2012	446,429	3,748,429	(29,288)	4,165,570
<i>Comprehensive income</i>				
Loss for the year	-	-	454,886	454,886
Other comprehensive income	-	-	245	245
<i>Transactions with owners:</i>				
Dividends paid	-	-	(357,143)	(357,143)
Shares issued during the year	20,002	300,033	-	320,035
As at 30 September 2013	466,431	4,048,462	68,700	4,583,593

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

STATEMENTS OF CASH FLOWS

	Note	Group		Company	
		2014 TShs '000	2013 TShs '000	2014 TShs '000	2013 TShs '000
Cash flows from operating activities					
Cash generated from operations	32	(1,760,425)	(422,129)	124,183	485,564
Interest paid		(1,154,662)	(862,695)	-	-
Income tax paid		-	(413,054)	-	(75,438)
Net cash from operating activities		(2,915,087)	(1,697,878)	124,183	410,126
Cash flows from investing activities					
Purchase of property, plant and equipment	17	(420,746)	(514,425)	-	-
Cost incurred in acquisition of shares		-	(357,192)	(837,939)	-
Proceeds from sale of property, plant, and equipment		13,988	3,588	-	-
Net cash utilized in investing activities		(406,758)	(868,029)	(837,939)	-
Cash flows from financing activities					
Repayment of borrowings		(1,037,526)	(623,486)	-	-
Loans to third parties		-	(71,559)	-	-
Loans (received from)/to subsidiaries		-	-	690,353	(343,622)
Proceeds from issue of shares		-	41,081	-	-
Proceeds from borrowings		3,799,720	-	-	-
Dividends paid		-	(299,608)	-	(37,108)
Net cash from/(utilised in) financing activities		2,762,194	(953,572)	690,353	(380,730)
Net (decrease)/increase in cash and cash equivalents		(559,651)	(3,519,479)	(23,403)	29,396
Cash and cash equivalents at start of year		(5,698,759)	(2,183,355)	37,149	7,753
Exchange loss on cash and cash equivalents		27,289	4,075	-	-
Cash and cash equivalents at end of year	24	(6,231,121)	(5,698,759)	13,746	37,149



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES

1 GENERAL INFORMATION

Tatepa Limited (the Company) is incorporated in Tanzania under the Companies Act, CAP 212 Act No. 12 of 2002 as a limited liability company and listed on the Dar es Salaam Stock Exchange. It is domiciled in United Republic of Tanzania. The Company and its subsidiaries (the Group) are involved in growing, processing, packing and sale of tea in the local as well as the export markets. The Group also produces and exports Avocado.

The address of its registered office is:

Nyerere Road,
Vingunguti Industrial Area,
Plot 7/7A, Nyerere Road,
P O Box 1344,
Dar es Salaam – Tanzania.

And its principal places of business are given below:-

Wakulima Tea Company Limited
Tukuyu Township,
Katumba Factory,
P O Box 700 Tukuyu – Mbeya

Rungwe Avocado Company Limited
Tukuyu Township,
P O Box 700 Tukuyu – Mbeya

Kyimbila Tea Packing Company Limited
Vingunguti Industrial Area,
Plot 7/7A, Nyerere Road,
Dar es Salaam - Tanzania

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of biological assets, and comply with the Companies Act, CAP 212 Act No. 12 of 2002. The financial statements are

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

presented in Tanzanian shillings (Tshs) and the values are rounded to the nearest thousands, except where otherwise indicated. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Changes in accounting policy and disclosures

(i) *New and amended standards adopted by the group*

The following standards have been adopted by the Group for the first time for the financial year beginning on 1 October 2013 and have a material impact on the Group:

Amendment to IAS 1, 'Presentation of Financial Statements' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment only affects presentation on the face of the statement of comprehensive income.

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The impact has been increased disclosure in the financial statements.

IFRS 10, 'Consolidated Financial Statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. . See note 39 for the impact on the financial statements.

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. See note 39 for the impact of adoption on the financial statements.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The impact of adopting of IFRS 12 has been increased disclosures in the financial statements.



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(i) New and amended standards adopted by the group (continued)

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The adoption of IFRS 13 has increased the extent of fair value disclosures in the financial statements.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. There are no other new or revised standards or interpretations issued and effective that would be expected to have a material impact on the Group.

There are no other new or revised standards or interpretations issued and effective that would be expected to have a material impact on the Company.

(ii) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 October 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurements model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and the "hedged ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that actually prepared under IAS 39. The Standard is effective for accounting periods beginning on or after 1 January 2018. Early

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014



NOTES (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(ii) New standards and interpretations not yet adopted (continued)

adoption is permitted. The Group is yet to assess IFRS 9's full impact.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

IFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishment principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction contracts" and related interpretations. The standard is applicable for accounting periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

Annual improvements 2010-2012 and 2011-2013 cycles – These are collections of 7 and 4 amendments to standards respectively as part of the IASB's programme to annual improvements. The amendments are all effective for annual periods beginning on or after 1 July 2014 and the directors are currently assessing the impact of these improvements on their financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

(b) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis at fair value. However, non-controlling interest's that are present ownership interests and entitle their



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (continued)

(i) Subsidiaries (continued)

holders to a proportionate share of the entity's net assets in the event of liquidation are recognised at either fair value or proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added tax (VAT). The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue is recognised as follows:

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

- **Sales of goods**

The Group sells made tea, blended tea, and avocados in both local and international markets. Sale of goods is recognised when the group has transferred to the customer the significant risks

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and rewards of ownership of the goods, the amount of revenue can be measured reliably and the customer has accepted the products and collectability of the related receivable is reasonably assured. The risks and rewards of ownership for exports are passed when goods are loaded into the ship and Bill of Lading issued [i.e. free on Board stage (FOB)] while for local sales are passed at ex-factory stage.

- **Dividend income**

Dividend income is recognised when the right to receive payment is established.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of the Directors that makes strategic decisions.

(e) Functional currency and foreign currency translation

- Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency for all entities in the Group is the Tanzania shilling (Tshs). The consolidated financial statements are presented in the Tanzania shilling (Tshs).

- Transactions and balances

Foreign currency transactions are translated into Tanzania shilling (Tshs) using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the reporting date are recognised in profit or loss.

(f) Property, plant and equipment

Leasehold improvements and buildings comprise mainly tea factory and offices. All property, plant and equipment are shown at historical cost less depreciation. Historical cost includes expenditure directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over the estimated useful life as follows:



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	Rate (%)
Leasehold improvements	Tenure of lease
Buildings	2.0 - 5.0
Motor vehicles	25.0
Machinery, equipment, furniture and fittings	12.5
Computers	33.3

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. All other repairs and maintenance expenditure are charged to the statement of profit or loss during the financial year in which they are incurred. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gain or losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in profit or loss.

(g) Intangible assets

Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation.

(h) Investments in subsidiaries

In the Company's statement of financial position, investments in subsidiaries are carried at cost. If there is objective evidence that an impairment loss has been incurred on investments in subsidiaries, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Any subsequent reversal of an impairment loss is recognised in profit or loss.

(i) Biological assets

Biological assets are measured on initial recognition and at each reporting date at fairvalue less costs to sell. Any gains or losses arising on initial recognition of biological assets and from subsequent changes in fair value less costs to sell are recognised in profit or loss in the year in which they arise. The cost of upkeep and maintenance of biological assets is expensed in the period incurred.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014



NOTES (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

(k) Operating leases

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Inventories

Biological assets produce is measured at fair value less costs to sell at the point of harvest. Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of made tea comprises the fair value of tea harvested from the Group's plantations less costs to sell at the point of harvest or cost of purchasing leaf from out growers, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses. Stores and consumables are stated at cost less any provision for obsolescence.

(m) Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

(n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

will be drawn down. In this case, the fee is deferred until the draw-down occurs. Borrowing costs are expensed in the period they accrue unless they can be related, with certainty, to fixed asset construction projects, in which case they are capitalised as part of the asset's cost. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the year end date.

(o) Income tax

Income tax expense is the aggregate of the charge to profit or loss in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Tanzania Income Tax Act, 2004.

Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014



NOTES (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employees benefits

Retirement benefit obligations (continued)

The Group has defined benefit and defined contributions plans. The Group has an unfunded non-contributory employee gratuity arrangement (the “Arrangements”), which provides for lump sum payments to its employees on their retirement at the age of 60, or those allowed to retire early, based on length of service and salary at retirement and qualifies as a defined benefits plan. The payments to the retired employees are made from Group’s internally generated funds. The liability recognised in the statement of financial position in respect of the defined benefits plan is the present value of the defined benefit obligation at the reporting date, together with adjustments for actuarial gains or losses and past service costs. A full actuarial valuation of the retirement benefit obligations is performed after every three years by independent actuaries using the projected unit credit method. An update valuation is performed by the Directors at the end of each year in the intervening period.

