



TANZANIA TEA PACKERS LTD

**CHAI
BORA**

Annual Report & Accounts

2000

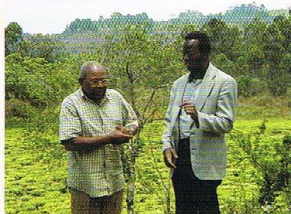
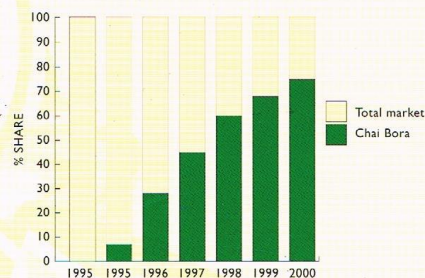


TATEPA

Since TATEPA was listed on the Dar es Salaam Stock Exchange 18 months ago, the business has continued to strengthen and develop to meet the demands of both shareholders and Chai Bora consumers across Tanzania.

As the country's leading tea brand, Chai Bora now enjoys 70% share of the market and volume sales increased by 15% in 2000. The business strategy continues to focus on quality, innovation and affordability. Several initiatives have been implemented over the last year or are in progress, which reflect this philosophy:- These include the purchase of Wakulima Tea Company, the launch of Chai Bora Luxury Blend and the introduction of the

Chai Bora: Share of the Tea Market



Chairman, Rungwe Smallholder Tea Growers Association, Mzee John Mwakangale (left) talks to Professor Bruno Ndunguru, Director of The Tea Research Institute and Tatepa.

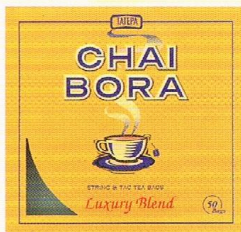
Purchase of Wakulima Tea Company

In early 2001, TATEPA initiated a vertical integration programme to purchase Wakulima Tea Company, a tea processing business that buys green leaf from local small holders. Strategically this is a key move for TATEPA, and there will be major benefits from the acquisition to the company, to Chai Bora drinkers and to local tea smallholders.

- TATEPA is guaranteed supply of tea to the Chai Bora factory
- TATEPA now has direct input on the tea quality supplied to the factory.
- 25% of Wakulima Tea Company is owned by the 11,000 smallholder tea producers, who themselves are now guaranteed a market for their production.
- Through TATEPA's technical assistance, tea quality, yields and revenues will quickly be enhanced for the small holders.



TATEPA expects Wakulima Tea Company to quadruple volumes from 500 tonnes today to 2,000 tonnes within 3 years.

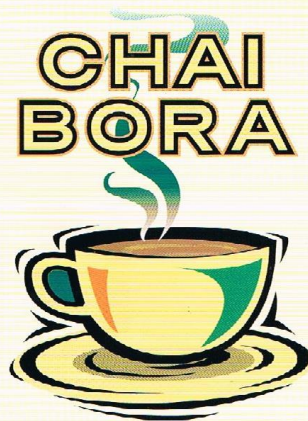


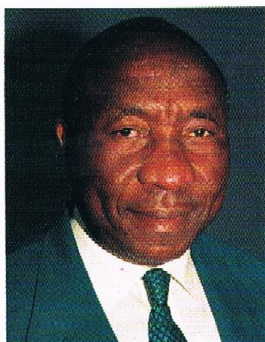
Launch of Upmarket Luxury Blend

This year TATEPA extends into the upmarket tea sector with the launch of Luxury Blend string & tag tea bags. Made from Tanzania's finest quality tea and targeted at supermarkets, hotels and restaurants, this new line is set to become another major success for the company, and Luxury Blend will also directly promote

CONTENTS

CHAIRMAN'S STATEMENT	2
FINANCIAL REVIEW	3
THE DIRECTORS' REPORT	4
AUDITORS' REPORT	7
PROFIT AND LOSS ACCOUNT	8
BALANCE SHEET	9
CASH FLOW STATEMENT	10
NOTES TO THE FINANCIAL STATEMENTS	11
NOTICE OF ANNUAL GENERAL MEETING	15
PROXY	16





CHAIRMAN'S STATEMENT

I have great pleasure in welcoming you to this, TATEPA's Seventh Annual General Meeting, and its second since the Company went public in December 1999.

