





WILLIAMSON TEA
KENYA LIMITED

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Report

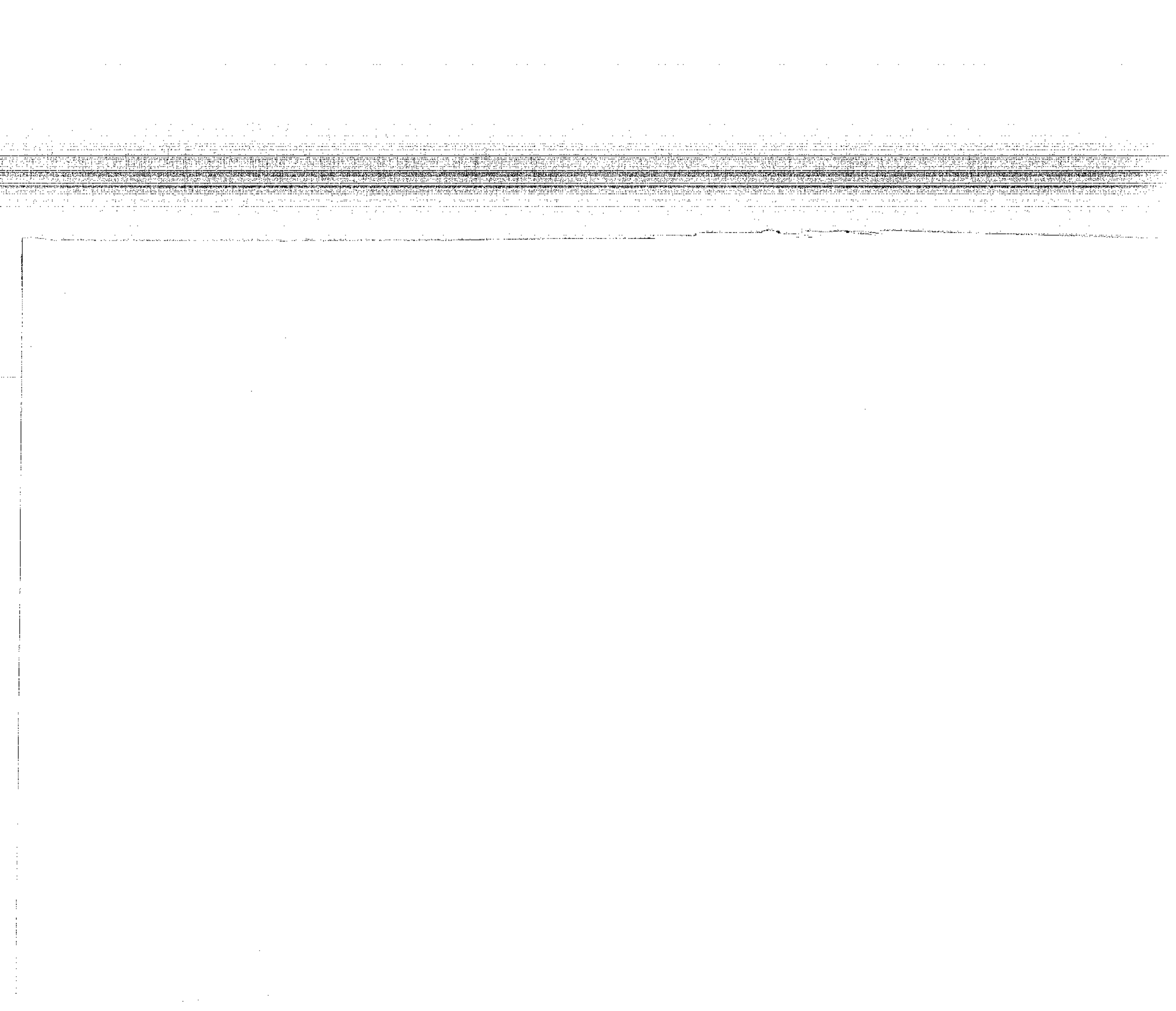
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31 March 2004





**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004**

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Fifty Fourth ANNUAL GENERAL MEETING of the Shareholders will be held at the Nairobi Club, Ngong Road, on 28 July 2004 at 10.00 a.m. for the purposes of attending to the ordinary business as set out below:

1. To receive and adopt the report of the Directors together with the audited financial statements for the year ended 31 March 2004.
2. To declare a dividend.
3. To elect Directors:

Mr. D B White and Mr. P Magor retire by rotation and being eligible offer themselves for re-election.
4. To approve the remuneration of the Directors.
5. To authorize the Directors to agree the remuneration of the Auditors.
6. To transact such other competent business as may be brought before the meeting

BY ORDER OF THE BOARD

A.M.MULILA
SECRETARY

14 June, 2004

2007/ 1106

A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her, and such proxy, need not also be a Member of the Company.