Actuarial gains and losses arising from change in experience adjustments and actuarial assumptions are charged or credited to the equity in other comprehensive income in the period in which they arise.

For defined contribution plan, all companies in the Group pay contributions to publicly administered pension plans (NSSF or PPF) on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefits expense when they are due.

(q) Dividend distribution

Dividend distribution to the Company’s shareholders is recognised as a liability in the Company’s and Group’s financial statements in the year in which the dividends are approved by the Company’s shareholders.

(r) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are initially measured at fairvalue and subsequently measured at amortised cost using the effective interest method.

(s) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Loans receivable

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the year end date. These are classified as non-current assets. Loans receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment is established when there is objective evidence that an impairment loss is likely to be incurred on the receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of expected cash flows, discounted at the effective interest rate. The amount of the provision and any subsequent reversal of an impairment loss are recognised in profit or loss.

(u) Financial assets

The Group and the Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial asset was acquired. The directors determine the classification of financial assets at initial recognition.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after end of the reporting period which are classified as non-current assets.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(w) Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014



NOTES (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Impairment of financial assets

(i) Assets carried at amortised cost

event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit and loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit and loss.

(x) Provisions

Provisions are recognised when the Group or the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(y) Grants

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants relating to costs are deferred and recognised in the statement of profit or loss over the period necessary to match them with costs that they are intended to compensate. Grants relating to property, plant and equipment are included in non-current liabilities as deferred capital grants and are credited to the statement of profit or loss on a straight line basis over the expected useful lives of related assets.

(z) Share capital

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



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

(i) Critical accounting estimates and assumptions

Biological assets

Critical assumptions are made by the Directors in determining the fair values of biological assets. The carrying amounts and key assumptions are set out in Note 18.

Tea plantations

If the future market price of tea had been 5% higher/(lower) than management estimate and all other factors remained unchanged, the Company would have recognised a further increase/(decrease) in profit of Tshs 1,254 million respectively. If the projected Tshs/USD exchange rate had been 2% higher/(lower) than the management estimate and all other factors remained unchanged, the Company would have recognised a further increase/(decrease) in profit of Tshs 159 million respectively. If the projected Tanzania inflation rate was 2% higher/(lower) than the management estimate and all other factors remained unchanged, the Company would have recognised a further increase/(decrease) in profit of Tshs 422 million respectively. If the discount rate was 1% higher/(lower) than the management estimate and all other factors remained unchanged, the Company would have recognised a further increase/(decrease) in profit of Tshs 157 million respectively.

Avocado plantations

If the future market price of avocado had been 5% higher/(lower) than management estimate and all other factors remained unchanged, the Company would have recognised a further increase/(decrease) in loss of Tshs 1,548 million respectively. If the projected Tshs/USD exchange rate had been 2% higher/(lower) than the management estimate and all other factors remained unchanged, the Company would have recognised a further increase/(decrease) in profit of Tshs 559 million respectively. If the projected Tanzania inflation rate was 2% higher/(lower) than the management estimate and all other factors remained unchanged, the Company would have recognised a further increase/(decrease) in profit of Tshs 218 million respectively. If the estimated discount rate was 1% higher/(lower) than the management estimate and all other factors remained unchanged, the Company would have recognised a further increase/(decrease) in profit of Tshs 42 million respectively.

Retirement benefit obligation

If the interest rate had been 1% higher/(lower) than management estimate and all other factors remained unchanged, the Group would have recognised a further (increase)/decrease in loss of Tshs 4.5 million. If the notional rate of contribution had been 1% higher/(lower) than management estimate and all other factors remained unchanged, the Group would have recognised a further (increase)/decrease in loss of Tshs 16.7 million.

(ii) Critical judgments in applying the entity's accounting policies

In the process of applying the Company's accounting policies, management has made judgments in determining whether assets are impaired.



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's and Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by the management under polices approved by the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

The Group frequently enters into transactions denominated in foreign currencies (primarily United States Dollars ("US\$")). In addition, the group has assets and liabilities denominated in United States Dollars ("US\$"). As a result, the Group is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. Exposure to foreign exchange risk is mitigated by the fact that almost 60% (2013: 77%) of its earnings are in foreign currencies (mainly US dollars). At 30 September 2014, if the Tanzanian shilling (TShs) had strengthened / weakened by 10% against the US dollar with all other variables held constant, the Group's profit after tax for the year and equity would have been TShs 443 million (2013: TShs 389 million) higher / lower, mainly as a result of foreign exchange gains / losses on translation of US dollar-denominated trade receivables, trade payables, bank balances and borrowings. The movement of the Tanzanian shilling against other currencies is insignificant because the number and value of transactions in other foreign currencies entered into by the Group is insignificant. The Company does not have any significant transactions or any significant assets and liabilities denominated in foreign currency.

(ii) Interest rate risk

The Group's interest rate risk arises from long and short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Where necessary the Group refinances its borrowings in order to ensure its borrowing terms remain competitive. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. Based on the simulation performed at 30 September 2014, an increase/decrease of 200 basis points would have resulted in a decrease/increase in consolidated post tax profit of TShs 153 million (2013: TShs 155 million), mainly as a result of higher/lower interest charges on variable rate borrowings. The Company does not have any external borrowings as such it is not subject to interest rate risk.

(iii) Commodity price fluctuation risk

The Group does not anticipate the prices of tea and avocado to decline significantly in the foreseeable future. The Group reviews its outlook for world prices regularly in considering the need for active financial risk management.



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables. For banks and financial institutions only reputable banks and financial institutions are used by the group for banking services. Customers are assessed for credit quality by taking into account their financial position, past experience and other factors before being approved to buy goods or services on credit. The account balances and length of time outstanding are regularly monitored. No collateral is held for cash and cash equivalents and trade and other receivables.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group and the Company maintain flexibility in funding by maintaining availability under committed credit lines and through inter-company short term advances. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Group	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	TShs'000	TShs'000	TShs'000	TShs'000
At 30 September 2014				
Borrowings	8,310,541	153,606	5,786,137	-
Interest on borrowings	886,652	529,483	204,067	-
Guarantee	8,310,541	153,606	5,786,137	-
Trade and other payables	1,817,424	-	-	-
Retirement benefit obligations	-	-	-	630,780
Total financial liabilities	11,014,617	683,089	5,990,204	630,780
At 30 September 2013				
Borrowings and interest liabilities	6,950,972	978,881	3,387,077	-
Interest on borrowings	650,547	777,200	197,250	-
Guarantee	6,950,972	978,881	3,387,077	-
Trade and other payables	1,904,753	-	-	-
Retirement benefit obligations	-	-	-	494,161
Total financial liabilities	9,506,272	1,953,331	3,584,327	494,161

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014



NOTES (CONTINUED)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The parent company (Tatepa Ltd) has provided corporate guarantee to CRDB Bank Plc in respect of term loans and overdraft facilities extended to its subsidiaries Wakulima Tea Company Limited and Rungwe Avocado Company Limited.

Company	Within 1 year TShs'000	Between 1 and 2 years TShs'000	Between 2 and 5 years TShs'000	Over 5 years TShs'000
At 30 September 2014				
Trade and other payables	164,004	-	-	705
Total financial liabilities	164,004	-	-	705
At 30 September 2013				
Trade and other payables	155,232	-	-	561
Total financial liabilities	155,232	-	-	561

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as a net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and bank balances. Total capital is calculated as total equity as shown in the consolidated statement of financial position plus net debt. During the year ended 30 September 2014, the Group's strategy, which was unchanged from 2013, was to maintain the gearing ratio within 25% to 50% on a long term basis. The gearing ratios were as follows:

Group	2014 TShs '000	2013 TShs '000
Total borrowings (Note 26)	14,250,284	11,316,930
Less cash and bank balances (Note 24)	(325,231)	(159,867)
Net debt	13,925,053	11,157,063
Total equity	187,742	3,022,769
Total capital	14,112,795	14,179,832
Gearing ratio	98.67%	78.68%



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Capital risk management (continued)

The increase in gearing during the financial year 2014 resulted from Group loss and the need for increased borrowings to develop the businesses. This gearing is expected to return to a level within the long term strategic target once all start up businesses (RAC and KTPCL) become fully operational. The Company is also aiming at raising additional equity during the year 2015 to improve the gearing.

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- i. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- ii. Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- iii. Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3). The following table presents the Group's financial assets and liabilities that are measured at fair value. at 30 September 2014.