On behalf of the Board I would like to present TATEPA's operating results for the year ending 31st December 2000. It has been the toughest year yet in our six-year history, both in terms of increased competition, and a squeeze in margin from higher raw materials costs, that were not passed onto consumers in increased retail prices.

However TATEPA hit these pressures head-on, and with a combination of consolidated management strength, powerful product innovation, continued focus on quality, and an understanding of consumer needs, we delivered what we promised.

At the end of the financial year, market price per share had grown by almost 17% to Tsh 385 per share from the IPO price of Tsh 330.

Despite competition, Chai Bora strengthened its position as Tanzania's most popular tea, with market share growing by over five percentage points to 75% of the total legal market.

In addition, sales grew by 14% to 1,685,326 kgs during the year as yet more consumers turned to Chai Bora. The new 2.5g Nguvu sachet formed a large part of this achievement, and its success received the unprompted accolade "Tatepa, serving the poor well" in one major Tanzanian national Newspaper.

Smuggled teas continued to be a thorn in the side of the business, but to a far lesser degree than last year. I would like to thank the Tanzania Tea Board (TTB) and other Tanzania Government authorities for their strong continued support for the domestic tea industry by their efforts in curbing illegal tea sales. It is a slow and on-going task, but the rewards are starting to be seen.

Moving to the details of our results, these were impacted by significant increases in the world market price of tea. Consequently our profit before tax was Tsh 553m, a decrease of 22% on the previous year. Similarly earnings per share decreased by 35% from Tsh 84 to Tsh 52 despite operating costs staying on line at 28% of turnover.

Notwithstanding this drop in profit, the overall business performance remains strong and The Board is therefore recommending a final dividend of Tsh 23 per ordinary share in addition to the Tsh 17 per ordinary share interim dividend already paid. This keeps the dividend stable at Tsh 40 per ordinary share, a yield of 10.5%, which compares very favourably to comparable investments in Treasury Bonds or to bank deposit rates in the year under review. Once this recommendation is approved by the AGM, the dividend will be paid on 5th June 2001 to all shareholders on the Register as at the close of business on 11th May 2001.

For the year ahead TATEPA is geared into expanding its distribution channels to consolidate its position as market leader. We are confident that sales growth will accelerate with new marketing initiatives in place and new products coming on line.

Most significant of our initiatives is the planned vertical integration with the purchase of Wakulima Tea Company (WATCO) in Rungwe District. This proposed joint venture is a win win for TATEPA, for WATCO and for tea consumers, and is yet another example of the Company fulfilling its promise of promoting local investors and local products for both domestic consumption and export.

The results I present to you are a product of the consolidated efforts of all TATEPA employees. I wish to take this opportunity to thank them all for their efficient control of the Company's affairs and continued commitment to achieving our goals. I am also grateful to management and my fellow Board Members for their performance and guidance, which continues to be fundamental to our success.

Finally we come to some welcomes & farewells to the Board. Since the last AGM, Mr. H. Williams, Mr C Barkess, Mr. M. Lunde, and Mr. P. D. Rowland retired from the Board whilst Mr. B. Eyakuze, Mr. V. Rweyemamu and Mr R.W. Cox, were all appointed to the Board. On behalf of all shareholders I would like to welcome the new Board Members and to thank the retired Members for all their efforts.

Last but not least I thank all our dealers, wholesalers and retailers for their support of CHAI BORA, and to customers out there I assure you that we will continue to provide you with the best possible service, and of course with CHAI BORA - The Choice of the Nation!