A form of proxy is provided with this report which shareholders who do not propose to be at the Meeting are requested to complete and return to the registered office of the Company so as to arrive not later than Twenty Four hours before the meeting.



WILLIAMSON TEA KENYA LIMITED
Incorporated 15 December 1952

COMPANY INFORMATION

SHARE CAPITAL	Authorised:	
	17,512,640 ordinary shares of Sh. 5/- each, Sh. 87,563,200	
	Issued and fully paid:	
	8,756,320 ordinary shares of Sh. 5/- each, Sh. 43,781,600	
GROUP COMPANIES	Tea production Companies:	
	Williamson Tea Kenya Limited	- CHANGOI ESTATE (Incorporating LELSA ESTATE)
	Kaimosi Tea Estates Limited (wholly owned)	- KAIMOSI ESTATE
	Tinderet Tea Estates (1989) Limited (82% owned)	- TINDERET ESTATE
	Kapchorua Tea Company Limited - (39.56% owned)	- KAPCHORUA ESTATE
INVESTMENT	Other wholly owned companies:	
	Tea Properties Limited	- PROPERTY
	Williamson Power Limited	- GENERATOR SERVICES
	Tea Manufacturing and Supplies Limited	- DORMANT
	Lelsa Tea Estates Limited	- DORMANT
	Other:	
	Williamson Developments Limited - (50%) owned	- PROPERTY

DIRECTORS AND PROFESSIONAL ADVISERS

DIRECTORS	N G Sandys-Lumsdaine* -Executive Chairman
	E A Bristow
	S C A Koech
	P Magor*
	E N K Wanjama
	D B White
	I D C Burrridge*
	* British
SECRETARY	A M Mulila P O Box 42281, Nairobi
REGISTERED OFFICE	Williamson House, 1 st Floor, 4 th Ngong Avenue, P O Box 42281 - 00100, Nairobi
AUDITORS	Deloitte & Touche "Kirungii", Ring Road, Westlands, P O Box 40092, Nairobi
BANKERS	Barclays Bank of Kenya Limited Barclays Plaza Business Centre, P O Box 46661, Nairobi
	Standard Chartered Bank Kenya Limited Kenyatta Avenue Branch, P O Box 40310, Nairobi
LAWYERS	Kaplan & Stratton Williamson House, 9 th Floor, 4 th Ngong Avenue, P O Box 40111 - 00100, Nairobi
	Walker Kontos Hakika House, Bishops Road, P O Box 60680 - 00200, Nairobi



CHAIRMAN'S STATEMENT

Crops were higher than last year due to the more favourable weather and a greater volume of leaf from our Outgrowers. We continued to recruit more Outgrowers and their total input in terms of made tea reached 1,971,436 Kgs during the year compared with 1,419,000 Kgs last year.

Although the World Tea over supply position continued, there was a slight improvement in prices.

This together with a weaker Kenya Shilling against the Sterling Pound, coupled with continuing tight cost control on all Estates' operations has resulted in improved results.

Our wages were increased by 8% from 1st January 2004 (2003 7.5%) under the recently registered Collective Bargaining Agreement with The Kenya plantation and Agricultural Workers Union with a further 8% from 1st January 2005.

Cost control remains a high priority on our Estates but at the same time Management are keenly aware of the need not to compromise standards in order to produce the best 'Teas' possible.

Based on the results and the anticipated decline in World Tea prices in the later part of the year, your Directors are recommending payment of a Dividend of Shs 3/75 per share. (2003 -Shs. 3/75).

TEA

Crop in Kgs of made tea on our Estates was as follows:-

	2004	2003	2002
CHANGOI	3,714,073	3,437,364	3,647,646
KAIMOSI	2,535,558	2,288,501	2,149,817
TINDERET	1,660,279	1,549,775	1,715,720

CAPITAL INVESTMENT

During the year we incurred Capital Expenditure of Shs. 25,168,000 on our Estates.

This covered new Tea and Timber Planting, Factory Machinery, buildings, schools, labour housing, and upgrading of transport.

PROPERTY

During the year, the Nairobi Office moved from the 9th to 1st Floor of Williamson House to occupy offices which became vacant in the year. A new tenant moved to 9th floor to occupy the company's old offices.

WILLIAMSON POWER

There were no major changes in operations.

ENVIRONMENT

The Estates have continued with their re-afforestation programmes including developing nurseries and planting a wide variety of indigenous trees and bamboo throughout the Estates.

In addition, the Estates continue to improve the fuel and timber plantations for own use and sale to third parties.

In our endeavour to improve the environment the Estates have embarked on development of wetlands for the Factory effluent.



