

2012

TATEPA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012





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Chairman's Statement



Overview

Profits improved, despite expected early-stage losses in our new businesses, from the breakeven performance reported in 2011 to record a bottom line profit of 500/- million in the 9 months to end September 2012. Like last year, there was a better performance with regard to cash, and Group net working capital continues to improve significantly. I am further delighted to report that trading in the current year remains positive.

The good performance is driven by our tea operations which returned excellent results and these continue to fund initial losses in our new projects. On the more challenging side, the issues with smallholder sales to third parties continued to affect production, but the effects of these are reducing thanks to our initiatives and

we are thus delighted to announce the re-opening of the new Mwakaleli factory. Nonetheless the impact on our production remains significant (c.10%) despite the strongly positive role played by Government and Wakulima Tea Company Limited (WTCL). Both parties continue to work together to seek solutions to these issues.

The year 2012 continued to see great development in terms of the Groups' commitment to smallholder empowerment and green agri- business and particularly in the tea sector with The Wood Family Trust through our joint smallholder development project (CSIMP). This project, amongst other things is resulting in improvements in The Rungwe Small Tea growers Association (RSTGA)'s management capability, increased extension work, better harvesting productivity, better Health & Safety, new tea nurseries and Rainforest certification. I am thus proud to announce that during the year WTCL achieved Rain Forest Alliance Certification (RA) to add to its HACCP and ISO 22000 certifications.

Finally and as agreed last year, the Group changed its year end to 30th September to better fit its agricultural operations. In addition the official name was changed from Tanzania Tea Packers Ltd to Tatepa Ltd.

Dividends

Despite flagging at last year's AGM that no dividend would be paid until the 2014 financial year I am delighted to confirm that we earlier announced an interim dividend of 20/-per share for the year 2012-13. This was necessarily small but shareholders who opted to be paid in cash should already have received their funds whilst those who opted for scrip will receive shares in lieu following this meeting. It is our intention to continue this trend – *ceteris paribus*.





Chairman's Statement (Continued)

Expansion Plans/Financing

The Group has embarked on an expansion strategy with the joint purpose of funding further development and potentially reducing debt to allow regular dividend payments.

This strategy may result in a new issue of shares or a Rights Issue which will of course be brought to you all for approval. Development plans include further expansion at WTCL; at Rungwe Avocado Co Ltd (RAC); and at Chai Tausi; as well as the new Suma Hydro project and other initiatives.

In respect to Group financing, the Term Loan from CRDB to WTCL for the Mwakaleli development was reduced during 2012 to US\$ 1m and the loan of US\$1m (to finance a "Green Leaf" collection fleet for our smallholders) was reduced to US\$ 0.5m. Therefore, WTCL's Secured Long Term debt is \$1.5m against a fixed asset value at last valuation of over \$14m. In addition Net Current Assets (after deduction of overdrafts) are a positive of \$1m.

RAC has unsecured debt of US \$1.2m from AECF and US \$ 0.9m from The African Wildlife Foundation (AWF). Additionally it has just secured an overdraft facility of \$ 1m from CRDB Bank Plc.

Chai Tausi meanwhile has Term Debt of 215/- million and an overdraft facility of 1.35/-billion.

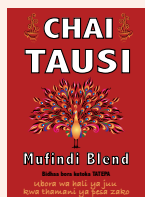
The Smallholder and Corporate Social Responsibility (CSR)

Smallholders are the heart of the Tatepa philosophy and the Group is proud of its efforts to ensure that its smallholders are paid optimally for producing good quality tea and avocados, through training, awareness and its various other programmes. WTCL and RAC fund the management of extension services and training for smallholders to the tune of over 750/- m p.a. and provide, on credit, inputs such as fertiliser, herbicides and shears for mechanical harvesting. Recently WTCL and RAC took over the management of all tea green leaf and avocado collection in order to improve efficiency and quality.

The Group has continued to strengthen its corporate social responsibility efforts. In line with initial intentions, the responsibility for the HIV/AIDs programme designed for the smallholder sectors has now largely been taken over by the RSTGA. In addition to our support to the RSTGA, we are now promoting a new smallholder avocado organisation to be called Umoja Wakulima wa Maparachichi wilaya Rungwe (UWMR). The Group continues to strengthen its commitment to environmental good governance, and is undergoing a NEMC approved Environmental Audit.

The Fair Trade, ISO 22000, and Rain Forest Alliance certifications ensure that the Group is at the forefront of CSR.

Money is the oxygen that breathes life into smallholder tea production, and once again WTCL has raised the green leaf price to the smallholder to 231/- effective January 2013. In addition, and for the first time in Tanzania, we introduced a 2nd payment system based on a formula using achieved market





Chairman's Statement (Continued)

sales prices and exchange rates. This has been both popular and successful and in some months has given an additional return close to 50% of the base price.

Smallholders also continue to get support from the Fair Trade organisation on our tea exports to them. A sum of 577/- million was received by RSTGA during the year 2012 and total funds received during the last 5 years amount to 2.1/- billion.

Wakulima Tea Company Limited (WTCL)

WTCL put in a truly exciting performance in continuing difficult circumstances in 2012 and current trading looks to produce a record year in 2013. In 2012 WTCL increased profit before tax to 1.6/- billion, with also a further increase in production. Your Board remains positive about the World Tea Market as the upward trend in global tea consumption continues, particularly in the developing countries. In addition, Kenya suffered a slight production reversal in 2012 and in 2013 may be adversely impacted by the election in March. Higher costs in Kenya continue to effectively put a downward limit on prices as that country is the world's largest exporter of black tea. We remain of the view that a long term positive tea price is now more likely than the declining prices we have seen for over twenty years and are confident that going forward the impact on demand for Tanzanian tea will be positive. In WTCL we remain concerned that production is not as good as it should be because of the continuing unresolved issues with one smallholder group, however our investment in inputs, training, prices and transport contribute significantly to WTCL being the "factory of choice" and help mitigate the negative impact. We further hope that the re-opening of our Mwakaleli factory will act as a catalyst to production in the area.

Rungwe Avocado Company Limited (RAC)

RAC continues to be a promising new business, allowing the Group an agricultural 'hedge' against tea. Smallholders in the region have enthusiastically taken up the culturing of this new crop and more than 200,000 trees have been sold and planted around the Rungwe district. In total, 550 hectares of Hass avocado trees have been planted to date, distributed between smallholder farmers, bigger plantations under management agreements with RAC, and our own estate. With over 100,000 seedlings in the nursery we anticipate total plantings of over 700Ha in Rungwe by the end of 2013. The state of the art pack house was commissioned in 2012 and then utilised for our first substantial export to the UK in the same year. As predicted, losses will continue until 2014, with substantial profits starting in 2015.

Marketing continues with our European importer (Mack Multiples) who are as excited about our avocado production as we are and they have now commenced an initiative to open up markets in the European Union for 2013 in addition to our sales to Marks and Spencer and Sainsbury.

The growing conditions and our market window remain favourable and the future, despite the 2013 yield having been reduced by drought, is promising.





Chairman's Statement (Continued)

Chai Tausi

This business, an exciting return to our roots, produced a performance exactly on target in 2012 establishing itself as a recognised brand and the No. 3 packer in the market in its first year of trading. An encouraging start and even more so is to know that our "Tausi" tea has been well accepted in the market place for both quality and packaging. As expected, Fast Moving Consumer Goods (FMCG) businesses take time to turn a profit and 2013 will continue to see losses with profit coming in the subsequent financial year.

Small Hydro Power

The Suma hydro project saw little progress on the ground in 2012 though time was spent finalising the land offer (achieved) and all pertinent approvals, as well as chasing up the necessary grant funding. The grant has been approved in principal but the funds have not yet been committed. Other options continue to be investigated including equity funding when viable.

Conclusion

As I touched on at the beginning of this statement, the Group's activities are underpinned by a commitment to empowering smallholder farmers and making agriculture greener. The Group's three new initiatives, the launch of "Chai Tausi"; RAC; and the harnessing of energy from water in the form of the Suma project, provide strong synergies with its existing tea interests, and continue to make Tatepa a company of which we should be proud.

Once again, I would like to express my gratitude to all my colleagues on the Board of Tatepa, where we welcomed two new directors this year, to my fellow directors on subsidiary companies, and to the management and staff of our management company Tanganyika Finance Company Ltd (TFC), for their commitment, vision and entrepreneurial flair that continue to ensure the Group is at the forefront of agricultural development in Tanzania.

J J Mungai (Rtd MP) -

Chairman:

16 December, 2012



Financial Review





Directors' report

For the nine month period ended 30 September 2012

The Directors submit their report together with the audited financial statements for the nine month period beginning 1 January 2012 and ending 30 September 2012, which disclose the state of affairs of Tatepa Limited ("the Company") and its subsidiaries ("the Group"). The comparative information has been presented for the financial year ended 31 December 2011.

During the Company's Extra-ordinary General Meeting held on 22 June 2012, it was unanimously resolved:

- ♦ to change the Company name from Tanzania Tea Packers Limited to Tatepa Limited; and
- ♦ to change the Company and Group year end to 30 September.

As a result of the change in year end, the current reporting period is for nine months from 1 January 2012 to 30 September 2012. This will be followed by the next full year reporting from 1 October 2012 to 30 September 2013.

1 INCORPORATION

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

2 GROUP VISION

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

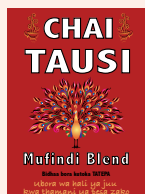
3 COMPANY MISSION

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

4 PRINCIPAL ACTIVITIES

The Company holds:

1. a majority equity stake of 70% in Wakulima Tea Company Limited (**WTCL**) (2011: 70%);
2. an aggregated majority stake of 67.42% (2011: 74.27%) in the equity of Rungwe Avocado Company Limited (**RACL**), of which 52.90% (2011: 58.27%) is held directly by Tatepa Limited and 20.75% (2011: 22.85%) is held indirectly through WTCL; and
3. a stake of 50% + 1 share (2011: 50% + 1 share) in the equity of Kyimbila Tea Packing Company Limited (**KTPCL**), held indirectly through WTCL, and has control over the management of KTPCL through the Board of Directors.





Directors' Report (Continued)

4 PRINCIPAL ACTIVITIES (CONTINUED)

Wakulima Tea Company Limited undertakes the growing, processing and sale of tea in both local and export markets. Exports are made through the Mombasa Tea Auction as well as through private contracts.

