

CHAI
TAUSI



TATEPA LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013



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TATEPA LIMITED

TAMKO LA MWENYEKITI WA BODIYA WAKURUGENZI MWAKA 2012/2013

UTANGULIZI



Kundi la Makampuni ya Tatepa Limited limeonyesha mafanikio makubwa katika mwaka wa 2012-2013; jambo ambalo linaashiria kuwa tunakoelekea ni kuzuri. Chai Tausi imetimiza mwaka mwingine wa biashara ya kuchanganya, kufungasha na kuuza chai kwa mafanikio, na jina Chai Tausi sasa linafahamika Tanzania nzima. Ndani ya miaka miwili ijayo CHAI TAUSI itanza kutoa faida.

Kwa bahati mbaya Makampuni tanzu ya Tatepa kwa mwaka 2012-2013 hayakufanya vyema kibiashara kwani yalipata hasara ya zaidi ya shilingi bilioni 2. Hasara hii ilitokana hasa na Kampuni za Chai Tausi na Maparachichi ya Rungwe. Chai Tausi hasara yake ilisababishwa na gharama za mauzo na ukuzaji wa masoko ambazo zilikuwa muhimu ili kuitambulisha sokoni na kuweka msingi mzuri wa ukuaji wake.

Kampuni ya Rungwe Avocado ilipata hasara kutokana na kutofikia malengo ya uzalishaji; lakini pia bado tumo katika ulingo wa kuendelea kujifunza jinsi ya kuuza nje bidhaa mbichi. Kampuni ya Wakulima (**WATCO**) ilipata pigo la wakulima wetu wadogo kuuza 12% ya majani ya chai mabichi kwa kiwanda kingine. Hii inaendelea kuathiri uzalishaji, lakini hata hivyo tumeweza kukifungua Kiwanda cha Mwakaleli, ambacho awali kilifungwa kutokana na kukosa majani ya kusindika kutoka kwa wakulima wadogo. Serikali inabidi ishirikiane na **WATCO** (Kampuni ya ubia wa Tatepa Limited na Umoja wa Wakulima Wadogo wa Chai Rungwe - **RSTGA**) kuona kuwa ile 12% ya majani ya chai mabichi yanayouzwa kwenye kiwanda kingine imesitishwa kama Serikali ilivyoahidi. Endapo uzaji huo wa majani ya chai mabichi Wilayani Rungwe ulio kinyume na Sheria hautasitishwa tutalazimika kupanga mkakati mwingine.

Mwaka 2012-2013 tumeshuhudia maendeleo makubwa katika kuwaongezea uwezo wakulima wadogo kwa kushirikiana na wadau wetu: **The Sainsbury Foundation** na **The Wood Family Trust**. Kwa pamoja tumeanzisha Mradi wa Maendeleo ya Wakulima Wadogo ambao utaongeza utendaji mzuri wa menejementi ya **RSTGA**, utaboresha huduma za ugani, utaongeza tija katika kuvuna majani, utakuza afya bora na usalama, utaanzisha vitalu vipya vya chai, na utaimarisha misitu ya mvua; ambavyo visipotekelzwa kutakuwa na athari kubwa; na hasa kama pia Serikali isipochukua hatua iliyoahidi.



TATEPA LIMITED

TAMKO LA MWENYEKITI WA BODIYA WAKURUGENZI MWAKA 2012/2013

GAWIO

Kama ilivyoelezwa kwenye mkutano Mkuu wa Mwaka jana, hakuna gawio litakalolipwa mwaka huu hadi hapo mwaka wa fedha 2014-2015 ambapo tunategemea makampuni tanzu ya Tatepa Limited yataanza kuleta faida.

UPANUZI NA UWEKEZAJI

Tatepa Limited imejizatiti katika mkakati wa upanuzi kwa kushirikiana na wawekezaji wengine ili kupunguza madeni na kuweza kulipa gawio kwa wanahisa.

Mipango hiyo ya maendeleo inahusisha upanuzi wa **WATCO**; Rungwe Avocado Company Limited (**RAC**) na Chai Tausi; na aidha mradi wa Umeme wa Maji wa Suma (Suma Hydro Project). Mipango hii itawezesha yafuatayo:-

- Uwekezaji katika Chai Tausi;
- Uwekezaji katika Kampuni ya Maparachichiya Rungwe(**RAC**);
- Kupata mikopo kwa ajili ya Mradi wa Umeme wa Maji wa Suma; na
- Kubana matumizi kwa kufunga baadhi ya shughuli.

Katika ulipaji madeni, deni la benki ya **CRDB** kwa **WATCO** ambalo lilikuwa kwa ajili ya kufanikisha uendelezaji kiwanda cha Mwakaleli lilipunguzwa hadi kubakia dola za Marekani Milioni 0.77 na ule mkopo wa kununua magari ya kusafirishia majani ya chai kutoka kwa wakulima wadogo limebakia dola za Marekani Milioni 0.404. **WATCO** ilipata mkopo wa muda mrefu wa Dola za Marekani Millioni 1.176 kwa dhamana ya mali isiyohamishika yenye thamani ya Dola za Marekani Milioni 14, kufikia 31-9-2014 litabaki Dola za Marekani 0.554 Milioni.

Kampuni ya Maparachichi (RAC) hivi karibuni imepata mkopo wa Dola za Marekani Milioni 1.2 kutoka AECF na nyingine Dola Milioni 0.9 kutoka African Wildlife Foundation (AWF) na pia ina ovadrafti ya Dola za Marekani Million 1.0 kutoka **CRDB**.

Chai Tausi ina deni la Shilingi Milioni 246.6 na ovadrafti ya Shilingi Bilioni 1.5.

TATEPA LIMITED

TAMKO LA MWENYEKITI WA BODIYA WAKURUGENZI MWAKA 2012/2013

UWAJIBIKAJI KWA JAMII

Wakulima wadogo wa Rungwe ni tegemeo na ndio msingi wa falsafa ya Tatepa Limited na tunajivunia juhudi zetu za kuhakikisha wanalipwa malipo bora ili waweze kuzalisha chai na maparachichi yenye ubora wa hali ya juu. Aidha tunawapa mafunzo ya kuwaongezea ujuzi wa kilimo bora na kuwapa mwamko wa kibiashara. **WATCO** na **RAC** inagharimia huduma za ugani na mafunzo kwa wakulima wadogo wa Rungwe kwa kiasi cha Shilingi Bilioni Moja kwa mwaka na pia huwapatia mikopo ya pembejeo kama vile mbolea na madawa. WATCO na RAC zinasafirisha majani mabichi ya chai na maparachichi kwenda Kiwandani ili kuhakikisha ufanisi na kutunza ubora wa mazao hayo. Hivi sasa makampuni haya yanafanya utafiti wa mawasiliano ya kielektroniki itakayoweza kufanya malipo haraka na moja kwa moja kwa wakulima. Katika kuhakikisha uhusiano huu unaimarika tunasaidia kuanzishwa “Umoja wa Wakulima wa Maparachichi wa Rungwe (**UWAMARU**)”. Tatepa Limited inajizatiti kuzingatia utunzaji wa mazingira kwa kufuata na kutekeleza maagizo ya Baraza la Mazingira la Taifa (**NEMC**).

WATCO imeanzisha utaratibu wa malipo ya pili kwa kuzingatia bei za kwenye soko na thamani ya fedha yetu. Utaratibu huu wa malipo kwa wakulima wadogo unapendwa na umefanikiwa katika miezi mingine malipo ya pili yamefikia asilimia 39 ya bei ya msingi.

Wakulima wadogo pia wanaungwa mkono na shirika la Fair Trade ambao pia tunawauzia chai yetu. RSTGA walipokea Shilingi Milioni 427 katika mwaka 2012-2013 ambapo kwa ujumla katika miaka mitano iliyopita wamelipwa Shilingi Bilioni 2.208 kutoka Fair Trade.

Katika uwajibikaji kwa jamii, Chai Tausi inajihusisha na uendelezaji wa utamaduni wa Kitanzania kwa kudhamini vikundi mbalimbali vya ngoma na muziki wa asili kwa kurekodi nyimbo na ngoma hizo. Kupitia utaratibu huu vikundi vinaweza kutunza nyimbo zao kwa kurekodi katika vyombo vya kisasa, kitu ambacho vyenyewe visingeweza kwani gharama ya kurekodi ni kubwa. Tunaamini kuwa jamii isiyokuwa na utamaduni ni sawa na mtu aliyepungukiwa uhai.

Kyimbila Tea Packing Company Limited (**KTPCL**) watengenezaji wa **CHAITAUSI**



TATEPA LIMITED

TAMKO LA MWENYEKITI WA BODIYA WAKURUGENZI MWAKA 2012/2013

UWAJIBIKAJI KWA JAMII

Katika miaka miwili iliyopita **CHAI TAUSI** ilijihusisha zaidi na kuweka misingi ya biashara na kutafuta wateja, na sasa hivi inaingia kipindi muhimu sana. Chai Tausi leo hii inashika nafasi ya tatu hapa nchini katika biashara ya kufungasha na kuuza chai, ambayo ni mafanikio makubwa kwani yapo makampuni mengine zaidi ya kumi kwenye biashara hii lakini tumeyapita. Tunategemea biashara hii kuanza kutengeneza faida katika robo ya pili ya mwaka 2014, ingawa hii haina maana kuwa faida itapatikana kwa mwaka wote. Matazamio yetu ya baadaye ni mazuri kwa Chai Tausi kwani wanywaji wa chai hapa Tanzania wanaongezeka na hasa kwa kuzingatia kuwa watu wa Daraja la Maisha ya Kati (Middle Class) wanaongezeka kwa haraka kutokana na ongezeko la kasi ya kukua kwa uchumi hususani kutokana na ugunduzi wa madini na gesi. Nchi jirani hasa za **SADC** nazo zina watu wengi wenye kiu ya kunywa chai nzuri na hivyo kuifanya Chai Tausi iwe mahali pazuri kibiashara.