CHAIRMAN'S STATEMENT (Continued)

SOCIAL CONTRIBUTION

The major salient facts under this heading include:-

- i). There are now 4,788 workers and over 20,000 dependants within the Group Estates. We operate 4 Primary Schools, 1 Secondary School, and 5 Health Clinics. In addition we continue to look for opportunities to increase the range and quality of welfare facilities for our workers and their families.
- ii). The Group's foreign currency net sales amounted to the equivalent of Shs. 801,993,000 (2003 Shs 744,715,000).
- iii). The Group paid to the Government Corporation Tax of Shs. 20,755,000 and Agricultural Produce Cess to the Tea Board of Kenya of Shs. 2,726,000 for disbursement to the Local Councils and Tea Road Committees in the areas where we operate.
- iv). Total expenditure on the provision of various social welfare, health and educational facilities at the Estates amounted to Shs.14,704,000.
- v). Certificates of Compliance are held from the Tea Sourcing Partnership in the United Kingdom, confirming the high standards of our operating procedures and Corporate Social Responsibility.

STAFF

Mr. Samuel Thumbi was transferred to Changoi from Kaimosi as General Manager, while Mr. John Kosgei previously the Acting General Manager Changoi moved to Kaimosi as General Manager. Mr. Tom Lloyd continues as General Manager at Tinderet Tea Estates as does Solomon Koech as Visiting Agent and Zabron Mugo as our Group Engineer. I would wish to thank them together with all Management and Staff at all levels including our Nairobi Office and Engineering Staff for the results achieved.

DIRECTORS

Your Board places great emphasis in the area of good Governance and Corporate Social Responsibility which is becoming an increasing requirement of our Buyers Overseas.

An expanded note is included in the Directors Statement of Responsibilities and Corporate Governance report.

I would also draw Shareholders attention to page 19 of the Accounts which explains the adopting of International Accounting Standard 41 (IAS41) on Agriculture, a requirement of both the Capital Markets Authority and Nairobi Stock Exchange.

In conclusion I would thank the Directors for their support and contribution at our regular Board and Audit Committee Meetings.

N.G. SANDYS-LUMSDAINE
Chairman

14th June 2004



NAKALA YA MWENYEKITI

Mazao ya mwaka huu yalimalika zaidi ikilinganishua na yale ya mwaka uliopita. Hii ni kufuatia hali nzuri ya hewa na ongezeko la mazao kutoka kwa wakusaji majani wa nje. Tunaendelea kuandikisha wakusaji majani wa nje ambao mwaka huu tulipata kilo 1,971,436 kutoka kwao ikilinganishua na kilo 1,419,000 za mwaka uliopita.

Hata ingawa kulindelea kuwemo na tokeo la viwengo viakupindukia katika Ulimuengu wa majani chai, kulikuwa na ongezeko kidogo tu ya bei.

Kukiwemo na shilingi ya Kenya ambayo ilikuwa imepungua dhamana ikilinganishwa na pauni ya Uingereza pamoja na juhudi zetu za kuimalisha gharama huku mashambani tulipata faida.

Kwanzia Januari mwaka huu wa 2004 mshahara kwa wafanyikazi mashambani uliongezwa kwa asilimia nane (mwaka uliopita 2003 ilikuwa ya asilimia saba na nusu).

Hii ni kufuatia yale mapatano ya chama cha wafanyi kazi na kile cha Uajiri ambapo walikupaliana ya kwamba mwaka ujao wa 2005 mshahara utaongezwa tena kwa asilimia nane.

Usimamizi kwa gharama umepewa umuhimu uliotangulia kote kwa mashamba yetu. Wakati huo huo wakuu wote wanaelewa umuhimu wa kuzalisha chai bora zaidi pale iwezekanavyo.

Kufuatia matokeo haya na kutarajiwa kuwemo na upungufu wa bei kwa masoko ya ulimwenguni baadaye mwaka huu, wakurugenzi wetu wamependekeza gawio la Shilingi tatu na centi sabuni na tano kwa kila hisa moja, mwaka uliopita (2003 Shs. 3/75)

CHAI

Mazao yaliyopatikana kwa kilo yalikuwa kama ifuatavyo:-

	2004	2003	2002
CHANGOI	3,714,073	3,437,364	3,647,646
KAIMOSI	2,535,558	2,288,501	2,149,817
TINDERET	1,660,279	1,549,775	1,715,720

RASIMALI

Hapo mwakani jumla ya Shs. 25,168,000/= zilitumika kwa mipango ya kugharamia rasimali kwa mashamba yetu yote. Hii ni pamoja na upandaji michai, ujenzi wa manyumba, mashule, makao ya wafanyi kazi na kustawisha uchukuzi.

MALI

Hapo mwakani Ofisi Kuu ya Nairobi iliamishwa kutoka olofa la Tisa mbaka olofa la kwanza kule Williamson House. Hii ilisababishwa na kuhama kwa Ofisi ya Balozi ya Ugerumani na kupata mpangaji mpya.

UHANDISI

Hatukuwa na mabadiliko yoyote mwaka huu.

MAZINGARA

Mashamba yote yanaendelea na mpango wa kupanda miti ya misitu pamoja na ile ya kiasili na ile ya bamboo.