Rungwe Avocado Company Limited undertakes the growing, packing and export of avocados. Exports are made through private contract.

Kyimbila Tea Packing Company Limited blends and packs black tea for the local market and for export.

During the year, the Company's principal activities continued to be the holding and financing of the investments described above; in addition the Company has taken on the management function of KTPCL.

5 COMPOSITION OF THE BOARD OF DIRECTORS

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

S/N	Name	Position	Age (years)	Qualifications	Nationality	Date of appointment
1	Joseph J Mungai	Chairman	69	MPA (Master of Public Administration)	Tanzanian	22.06.2012
2	George C Theobald	Member	54	BA –Economics	Tanzanian	22.06.2012
3	Peter D Rowland	Member	58	Msc. Agric Eng. C. Eng	British	22.06.2012
4	Stephen S Alfred	Member	43	BA (Economics) & Master of Business & Fin Admin)	Tanzanian	09.06.2010 Retired on 31.03.2012
5	Keith Alexander	Member	57	B Sc., FCA.	British	22.06.2012
6	Robin Harrison	Member	55	MA (History, Archaeology & Anthropology)	British	22.06.2012
7	Johannes Gunnell	Member	32	MA (Oxon): Philosophy, Politics & Economics	British	22.06.2012

The Company Secretary at the date of this report, who has served in this capacity since 1 January 2012, is Mr. V. K. Tewari (Indian national).

In accordance with the Company's Articles of Association, the Directors are elected by the shareholders in an Annual General Meeting, to hold office for a period of two years, after which they retire but are eligible for re-election. All the above directors were appointed in the AGM held on 22 June 2012 for a period of two years and they are eligible for re-election.

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





Directors' Report (Continued)

6 CORPORATE GOVERNANCE

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

The Board meetings are held at regular intervals; there were 3 meetings during the period ended 30 September 2012. The Board delegates the day to day management of the business of the Group to a corporate management and consultancy company, Tanganyika Finance Company Limited (TFC). Senior management of TFC are invited to attend Board meetings and this facilitates the effective control of all the Group's operational activities, acting as a medium of communication and coordination between all various business units.

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

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

Audit Committee

	Name	Position
1	Mr. K Alexander	Chairman
2	Mr. R. Harrison	Member
3	Mr. J. Gunnell	Member

The Audit Committee reports to the Board of Directors of the company. The Audit Committee met thrice during the 9 month period.

Remunerations Committee

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

The Remuneration Committee reports to the Board of Directors of the company. The Remuneration Committee met once during the 9 month period.





Directors' Report (Continued)

7 CAPITAL STRUCTURE

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

	Group		Company	
	9 months Sep 2012 TShs '000	12 months Dec 2011 TShs '000	9 months Sep 2012 TShs '000	12 months Dec 2011 TShs '000
Ordinary share capital	446,429	446,429	446,429	446,429
Share premium	3,748,429	3,748,429	3,748,429	3,748,429
(Accumulated losses)/retained earnings	(263,222)	(215,588)	(29,288)	127,452
Proposed dividends	625,000	-	-	-
Total owners equity	4,556,636	3,979,270	4,165,570	4,322,310
Non-controlling interests	1,093,231	974,313	-	-
Total equity	5,649,867	4,953,583	4,165,570	4,322,310
Borrowings	8,601,237	8,275,993	-	-

8 MANAGEMENT

The Management of the Company and that of its subsidiaries is organised through a management agreement with Tanganyika Finance Company Limited, a corporate management and consultancy firm incorporated in Tanzania.

9 SHAREHOLDERS OF THE COMPANY

The total number of shareholders at 30 September 2012 is 1,663 shareholders (2011: 1,663 shareholders). Three of the Directors had interests in the issued and fully paid up shares of the Company and details are provided below:

Name	Nationality	Number of ordinary shares
Mr. J.J. Mungai (Rtd MP)	Tanzanian	2,231,146 shares
Mr. P. D. Rowland	British	2,232,146 shares
Mr. G. C. Theobald	Tanzanian	4,013,758 shares





Directors' Report (Continued)

The shares of the Company are held as follows:

S/N	Name	Number of ordinary shares held	
		30 Sep 2012	31 Dec 2011
1	Thompson Lloyd & Ewart Limited	4,241,112	4,241,112
2	Mr. G. C. Theobald	4,013,758	4,013,758
3	Maris Tatepa Holding Limited	3,217,680	-
4	Mr. P. D. Rowland	2,232,146	2,232,146
5	Hon J. J. Mungai (rtd MP)	2,231,146	2,231,146
6	Parastatal Pension Fund	-	2,009,552
7	National Social Security Fund	-	894,384
8	James Eluter Luhanga Trust	-	309,739
9	George P Theobald & Josephine M Theobald	244,354	244,354
10	Various others	1,676,969	1,680,974
Total		17,857,165	17,857,165

10 STOCK EXCHANGE INFORMATION

The Company is listed with the Dar es Salaam Stock Exchange (DSE) since 1999. The share price as at 30 September 2012 was Tshs. 325 (2011: Tshs 265). The market capitalization as at 30 September 2012 was Tshs 5.8billion (2011: Tshs 4.7 billion)

11 RESULTS AND DIVIDEND

	9 months Sep 2012 Actual TShs'000	12 months Dec 2011 Actual TShs'000
Company		
Other operating income	269,128	390,829
Administrative expenses	(493,042)	(563,569)
Loss before tax	(223,914)	(172,740)
Group		
Revenue- made and packed tea	14,988,148	14,024,814
Revenue- avocado	529,222	166,329
Gross profit	5,155,149	4,592,078
Profit/(loss) before tax	98,521	(627,780)
Group (Activity)		
	Tons	Tons
Production - Made tea	3,970	5,302
Production and sales – Avocado	134	6
Sales – made and packed tea	4,553	4,886





Directors' Report (Continued)

Considering the results for the period and financial position, the Company did not pay any dividend in 2012 (2011: nil), and the Board is not recommending a dividend for 2012 (2011: nil).

12 PERFORMANCE FOR THE YEAR

The performance of Wakulima Tea Company Limited was better than budget in terms of sales, tea prices and profitability. Production at 3,970 (2011: 5,302) tons almost met the budgeted target. Sales volume was ahead of budget. In 2012 tea prices remained strong averaging USD 1.96 (2011: USD 1.82) per Kilogram. Profit before tax of WTCL was Tshs1,626 million (2011: Tshs 855 million), comfortably ahead of the result for 12 months of 2011.

As an early stage start-up business Rungwe Avocado Company Limited production fell short of budget due to unfavourable weather conditions. It recorded a loss before tax of Tshs 987 million (2011:Tsh 732 million) in the 9 months of 2012 due to lower production and lower prices.

Kyimbila Tea Packing Company Limited, still a start up business, performed close to budget in terms of sales volume. However its loss was higher than budget because the Company had to embark on a marketing campaign to boost its product popularity. It expects to see improved performance in the coming years as a result of this investment. The Company made a loss before tax of Tshs 316 million (2011: Tshs 538 million) for the 9 months of 2012.

The Group profit after tax for the year at Tsh 505 million as compared to a loss after tax of Tshs 806 million in 2011 is mainly due to better results in Wakulima Tea Company Limited.

The Board considers that the outlook for all Tatepa's operations remains encouraging.

13 RISK MANAGEMENT AND INTERNAL CONTROL

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

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

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by employees. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the systems of the





Directors' Report (Continued)

Company and its subsidiaries are designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial period ended 30 September 2012 and is of the opinion that they met accepted criteria.

14 SOLVENCY

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

15 EMPLOYEES' WELFARE

Management and Employees' Relationship

There were continued good relations between group employees and management for the period ended 30 September 2012. There were no unresolved complaints received by management from the employees during the year. A healthy relationship continues to exist between management and the Trade Union.

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

Training Facilities

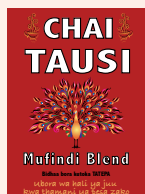
When presenting its annual budget for the period ended 30 September 2012, the Group allocated a sum of TShs 34.4 million (2011: TShs 25.9 million) for staff training in order to improve employees' technical skills and hence effectiveness. Training programs have been and are continually being developed to ensure employees are adequately trained at all levels.

Medical Assistance

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

Health and Safety

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





Directors' Report (Continued)

Financial Assistance to Staff

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

Persons with Disabilities

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

Employees Benefit Plans

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

The Group also maintains an unfunded non-contributory employee gratuity arrangement (the "Arrangements"), which provides for lump sum payments to eligible employees on their retirement at the age of 55, based on length of service and salary at retirement and qualifies as a defined benefits plan. The payments to the retired employees are made from Group's internally generated funds. The Group also pays contributions to publicly administered pension plans on mandatory basis which qualifies to be a defined contribution plan.

The average number of employees in the Group during the period was 298 (2011: 237).

16 GENDER PARITY

As at 30 September 2012, the Group had 283 employees (2011: 263 employees), out of whom 65 (2011: 57) were female and 218 (2011: 206) were male.

17 RELATED PARTY TRANSACTIONS

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

18 POLITICAL AND CHARITABLE DONATIONS

The Group did not make any political donations during the period. Donations made to public institutions and charitable organizations during the period ended 30 September 2012 amounted to TShs 0.2 million (2011: TShs 0.63 million).





Directors' Report (Continued)

19 ENVIRONMENTAL CONTROL PROGRAMME

Wakulima Tea Company Limited (WTCL) maintains an environmental policy which amongst other things insures it complies with national statute and further more exceeds many of its requirements. To this end, renewable energy sources are sought, effluence are handled properly and recycling of wastes take place. The Company's RA certification requires water resources are protected and natural species are identified. Firewood is used as a source of energy in the process of Tea manufacturing and WTCL has programmes that ensure sources are sustainable.

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

20 CORPORATE SOCIAL RESPONSIBILITY

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

21 AUDITORS

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

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

J J Mungai (Rtd MP) -
Chairman

Date 16/10/2012





Statement of Directors' Responsibilities in Respect of The Financial Statements for the nine month period ended 30 september 2012

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

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

Nothing has come to the attention of the Directors to indicate that the Company and its subsidiaries will not remain a going concern for at least twelve months from the date of this statement.

