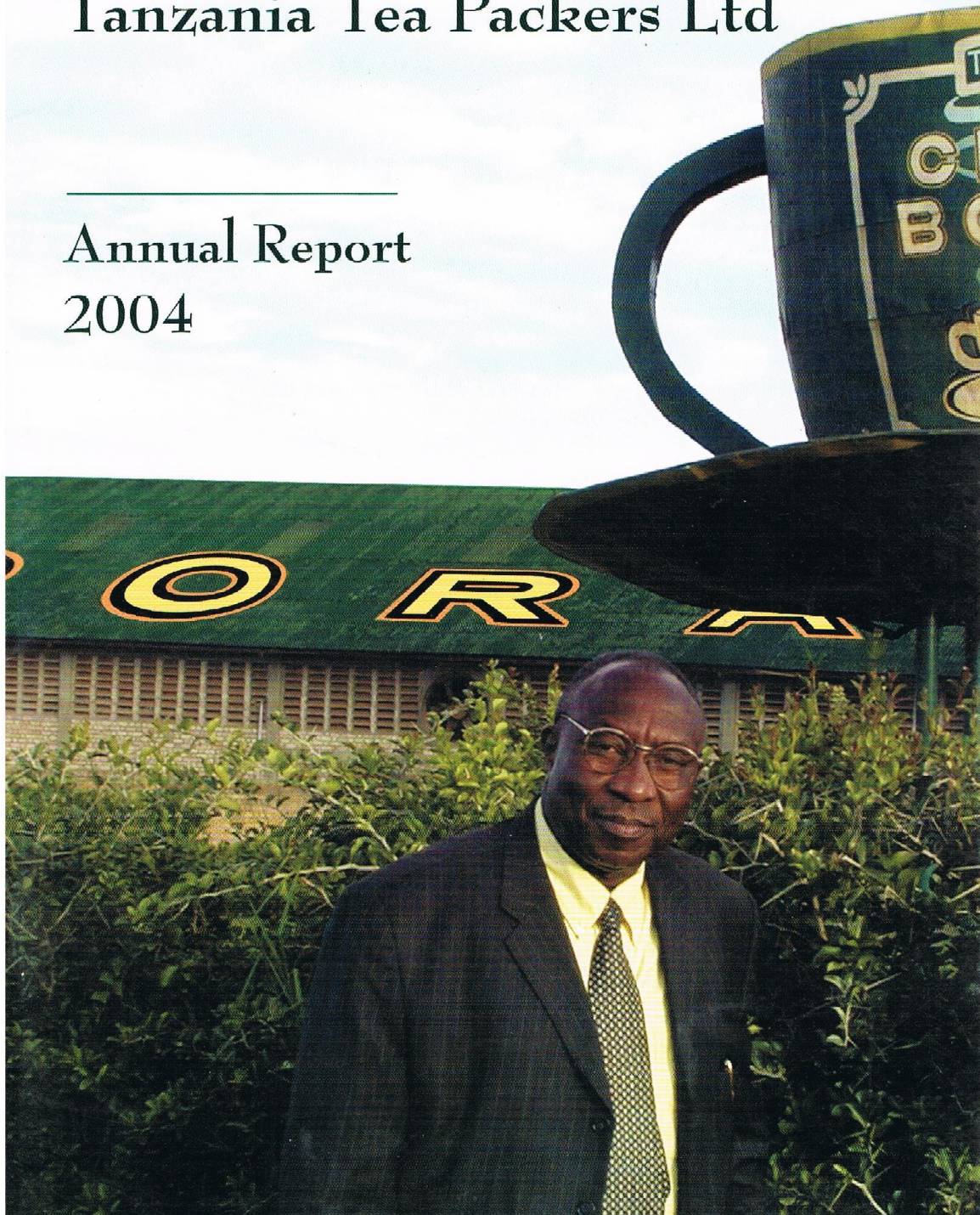




Tanzania Tea Packers Ltd

Annual Report
2004





2004 has been a special year for Tanzania Tea Packers - the year in which we celebrated our 10th Anniversary. From the company's launch in 1995 as a small tea packer producing a new brand called Chai Bora, over the last decade TATEPA has grown to become Tanzania's single largest integrated tea business and a role model for innovative and responsible business. Each and every year has been an important milestone in the history and development of the company and the key achievements for each of our 10 years, are listed below.

1995



TATEPA starts business as a small tea packer and launches the Chai Bora brand

1996



Chai Bora leaps into market leader position as Tanzania's most popular tea, a place it still holds today.

1997



The new Chai Bora factory opens in Mafinga - the heart of Tanzania's major tea growing area.

1998



The brand is relaunched in a new fresh and modern design, reinforcing the Chai Bora quality and consistency.

1999



TATEPA becomes Tanzania's first private company to list on the Dar es Salaam Stock Exchange.

2000



Chai Bora's most successful pack, the Tsh10 pack is launched. Today up to 42m packets of Tsh10 are sold every month.

2001



TATEPA expands with the acquisition of Wakulima Tea Company, a smallholder tea growing business. The 14,000 smallholders now benefit from good prices and improved yields.

2002



TATEPA buys Kibena Tea Limited, an ultra-modern tea estate. TATEPA becomes Tanzania's largest integrated tea business.

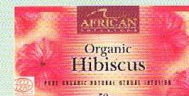
2003



Wakulima & Kibena earn Fairtrade status and now supply 60% of the UK's biggest Fairtrade tea brand. TATEPA is registered as an organic packer.



2004



TATEPA launches African Infusions, the country's first locally grown and packed organic herbal tea brand.

TANZANIA TEA PACKERS LIMITED

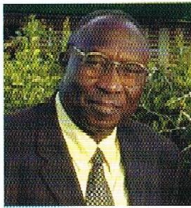


CONTENTS

CHAIRMAN'S STATEMENT	2
FINANCIAL REVIEW	3
REPORT OF THE DIRECTORS	4-7
REPORT OF THE AUDITORS	8
INCOME STATEMENT	9
BALANCE SHEET	10
STATEMENTS OF CHANGES IN EQUITY	11-12
CASH FLOW STATEMENT	13
NOTES TO THE FINANCIAL STATEMENTS	14-32
NOTICE OF ANNUAL GENERAL MEETING	33
PROXY	35



CHAIRMAN'S STATEMENT



Joseph Mungai M.P.
BOARD CHAIRMAN

Our humble origins into one of Tanzania's strong private sector businesses. And there could not be a better way to celebrate than with an all time record annual profit of Tshs. 1.3 billion.

It has been a pleasure for me to have been involved in the business from its conception and I am proud of our achievements and especially of the efforts of management and employees who have been pivotal in getting TATEPA to where it is today. Many of these achievements have been pioneering and have boosted us to high ground in terms of innovation and expertise. The following are some of the more important milestones along the way:-

- In 1999 while still a fledgling business, TATEPA became Tanzania's first private company to be listed on the Dar es Salaam Stock Exchange.
- Within just 2 years, Chai Bora became a market leader, an accolade that is still retained today.
- Through expansion we have acquired smallholder factories and tea estates and in the process have become the country's largest integrated tea business.
- TATEPA is registered as a Fair Trade producer acknowledged for its stringent ethical production processes, and we now supply 60 percent of the volume of Tea Direct, the UK's fastest selling Fair Traded tea brand.
- TATEPA also packs the country's only organic black tea including Earl Grey which is world famous.

Focusing on some of the key results for last year, firstly we were delighted when the Government announced a VAT exemption status specifically for tea packed locally from locally grown tea, with effect from July 2004. This has had an important impact on the business, increasing volumes and allowing us to reduce our prices to the benefit of our customers. We have also commenced exporting and are now exploring inquiries from Kenya and South Africa. We are most appreciative for the Government's foresight with regards VAT, which has at last created an even playing field in the industry.

In 2004, we became the first company to source and pack a range of top quality organic herbal teas within the country, with the launch of African Infusions. Until now Tanzanian herbal tea drinkers have been forced to buy foreign imports at vastly inflated prices. African Infusions, which is 100 percent organic, 100 percent natural and 100 percent caffeine-free, has been enthusiastically received within the market especially from the hotel and tourism sectors.

In 2004 our sales of Fair Trade Tea resulted in additional premiums of Tshs. 655 million (up by 51 percent on 2003). The entire premium was returned to the Wakulima Tea Company Limited (Wakulima) and Kibena Tea Limited (Kibena) employees and smallholders in the form of support to community projects: for example of school buildings, provision of books, piped water, and health care amongst others.

Finally, last year we took the initiative with a small group of other public and private sector businesses to set up the Aids Business Coalition Tanzania (ABCT), and we have been a driving force in establishing the Coalition whose

aim is to fight HIV/AIDS in the workplace and beyond. A total of 40 businesses are now registered with ABCT and over this next year we will be working together to share information and strategies for reducing the impact of HIV/AIDS in our areas of operation especially amongst our staff members.

Summarising our financial performance in 2004, overall we had a successful year, with our tea growing operations of Kibena and Wakulima continuing to perform particularly well. Group profit after tax amounted to Tshs. 1.3bn against Tshs. 0.25bn for 2003, resultant upon the Group benefiting from higher tea prices, volume-related efficiencies and the appreciation of the Tshs. Revenue, operating profits and tax contributions to the Government also all increased driven by revenue, which grew by 18 percent year on year. Chai Bora sales were lower than anticipated in the first half of the year, but were transformed after July following the VAT exemption status granted by Government.