At 30 September 2014				
Assets	Level 1	Level 2	Level 3	Total
Biological assets	-	-	3,460,100	3,460,100
Total assets	-	-	3,460,100	3,460,100
Liabilities				
Interest free loan at fair value	-	-	1,951,225	1,951,225
Total liabilities	-	-	1,951,225	1,951,225
At 30 September 2013				
Assets				
Biological assets	-	-	2,496,593	2,496,593
Total assets	-	-	2,496,593	2,496,593
Liabilities				
Interest free loan at fair value	-	-	1,798,963	1,798,963
Total liabilities	-	-	1,798,963	1,798,963

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FOR THE YEAR ENDED 30 SEPTEMBER 2014



NOTES (CONTINUED)

5 OPERATING SEGMENT INFORMATION

The Group has determined its operating segments based on the review by management and in a manner consistent with internal reporting provided to the chief operating decision maker. The Group is currently organized into three main operating segments; growing and processing of tea; blending and packaging of tea; and growing & processing of avocado. Management considers the business from both market and product perspectives. Market wise, management considers the revenue generated from sales of products in various markets. Product wise, management considers the main lines through which the group derives its revenue.



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FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

BUSINESS SEGMENT INFORMATION (CONTINUED)

2014	Growing & processing tea TShs '000	Other TShs '000	Avocado fruits TShs '000	Blending and packing of black tea TShs '000	Eliminations TShs '000	Consolidated TShs '000
REVENUE						
- Export sales	10,754,631	-	592,685	-	-	11,347,316
- Local sales	915,342	-	110,268	4,142,516	(423,262)	4,744,864
	11,669,973	-	702,953	4,142,516	(423,262)	16,092,180
Operating profit/(loss) from operations	414,869	(21,101)	(673,083)	(1,624,207)	(322,626)	(2,226,148)
Interest income	-	188,345	-	26,638	(188,345)	26,638
Interest costs	(556,574)	-	(694,604)	(549,852)	322,626	(1,478,404)
Loss before tax	(141,705)	(21,101)	(1,367,687)	(2,147,421)	-	(3,677,914)
Income tax credit/(charge)	57,105	4,961	325,483	(681,782)	-	(294,233)
Loss for the year	(84,600)	(16,140)	(1,042,204)	(2,829,203)	-	(3,972,147)
Other segment items included in the statement of profit or loss:						
Depreciation	735,518	-	156,728	200,854	-	1,093,100
Fair value adjustment on biological assets	665,239	-	298,268	-	-	963,507

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014



NOTES (CONTINUED)

5 BUSINESS SEGMENT INFORMATION (CONTINUED)

2014	Growing & processing tea TShs '000	Other TShs'000	Avocado fruits TShs '000	Blending and packing of tea TShs'000	Eliminations TShs '000	Consolidated TShs '000
Segment assets and liabilities and capital expenditure:						
Assets						
Non-current assets	6,893,732	4,515,828	4,846,493	561,602	(5,774,264)	11,043,391
Current assets	5,622,990	610,556	464,277	1,489,627	(942,779)	7,244,671
Total assets	12,516,722	5,126,384	5,310,770	2,051,229	(6,717,043)	18,288,062
Liabilities						
Current liabilities	7,028,764	558,224	1,463,162	3,809,755	(1,977,492)	10,882,413
Non current liabilities	1,188,447	705	6,054,556	780,878	(806,679)	7,217,907
Total liabilities	8,217,211	558,929	7,517,718	4,590,633	(2,784,171)	18,100,320
Additions: Property plant and equipment	5,257	-	334,900	80,589	-	420,746

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

5 BUSINESS SEGMENT INFORMATION (CONTINUED)

2013	Growing & processing tea TShs '000	Other TShs '000	Avocado fruits TShs '000	Blending and packing of black tea TShs '000	Eliminations TShs '000	Consolidated TShs '000
REVENUE						
- Export sales	14,349,350	-	501,960	-	-	14,851,310
- Local sales	1,318,295	-	134,971	2,974,498	(676,630)	3,751,134
	15,667,645	-	636,931	2,974,498	(676,630)	18,602,444
	795,726	220,721	(1,107,696)	(996,098)	(571,968)	(1,659,315)
Operating profit/(loss) from operations						
Interest income	166,503	263,810	20,279	29,320	(449,766)	30,146
Finance costs	(440,504)	-	(471,104)	(412,113)	409,479	(914,242)
	521,725	484,531	(1,558,521)	(1,378,891)	(612,255)	(2,543,411)
Income tax (charge)/credit	(177,994)	(29,645)	346,766	398,645	-	537,772
	343,731	454,886	(1,211,755)	(980,246)	(612,255)	(2,005,639)
Other segment items included in the statement of profit or loss:						
Depreciation	757,125	-	170,694	123,959	-	1,051,778
Fair value adjustment on biological assets	418,018	-	38,105	-	-	456,123

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014



NOTES (CONTINUED)

5 BUSINESS SEGMENT INFORMATION (CONTINUED)

2013	Growing & processing tea TShs '000	Other TShs'000	Avocado fruits TShs '000	Blending and packing of tea TShs'000	Eliminations TShs '000	Consolidated TShs '000
Segment assets and liabilities and capital expenditure:						
Assets						
Non-current assets	7,615,443	4,257,979	3,608,044	1,353,145	(6,225,585)	10,609,026
Current assets	5,708,389	676,593	522,320	1,343,068	(1,031,985)	7,218,385
Total assets	13,323,832	4,934,572	4,130,364	2,696,213	(7,257,570)	17,827,411
Liabilities						
Current liabilities	6,181,524	350,419	1,147,560	2,929,498	(1,031,985)	9,577,016
Non current liabilities	2,758,194	561	4,803,497	796,025	(3,130,651)	5,227,626
Total liabilities	8,939,718	350,980	5,951,057	3,725,523	(4,162,636)	14,804,642
Additions: Property plant and equipment and biological assets	112,667	-	39,101	362,656		514,424

Transactions between segments are carried out at arm's length. The revenue from external parties reported is measured in a manner consistent with that in the financial statements. During the year the Blending and Packing Division bought teas from the Tea Growing and processing division, it also obtained Management services from the Other Division, in addition to that the Tea Growing and Processing Division provided financial services to the Avocado division. There were no other inter-segment transactions during 2014 and 2013. The amounts with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and physical location of the asset.



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

5 BUSINESS SEGMENT INFORMATION (CONTINUED)

The Company, together with all its subsidiaries are domiciled in the United Republic of Tanzania. The results of its revenue from external customers are as follows:

	Group		Company	
	2014 TShs '000	2013 TShs '000	2014 TShs '000	2013 TShs '000
United Republic of Tanzania	4,744,864	3,751,133	-	-
United Kingdom	11,347,316	14,851,311	-	-
Total	16,092,180	18,602,444	-	-

Revenues are allocated based on the country from which sales proceeds are received. All Group assets are located in Tanzania.

6 REVENUE

	Group		Company	
	2014 TShs '000	2013 TShs '000	2014 TShs '000	2013 TShs '000
Sale of tea	11,246,711	14,991,015	-	-
Sale of avocados	702,953	636,931	-	-
Sale of packed tea	4,142,516	2,974,498	-	-
Management service fees	-	-	142,658	139,714
Dividends received from subsidiary	-	-	-	612,500
	16,092,180	18,602,444	142,658	752,214

7 COST OF SALES

Staff related costs (Note 11)	1,988,105	1,089,957	-	-
Processing costs	1,481,655	2,024,304	-	-
Blending cost	1,676,638	1,200,680	-	-
Packing materials costs	1,300,754	1,212,514	-	-
Greenleaf purchased from outgrowers	4,318,512	6,098,503	-	-
Field costs	2,207,115	2,756,853	-	-
Changes in stock of finished goods and work in progress	(701,506)	(875,969)	-	-
Depreciation charges	819,219	846,060	-	-
	13,090,492	14,352,902	-	-

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014



NOTES (CONTINUED)

8 OTHER OPERATING INCOME

	Group		Company	
	2014	2013	2014	2013
	TShs '000	TShs '000	TShs '000	TShs '000
Revenue grant	-	6,792	-	-
Profit on disposal of equipment	8,824	725	-	-
Interest income	5,113	-	-	-
Other income	23,578	-	32,167	-
	37,515	7,517	32,167	-

9 SELLING AND MARKETING COSTS

Transport, distribution & handling charges	1,128,914	1,185,731	-	-
Salesmen remuneration	157,141	172,838	-	-
Travelling expenses	152,380	74,970	-	-
Cess and other government levies	125,055	123,197	-	-
Seedling expenses	-	46,446	-	-
Staff related costs (Note 11)	269,796	71,483	-	-
Depreciation	97,575	27,666	-	-
Non-creditable VAT expenses	58,765	-	-	-
Other selling costs	530,575	885,502	-	-
	2,520,201	2,587,833	-	-