Joseph Mungai, MP

BOARD CHAIRMAN



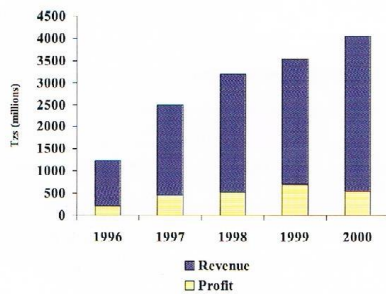
TANZANIA TEA PACKERS LIMITED

FINANCIAL REVIEW

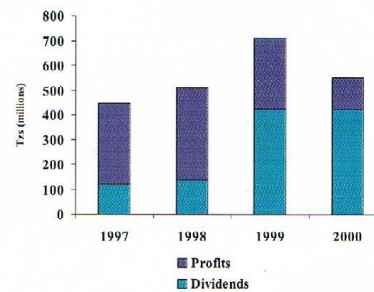
For the years ended 31st December.

	2000 Tzs '000'	1999 Tzs '000'	1998 Tzs '000'	1997 Tzs '000'	1996 Tzs '000'
Turnover	4,063,466	3,544,088	3,201,635	2,489,246	1,237,122
Profit before taxation	552,955	744,085	513,627	447,828	217,962
Dividends	423,920	423,920	137,280	120,000	-
Cash generated from operation	821,900	493,134	497,136	194,576	53,357
Net cash invested	95,633	236,343	466,873	147,658	59,026
Interest bearing debt.	-	-	160,000	-	-
Gearing %	-	-	14	-	-
Earnings per share (Tzs)	52	84	61	56	27
Dividends per share (Tzs)	40	40	16	15	-

Revenue & Profit



Profits & Dividends





REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2000

The Directors present their report together with the Audited Financial Statements for the year ended, which disclose the state of affairs of the Company as at 31 December 2000.

1. Results and appropriation	2000 Tzs '000	1999 Tzs '000
Profit after taxation	552,955	744,085
Less: Appropriations-	-	-
Interim dividend paid Tzs 17 per share (1999 Tzs 15)	180,166	158,970
Final dividend proposed Tzs 23 per share (1999 Tzs 25)	243,754	264,950
Retained profit transferred to reserves	129,035	320,165

The Directors recommend a final dividend of Tzs 23 per ordinary share in addition to the Tzs 17 per ordinary share interim dividend already paid on the issued share capital of the company. After paying the proposed dividend of Tzs 243,754,000 the Directors recommend that the balance of profits earned for the year amounting to Tzs 129,035,000 are taken to reserves.

2. Principal activities

The Company's principal activities are the blending, marketing and distribution of tea and instant coffee under the Chai Bora and Kahawa Bora brand names.

3. Board of Directors

The Directors of the Company at the date of this report, all of whom have served during the year except as indicated are: -

Name	Nationality	
Hon. J J Mungai (MP)	Tanzanian	Chairman
Mr. G C Theobald	British	Managing Director
Mr. H Williams	British	Resigned 10 August 2000
Mr. G P Theobald	British	
Mr. D Henderson	British	
Mr. D Pallangyo	Tanzanian	Resigned 24 February 2000 and reappointed 18 September 2000
Mr. P D Rowland	British	Resigned 13 December 2000
Mr. C Barkess	British	
Mr. M Lundé	Danish	Appointed 24 February 2000 and resigned 18 September 2000
Mr. B Eyakuze	Tanzanian	Appointed on 10 August 2000
Mr V Rweyemamu	Tanzanian	Appointed 13 December 2000
Mr R W Cox	British	Appointed 13 December 2000

4. Directors' interests

The Directors' interests in the issued and paid up shares of the Company at 31 December 2000 were as follows:

	2000 Tzs		1999 Tzs	
	Number	Nominal Value 000	Number	Nominal Value 000
Hon. J J Mungai (MP)	1,010,000	25,250	1,007,800	25,195
Mr. G C Theobald	973,776	24,344	890,211	22,255
Mr. G P Theobald	200,000	5,000	200,000	5,000



TANZANIA TEA PACKERS LIMITED

5. Directors' responsibilities

The Directors are required under the Companies Ordinance 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 the profit or loss of the Company for the year. In doing so they ensure that:

- proper accounting records are maintained,
- applicable accounting standards are followed,
- suitable accounting policies are adopted and consistently applied,
- judgements and estimates made are reasonable and prudent,
- the going concern basis is used, unless it is appropriate to presume that the Company will not continue in business, and
- internal control procedures are instituted which, as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities.