Pia mashamba yote yanaendelea upandaji wa miti ya kuni pamoja na ya kutoa mbao ambayo itausiwa watu wa nje.

Katika juhudi zetu za kuimaliza zaidi hali ya mazingara mashamba yetu yote yameanza kufanikisha sehemu za chemi chemi katika zile sehemu ambayo maji machafu ya viwanda yanaeleleshwa.



CORPORATE GOVERNANCE



NAKALA YA MWENYEKITI (Yaendelea)

MCHANGO WA MAMBO YA JAMII

Mambo makubwa chini ya dibaji hii ni pamoja na:

- (i). Sasa kuna wafanyi kazi 4,788 walioajiriwa, na 20,000 wanaotegemea kote kwa kundi letu.
Tunaendelea shule nne za msingi, shule moja ya upili na vituo vitano vya afya.
Kule tutaweza tutaendelea kutoa huduma na vifaa bora vya kustarehesha wafanyi kazi wetu pamoja na jamii zao.
- (ii). Pesa zetu za kigeni tulizozipata zilikuwa Sh.801,993,000(2003 Sh 744,715,000)
- (iii). Kampuni hii na viunga vyake imelipa serikali kodi ya Shs.20,755,000, na kodi zingine za Tea Board of Kenya za Sh.2,726,000 ambazo zinatumiwa kwa mabaraza ya miji na pia kwa kamiti ya kusitawisha mabarabara katika wilaya zile tunakuza chai.
- (iv). Kampuni zetu zilitumia Sh.14,704,000 kama rasilimali ya kutoa huduma bora hasa vifaa vya climu na afya kote kundini.
- (v). Tunaendelea kuhifadhi vyeti vya kukubaliana na mapendekezo ya "Tea sourcing partnership" ya uingereza. Hii inathibitisha kwamba hali kwa juu na ubora kwa jinsi tunavyotengeza chai na pia vile tunazingatia usalama wa wafanyi kazi wetu imetokelezwa.

WAFANYI KAZI

Kulikuwa na mabadiliko kwa mameneja wetu wakuu, Bwana Samuel Thumbi aliamishwa kutoka Kaimosi na sasa ndiye Meneja mkuu wa Changoi. Bwana John Kosgey ambaye alikuwa meneja mtendaji wa Changoi aliteuliwa kuwa meneja Mkuu wa Kaimosi.

Wakati huo huo Bwana Tom Lloyd anacndelea kuwa Meneja Mkuu wa Tinderet Na Bwana Solomon Koech anaendelea kama mkurugenzi mtendaji kote kundini na Zabron Mugo akiwa ndiye mhandisi mkuu.

Kwa niaba yetu zote ningependa kwashukuru wote pamoja na wafanyikazi wao na pia wale wafanyi kazi wetu wa ofisi ya Nairobi na wale wa kazi ya uhandisi kwa kazi yao nzuri na kwa kuafikia shabaha zilizotarajiwa.

WAKURUGENZI

Bodi yetu inazingatia mambo ya kuendelea kampuni vile ilivyopendekelewa na pia kuangalia mambo yote ya kijamii ambayo sasa wanunuzi wa chai yetu kutota nchi za nje wanapendekeza.

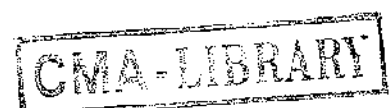
Pamoja na nakala ya wakurugenzi kumeandikwa cheti kupanua zaidi juu ya madaraka kuhusu pendckesho kwa uendezaji bora wa mashirika.

Pia ningewashauri wana hisa wote wasome ukurasa wa 19 kuhusu uchaguo wa zile kanuni za kufanya hesabu za kimataifa nambari 41 Yaani (IAS 41) ambayo inahusu Kilimo, hali ya Mashauri ya Masoko ya Kifedha pamoja na Soko la Hisa la Nairobi.

Kwa kumalisia ninatoa shukurani kwa wakurugenzi wenu kwa kutimiza wajibu wao na pia kwa kuhudhuria vikao vya Bodi pamoja na mambo ya ile mikutano ya mkaguo wa hesabu katika kamati yetu kila mara.

N.G.SANDYS-LUMSDAINE
Chairman

14th June 2004





CORPORATE GOVERNANCE (Continued)

MAJOR SHAREHOLDERS AND ANALYSIS OF SHAREHOLDERS

The Company files with CMA and NSE a quarterly report on the top 10 major share holders and investors return on a monthly basis.