Wakulima continues to be a pioneering role model within the industry and annual revenues to our 14,000 smallholders have increased from approximately Tshs. 200 million since acquisition in 2001 to over Tshs.1.4 billion in 2004. Production at Kibena was adversely affected because of drought, but the company still performed better than budget. In view of the good performance of both these subsidiary companies I am pleased to announce that Wakulima has declared a dividend payment to its shareholders (TATEPA and RSTGA) of Tshs. 254 per share compared to Tshs. 75 last year, while Kibena has declared a first dividend of Tshs. 150 per share to its sole shareholder (TATEPA).

In a major departure with past practice your Board is not recommending any dividend this year because we have significant loan repayments to make in 2005 and 2006. It is a prudent business decision to repay the loans and improve our Balance Sheet in order to consolidate our business. Therefore, our benefit this year as shareholder is that of increased retained earnings and enhanced net-worth which shall give us a stronger base for improved dividends in subsequent years.

Since the last AGM, Mr Charles Groom retired from the Board on 12th October 2004 and was succeeded by Mr Keith Alexander. On behalf of the Board and all shareholders, I welcome Mr. Alexander and wish to thank Mr. Groom for his valuable contribution to the TATEPA Group over the years. On behalf of the Board and the shareholders I also wish to thank Mr. B A Patel who retired in March 2005 and I am sure we all wish him a happy life in retirement.

I wish to take this opportunity to thank management and our Group employees at all levels for their continued commitment to achieve our goals. I would like also to thank the Government for their strong support in 2004. Finally, I wish to thank all our dealers, wholesalers, retailers and consumers for their continued loyalty to our Chai Bora brand. I can assure you that we will continue to provide you with the best possible service and of course with Chai Bora, Wakulima and Kibena teas of best quality.

Joseph Mungai M.P.
BOARD CHAIRMAN

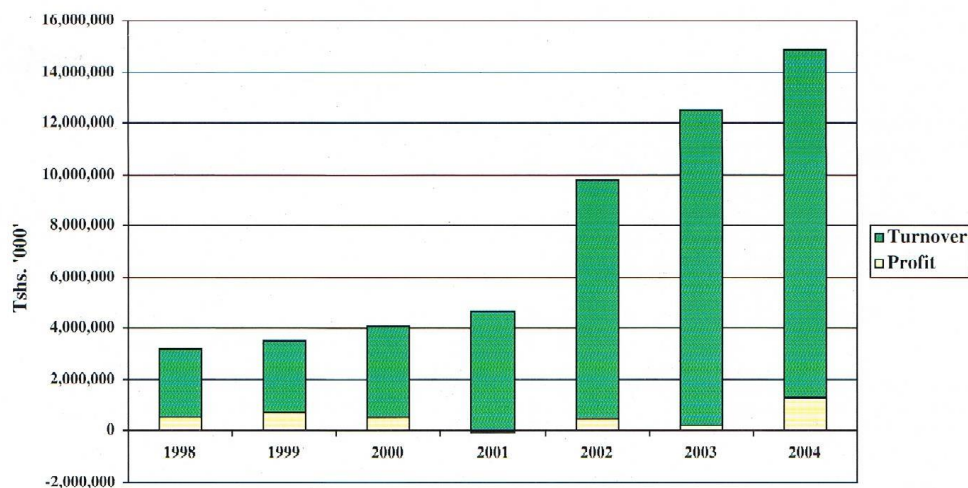


TANZANIA TEA PACKERS LIMITED

FINANCIAL REVIEW
For the year ended 31st December

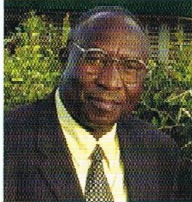
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Turnover	14,857,485	12,545,159	9,812,547	4,641,777	4,063,466	3,544,088	3,201,635
Profit/(Loss) Before Taxation	1,293,792	227,717	446,871	(29,470)	552,955	744,085	513,627
Dividends	-	611,212	576,312	545,040	423,920	423,920	137,280
Cash Generated From Operations	1,892,712	1,717,339	1,414,353	(211,979)	821,900	493,134	497,136
Net Cash Invested	794,121	1,879,996	1,698,220	1,453,874	93,133	236,343	466,873
Interest Bearing Debt	8,647,876	9,202,735	7,639,039	1,683,858	-	-	160,000
Earnings Per Share (Tshs.)	73.04	13.88	32.53	(3.94)	52	84	61
Dividends Per Share (Tshs.)	-	40	40	40	40	40	40

Turnover & Profit
1998-2004





CHAIRMAN'S STATEMENT



Joseph Mungai M.P.
BOARD CHAIRMAN

Tanzania Tea Packers celebrates 10 full years this year. Everyone within the company has been so busy getting on with running the business that it was only when I sat down to start thinking about our achievements for the Annual Report that I suddenly discovered that we were in a milestone year!

Our tenth anniversary appears to have crept up on us, because it still seems just yesterday that we set up a small tea packing business and created the Chai Bora brand. It has been a truly exciting decade, with TATEPA evolving at a healthy pace from its humble origins into one of Tanzania's strong private sector businesses. And there could not be a better way to celebrate than with an all-time record annual profit of Tshs. 1.3 billion.

It has been a pleasure for me to have been involved in the business from its conception and I am proud of our achievements and especially of the efforts of management and employees who have been pivotal in getting TATEPA to where it is today. Many of these achievements have been pioneering and have boosted us to high ground in terms of innovation and expertise. The following are some of the more important milestones along the way:-

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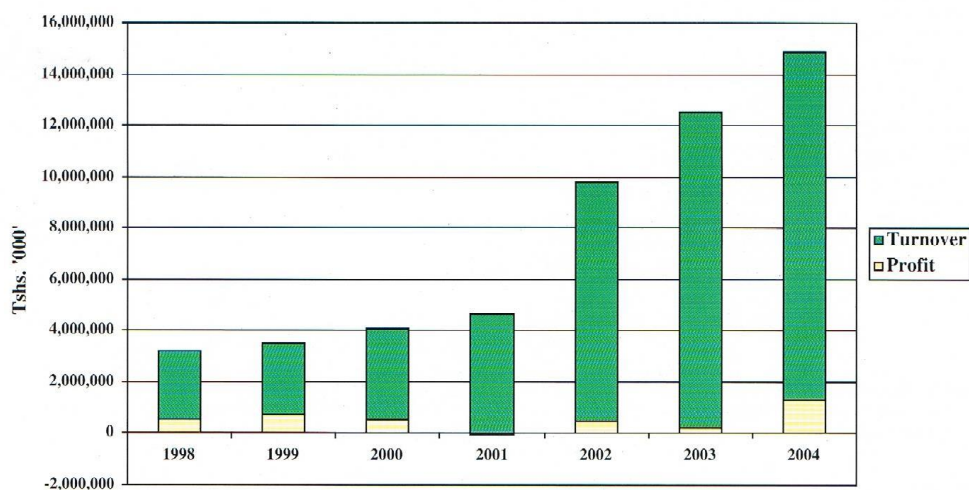
Joseph Mungai M.P.
BOARD CHAIRMAN



FINANCIAL REVIEW
For the year ended 31st December

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Turnover & Profit
1998-2004





TANZANIA TEA PACKERS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2004

The Directors submit their report together with the audited financial statements for the year ended 31 December 2004, which disclose the state of affairs of Tanzania Tea Packers Limited (the "Company and Group").

1. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required under the Companies Ordinance to prepare financial statements for each financial period that give a true and fair assessment of the state of affairs of the Company and Group as at the end of the financial period and of its profit or loss for the period.

The Directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgement and estimates have been made in the preparation of the financial statements for the year ended 31 December 2004. The Directors also confirm that Tanzania Financial Accounting Standards have been followed and that the financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group and which enable them to ensure that the financial statements comply with the Companies Ordinance, CAP 212. They are also responsible for taking steps for the prevention and detection of fraud, error and other irregularities in the Company.

2. DIRECTORS

The Directors of the Company at the date of this report, all of whom have served since 1 January 2004, except otherwise stated, are:

<u>Name</u>	<u>Nationality</u>	<u>Position</u>
Hon. J J Mungai (MP)	Tanzanian	Chairman
Mr. G C Theobald	British	Managing Director
Mr. G P Theobald	British	Director
Mr. D Henderson	British	Director
Mr. V Rweyamamu	Tanzanian	Director
Mr. R W Cox	British	Director
Mr. P D Rowland	British	Director
Mr. B A Patel	British	Director
Ms. K D Bandawe	Tanzanian	Director
Mr. F Mbala	Tanzanian	Director
Mr. K Alexander	British	Director - Appointed 12th October 2004
Mr. C Groom	British	Director - Resigned 12th October 2004

In accordance with the Company's Articles of Association, the Directors are not required to retire by rotation. With the exception of two, the rest of the Directors are non-executive and only 3 out of 11 board members, as listed hereunder, have an interest in the issued and fully paid up shares of the company.