10 ADMINISTRATIVE EXPENSES

Staff related costs (Note 11)	1,048,626	801,769	54,100	108,377
Travelling costs	236,168	210,823	52,419	77,008
Consultancy and professional fees	632,940	1,172,174	211,862	163,416
Directors fees and allowances	56,092	165,227	-	95,677
Office expenses	264,096	411,188	42,020	32,074
Auditors' remuneration	172,511	183,025	43,593	43,756
Research expenses on new products	17,878	4,697	-	-
Rental charges	133,776	108,560	-	-
Depreciation	176,306	178,052	-	-
Foreign currency exchange (gains)/ losses	44,607	60,109	(50,869)	(19,592)
Charge of impairment loss on trade receivables	479,976	-	-	-
Other administration costs	465,960	509,319	31,146	30,777
	3,728,936	3,804,943	384,271	531,493



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

11 STAFF RELATED COSTS

	Group		Company	
	2014 TShs '000	2013 TShs '000	2014 TShs '000	2013 TShs '000
Salaries, wages and bonuses	2,546,055	1,536,343	45,726	98,210
Medical expenses	56,961	15,393	-	346
Canteen costs, uniforms and amenities	301,261	105,089	7,764	-
Defined contribution schemes (NSSF)	233,164	153,634	466	9,821
Defined benefit scheme	169,086	152,750	144	-
	3,306,527	1,963,209	54,100	108,377

The above staff related costs are included in the statements of profit or loss as follows:

	Group		Company	
	2014 TShs '000	2012 TShs '000	2014 TShs '000	2012 TShs '000
Cost of sales	1,988,105	1,089,957	-	-
Administrative expenses	1,048,626	801,769	54,100	108,377
Selling and marketing expenses	269,796	71,483	-	-
	3,306,527	1,963,209	54,100	108,377

12 FINANCE COST

Interest on finance lease obligations	6,151	5,270	-	-
Interest expense	1,148,511	857,425	-	-
Net foreign exchange transaction gains	241,156	(102,966)	-	-
Unwinding of interest on Interest free loan	82,586	154,513	-	-
	1,478,404	914,242	-	-

13 INTEREST INCOME

Interest on loans	26,638	30,146	188,345	263,810
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14 INCOME TAX CREDIT/(EXPENSE)

Current tax (charge)/credit	(10,644)	(259,523)	(985)	(31,836)
Adjustments to tax in respect of prior years	(384)	9,542	-	-
Deferred income tax (charge)/credit (Note 28)	(283,205)	787,753	5,946	2,191
Income tax (expense)/credit	(294,233)	537,772	4,961	(29,645)

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FOR THE YEAR ENDED 30 SEPTEMBER 2014



NOTES (CONTINUED)

14 INCOME TAX CREDIT/(EXPENSE) (CONTINUED)

The tax on the (loss)/profit before income tax for the Group and Company differs from the theoretical amount that would arise using the basic income tax rate as follows:

	Group		Company	
	2014 TShs '000	2013 TShs '000	2014 TShs '000	2013 TShs '000
Profit/(loss)before income tax	(3,677,914)	(2,543,411)	(21,101)	484,776
Tax calculated at a rate of 30%	(1,103,374)	(763,023)	(6,330)	145,433
Expenses not deductible for tax	316,920	174,949	1,369	36,126
Income not subject to tax	-	-	-	(183,750)
Final withholding tax on dividends	-	30,625	-	30,625
Alternative minimum tax	(37,804)	10,135	-	1,211
Adjustments to tax in respect of prior years	384	9,542	-	-
Deferred tax asset not recognised	1,118,107	-	-	-
Income tax charge/(credit)	294,233	(537,772)	(4,961)	29,645

The group has unused tax losses amounting to Tshs 3,452 million which relate to Kymbila Tea Packing Company Limited (KTPC). Deferred tax assets have not been recognised in respect of these tax losses as it is not probable that KTPC will generate sufficient taxable profits in the future to utilise these tax losses. These tax losses are yet to be agreed with the Tanzania Revenue Authority (TRA). The tax losses can be carried indefinitely.

15 EARNINGS PER SHARE

	Group	
	2014	2013
(Loss)/profit attributable to shareholders (TShs'000)	(2,261,593)	(1,405,474)
Weighted average number of share in issue (Note 31)	18,657,254	18,323,884
Basic and diluted (loss)/earnings per share (TShs)	(121.22)	(76.70)

There being no dilutive or potentially dilutive share options, the basic and diluted earnings per share are the same.

16 DIVIDEND PER SHARE

The Company did not pay any dividend during the year (2013: interim dividend of Tsh 20 per share totalling Tshs 357 million).



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

17 PROPERTY, PLANT & EQUIPMENT - GROUP

	Lease hold improvements & buildings TShs '000	Motor vehicles TShs '000	Machinery, equipment, furniture & fittings and computers TShs '000	Capital work in progress TShs '000	Total TShs '000
At 1 October 2012					
Cost	4,421,364	1,524,863	6,128,969	77,612	12,152,808
Accumulated depreciation	(699,235)	(706,366)	(3,512,295)	-	(4,917,896)
Net book value	3,722,129	818,497	2,616,674	77,612	7,234,912
Year ended 30 September 2013					
Opening net book value	3,722,129	818,497	2,616,674	77,612	7,234,912
Additions	21,615	336,657	89,643	66,510	514,425
Transfers	-	-	79,223	(79,223)	-
Disposals	-	(1,363)	(1,500)	-	(2,863)
Depreciation charge	(145,975)	(393,293)	(512,510)	-	(1,051,778)
Net book value	3,597,769	760,498	2,271,530	64,899	6,694,696
At 30 September 2013					
Cost	4,442,979	1,860,157	6,296,335	64,899	12,664,370
Accumulated depreciation	(845,210)	(1,099,659)	(4,024,805)	-	(5,969,674)
Net book value	3,597,769	760,498	2,271,530	64,899	6,694,696
Year ended 30 September 2014					
Opening net book value	3,597,769	760,498	2,271,530	64,899	6,694,696
Additions	-	34,051	107,897	278,798	420,746
Transfers	-	-	35,831	(35,831)	-
Disposals	-	-	(17,506)	-	(17,506)
Depreciation charge	(149,302)	(456,439)	(487,359)	-	(1,093,100)
Net book value	3,448,467	338,110	1,910,393	307,866	6,004,835
At 30 September 2014					
Cost	4,442,979	1,894,208	6,423,985	307,866	13,069,038
Accumulated depreciation	(994,512)	(1,556,098)	(4,513,592)	-	(7,064,202)
Net book value	3,448,467	338,110	1,910,393	307,866	6,004,836

FINANCIAL STATEMENTS

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NOTES (CONTINUED)

17 PROPERTY, PLANT & EQUIPMENT – GROUP (CONTINUED)

Capital work in progress relates to the pack house and associated equipment for Rungwe Avocado Company Limited and Mwakaleli factory electrical equipment.

Depreciation expense of TShs 819.2 million (2013: TShs 846 million) has been charged to cost of goods sold, TShs 97.6 million (2013: TShs 27.7 million) has been charged to selling and marketing costs and TShs 176.2 million (2012: TShs 178.07 million) is classified under administrative expenses. The Group's property, plant and equipment have been charged to secure loans as set out in Note 26 to the financial statements.

18 BIOLOGICAL ASSETS

	Tea Bushes TShs '000	Avocado plantations TShs '000	Total TShs '000
Year ended 30 September 2014			
At 1 October 2013	2,255,900	240,693	2,496,593
Increase due to expenditure on estates	758,389	96,278	854,667
Gain arising from changes in fair value less costs to sell	665,239	298,268	963,507
Decrease due to harvests	(758,389)	(96,278)	(854,667)
At 30 September 2014	2,921,139	538,961	3,460,100
Period ended 30 September 2013			
At 1 October 2012	1,837,882	202,588	2,040,470
Increase due to expenditure on estates	720,470	91,464	811,934
Gain arising from changes in fair value less costs to sell	418,018	38,105	456,123
Decrease due to harvests	(720,470)	(91,464)	(811,934)
At 30 September 2013	2,255,900	240,693	2,496,593

The group has tea bushes for producing green tea leaves which are harvested for processing into made tea which is sold both locally and overseas. The group's avocado plantations are used for harvesting avocados which are all sold overseas.

Tea bushes and avocado fruit plantations are carried at fair value less costs to sell. The group also maintains a forest for the purpose of obtaining wood fuel which is required for withering of tea. The fair value of this forest is zero, as has been the case for a number of years in the past. This is mainly because the fair value of harvested woodlots is not enough to cover costs associated with maintaining the forest. In determining the fair values of tea bushes and avocado fruit plantations, the Directors have made certain assumptions about the yields and market prices of made tea and avocado fruits in future years, and the costs of running the estates. The fair value less costs to sell of biological assets is determined using discounted cash flow method and key assumptions made concerning the future cash flows (projected over 10 years) are as follows:



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NOTES (CONTINUED)

18 BIOLOGICAL ASSETS (CONTINUED)

Tea

1. Climatic conditions are expected to be normal;
2. The average market price of made tea has been projected at US\$1.80/kg for the financial year 2014-2015, rising by about 1% per annum until financial year 2017-2018 and rising by exchange factor thereafter;
3. The inflation has been projected at 6.7% for financial year 2014-2015 and at 7% thereafter;
4. The US\$/Tzs exchange rate is expected to increase by average of 4% per annum; and
5. Yield and tea production remain fairly constant as the tea plantations are mature.