As at 31 March 2004 the top 10 major shareholders were as follows;

Name	Location	No of Shares	%
1. Ngong Tea Holdings Limited	England	4,506,164	51.46
2. Upstream Investments Limited	Nairobi	324,673	3.71
3. The Heritage All Insurance Co. Ltd	Nairobi	215,000	2.46
4. Old Mutual Life Assurance Co. Ltd	Nairobi	212,444	2.43
5. Kenya Commercial Bank Staff Pension	Nairobi	157,011	1.79
6. Insurance Company of East Africa Ltd	Nairobi	150,000	1.71
7. The Jubilee Insurance Co. Ltd	Nairobi	144,859	1.65
8. Barclays (Kenya) Nominees Ltd A/C 1856	Nairobi	100,000	1.14
9. Craysell Investments Ltd	Nairobi	99,354	1.13
10. Phoenix E.A. Assurance Co. Ltd	Nairobi	84,856	0.97

Analysis of Shareholders

By region:

Region	Number	Shares held	%
Foreign investors	46	4,631,987	52.90
Local & East Africa investors (Individuals)	1,038	2,612,196	29.80
Local & East Africa investors (Institutional)	66	1,512,137	17.30
	<u>1,150</u>	<u>8,756,320</u>	<u>100.00</u>

By shares distribution:

Less than 500	445	126,193	1.44
500-10,000	590	893,182	10.20
5,001- 100,000	58	428,109	4.89
10,001- 100,000	50	1,598,685	18.26
100,001-1,000,000	6	1,203,987	13.75
Above 1,000,000	1	4,506,164	51.46
	<u>1,150</u>	<u>8,756,320</u>	<u>100.00</u>



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the company as at the end of the financial year and of the operating results of the group for that year. It also requires the directors to ensure the group and the company keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and the company. They are also responsible for safeguarding the assets of the group.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the group and the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company and its subsidiaries will not remain going concerns for at least the next twelve months from the date of this statement.

N G SANDYS-LUMSDAINE

D B WHITE

Director

Director

20th May 2004



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIAMSON TEA KENYA LIMITED

We have audited the financial statements on pages 13 to 42 for the year ended 31 March 2004 and have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Respective responsibilities of directors and auditors

As described on page 11, the directors are responsible for the preparation of the financial statements. Our responsibility is to express an opinion on those financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the directors, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion:

- (a) proper books of account have been kept by the company and the company's balance sheet is in agreement therewith;
- (b) the financial statements give a true and fair view of the state of affairs of the company and the group at 31 March 2004 and of the profit and cash flows of the group for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

DELOITTE & TOUCHE

16th June 2004



CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

	Note	2004 Sh' 000	2003 (Restated) Sh' 000
REVENUE FROM SALE OF TEA	3(a)	855,610	837,958
FAIR VALUE OF GREEN TEA LEAF HARVESTED		210,866	166,280
TEA PROCESSING AND TRANSPORT INCOME		460,232	475,586
INCOME FROM BOUGHT AND PROCESSED LEAF		232,568	164,039
FAIR VALUE GAIN ON BIOLOGICAL ASSETS	16	10,550	33,671
OPERATING INCOME	3(a)	914,216	839,576
COST OF PRODUCTION		696,016	623,555
GROSS PROFIT		218,200	216,021
OTHER OPERATING INCOME		94,497	109,035
DISTRIBUTION COSTS		(75,072)	(88,563)
ADMINISTRATIVE EXPENSES		(145,018)	(158,910)
OPERATING PROFIT	3(b)	92,607	77,583
NET FINANCE INCOME/(COSTS)	5	9,182	(2,003)
SHARE OF RESULTS OF ASSOCIATED COMPANIES	13	22,081	19,304
PROFIT BEFORE TAXATION		123,870	94,884
TAXATION CHARGE	6	(41,105)	(29,632)
PROFIT AFTER TAXATION	7	82,765	65,252
MINORITY INTEREST	25	(2,344)	(898)
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS		80,421	64,354
EARNINGS PER SHARE - Basic and diluted	8	Sh 9.18	Sh 7.35
DIVIDENDS PER SHARE	9	Sh 3.75	Sh 3.75



CONSOLIDATED BALANCE SHEET **31 MARCH 2004**

	Note	2004 Sh' 000	2003 (Restated) Sh' 000
ASSETS			
Non current assets			
Property, plant and equipment	10	705,191	751,420
Prepaid operating leases	11	46,082	46,133
Investment properties	12	303,273	300,000
Investment in associated companies	13	287,110	277,815
Other investments	15	19	19
Biological assets	16	1,336,192	1,325,642
		<u>2,677,867</u>	<u>2,701,029</u>
Current assets			
Inventories	17	171,472	110,772
Trade and other receivables	18	246,022	274,160
Due from associated companies		3,416	-
Taxation recoverable		2,324	1,029
Investments in unit trusts	21	35,197	-
Short term deposits	22	-	24,000
Cash and bank balances		102,338	93,176
		<u>560,769</u>	<u>503,137</u>
Total assets		<u><u>3,238,636</u></u>	<u><u>3,204,166</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	24	43,782	43,782
Revaluation surplus		230,768	712,794
Revenue reserve		1,972,266	1,442,655
Proposed dividend (gross)		32,836	32,836
Shareholders funds		<u>2,279,652</u>	<u>2,232,067</u>
Minority interest	25	<u>80,304</u>	<u>78,766</u>
Non current liabilities			
Deferred income taxes	26	563,068	556,236
Service gratuity	27	90,327	83,597
Borrowings	28	45,076	57,655
Finance lease obligations	29	119	910
		<u>698,590</u>	<u>698,398</u>
Current liabilities			
Trade and other payables	30	149,300	109,791
Taxation payable		8,763	1,607
Finance lease obligations	29	790	969
Due to associated companies		231	815
Borrowings	28	18,886	79,641
Unclaimed dividends		2,120	2,112
		<u>180,090</u>	<u>194,935</u>
Total equity and liabilities		<u><u>3,238,636</u></u>	<u><u>3,204,166</u></u>