6. Major shareholdings

	Number of shares	% Shareholding
Tanzania Venture Capital Fund	3,395,545	32.04
Tanganyika Wattle Company Limited	2,785,488	26.28
Hon. J J Mungai (MP)	1,010,000	9.53
Mr. George Theobald	973,776	9.19
Social Action Trust Fund	530,000	5.00

7. Fixed assets

Movements in fixed assets during the year are shown in note 6 on page 13. In the opinion of the Directors, the market value of the Company's properties is not lower than the value shown in the financial statements.

8. Donations

During the year the following donations were made:	Tzs'000
Mufindi Muungano Cup Committee	3,145
Kidai Rhino Project	500
Others	197
	<u>3,842</u>

9. Distributions

The Company has six distribution centres with over 100 distributors in Dar es Salaam and seven up country regions.

10. Suppliers

The Company obtains its requirements from both local and foreign suppliers. The local suppliers include ten major suppliers of raw teas, coffee powder and packing materials. Foreign suppliers include seven major suppliers for tea machinery, spares and packing materials.

11. Marketing strategy

The objective of the company is to grow Chai Bora's share of the tea market in Tanzania and to drive further growth of the tea market itself.

The specific objective is to achieve the budgeted volume target in this year.

How will this be achieved?

- drive new distribution network,
- encourage the Government to sustain the tempo on the clamp down on smuggled tea and maintain the status quo on imported teas,
- build consumer loyalty, and
- combat competition.



12. Employment and employees

☉ Health, safety and welfare

The Company provides canteen facilities at the Mafinga factory and DSM office for its employees. Full medical services are given at the appointed Government and private hospitals.

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

☉ Employee involvement and training

The Company believes 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's 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.

Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these schemes include bonuses.

☉ Employee share scheme

During the year 1999, the company established the TATEPA Employee Share Scheme (TESS) administered by the Trustees. On behalf of eligible employees as defined by the Trust Deed, The Trustees acquired 39,700 TATEPA shares during the initial public offer, with financial assistance provided by the company. The shares have been fully allotted to eligible staff. The employees have started to repay their loans out of dividends and annual bonuses.

13. Approval of accounts

The accounts were approved at a meeting of the Board of Directors held on 28 February 2001.

14. Auditors

The auditors, KPMG Peat Marwick, have indicated their willingness to continue in office. A resolution to re-appoint KPMG Peat Marwick will be proposed at the Annual General Meeting.

By order of the Board

Company Secretary

Date: 15 March 2001



TANZANIA TEA PACKERS LIMITED

AUDITORS' REPORT TO THE MEMBERS OF TANZANIA TEA PACKERS LIMITED

We have audited the financial statements on pages 8 to 14, which have been prepared on the basis of the accounting policies set out in note 1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and to provide a reasonable basis for our opinion. The financial statements are in agreement with the books of accounts.

Respective responsibilities of Directors and auditors

Under the provisions of the Companies Ordinance (Cap 212), the Directors are responsible for the preparation of financial statements, which give a true and fair view of the Company's state of affairs and its operating results. Our responsibility is to express an independent opinion on the financial statements based on our audit and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with the International Auditing Standards and Tanzania Auditing Guidelines. Those Guidelines require that we plan and perform our audit to obtain reasonable assurance that the accounts are free from material misstatements. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the Directors, as well as an evaluation of the overall presentation of the financial statements.