Avocado

1. Climatic conditions are expected to be normal;
2. The average market price of avocado has been projected at US\$0.73 per kg for the financial year 2014-2015, rising on average by about 3% per annum thereafter;
3. The inflation has been projected at 6.7% for financial year 2014-2015 and at 7% thereafter; and
4. The US\$/Tzs exchange rate is expected to increase by average of 4% per annum.

There are 60 hectares (2013: 60) of mature avocado plantation, located in Tukuyu district in Tanzania and 316 hectares (2013: 316 hectares) of mature tea bushes located in Tukuyu district in Tanzania. The avocado plantations produced 175 (2013: 85) tons. The tea estates produced 697 (2013: 582) million kilograms. None of the biological assets are pledged as security for financing facilities. The Group is exposed to financial risks arising from changes in tea and avocado prices. The Group does not anticipate that tea and avocado prices will decline significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage risks of decline in tea and avocado prices. The Group reviews its outlook regularly in considering the need for active financial risk management. The fair values are based on cash flows discounted using a rate based on borrowing rate of 23.33% (2013: 22.75%) and are within level 3 of the fair value hierarchy.

19 INVESTMENT IN SUBSIDIARIES

	2014 TShs '000	2013 TShs '000
Wakulima Tea Company Limited (a)	1,704,272	1,704,272
Rungwe Avocado Company Limited (b)	886,129	698,190
Kyimbila Tea packing Company Limited (c)	650,000	-
	3,240,401	2,402,462

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NOTES (CONTINUED)

19 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The investments relates to:

Nature of business	Number and description of share held		% of issued shares held	
	2014	2013	2014	2013
(a) Growing, processing and sale of made tea	1,537,693 Ordinary shares	1,537,693 ordinary shares	70%	70%
(b) Growing, processing and sale of avocado and other fruits	84,747 Ordinary shares	69,819 Ordinary shares	45.42%	51.97%
(c) Blending and Packing tea	54,018 Ordinary shares	-	31.93%	-

The Company has a direct interests of 70% in Wakulima Tea Company Limited (WTCL), 31.93% in Kyimbila Tea Packing Company Limited (KTPCL) and 45.42% in Rungwe Avocado Company Limited (RACL). The Company has an indirect interest of 10.27% in RACL and 24.83% share in KTPCL through WTCL which holds 14.67% of RACL and 35.47% of KTPCL.

During the year, RACL and KTPCL issued shares resulting in dilution of the total shareholding of Tatepa Limited in these entities as follows:

Company	Total % holding of Tatepa Ltd at 30 Sep 2014	Total % holding of Tatepa Ltd at 30 Sep 2013
RACL	55.69%	66.23%
KTPCL	56.76%	70%

Though the shareholding of Tatepa Ltd has reduced, RACL and KTPCL are still the subsidiaries of Tatepa Ltd and Tatepa Ltd's control in RACL and KTPCL is not lost due to the issue of above shares. No gain/loss on deemed disposal has therefore been recognised in these consolidated financial statements.

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. There were no transactions with non-controlling interests.



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FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

19 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Summarised financial information on subsidiaries with material non-controlling interests (continued)

Summarised statement of financial position

	WTCL		RACL		KTPCL	
	2014 TShs '000	2013 TShs '000	2014 TShs '000	2013 TShs '000	2014 TShs '000	2013 TShs '000
Current						
Assets	5,622,991	5,708,389	464,276	408,457	1,489,626	1,343,068
Liabilities	(7,028,762)	(6,181,524)	(1,463,162)	(1,151,781)	(3,809,755)	(2,929,499)
Total current net assets	(1,405,771)	(473,135)	(998,886)	(743,324)	(2,320,129)	(1,586,431)
Non-current						
Assets	6,893,729	7,615,441	4,846,494	3,726,130	561,603	1,353,146
Liabilities	(1,188,447)	(2,758,194)	(6,054,556)	(4,803,498)	(780,878)	(796,025)
Total non-current assets	5,705,282	4,857,247	(1,208,062)	(1,077,368)	(219,275)	557,121
Net assets	4,299,511	4,384,112	(2,206,948)	(1,820,692)	(2,539,404)	(1,029,310)

Summarised income statement

	WTCL		RACL		KTPCL	
	2014 TShs '000	2013 TShs '000	2014 TShs '000	2013 TShs '000	2014 TShs '000	2013 TShs '000
Revenue	11,669,972	15,667,646	702,953	636,931	4,142,516	2,974,498
(Loss)/profit before tax	(141,706)	521,725	(1,367,686)	(1,558,521)	(2,147,422)	(1,378,891)
Income tax credit/(expense)	57,105	(177,994)	325,483	346,766	(681,782)	398,645
(Loss)/profit after tax	(84,601)	343,731	(1,042,203)	(1,211,755)	(2,829,204)	(980,246)
Other comprehensive income	-	6,440	-	3,010	-	(15,190)
Total comprehensive income	(84,601)	350,171	(1,042,203)	(1,208,745)	(2,829,204)	(995,436)
Total comprehensive income allocated to non-controlling interests	(25,380)	105,051	(461,800)	(408,193)	(1,223,348)	(298,631)
Dividends paid to non-controlling interests	-	75,000	-	-	-	-

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FOR THE YEAR ENDED 30 SEPTEMBER 2014



NOTES (CONTINUED)

19 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Summarised financial information on subsidiaries with material non-controlling interests (continued)

Summarised statement of cash flows

	WTCL		RACL	KTPCL
	2014	2014		2014
	TShs '000	TShs '000		TShs '000
Cash flows from operating activities				
Cash generated from operations	994,898	(1,021,136)		(1,842,782)
Interest paid	-	(436,393)		(12,354)
Income tax paid	(512,765)	-		(425,124)
Net cash from operating activities	482,133	(1,457,529)		(2,280,260)
Net cash from/(used) in investing activities	4,973	(326,658)		(77,678)
Net cash (used in)/from financing activities	(761,539)	1,680,698		2,226,899
Net decrease in cash and cash equivalents	(274,433)	(103,489)		(131,039)
Cash and cash equivalents at beginning of year	(3,413,935)	(977,585)		(1,344,387)
Cash and cash equivalents at end of year	(3,688,368)	(1,081,074)		(1,475,426)

20 LOAN RECEIVABLE

	Group		Company	
	2014	2013	2014	2013
	TShs '000	TShs '000	TShs '000	TShs '000
Wakulima Tea Company Limited	-	-	208,563	916,458
Rungwe Avocado Company Limited	-	-	1,170,564	1,181,598
Moravian Church	731,370	273,444	-	-
	731,370	273,444	1,379,127	2,098,056
Current	-	-	208,563	341,458
Non-current	731,370	273,444	1,170,564	1,756,598
	731,370	273,444	1,379,127	2,098,056

Loan to Rungwe Avocado Company Limited is a medium term facility denominated in US dollar and carries interest at the rate of 12% per annum (2013: 12%). The loan is repayable to Tatepa Ltd after December 2015 subject to the availability of cash in Rungwe Avocado Company Limited (RACL).



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FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

20 LOAN RECEIVABLE (CONTINUED)

The loan to Wakulima Tea Company Limited (WTCL) is a short term facility denominated in Tanzania shillings carrying an interest of 15% per annum (2013: 15%). The loan can be repaid to Tatepa Ltd anytime after 30 September 2014 provided the cash position of WTCL can accommodate the repayment.

The loan to Moravian Church attracts interest at the rate of 8% per annum and is repayable through deductions from sale proceeds of avocados produced by RACL from Moravian Plantation. RACL has exclusive rights to purchase all the avocados grown on the Moravian plantation at the ruling market price. RACL entered into a plantation management agreement with The Registered Trustees of Moravian Church in Southern Tanganyika (Moravian) whereby RACL manages the Moravian plantations in Rungwe and assists them with the planting of avocados. Among other things, RACL provides development finance necessary to plant and manage avocado plants on the Moravian plantation, which constitutes the loan. The fair value of the loan receivable balance is approximately the carrying value.