	<u>Holding</u>
Hon. J.J. Mungai (MP)	1,145,188 shares
Mr. G. C. Theobald	1,032,151 shares
Mr. G P Theobald	244,354 shares



TANZANIA TEA PACKERS LIMITED

The Directors are not paid any directors fees. The Directors are entitled to sitting allowance for every sitting, as follows:

	Sitting allowance
The Chairman of the Board	US \$ 400 per meeting
Other Directors	US \$ 400 per meeting

The Chairman of the Board, who is a non-executive director, receives a salary of Tshs. 43.523 million per annum. (2003:Tshs. 41.988 million)

3. COMPANY SHAREHOLDING:

As at 31 December 2004 the company had 1,683 shareholders. Ten major shareholders are listed below:

Name	Nationality Holding	% of
1 Freshfields Investments Limited	Tanzanian	53.37
2 Parastatal Pension Fund	Tanzanian	11.09
3 Hon. J. J. Mungai (MP)	Tanzanian	6.97
4 Mr. G C Theobald	British	6.28
5 National Social Security Fund	Tanzanian	5.44
6 Social Action Trust Fund	Tanzanian	5.34
7 Thompson Lloyd & Ewart Limited	British	2.51
8 Mr. G P Theobald	British	1.49
9 The Heritage A.L.I. Insurance Company (T) Ltd.	Tanzanian	0.31
10 TATEPA Employee Share Trust	Tanzanian	0.30
Total		93.10

4. ACTIVITIES

The Group's principal activities are the growing, processing, blending, marketing and distribution of tea. The Katumba and Kibena factories undertake growing and processing of made tea. The group exports made tea for sale at the Mombasa auction and privately. The Company's principal activities is blending and packing of tea which is done at the Mafinga factory for local marketing under the Chai Bora, Highlands Organic and African infusions brand names. The Company owns two subsidiary companies, Wakulima Tea Company Limited (75.42% of shares as at the end of the year) and Kibena Tea Limited (100% of shares). Wakulima was acquired in 2001 and Kibena in 2002. The performances of the Company and Group during the year were as follows:

	2004 Actual Revenue	2004 Budgeted Revenue	2003 Actual Revenue
	Tshs.'000	Tshs.'000	Tshs.'000
Company	6,090,112	6,127,853	5,456,983
Sales	1,662,598	2,095,698	1,796,770
Gross profit	840,657	527,384	71,541
Operating profit			
Group	14,857,485	14,830,294	12,545,159
Sales	5,598,277	6,789,376	4,990,743
Gross profit	1,509,523	2,221,143	1,403,053
Operating profit			
	Activity Tons	Activity Tons	Activity Tons
Company			
Production - Packed tea	2,305	2,375	2,244
Sales - Packed tea	2,255	2,375	2,232
Group	6,417	6,623	5,625
Production - Made tea	2,305	2,372	2,244
Production - Packed tea	6,359	6,494	5,792
Sales - Made tea	2,255	2,375	2,232
Sales - Packed tea			



Company

Lower gross profit than budgeted was recorded due to the increased cost of raw tea (reflecting higher than budgeted prices of raw tea in the world market) and increased processing costs due to write off of obsolete packing materials and the VAT input payments. Exemption from VAT meant that all input VAT is now added to cost. Higher operating profit is mainly contributed by dividends declared by subsidiary companies (Tshs. 894 m), which were not budgeted. No dividends were received during the year 2003. Packed tea is produced as per demand. 5% lower sales than the budget is due to intensive competition.

Group

Lower gross profit than budgeted was recorded due to TATEPA, as explained above. In addition there were lower tea sales (by about 135 tons compared to budget) due to drought at Kibena. The lower operating profit was principally due to the drop in gross profit. Lower than budget made tea production and sales are due to drought at Kibena.

5. FUTURE DEVELOPMENTS

The production and sale of made tea is the principal business of the Group. The Group is continuing to pursue an expansion strategy to increase hectares under tea and/or smallholder processing capability.

6. RESULTS AND DIVIDEND

The Directors do not recommend dividend for the year 2004 in view of the insufficient reserves of the Company.

7. SOLVENCY

The Company's and Group's state of affairs at 31st December 2004 is set out on page 10 of the financial statements.

8. EMPLOYEES' WELFARE

(i) Industrial safety

The Company and Group continued to satisfy the standards of industrial safety established by the labour laws of Tanzania.

(ii) Training facilities

The Company and Group believe that the professional and technical expertise of its managers and staff constitutes a major asset; investment in developing such skills continues to receive constant attention. The Company and Group skill base has been steadily expanding within the range of training provided; including short courses that have broadened the opportunities for career development within the Company and Group

(iii) Medical facilities

Medical coverage is provided for staff at the appointed government and private hospitals.

(iv) Financial help

This is available to all employees depending on the assessment by management of the need and ability of the Company and Group to help.

(v) Employee motivation

The Group provides canteen facilities at the factories for its employees.

It is a basic policy of the Company and Group to maintain a safe working environment at all times in its factories and offices. Measures to ensure the achievement of this objective are under constant review.

In addition to standard emoluments the Company and Group operate incentive schemes to directly motivate employees to achieve their targets. Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these schemes include bonuses.



TANZANIA TEA PACKERS LIMITED

9. DISABLED PERSONS

It remains the Company's policy to accept disabled persons for employment for those vacancies that they are able to fill.

10. RELATED PARTY TRANSACTIONS

Details of transactions and balances with related parties are included in Notes 12, 14 and 24 to the financial statements.

11. STATUTORY PAYROLL REMITTANCE

The Directors confirm that the Company has complied with the relevant provisions of the Income Tax Act, 2004 and social funds legislation in respect of remuneration and benefits paid to its employees.

12. CHARITABLE DONATIONS

The following donations were made during the year:

	2004 Group Tshs.'000	2004 Company Tshs.'000
AIDS Project	1,000	500
Education institutions	200	0
Charitable organisations & others	690	110
Total	<u>1,890</u>	<u>610</u>

In addition to cash donations management has been assisting closely in the implementation of two AIDS projects and the value of time spent is to the tune of around US dollars twenty five thousand during the year 2004. Management assistance time to other charitable projects is estimated at around US dollars five thousand during the year.

13. ISSUE OF SHARES

During the year under review the company proposed to issue 1,150,160 ordinary share of Tshs. 25 each at a premium of Tshs. 457 per share subject to Capital Market and Security Authority (CMSA) approval towards scrip dividend for 2003 financial year.

14. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

In preparing TATEPA'S 2004 consolidated financial statements, the Directors' have amended certain accounting and valuation methods applied under TFAS in its preparation for adopting IFRS in 2005. The comparative figures in respect of 2004 were restated to reflect these adjustments. Reconciliations and descriptions of the adjustments on the Group's and Company's balance sheets and equity are given in notes 1(r), 1 (s), 1(t), and 1(u) to these financial statements.

15. AUDITORS

Our auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing the re-appointment of PricewaterhouseCoopers as auditors of the Company for year 2005 will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

CHAIRMAN:

DATE: 4th MARCH 2005



TANZANIA TEA PACKERS LIMITED

**REPORT OF THE AUDITORS TO THE
MEMBERS OF TANZANIA TEA PACKERS LIMITED (TATEPA)**

We have audited the financial statements of Tanzania Tea Packers and its subsidiaries on pages 9 to 32 in accordance with the International Standards on Auditing. The financial statements are in agreement with the accounting records and we obtained the information and explanations we required.

Respective responsibilities of directors and auditors

As described on page 4, the Company's Directors are responsible for the preparation of the financial statements. Our responsibility is to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and Group as at 31 December 2004 and of their profit and cash flows for the year then ended in accordance with the Tanzania Financial Accounting Standards and comply with the Tanzanian Companies Ordinance, CAP 212.

PRICEWATERHOUSECOOPERS

Certified Public Accountants
DAR ES SALAAM

Date: 4th March, 2005



TANZANIA TEA PACKERS LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004
(All amounts in Tshs. thousands)**

	Notes	Group		Company	
		2004	2003 Restated	2004	2003 Restated
Sales		14,857,485	12,545,159	6,090,112	5,456,983
Cost of sales		(9,259,208)	(7,554,416)	(4,427,514)	(3,660,213)
Gross profit		5,598,277	4,990,743	1,662,598	1,796,770
Selling and marketing costs		(1,944,077)	(1,920,525)	(1,044,082)	(1,107,444)
Administrative expenses		(2,370,392)	(2,126,480)	(966,320)	(1,100,073)
Other operating income		225,715	459,315	1,188,461	482,288
Operating profit	2	1,509,523	1,403,053	840,657	71,541
Finance costs - net	3	(215,731)	(1,175,336)	(18,833)	(293,706)
Profit/(loss) before tax		1,293,792	227,717	821,824	(222,165)
Income tax credit	4	35,079	23,639	14,455	23,639
Profit/(loss) for the year		1,328,871	251,356	836,279	(198,526)
Attributable to:					
Minority interests	21	128,731	39,249	-	-
Equity holders of the Company		1,200,140	212,107	836,279	(198,526)
Earnings per share of profit attributable to the equity holders of the Company during the year (expressed in Tshs. per share)					
Basic and diluted	5	73.04	13.88		

Notes and related statements forming part of these financial statements appear on pages 14 to 32.