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

**J J Mungai (Rtd MP) -
Chairman**

Date _____





Report of the Independent Auditor to the members of Tatepa Limited

We have audited the accompanying financial statements of Tatepa Limited (the Company) and its subsidiaries (together, the Group), which comprise the balance sheets at 30 September 2012, the profit and loss accounts and statements of comprehensive income, statements of changes in equity and cash flow statements for the nine month period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies Act, CAP 212 Act No. 12 of 2002 and for such internal control, as the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the Group's and Company's affairs at 30 September 2012 and of their profits and losses and cash flows for the nine month period then ended in accordance with International Financial Reporting Standards and the Companies Act, CAP 212 Act No. 12 of 2002.





Report of the Independent Auditor (Continued)

Report on other legal and regulatory requirements

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

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

Michael M. Sallu

FCPA-PP

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

Date

17 December 2012





Financial Statements for the nine month period ended 30 September 2012

Profit and Loss Accounts

	Note	Group		Company	
		9 months	12 months	9 months	12 months
		Sep 2012 TShs '000	Dec 2011 TShs '000	Sep 2012 TShs '000	Dec 2011 TShs '000
Revenue	5	15,517,370	14,191,143	-	-
Gain arising from changes in fair value less costs to sell of biological assets	16	440,231	-	-	-
		15,957,601	14,191,143	-	-
Cost of sales	6	(10,802,452)	(9,599,065)	-	-
Gross profit		5,155,149	4,592,078	-	-
Other operating income	7	120,183	244,838	84,870	112,448
Selling and marketing costs	8	(1,630,981)	(1,488,351)	-	-
Administrative expenses	9	(2,879,793)	(3,241,223)	(493,042)	(563,569)
Fair value gain on ACEF loan		-	163,768	-	-
Grant amortisation	26	8,450	-	-	-
Operating profit/(loss)		773,008	271,110	(408,172)	(451,121)
Interest income		30,873	8,677	184,258	278,381
Net finance cost	11	(705,360)	(907,567)	-	-
Profit/(loss) before income tax expense		98,521	(627,780)	(223,914)	(172,740)
Income tax credit/(expense)	12	407,282	(178,867)	67,174	29,296
Profit/(loss) for the year		505,803	(806,647)	(156,740)	(143,444)

STATEMENTS OF COMPREHENSIVE INCOME

Profit/(loss) for the year		505,803	(806,647)	(156,740)	(143,444)
Total comprehensive income/(loss) for the year		505,803	(806,647)	(156,740)	(143,444)
Attributable to:					
Non-controlling interests		115,937	(313,370)		
Equity holders of the Company		389,866	(493,277)		
Earnings per share attributable to the equity holders of the Company during the year (expressed in TShs per share)					
Earnings per share (basic and diluted)	13	21.83	(27.62)		





TATEPA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

2012

Financial Statements for the nine month period ended 30 September 2012

Balance Sheets

ASSETS	Note	Group		Company	
		Sep 2012 TShs '000	Dec 2011 TShs '000	Sep 2012 TShs '000	Dec 2011 TShs '000
Non-current assets					
Property, plant and equipment	15	7,234,912	7,545,369	-	-
Biological assets	16	2,040,470	1,600,239	-	-
Trade mark		4,727	-	-	-
Deferred tax assets	27	334,056	-	96,726	29,552
Investment in subsidiaries	17	-	-	2,402,462	2,402,462
Prepaid land rent	19	32,764	44,523	-	-
Loans receivable	18	258,392	153,645	1,445,089	1,753,492
		9,905,321	9,343,776	3,944,277	4,185,506
Current assets					
Inventories	20	4,129,696	3,783,810	-	-
Biological asset - nurseries		65,912	60,799	-	-
Trade and other receivables	21	2,032,889	2,087,283	40,094	59,328
Loans receivable	22	-	-	309,345	106,230
Income tax recoverable		261,185	205,002	195,484	195,228
Cash and bank balances	23	504,012	545,736	7,753	9,398
		6,993,694	6,682,630	552,676	370,184
Total assets		16,899,015	16,026,406	4,496,953	4,555,690
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	31	446,429	446,429	446,429	446,429
Share premium	31	3,748,429	3,748,429	3,748,429	3,748,429
Accumulated losses		(263,222)	(215,588)	(29,288)	127,452
Proposed dividends		625,000	-	-	-
		4,556,636	3,979,270	4,165,570	4,322,310
Non-controlling interests		1,093,231	974,313	-	-
Total equity		5,649,867	4,953,583	4,165,570	4,322,310
LIABILITIES					
Non-current liabilities					
Borrowings	25	5,084,093	5,586,398	-	-
Deferred capital grant	26	292,504	300,954	-	-
Deferred income tax liabilities	27	-	511,941	-	-
Retirement benefit obligations	28	372,269	302,755	-	-
		5,748,866	6,702,048	-	-
Current liabilities					
Trade and other payables	24	1,983,138	1,681,180	331,383	233,380
Borrowings	25	3,517,144	2,689,595	-	-
		5,500,282	4,370,775	331,383	233,380
Total liabilities		11,249,148	11,072,823	331,383	233,380
Total equity and liabilities		16,899,015	16,026,406	4,496,953	4,555,690

The financial statements on pages 20 to 55 were approved for issue by the board of directors and signed on its behalf by:-

J J Mungai (Rtd MP) -

Date _____



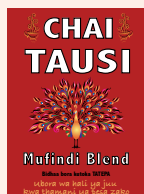


Financial Statements for the nine month period ended 30 September 2012

Statement of Changes in Equity

GROUP	Share capital TShs '000	Share premium TShs '000	Accumulated losses TShs '000	Proposed dividends Tshs '000	Non-controlling interests TShs '000	Total TShs '000
Nine month period ended 30 September 2012						
At 1 January 2012	446,429	3,748,429	(215,588)	-	974,313	4,953,583
<i>Comprehensive income</i>						
Profit for the period	-	-	389,866	-	115,937	505,803
<i>Transactions with owners:</i>						
Dividends proposed for 2012			(437,500)	625,000	(187,500)	
Shares issued during the period	-	-	-	-	190,481	190,481
As at 30 September 2012	446,429	3,748,429	(263,222)	625,000	1,093,231	5,649,867
Year ended 31 December 2011						
At start of the year	446,429	3,748,429	277,689		987,683	5,460,230
<i>Comprehensive income</i>						
Loss for the year	-	-	(493,277)		(313,370)	(806,647)
<i>Transactions with owners:</i>						
Shares issued during the year	-	-	-		300,000	300,000
As at 31 December 2011	446,429	3,748,429	(215,588)		974,313	4,953,583

COMPANY	Share capital TShs '000	Share premium TShs '000	Retained earnings TShs '000	Total TShs '000
Nine month period ended 30 September 2012				
At 1 January 2012	446,429	3,748,429	127,452	4,322,310
<i>Comprehensive income</i>				
Loss for the period	-	-	(156,740)	(156,740)
As at 30 September 2012	446,429	3,748,429	(29,288)	4,165,570
Year ended 31 December 2011				
At start of year	446,429	3,748,429	270,896	4,465,754
<i>Comprehensive income</i>				
Loss for the year	-	-	(143,444)	(143,444)
As at 31 December 2011	446,429	3,748,429	127,452	4,322,310





TATEPA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

2012

Financial Statements for the nine month period ended 30 September 2012

Cash Flow Statements

	Note	Group		Company	
		9 months	12 months	9 months	12 months
		Sep 2012	Dec 2011	Sep 2011	Dec 2011
		TShs '000	TShs '000	TShs '000	TShs '000
Cash flows from operating activities					
Cash generated from operations	32	1,210,398	(794,223)	(106,933)	(147,908)
Interest paid		(573,624)	(476,914)	-	-
Income tax paid		(502,056)	(391,580)	-	(30,631)
Interest received		30,873	8,677	-	-
Retirement benefits paid		(23,433)	(11,344)	-	-
Net cash generated/(utilised in) from operating activities		142,158	(1,665,384)	(106,933)	(178,539)
Cash flows from investing activities					
Purchase of property, plant and equipment	15	(452,994)	(1,467,878)	-	-
Cost incurred in acquisition of trade marks		(4,727)	-	-	-
Proceeds from sale of property, plant, and equipment		-	13,009	-	-
Long term loan to third parties		(137,511)	(61,260)	-	-
Long term loans to subsidiaries (net)		-	-	105,288	177,944
Net cash (utilized in)/generated from investing activities		(595,232)	(1,516,129)	105,288	177,944
Cash flows from financing activities					
Proceeds from borrowings		-	1,750,695	-	-
Repayment of borrowings		(674,617)	(506,748)	-	-
Proceeds from issue of shares		190,481	300,000	-	-
Interest free borrowings and grant		50,573	774,792	-	-
Net cash (utilised in)/generated from financing activities		(433,563)	2,318,739	-	-
Net decrease in cash and cash equivalents		(886,637)	(862,774)	(1,645)	(595)
Cash and cash equivalents at start of period/year		(1,296,718)	(433,944)	9,398	9,993
Cash and cash equivalents at end of period/year	23	(2,183,355)	(1,296,718)	7,753	9,398





Financial Statements for the nine month period ended 30 September 2012

Notes

1 GENERAL INFORMATION

Tatepa Limited (the Company) is incorporated in Tanzania under the Companies Act, CAP 212 Act No. 12 of 2002 as a limited liability company and listed on the Dar es Salaam Stock Exchange. It is domiciled in United Republic of Tanzania.

The Company and its subsidiaries (the Group) is involved in growing, processing, packing and sale of tea in the local as well as the export markets. It also produces and exports Avocado.

The address of its registered office is:

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

And its principal places of business are given below:-

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

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

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

During the Company's Annual General Meeting (AGM) held on 22 June 2012, it was unanimously resolved:

- ◆ to change the Company name from Tanzania Tea Packers Limited to Tatepa Limited; and
- ◆ to change the Company and Group year end to 30 September.

As a result of the change in year end, the current reporting period is for nine months from 1 January 2012 to 30 September 2012. The comparative information has been presented for the financial year ended 31 December 2011.





Financial Statements for the nine month period ended 30 September 2012

Notes (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of Tatepa Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations. These financial statements have been prepared under the historical cost convention, except where otherwise stated in the accounting policies below. The financial statements are presented in Tanzanian shillings (Tshs) and the values are rounded to the nearest thousands, except where otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Changes in accounting policy and disclosures

(i) New and amended Standards adopted by the Company

There are no IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Company.

(ii) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. The Directors have assessed the relevance of these amendments and interpretations with respect to the Company's operations and concluded that they do not have a material impact on the Company's 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 the 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. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and





Financial Statements for the nine month period ended 30 September 2012

Notes (Continued)

2 Summary of Significant Accounting Policies (Continued)

(b) Consolidation (continued)

operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity instruments issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and the liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the profit or loss account.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. In the Company's financial statements, investments in subsidiaries are carried at cost.