21 PREPAID LAND RENT

	Group		Company	
	2014 TShs '000	2013 TShs '000	2014 TShs '000	2013 TShs '000
Total prepaid land rent	21,095	34,773	-	-
Less: Current portion (Note 23)	(15,231)	(14,906)	-	-
	5,864	19,867	-	-

Movement in gross amounts

Opening balance	34,773	48,128	-	-
Amortisation	(13,678)	(13,355)	-	-
Closing balance	21,095	34,773	-	-

22 INVENTORIES

	Group		Company	
	2014 TShs '000	2013 TShs '000	2014 TShs '000	2013 TShs '000
Finished products - at cost	3,011,884	1,826,434	-	-
Unprocessed products - at cost	100,490	262,526	-	-
Stores and consumables - at cost	2,068,425	1,905,216	-	-
Goods in transit - at cost	20,246	50,228	-	-
Impairment provision - at cost	(81,838)	(84,164)	-	-
	5,119,207	3,960,240	-	-

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FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

23 TRADE AND OTHER RECEIVABLES

Trade receivables	1,384,641	1,545,186	-	-
Less provision for impairment losses	(680,124)	(200,148)		
Trade receivables - net	704,517	1,345,038		
Advances to tea growers	28,251	576,558	-	-
VAT recoverable	179,040	272,234	-	-
Other receivables	280,493	311,171	3,545	92
Deposits and prepayments	131,375	148,770	2,455	3,832
Due from related parties (Note 34 (v))	-	-	115,660	54,978
	1,323,676	2,653,771	121,660	58,902

Trade receivables that are less than 30 days (2013: 30 days) are within the Group's credit period. As of 30 September 2014, trade receivables of TShs 450 million (2013: TShs 778million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing of these trade receivables is as follows:

	Group		Company	
	2014	2013	2014	2013
	TShs '000	TShs '000	TShs '000	TShs '000
3 to 6 months	450,000	778,000	-	-

The remainder was neither past due nor impaired. All receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated. The fair value of the trade and other receivable balance is approximately the carrying value. Movements on the company provision for impairment of trade receivables are as follows:

	Group		Company	
	2014	2013	2014	2013
	TShs '000	TShs '000	TShs '000	TShs '000
At start of year	200,148	200,148	-	-
Charged to profit or loss	479,976	-	-	-
At end of year	680,124	200,148	-	-

The carrying amounts of the trade receivables are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	TShs '000	TShs '000	TShs '000	TShs '000
US dollar	-	568,559	-	-
Tanzania shilling	1,384,641	976,627	-	-
	704,517	1,545,186	-	-



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FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

24 BANK BALANCES AND CASH

Cash at bank and in hand	325,231	159,867	13,746	37,149
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The year-end cash and cash equivalents comprise the following:

Bank balances and cash	325,231	159,867	13,746	37,149
Bank overdraft (Note 26)	(6,556,352)	(5,858,626)	-	-
	(6,231,121)	(5,698,759)	13,746	37,149

In the statement of financial position, bank overdrafts are included in borrowings under current liabilities.

25 TRADE AND OTHER PAYABLES

	Group		Company	
	2014 TShs '000	2013 TShs '000	2014 TShs '000	2013 TShs '000
Trade payables	1,673,973	1,771,125	17,053	6,090
Other payables and accrued expenses	1,149,886	816,573	394,921	195,186
Due to related parties (Note 34)	-	-	-	15,514
Unclaimed dividends	143,451	133,628	143,451	133,628
	2,967,310	2,721,326	558,225	350,418

The fair value of the trade and other payable is approximately the carrying value.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

26 BORROWINGS

	Group		Company	
	2014 TShs '000	2013 TShs '000	2014 TShs '000	2013 TShs '000
Non-current				
CRDB Bank Plc term loans (i)	153,606	1,137,765	-	-
ACEF loan (ii)	1,951,225	1,798,963	-	-
AWC loan (iii)	1,613,435	1,524,512	-	-
AgDevCo loan (iv)	1,024,751	-	-	-
Maris loan (v)	1,034,732	-	-	-
TFC loan (vi)	557,432	-	-	-
	6,335,181	4,461,240	-	-
Current				
CRDB Bank Plc loans (i)	1,284,711	920,000	-	-
Bank overdrafts: CRDB Bank Plc (i)	6,556,352	5,858,626	-	-
RSTGA loan (vii)	65,541	-	-	-
Diamond Motors: vehicle purchase (viii)	8,499	77,064	-	-
	7,915,103	6,855,690	-	-
Total	14,250,284	11,316,930	-	-

(i) CRDB Bank Plc loans and overdrafts

CRDB Bank Plc loans and overdrafts were issued to the following entities:

Wakulima Tea Company Ltd (WTC)

Bank loans

WTC has two US dollar denominated term loan facilities with carrying value of Tshs 348 million and Tshs 767 million respectively expiring in 2015, and bearing a minimum interest of 8% per annum (2013: 8% per annum) and 7.5% per annum (2013: 7.5% per annum) respectively.

Overdrafts

WTC has a US dollar denominated overdraft facility with carrying value of Tshs 2,551 million bearing an interest rate of 7.5% (2013: 7.5%) per annum and expiring on 30 October 2015, and a Tanzania shilling denominated overdraft facility with carrying value of Tshs 1,348 million expiring on the same date and bearing an interest rate of 15% (2013: 15%) per annum.



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

26 BORROWINGS (CONTINUED)

The term loans and overdraft facilities are secured by corporate guarantee and indemnity of the parent company (Tatepa Ltd), a debenture over the Company's floating assets, mortgage and debenture on its estates and factory buildings and a first charge Chattel Mortgage over motor vehicles purchased from loan proceeds.

(i) CRDB Bank Plc loans and overdrafts (continued)

Kyimbila Tea Packing Company Ltd (KTPC)

Bank loan

KTPC has a term loan facility with carrying value of Tshs 323 million, bearing an interest of 16% (2013: 16%) per annum and expiring in February 2016.

Overdraft

KTPC has an overdraft facility with carrying value of Tshs 1,482 million and bearing an interest of 16% (2013: 17%) per annum expiring on 31 October 2015.

Both the loan and the overdraft facility are secured by legal mortgage over landed property over all Wakulima Tea Company Limited farms in Rungwe District, Mbeya Region and a cross company guarantee and indemnity by Wakulima Tea Company Limited.

Rungwe Avocado Company Ltd (RAC)

Overdraft

RAC has a USD denominated overdraft facility with a carrying value of Tshs 1,175 million bearing an interest of 8% per annum and expiring on 30 November 2015. The overdraft facility is secured by cross company guarantee and indemnity from Tatepa Limited and Wakulima Tea Company Limited and first charge legal mortgage over the properties of Wakulima Tea Company Limited.

(ii) ACEF loan and deferred capital grant

Rungwe Avocado Company Ltd has an interest free and unsecured loan from Africa Challenge Enterprise Fund (ACEF) with a carrying value of Tshs1,951 million, which will be fully repaid by 2017. The movement of the loan is as follows:

	Group	
	2014	2013
	TShs '000	TShs '000
Balance at the beginning of the year	1,798,963	1,606,290
Unwinding of discount	82,586	154,513
Exchange loss	69,676	38,160
Closing balance	1,951,225	1,798,963

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014



NOTES (CONTINUED)

26 BORROWINGS (CONTINUED)

AWC loan

Rungwe Avocado Company Ltd has a loan facility from AWC CB1 Limited denominated in US dollars, with a carrying value of Tshs 1,613 million and bearing an interest of 8% per annum. The loan expires in September 2019.

(iv) AgDevCo loan

Rungwe Avocado Company Ltd has a loan facility from AgDevCo Tanzania Limited denominated in US dollars, with a carrying value of Tshs 1,025 million and bearing an interest of 8% per annum plus a 2% admin charge pa. The loan is secured by a second ranking fixed and floating charge over all the borrower's assets (present and future). The loan expires in September 2019.

(v) Maris loan

Kyimbila Tea Company Ltd has a loan facility from Maris Tatepa Holdings Ltd denominated in US dollars, with a carrying value of Tshs 1,034 million and bearing an interest of 8% per annum. The loan is not secured and has no fixed date of repayment. It will however not be paid before 30 September 2015 and the lender has confirmed that they will not demand any payment of the loan before that date.

(vi) TFC loan

Kyimbila Tea Company Limited (KTPC) has an unsecured loan facility denominated in USD with a carrying value of Tshs 557 million and bearing an interest of 8% per annum. The loan does not have fixed repayment dates. It will however not be paid before 30 September 2015 and the lender has confirmed that they will not demand any payment of the loan before that date.

(vii) RSTGA loan

This is a short term unpaid liability in respect of unpaid dividends to RSTGA for the financial year 2012/13 by Wakulima Tea Company Limited. The liability has been converted to a loan payable to RSTGA and carries an interest of 15% per annum. The loan will be settled within the next twelve months.

(viii) Diamond motors

The Company has a Japanese Yen (JPY) denominated hire purchase facility from Diamond Motors Limited with an outstanding balance at year end of Tshs 8.5 million. This facility carries interest of 8% per annum and expired in March 2014.