The financial statements on pages 13 to 42 were approved by the board of directors on 20th May 2004 and were signed on its behalf by:

N G SANDYL-LUMSDAINE }
D B WHITE } Directors



COMPANY BALANCE SHEET 31 MARCH 2004

	Note	2004 Sh' 000	2003 (Restated) Sh' 000
ASSETS			
Non current assets			
Property, plant and equipment	10	360,050	383,447
Prepaid operating leases	11	11,877	11,890
Investment properties	12	303,273	300,000
Investment in associated companies	13	79,837	79,837
Investment in subsidiaries	14	109,877	111,877
Other investments	15	8	8
Biological assets	16	648,882	645,557
		<u>1,513,804</u>	<u>1,532,616</u>
Current assets			
Inventories	17	71,192	37,733
Trade and other receivables	18	113,780	135,352
Due from associated companies		3,271	-
Due from subsidiary companies	19	18,090	16,054
Loans to subsidiaries	20	38,976	37,708
Tax recoverable		2,324	-
Investments in unit trusts	21	30,146	-
Short term deposits	22	-	24,000
Cash and bank balances		49,630	56,495
		<u>327,409</u>	<u>307,342</u>
Total assets		<u><u>1,841,213</u></u>	<u><u>1,839,958</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	24	43,782	43,782
Revaluation surplus		115,329	425,369
Revenue reserve		1,143,817	834,044
Proposed dividend (gross)		32,836	32,836
		<u>1,335,764</u>	<u>1,336,031</u>
Non current liabilities			
Deferred income taxes	26	281,070	279,779
Service gratuity	27	51,398	45,905
Borrowings	28	27,808	36,429
		<u>360,276</u>	<u>362,113</u>
Current liabilities			
Trade and other payables	30	61,052	47,724
Due to subsidiary company	19	66,781	66,132
Taxation payable		-	524
Borrowings	28	15,202	24,732
Due to associated company		18	590
Unclaimed dividends		2,120	2,112
		<u>145,173</u>	<u>141,814</u>
Total equity and liabilities		<u><u>1,841,213</u></u>	<u><u>1,839,958</u></u>

The financial statements on pages 13 to 42 were approved by the board of directors on 20th May 2004 and were signed on its behalf by:

N G SANDYL-LUMSDAINE } Directors
D B WHITE



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2004

	Share capital Sh'000	Revaluation Surplus Sh'000	Revenue reserve Sh'000	Proposed dividend Sh'000	Total Sh'000
At 1 April 1999	43,782	925,489	418,741	21,891	1,409,903
At 1 April 2002					
- as previously reported	43,782	843,125	682,677	4,378	1,573,962
Prior year adjustments					
Due to adoption of IAS 41:					
- fair value adjustment	-	-	1,003,001	-	1,003,001
- reversal of revaluation surplus	-	(149,968)	-	-	(149,968)
- deferred tax adjustment	-	44,990	(299,894)	-	(254,904)
As restated	43,782	738,147	1,385,784	4,378	2,172,091
Surplus realised on disposal of revalued assets	-	(556)	556	-	-
Excess depreciation transfer	-	(35,663)	35,663	-	-
Deferred taxation adjustment	-	10,866	(10,866)	-	-
Net profit for the year	-	-	64,354	-	64,354
Dividend paid - 2002	-	-	-	(4,378)	(4,378)
Proposed dividend - 2003	-	-	(32,836)	32,836	-
At 31 March 2003	43,782	712,794	1,442,655	32,836	2,232,067
At 1 April 2003					
- as previously reported	43,782	853,020	686,226	32,836	1,615,864
Prior year adjustments					
Excess depreciation	-	(35,663)	35,663	-	-
Due to adoption of IAS 41:					
- fair value adjustment	-	-	1,028,091	-	1,028,091
- reversal of revaluation surplus	-	(149,406)	-	-	(149,406)
- deferred tax adjustment	-	44,843	(307,325)	-	(262,482)
As restated	43,782	712,794	1,442,655	32,836	2,232,067
Excess depreciation transfer:					
- for prior years	-	(463,328)	463,328	-	-
- current year	-	(26,712)	26,712	-	-
Deferred tax on excess depreciation	-	8,014	(8,014)	-	-
Net profit for the year	-	-	80,421	-	80,421
Dividends paid - 2003	-	-	-	(32,836)	(32,836)
Proposed dividend - 2004	-	-	(32,836)	32,836	-
At 31 March 2004	43,782	230,768	1,972,266	32,836	2,279,652

The revaluation surplus is not distributable.