Auditors' Report - page 8.



TANZANIA TEA PACKERS LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2004
(All amounts in Tshs. thousands)

	Notes	Group		Company	
		2004	2003 Restated (Note 1 (a))	2004	2003 Restated (Note 1 (a))
ASSETS					
Non-current assets					
Plant, property and equipment	7	7,578,917	7,468,150	680,954	827,292
Biological assets	8	6,760,005	6,859,680	-	-
Intangible assets - trade marks		750	750	750	750
Deferred tax asset	17	47,784	-	-	-
Investment in subsidiaries	9	-	-	3,156,915	3,156,915
Long term receivable	10	-	-	860,442	1,052,079
		14,387,456	14,328,580	4,699,061	5,037,036
Current assets					
Inventories	11	2,620,300	2,375,411	1,019,784	1,204,305
Growing crops		135,942	58,364	-	-
Accounts receivable	12	1,692,444	1,669,753	1,696,288	900,226
Income tax recoverable		102,209	72,321	69,516	62,251
Bank and cash balances	13	585,910	461,819	65,633	120,630
		5,136,805	4,637,668	2,851,221	2,287,412
Total assets		19,524,261	18,966,248	7,550,282	7,324,448
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	21	410,762	382,008	410,762	382,008
Share premium		3,194,021	2,667,946	3,194,021	2,667,946
Retained earnings		1,305,355	716,427	382,324	157,257
Shareholders' surplus		4,910,138	3,766,381	3,987,107	3,207,211
Goodwill		3,245,822	3,435,142	-	-
Minority interests	22	892,120	625,641	-	-
Total equity		9,048,080	7,827,164	3,987,107	3,207,211
LIABILITIES					
Non-current liabilities					
Borrowings	15	6,871,368	8,836,281	2,190,216	2,709,990
Deferred tax liabilities	17	-	37,345	22,890	37,345
Employees' gratuity	18	102,623	75,347	35,611	27,680
		6,973,991	8,948,973	2,248,717	2,775,015
Current liabilities					
Trade and other payables	14	1,558,695	1,416,457	814,477	909,566
Borrowings	15	1,943,495	773,654	499,981	432,656
		3,502,190	2,190,011	1,314,458	1,342,222
Total liabilities		10,476,181	11,139,084	3,563,175	4,117,237
Total equity and liabilities		19,524,261	18,966,248	7,550,282	7,324,448

The financial statements on page 9 to 32 were approved by directors on 4 March 2005 and signed on their behalf by:-

Chairman

Director

Notes and related statements forming part of these financial statements appear on pages 14 to 32.

Auditors' Report - page 8.



TANZANIA TEA PACKERS LIMITED

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2004**
(All amounts in Tshs. thousands)

GROUP	Share Capital	Share Premium	Retained earnings	Total
Balance at 1 January 2003				
- As previously stated	360,195	2,173,642	1,110,912	3,644,749
- Prior year adjustment (Note 1(t))	-	-	(27,549)	(27,549)
Restated	360,195	2,173,642	1,083,363	3,617,200
Issue of shares	21,813	494,304	-	516,117
Dividend paid	-	-	(576,312)	(576,312)
Profit for the year	-	-	212,107	212,107
Change in minority interest percentage	-	-	(2,731)	(2,731)
Balance at 31 December 2003	382,008	2,667,946	716,427	3,766,381
Balance at 1 January 2004				
- As previously stated	382,008	2,667,946	757,473	3,807,427
- Prior year adjustment (Note 1(t))	-	-	(41,046)	(41,046)
Restated	382,008	2,667,946	716,427	3,766,381
Issue of shares	28,754	529,075	-	557,829
Share issue costs	-	(3,000)	-	(3,000)
Profit for the year	-	-	1,200,140	1,200,140
Dividend declared	-	-	(611,212)	(611,212)
Balance at 31 December 2004	410,762	3,194,021	1,305,355	4,910,138

Notes and related statements forming part of these financial statements appear on pages 14 to 32.

Auditors' Report - page 8.



TANZANIA TEA PACKERS LIMITED

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2004**
(All amounts in Tshs. thousands)

COMPANY	Share Capital	Share Premium	Retained earnings	Total
Balance at 1 January 2003				
- As previously stated	360,195	2,173,642	831,971	3,365,808
- Prior year adjustment (Note 1(u))	-	-	100,124	100,124
Restated	360,195	2,173,642	932,095	3,465,932
Issue of shares	21,813	494,304	-	516,117
Net loss for the year	-	-	(198,526)	(198,526)
Dividend relating to 2002	-	-	(576,312)	(576,312)
Balance at 31 December 2003	382,008	2,667,946	157,257	3,207,211
Balance at 1 January 2004				
- As previously stated	382,008	2,667,946	66,938	3,116,892
- Prior year adjustment (Note 1(u))	-	-	90,319	90,319
Restated	382,008	2,667,946	157,257	3,207,211
Issue of shares	28,754	529,075	-	557,829
Share issue costs	-	(3,000)	-	(3,000)
Profit for the year	-	-	836,279	836,279
Dividend relating to 2003	-	-	(611,212)	(611,212)
Balance at 31 December 2004	410,762	3,194,021	382,324	3,987,107

Notes and related statements forming part of these financial statements appear on pages 14 to 32.

Auditors' Report - page 8.



TANZANIA TEA PACKERS LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004**
(All amounts in Tshs. thousands)

	Notes	Group 2004	2003	Company 2004	2003
Cash flows from operating activities					
Cash generated from operations	23	1,892,712	1,717,339	478,250	682,978
Interest paid		(353,131)	(424,158)	(135,460)	(172,837)
Taxation paid		(79,937)	-	(7,265)	-
Net cash inflow from operating activities		1,459,645	1,293,181	335,525	510,141
Cash flows from investing activities					
Purchase of property, plant and equipment		(767,222)	(1,394,773)	(60,058)	(154,361)
Cost incurred on biological assets		(66,107)	(36,376)	-	-
Acquisition of Kyimbila and Rungwe estates		-	(504,843)	-	-
Proceeds from sale of property, plant, and equipment		39,208	55,996	27,527	52,996
Net cash outflow to investing activities		(794,121)	(1,879,996)	(32,531)	(101,365)
Cash flows from financing activities					
Proceeds from borrowings		-	897,206	-	-
Repayments of borrowings		(382,585)	(366,512)	(151,147)	(327,357)
Dividend paid		(84,636)	(52,810)	(53,384)	(52,810)
Scrip issue expenses		(3,000)	(7,385)	(3,000)	(7,385)
Proceeds from issue of shares		169,000	4,187	-	-
Net cash (outflow)/inflow (to)/from financing activities		(301,221)	474,686	(207,531)	(387,552)
Net increase/(decrease) in cash and cash equivalent		364,303	(112,129)	95,464	21,224
Cash and cash equivalents at the start of year		54,619	166,748	(43,096)	(64,320)
Cash and cash equivalents at the end of year (Note 13)		418,922	54,619	52,366	(43,096)

Notes and related statements forming part of these financial statements appear on pages 14 to 32.

Auditors' Report - page 8.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

A. BASIS OF PREPARATION

These consolidated financial statements of Tanzania Tea Packers Limited (Group and the Company) have been prepared in accordance with Tanzania Financial Reporting Standards (TFAS), under the historical cost convention, as modified by the revaluation of certain non current assets.

In preparing TATEPAs' 2004 consolidated financial statements, the Directors' have amended certain accounting and valuation methods applied under TFAS in its preparation for adopting IFRS in 2005. The comparative figures in respect of 2004 were restated to reflect these adjustments. Reconciliations and descriptions of the adjustments on the Group's and Company balance sheet and equity are given in notes 1(r), 1 (s), 1(t) and 1(u) to these financial statements.

B. CONSOLIDATION

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies. This generally accompanies a shareholding of more than one half of voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control passed to the group and are de-consolidated from the date that control ceases. The Group uses the purchase method of accounting to account for the acquisition of subsidiaries.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets and liabilities and contingent liabilities assumed are measured at fair value, at acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is amortised using the straight-line method over its estimated useful life. Gain and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

C. FOREIGN CURRENCY TRANSLATION

(i) 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 consolidated financial statements are presented in Tanzania Shillings, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into Tanzania Shillings using the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities at the balance sheet date, which are expressed in foreign currencies, are translated into Tanzania Shillings at rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.



TANZANIA TEA PACKERS LIMITED

D. PROPERTY, PLANT AND EQUIPMENT

Leasehold land and buildings comprise mainly tea factories, packaging plant and offices. All property, plant and equipment are shown at cost or valuation, less subsequent depreciation and impairment. Cost includes expenditure directly attributable to the acquisition of the items. Subsequent costs are included in 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 or valuation of each asset to its residual value over the estimated useful life as follows:

	Rate (%)
Leasehold land	Tenure of lease
Buildings	4.0
Motor vehicles and aircraft	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 expenditures are charged to the income statement during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. 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 the income statement.

Borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

E. BIOLOGICAL ASSETS

Biological assets are carried at fair value less estimated point of sale costs from initial measurement of biological assets up to the point of harvest. Changes in fair value are shown in the income statement in the period.