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

26 BORROWINGS (CONTINUED)

	Group	
	2014	2013
	TShs '000	TShs '000
Gross finance lease liabilities - minimum lease payments:		
Not later than 1 year	77,064	80,443
Total	77,064	80,443
Future finance charges on finance lease liabilities	(68,565)	(3,379)
Present value of finance lease liabilities	8,499	77,064

The above present value of finance lease liabilities is due within one year.

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2014	2013	2014	2013
	TShs '000	TShs '000	TShs '000	TShs '000
Bank loans	153,606	1,137,765	131,692	999,446
AECF loan	1,951,225	1,798,963	1,436,984	1,437,766
AWC loan	1,613,435	1,524,512	1,358,776	1,309,811
AgDevCo loan	1,024,751	-	880,257	-
Maris loan	1,034,732	-	958,085	-
TFC loan	557,432	-	516,141	-
	6,335,181	4,461,240	5,281,935	3,747,024

The fair values are based on cash flows discounted using a rate based on borrowing rate of 8% (2013: 8%) and are within level 2 of the fair value hierarchy. The fair value of current borrowings equals their carrying amount as the impact of discounting is not significant. The exposure of the Group's borrowings to interest rate changes at the end of the reporting period are as follows:

	Group	
	2014	2013
	TShs '000	TShs '000
Less than 1 year	8,310,541	6,855,689
1-5 years	5,939,743	4,461,241
Closing balance	14,250,284	11,316,930

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FOR THE YEAR ENDED 30 SEPTEMBER 2014



NOTES (CONTINUED)

27 DEFERRED CAPITAL GRANT

Opening balance	272,225	292,504
Grant amortisation	(20,279)	(20,279)
Closing balance	251,946	272,225

The capital grant relates to funding for construction of storage pack shed in RACL.

28 DEFERRED TAX ASSETS

Deferred income taxes are calculated on temporary differences under the liability method using a principal tax rate of 30%. The movement on the deferred income tax account is as follows:

	Group		Company	
	2014	2013	2014	2013
	TShs '000	TShs '000	TShs '000	TShs '000
At the beginning of year	(1,119,699)	(334,056)	(98,917)	(96,726)
Charged/(credited) into the statement of profit or loss (Note 14)	283,205	(787,753)	(5,946)	(2,191)
Charged to statement of other comprehensive income	-	2,110	-	-
At the end of year	(836,494)	(1,119,699)	(104,863)	(98,917)

Details of the deferred tax (assets)/liabilities are:-

Property, plant and equipment	289,477	434,828	98,533	-
Biological asset fair valuation	945,360	681,103	-	-
Tax losses	(1,645,124)	(1,985,866)	(6,287)	(98,917)
Provisions	(426,207)	(249,764)	(43)	-
At the end of year	(836,494)	(1,119,699)	(104,863)	(98,917)



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FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

28 DEFERRED TAX ASSETS(CONTINUED)

Deferred income tax assets and liabilities and deferred income tax credit in the profit or loss are attributable to the following items:

	1 Oct 2013 TShs'000	Charged/ (credited) to P&L TShs'000	30 Sep 2014 TShs'000
<u>Deferred income tax liabilities:</u>			
Property, plant and equipment	434,828	(145,351)	289,477
Revaluations	681,103	264,257	945,360
	1,115,931	118,906	1,234,837
<u>Deferred income tax assets:</u>			
Tax losses	(1,985,866)	340,742	(1,645,124)
Other timing differences	(249,764)	(176,443)	(426,207)
Net deferred income tax liabilities	(1,119,699)	283,205	(836,494)

	1 Oct 2012 TShs'000	Charged/ (credited) to P&L TShs'000	Charged/ (credited) to OCI TShs'000	30 Sep 2013 TShs'000
<u>Deferred income tax liabilities:</u>				
Property, plant and equipment	367,726	67,102		434,828
Revaluations	590,620	88,373	2,110	681,103
	958,346	155,475	2,110	1,115,931
<u>Deferred income tax assets:</u>				
Tax losses	(1,165,373)	(820,493)	-	(1,985,866)
Other timing differences	(127,029)	(122,735)	-	(249,764)
Net deferred income tax liabilities	(1,292,402)	787,753	-	(1,119,699)

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FOR THE YEAR ENDED 30 SEPTEMBER 2014



NOTES (CONTINUED)

29 RETIREMENT BENEFIT OBLIGATIONS

	Group		Company	
	2014 TShs '000	2013 TShs '000	2014 TShs '000	2013 TShs '000
As at 1 January	494,161	372,270	561	-
Current service cost	98,959	89,038	144	799
Interest cost	70,127	63,712	-	112
Benefits paid	(32,467)	(38,709)	-	-
Actuarial loss/(gain)	-	7,850	-	(350)
As at 31 December	630,780	494,161	705	561

The Group has an unfunded non-contributory employee gratuity arrangement (the "Arrangement"), which provides for lump sum payments to its employees on their retirement at the age of 60, or those allowed to retire early, based on length of service and salary at retirement and qualifies as a defined benefits plan. A firm of professional actuaries, Alexander Forbes Financial Services (East Africa) Limited, carried out a full actuarial valuation of the Arrangement as at 30 September 2013, using the Projected Unit Credit Method. The next valuation is due at 30 September 2016. The principal assumptions used in the actuarial valuation for 2013 and 2014 are:

- (i) Actuarial method - Projected Unit Method;
- (ii) Discount rate of 13%;
- (iii) Interest rate of 15%;
- (iv) Rate of salary escalation of 7.5% per annum;
- (v) Retirement age – 25% at age 55 and the balance at age 60; and
- (vi) Pre retirement mortality – A1949/52 Ultimate

The "notional" Company contribution rate to meet the cost of future accrual of the gratuity benefit is estimated at 6% of basic salaries per annum for management and 4.3% of basic salaries per annum for non management.

30 COMMITMENTS

Capital commitments

The Group had no capital commitments at the year end.

Operating lease commitments – where a Group company is the lessee

The Group companies have leased land from the Government of the United Republic of Tanzania with lease terms ranging from 33 years to 99 years which can be renewed at the end of each term



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

30 COMMITMENTS (CONTINUED)

subject to the laws of the country at the time. The Group companies are obliged to pay annual land rent to the Government during the lease period. This land remains the property of the Tanzania Government as land under the present jurisdiction cannot be owned on a freehold basis. The future aggregate minimum lease payments under a non-cancellable operating lease relating to this land are as follows:

	Group		Company	
	2014 TShs '000	2013 TShs '000	2014 TShs '000	2013 TShs '000
Less than 1 year	16,852	15,523	-	-
2-5 years	67,409	62,093	-	-
Later than 5 years	379,102	353,181	-	-

31 SHARE CAPITAL

	2014 TShs '000	2013 TShs '000
Group and Company		
Authorised: 20,000,000 ordinary shares of Shs 25 each	500,000	500,000
	2014 Number	2013 Number
Number of issued and fully paid shares	18,657,254	18,657,254
Weighted average number of shares	18,657,254	18,323,884

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

31 SHARE CAPITAL (CONTINUED)

Share capital and premium

	Share Capital	Share Premium	Total
	TShs '000	TShs '000	TShs '000
	466,431	4,048,462	4,514,893

	Group		Company	
	2014 TShs '000	2013 TShs '000	2014 TShs '000	2013 TShs '000
	(3,677,914)		(21,101)	
Profit/(loss) profit before income tax		(2,543,411)		484,531
Adjustments for:				
Depreciation (Note 17)	1,093,100	1,051,778	-	-
Amortisation of deferred capital grant (Note 27)	(20,279)	(20,279)	-	-
Amortisation of prepaid land rent (Note 21)	13,678	13,355	-	-
Inventory written off	2,326	-	-	-
Interest unwinding (Note 26)	82,586	154,513	-	-
Fair value gain on biological assets (Note 18)	(963,507)	(456,123)	-	-
Employees' gratuity	136,619	121,891	235	806
Interest expense	1,154,662	862,695	-	-
Loss/(gain) on disposal of property, plant and equipment	3,518	(725)	-	-
<i>Changes in working capital:</i>				
Inventories	(1,161,293)	235,368	-	-
Receivables	1,330,095	(579,379)	(62,758)	(18,808)
Payables	245,984	738,188	207,807	19,035
Cash generated from operations	(1,760,425)	(422,129)	124,183	485,564

33 SUBSEQUENT EVENTS

There are no significant events that have occurred since the year end that would require separate disclosure, or adjustment to, the financial statements of the Group or the Company for the year ended 30 September 2014.