WAKULIMA TEA COMPANY LIMITED (WATCO)

WATCO ilipita kipindi kigumu cha 2012-2013 kutokana na uzalishaji mdogo uliosababishwa na ukame na pia kurubuniwa kwa wakulima wetu wadogo na kiwanda kingine. Bado zipo changamoto kadha wa kadha ikiwemo ya kushuka bei katika soko la Dunia, ingawa kutokana na mvua za kutosha uzalishaji wa chai wa mwaka huu unaridhisha. Hata hivyo kutokana na Gharama zinazopanda mara kwa mara (hasa zinazosababishwa na kushuka kwa thamani ya Shilingi na malipo kadha wa kadha kwa Serikali) tunategemea kampuni itapata hasara kwa mwaka 2013-2014. Hata hivyo Bodi ya Wakurugenzi wenu ina mtazamo chanya wa soko la chai la Dunia kwani unywaji wa chai Duniani unaongezeka na hasa kwenye nchi zinazoendelea. Bado hatujaridhika na kiwango cha uzalishaji chai kwani lipo kundi la wakulima wadogo limeasi kuuza chai **WATCO** badala yake wanauza kwingine.

Lakini bado **WATCO** ni chaguo la wakulima wengi kwa sababu inawekeza kwa wakulima kwa kuwapa mikopo ya pembejeo, mafunzo, bei nzuri ya majani mabichi na usafirishaji wa majani mabichi kutoka Mashambani hadi Kiwandani. Kiwanda cha kusindika majani cha Mwakaleli kimekuwa chachu kwa wakulima wadogo kuzalisha zaidi hasa katika maeneo yote yanayozunguka kiwanda; lakini kama hakitatumika vizuri tutafikiria upya uwepo wake.

TATEPA LIMITED

TAMKO LA MWENYEKITI WA BODI YA WAKURUGENZI MWAKA 2012/2013

RUNGWE AVOCADO COMPANY LIMITED

RAC ni biashara mpya na nzuri, mbayo ni kinga kwa biashara ya chai. Wakulima wadogo wanaitikia mwito kwa kupanda maparachichi kwa wingi na hadi sasa Hekta 550 za miche ya Hass zimepandwa na kugawanywa kwa wakulima wadogo na wa mashamba makubwa na kwenye shamba letu wenyewe. Tunategemea kupanda zaidi ya hekta 700 za maparachichi Wilayani Rungwe ifikapo mwisho wa mwaka 2014. Kiwanda cha kisasa kabisa kilianza kazi mwaka 2012 na mwaka 2013 tulianza kuuza maparachichi Uingereza. Kama tulivyotarajia, Kampuni itaendelea kupata hasara hadi 2015 ingawa uzalishaji unaendelea kupanda kila mwaka.

Soko la maparachichi liko hasa Ulaya kupitia Marks & Spencer na Sainsbury kwa Uingereza, na Asda kwa Ufaransa, Uholanzi na nchi za Scandinavia. Hali ya mazao na soko letu ni zuri ingawa mwaka 2013-2014 uzalishaji ulipungua kidogo kutokana na ukame.

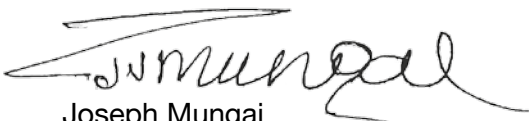
UMEME WA MAJI

Mradi wa Umeme wa Maji wa Suma (Suma Hydro Project) umepiga hatua katika mwaka 2012-2013 kwa kupata hati ya ardhi na mambo mengine yote yanayohitajika, na pia kutafuta fedha za mradi. AECF wamekubali kutoa pesa kwa mradi pia fedha nyingine zimepatikana kutoka Agricultural Development Company (AgDevCo).

MWISHO

Kama nilivyosema awali katika ripoti hii, nia ya Tatepa Limited ni kuwaongezea ujuzi na uwezo wa kilimo bora wakulima wadogo. Chai Tausi, Rungwe Avocado Company na Mradi wa Umeme wa Suma vinakuwa viungo vitatu muhimu kwa uzalishaji wa chai unaoendelea kukua; na kuifanya Tatepa Limited kuwa Kampuni ya sisi wote kujivunia.

Kwa mara nyingine natoa shukrani zangu kwa wajumbe wenzangu wa Bodi ya Tatepa Limited na Wakurugenzi wenzangu wa makampuni yetu tanzu na kwa menejementi na wafanyakazi wa Tanganyika Finance Company Ltd (TFC) kwa kujituma, mtazamo chanya na mbinu za kijasiriamali. Aidha nawashukuru na kuwapongeza sana wanywaji wote wa **CHAI TAUSI** kwa chaguo lao la Chai nzuri kuliko zote.



Joseph Mungai
MWENYEKITI (WA BODI)



TATEPA LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR 2012/2013

Overview



The Tatepa Group has seen a lot of positives in the year just ended which sets us up for a bright future ahead. Following one more year of developing our blending and packaging business, the Chai Tausi brand is now becoming a nationally recognised name; with volumes continuing to increase. This business will soon start contributing to the Group coffers with handsome profits within the next two years.

Unfortunately Tatepa's performance in 2012/2013 was less exciting and The Group posted a tax loss of over TZS 2 billion. The poor performance was mainly driven by the losses suffered by our Chai Tausi and avocado operations, where the losses in Chai Tausi were mainly attributed to increased marketing and distribution costs that were necessary to grow the brand as well as set the foundation for growth. This business is volume based and it is almost impossible to generate such volumes without investing in the Brand. Separately Rungwe Avocado Company Limited (**RAC**) also continued to show losses as production is yet to reach break-even and as we continue the learning curve associated with the export of fresh produce. At Wakulima the diversion of about 12% of our grower green leaf sales to a third party continues to affect total production, but nonetheless we were able to keep the new Mwakaleli factory open. A welcome respite considering the time it was closed because we couldn't find enough leaf to feed it. Government needs to collaborate more effectively with Wakulima Tea Co Ltd [**WATCO**] - a joint venture between Tatepa Limited, and the Rungwe Smallholder Tea Growers Association (**RSTGA**) - until that diversion of 12% of the green leaf crop is stopped as your Group deserves the promised government protection. A failure to act soon could result in a different strategy.

The year 2012/2013 continued to see great development in terms of The Groups' commitment to Out Grower empowerment and green agri-business with **The Sainsbury Foundation** and **The Wood Family Trust** through our joint Out Grower development project. But these projects, - resulting in improvements in The RSTGA's management capability, increased extension work, better harvesting productivity, better Health & Safety, new tea nurseries and Rainforest certification could be under threat if Government fails to act.

TATEPA LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR 2012/2013

Dividends

As flagged at last year's AGM, no dividend can be paid until the 2014/15 financial year and the return to Group profitability. It is our intention to then continue on a trend of paying dividends— *ceteris paribus*.

Expansion Plans/Financing

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

Development plans include further expansion of **WATCO**; Rungwe Avocado Co Limited (**RAC**); and Chai Tausi; as well as the new Suma Hydro project and may result in the following changes:

- Direct investment by some of our shareholders in equity capital in Tausi.
- Direct investment by a new financier in equity and debt in the avocado business.
- Grant & loan finance into the Suma Hydro Power Project.
- Closure of certain cost centres.

In respect to Group debt financing, the Term Loan from **CRDB** to **WATCO** for the Mwakaleli development was reduced during 2012/13 to US\$ 0.77m and the loan of US\$0.950m to finance the "Green Leaf" collection fleet for our Out Growers was reduced to US\$0.404m. **WATCO's** Secured Long Term debt is \$1.176m against a fixed asset value at last valuation of over \$14m and will be \$ 0.554m by 31/09/2014.

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

Chai Tausi has Term Debt of TZS 246.63 million and an overdraft facility of TZS 1.5 billion.

Corporate Social Responsibility (CSR)

Out Growers are the heart of the Tatepa philosophy and we are proud of our efforts to ensure that our smallholders are paid optimally for producing good quality tea and avocados, through training, awareness and our various other programmes. **WATCO** and **RAC** fund the management of extension services and training for smallholders to the tune of over TZS one billion p.a. and provide, on credit, inputs such as fertiliser, herbicides and shears for mechanical harvesting. **WATCO** and **RAC** transport all tea green leaf and avocado collections in order to improve efficiency and quality, and are now actively researching



TATEPA LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR 2012/2013 (Continued)

Corporate Social Responsibility (CSR) (Continued)

electronic communications and direct and more immediate payments to smallholders to increase service levels.

In line with our CSR initiatives, we are now close to finalizing a co-operation with a new Out Grower avocado organisation to be called Umoja wa Wakulima wa Maparachichi Wilaya ya Rungwe (**UWMR**). Your Tatepa Group continues to strengthen its commitment to environmental good governance through its commitment to The NEMC process and other recent initiatives.

For smallholder payments **WATCO** has pioneered a 2nd payment system based on a formula using achieved market sales prices and exchange rates. This has been both popular and successful and in some months has given an additional return close to 39% of the base price.

Out Growers continue to receive support from the Fair Trade organisation on our tea exports to them. A sum of TZS 427 million was received by **RSTGA** during the year 2012/2013 and total funds received during the last 5 years amount to TZS 2.208 billion.

As part of its **CSR**, Chai Tausi is supporting the preservation of Tanzanian culture through recording sponsorships to various groups which are into cultural and traditional music. This initiative is helping some of the best traditional artists record their work; which would otherwise get lost as most of them cannot afford the high costs of recording. We believe that a society that is devoid of its culture is a society without history.

Chai Tausi

After spending the first two years of its operations consolidating its roots and building a clientele, this business is now entering its most interesting period; it is now firmly the number three brand in the packed tea market in the country, this is a remarkable achievement as there are more than ten players in the market, most of whom have been there for over ten years.

This business is now expected to start making profit from the second quarter of the year 2014, though this will not translate into profit for the full year itself. The prospects are really bright for Chai Tausi, current consumption levels per head in Tanzania are still very low which are bound to continue growing as the middle class is growing fast in the wake of the gas and oil discoveries, if you also consider the huge and tea thirsty neighbors in the **SADC** region you only see great things ahead for this Company!

TATEPA LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR 2012/2013 (Continued)

Wakulima Tea Company Limited (WATCO) (Continued)

WATCO put in a solid performance in continuing difficult circumstances in 2012/2013 as production underperformed due to drought and the incursions on our smallholder base. Current trading remains challenging following the recent fall in world tea prices though production is back on track after more stable rainfall. Concerns going forward include ever increasing costs (due to inflation and overzealous Government compliance) against a background of zero devaluation for over 2 years and thus a loss is forecast for 2013/2014. Despite this your Board remains positive about the World Tea Market where the upward trend in global tea consumption continues, particularly in the developing countries and we remain

confident that going forward the impact on demand for Tanzanian tea will be positive. In **WATCO** we remain concerned that production is not as good as it should be because of the continuing unresolved issues with one dissident smallholder group. However our investment in inputs, training, prices and transport contribute significantly to **WATCO** being the “factory of choice” and help mitigate that negative impact. We further hope that the Mwakaleli factory will act as a catalyst to production in that area but should this not occur we would have to reconsider this decision.