The prior year adjustments relate to changes in the fair value of tea leaf inventories, tea bushes and tree plantations following the adoption of International Accounting Standard 41 on agriculture during the year.



COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2004

	Share capital Sh'000	Revaluation Surplus Sh'000	Revenue reserve Sh'000	Proposed dividend Sh'000	Total Sh'000
At 1 April 2002					
- as previously reported	43,782	478,103	527,919	4,378	1,054,182
Prior year adjustments					
Due to adoption of IAS 41:					
- fair value adjustment	-	-	429,295	-	429,295
- reversal of revaluation surplus	-	(61,374)	-	-	(61,374)
- deferred tax adjustment	-	18,412	(128,789)	-	(110,377)
As restated	43,782	435,141	828,425	4,378	1,311,726
Surplus realised on disposal of revalued assets	-	(88)	88	-	-
Excess depreciation transfer	-	(13,872)	13,872	-	-
Deferred taxation adjustment	-	4,188	(4,188)	-	-
Net profit for the year	-	-	28,683	-	28,683
Dividend paid - 2002	-	-	-	(4,378)	(4,378)
Proposed dividend - 2003	-	-	(32,836)	32,836	-
At 31 March 2003	43,782	425,369	834,044	32,836	1,336,031
At 1 April 2003					
- as previously reported	43,782	481,985	510,548	32,836	1,069,151
Prior year adjustments					
Due to adoption of IAS 41:					
- fair value adjustment	-	-	440,682	-	440,682
- reversal of revaluation surplus	-	(61,063)	-	-	(61,063)
- excess depreciation	-	(13,872)	13,872	-	-
- deferred tax adjustment	-	18,319	(131,058)	-	(112,739)
As restated	43,782	425,369	834,044	32,836	1,336,031
Excess depreciation transfer:					
- for prior years	-	(304,773)	304,773	-	-
- current year	-	(7,525)	7,525	-	-
Deferred tax on excess depreciation	-	2,258	(2,258)	-	-
Net profit for the year	-	-	32,569	-	32,569
Dividend paid - 2003	-	-	-	(32,836)	(32,836)
Proposed dividend - 2004	-	-	(32,836)	32,836	-
At 31 March 2004	43,782	115,329	1,143,817	32,836	1,335,764

The revaluation surplus is not distributable.

The prior year adjustments relate to changes in the fair value of tea leaf inventories, tea bushes and tree plantations following the adoption of International Accounting Standard 41 on agriculture during the year.



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

		2004	2003
	Note	Sh' 000	(Restated) Sh' 000
OPERATING ACTIVITIES			
Cash generated from operations	31(a)	142,604	113,659
Interest received		1,484	4,060
Interest paid		(8,939)	(10,748)
Taxation paid		(21,430)	(19,640)
		<hr/>	<hr/>
Net cash generated from operating activities		113,719	87,331
		<hr/>	<hr/>
INVESTING ACTIVITIES			
Purchase of plant and equipment		(28,789)	(73,991)
Additions to investment property		(1,478)	-
Proceeds from disposal of plant and equipment		6,343	4,023
Dividend received - from associated company		5,804	774
- other		1,496	1,456
		<hr/>	<hr/>
Net cash used in investing activities		(16,624)	(67,738)
		<hr/>	<hr/>
FINANCING ACTIVITIES			
Loans repaid	31(b)	(22,630)	(16,591)
Finance lease repayments		(970)	(1,149)
Dividends paid to shareholders		(32,828)	(3,967)
Dividends paid to minority interest		(806)	-
		<hr/>	<hr/>
Net cash used in financing activities		(57,234)	(21,707)
		<hr/>	<hr/>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		39,861	(2,114)
CASH AND CASH EQUIVALENTS AT 1 APRIL		61,476	63,590
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 31 MARCH	31(c)	101,337	61,476
		<hr/> <hr/>	<hr/> <hr/>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted in the preparation of these financial statements, which are set out below, remain unchanged from the previous years except for the implementation of the provisions of International Accounting Standard No. 41 with regard to accounting for Agricultural activity.

Basis of preparation

The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of certain assets.

Adoption of International Accounting Standard No. 41 on agriculture

Following the adoption of IAS 41 on agriculture during the year, the biological assets (tea bushes, fuel plantations and timber plantations) and agricultural produce (harvested green tea leaf) have been stated at their fair values less estimated point-of-sale costs. Previously, the company's biological assets were stated at valuation determined by independent professional valuers.