Opinion

In our opinion, proper books of accounts have been kept and the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2000 and the results of the operations and cash flow for the year then ended in accordance with the Tanzania Statements of Accounting Standards and Guidelines (TSASG) and complies with the Companies Ordinance (Cap 212).

Certified Public Accountants

Dar es Salaam

Date: 15 March 2001



**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000**

	Notes	2000 Tzs '000	1999 Tzs '000
Turnover	1 (b)	4,063,466	3,544,088
Cost of sales		<u>2,425,927</u>	<u>1,806,840</u>
Gross Profit		1,637,539	1,737,248
Operating expenses			
Marketing and distribution		918,969	793,645
Administrative		171,236	167,043
Financial		<u>16,360</u>	<u>44,725</u>
		1,106,565	1,005,413
Operating profit		530,974	731,835
Other income		21,981	12,250
Profit before taxation	2	552,955	744,085
Taxation	3	<u>-</u>	<u>-</u>
Profit after taxation		552,955	744,085
Dividend	4	<u>423,920</u>	<u>423,920</u>
Retained profit for the year		<u>129,035</u>	<u>320,165</u>
Earnings per share (Tzs)	5	32.17	84.49
Dividend per share (Tzs)	5	40	40
STATEMENT OF RETAINED PROFITS			
Retained profit at the beginning of the year as previously stated		1,074,116	789,197
Prior year adjustment	13	<u>86,659</u>	<u>51,413</u>
Restated		1,160,775	840,610
Profit for the year		<u>129,035</u>	<u>320,165</u>
Retained profit as at the end of the year		<u>1,289,810</u>	<u>1,160,775</u>

Notes and related statements forming part of these financial statements appear on pages 11 to 14

Report of the Auditors - page 7



BALANCE SHEET
AT 31 December 2000

	Notes	2000 Tzs '000	1999 Tzs '000
Fixed assets	6	730,338	769,111
Current assets			
Stock	7	882,911	490,587
Debtors	8	709,437	1,049,847
Bank and cash		<u>623,057</u>	<u>549,183</u>
		2,215,405	2,089,617
Current liabilities - Amounts falling due within one year			
Creditors	9	786,610	800,245
Bank overdraft	10	<u>136</u>	<u>13,021</u>
		786,746	813,266
Net current assets		<u>1,428,659</u>	<u>1,276,351</u>
Net assets		<u>2,158,997</u>	<u>2,045,462</u>
Capital employed			
Share capital	11	264,950	264,950
Share premium account	12	604,237	619,737
Retained profits		<u>1,289,810</u>	<u>1,160,775</u>
Shareholders' interest		<u>2,158,997</u>	<u>2,045,462</u>

Director

Date ..15 March 2001

Director

Date ..15 March 2001

Notes and related statements forming part of these financial statements appear on pages 11 to 14

Report of the Auditors - Page 7



**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2000**

	2000 Tzs '000	1999 Tzs '000
Cash flow from Operating Activities		
Profit before taxation	552,955	744,085
Adjustment for:		
Depreciation	134,406	110,234
Interest	16,360	44,725
Profit on sale of fixed assets	(2,500)	-
Operating profit before working capital changes	701,221	899,044
Decrease/(increase) in debtors	344,834	(248,159)
Increase in creditors	168,169	41,594
(Increase) in stocks	(392,324)	(199,345)
Cash generated from operations	821,900	493,134
Returns on investment and servicing of finance		
Interest paid	(19,560)	(45,525)
Dividend paid	(435,506)	(296,250)
Tax Paid	(4,424)	-
Cash flow from Investing Activities		
Purchase of fixed assets	(95,633)	(236,343)
Proceeds from sale of fixed assets	2,500	-
	269,277	(84,984)
Cash flow from Financing Activities		
Loan repayments	(160,000)	(40,000)
Proceeds from ordinary share issue	-	709,500
Share issue costs	(22,518)	(148,625)
	(182,518)	520,875
Net increase in cash and equivalents	86,759	435,891
Cash and cash equivalents 1 January	536,162	100,271
Cash and cash equivalents at 31 December	622,921	536,162
Analysis of cash and cash equivalents		
Bank and cash balances	623,057	549,183
Bank overdraft	(136)	(13,021)
	622,921	536,162

Notes and related statements forming part of these financial statements appear on pages 11 to 14.