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 550 hectares of Hass avocado seedlings have been planted to date, distributed between smallholder farmers, bigger plantations under management agreements with **RAC**, and our own estate. We anticipate total plantings of over 700Ha in Rungwe District by the end of 2014. The state of the art pack house was commissioned in 2012 and then utilised for our first substantial export to the UK in 2013. As predicted, losses will continue until 2015 as production continues to grow.

Marketing continues through to Europe where we sell to The U.K. Marks & Spencer, Sainsbury and Asda to France, to Holland, and to Scandinavia.

The growing conditions and our market window remain favourable and the future, despite the 2013/14 yield having been reduced by drought, is promising.



TATEPA LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR 2012/2013 (Continued)

Small Hydro Power

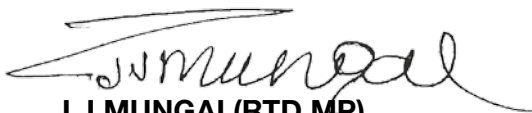
The Suma hydro project saw much more progress on the ground in 2012/2013 . The land offer was finalised and all pertinent approvals obtained, as well as chasing up the necessary grant funding. The AECF grant has now been approved in principal and a further grant obtained from The Agricultural Development Company (**AgDevCo**) for finalisation of Project Planning.

Conclusion

As I touched on at the beginning of my Report, the Group's activities are underpinned by a commitment to empowering Out Grower farmers and making agriculture greener. The Group's three initiatives, the launch of "Chai Tausi"; Rungwe Avocado Company; and the harnessing of energy from water in the form of the

Suma project, provide strong synergies with our existing tea Production; and continue to make Tatepa a company of which we should all be proud.

Once again, I would like to express my gratitude to all my colleagues on the Board of Tatepa, to my fellow directors on subsidiary companies, and to the management and staff of our management company Tanganyika Finance Company Ltd (**TFC**), for their commitment, vision and entrepreneurial flair.



J J MUNGAI (RTD MP)
CHAIRMAN

30 January 2014

TATEPA LIMITED

FINANCIAL REVIEW

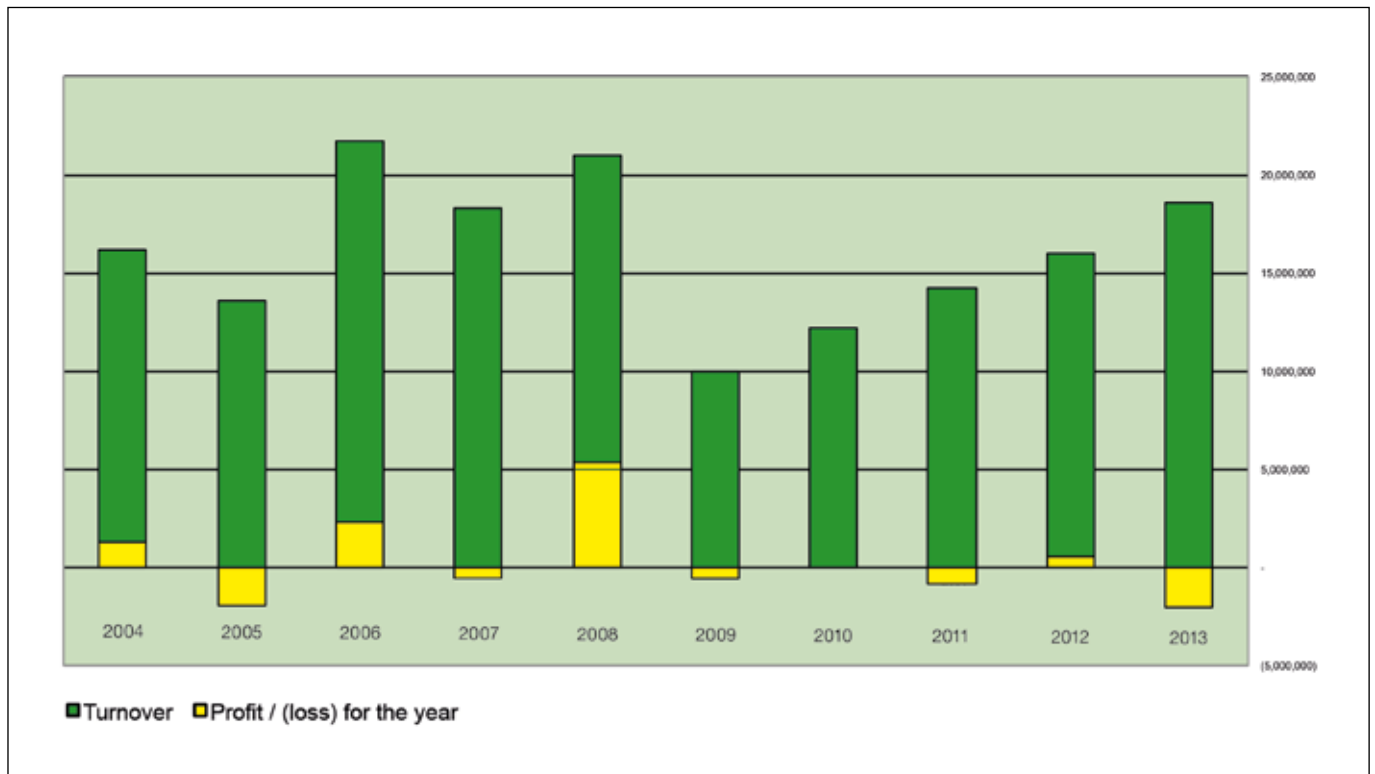
For the year ended 30 September

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
	Group	Group	Group	Group	Group	Group	Group	Group	Group	Group
	TZs'000'	TZs'000'	TZs'000'	TZs'000'	TZs'000'	TZs'000'	TZs'000'	TZs'000'	TZs'000'	TZs'000'
Turnover										
Continuing Operations	18,602,444	15,517,370	14,191,143	12,152,841	9,947,794	10,225,170	6,041,186	19,415,363	13,549,011	14,857,485
Discontinued Operations	-	-	-	-	-	5,391,086	12,271,844	-	-	-
Group turnover	18,602,444	15,517,370	14,191,143	12,152,841	9,947,794	15,616,256	18,313,030	19,415,363	13,549,011	14,857,485
Profit/(Loss) for the year										
From continuing operations	(2,005,639)	505,803	(806,647)	14,807	(582,270)	5,578,284	(1,964,520)	2,321,531	(1,928,866)	1,293,792
From Discontinued operations	-	-	-	-	-	(248,850)	1,422,234	-	-	-
Group profit / (loss) for the year	(2,005,639)	505,803	(806,647)	14,807	(582,270)	5,329,434	(542,286)	2,321,531	(1,928,866)	1,293,792
Dividends	357,143	-	-	-	-	6,517,865	2,525,088	739,372	-	-
Cash Generated From Operations	(1,697,878)	140,169	(1,665,384)	747,906	573,828	947,866	2,731,108	2,643,798	(409,088)	1,892,712
Net Cash from Investment activities	(868,029)	(595,232)	(1,516,129)	(2,358,066)	(586,510)	5,845,631	1,202,456	(423,398)	(357,873)	(794,121)
Interest Bearing Debt	3,659,341	4,307,580	4,972,602	3,656,592	2,649,153	3,030,033	1,901,699	7,555,821	7,850,838	8,647,876
Interest Free Debt	2,071,188	1,898,794	1,761,890	1,166,109	-	-	0	-	-	-
Earnings Per Share (TZs)	(77)	22	(28)	(2)	(27)	294	(40)	120	(112)	73
Dividends Per Share (TZs)	20	0	0	0	0	365	100	45	-	-



TATEPA LIMITED

TATEPA Group Turnover & Profit (in Tshs'000) 2004 - 2013







TATEPA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2013

The Directors submit their report together with the audited financial statements for the year ended 30 September 2013, which disclose the state of affairs of Tatepa Limited (“the Company”) and its subsidiaries (“the Group”). The comparative information has been presented for the nine month period ended 30 September 2012 due to a change in year end that took place in 2012.

1 INCORPORATION

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

2 GROUP VISION

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

3 COMPANY MISSION

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

4 PRINCIPAL ACTIVITIES

The Company holds a majority equity stake of 70% in Wakulima Tea Company Limited (**WTCL**) (2012: 70%); an aggregated majority stake of 66.23% (2012: 67.42%) in the equity of Rungwe Avocado Company Limited (**RACL**), of which 51.97% (2012: 52.90%) is held directly by Tatepa Limited and 20.38% (2012: 20.75%) is held indirectly through WTCL; and a majority stake of 70% + 1 share (2012: 35% + 1 share) in the equity of Kyimbila Tea Packing Company Limited (**KTPCL**), held indirectly through WTCL.

TATEPA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2013 (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 and 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 October 2012 unless otherwise stated, are:

S/N	Name	Position	Age (years)	Qualifications	Nationality
1	Joseph J Mungai	Chairman	70	MPA (Master of Public Administration)	Tanzanian
2	George C Theobald	Member	55	BA –Economics	Tanzanian
3	Peter D Rowland	Member	59	Msc. Agric Eng. C. Eng	British
4	Keith Alexander	Member	58	B Sc., FCA.	British
5	Robin Harrison	Member	56	MA (History, Archaeology & Anthropology)	British
6	Johannes Gunnell	Member	33	MA (Oxon): Philosophy, Politics & Economics	British

The Company Secretary at the date of this report, who has served in this capacity since 1 October 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 (AGM), to hold office for a period of two years, after which they retire but are eligible for re-election. All the above directors were appointed in the AGM held on 22 June 2012 for a period of two years and they are eligible for re-election in the next AGM. The disclosures of Directors' emoluments are set out in note 34 to the financial statements.



TATEPA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2013 (CONTINUED)

6 CORPORATE GOVERNANCE

The Board of the Company consists of six 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 three meetings during the year ended 30 September 2013. 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. Keith Alexander	Chairman
2	Mr. Robin Harrison	Member
3	Mr. Johannes Gunnell	Member

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

TATEPA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2013 (CONTINUED)

6 CORPORATE GOVERNANCE (Continued)

Remunerations Committee

	Name	Position
1	Mr. Keith 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 Committee reviews compensation arrangements for the directors and the executive team by assessing the appropriateness of emoluments on a periodic basis. The Remuneration Committee was not required to meet during the year.