F. IMPAIRMENT OF ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation 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 to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separable identifiable cash flows (cash-generating units).



G. OPERATING LEASES

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

H. INVENTORIES

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and unprocessed products comprises green leaf, direct materials costs, direct labour, other direct costs and related production overheads in both the tea and blending and packing factories, as appropriate up to the stage of completion of the product. 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.

I. GROWING CROPS

Costs incurred for raising nursery plants are regarded as growing crops. Nursery costs relating to seedlings that fail to germinate / grow or those destroyed by fire, floods, etc are written off to profit and loss account during the period. The cost of seedlings transferred to mature crops for infilling are expensed to profit and loss account as maintenance costs during the financial period. Cost of seedlings transferred to immature crops are capitalised to biological assets. Growing crops are stated at cost less any provision and/(or) write off for unsuccessful seedlings.

J. ACCOUNTS RECEIVABLE

Trade receivables are initially recognised at invoice value and subsequently measured at cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

K. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include 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. Bank overdrafts are shown within borrowings in current liabilities.

L. BORROWINGS

Borrowings are recognised initially at proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

M. DEFERRED INCOME TAXES

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date 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 to the extent that the directors consider that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is recognised as income tax benefit or expense in the year in which it arises.



TANZANIA TEA PACKERS LIMITED

N. EMPLOYEES BENEFITS

(i) Pension obligations

The Group companies have defined benefits and/or defined contributions plans. The Company 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 55, based on length of service and salary at retirement and qualifies as a defined benefit plan. The payments to the retired employees are made from Company's internally generated funds.

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

The liability recognised in the balance sheet in respect of the defined benefits plan is the present value of the defined benefit obligation at the balance sheet date, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined retirement benefits obligations are calculated after every three years by independent actuaries using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives.

(ii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company and Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdraw; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to the present value.

O. PROVISIONS

Provisions are recognised when:

- The company and the group entity has a present legal or constructive obligation as a result of past events;
- It is more likely than not that an outflow of resources will be required to settle the obligation; and
- The amount has been reliably estimated

Where the Company and Group entity expect a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

P. REVENUE

Revenue comprises the invoiced value for the sale of goods and services, net of value-added-tax, rebates and discounts and after eliminating sales within the group. Revenue is recognised as follows:

(i) Sales of goods

Sale of goods is recognised when the company has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(ii) Sales of services

Sale of services is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(iii) Dividends

Dividend income is recognised when the right to receive payment is established. Where the right to receive a dividend is in doubt, or the time between date of entitlement and receipt is in excess of 90 days, dividends are recorded on the date of receipt.

Q. DIVIDEND DISTRIBUTION

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



TANZANIA TEA PACKERS LIMITED

R. GROUP - RECONCILIATION OF BALANCE SHEET AT 31 DEC. 2003

	As previously stated Tshs.'000	Effect of adjustments Tshs.'000	As restated Tshs.'000
ASSETS			
Non-current assets			
Plant, property and equipment	7,471,502	(3,352)	7,468,150
Biological assets	7,016,677	(156,997)	6,859,680
Intangible assets - Trade marks	-	750	750
	14,488,179	(159,599)	14,328,580
Current assets			
Inventories	2,375,411	-	2,375,411
Growing crops	-	58,364	58,364
Trade and other receivables	1,670,490	(737)	1,669,753
Current income tax assets	72,321	-	72,321
Bank and cash balances	461,819	-	461,819
	4,580,041	57,627	4,637,668
Total assets	19,068,220	(101,972)	18,966,248
EQUITY			
Capital and reserves attributable to the Group's equity holders			
Share capital	382,008	-	382,008
Share premium	2,667,946	-	2,667,946
Retained earnings (Note 1(t))	757,473	(41,046)	716,427
	3,807,427	(41,046)	3,766,381
Goodwill	3,435,142	-	3,435,142
Minority interests	625,641	-	625,641
Total equity	7,868,210	(41,046)	7,827,164
LIABILITIES			
Non-current liabilities			
Borrowings	8,836,281	-	8,836,281
Deferred income tax liabilities	37,345	-	37,345
Retirement benefit obligations	-	75,347	75,347
	8,873,626	75,347	8,948,973
Current liabilities			
Trade and other payables	1,552,730	(136,273)	1,416,457
Borrowings	773,654	-	773,654
	2,326,384	(136,273)	2,190,111
Total liabilities	11,200,010	(60,926)	11,139,084
Total equity and liabilities	15,633,078	(101,972)	18,966,248



TANZANIA TEA PACKERS LIMITED

S. COMPANY - RECONCILIATION OF BALANCE SHEET AT 31 DEC. 2003

	As previously stated Tshs.'000	Effect of adjustments Tshs.'000	As restated Tshs.'000
ASSETS			
Non-current assets			
Plant, property and equipment	830,644	(3,352)	827,292
Intangible assets - Trade marks	-	750	750
Investment in subsidiaries	3,156,915	-	3,156,915
Long term receivable	1,052,079	-	1,052,079
	<u>5,039,638</u>	<u>(2,602)</u>	<u>5,037,036</u>
Current assets			
Inventories	1,204,305	-	1,204,305
Trade and other receivables	900,963	(737)	900,226
Current income tax assets	62,251	-	62,251
Bank and cash balances	120,630	-	120,630
	<u>2,288,149</u>	<u>(737)</u>	<u>2,287,412</u>
Total assets	<u>7,327,787</u>	<u>(3,339)</u>	<u>7,324,448</u>
EQUITY			
Capital and reserves attributable to the Group's equity holders			
Share capital	382,008	-	382,008
Share premium	2,667,946	-	2,667,946
Retained earnings (Note 1(u))	66,938	90,319	157,257
Total equity	3,116,892	90,319	3,207,211
LIABILITIES			
Non-current liabilities			
Borrowings	2,709,990	-	2,709,990
Deferred income tax liabilities	37,345	-	37,345
Employees' gratuity	-	27,680	27,680
	<u>2,747,335</u>	<u>27,680</u>	<u>2,775,015</u>
Current liabilities			
Trade and other payables	1,030,904	(121,338)	909,566
Borrowings	432,656	-	432,656
	<u>1,463,560</u>	<u>(121,338)</u>	<u>1,342,222</u>
Total liabilities	<u>4,210,895</u>	<u>(93,658)</u>	<u>4,117,237</u>
Total equity and liabilities	<u>7,327,787</u>	<u>(3,339)</u>	<u>7,324,448</u>



TANZANIA TEA PACKERS LIMITED

T. RECONCILIATION OF RETAINED EARNINGS AS AT 31 DECEMBER

GROUP	2003	2002
	Tshs.'000	Tshs.'000
Previously reported	757,473	1,110,912
<i>Adjustments:</i>		
1. Amortisation of leasehold land improvements	(3,352)	(2,969)
2. Release of provision on Employees' gratuity scheme	60,939	88,786
3. Fair value charge on biological assets	(98,633)	(113,366)
Sub-total	<u>(41,046)</u>	<u>(27,549)</u>
Restated balance	<u>716,427</u>	<u>1,083,363</u>

The adjustments above mainly arose due to the adoption of TFAS 26 - Accounting and Reporting of Retirement Benefit Plans and TFAS 17 - Accounting for biological assets.

U. RECONCILIATION OF RETAINED EARNINGS AS AT 31 DECEMBER

COMPANY	2003	2002
	Tshs.'000	Tshs.'000
Previously reported	66,938	831,971
<i>Adjustments:</i>		
1. Amortisation of leasehold land improvements	(3,352)	(2,969)
2. Release of provision on Employees' gratuity scheme	93,671	103,093
Sub-total	<u>90,319</u>	<u>100,124</u>
Restated balance	<u>157,257</u>	<u>932,095</u>

The adjustments above mainly arose due to the adoption of TFAS 26 on Accounting and Reporting of Retirement Benefit Plans.

2. OPERATING PROFIT

	Group		Company	
	2004	2003	2004	2003
	Tshs.'000	Tshs.'000	Tshs.'000	Tshs.'000
The following items have been included in arriving at operating profit				
Depreciation of Plant, Property and Equipment	632,133	576,656	174,906	186,142
Amortisation of negative goodwill	(189,320)	(189,320)	-	-
Profit on disposal of fixed assets	(14,886)	(7,948)	3,963	(5,573)
Fair value charge on biological assets	165,782	141,215	-	-
Staff costs (below)	2,465,818	2,638,087	958,884	1,105,560
Stock provision	107,821	4,398	61,285	-
Auditors' remuneration	34,940	48,786	10,000	15,959
Staff costs is made up of the following:				
Wages and salaries	2,144,448	2,470,601	760,729	1,035,699
Termination benefits	152,739	9,018	145,556	9,018
Pension costs - defined contributions plan	141,364	130,621	44,668	51,421
Pension costs - defined benefits plan	27,267	27,847	7,931	9,422
	<u>2,465,818</u>	<u>2,638,087</u>	<u>958,884</u>	<u>1,105,560</u>

The average number of employees in 2004 was 2,260 (2003: 2,925), of whom 1,709 (2003: 2,305) were seasonal and/or casual.