Report of the Auditors - Page 7



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

1. Principal accounting policies

(a) Accounting convention

As in previous years the financial statements are prepared under the historical cost convention. A summary of the principal accounting policies is set out below: -

(b) Turnover

This represents the invoiced value of goods sold net of VAT.

(c) Fixed assets and depreciation

Fixed assets are stated at cost.

Depreciation is provided so as to write off the cost of fixed assets on a straight-line basis over the expected useful lives of the assets concerned.

The principal annual rates used for this purpose, which are consistent with those of last year, are: -

	Rate (%)
Motor vehicles and aircraft	25
Furniture, fittings, equipment and factory machinery	12.5
Factory building	4

No depreciation is calculated on land.

(d) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a weighted average cost basis. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation.

Finished tea is valued at blending and packing costs and attributable factory overheads.

(e) Translation of foreign currencies

Transactions during the year are converted into Tanzanian Shillings at mean monthly rates obtained from Standard Chartered Bank. Assets and liabilities at the balance sheet date are converted at rates ruling at year-end. The resulting differences from conversion and translation are dealt with in the profit and loss account in the year in which they arise.

(f) Deferred tax

Provision for deferred tax is made when income, expenditure or depreciation falls into different periods for accounting and tax purpose. The provision is calculated at rates of tax prevailing at balance sheet date. Provision is made only when the Directors consider that a tax benefit or charge is likely to crystallise in the foreseeable future.

(g) Cash and cash equivalent

For the purpose of the cash flow statement, cash and cash equivalent comprise cash in hand and bank net of bank overdraft.



2. Profit before taxation

	2000	1999
	Tzs'000	Tzs '000
The profit is stated after charging:		
a) Directors remuneration		
Executive	85,457	79,150
Non - executive	29,775	26,218
b) For services as a director		
Executive	1,642	1,275
Non - executive	7,795	6,695
c) Depreciation	134,406	110,234
d) Profit on disposal of fixed assets	2,500	-
e) Audit fees	10,000	6,000
f) Interest expense	16,360	44,725

3. Taxation

No charge for taxation in view of the tax holiday granted to the Company under the National Investment Promotion and Protection Act, 1990 for a period of five years effective from 1 June 1996 to 31 May 2001.

4. Dividend

Interim dividend paid Tzs 17 per ordinary share (1999 Tzs 15)	180,166	158,970
Final dividend proposed Tzs 23 per ordinary share (1999 Tzs 25)	243,754	264,950
	<u>423,920</u>	<u>423,920</u>

The Company paid an interim dividend of Tzs 17 to shareholders during the year and a proposed final dividend of Tzs 23 per ordinary shares, which translates to Tzs 40 per ordinary shares for the year. The dividend paid and payable to shareholders is subject to appropriate withholding taxes which is payable to the Tanzania Revenue Authority.

5. Earnings and dividend per ordinary shares

The Basic Earnings Per Share (EPS) is calculated on the Company's profit after taxation of Tzs 553 million.

The Earnings Per Share for 1999 has been restated after the restatement of the comparative figures based on the prior year adjustment. The 1999 EPS is calculated on the weighted average number of shares deemed to be 8,806,333 shares.

The Dividend Per Share (DPS) has been calculated on the number of ordinary shares issued and fully paid capital at the end of the year.