7 CAPITAL STRUCTURE

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

	Group		Company	
	Sep 2013 TShs '000	Sep 2012 TShs '000	Sep 2013 TShs '000	Sep 2012 TShs '000
Ordinary share capital	466,431	446,429	466,431	446,429
Share premium	4,048,462	3,748,429	4,048,462	3,748,429
(Accumulated losses)/retained earnings	(1,592,496)	174,278	68,700	(29,288)
Proposed dividends	-	187,500	-	-
Total owners equity	2,922,397	4,556,636	4,583,593	4,165,570
Non-controlling interests	100,372	1,093,231	-	-
Total equity	3,022,769	5,649,867	4,583,593	4,165,570
Borrowings	11,316,930	8,601,237	-	-

The increase in share capital during the year is due to issue of scrip shares to shareholders who opted for scrip shares instead of accepting cash dividend. However the scrip shares are yet to be issued by Dar es Salaam Stock Exchange (DSE) pending approval by Capital Markets and Securities Authority (CMSA) which is expected after the next Annual General Meeting of the Company.



TATEPA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2013 (CONTINUED)

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 2013 is 1,641 shareholders (2012: 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 including scrip shares to be issued after CMSA approval
Mr. J.J. Mungai (Rtd MP)	Tanzanian	2,338,720 shares
Mr. P. D. Rowland	British	2,338,173 shares
Mr. G. C. Theobald	Tanzanian	4,204,411 shares

The shares of the Company are held as follows:

S/N	Name	Number of ordinary shares held	
		30 Sep 2013	30 Sep 2012
1	Thompson Lloyd & Ewart Limited	4,442,565	4,241,112
2	Mr. G. C. Theobald	4,204,411	4,013,758
3	Maris Tatepa Holding Limited	3,370,520	3,217,680
4	Mr. P. D. Rowland	2,338,173	2,232,146
5	Hon J. J. Mungai (rtd MP)	2,338,720	2,231,146
6	George P Theobald & Josephine M Theobald	255,960	244,354
7	Various others	1,706,905	1,676,969
	Total	18,657,254	17,857,165

TATEPA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2013 (CONTINUED)

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 2013 was Tshs. 650 (2012: Tshs 325). The market capitalization as at 30 September 2013 was Tshs 12.1 billion (2012: Tshs 5.8 billion)

11 RESULTS AND DIVIDEND

The results for the year are disclosed on page 12. During the year, WTCL paid an interim dividend of Tshs 250 million and Tatepa Limited paid an interim dividend of Tshs 357 million of which about 10% was paid in cash and the remaining in script shares. No further dividend is proposed by the directors.

12 PERFORMANCE FOR THE YEAR

The performance of Wakulima Tea Company Limited was below budget in terms of production, and profitability. The drop in production was mainly caused by unfavourable weather conditions and lower profitability was also due to higher inflation compared to the devaluation of Tanzanian Shillings.

Rungwe Avocado Company Limited continued to strengthen but fell short of production due to unfavourable weather conditions. World prices were also lower than expected.

Kyimbila Tea Packing Company Limited continued its efforts to penetrate the market. The loss is attributed to the fact that the business is a start-up which requires investment in the initial operating phase and marketing costs in order to penetrate the market.

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

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

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:



TATEPA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2013 (CONTINUED)

13 RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

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

The Board assessed the internal control systems throughout the financial year ended 30 September 2013 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 year ended 30 September 2013. 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.

TATEPA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2013 (CONTINUED)

15 EMPLOYEES' WELFARE (Continued)

Training Facilities

When presenting its annual budget for the year ended 30 September 2013, the Group allocated a sum of TShs 13 million (2012: TShs 34.4 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.

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.



TATEPA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2013 (CONTINUED)

15 EMPLOYEES' WELFARE (Continued)

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

The average number of employees in the Group during the year was 341 (2012: 298).

16 GENDER PARITY

As at 30 September 2013, the Group had 341 employees (2012: 283 employees), out of whom 92 (2012: 65) were female and 249 (2012: 218) were male.

17 RELATED PARTY TRANSACTIONS

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

18 POLITICAL AND CHARITABLE DONATIONS

The Group did not make any political donations during the year. Donations made to public institutions and charitable organizations during the year ended 30 September 2013 amounted to TShs 3.5 million (2012: TShs 0.2 million).

19 ENVIRONMENTAL CONTROL PROGRAMME

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

TATEPA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2013 (CONTINUED)

19 ENVIRONMENTAL CONTROL PROGRAMME (Continued)

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.

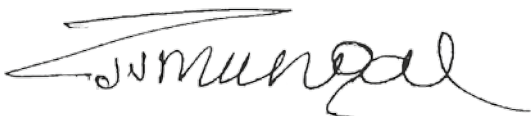
20 CORPORATE SOCIAL RESPONSIBILITY

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**

30 January 2014

TATEPA LIMITED

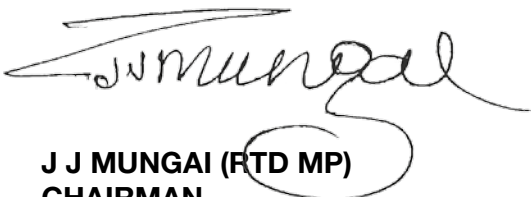
**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

The Companies Act, CAP 212 Act No. 12 of 2002 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year 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 (FTD MP)
CHAIRMAN**

30 January 2014

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TATEPA LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Tatepa Limited (the Company) and its subsidiaries (together, the Group), which comprise the statements of financial position as at 30 September 2013, the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and 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.



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TATEPA LIMITED (Continued)

Auditor's responsibility (Continued)

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the Group's and Company's financial affairs at 30 September 2013 and of their losses and profits and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, CAP 212 Act No. 12 of 2002.

Report 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

30 January 2014

TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group		Company	
		12 months	9 months	12 months	9 months
		Sep 2013 TShs '000	Sep 2012 TShs '000	Sep 2013 TShs '000	Sep 2012 TShs '000
Revenue	6	18,602,444	15,517,370	-	-
Gain arising from changes in fair value less costs to sell of biological assets	17	456,123	440,231	-	-
		19,058,567	15,957,601	-	-
Cost of sales	7	(14,352,902)	(10,802,452)	-	-
Gross profit		4,705,665	5,155,149	-	-
Other operating income	8	7,517	57,365	752,214	84,870
Selling and marketing costs	9	(2,587,833)	(1,630,981)	-	-
Administrative expenses	10	(3,804,943)	(2,879,793)	(531,493)	(493,042)
Grant amortisation	26	20,279	8,450	-	-
Operating (loss)/profit		(1,659,315)	710,190	220,721	(408,172)
Interest income	13	30,146	93,691	263,810	184,258
Finance cost	12	(914,242)	(705,360)	-	-
(Loss)/profit before income tax expense		(2,543,411)	98,521	484,531	(223,914)
Income tax credit/(expense)	14	537,772	407,282	(29,645)	67,174
(Loss)/profit for the year		(2,005,639)	505,803	454,886	(156,740)
(Loss)/profit attributable to:					
- Owners of the parent		(1,405,474)	389,866	-	-
- Non-controlling interests		(600,165)	115,937	-	-
		(2,005,639)	505,803	-	-
Earnings per share attributable to the equity holders of the Company during the year (expressed in TShs per share)					
Earnings per share (basic and diluted)	15	(76.70)	21.83	-	-

STATEMENTS OF COMPREHENSIVE INCOME

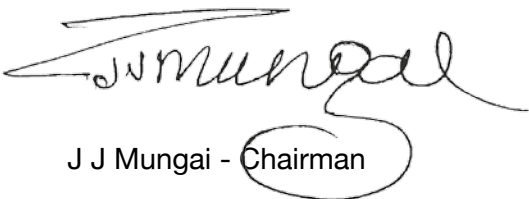
(Loss)/profit for the year	(2,005,639)	505,803	454,886	(156,740)
Other comprehensive income -Actuarial (loss)/gain, net of tax	(5,740)	-	245	-
Total comprehensive (loss)/income for the year	(2,011,379)	505,803	455,131	(156,740)
Attributable to:				
Owners of the parent	(1,409,631)	115,937	-	-
Non-controlling interests	(601,748)	389,866	-	-
	(2,011,379)	505,803	-	-



TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
STATEMENTS OF FINANCIAL POSITION

ASSETS	Note	Group		Company	
		2013 TShs '000	2012 TShs '000	2013 TShs '000	2012 TShs '000
Non-current assets					
Property, plant and equipment	17	6,694,696	7,234,912	-	-
Biological assets	18	2,496,593	2,040,470	-	-
Intangible asset		4,727	4,727	-	-
Deferred tax assets	29	1,119,699	334,056	98,917	96,726
Investment in subsidiaries	19	-	-	2,402,462	2,402,462
Prepaid land rent	21	19,867	32,764	-	-
Loans receivable	20	273,444	201,885	1,756,598	1,445,089
		10,609,026	9,848,814	4,257,977	3,944,277
Current assets					
Inventories	22	3,960,240	4,195,608	-	-
Trade and other receivables	23	2,668,677	2,089,396	58,902	40,094
Loans receivable	20	-	-	341,458	309,345
Income tax recoverable		429,601	261,185	239,086	195,484
Bank balances and cash	24	159,867	504,012	37,149	7,753
		7,218,385	7,050,201	676,595	552,676
Total assets		17,827,411	16,899,015	4,934,572	4,496,953
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	31	466,431	446,429	466,431	446,429
Share premium	31	4,048,462	3,748,429	4,048,462	3,748,429
(Accumulated losses)/retained earnings		(1,592,496)	174,278	68,700	(29,288)
Proposed dividends		-	187,500	-	-
		2,922,397	4,556,636	4,583,593	4,165,570
Non-controlling interests		100,372	1,093,231	-	-
Total equity		3,022,769	5,649,867	4,583,593	4,165,570
LIABILITIES					
Non-current liabilities					
Borrowings	26	4,365,958	5,084,093	-	-
Deferred capital grant	27	272,225	292,504	-	-
Retirement benefit obligations	29	494,161	372,269	561	-
		5,132,344	5,748,866	561	-
Current liabilities					
Trade and other payables	25	2,721,326	1,983,138	350,418	331,383
Borrowings	26	6,950,972	3,517,144	-	-
		9,672,298	5,500,282	350,418	331,383
Total liabilities		14,804,642	11,249,148	350,979	331,883
Total equity and liabilities		17,827,411	16,899,015	4,934,572	4,496,953