Changes in ownership interests in subsidiaries without change of control

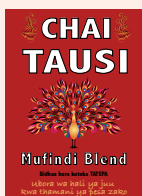
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying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

(c) Revenue recognition

Revenue represents the fair value of the consideration received or receivable for sale of goods and services, and is stated net of value-added tax (VAT), rebates and discounts and is accounted for in the period in which it is earned. Revenue is recognized as follows:

◆ Sales of goods

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





Financial Statements for the nine month period ended 30 September 2012

Notes (Continued)

2 Summary of Significant Accounting Policies (Continued)

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

◆ **Dividend income**

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

(d) Segment reporting

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

(e) Functional currency and foreign currency translation

◆ Functional and presentation currency

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

◆ Transactions and balances

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

(f) Property, plant and equipment

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

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





Financial Statements for the nine month period ended 30 September 2012

Notes (Continued)

2 Summary of Significant Accounting Policies (Continued)

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. All other repairs and maintenance expenditure are charged to the profit and loss account 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 profit and loss account.

(g) Investments in subsidiaries

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

(h) Biological assets

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

(i) Impairment of assets

At each reporting date, property, plant and equipment, are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. 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).

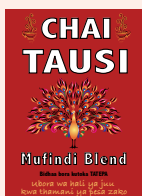
(j) Operating leases

Operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease.

(k) Inventories

Biological assets produce is measured at fair value less costs to sell at the point of harvest.

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





Financial Statements for the nine month period ended 30 September 2012

Notes (Continued)

2 Summary of Significant Accounting Policies (Continued)

(l) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings under current liabilities.

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method. Borrowing costs are expensed in the period they accrue unless they can be related, with certainty, to fixed asset construction projects, in which case they are capitalised as part of the asset's cost. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(n) Income tax

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

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.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against deferred tax liabilities.

(o) Employees benefits

Retirement benefit obligations

The Group has defined benefit and defined contributions plans. The Group has an unfunded non-contributory employee gratuity arrangement (the "Arrangements"), which provides for lump sum payments to its employees on their retirement at the age of 55, based on length of service and salary at retirement and qualifies as a defined benefits plan. The payments to the retired employees are made from Group's internally generated funds.





Financial Statements for the nine month period ended 30 September 2012

Notes (Continued)

2 Summary of Significant Accounting Policies (Continued)

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. A full actuarial valuation of the retirement benefit obligations is performed after every three years by independent actuaries using the projected unit credit method. An update valuation is performed by the Directors at the end of each year in the intervening period. Actuarial gains

(o) Employees benefits (continued)

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

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

(p) 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.

(q) Trade payables

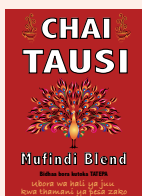
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Contractual obligations to deliver cash or another financial asset to another entity are initially measured at fair value, net of transaction costs. They are then subsequently measured at amortized cost using the effective interest method.

(r) Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of expected cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit and loss account.

(s) Loans receivable

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater





Financial Statements for the nine month period ended 30 September 2012

Notes (Continued)

2 Summary of Significant Accounting Policies (Continued)

than 12 months after the balance sheet date. These are classified as non-current assets. Loans receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment is established when there is objective evidence that an impairment loss is likely to be incurred on the receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of expected cash flows, discounted at the effective interest rate. The amount of the provision and any subsequent reversal of an impairment loss are recognised in the profit and loss account.

(t) Financial assets

The Group and the Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial asset was acquired. Management determines the classification at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

This category includes financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise they are classified as non-current.

(ii) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash and cash equivalents.

(iii) Available-for-sale financial assets

These are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest rate method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss'





Financial Statements for the nine month period ended 30 September 2012

Notes (Continued)

2 Summary of Significant Accounting Policies (Continued)

category are presented in the profit and loss account within 'other (losses)/gains - net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of other income when the Company's right to receive payment is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

(u) Provisions

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

(v) Grants

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants relating to costs are deferred and recognised in the profit and loss account over the period necessary to match them with costs that they are intended to compensate. Grants relating to property, plant and equipment are included in non-current liabilities as deferred capital grants and are credited to the profit and loss account on a straight line basis over the expected useful lives of related assets.

(w) Share capital

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

(x) Comparative figures

Where required by the Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

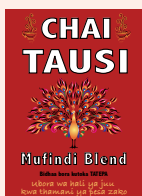
3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

Biological assets

Critical assumptions are made by the Directors in determining the fair values of biological assets. The carrying amounts and key assumptions are set out in Note 16. If the future market price of tea had been 5% higher/(lower) than management estimate and all other factors remained unchanged, the Group





Financial Statements for the nine month period ended 30 September 2012

Notes (Continued)

3 Critical Accounting Estimates and Judgements (Continued)

would have recognised a further increase/(decrease) in profit of Tshs 1,283 million respectively. If the projected Tshs/USD exchange rate had been 2% higher/(lower) than the management estimate and all other factors remained unchanged, the Group would have recognised a further increase/(decrease) in profit of Tshs 859 million respectively. If the projected Tanzania inflation rate was 2% higher/(lower) than the management estimate and all other factors remained unchanged, the Company would have recognised a further increase/(decrease) in profit of Tshs 357 million respectively.

Post-employment benefit obligations

Critical assumptions are made by the management in determining the present value of retirement benefit obligations. The carrying amounts and key assumptions are set out in Note 28. If the discount rate used had been 5% higher/(lower) than management estimate, the carrying amount of post-employment benefit obligations would have been higher/(lower) by Tshs 15 million respectively.

Impairment of unused tea factory in Wakulima Tea Company Limited (a subsidiary of Tatepa Ltd)

The Company tests annually whether its unused tea factory has suffered any impairment, in accordance with the accounting policy stated in note 2(i). The recoverable amount of the factory has been determined based on value-in-use calculations. These calculations require the use of estimates (note 15). At 30 September 2012, no impairment was recognized as the value-in-use was higher than carrying value of the factory. If the future market price of tea had been 5% lower than management estimate and all other factors remained unchanged, the Company would have recognized an impairment loss of Tshs 1.4 million. If the projected Tanzania inflation rate was 2% higher than the management estimate and all other factors remained unchanged, the Company would have recognised an impairment loss of Tshs 654 million. If the projected Tshs/USD exchange rate had been 2% higher/(lower) than the management estimate and all other factors remained unchanged, the Company would not have recognised any impairment loss.

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

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

4 FINANCIAL RISK MANAGEMENT

The Group's and Company's activities expose them to a variety of financial risks: foreign exchange risk, credit risk, cash flow and fair value interest-rate risk and liquidity risk. The Group's overall risk management programme seeks to minimize potential adverse effects on the Group's financial performance. Risks management is carried out by the management under policies approved by the Board of Directors.





Financial Statements for the nine month period ended 30 September 2012

Notes (Continued)

4 Financial Risk Management (Continued)

Credit risk

Credit risk arises from cash and cash equivalents as well as trade and other receivables. For banks and financial institutions only reputable banks and financial institutions are used by the group for banking services. Customers are assessed for credit quality by taking into account their financial position, past experience and other factors before being approved to buy goods

or services on credit. The account balances and length of time outstanding are regularly monitored.

No collateral is held for cash and cash equivalents and trade and other receivables, except for fertilizer loans amounting to Tshs 417 million (2011: Tshs 612 million) to outgrower farmers in Rungwe District who supply green leaf. The farmers' organization deposited Tshs 198 million (2011: Shs 12 million) as security against default by its members.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long and short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Where necessary the Group refinances its borrowings in order to ensure its borrowing terms remain competitive.

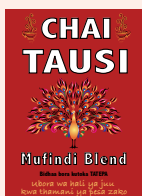
The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift.

Based on the simulation performed at 30 September 2012, an increase/decrease of 200 basis points would have resulted in a decrease/increase in consolidated post tax profit of TShs 140 million (2011: TShs 172 million), mainly as a result of higher/lower interest charges on variable rate borrowings.

The Company does not have any external borrowings as such it is not subject to interest rate risk.

Liquidity risk

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





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Notes (Continued)

4 Financial Risk Management (Continued)

Group	Within 1 year TShs'000	Between 1 and 2 years TShs'000	Between 2 and 5 years TShs'000	Over 5 years TShs'000
At 30 September 2012				
Borrowings and interest liabilities	3,517,144	1,000,335	5,009,638	-
Trade and other payables	1,983,138	-	-	-
Retirement benefit obligations	-	-	-	372,270
Total financial liabilities	5,500,282	1,000,335	5,009,638	372,270
At 31 December 2011				
Borrowings and interest liabilities	2,991,080	1,160,421	3,937,343	1,618,556
Trade and other payables	1,681,180	-	-	-
Retirement benefit obligations	-	-	-	302,755
Total financial liabilities	4,672,260	1,160,421	3,937,343	1,921,311
Company				
At 30 September 2012				
Trade and other payables	331,383	-	-	-
Total financial liabilities	331,381	-	-	-
At 31 December 2011				
Trade and other payables	233,380	-	-	-
Total financial liabilities	233,380	-	-	-

Foreign exchange risk

The Group frequently enters into transactions denominated in foreign currencies (primarily United States Dollars ("US\$")). In addition, the group has assets and liabilities denominated in United States Dollars ("US\$"). As a result, the Group is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. Exposure to foreign exchange risk is mitigated by the fact that almost 80% (2011: 88%) of its earnings are in foreign currencies (mainly US dollars).

At 30 September 2012, if the Tanzanian shilling (TShs) had strengthened / weakened by 10% against the US dollar with all other variables held constant, the Group's profit after tax for the year and equity would have been TShs 319 million (2011: TShs 414 million) higher / lower, mainly as a result of foreign exchange gains / losses on translation of US dollar-denominated trade receivables, trade payables, bank balances and borrowings.

The movement of the Tanzanian shilling against other currencies is insignificant because the number and value of transactions in other foreign currencies entered into by the Group is insignificant.





Financial Statements for the nine month period ended 30 September 2012

Notes (Continued)

4 Financial Risk Management (Continued)

Capital risk management

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as a net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and bank balances. Total capital is calculated as total equity as shown in the consolidated balance sheet plus net debt.