TANZANIA TEA PACKERS LIMITED

3. FINANCE COSTS-NET

	Group		Company	
	2004 Tshs.'000	2003 Tshs.'000	2004 Tshs.'000	2003 Tshs.'000
Interest income	-	-	(48,095)	(46,451)
Interest expense	381,501	441,295	132,640	172,837
Net foreign exchange transaction (gains)/losses	(165,770)	734,041	(65,712)	167,320
	215,731	1,175,336	18,833	293,706

4. TAXATION

	Group		Company	
	2004 Tshs.'000	2003 Tshs.'000	2004 Tshs.'000	2003 Tshs.'000
Current tax	50,050	38,665	-	38,665
Deferred tax credit (Note 17)	(85,129)	(62,304)	(14,455)	(62,304)
Tax credit	(35,079)	(23,639)	(14,455)	(23,639)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2004 Tshs.'000	2003 Tshs.'000	2004 Tshs.'000	2003 Tshs.'000
Profit/(loss) before tax	1,293,792	227,717	821,824	(222,165)
Tax calculated at a rate of 30%	388,138	68,315	246,547	(66,650)
Income not subject to tax	(56,931)	(56,931)	(275,858)	(12,864)
Expenses not deductible for tax expenses	3,666	10,930	5,657	249
Utilisation of previously unrecognized tax losses	(369,952)	(45,953)	9,199	55,626
Tax credit	(35,079)	(23,639)	(14,455)	(23,639)

5. EARNINGS PER SHARE

	Group	
	2004	2003
Net profit attributable to shareholders	1,200,140,000	212,107,000
Weighted average number of share in issue	16,430,480	15,280,320
Basic and diluted earning per share	73.04	13.88

6. DIVIDEND PER SHARE

The Directors do not recommend the payment of dividends in respect of the year of income of 2004. The dividends declared in respect of 2003 and 2002 were, Tshs. 611m and Tshs. 576m respectively.



TANZANIA TEA PACKERS LIMITED

7. PROPERTY, PLANT & EQUIPMENT

	Leaschold land & buildings Tshs.'000	Motor vehicles & aircraft Tshs.'000	Machinery, equipment, furniture & fittings Tshs.'000	Capital work in progress Tshs.'000	Total Tshs.'000
GROUP					
Cost					
At 1 January 2004	4,324,041	551,965	3,579,603	856,054	9,311,663
Additions		6,000	58,648	702,574	767,222
Transfers	73,929	-	872,320	(946,249)	-
Disposals	-	(57,066)	(80,890)	-	(137,956)
At 31 December 2004	4,397,970	500,899	4,429,681	612,379	9,940,929
Depreciation					
At 1 January 2004	283,143	412,769	1,147,601	-	1,843,513
Charge for the year	104,113	67,707	460,313	-	632,133
Disposals	-	(38,402)	(75,232)	-	(113,634)
At 31 December 2004	387,256	442,074	1,532,682	-	2,362,012
Net book value					
At 31 December 2004	4,010,714	58,825	2,896,999	612,379	7,578,917
At 31 December 2003	4,040,898	139,196	2,432,002	856,054	7,468,150
COMPANY					
Cost					
At 1 January 2004	335,725	433,349	856,829	-	1,625,903
Additions	-	-	60,058	-	60,058
Disposals	-	(34,618)	(40,619)	-	(75,237)
At 31 December 2004	335,725	398,731	876,268	-	1,610,724
Depreciation					
At 1 January 2004	62,049	321,616	414,946	-	798,611
Charge for the year	12,939	52,691	109,276	-	174,906
Disposals	-	(13,145)	(30,602)	-	(43,747)
At 31 December 2004	74,988	361,162	493,620	-	929,770
Net book value					
At 31 December 2004	260,737	37,569	382,648	-	680,954
At 31 December 2003	273,676	111,733	441,883	-	827,292

The Group's fixed assets have been charged to secure loans as set out in Note 15 to the financial statements.



TANZANIA TEA PACKERS LIMITED

8. BIOLOGICAL ASSETS

	Tea Bushes		Forestry		Nurseries	Total
	Mature	Immature	Pine	Eucalyptus		
	Tshs.'000	Tshs.'000	Tshs.'000	Tshs.'000	Tshs.'000	Tshs.'000
Group Cost						
At 1 January 2004						
- As previously reported	7,115,042	65,856	12,416	64,585	58,364	7,316,263
- Prior year adjustment (Note 1 (i))	(96,546)	(962)	(182)	(943)	-	(98,633)
As restated	7,018,496	64,894	12,234	63,642	58,364	7,217,630
Additions	-	63,332	444	2,331	-	66,107
Transfers	-	-	-	-	(58,364)	(58,364)
At 31 December 2004	7,018,496	128,226	12,678	65,973	-	7,225,373
Fair Value adjustment						
At 1 January 2004	299,586	-	-	-	-	299,586
Charge	97,469	64,349	636	3,328	-	165,782
At 31 December 2004	397,055	64,349	636	3,328	-	465,368
Carrying value						
At 31 December 2004	6,621,441	63,877	12,042	62,645	-	6,760,005
At 31 December 2003	6,658,459	65,856	12,416	64,585	58,364	6,859,680

NB: Transfers in nurseries during the year relates to a reclassification to current assets as growing crops.



TANZANIA TEA PACKERS LIMITED

9. INVESTMENT IN SUBSIDIARIES

	2004 Tshs.'000	2003 Tshs.'000
Equity investment		
Wakulima Tea Company Limited (a)	1,826,007	1,826,007
Kibena Tea Limited (b)	<u>1,330,908</u>	<u>1,330,908</u>
	<u>3,156,915</u>	<u>3,156,915</u>

The equity investment relates to:

Nature of business	Number and description of share held		% of issued share held	
	2004	2003	2004	2003
(a) Growing, processing and sale of made tea from green leaf supplied by smallholder tea farmers and its own tea estates.	1,647,528 ordinary stock	1,647,528 ordinary stock	75.4%	79.8%
(b) Growing, processing and sale of made tea from its tea estate and green leaf supplied by smallholder tea farmers	2,234,927	2,234,927	100%	100%

10. LONG TERM RECEIVABLE

	Group		Company	
	2004 Tshs.'000	2003 Tshs.'000	2004 Tshs.'000	2003 Tshs.'000
Wakulima Tea Company Limited	-	-	1,051,418	1,170,290
Less: Current portion	-	-	<u>(191,209)</u>	<u>(118,211)</u>
Net amount	-	-	<u>860,442</u>	<u>1,052,079</u>

The loan to Wakulima which is a subsidiary of TATEPA, is denominated in US dollars and carries an interest rate calculated at six months US dollar LIBOR plus 300 basis point receivable half yearly starting 5 October 2002.

11. INVENTORIES

	Group		Company	
	2004 Tshs.'000	2003 Tshs.'000	2004 Tshs.'000	2003 Tshs.'000
Finished products	992,984	789,539	333,066	258,405
Unprocessed products	186,067	210,434	99,339	226,155
Stores and consumables	1,044,029	1,081,908	552,447	426,215
Goods in transit	397,220	293,530	34,932	293,530
	<u>2,620,300</u>	<u>2,375,411</u>	<u>1,019,784</u>	<u>1,204,305</u>



TANZANIA TEA PACKERS LIMITED

12. ACCOUNTS RECEIVABLE

	Group		Company	
	2004 Tshs.'000	2003 Tshs.'000	2004 Tshs.'000	2003 Tshs.'000
Trade receivables	905,402	903,264	632,222	531,362
Less: Provision for bad and doubtful debts	(125,497)	(133,829)	(125,497)	(133,829)
Trade receivables-net	779,905	769,435	506,725	397,533
Advances to tea growers	266,606	228,786	-	-
VAT recoverable	167,809	310,016	-	22,928
Other receivables	88,422	148,262	33,182	103,611
Deposits and prepaid expenses	388,423	166,014	167,504	75,657
Due from directors	229	21,497	229	20,509
Due from related parties (Note 24 (iv))	1,050	25,743	988,648	279,988
	1,692,444	1,669,753	1,696,288	900,226

13. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	585,910	461,819	65,633	120,630
Short term bank deposits	-	-	-	-
	585,910	461,819	65,633	120,630

The cash and cash equivalents comprise the followings:

Cash and bank balances	585,910	461,819	65,633	120,630
Bank overdrafts (Note 15)	(166,988)	(407,200)	(13,267)	(163,726)
	418,922	54,619	52,366	(43,096)

14. TRADE AND OTHER PAYABLES

Trade creditors	614,861	617,429	175,660	437,851
Interest creditors	65,680	37,310	17,137	19,957
Other creditors & accrued expenses	820,647	698,135	199,110	308,194
Due to directors	1,362	7,702	1,362	7,702
Due to related parties (Note 24 (iv))	21,387	22,157	402,880	123,545
Deferred income	16,430	21,407	-	-
Unclaimed dividends	18,328	12,317	18,328	12,317
	1,558,695	1,416,457	814,477	909,566