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

34 RELATED PARTY TRANSACTIONS AND BALANCES

At the year end there was no single shareholder with a controlling interest in the Company. The Company owns three subsidiary companies, Wakulima Tea Company Limited (WTCL), Rungwe Avocado Company (RACL) and Kyimbila Tea Packing Company Limited (KTPCL). 30% of WTCL shareholding is owned by Rungwe Smallholders Tea Development Trust Fund. Robert Clowes and AgDevco Tanzania Limited own 19.91% and 20% of shareholding in RACL respectively. There is no ultimate parent of the companies in the Group (2013: None). WTCL and Maris Tatepa Holdings Limited own 35.47% and 23.65% in the equity of KTPCL respectively. TATEPA has a contract to manage KTPCL (ended 31 May 2014) and WTCL and RACL (both ended 30 June 2014). KTPCL also buys raw tea from WTCL. A Company shareholder and director, Mr George Theobald, owns Tanganyika Finance Company Limited and has shares in Nomad Tanzania Limited. Also he is a trustee of Selous Rhino Trust. Tanganyika Finance Company Limited provides management services to the Tatepa Limited and its subsidiary companies.

The following transactions were carried out with related parties:

	Group		Company	
	2014	2013	2014	2013
	TShs '000	TShs '000	TShs '000	TShs '000
i) Purchase of services				
Tanganyika Finance Company Ltd (management services)	-	1,172,174	-	163,416
ii) Sale of services				
Subsidiaries (management services)	-	-	142,658	139,714
iii) Interest on loans				
Subsidiaries	-	-	220,512	263,810
iv) Dividends received				
Subsidiaries	-	-	-	612,500
v) Year-end balances				
Receivable/(payable) from/to related parties				
Subsidiary	-	-	115,660	54,978
Tanganyika Finance Company Ltd	-	-	-	(15,514)
vi) Loans (payable)/receivable to/from related parties				
Shareholder loans	(2,125,024)	-	1,379,127	2,098,056
Tanganyika Finance Company Ltd	(557,432)	-	-	-

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014



NOTES (CONTINUED)

34 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

vii) Directors and key management's remuneration

The Director's Fees, Chairman's fees and sitting allowances for all Board and sub-committee meetings of the Company were stopped from 1 October 2013.

2014	Short term employee benefits							Share based payments	Other long-term benefits	Post employment benefits	Total
	Salary	Medical	Children school fees	Directors Fees	Sitting allowances	Other long-term benefits	Post employment benefits				
	Tshs'000	Tshs'000	Tshs'000	Tshs'000	Tshs'000	Tshs'000	Tshs'000	Tshs'000	Tshs'000	Tshs'000	Tshs'000
Directors											
J J Mungai (rtd MP)	-	-	16,651	-	-	-	-	-	-	-	-
S Alfred	-	-	-	-	-	-	-	-	-	-	-
Keith Alexander	-	-	-	-	-	-	-	-	-	-	-
G C Theobald	-	-	-	-	-	-	-	-	-	-	-
P D Rowland	-	-	-	-	-	-	-	-	-	-	-
Robin Harrison	-	-	-	-	-	-	-	-	-	-	-
Johannes Gunnell	-	-	-	-	-	-	-	-	-	-	-
2013											
Directors											
J J Mungai (rtd MP)	93,733	1,628	14,832	13,986	3,508	-	-	-	-	-	127,687
S Alfred	-	-	-	-	-	-	-	-	-	-	-
K Alexander	-	-	-	10,489	5,262	-	-	-	-	-	15,571
G C Theobald	-	-	-	10,489	3,508	-	-	-	-	-	13,997
P D Rowland	-	-	-	10,489	3,508	-	-	-	-	-	13,997
Robin Harrison	-	-	-	10,489	4,379	-	-	-	-	-	14,868
Johannes Gunnell	-	-	-	10,489	3,508	-	-	-	-	-	13,997



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

35 FINANCIAL INSTRUMENTS

(a) By category

The accounting policies for financial instruments have been applied to the following line items:

GROUP

Loans and receivables	Loans	Trade	Cash at bank	Total
	receivable	and other	and in hand	
	Tshs'000	receivables*	Tshs'000	Tshs'000
30 September 2014	<u>731,370</u>	<u>1,207,532</u>	<u>325,231</u>	<u>2,264,133</u>
30 September 2013	<u>273,444</u>	<u>2,519,907</u>	<u>159,867</u>	<u>2,953,218</u>

Other financial liabilities at amortised cost	Trade	Borrowings	Total
	and other		
	payables**	Tshs'000	Tshs'000
30 September 2014	<u>1,817,424</u>	<u>14,250,284</u>	<u>16,067,708</u>
30 September 2013	<u>1,904,753</u>	<u>11,316,930</u>	<u>13,221,683</u>

COMPANY

Loans and receivables	Loans	Trade	Cash at bank	Total
	receivable	and other	and in hand	
	Tshs'000	receivables*	Tshs'000	Tshs'000
30 September 2014	<u>1,379,127</u>	<u>119,205</u>	<u>13,746</u>	<u>1,512,078</u>
30 September 2013	<u>2,098,056</u>	<u>55,070</u>	<u>37,149</u>	<u>2,190,275</u>

(*) Prepayments are excluded from the trade and other receivables, as this analysis is required only for financial instruments.

Other financial liabilities at amortised cost	Trade	Borrowings	Total
	and other		
	payables**	Tshs'000	Tshs'000
30 September 2014	<u>163,304</u>	<u>-</u>	<u>163,304</u>
30 September 2013	<u>155,232</u>	<u>-</u>	<u>155,232</u>

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

NOTES (CONTINUED)

35 FINANCIAL INSTRUMENTS (CONTINUED)

^(c) Prepayments are excluded from the trade and other receivables, as this analysis is required only for financial instruments.

^(cc) Statutory liabilities are excluded from the trade and other payables, as this analysis is required only for financial instruments.

(b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be addressed by reference to historical information about counterparty default rates:

GROUP

Trade receivables (third parties)	2013	2012
	Tshs 'M	Tshs 'M
Group 1 – Balance from customers with no past history of default and no provision for impairment raised against their balances	255	567
Group 2 – Balances from customers with no past history of default but provision has been made against their balances	450	778
Group 3 – Balances from customers with past history of default and provision made against their balances	680	200
	<hr/>	<hr/>
Total gross trade receivables (Note 23)	1,385	1,545
	<hr/>	<hr/>
Other receivables		
Group 1 – Balance from customers with no past history of default and no provision for impairment raised against their balances	280	311
	<hr/>	<hr/>
Bank and cash balances		
Total cash in hand and at bank	325	159
	<hr/>	<hr/>

COMPANY

Trade and other receivables (third parties)

Group 1 – Balance from customers with no past history of default and no provision for impairment raised against their balances	3	-
	<hr/>	<hr/>

Bank and cash balances

Total cash in hand and at bank	14	37
	<hr/>	<hr/>

There is no credit rating of banks and financial institutions in Tanzania. However, cash at bank is held with reputable banks which are regulated by the Bank of Tanzania.



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting of the Company in respect of the year ended 30th September 2014 will be held at The Courtyard Hotel, Ocean Road, Dar es Salaam on Friday the 27th March 2015 at 11:00 hours.

AS ORDINARY BUSINESS

1. Confirmation of the Minutes of the 20th Annual General Meeting.
2. To receive, consider and adopt Report of the Board of Directors, Audited Financial Statements for the financial year ended 30th September 2014, and the Report of the Auditors' thereon.
3. To approve no payment of dividend for the year 2013-14 as recommended by the Board of Directors of the Company.
4. Appointment of Directors: No new appointments are due for this year since the Directors were appointed for 2 years in the last Annual General Meeting.
5. To appoint Price Waterhouse Coopers, P.O. Box 45, Dar es Salaam, as the Company Auditors as recommended by the Board of Directors for the Financial Year 2014-15 and to authorize the Directors to fix their remuneration.
6. Any other Business.

AS SPECIAL BUSINESS

7. To approve an increase in the Company's authorised share capital from 20 million Ordinary Shares of Tsh 25 each to 70 million Ordinary Shares of Tsh 25 each.

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint any person (whether a member of Company or not) to attend and vote on the member's behalf.

Proxy form is attached in this report and must be lodged at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

BY ORDER OF THE BOARD

V.K.Tewari

Company Secretary

Tatepa Limited

P.O.Box 1344 Dar es Salaam, Tanzania

4 March 2015.

Please detach and return this slip to TATEPA Ltd if you can attend

I, (name) _____ Confirm that

I will be attending the TATEPA Ltd AGM on 27th March 2015

Return to: V.K.Tewari
 Company Secretary
 Tatepa Limited
 P.O.Box 1344 Dar es Salaam

**TATEPA LIMITED
 PROXY**

I/We of _____ of _____

Being a member/members of the above-named Company hereby appoint

_____ of _____ or failing him/her _____

_____ of _____

as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the 27th day of March 2015 and at any adjournment thereof.

Signed _____

This _____ Day of March 2015.

Note: If the organization is a corporation, the proxy must be either under seal, or under the hand of an officer or attorney duly authorised.

If you have appointed a proxy to vote on your behalf please detach and return to:
 Company Secretary, Tatepa Limited; P O Box 1344,
 Dar es Salaam,
 Tanzania.







TATEPA