During the nine month period ended 30 September 2012, the Group's strategy, which was unchanged from 2011, was to maintain the gearing ratio within 25% to 50% on a long term basis. The gearing ratios were as follows:

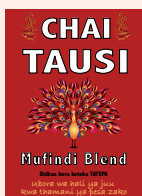
Group	Sep 2012 TShs '000	Dec 2011 TShs '000
Total borrowings (Note 24)	8,601,237	8,275,993
Less cash and bank balances (Note 23)	(504,012)	(545,736)
Net debt	8,097,225	7,730,257
Total equity	5,649,867	4,953,583
Total capital	13,747,092	12,683,840
Gearing ratio	58.90%	60.95%

The decrease in gearing during the year 2012 resulted from Group profit and decrease in borrowings as result of repayment; this gearing is expected to return to a level within the long term strategic target once all start up businesses (RAC and KTPCL) become fully operational.

5 BUSINESS SEGMENT INFORMATION

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

An analysis of the Group's revenue for the year is as follows:





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Notes (Continued)

5 Business Segment Information (Continued)

2012 (9 months)	Growing & processing tea TShs '000	Other TShs '000	Avocado fruits TShs '000	Blending and packing of black tea TShs '000	Eliminations TShs '000	Consolidated TShs '000
REVENUE						
- Export sales	12,037,487	-	452,587	-	-	12,490,074
- Local sales	871,813	-	76,635	2,078,848	-	3,027,296
	12,909,300	-	529,222	2,078,848	-	15,517,370
Operating profit/(loss) from operations	2,014,349	(223,914)	(685,145)	(150,917)	(175,174)	779,199
Finance costs	(388,242)	-	(302,208)	(165,402)	175,174	(680,674)
Profit/(loss) before tax	1,626,107	(223,914)	(987,353)	(316,319)	-	98,521
Income tax (charge)/credit	(488,709)	67,174	730,211	98,606	-	407,282
Profit/(loss) for the year	1,137,398	(156,740)	(257,142)	(217,713)	-	505,803

Other segment items included in the profit and loss account:

Depreciation	608,389	-	85,233	69,829	-	763,451
Fair value adjustment on biological assets	(407,243)	-	(32,988)	-	-	(440,231)

2012 (9 months)	Growing & processing tea TShs '000	Other TShs'000	Avocado fruits TShs '000	Blending and packing of tea TShs'000	Eliminations TShs '000	Consolidated TShs '000
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Segment assets and liabilities and capital expenditure:

Assets

Non-current assets	6,837,552	3,944,277	3,352,611	706,881	(4,936,000)	9,905,321
Current assets	5,524,320	552,676	536,195	1,044,656	(664,153)	6,993,694

Total assets **12,361,872** **4,496,953** **3,888,806** **1,751,537** **(5,600,153)** **16,899,015**

Liabilities

Current liabilities	4,152,758	331,383	74,646	1,605,647	(664,152)	5,500,282
Non current liabilities	3,300,173	-	4,467,188	179,764	(2,198,259)	5,748,866

Total liabilities **7,452,931** **331,383** **4,541,834** **1,785,411** **(2,862,411)** **11,249,148**

Additions: Property plant and equipment and biological assets

	248,817	-	193,873	10,304	-	452,994
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Financial Statements for the nine month period ended 30 September 2012

Notes (Continued)

5 Business Segment Information (Continued)

2011 (12 months)	Growing & processing tea TShs '000	Other TShs '000	Avocado fruits TShs '000	Blending and packing of black tea TShs '000	Eliminations TShs '000	Consolidated TShs '000
REVENUE						
- Export sales	12,532,626	-	26,338	-	-	12,558,964
- Local sales	1,170,179	-	139,992	322,008	-	1,632,179
	13,702,805	-	166,330	322,008	-	14,191,143
Operating profit/(loss) from operations	1,678,782	(172,740)	(450,345)	(527,501)	(337,767)	190,429
Finance costs	(823,510)	-	(282,112)	(50,354)	337,767	(818,209)
Profit/(loss) before tax	855,272	(172,740)	(732,457)	(577,855)	-	(627,780)
Income tax (charge)/ credit	(370,027)	29,296	-	161,864	-	(178,867)
Profit/(loss) for the year	485,245	(143,444)	(732,457)	(415,991)	-	(806,647)

Other segment items included in the profit and loss account:

Depreciation	823,630	-	31,280	30,478	-	885,388
Fair value adjustment on biological assets	-	-	-	-	-	-

2011 (12 months)	Growing & processing tea TShs '000	Other TShs'000	Avocado fruits TShs '000	Blending and packing of tea TShs'000	Eliminations TShs '000	Consolidated TShs '000
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Segment assets and liabilities and capital expenditure:

Assets

Non-current assets	6,789,881	4,185,509	2,343,261	663,073	(4,682,471)	9,299,253
Current assets	5,134,591	370,179	1,389,167	880,103	(1,046,888)	6,727,152

Total assets **11,924,472** **4,555,688** **3,732,428** **1,543,176** **(5,729,359)** **16,026,405**

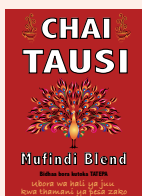
Liabilities

Current liabilities	3,945,840	233,377	96,592	1,141,852	(1,046,888)	4,370,773
Non current liabilities	4,207,088	-	4,222,206	217,484	(1,944,729)	6,702,049

Total liabilities **8,152,928** **233,377** **4,318,798** **1,359,336** **(2,991,617)** **11,072,882**

Additions: Property plant and equipment and biological assets

	210,046	-	725,965	531,867	-	1,467,878
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Financial Statements for the nine month period ended 30 September 2012

Notes (Continued)

5 Business Segment Information (Continued)

Transactions between segments are carried out at arm's length. The revenue from external parties reported is measured in a manner consistent with that in the financial statement. During the year the Blending and Packing Division bought teas from the Tea Growing and processing division, it also obtained Management services from the Other Division, in addition to that the Tea Growing and Processing Division provided financial services to the Avocado division. There were no other inter-segment transactions during 2012 and 2011. The amounts with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and physical location of the asset.

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

	Group		Company	
	9 months Sep 2012 TShs '000	12 months Dec 2011 TShs '000	9 months Sep 2012 TShs '000	12 months Dec 2011 TShs '000
United Republic of Tanzania	3,027,296	1,632,179	-	-
United Kingdom	12,490,074	12,394,032	-	-
Republic of Kenya	-	164,932	-	-
Total	15,517,370	14,191,143	-	-

Revenues are allocated based on the country from which sales proceeds are received.

All Group assets are located in Tanzania.

6 COST OF SALES

	Group		Company	
	9 months Sep 2012 TShs '000	12 months Dec 2011 TShs '000	9 months Sep 2012 TShs '000	12 months Dec 2011 TShs '000
Staff related costs (Note 10)	1,322,230	1,236,242	-	-
Processing costs	1,200,125	1,388,303	-	-
Blending cost	813,071	134,319	-	-
Packing materials costs	855,197	358,515	-	-
Greenleaf purchased from outgrowers	4,295,812	5,098,960	-	-
Field costs	1,717,055	1,886,625	-	-
Changes in stock of finished goods and work in progress	18,342	(1,082,255)	-	-
Depreciation charges (Note 15)	580,620	578,356	-	-
	10,802,452	9,599,065	-	-





Financial Statements for the nine month period ended 30 September 2012

Notes (Continued)**7 OTHER OPERATING INCOME**

	Group		Company	
	9 months	12 months	9 months	12 months
	Sep 2012	Dec 2011	Sep 2012	Dec 2011
	TShs '000	TShs '000	TShs '000	TShs '000
Management service income	-	-	84,870	112,448
Income from sale of scraps and wastages	9,855	6,274	-	-
Revenue grant	57,365	234,365	-	-
Gain / (loss) on disposal of plant property and equipment	-	3,088	-	-
Other income	52,963	1,111	-	-
	120,183	244,838	84,870	112,448

8 SELLING AND MARKETING COSTS

Transport, distribution & handling charges	1,177,147	971,489	-	-
Salesmen remuneration	165,274	135,267	-	-
Non recoverable VAT expenses	-	147,927	-	-
Cess and other government levies	84,084	113,274	-	-
Seedling expenses	45,912	22,366	-	-
Other selling costs	158,564	98,028	-	-
	1,630,981	1,488,351	-	-

9 ADMINISTRATIVE EXPENSES

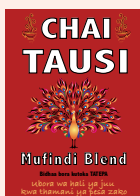
Staff related costs (Note 10)	615,714	520,582	100,253	66,898
Travelling costs	131,185	141,196	40,334	19,284
Consultancy and professional fees	772,692	1,192,543	69,263	310,176
Directors fees and allowances	130,002	129,620	75,487	69,677
Office expenses	499,106	448,791	41,406	35,901
Auditors' remuneration	130,024	125,384	30,978	39,590
Research expenses on new products	9,265	9,151	-	-
Rental charges	70,343	70,375	-	-
Depreciation (Note 15)	182,831	307,032	-	-
Foreign currency exchange (gains)/losses	(29,161)	(28,267)	46	(64,282)
Other administration costs	367,792	285,146	135,275	86,325
Pre-operational costs	-	39,670	-	-
	2,879,793	3,241,223	493,042	563,569

10 STAFF RELATED COSTS

Salaries, wages and bonuses	1,518,608	1,416,731	88,853	60,152
Medical expenses	19,477	8,743	4,084	836
Canteen costs, uniforms and amenities	213,680	171,905	-	-
Defined contribution schemes (NSSF)	103,231	104,527	7,316	5,910
Defined benefit scheme	92,948	53,918	-	-
	1,947,944	1,755,824	100,253	66,898

The above total staff costs is included within;

Cost of sales	1,332,230	1,235,242	-	-
Administrative expenses	615,714	520,582	100,253	66,898
	1,947,944	1,755,824	100,253	66,898





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Notes (Continued)

11 NET FINANCE COST

	Group		Company	
	9 months Sep 2012 TShs '000	12 months Dec 2011 TShs '000	9 months Sep 2012 TShs '000	12 months Dec 2011 TShs '000
Interest expense	573,479	476,913	-	-
Net foreign exchange transaction losses	(10,426)	341,296	-	-
Unwinding of interest on Interest free loan	142,307	89,358	-	-
	705,360	907,567	-	-

12 INCOME TAX (CREDIT)/EXPENSE

Current tax charge	1,109,642	242,276	-	(22,269)
Adjustments to tax in respect of prior years	(670,927)	127,052	-	22,526
Deferred income tax credit (Note 27)	(845,997)	(190,461)	(67,174)	(29,553)
	(407,282)	178,867	(67,174)	(29,296)

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

	Group		Company	
	9 months Sep 2012 TShs '000	12 months Dec 2011 TShs '000	9 months Sep 2012 TShs '000	12 months Dec 2011 TShs '000
Profit/(loss)before income tax	98,521	(627,780)	(223,914)	(172,740)
Tax calculated at a rate of 30%	29,556	(188,334)	(67,174)	(51,822)
Expenses not deductible for tax	234,089	74,108	-	-
Income not subject to tax	-	(3)	-	-
Tax losses for which no deferred income tax asset was recognised	-	166,044	-	-
Adjustments to tax in respect of prior years	(670,927)	127,052	-	22,526
Income tax (credit)/charge	(407,282)	178,867	(67,174)	(29,296)

13 EARNINGS PER SHARE

	Group	
	Sep 2012	Dec 2011
Profit/(loss) attributable to shareholders (TShs'000)	389,866	(493,277)
Weighted average number of share in issue (Note 31)	17,857,165	17,857,165
Basic and diluted earnings/(loss) per share (TShs)	21.83	(27.62)

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





Financial Statements for the nine month period ended 30 September 2012

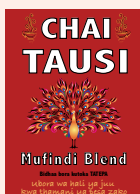
Notes (Continued)

14 DIVIDEND PER SHARE

The Company does not intend to pay any dividend in respect of the period ended 30 September 2012 (2011: nil).