The financial statements on pages 14 to 67 were approved by the Board of Directors and signed on its behalf by:



J J Mungai - Chairman

Date: 30 January 2014

TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the parent

GROUP	Share capital TShs '000	Share premium TShs '000	(Accumulated losses)/retained earnings TShs '000	Proposed dividends TShs '000	Total TShs '000	Non-controlling interests TShs '000	Total equity TShs '000
Year ended 30 September 2013							
At 1 October 2012	446,429	3,748,429	174,278	187,500	4,556,636	1,093,231	5,649,867
<i>Comprehensive income</i>							
Loss for the year	-	-	(1,405,474)	-	(1,405,474)	(600,165)	(2,005,639)
Other comprehensive income			(4,157)	-	(4,157)	(1,583)	(5,740)
<i>Transactions with owners:</i>							
Dividends paid for 2013	-	-	(357,143)	-	(357,143)	(75,000)	(432,143)
Dividends paid for 2012	-	-	-	(187,500)	(187,500)	-	(187,500)
Shares issued during the year	20,002	300,033	-	-	320,035	(316,111)	3,924
As at 30 September 2013	466,431	4,048,462	(1,592,496)	-	2,922,397	100,372	3,022,769
Nine month period ended 30 September 2012							
At 1 January 2012	446,429	3,748,429	(215,588)	-	3,979,270	974,313	4,953,583
<i>Comprehensive income</i>							
Profit for the period	-	-	389,866	-	389,866	115,937	505,803
<i>Transactions with owners:</i>							
Shares issued	-	-	-	-	-	190,481	190,481
Dividends proposed for 2012	-	-	-	187,500	187,500	(187,500)	-
As at 30 September 2012	446,429	3,748,429	174,278	187,500	4,556,636	1,093,231	5,649,867



TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
STATEMENT OF CHANGES IN EQUITY

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

TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
STATEMENTS OF CASH FLOWS

	Note	Group		Company	
		12 months Sep 2013 TShs '000	9 months Sep 2012 TShs '000	12 months Sep 2013 TShs '000	9 months Sep 2012 TShs '000
Cash flows from operating activities					
Cash generated from operations	32	(422,129)	1,215,849	485,564	(106,933)
Interest paid		(862,695)	(573,624)	-	-
Income tax paid		(413,054)	(502,056)	(75,438)	-
Net cash generated (utilised in)/ generated from operating activities		(1,697,878)	140,169	410,126	(106,933)
Cash flows from investing activities					
Purchase of property, plant and equipment	17	(514,425)	(452,994)	-	-
Cost incurred in acquisition of an intangible asset		-	(4,727)	-	-
Cost incurred in acquisition of shares		(357,192)	-	-	-
Proceeds from sale of property, plant, and equipment		3,588	-	-	-
Net cash utilized in investing activities		(868,029)	(457,721)	-	-
Cash flows from financing activities					
Repayment of borrowings		(619,411)	(759,566)	-	-
Loans to third parties		(71,559)	-	-	-
Loans to subsidiaries		-	-	(343,622)	105,288
Proceeds from issue of shares		41,081	190,481	-	-
Dividends paid		(299,608)	-	(37,108)	-
Net cash utilised in financing activities		(949,497)	(569,085)	(380,730)	-
Net (decrease)/increase in cash and cash equivalents		(3,515,404)	(886,637)	29,396	(1,645)
Cash and cash equivalents at start of year		(2,183,355)	(1,296,718)	7,753	9,398
Cash and cash equivalents at end of year	24	(5,698,759)	(2,183,355)	37,149	7,753



TATEPA LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

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TATEPA LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

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. The Group also produces and exports Avocado.

The address of its registered office is:

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

And its principal places of business are given below:-

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

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

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

TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
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 have been prepared in accordance with International Financial Reporting Standards (IFRS) and on the historical cost basis, except where otherwise stated, and comply with the Companies Act, CAP 212 Act No. 12 of 2002. 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.

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

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on 1 January 2013 that would be expected to have a material impact on the Company or the Group.

(ii) *New standards and interpretations that are not yet effective and have not been early 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. None of these is expected to have a significant effect on the financial statements of the Company or the Group, except the following set out below:



TATEPA LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTES (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

- (ii) *New standards and interpretations that are not yet effective and have not been early adopted (Continued)*

Amendment to IAS 1, “Presentation of Financial Statements” regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in ‘other comprehensive income’ (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The application of this amendment will mainly impact the presentation of the primary statements.

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

IFRS 9, ‘Financial instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. Issued in November 2009 and October 2011, it replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The directors are yet to assess IFRS 9’s full impact and intend to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The directors will also consider the impact of the remaining phases of IFRS 9 when completed by the IASB.

TATEPA LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTES (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

- (ii) *New standards and interpretations that are not yet effective and have not been early adopted (Continued)*

IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The directors are yet to assess IFRS 12's full impact and intend to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.

- (iii) *New standards and interpretations that are not yet effective and have been early adopted*

IAS 19, 'Employee benefits', was amended in June 2011. The impact on the Company will be as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

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

(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 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.



TATEPA LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTES (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (Continued)

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 initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, 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 statement of profit or loss.

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.

TATEPA LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTES (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- **Dividend income**

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

(d) Segment reporting

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

(e) Functional currency and foreign currency translation

- Functional and presentation currency

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



**TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Functional currency and foreign currency translation (Continued)

- Transactions and balances

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

(f) Property, plant and equipment

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

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

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

**TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investments in subsidiaries

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

(h) Biological assets

Biological assets are measured on initial recognition and at each reporting 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 statement of profit or loss in the year in which they arise. The cost of upkeep and maintenance of biological assets is expensed in the period incurred.

(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

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



**TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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 statement of profit or loss 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 year end date.

(n) Income tax

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

TATEPA LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTES (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Income tax (Continued)

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 reporting 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 current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

(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 60, or those allowed to retire early, based on length of service and salary at retirement and qualifies as a defined benefits plan. The payments to the retired employees are made from Group's internally generated funds. The liability recognised in the statement of financial position in respect of the defined benefits plan is the present value of the defined benefit obligation at the reporting date, together with adjustments for 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.

**TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employees benefits (continued)

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

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

(p) Dividend distribution

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

(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 goods sold or services performed. If collection is expected in one year or less (or in the normal operation cycle of the business if longer) they are classified as current assets. If not, they are presented as non-current assets. 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 statement of profit or loss.

**TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(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 and those designated at fair value through profit or loss at initial recognition. 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 year end date which are classified as non-current assets. . Loans and receivables are included in the receivables in the statement of financial position and are carried at amortised cost using the effective interest rate method.



**TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Financial assets (continued)

(iii) Available-for-sale financial assets

These comprise principally marketable equity securities, 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 year end 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 statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the 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' category are presented in the statement of profit or loss 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 statement of profit or loss 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.

**TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(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 year.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(i) Critical accounting estimates and assumptions

Biological assets

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



TATEPA LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTES (CONTINUED)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(i) Critical accounting estimates and assumptions (continued)

Tea plantations

If the future market price of tea had been 5% higher/(lower) than management estimate and all other factors remained unchanged, the Company would have recognised a further increase/(decrease) in profit of Tshs 529 million respectively. If the projected Tshs/USD exchange rate had been 2% higher/(lower) than the management estimate and all other factors remained unchanged, the Company would have recognised a further increase/(decrease) in profit of Tshs 132 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 205 million respectively. If the discount rate was 1% higher/(lower) than the management estimate and all other factors remained unchanged, the Company would have recognised a further increase/(decrease) in profit of Tshs 116 million respectively.

Avocado plantations

If the future market price of avocado had been 5% higher/(lower) than management estimate and all other factors remained unchanged, the Company would have recognised a further increase/(decrease) in loss of Tshs 265 million respectively. If the projected Tshs/USD exchange rate had been 2% higher/(lower) than the management estimate and all other factors remained unchanged, the Company would have recognised a further increase/(decrease) in profit of Tshs 99 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 71 million respectively. If the estimated discount rate was 1% higher/(lower) than the management estimate and all other factors remained unchanged, the Company would have recognised a further increase/(decrease) in profit of Tshs 16 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 29. 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 31 million respectively.

TATEPA LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTES (CONTINUED)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(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.

Credit risk

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

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.



TATEPA LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTES (CONTINUED)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

Cash flow and fair value interest rate risk (continued)

Based on the simulation performed at 30 September 2013, an increase/decrease of 200 basis points would have resulted in a decrease/increase in consolidated post tax profit of TShs 155 million (2012: TShs 140 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 reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

TATEPA LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTES (CONTINUED)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Group

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	TShs'000	TShs'000	TShs'000	TShs'000
At 30 September 2013				
Borrowings and interest liabilities	6,950,972	978,881	3,387,077	-
Trade and other payables	2,721,326	-	-	-
Retirement benefit obligations	-	-	-	494,161
Total financial liabilities	9,672,298	978,881	3,387,077	494,161
At 30 September 2012				
Borrowings and interest liabilities	3,517,144	1,000,335	4,083,758	-
Trade and other payables	1,983,138	-	-	-
Retirement benefit obligations	-	-	-	372,269
Total financial liabilities	5,500,282	1,000,335	4,083,758	372,269

Company

At 30 September 2013

Trade and other payables	350,418	-	-	561
Total financial liabilities	350,418	-	-	561

At 30 September 2012

Trade and other payables	331,383	-	-	-
Total financial liabilities	331,381	-	-	-

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



TATEPA LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTES (CONTINUED)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign exchange(continued)

the fact that almost 77% (2012: 80%) of its earnings are in foreign currencies (mainly US dollars). At 30 September 2013, 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 389 million (2012: TShs 319 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.