TANZANIA TEA PACKERS LIMITED

15. BORROWING

	Group		Company	
	2004 Tshs.'000	2003 Tshs.'000	2004 Tshs.'000	2003 Tshs.'000
Bank and other borrowings (a)	8,814,863	9,609,935	2,690,197	3,142,646
Less: Current portion (b)	(1,943,495)	(773,654)	(499,981)	(432,656)
Due after more than 12 months	<u>6,871,368</u>	<u>8,836,281</u>	<u>2,190,216</u>	<u>2,709,990</u>
(a) This is made up as follows:				
Borrowings (c)	8,647,876	9,202,735	2,676,930	2,978,920
Bank overdraft (Note 16)	166,988	407,200	13,267	163,726
	<u>8,814,864</u>	<u>9,609,935</u>	<u>2,690,197</u>	<u>3,142,646</u>
(b) Due within one year				
Bank overdraft (Note 16)	166,988	407,200	13,267	163,726
Current portion of bank borrowings	1,776,507	366,454	486,714	268,930
	<u>1,943,495</u>	<u>773,654</u>	<u>499,981</u>	<u>432,656</u>
(c) This is made up as follows:				
PROPARCO (i)	2,676,930	2,978,920	2,676,930	2,978,920
Barclays Bank (Tanzania) Limited (ii)	5,579,836	5,691,865	-	-
Standard Chartered Bank Tanzania Limited (iii)	391,110	531,950	-	-
	<u>8,647,876</u>	<u>9,202,735</u>	<u>2,676,930</u>	<u>2,978,920</u>

(i) PROPARCO loan (US\$ 2,800,000)

This is a loan to TATEPA. In 2003, TATEPA secured a US dollars 2,800,000 long-term loan facility from Societe De Promotion et de Participation Pour La Co-operation Economique S.A (PROPARCO) to repay the existing loans and finance the second equity call in Wakulima. US dollars 1,100,000 was on lent to Wakulima from TATEPA as per agreement, of which the full amount had been drawn down by 31 December 2003. The loan, which is denominated in US dollars, carries an interest rate calculated at six months US dollar LIBOR plus 300-basis points payable half yearly starting from 5 October 2002.

The loan is secured by a single debenture instrument creating a first specific fixed and floating charge over TATEPA's assets and mortgage deed on the Right of Occupancy of the subsidiary's factory in Mafinga. This loan is repayable half yearly over a period of six years from 5 October 2004.

(ii) Barclays Bank (T) Limited loan (US\$ 5,350,000)

This is a medium-term loan facility from Barclays Bank (T) Limited to Kibena Tea Limited ("KTL"), a subsidiary of TATEPA with the following terms and conditions:



TANZANIA TEA PACKERS LIMITED

- KTL may elect to convert the loan into Tanzania Shillings by giving notice to the bank before commencement of any interest period, and may subsequently convert back in the same way;
- the loan is repayable over by 60 equal, consecutive, monthly instalments commencing 25 January 2005;
- each month's instalment shall be made in the currency in which the amount to be repaid is then denominated;
- whilst denominated in US dollars, interest will accrue at the rate determined by the bank to be 2% per annum above the cost to the bank of US dollar deposits; and
- whilst denominated in Tanzania shillings, interest will accrue monthly in arrears on the outstanding daily balance at 5.75% below the bank's base rate.

The loan is secured by a first:

- legal mortgage over the right of occupancy over KTL's farm 827 Njombe District and registered under Certificate of Title No 8371-MBYL;
- legal mortgage of all the KTL's estates or interest in land (both present and future) together with all buildings, plant, machinery and fixtures and fittings thereon; and
- ranking pledge over all KTL's movable assets including fixtures and fittings, all plant and machinery, all stocks, shares, debentures, bonds, notes or other securities, uncalled capital and goodwill as per the Debenture between the KTL and the Bank

The loan is guaranteed by the holding company, Tanzania Tea Packers Limited (TATEPA)

(iii) Standard Chartered Bank Tanzania Limited loan (US\$ 500,000)

In 2003, Wakulima Tea Company Limited ("Wakulima"), another subsidiary of TATEPA obtained a medium-term loan of US\$ 500,000 from Standard Chartered Bank Tanzania Limited to finance the acquisition of Rungwe and Kyimbila tea estates.

The loan carries interest rate calculated at 4% above LIBOR. The loan principal is repayable in 36 equal monthly instalments from June 2004.

The Standard Chartered loan to Wakulima is secured by a corporate guarantee issued by TATEPA for US\$ 375,000, a debenture over Wakulima's floating assets shared pari passu with PROPARCO for US\$ 375,000, and a mortgage and debenture deed on the Kyimbila and Rungwe estates for US\$ 1,250,000.

16. BANK OVERDRAFT

Bank	Beneficiary	Overdraft facility made available		Amount drawn		
		2004	2003	2004	2003	
				Tshs.'000	Tshs.'000	
Stanbic Bank Tanzania Limited	(a)	TATEPA	Tshs. 350m	Tshs. 350m	-	10,000
Standard Chartered Bank (T) Limited	(b)	TATEPA	Tshs. 350m	Tshs. 350m	13,267	153,726
Sub-total (Company)					13,267	163,726
Standard Chartered Bank (T) Limited	(c)	WAKULIMA	\$ 400,000	\$ 400,000	153,721	117,698
Barclays Bank Tanzania Limited	(d)	KIBENA	\$ 600,000	\$ 600,000	-	125,776
Total (Group)					166,988	407,200

(a) This facility is unsecured and carried a weighted average interest rate of 16% per annum (2003:13%). At the moment the Company is not using the facility.

(b) This facility is secured by a debenture over Company's floating assets shared on pari pasu with PROPARCO loan Note



TANZANIA TEA PACKERS LIMITED

- 15 b (i) for US\$ 375,000. The weighted average interest rate for the year was 14% (2003:11%). The facility is due for renewal in October 2005.
- (c) This facility is secured alongside the Standard Chartered medium term-loan described in Note 15 b (iii), and carries interest at the rate of 7% (2003: 6.75%) per annum calculated on the daily overdrawn balances and payable monthly in arrears. The facility is due for renewal in October 2005.
- (d) This facility is secured alongside the Barclays long-term loan described in Note 15 b (ii), and carries interest at 0.75% (2003: 0.75%) per annum below the BBT's prime rate for US dollars lending. Currently, the bank's prime rate is 7%. The facility is due for renewal in September 2005.

17. DEFERRED INCOME TAX (ASSET)/LIABILITIES

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 30% (2003:30%). The movement on the deferred income tax account is as follows:

	Group		Company	
	2004 Tshs.'000	2003 Tshs.'000	2004 Tshs.'000	2003 Tshs.'000
At the beginning of the year	37,345	99,649	37,345	99,649
Income statement (credit)/charge (Note 4)	(85,129)	(62,304)	(14,455)	(62,304)
At the end of the year	(47,784)	37,345	22,890	37,345
Details of the deferred tax (asset)/liability is as follows: -				
Accelerated tax allowances	616,902	81,845	56,322	81,845
Estimated tax losses	(221,966)	-	(2,123)	-
Provisions	(442,720)	(44,500)	(31,309)	(44,500)
At the end of the year	(47,784)	37,345	22,890	37,345

18. EMPLOYEES' GRATUITY

Retirement gratuity benefits	102,623	75,347	35,611	27,680
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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 55, 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 of Nairobi, Kenya, carried out the first actuarial valuation of the Arrangement as at 31 December 2004, using the Projected Unit Method.

The present value of the accrued (past service) liability in respect of retirement gratuity benefits is Tshs. 102.623 million. The Company and Group have recognised the liability at 31 Dec 2004. The principal assumptions used in the actuarial valuation are:

- (i) Discount rate of 9%; and
- (ii) Rate of salary escalation of 7% per annum.

The 'notional' Company and the Group contribution rate to meet the cost of future accrual of gratuity benefits is estimated at 4.7% of basic salaries per annum. The next valuation is due on 31 December 2007.



TANZANIA TEA PACKERS LIMITED

19. COMMITMENTS

Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	Group		Company	
	2004 Tshs.'000	2003 Tshs.'000	2004 Tshs.'000	2003 Tshs.'000
Property, plant and equipment	-	100,000	-	100,000

Operating lease commitments - where a group company is the lessee

The future aggregate minimum lease payments under non-cancellable operating lease are as follows:

	Group		Company	
	2004 Tshs.'000	2003 Tshs.'000	2004 Tshs.'000	2003 Tshs.'000
Not later than 1 year	5,262	5,252	19	19
Later than 1 year and not less than 5 years	26,237	26,237	79	79
Later than 5 years	100,084	100,554	450	470

20. CONTINGENT LIABILITIES

The Company has received a demand notice from Tanzania Tea Board for an additional Tshs. 112 million as tea cess but this liability is under dispute and in the opinion of directors is not likely to materialise.