15 PROPERTY, PLANT & EQUIPMENT - GROUP

	Leasehold improvements & buildings TShs '000	Motor vehicles TShs '000	Machinery, equipment, furniture & fittings TShs '000	Capital work in progress TShs '000	Total TShs '000
1 January 2011					
Cost	3,188,849	1,249,910	4,613,070	1,198,686	10,250,515
Accumulated depreciation	(510,291)	(113,125)	(2,654,641)	-	(3,278,057)
Net book value	2,678,558	1,136,785	1,958,429	1,198,686	6,972,458
Year ended 31 December 2011					
Opening net book value	2,678,558	1,136,785	1,958,429	1,198,686	6,972,458
Additions	259,667	141,028	294,480	772,703	1,467,878
Transfers	-	12,213	21,252	(33,465)	-
Disposals	-	(9,579)	-	-	(9,579)
Depreciation charge	(87,230)	(331,295)	(466,863)	-	(885,388)
Net book value	2,850,995	949,152	1,807,298	1,937,924	7,545,369
At 31 December 2011					
Cost	3,448,516	1,393,572	4,928,802	1,937,924	11,708,814
Accumulated depreciation	(597,521)	(444,420)	(3,112,504)	-	(4,154,445)
Net book value	2,850,995	949,152	1,807,298	1,937,924	7,545,369
Period ended 30 September 2012					
Opening net book value	2,850,995	949,152	1,807,298	1,937,924	7,545,369
Additions	-	131,291	137,481	184,222	452,994
Transfers	972,848	-	1,071,686	(2,044,534)	-
Depreciation charge	(101,714)	(261,946)	(399,791)	-	(763,451)
Net book value	3,722,129	818,497	2,616,674	77,612	7,234,912
At 30 September 2012					
Cost	4,421,362	1,510,684	6,137,969	77,612	12,147,627
Accumulated depreciation	(699,233)	(692,187)	(3,521,295)	-	(4,912,715)
Net book value	3,722,129	818,497	2,616,674	77,612	7,234,912





Financial Statements for the nine month period ended 30 September 2012

Notes (Continued)

15 Property, Plant & Equipment - Group (continued)

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

Depreciation expense of TShs 580.62 million (2011: TShs 578.36 million) has been charged to cost of goods sold, and TShs 182.83 million (2011: TShs 307.03 million) is classified under administrative expenses.

The Group's property, plant and equipment have been charged to secure loans as set out in Note 24 to the financial statements.

Impairment of unused tea factory in Wakulima Tea Company Ltd

Every year, management assesses the impairment on the unused tea factory by comparing its carrying value with the value-in-use. At 30 September 2012, no impairment was recognized as the value-in-use was higher than carrying value of the factory. The key assumptions used in the value-in-use calculations for 2012 were as follows:

The average market price of made tea has been projected at US\$1.95 in the year 2012-13, US\$1.97 in 2013-14 and US\$1.99 thereafter throughout the projection period, based on the average tea price for the past 4 years. Cost of inflation will be 12.00% in 2012 -14, 10.00% in 2014-15 and 8% in 2015-18; and thereafter it will be capped at 6% throughout the projection period. The US\$/Tsh exchange rate to increase by average of 6% over next five years until 2016-17 and thereafter increase in line with the difference between Tanzania and US inflation.

The key assumptions used for the value-in-use calculations for 2011 were as follows:

The average market price of made tea of US\$1.80 throughout the projection period, based on the average tea price for the past 4 years. Cost of inflation will be 11.70% in 2012, 5.7% in 2013 and 5.6% in 2014; and thereafter it will be capped at 6% throughout the projection period.

16 BIOLOGICAL ASSETS- GROUP

	Tea Bushes TShs '000	Avocado plantations TShs '000	Total TShs '000
Fair value			
At 1 January 2012	1,430,639	169,600	1,600,239
Gain arising from changes in fair value less costs to sell	407,243	32,988	440,231
At 30 September 2012	1,837,882	202,588	2,040,470
Year ended 31 December 2011			
At 1 January 2011	1,430,639	169,600	1,600,239
Gain arising from changes in fair value less costs to sell	-	-	-
At 31 December 2011	1,430,639	169,600	1,600,239





Financial Statements for the nine month period ended 30 September 2012

Notes (Continued)

16 Biological Assets- Group (continued)

Tea bushes, forestry and avocado fruit plantations are carried at fair value less costs to sell. In determining the fair values of tea bushes and avocado fruit plantations, the Directors have made certain assumptions about the yields and market prices of tea and avocado fruits in future years, and the costs of running the estates.

The key assumptions made concerning the future (projected over 10 years) in respect of tea bushes are as follows:

Tea

The climatic conditions are expected to be average. The average market price of made tea has been projected at US\$1.95 in the year 2012-13, US\$1.97 in 2013-14 and US\$1.99 thereafter throughout the projection period, based on the average tea price for the past 4 years. Cost of inflation will be 12.00% in 2012 -14, 10.00% in 2014-15 and 8% in 2015-18; and thereafter it will be capped at 6% throughout the projection period. The US\$/Tsh exchange rate to increase by average of 6% over next five years until 2016-17 and thereafter increase in line with the difference between Tanzania and US inflation.

In 2011 the key assumptions were; average market price of made tea of US\$1.80 throughout the projection period, based on the average tea price for the past 4 years. Cost of inflation was projected at 11.70% in 2012, 5.7% in 2013 and 5.6% in 2014; and thereafter it was capped at 6% throughout the projection period. The pre-tax discount rate applied to the expected net cash flows in 2012 was 22.00% (2011: 23.98%).

There are 316 hectares (2011:316 hectares) of mature tea bushes located in Tukuyu district in Tanzania. The tea estates produced 3.14 million (2011: 3.14 million) kilograms of green tea leaf and nothing was harvested from the forest reserve during the period ended 30 September 2012.

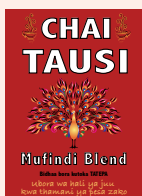
Avocado

Climatic conditions are expected to be average. In 2012 the key assumptions were; average market price per kg of avocado (UK delivered) of US\$1.70 in the years 2012 to 2014, US\$1.78 in 2014-15, US\$1.87 in 2015-16, US\$1.96 in 2016-17, US\$2.06 in 2017-18 and US\$2.16 thereafter throughout the projection period, based on the average avocado price for the past 2 years. Cost of inflation will be 12.00% in 2012 to 2014, 10.00% in 2014-15 and 8% in 2015 to 2018; and thereafter it will be capped at 6% throughout the projection period. The US\$/Tsh exchange rate to increase by average of 6% over next five years until 2016-17 and thereafter increase in line with the difference between Tanzania and US inflation. The pre-tax discount rate applied to the expected net cash flows in 2012 was 22.00% (2011: 23.98%).

There are 60 hectares (2011:60) of mature avocado plantation, located in Tukuyu district in Tanzania. The avocado plantations produced 114.7 (2011: 5 tons) tons of avocado during period ended 30 September 2012.

Forestry

There are 198.2 hectares (2011: 198.2 hectares) of forestry. The expected cash flows involved in maintaining the forestry are in excess of the expected cash flows from the proceeds obtained from harvests. The forestry is therefore carried at Nil (2011: Nil) value.





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Notes (Continued)

17 INVESTMENT IN SUBSIDIARIES

	Sep 2012 TShs '000	<u>Dec 2011</u> <u>TShs '000</u>
Wakulima Tea Company Limited (a)	1,704,272	1,704,272
Rungwe Avocado Company Limited (b)	698,190	698,190
	<u>2,402,462</u>	<u>2,402,462</u>

The investments relates to:

Nature of business	Number and description of share held		% of issued shares held	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
(a) Growing, processing and sale of made tea	1,537,694 ordinary shares	1,537,694 ordinary shares	70%	70%
(b) Growing, processing and sale of avocado and other fruits	69,819 Ordinary shares	69,819 Ordinary shares	52.90%	58.27%

The Company has an indirect interest of 67.42% in Rungwe Avocado Company Limited (RACL) and 35% in Kyimbila Tea Packing Company Limited (KTPCL), through Wakulima Tea Company Limited which holds 20.75% of RACL and 50%+1 share in KTPCL.

In 2012, RACL issued shares to a minority shareholder as follows:

Date	No of shares issued	Total number of RACL Shares
19 Jan 2012	6,992	126,811
9 Feb 2012	1,219	128,030
23 Mar 2012	1,510	129,540
6 July 2012	2,441	131,982

The effect of the above issue of shares was to dilute the shareholdings of Tatepa Ltd and WTCL as follows:

Company	31 Dec 11	19 Jan 12	9 Feb 12	23 Mar 12	6 Jul 12	30 Sep 12
Tatepa Ltd	74.27%	70.17%	69.50%	68.69%	67.42%	67.42%
WTCL	22.85%	21.59%	21.39%	21.14%	20.75%	20.75%

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





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Notes (Continued)**18 LOAN RECEIVABLE – Non current**

	Group		Company	
	Sep 2012 TShs '000	Dec 2011 TShs '000	Sep 2012 TShs '000	Dec 2011 TShs '000
Wakulima Tea Company Limited	-	-	399,999	800,000
Rungwe Avocado Company Limited	-	-	1,045,090	953,492
Moravian Church	258,392	153,645	-	-
	258,392	153,645	1,445,089	1,753,492

Loan to Wakulima Tea Company Limited (WTCL) carries interest rate of 15% (2011: 15%) and is unsecured. The repayment of the loan by WTCL is subject to approval by CRDB Bank Plc.