Capital risk management

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

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

During the year ended 30 September 2013, the Group's strategy, which was unchanged from 2012, was to maintain the gearing ratio within 25% to 50% on a long term basis. The gearing ratios were as follows:

TATEPA LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTES (CONTINUED)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital risk management(continued)

Group	<u>2013</u> TShs '000	<u>2012</u> TShs '000
Total borrowings (Note 26)	11,316,930	8,601,237
Less cash and bank balances (Note 24)	(159,867)	(504,012)
Net debt	11,157,063	8,097,225
Total equity	3,022,769	5,649,867
Total capital	14,179,832	13,747,092
Gearing ratio	78.68%	58.90%

The increase in gearing during the financial year 2013 resulted from Group loss and the need for increased borrowings to develop the businesses. This gearing is expected to return to a level within the long term strategic target once all start up businesses (RAC and KTPCL) become fully operational. The Company is also aiming at raising additional equity during the year 2014 to improve the gearing.

5 BUSINESS SEGMENT INFORMATION

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

TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)

5 BUSINESS SEGMENT INFORMATION (Continued)

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

TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)

5 BUSINESS SEGMENT INFORMATION (CONTINUED)

2013 (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
Segment assets and liabilities and capital expenditure:						
Assets						
Non-current assets	7,615,443	4,257,979	3,608,044	1,353,145	(6,225,585)	10,609,026
Current assets	5,708,389	676,593	522,320	1,343,068	(1,031,985)	7,218,385
Total assets	13,323,832	4,934,572	4,130,364	2,696,213	(7,257,570)	17,827,411
Liabilities						
Current liabilities	6,181,524	350,419	1,242,842	2,929,498	(1,031,985)	9,672,298
Non current liabilities	2,758,194	561	4,708,215	796,025	(3,130,651)	5,132,344
Total liabilities	8,939,718	350,980	5,951,057	3,725,523	(4,162,636)	14,804,642
Additions: Property plant and equipment and biological assets	112,667	-	39,101	362,656		514,424

BUSINESS SEGMENT INFORMATION

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	1,881,998	(408,172)	(693,595)	(150,917)	80,876	710,190
Interest income	132,351	184,258	8,450	14,260	(245,628)	93,691
Finance costs	(388,242)	-	(302,204)	(179,662)	164,748	(705,360)
Profit /(loss) before tax	1,626,107	(223,914)	(987,349)	(316,319)	(4)	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)	(257,138)	(217,713)	(4)	505,803
Other segment items included in the statement of profit or loss:						
Depreciation	608,389	-	85,233	69,829	-	763,451
Fair value adjustment on biological assets	(407,243)	-	(32,988)	-	-	(440,231)



**TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
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 tea TShs'000	Eliminations TShs '000	Consolidated TShs '000
Segment assets and liabilities and capital expenditure:						
Assets						
Non-current assets	6,837,552	3,944,277	3,296,104	706,881	(4,936,000)	9,848,814
Current assets	5,524,320	552,676	592,702	1,044,656	(664,153)	7,050,201
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

Transactions between segments are carried out at arm's length. The revenue from external parties reported is measured in a manner consistent with that in the financial statements. During the year the Blending and Packing Division bought teas from the Tea Growing and processing division, it also obtained Management services from the Other Division, in addition to that the Tea Growing and Processing Division provided financial services to the Avocado division. There were no other inter-segment transactions during 2013 and 2012. 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.

TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)

5 BUSINESS SEGMENT INFORMATION (CONTINUED)

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

	Group		Company	
	12 months Sep 2013 TShs '000	9 months Sep 2012 TShs '000	12 months Sep 2013 TShs '000	9 months Sep 2012 TShs '000
United Republic of Tanzania	3,751,133	3,027,296	-	-
United Kingdom	14,851,311	12,490,074	-	-
Total	18,602,444	15,517,370	-	-

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

6. REVENUE

Sale of tea	14,991,015	12,909,300	-	-
Sale of avocados	636,931	529,222	-	-
Sale of packed tea	2,974,498	2,078,848	-	-
	18,602,444	15,517,370	-	-

7. COST OF SALES

Staff related costs (Note 11)	1,089,957	1,322,230	-	-
Processing costs	2,024,304	1,200,125	-	-
Blending cost	1,200,680	813,071	-	-
Packing materials costs	1,212,514	855,197	-	-
Greenleaf purchased from outgrowers	6,098,503	4,295,812	-	-
Field costs	2,756,853	1,717,055	-	-
Changes in stock of finished goods and work in progress	(875,969)	18,342	-	-
Depreciation charges	846,060	580,620	-	-
	14,352,902	10,802,452	-	-

TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)

8. OTHER OPERATING INCOME

	Group		Company	
	12 months Sep 2013 TShs '000	9 months Sep 2012 TShs '000	12 months Sep 2013 TShs '000	9 months Sep 2012 TShs '000
Management service fees	-	-	139,714	84,870
Revenue grant	6,792	57,365	-	-
Profit on disposal of equipment	725	-	-	-
Dividends received from subsidiary	-	-	612,500	-
	7,517	57,365	752,214	84,870

9. SELLING AND MARKETING COSTS

Transport, distribution & handling charges	1,185,731	1,177,147	-	-
Salesmen remuneration	172,838	165,274	-	-
Travelling expenses	74,970	-	-	-
Cess and other government levies	123,197	84,084	-	-
Seedling expenses	46,446	45,912	-	-
Staff related costs (Note 11)	71,483	-	-	-
Depreciation	27,666	-	-	-
Other selling costs	885,502	158,564	-	-
	2,587,833	1,630,981	-	-

10. ADMINISTRATIVE EXPENSES

Staff related costs (Note 11)	801,769	615,714	108,377	100,253
Travelling costs	210,823	131,185	77,008	40,334
Consultancy and professional fees	1,172,174	772,692	163,416	69,263
Directors fees and allowances	165,227	130,002	95,677	75,487
Office expenses	411,188	499,106	32,074	41,406
Auditors' remuneration	183,025	130,024	43,756	30,978
Research expenses on new products	4,697	9,265	-	-
Rental charges	108,560	70,343	-	-
Depreciation	178,052	182,831	-	-
Foreign currency exchange (gains)/losses	60,109	(29,161)	(19,592)	46
Other administration costs	509,319	367,792	30,777	135,275
	3,804,943	2,879,793	531,493	493,042

TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)

11 STAFF RELATED COSTS

	Group		Company	
	12 months <u>Sep 2013</u> TShs '000	9 months <u>Sep 2012</u> TShs '000	12 months <u>Sep 2013</u> TShs '000	9 months <u>Sep 2012</u> TShs '000
Salaries, wages and bonuses	1,536,343	1,518,608	98,210	88,853
Medical expenses	15,393	19,477	346	2,515
Canteen costs, uniforms and amenities	135,948	165,050	-	-
Defined contribution schemes (NSSF)	153,634	151,861	9,821	8,885
Defined benefit scheme	121,891	92,948	-	-
	1,963,209	1,947,944	108,377	100,253

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

Cost of sales	1,089,957	1,332,230	-	-
Administrative expenses	801,769	615,714	108,377	100,253
Selling and marketing expenses	71,483	-	-	-
	1,963,209	1,947,944	108,377	100,253

12 FINANCE COST

Interest on finance lease obligations	5,270	-	-	-
Interest expense	857,425	573,624	-	-
Net foreign exchange transaction gains	(102,966)	(10,571)	-	-
Unwinding of interest on Interest free loan	154,513	142,307	-	-
	914,242	705,360	-	-

13. INTEREST INCOME

Interest on loans	30,146	93,691	263,810	184,258
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TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)

14. INCOME TAX CREDIT/(EXPENSE)

	Group		Company	
	12 months Sep 2013 TShs '000	9 months Sep 2012 TShs '000	12 months Sep 2013 TShs '000	9 months Sep 2012 TShs '000
Current tax charge	(259,523)	(1,109,642)	(31,836)	-
Adjustments to tax in respect of prior years	9,542	670,927	-	-
Deferred income tax credit (Note 28)	787,753	845,997	2,191	67,174
Income tax credit/(expense)	537,772	407,282	(29,645)	67,174

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:

Profit/(loss) before income tax	(2,543,411)	98,521	484,776	(223,914)
Tax calculated at a rate of 30%	(763,023)	29,556	145,433	(67,174)
Expenses not deductible for tax	174,949	234,089	36,126	-
Income not subject to tax	-	-	(183,750)	-
Final withholding tax on dividends	30,625	-	30,625	-
Alternative minimum tax	10,135	-	1,211	-
Adjustments to tax in respect of prior years	9,542	(670,927)	-	-
Income tax (credit)/charge	(537,772)	(407,282)	29,645	(67,174)

15. EARNINGS PER SHARE

	2013	Group 2012
(Loss)/profit attributable to shareholders (TShs'000)	(1,405,474)	389,866
Weighted average number of share in issue (Note 32)	18,323,884	17,857,165
Basic and diluted (loss)/earnings per share (TShs)	(76.70)	21.83

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

**TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)**

16. DIVIDEND PER SHARE

The Company paid an interim dividend of Tsh 20 per share during the year totalling Tshs 357 million.

17. 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 2012					
Cost	3,448,516	1,393,572	4,919,802	1,937,924	11,699,814
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	4,421,364	1,524,863	6,128,969	77,612	12,152,808
Accumulated depreciation	(699,235)	(706,366)	(3,512,295)	-	(4,917,896)
Net book value	3,722,129	818,497	2,616,674	77,612	7,234,912
Year ended 30 September 2013					
Opening net book value	3,722,129	818,497	2,616,674	77,612	7,234,912
Additions	21,615	336,657	89,643	66,510	514,425
Transfers	-	-	79,223	(79,223)	-
Disposals	-	(1,363)	(1,500)	-	(2,863)
Depreciation charge	(145,975)	(393,293)	(512,510)	-	(1,051,778)
Net book value	3,597,769	760,498	2,271,530	64,899	6,694,696
At 30 September 2013					
Cost	4,442,979	1,860,157	6,296,335	64,899	12,664,370
Accumulated depreciation	(845,210)	(1,099,659)	(4,024,805)	-	(5,969,674)
Net book value	3,597,769	760,498	2,271,530	64,899	6,694,696



**TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)**

17. PROPERTY, PLANT & EQUIPMENT - GROUP (Continued)

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

Depreciation expense of TShs 846 million (2012: TShs 580.62 million) has been charged to cost of goods sold, Tshs 27.7 million (2012: nil) has been charged to selling and marketing costs and TShs 178.07 million (2012: TShs 182.83 million) is classified under administrative expenses. The Group's property, plant and equipment have been charged to secure loans as set out in Note 27 to the financial statements.