21. SHARE CAPITAL

	Group		Company	
	2004 Tshs.'000	2003 Tshs.'000	2004 Tshs.'000	2003 Tshs.'000
<i>Authorised:</i>				
20,000,000 ordinary shares of Tshs. 25 each	500,000	500,000	500,000	500,000
Issued and fully paid:				
16,430,480 ordinary shares of Tshs. 25 each (2003: 15,280,320 ordinary shares)	410,762	382,008	410,762	382,008

22. MINORITY INTERESTS

	Group	
	2004 Tshs.'000	2003 Tshs.'000
At beginning of the year	625,641	579,496
Acquisitions (Issue of shares)	169,000	6,986
Share of net profit of subsidiaries	128,731	39,249
Dividend paid	(31,252)	-
At end of the year	892,120	625,641



TANZANIA TEA PACKERS LIMITED

23. CASH GENERATED FROM OPERATIONS

	Group		Company	
	2004	2003	2004	2003
	Tshs.'000	Tshs.'000	Tshs.'000	Tshs.'000
Profit/(loss) before tax and minority interests	1,293,792	227,717	821,824	(222,165)
<i>Adjustments for:</i>				
Depreciation	632,133	576,656	174,906	186,142
Fair value charge	165,782	141,215	-	-
Employees' gratuity scheme	27,267	27,847	7,931	9,422
Amortisation of negative goodwill	(189,320)	(189,320)	-	-
Unrealised exchange loss on term loans	(172,274)	691,717	(32,205)	167,320
Interest expense	381,501	441,295	132,640	172,837
(Gain)/loss on disposal of fixed assets	(14,886)	(7,948)	3,963	(5,573)
<i>Changes in working capital:</i>				
Inventories	(322,468)	(327,353)	184,522	(271,195)
Receivables	(22,705)	128,345	(1,774,726)	(874,236)
Payables	113,890	7,168	(959,395)	1,520,426
Cash generated from operations	1,892,712	1,717,339	478,250	682,978

24. RELATED PARTY TRANSACTIONS & BALANCES

The Company is controlled by Freshfields Investments Limited, which owns 53.37% (2003: 53.01%) of the Company's shares. The remaining 46.99% of shares are widely held. The Company owns two subsidiary companies, Wakulima Tea Company Limited (75.42% shares as at the end of the year) and Kibena Tea Limited (100% of shares). The ultimate parent of the Group is CDC Group Plc, which owns Tanganyika Wattle Company Limited and has minority shareholdings in Tanzania Venture Capital Fund. In addition the Company's Managing Director owns Tanzania Finance Company Limited and has shares in Nomad Safaris Limited. The Managing Director is also a trustee of Selous Rhino Trust Limited.

The following transactions were carried out with related parties:

(i) Sale of services

	Group		Company	
	2004	2003	2004	2003
	Tshs.'000	Tshs.'000	Tshs.'000	Tshs.'000
Wakulima Tea Company Limited - Management	-	-	136,227	191,985
Kibena Tea Limited - Management	-	-	156,372	268,501

Sales to related parties were carried out on commercial terms and conditions and at market prices.

(ii) Purchase of goods and services

	Group		Company	
	2004	2003	2004	2003
	Tshs.'000	Tshs.'000	Tshs.'000	Tshs.'000
<i>Purchase of goods</i>				
Wakulima Tea Company Limited-Made Tea	-	-	678,149	576,177
Kibena Tea Limited - Made Tea	-	-	299,785	295,902
TANWAT - Power and fire wood	257,226	427,995	-	-
<i>Purchase of services</i>				
TANWAT - Management and medical	38,322	29,927	-	-

Purchase from related parties were carried out on commercial terms and conditions and at market prices. Purchases of power from TANWAT are based on a long-term agreement, which enables KTL to purchase the power slightly under the normal sales price.



TANZANIA TEA PACKERS LIMITED

(iii) Interest on a term loan	Group		Company	
	2004 Tshs.'000	2003 Tshs.'000	2004 Tshs.'000	2003 Tshs.'000
Interest charged to Wakulima Tea Company Limited	-	-	48,095	46,451

(iv) Year-end balances arising from sales/purchases of goods/services

	Group		Company	
	2004 Tshs.'000	2003 Tshs.'000	2004 Tshs.'000	2003 Tshs.'000
<i>Receivable from related parties</i>				
Wakulima Tea Company Limited	-	-	627,722	188,736
Kibena Tea Limited	-	-	359,876	65,509
Tanganyika Finance Company Limited	-	1,412	-	1,412
Selous Rhino Trust Limited	1,050	2,352	1,050	2,352
Nomad Safaris Limited	-	21,979	-	21,979
	1,050	25,743	988,648	279,988
<i>Payable to related parties</i>				
Wakulima Tea Company Limited	-	-	98,794	34,935
Kibena Tea Limited	-	-	301,513	88,596
Tanganyika Wattle Company Limited	18,814	22,143	-	-
Tanganyika Finance Company Limited	141	-	141	-
Nomad Safaris Limited	2,432	-	2,432	-
Tanzania Venture Capital Fund	-	1	-	1
CDC Group Plc	-	13	-	13
	21,387	22,157	402,880	123,545

(v) Directors' remuneration

The remuneration to Directors were as follows:

Directors' remuneration:	2004	2003	2004	2003
Executive	326,128	261,598	173,096	261,598
Non-executive	43,523	41,988	20,182	41,988
Sitting allowance	15,808	11,974	11,880	10,754

(vi) The option granted to a Director

Included in plant, property and equipment is an aircraft, which the Managing Director of the company has the option of buying at its written down value five years after acquisition. The aircraft was acquired in 1998 at a cost of Tshs. 49.7 million and as at 31 December 2004, has a nil book value.



25. FAIR VALUE AND FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risks management is carried out by the Company on behalf of the group under the guidelines approved by the Board of Directors. The Board in conjunction with the management provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk, credit risk and investing excess liquidity.

Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that the sales of products are made to customers with an appropriate credit history. Sales to retail customers are made in cash or via strictly credit terms. Cash transactions are limited to high-credit-quality financial institutions within the country.

Foreign currency risk

As and when need arise, the Group 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.

Interest rates and liquidity risk

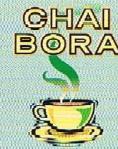
Fluctuation in interest rates impact on the value of short-term cash investments and financing activities, giving rise to interest rate risk. In the ordinary course of business, the Company receives cash from its operations and is required to fund working capital and capital expenditure requirements. This cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. Funding deficits for the Group companies' operations have mainly been financed through cash advance from sister companies within the Group, bank borrowings and overdraft from financial institutions.

Fair value of financial instruments

The carrying amounts of all the Company's financial assets and financial liabilities as at 31 December 2004 approximate to their fair value. The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

26. ULTIMATE HOLDING COMPANY

The ultimate parent of the Group is CDC Group Plc, a public limited company incorporated in England & Wales.



TANZANIA TEA PACKERS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Eleventh Annual General Meeting of the Company in respect of the year ended 31st December 2004 will be held at New Africa Hotel, Dar es Salaam on Friday 20th May 2005 at 11:00 a.m.

AGENDA

1. Confirmation of the minutes of the tenth Annual General Meeting.
2. To receive and adopt the Annual Directors' Report for the year ended 31st December 2004.
3. To receive and adopt the audited Annual Accounts for the year ended 31st December 2004.
4. To re-appoint PricewaterhouseCoopers, P. O. Box 45, Dar es Salaam, as the Company Auditors as recommended by the Board of Directors.
5. To consider and approve the amendments to the Articles of Association of the Company.
6. Any other Business.

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

Proxy forms are 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

Tanzania Tea Packers Limited
P. O. Box 1344
DAR ES SALAAM
TANZANIA
15 April 2005

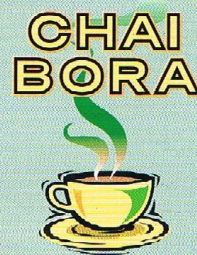


Please detach and return this slip to TATEPA if you can attend.

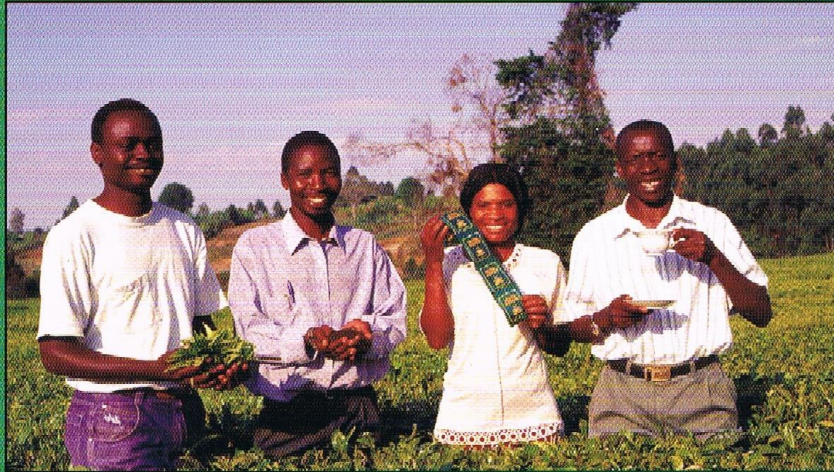
I, (name) _____ confirm that

I will be attending the TATEPA AGM on 20th May 2005.

Return to: Company Secretary
Tanzania Tea Packers Limited
P. O. Box 1344,
Dar es Salaam.
Tanzania



TATEPA



*Building prosperity for Tanzania
from tea bush to tea cup!*

**CHAI
BORA**



Tanzania Tea Packers Ltd
P O Box 1344, Dar es Salaam, Tanzania
Tel: + 255 22 2863297 Email: hq@chaibora.com