Loan to Rungwe Avocado Company Limited is a medium term facility denominated in US dollar and carries interest at the rate of 12% per annum (2011: 12%). The loan is repayable after December 2014 subject to the availability of cash in Rungwe Avocado Company Limited (RACL).

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

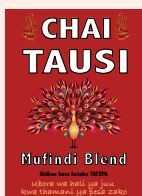
19 PREPAID LAND RENT

	Group		Company	
	Sep 2012 TShs '000	Dec 2011 TShs '000	Sep 2012 TShs '000	Dec 2011 TShs '000
Moravian Church	48,128	58,623	-	-
Less: Current portion (Note 21)	(15,364)	(14,100)	-	-
	32,764	44,523	-	-
Opening balance	58,623	67,472	-	-
Amortisation	(10,495)	(8,849)	-	-
Closing balance	48,128	58,623	-	-

20 INVENTORIES

Finished products	1,400,395	1,558,358	-	-
Unprocessed products	298,455	158,834	-	-
Stores and consumables	2,436,340	1,926,254	-	-
Goods in transit	12,566	147,444	-	-
Impairment provision	(18,060)	(7,080)	-	-
	4,129,696	3,783,810	-	-

The cost of finished goods and work in progress expensed/credited and included in 'cost of sales' amounted to TShs 18 million (2011: TShs (1,082) million).





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Notes (Continued)

21 TRADE AND OTHER RECEIVABLES

	Group		Company	
	Sep 2012 TShs '000	Dec 2011 TShs '000	Sep 2012 TShs '000	Dec 2011 TShs '000
Trade receivables	925,736	525,976	-	-
Advances to tea growers	417,099	611,672	-	-
VAT recoverable	190,604	383,891	5,297	13,559
Other receivables	364,774	97,439	133	98
Deposits and prepayments	119,312	454,205	3,511	1,303
Current portion of land rent (Note 19)	15,364	14,100	-	-
Due from related parties (Note 34 (iii))	-	-	31,153	44,368
	2,032,889	2,087,283	40,094	59,328

Trade receivables that are less than 14 days (2011: 14 days) are within the Group's credit period. As of 30 September 2012, trade receivables of TShs 104 million (2011: TShs 410 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The remainder was neither past due nor impaired. All receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated. The fair value of the trade and other receivable balance is approximately the carrying value. The carrying amounts of the trade receivables are denominated in the following currencies.

US dollar	454,109	164,587	-	-
Tanzania shilling	471,627	361,389	-	-
	925,736	525,976	-	-

22 LOANS RECEIVABLE – Current

Wakulima Tea Company Limited	-	-	309,345	106,230
	-	-	309,345	106,230

Refer to Note 18 to the financial statements for the terms and conditions of the loan receivable. The fair value of the loan receivable is approximately the carrying value.





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Notes (Continued)

23 CASH AND CASH EQUIVALENTS

	Group		Company	
	Sep 2012 TShs '000	Dec 2011 TShs '000	Sep 2012 TShs '000	Dec 2011 TShs '000
Cash at bank and in hand	504,012	545,736	7,753	9,398

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

Cash and bank balances	504,012	545,736	7,753	9,398
Bank overdraft (Note 25)	(2,687,367)	(1,842,454)		-
	(2,183,355)	(1,296,718)	7,753	9,398

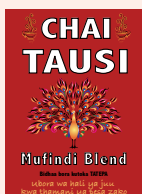
24 TRADE AND OTHER PAYABLES

Trade payables	943,205	1,037,653	2,844	49,366
Other payables and accrued expenses	841,794	508,165	130,400	48,650
Due to directors	62,269	-	62,269	-
Due to related parties (Note 34)	2,844	-	2,844	-
Unclaimed dividends	133,026	135,362	133,026	135,364
	1,983,138	1,681,180	331,383	233,380

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

25 BORROWINGS

	Group		Company	
	Sep 2012 TShs '000	Dec 2011 TShs '000	Sep 2012 TShs '000	Dec 2011 TShs '000
Non-current				
CRDB Bank Plc term loans (i)	1,987,006	2,637,134	-	-
ACEF loan (ii)	1,606,290	1,460,936	-	-
AWC loan (iii)	1,490,797	1,488,328	-	-
	5,084,093	5,586,398	-	-
Current				
CRDB Bank Plc loans (i)	829,777	755,170	-	-
Bank overdrafts: CRDB Bank Plc (i)	2,687,367	1,842,455	-	-
Rungwe Smallholder Tea Development Trust Fund	-	91,970	-	-
	3,517,144	2,689,595	-	-
TOTAL	8,601,237	8,275,993	-	-





Financial Statements for the nine month period ended 30 September 2012

Notes (Continued)

25 Borrowings (Continued)

(i) CRDB Bank loans and overdrafts

Wakulima Tea Company Ltd (WTCL)

Bank loans

WTCL has two US dollar denominated term loan facilities with carrying value of Tshs 1,662 million and Tshs 926 million respectively expiring in 2015, and bearing a minimum interest of 7.5% per annum (2011: 7.5% per annum).

Overdrafts

In addition, WTCL has a US dollar denominated overdraft facility with carrying value of Tshs 109 million bearing an interest rate of 7.5% (2011: 7.5%) per annum and expiring in October 2012 (this has been renewed by the Bank to October 2013), and a Tanzania shilling denominated overdraft facility with carrying value of Tshs 1,299 million expiring in April 2013 and bearing an interest rate of 15% (2011: Nil) per annum.

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

Kyimbila Tea Packing Company Ltd (KTPCL)

Bank loan

The KTPCL has a term loan facility with carrying value of Tshs 228 million, bearing an interest of 16% (2011: 15%) per annum and expiring in February 2016.

Overdraft

In addition, KTPCL has an overdraft facility with carrying value of Tshs 1,279 million, bearing an interest of 16% (2011: 15%) per annum and expiring in February 2013.

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





Financial Statements for the nine month period ended 30 September 2012

Notes (Continued)

25 Borrowings (continued)

(ii) AECF loan and deferred capital grant

Rungwe Avocado Company Ltd has an interest free and unsecured loan from Africa Enterprise Challenge Fund (AECF) with a carrying value of Tshs 1,606 million. It will be fully paid by 2014. The movement of the loan is as follows:

	Group	
	Sep 2012 TShs '000	Dec 2011 TShs '000
Balance at the beginning of the year	1,460,936	844,880
Drawdown during the year	-	571,240
Fair value adjustment on initial recognition	-	(163,768)
Unwinding of discount	142,307	89,358
Exchange loss	3,047	119,226
Closing balance	1,606,290	1,460,936

(iii) AWC loan

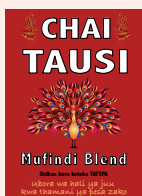
Rungwe Avocado Company Ltd has a loan facility from AWC CB1 Limited denominated in US dollars, with a carrying value of Tshs 1,490 million and an interest of 8% per annum. The repayments of the principal amount will start after the expiry of three years grace period in June 2014. The exposure of the Group's borrowings to interest rate changes at the end of the reporting period are as follows:

	Group	
	Sep 2012 TShs '000	Dec 2011 TShs '000
Less than 1 year	3,517,144	2,597,625
1-5 years	3,447,803	4,125,466
Closing balance	6,964,947	6,723,091

The carrying amounts of borrowings approximate to their fair values. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that the Directors expect would be available to the group at the balance sheet date.

26 DEFERRED CAPITAL GRANT

	Group	
	Sep 2012 TShs '000	Dec 2011 TShs '000
Opening balance	300,954	300,954
Grant amortisation	(8,450)	-
Closing balance	292,504	300,954





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Notes (Continued)**27 DEFERRED INCOME TAX (ASSETS)/LIABILITIES**

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

	Group		Company	
	Sep 2012 TShs '000	Dec 2011 TShs '000	Sep 2012 TShs '000	Dec 2011 TShs '000
At the beginning of period/year	511,941	702,402	(29,552)	-
Credited into the profit and loss account (Note 12)	(845,997)	(190,461)	(67,174)	(29,553)
At the end of period/year	(334,056)	511,941	(96,726)	(29,553)

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

Property, plant and equipment	367,726	441,516	-	-
Biological asset fair valuation	590,620	429,191	-	-
Losses	(1,165,373)	(257,835)	(96,726)	(29,552)
Provisions	(127,029)	(100,931)	-	-
At the end of period/year	(334,056)	511,941	(96,726)	(29,552)

28 RETIREMENT BENEFIT OBLIGATIONS

As at 1 January	302,754	260,181	-	-
Current service cost	47,996	53,918	-	-
Interest cost	44,952	-	-	-
Benefits paid	(23,433)	(11,344)	-	-
As at 31 December	372,269	302,755	-	-

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 a full actuarial valuation of the Arrangement as at 31 December 2010, using the Projected Unit Credit Method. The next valuation is due at 30 September 2013. The present value of the accrued (past service) liability in respect of retirement gratuity benefits at 30 September 2012 was TShs 372 million (2011: Tshs 302 million). The Group Companies have recognised the full liability at 30 September 2012. The principal assumptions used in the actuarial valuation are:

- (i) Discount rate of 13%;
- (ii) Rate of salary escalation of 10% per annum;
- (iii) Rate of repatriation allowance escalation of 10% per annum
- (iv) Retirement age – 25% at age 55 and the balance at age 60
- (v) Pre retirement mortality – A1949/52 Ultimate





Financial Statements for the nine month period ended 30 September 2012

Notes (Continued)

28 Retirement Benefit Obligations(Continued)

The "notional" Company contribution rate to meet the cost of future accrual of the gratuity benefit is estimated at 8.3% of basic salaries per annum for management and 3.7% of basic salaries per annum for non management. The 5 year trend of this non-contributory employee gratuity arrangement is as follows:-

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Present value of the defined benefit obligation	372,270	302,754	260,181	103,387	78,754

29 COMMITMENTS

Capital commitments

The Group had no capital commitments at the balance sheet date.