TANZANIA TEA PACKERS LIMITED

6. Fixed assets

	Land and building	Motor vehicles and aircraft machinery	Furniture, fittings, equip, and factory	Total
	Tzs '000	Tzs '000	Tzs '000	Tzs '000
Cost				
At 1 January 2000	294,218	265,608	412,929	972,755
Additions	4,730	40,672	50,231	95,633
Disposals	-	(6,900)	-	(6,900)
At 31 December 2000	298,948	299,380	463,160	1,061,488
Depreciation				
At 1 January 2000	12,973	86,570	104,101	203,644
Charge for the year	11,368	67,807	55,231	134,406
Disposals	-	(6,900)	-	(6,900)
At 31 December 2000	24,341	147,477	159,332	331,150
Net book value				
At 31 December 2000	274,607	151,903	303,828	730,338
At 31 December 1999	281,245	179,038	308,828	769,111

Included in motor vehicles 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 for Tzs 49.7 million. The above assets are utilized as security against the bank overdraft details of which are disclosed in note 10.

	2000 Tzs '000	1999 Tzs '000
7. Stocks		
Raw tea and packaging materials	431,285	233,012
Raw coffee	16,705	4,602
Finished tea	255,991	183,121
Finished coffee	22,366	20,356
Other stocks	18,244	20,759
Goods in transit	138,320	28,737
	<u>882,911</u>	<u>490,587</u>
8. Debtors		
Trade debtors	349,498	694,237
Other debtors	138,655	192,340
Prepayments and deposits	55,641	44,209
Corporation tax paid in advance	4,704	280
Staff debtors	94,496	62,533
Amounts due from Directors	6,954	9,561
Amounts due from related companies	59,489	46,687
	<u>709,437</u>	<u>1,049,847</u>

Amount due from related companies are in respect of transactions in the ordinary course of business conducted at arm's length.



TANZANIA TEA PACKERS LIMITED

	2000 Tzs '000	1999 Tzs '000
9. Creditors		
Trade creditors	328,373	95,087
Other creditors	73,280	140,533
Accruals	137,018	139,675
Due to Directors	697	-
Dividend (note 4) payable	247,242	264,950
Current portion of long term loan	-	160,000
	<u>786,610</u>	<u>800,245</u>

10. Overdraft

The company enjoys overdraft facility to a limit of Tzs 250 million with the Standard Chartered Bank (Tanzania) Limited to assist with working capital requirements. The facility is secured by a debenture over fixed and floating assets of the company.

11. Share capital

Authorised: 20 million ordinary shares of Tzs. 25 each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:		
At 1 January (10,598,000 shares)	264,950	211,200
Issued during the year	-	53,750
At 31 December (10,598,000 shares)	<u>264,950</u>	<u>264,950</u>

12. Share premium account

Balance at 1 January	619,737	159,478
Movements during the year:		
Shares issued	-	655,750
Share issue expenses 1999	(15,500)	(195,491)
Balance at 31 December	<u>604,237</u>	<u>619,737</u>

The share expenses are outstanding expenses settled during the year and related to the incidental costs of the public offer for sale and the listing of the company on the Dar es Salaam Stock Exchange in the previous year.

13. Prior year adjustment

The prior year adjustment arose as a result of the change in accounting policy for the valuation of finished tea to include packing cost and factory overheads. This change in accounting policy gave rise to an increase in valuation of closing stock of 1999 and a profit of Tzs. 87 million in prior periods. A prior year adjustment is made in year 2000 of the amount stated and the comparatives have been restated accordingly.

14. Deferred taxation

The company has a potential deferred tax liability as at 31 December 2000 of Tzs' 122 million (1999 Tzs'64 million) which relates principally to timing differences between book value of the assets and the tax written down value of the same asset.

No provision has been made in the accounts as the Directors are of the opinion that the liability will not crystallise within the foreseeable future.

15. Comparative figures

Comparative figures have been reclassified wherever necessary.

16. Currency

These financial statements are presented in Tanzania Shillings thousands (Tzs '000).



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that The Seventh Annual General Meeting of The Company in respect of the year ended 31st December 2000 will be held at Sheraton Hotel, Dar es Salaam on Thursday 31st May 2001 at 11:00 hours.