18. BIOLOGICAL ASSETS

	<u>Tea Bushes</u> TShs '000	<u>Avocado</u> <u>plantations</u> TShs '000	<u>Total</u> TShs '000
Year ended 30 September 2013			
At 1 October 2012	1,837,882	202,588	2,040,470
Gain arising from changes in fair value less costs to sell	418,018	38,105	456,123
	2,255,900	240,693	2,496,593
Period ended 30 September 2012			
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
	1,837,882	202,588	2,040,470

TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)

18. BIOLOGICAL ASSETS (Continued)

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

Tea

1. Climatic conditions are expected to be average;
2. The average market price of made tea has been projected at US\$1.99/kg for the financial year 2013-2014, rising by about 1% per annum until financial year 2017-2018 and being constant thereafter;
3. The inflation has been projected at 7% for financial year 2013-2014 and at 6% thereafter;
4. The US\$/Tzs exchange rate is expected to increase by average of 4% per annum from current rate of Tshs 1,681/\$; and
5. Yield and tea production remain fairly constant as the tea plantations are mature.

The pre-tax discount rate applied to the expected net cash flows was 22.75%. There are 316 hectares (2012: 316 hectares) of mature tea bushes located in Tukuyu district in Tanzania. The tea estates produced 2.81 million (2012: 3.14 million) kilograms of green tea leaf.

Avocado

1. Climatic conditions are expected to be average;
2. The average market price of avocado has been projected at US\$1.79 per kg for the financial year 2013-2014, rising by about 1% per annum thereafter;
3. The inflation has been projected at 7% for financial year 2013-2014 and at 6% thereafter;
4. The US\$/Tzs exchange rate is expected to increase by average of 4% per annum from current rate of Tshs 1,681/\$; and
5. Yield is expected to increase by 5% per annum.



TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)

18. BIOLOGICAL ASSETS (Continued)

The pre-tax discount rate applied to the expected net cash flows was 22.75%. There are 60 hectares (2012: 60) of mature avocado plantation, located in Tukuyu district in Tanzania. The avocado plantations produced 228 tons (2012: 114.7 tons) of avocado.

19. INVESTMENT IN SUBSIDIARIES

	<u>2013</u> TShs '000	<u>2012</u> TShs '000
Wakulima Tea Company Limited (a)	1,704,272	1,704,272
Rungwe Avocado Company Limited (b)	698,190	698,190
	2,402,462	2,402,462

The investments relates to:

Nature of business	Number and description of share held		% of issued shares held	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</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	51.97%	52.90%

The Company has a direct interests of 70% in Wakulima Tea Company Limited (WTCL) and 51.97% in Rungwe Avocado Company Limited (RACL). The Company has an indirect interest of 14.27% in RACL and 70%+1 share in Kymbila Tea Packing Company Limited (KTPCL), through WTCL which holds 20.38% of RACL and 100% of KTPCL. In 2013, RACL issued shares to a minority shareholder as follows:

**TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)**

19. INVESTMENT IN SUBSIDIARIES (Continued)

Date	No of shares issued	Total number of RACL Shares
Opening balance at 1 October 2012	-	131,981
Shares issued in December 2012	1,520	133,501
Shares issued in April 2013	851	134,352

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

Company	% holding at 30 Sep 2013	% holding at 30 Sep 12
Tatepa Ltd direct holding (a)	66.23%	67.42%
WTCL direct holding (b)	20.38%	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.

20. LOAN RECEIVABLE

	Group		Company	
	2013	2012	2013	2012
	TShs '000	TShs '000	TShs '000	TShs '000
Wakulima Tea Company Limited	-	-	916,458	709,344
Rungwe Avocado Company Limited	-	-	1,181,598	1,045,090
Moravian Church	273,444	201,885	-	-
	273,444	201,885	2,098,056	1,754,434
Current	-	-	341,458	309,345
Non-current	273,444	201,885	1,756,598	1,445,089
	273,444	201,885	2,098,056	1,754,434



**TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)**

20. LOAN RECEIVABLE (Continued)

Loan to Wakulima Tea Company Limited (WTC) carries interest rate of 16% (2012: 15%) and is unsecured. The repayment of the loan by WTC 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 (2012: 12%). The loan is repayable after December 2015 subject to the availability of cash in Rungwe Avocado Company Limited (RACL).

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

TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)

21. PREPAID LAND RENT

	Group		Company	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	TShs '000	TShs '000	TShs '000	TShs '000
Moravian Church	34,773	48,128	-	-
Less: Current portion (Note 23)	(14,906)	(15,364)	-	-
	19,867	32,764	-	-
<i>Movement in gross amounts</i>				
Opening balance	48,128	58,623	-	-
Amortisation	(13,355)	(10,495)	-	-
Closing balance	34,773	48,128	-	-

22. INVENTORIES

Finished products	1,826,434	1,400,395	-	-
Unprocessed products	262,526	298,455	-	-
Stores and consumables	1,905,216	2,502,252	-	-
Goods in transit	50,228	12,566	-	-
Impairment provision	(84,164)	(18,060)	-	-
	3,960,240	4,195,608	-	-

23. TRADE AND OTHER RECEIVABLES

Trade receivables	1,345,038	925,736	-	-
Advances to tea growers	576,558	417,099	-	-
VAT recoverable	272,234	190,604	-	5,297
Other receivables	311,171	421,281	92	133
Deposits and prepayments	148,770	119,312	3,832	3,511
Current portion of land rent (Note 21)	14,906	15,364	-	-
Due from related parties (Note 34 (v))	-	-	54,978	31,153
	2,668,677	2,089,396	58,902	40,094



TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)

23. TRADE AND OTHER RECEIVABLES (Continued)

Trade receivables that are less than 30 days (2012: 30 days) are within the Group's credit period. As of 30 September 2013, trade receivables of TShs 778 million (2012: TShs 104 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:

	Group		Company	
	2013	2012	2013	2012
	TShs '000	TShs '000	TShs '000	TShs '000
US dollar	568,559	454,109	-	-
Tanzania shilling	776,479	471,627	-	-
	1,345,038	925,736	-	-

24. BANK BALANCES AND CASH

Cash at bank and in hand	159,867	504,012	37,149	7,753
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The year-end cash and cash equivalents comprise the following:

Bank balances and cash	159,867	504,012	37,149	7,753
Bank overdraft (Note 26)	(5,858,626)	(2,687,367)	-	-
	(5,698,759)	2,183,355)	37,149	7,753

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

TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)

25 TRADE AND OTHER PAYABLES

	Group		Company	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	TShs '000	TShs '000	TShs '000	TShs '000
Trade payables	1,771,125	943,205	6,090	2,844
Other payables and accrued expenses	808,816	904,063	195,186	192,669
Due to related parties (Note 34)	7,757	2,844	15,514	2,844
Unclaimed dividends	133,628	133,026	133,628	133,026
	2,721,326	1,983,138	350,418	331,383

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

26. BORROWINGS

Non-current

CRDB Bank Plc term loans (i)	1,137,765	1,987,006	-	-
ACEF loan (ii)	1,798,963	1,606,290	-	-
AWC loan (iii)	1,429,230	1,490,797	-	-
	4,365,958	5,084,093	-	-

Current

CRDB Bank Plc loans (i)	920,000	829,777	-	-
Bank overdrafts: CRDB Bank Plc (i)	5,858,626	2,687,367	-	-
AWC loan (iii)	95,282	-	-	-
Diamond Motors: vehicle purchase (iv)	77,064	-	-	-
	6,950,972	3,517,144	-	-
Total	11,316,930	8,601,237	-	-



**TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)**

26. BORROWINGS (Continued)

(i) CRDB Bank Plc loans and overdrafts

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

Wakulima Tea Company Ltd (WTC)

Bank loans

WTC has two US dollar denominated term loan facilities with carrying value of Tshs 1,239 million and Tshs 649 million respectively expiring in 2015, and bearing a minimum interest of 7.5% per annum (2012: 7.5% per annum).

Overdrafts

WTC has a US dollar denominated overdraft facility with carrying value of Tshs 1,987 million bearing an interest rate of 7.5% (2012: 7.5%) per annum and expiring on 30 October 2014, and a Tanzania shilling denominated overdraft facility with carrying value of Tshs 1,517 million expiring on the same date and bearing an interest rate of 15% (2012: 15%) 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, mortgage and debenture on its estates and factory buildings and a first charge Chattel Mortgage over motor vehicles purchased from loan proceeds.

Kyimbila Tea Packing Company Ltd (KTC)

Bank loan

KTC has a term loan facility with carrying value of Tshs 169 million, bearing an interest of 16% (2012: 16%) per annum and expiring in February 2016.

Overdraft

KTC has an overdraft facility with carrying value of Tshs 1,346 million and bearing an interest of 17% (2012: 16%) per annum expiring on 31 October 2014.

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.

**TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)**

26. BORROWINGS (Continued)

Rungwe Avocado Company Ltd (RAC)

Overdraft

RAC has a USD denominated overdraft facility with a carrying value of Tshs 1,008 million bearing an interest of 8% per annum and expiring on 30 November 2014. The overdraft facility is secured by cross company guarantee and indemnity from Tatepa Limited and Wakulima Tea Company Limited and first charge legal mortgage over the properties of Wakulima Tea Company Limited.

(i) ACEF loan and deferred capital grant

Rungwe Avocado Company Ltd has an interest free and unsecured loan from Africa Challenge Enterprise Fund (ACEF) with a carrying value of Tshs 1,798 million, which will be fully repaid by 2017. The movement of the loan is as follows:

	Group	
	<u>2013</u>	<u>2012</u>
	TShs '000	TShs '000
Balance at the beginning of the year	1,606,290	1,460,936
Unwinding of discount	154,513	142,307
Exchange loss	38,160	3,047
Closing balance	<u>1,798,963</u>	<u>1,606,290</u>

(ii) AWC loan

Rungwe Avocado Company Ltd has a loan facility from AWC CB1 Limited denominated in US dollars, with a carrying value of Tshs 1,524 million and bearing an interest of 8% per annum. The repayments of the principal amount will start after the expiry of three years grace period in September 2014.

(iii) Diamond motors

The Company has a Japanese Yen (JPY) denominated hire purchase facility from Diamond Motors Limited with an outstanding balance at year end of Tshs 77 million. This facility carries interest of 8% per annum and expires in March 2014.



**TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)**

26. BORROWINGS (Continued)

(iv) Diamond motors (Continued)

	Group	
	<u>2013</u>	<u>2012</u>
	TShs '000	TShs '000
Gross finance lease liabilities - minimum lease payments:		
Not later than 1 year	80,443	-
Total	80,443	-
Future finance charges on finance lease liabilities	(3,379)	-
Present value of finance lease liabilities	77,064	-

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

The exposure of the Group's borrowings to interest rate changes at the end of the reporting period are as follows:

	Group	
	<u>2013</u>	<u>2012</u>
	TShs '000	TShs '000
Less than 1 year	6,855,689	3,517,144
1-5 years	4,461,241	5,084,093
Closing balance	11,316,930	8,601,237

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 year end date.

TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)

27. DEFERRED CAPITAL GRANT

	Group	
	<u>2013</u>	<u>2012</u>
	TShs '000	TShs '000
Opening balance	292,504	300,954
Grant amortisation	(20,279)	(8,450)
Closing balance	<u>272,225</u>	<u>292,504</u>

28 DEFERRED TAX ASSETS

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

	Group		Company	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	TShs '000	TShs '000	TShs '000	TShs '000
At the beginning of year/period	(334,056)	511,941	(96,726)	(29,552)
Credited into the statement of profit or loss (Note 14)	(787,753)	(845,997)	(2,191)	(67,174)
Charged to statement of other comprehensive income	2,110	-	-	-
At the end of year/period	<u>(1,119,699)</u>	<u>(334,056)</u>	<u>(98,917)</u>	<u>(96,726)</u>

Details of the deferred tax assets are:-

Property, plant and equipment	434,828	367,726	-	-
Biological asset fair valuation	681,103	590,620	-	-
Estimated tax losses	(1,985,866)	(1,165,373)	(98,917)	(96,726)
Provisions	(249,764)	(127,029)	-	-
At the end of year/period	<u>(1,119,699)</u>	<u>(334,056)</u>	<u>(98,917)</u>	<u>(96,726)</u>

TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)

29. RETIREMENT BENEFIT OBLIGATIONS

	Group		Company	
	2013	2012	2013	2012
	TShs '000	TShs '000	TShs '000	TShs '000
As at 1 January	372,270	302,754	-	-
Current service cost	89,038	47,996	799	-
Interest cost	63,712	44,952	112	-
Benefits paid	(38,709)	(23,433)	-	-
Actuarial loss/(gain)	7,850	-	(350)	-
As at 31 December	494,161	372,269	561	-

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

The principal assumptions used in the actuarial valuation are:

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

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

The Group early adopted the revised IAS 19 Employee Benefits and applied it retrospectively. The differences were as follows:

**TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)**

29. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

	2013	2012	2011
	Shs'000	Shs'000	Shs'000
Present value of the defined benefit obligation using IAS 19	494,161	372,270	302,754
Present value of the defined benefit obligation using IAS 19 Revised	494,161	408,900	340,700
Variance	-	(36,630)	(37,946)

The variances individually and in aggregate are not material to the financial statements for the year ended 30 September 2013 and prior years and therefore no prior period adjustments were made in these financial statements.

30. COMMITMENTS

Capital commitments

The Group had no capital commitments at the year end.

Operating lease commitments – where a Group company is the lessee

The Group companies have leased land from the Government of the United Republic of Tanzania with lease terms ranging from 33 years to 99 years which can be renewed at the end of each term 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		
	2013	2012	2012
	TShs '000	TShs '000	TShs '000
Less than 1 year	15,523	15,523	-
2-5 years	62,093	62,093	-
Later than 5 years	353,181	368,704	-



**TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)**

31. SHARE CAPITAL

	<u>2013</u> TShs '000	<u>2012</u> TShs '000
Group and Company		
Authorised: 20,000,000 ordinary shares of Shs 25 each	500,000	500,000
	<u>2013</u> Number	<u>2012</u> Number
Number of issued and fully paid shares	18,657,254	17,857,165
Weighted average number of shares	18,323,884	17,857,165

Share capital and premium

	<u>Share Capital</u> TShs '000	<u>Share Premium</u> TShs '000	<u>Total</u> TShs '000
Group and Company			
At 1 October 2012	446,429	3,748,429	4,194,858
Shares issued	20,002	-	20,002
Premium on shares issued	-	300,033	300,033
At 30 September 2013	466,431	4,048,462	4,514,893

TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)

32 CASH (UTILISED IN)/GENERATED FROM OPERATIONS

	Group		Company	
	12 months Sep 2013 TShs '000	9 months Sep 2012 TShs '000	12 months Sep 2013 TShs '000	9 months Sep 2012 TShs '000
Profit/(loss) profit before income tax	(2,543,411)	98,521	484,531	(223,914)
Adjustments for:				
Depreciation (Note 17)	1,051,778	763,451	-	-
Amortisation of deferred capital grant (Note 26)	(20,279)	(8,450)	-	-
Amortisation of prepaid land rent	13,355	10,495	-	-
Interest unwinding (Note 26 (ii))	154,513	142,307	-	-
Fair value gain on biological assets (Note 18)	(456,123)	(440,231)	-	-
Employees' gratuity	121,891	69,515	806	-
Interest expense	862,695	573,624	-	-
Gain on disposal of property, plant and equipment	(725)	-	-	-
<i>Changes in working capital:</i>				
Inventories	235,368	(350,999)	-	-
Receivables	(579,379)	55,658	(18,808)	18,978
Payables	738,188	301,958	19,035	98,003
Cash generated from operations	(422,129)	1,215,849	485,564	(106,933)

33 SUBSEQUENT EVENTS

There are no significant events that have occurred since the year end that would require separate disclosure, or adjustment to, the financial statements of the Group or the Company for the year ended 30 September 2013.

**TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)**

34 RELATED PARTY TRANSACTIONS AND BALANCES

At the year end there was no single shareholder with a controlling interest in the Company. The Company owns 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 26.75% of Rungwe Avocado Company Limited is owned by Robert Clowes. There is no ultimate parent of the companies in the Group (2012: None). Wakulima Tea Company Limited owns 100% less 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	
	12 months Sep 2013 TShs '000	9 months Sep 2012 TShs '000	12 months Sep 2013 TShs '000	9 months Sep 2012 TShs '000
i) Purchase of services				
Tanganyika Finance Company Ltd (management services)	1,172,174	772,692	163,416	69,263
ii) Sale of services				
Subsidiaries (management services)	-	-	139,714	84,870
iii) Interest on loans				
Subsidiaries	-	-	263,810	184,258
iv) Dividends received				
Subsidiaries	-	-	612,500	-

TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)

34 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

v) Year-end balances

	Group		Company	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Receivable/(payable) from/to related parties	TShs '000	TShs '000	TShs '000	TShs '000
Subsidiary	-	-	54,978	31,153
Tanganyika Finance Company Ltd	(7,757)	(2,844)	(15,514)	(2,844)

vi) Loan receivable/(payable) from related parties

	Group		Company	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	TShs '000	TShs '000	TShs '000	TShs '000
Subsidiaries	-	-	2,098,056	1,754,434

vii) Directors and key management's remuneration

Remuneration policy for directors and executives

The Directors of the Company are paid an annual fee of US\$6,600 (2012: US\$6,600) each, while the Chairman is paid US\$8,800 (2012: US\$8,800). The Chairman also receives a gross pay of US\$60,000 (2012: Nil) as well as other pay amounting to US\$10,000 (2012: Nil). In addition to the annual fees, Directors are entitled to a refund of their actual travelling expenses up to a sum of US\$550 (2012: US\$550) per sitting as well as payment of an allowance of US\$550 (2012: US\$550) for attending each meeting to cover their incidental expenses.

**TATEPA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013
NOTES (CONTINUED)**

34 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

vii) Directors and key management's remuneration (Continued)

2013 (12 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)	93,733	1,628	14,832	13,986	3,508	-	-	-	127,687
S Alfred	-	-	-	-	-	-	-	-	-
Keith Alexander	-	-	-	10,489	5,262	-	-	-	15,571
G C Theobald	-	-	-	10,489	3,508	-	-	-	13,997
P D Rowland	-	-	-	10,489	3,508	-	-	-	13,997
Robin Harrison	-	-	-	10,489	4,379	-	-	-	14,868
Johannes Gunnell	-	-	-	10,489	3,508	-	-	-	13,997
2012 (9 months)									
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
K 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

** Tshs 35.856 million of this amount was provided in the books of accounts at 30 September 2012 but had not been paid out at that date.

TATEPA LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 20th Annual General Meeting of the Company in respect of the year ended 30th September 2013 will be held at The Courtyard Hotel, Dar es Salaam on Thursday the 24th April 2014 at 11:00 hours.

AS ORDINARY BUSINESS

1. Confirmation of the Minutes of the 19th Annual General Meeting.
2. To receive, consider and adopt Report of the Board of Directors, Audited Financial Statements for the financial year ended 30th September 2013, and the Report of the Auditors' thereon.
3. To approve that the Interim Dividend (for the year 2012-13) of Shs.20 per share paid in cash or in scrip, be the Final Dividend for the year 2012-13.
4. Appointment of Directors: To re-appoint the following Directors for a period of Two (2) years:
 - (i) Mr. George Carmichael Theobald
 - (ii) Mr. Peter David Rowland.
 - (iii) Mr. Keith Alexander
 - (iv) Mr. Robin Harrison
 - (v) Mr. Johannes Gunnell.
5. To appoint Price Waterhouse Coopers, P.O.Box 45, Dar es Salaam, as the Company Auditors as recommended by the Board of Directors for the Financial Year 2013-14 and to authorize the Directors to fix their remuneration.

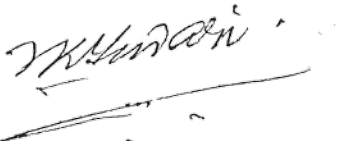
AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolution

6. **Re-appointment of Director retiring in accordance with Section 194 (5) of the Companies Act**
"THAT Hon Joseph James Mungai Rtd MP, being age of Seventy (70) years and retiring in accordance with Section 194 (1) of The Companies Act, 2002, be and is hereby re-appointed as Director of the Company to hold office for a period of Two (2) years".
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
P.O.Box 1344 Dar es Salaam, Tanzania
21 March 2014.



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 24th April 2014

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

**TATEPA LIMITED
PROXY**

I/We of _____ of _____

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

_____ of _____ or failing him/her
_____ of _____

as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the 24th day of April 2014 and at any adjournment thereof.

Signed _____

This _____ Day of April 2014.

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.