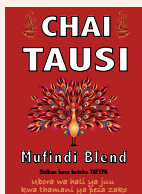
Operating lease commitments – where a Group company is the lessee

The Group companies have leased land from the Government of the United Republic of Tanzania with lease terms ranging from 33 years to 99 years which can be renewed at the end of each term subject to the laws of the country at the time. The Group companies are obliged to pay annual land rent to the Government during the lease period. This land remains the property of the Tanzania Government as land under the present jurisdiction cannot be owned on a freehold basis. The future aggregate minimum lease payments under a non-cancellable operating lease relating to this land are as follows:

	Group		Company	
	<u>Sep 2012</u>	<u>Dec 2011</u>	<u>Sep 2012</u>	<u>Dec 2011</u>
	TShs '000	TShs '000	TShs '000	TShs '000
Less than 1 year	1,081	1,041	-	-
1-5 years	4,322	4,163	-	-
Later than 5 years	50,963	52,044	-	-

30 CONTINGENT LIABILITIES

In 2012 there have been three (2011: Nil) on-going labour disputes before the Commissioner for Mediation and Arbitration in relation to ex-employees claiming damages for termination totalling Tshs 57 million. These are in Wakulima Tea Company Limited. In all the three cases, the mediation has failed and the cases are to proceed into hearing. No provision in relation to these claims has been recognised in these financial statements as, in the opinion of the Directors, it is not probable that a significant liability will arise.





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Notes (Continued)

31 SHARE CAPITAL

	Group		Company	
	<u>Sep 2012</u> TShs '000	<u>Dec 2011</u> TShs '000	<u>Sep 2012</u> TShs '000	<u>Dec 2011</u> TShs '000
Authorised: 20,000,000 ordinary shares of Shs 25 each	500,000	500,000	500,000	500,000

Group and Company

	2012 Number	2011 Number
Number of Issued and fully paid shares	17,857,165	17,857,165

Share capital and premium

Group and Company	Share Capital TShs '000	Share Premium TShs '000	Total TShs '000
At 1 January and 30 September 2012	446,429	3,748,429	4,194,858

32 CASH GENERATED FROM OPERATIONS

	Group		Company	
	9 months <u>Sep 2012</u> TShs '000	12 months <u>Dec 2011</u> TShs '000	9 months <u>Sep 2012</u> TShs '000	12 months <u>Dec 2011</u> TShs '000
Profit/(loss) profit before income tax	98,521	(627,780)	(223,914)	(172,740)
Adjustments for:				
Depreciation (Note 15)	763,451	885,388	-	-
Amortisation of deferred capital grant (Note 24 (iii))	(8,450)	-	-	-
Amortisation of prepaid land rent	10,495	8,849	-	-
Interest unwinding (Note 25 (ii))	142,307	89,358	-	-
Fair value (gain)/loss on biological assets (Note 16)	(440,231)	-	-	-
Fair value gain on ACEF loan	-	(163,768)	-	-
Employees' gratuity	92,948	53,918	-	-
Interest expense	573,624	476,913	-	-
Interest income	(30,873)	(8,677)	-	-
Unrealised exchange loss	1,989	(32,536)	-	-
Gain on disposal of property, plant and equipment	-	(3,430)	-	-
<i>Changes in working capital:</i>				
Inventories	(345,886)	(1,484,824)	-	-
Biological asset (nurseries)	(5,113)	(20,842)	-	-
Receivables	55,658	(625,408)	18,978	(36,065)
Payables	301,958	658,616	98,003	60,897
Cash generated from operations	1,210,398	(794,223)	(106,933)	(147,908)





Financial Statements for the nine month period ended 30 September 2012

Notes (Continued)

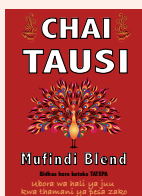
33 SUBSEQUENT EVENTS

There are no significant events that have occurred since the balance sheet date that would require separate disclosure or adjustment to the financial statements of the Group or the Company for the nine months period ended 30 September 2012.

34 RELATED PARTY TRANSACTIONS AND BALANCES

At the balance sheet date there was no single shareholder with a controlling interest in the Company. The Company owns two subsidiary companies, Wakulima Tea Company Limited and Rungwe Avocado Company. 30% of Wakulima Tea Company Limited shareholding is owned by Rungwe Smallholders Tea Development Trust Fund, and 26.35% of Rungwe Avocado Company Limited is owned by Robert Clowes. There is no ultimate parent of the companies in the Group (2011: None). Wakulima Tea Company Limited owns 50% plus 1 shares in the equity of Kyimbila Tea Packing Company Limited (KTPCL), TATEPA has a contract to manage KTPCL; the later also buys raw tea from Wakulima Tea Company Limited. A Company shareholder and director, Mr George Theobald, owns Tanganyika Finance Company Limited and has shares in Nomad Tanzania Limited. Also he is a trustee of Selous Rhino Trust. Tanganyika Finance Company Limited provides management services to the Tatepa Limited and its subsidiary companies. The following transactions were carried out with related parties:

	Group		Company	
	9 months Sep 2012 TShs '000	12 months Dec 2011 TShs '000	9 months Sep 2012 TShs '000	12 months Dec 2011 TShs '000
i) Purchase of services				
Subsidiary (management services)	-	-	84,870	112,449
Tanganyika Finance Company Ltd (management services)	679,263	876,348	69,263	97,471
ii) Sale of services				
Subsidiary (management services)	-	-	84,870	112,449
iii) Interest on loans				
Subsidiaries	-	-	184,257	278,380
iv) Year-end balances arising from sale/purchase of goods and services				
	Group		Company	
	Sep 2012 TShs '000	Dec 2011 TShs '000	Sep 2012 TShs '000	Dec 2011 TShs '000
Receivable from related parties				
Subsidiary	-	-	31,153	44,368
Loan receivable/(payable) from related parties				
Subsidiaries	-	-	1,754,434	1,859,722
Tanganyika Finance Company Ltd	(4,325)	-	(2,844)	-





Financial Statements for the nine month period ended 30 September 2012

Notes (Continued)

34 Related Party Transactions and Balances (Continued)

iv) Directors and key management's remuneration

Remuneration policy for directors and executives.

The Directors of the Company are paid an annual allowance of US\$6,600 (2011: US\$6,000) each, while the Chairman is paid US\$8,800 (2011: US\$8,000). In addition to the annual fees, Directors are entitled to a refund of their actual travelling expenses or a sum of US\$550 (US\$: US\$500) per sitting as well as payment of an allowance of US\$550 (2011: US\$ 500) for attending each meeting to cover their incidental expenses. During the year, it was resolved to pay the Chairman a gross salary of US\$60,000 as well as an allowance of US\$5,000 towards the education of his children (limited to two children) per annum effective 1 January 2012 in addition to the agreed annual fees and allowances.

Directors remuneration;

2012 (nine months)	Short term employee benefits			Directors Fees	Sitting allowances	Post employment benefits	Other long-term benefits	Share based payments	Total
	Salary	Medical	Children school fees						
	Tshs'000	Tshs'000	Tshs'000						
Directors									
J J Mungai (rtd MP)	77,834	4,084	15,693	10,047	3,767	-	-	-	111,425**
S Alfred	-	-	-	3,618	1,098	-	-	-	4,716
Keith Alexander	-	-	-	7,535	8,711	-	-	-	16,246
G C Theobald	-	-	-	7,535	6,120	-	-	-	13,655
P D Rowland	-	-	-	7,535	6,120	-	-	-	13,655
Robin Harrison	-	-	-	7,771	5,651	-	-	-	13,422
Johannes Gunnell	-	-	-	3,457	4,318	-	-	-	7,775
2011 (12 months)									
Directors									
J J Mungai (rtd MP)	58,472	-	-	12,592	4,046	-	-	-	75,110
S Alfred	-	-	-	9,444	4,046	-	-	-	13,490
K Alexander	-	-	-	9,444	3,230	-	-	-	12,674
G C Theobald	-	-	-	9,444	4,046	-	-	-	13,490
P D Rowland	-	-	-	9,444	4,046	-	-	-	13,490
Robin Harrison	-	-	-	-	-	-	-	-	-
Johannes Gunnell	-	-	-	-	-	-	-	-	-

** TZS 35.856m of this amount have been provided in the books but not yet been paid out.





Notice of Annual General Meeting

Notice is hereby given that the 19th Annual General Meeting of the Company in respect of the period ended 30th September 2012 will be held at New Africa Hotel, Dar es Salaam on Friday 22nd March 2013 at 11:00 hours.

AGENDA

1. Confirmation of the minutes of the 18th Annual General Meeting.
2. To received and adopt the Annual Directors' Report for the period ended 30th September 2012.
3. The audited Annual Accounts for the period ended 30th September 2012 are being laid before the shareholders.
4. To appoint PriceWaterhouseCoopers, P.O.Box 45, Dar es Salaam, as the Company Auditors as recommended by the Board of Directors for the year 2012-13.
5. To approve payment of an interim dividend (for the year 2012-13) of Tsh 20 per share payable in cash or in scrip, in both cases net of 5% withholding tax.
6. Appointment of Directors: The directors were appointed for a period of two years in the last AGM and hence no appointments due.
7. 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 Company or not) to attend and vote on the member's behalf.

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

BY ORDER OF THE BOARD



V.K.Tewari
Company Secretary

Tatepa Limited
15 February 2013.

Registered Office

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



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

I, (name) _____ Confirm that

I will be attending the TATEPA Ltd AGM on 22nd March 2013

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

PROXY

I/We of _____ of _____

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

_____ of _____ or failing

him/her _____ of _____

as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the 22nd day of March 2013 and at any adjournment thereof.

Signed _____ This _____ Day of March 2013.

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

If you have appointed a proxy to vote on your behalf please detach and return to:

Company Secretary

Tatepa Limited;

P O Box 1344, Dar es Salaam, Tanzania.








TATEPA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

2012



CHAI TAUSI



Mufindi Blend

Bidhaa bora kutoka TATEPA
ubora wa hali ya juu
kwa thamani ya pesa zako

Tanzania Tea Packers Limited
P O Box 1344 Dar es Salaam, Tanzania
Tel. +255 22 2861390-91,
E-mail: general@tatepa.com

CHAI TAUSI



Rungwe Blend

Bidhaa bora kutoka TATEPA
ubora wa hali ya juu
kwa thamani ya pesa zako