AGENDA

1. Confirmation of the minutes of the sixth Annual General meeting.
2. To receive and adopt The Annual Directors' Report for the year ended 31st December 2000.
3. To receive and adopt The Annual Audited Accounts for the year ended 31st December 2000.
4. To approve the appointment of the Company Auditors.
5. To consider the declaration of a final dividend for the year ended 31st December 2000.
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 members' 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

Company Secretary

Tanzania Tea Packers limited

P. O. Box 1344,

Dar es Salaam,

Tanzania.

20th April 2001

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

I (name) _____ confirm that I will be attending the

TATEPA AGM on 31st May 2001.

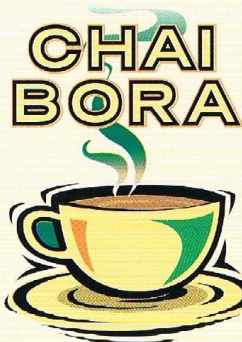
Return to: Company Secretary

Tanzania Tea Packers Limited,

P. O. Box 1344,

Dar es Salaam,

Tanzania.





TANZANIA TEA PACKERS LIMITED

PROXY

I/We _____ of _____ Being a
member/members of the above-named Company hereby appoint _____ of
_____ Or failing him _____ of _____
as my / our Proxy to vote for me/us/on my behalf at the (annual or extraordinary, as the case may be)

General Meeting of the Company to be held on the _____ Day of _____ 2001 and at my adjournment thereof.

Signed this _____ Day of _____ 20

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,
Tanzania Tea Packers Limited,
P. O. Box 1344,
Dar es Salaam,
Tanzania.



Bicycle Sales

TATEPA has added to its distribution fleet of vehicles with 50 sales bicycles that will target small retail outlets with Chai Bora sachets and merchandising materials. TATEPA has always had a strong national distribution network, and this latest move is designed to reach down from wholesalers and larger shops to the smallest roadside duka. The initiative compliments last year's launch of the 2.5g sachet, which is targeted at the small dukas.

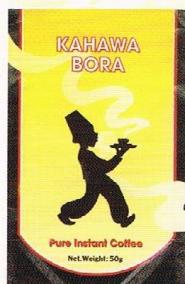


Chai Bora's 4 unique quality blends come in a wide number of pack sizes with a range of tastes and prices to suit tea consumers throughout Tanzania. Chai Bora continues to reinforce its place as the country's most popular tea.



Luxury Blend is the latest addition to the range and is targeted at the country's most discerning tea drinkers, as well as the hotel and tourist industry.

Premium Blend is available in a number of pack sizes and appeals to consumers who want the flexibility of the same great taste in loose tea or tea bag format. Premium Blend is now packaged in silver foil inner bags to guarantee freshness.



Kahawa Bora is TATEPA's instant coffee brand. To meet increasing demand for better value, the brand was introduced in a popular sachet refill packet last year, which complements the classic Kahawa Bora tin.

Supreme Blend is Chai Bora's most popular tea, famous across the country for its distinctive green packaging, consistent quality and refreshing flavour.

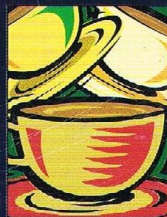


Nguvu Blend's flagship pack is the new 2.5g sachet designed to provide a good quality, affordable branded tea to consumers who can only make small cash outlays.





TATEPA employs 200 staff, the majority employed at the Chai Bora factory in Mafinga, located on the fringes of one of Tanzania's largest tea growing areas. Here, Chai Bora is blended before being packed into sachets, boxes and teabags for distribution. The TATEPA head office is in Dar es Salaam and houses the Sales & Marketing, Finance, Purchasing and Administration functions of the business.



**CHAI
BORA**

Tanzania Tea Packers Ltd
PO Box 1344, Dar es Salaam, Tanzania
Tel/Fax: 022 2865731
e-mail: chaibora@intafrica.com