The fair value of tea bushes is determined based on the present value of expected net cash flows discounted at a current market-determined pre-tax rate. The fair value of green tea leaf is determined based on the made tea prices existing in the market less income attributable to tea processing and point of sale costs. The fair values of fuel and timber plantations are determined based on the prices existing in the market.

The cost of replanting, infilling and upkeep are recognised as an expense in the income statement.

The change in valuation of biological assets and agricultural produce has been applied retrospectively by adjusting the opening balance of revenue reserves as at 1 April 2002. Where applicable, other comparative figures have been restated accordingly.

Consolidation

Subsidiary undertakings, being those companies in which the Group either directly or indirectly has an interest of more than 50% of the voting rights or otherwise has power to exercise control over the operations, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated as from the date of disposal. All inter company transactions balances and unrealised surpluses and deficits on transactions with the subsidiary company have been eliminated.

The group financial statements reflect the result of the consolidation of the financial statements of the company and its subsidiaries, details of which are disclosed in note 14 and include the group's share of the results of the associated companies all made up to 31 March.

Investments in associated companies

Investments in associated undertakings are accounted for by the equity method of accounting. These are undertakings in which the group has between 20% and 50% of the voting rights and over which the group exercises significant influence but which it does not control.

Equity accounting involves recognising in the income statement the group's share of the results of the associates for the year. The group's interest in the associates is carried in the balance sheet at an amount that reflects its share of the net assets of the associates. A listing of the group's associated undertakings is shown in note 13.

In the company's books, investments in associated companies are carried at cost less provision for impairment if any.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (continued)

Revenue recognition

Income attributable to own harvested green leaf is recognised at fair value at the point of harvest. Fair value of green leaf is determined based on the made tea prices existing in the market less income attributable to tea processing and point of sale costs.

Income from bought and processed leaf is recognised upon despatch of goods.

Other income

Rental income is recognised on the accruals basis and dividend income is recognised when received.

Inventories

Made tea inventories are stated at the lower of cost and net realisable value. Cost comprises fair value of tea leaf at the point of harvest plus actual costs incurred in the processing of made tea.

Generator stocks are stated at the lower of purchase cost and net realisable value.

Consumable stores inventories are stated at the lower of purchase cost and net realisable value.

Property, plant and equipment

Property, plant and equipment are stated at cost or as professionally revalued less accumulated depreciation and any impairment losses.

Professional valuations are carried out in accordance with the company's policy of revaluing certain property, plant and equipment every three years. The last valuation was as at 31 March 2002.

The bases of valuation are as follows:

Land - open market value for the existing use
Other assets - net current replacement cost.

The resulting valuation surpluses/(deficits) are dealt with in the revaluation surplus.

Depreciation

No depreciation is provided on freehold land. Capital work in progress is not depreciated until the asset is brought into use.

Other property, plant and equipment are depreciated on a straight line basis to write off the cost or valuation over their estimated useful lives.

The annual rates generally in use are as follows:

Buildings	5%
Dams	2.5%
Machinery and equipment	10%
Motor vehicles	25%
Office equipment, furniture and fittings	10%
Computers	25%



NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (Continued)

Leasehold land

Payments to acquire leasehold interest in land are treated as prepaid operating lease rentals and amortised over the period of the lease.

Investment properties

Investment properties are treated as long term investments and carried at market value for existing use as determined regularly by external independent valuers. Investment properties are not subject to depreciation. Changes in their carrying amounts are dealt with in the income statement.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

Taxation

Income tax expense represents the sum of the current tax payable and the deferred taxation.

Current taxation is provided on the basis of the results for the year, as shown in the financial statements, adjusted in accordance with tax legislation.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

Provision for employee entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave accrued at the balance sheet date.

Retirement benefit obligations

The group operates a defined contribution scheme for eligible non-unionisable employees. The scheme is administered by the company and is funded by contributions from both the company and employees. The group's contributions to the defined contribution plan are charged to the income statement in the year to which they relate.

The group also contributes to the statutory National Social Security Fund. This is a defined contribution scheme registered under the National Social Security Act. The group's obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of Sh 200 per month per employee. The group's contributions are charged to the income statement in the year to which they relate.

The group's unionisable staff who resign or whose services are terminated on completion of ten years of continuous and meritorious service are entitled to twenty one days pay for each completed year of service by way of gratuity, based on the wages or salary at the time of such resignation or termination of services, as provided for in the trade union agreement. An employee who is dismissed or terminated for gross misconduct is not entitled to gratuity. The service gratuity is provided for in the financial statements at present value of benefits payable as it accrues to each employee.





NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (Continued)

Impairment

At each balance sheet date, the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognized in the income statement whenever the carrying amount of the asset exceeds its recoverable amount.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight line basis over the terms of the relevant leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Assets held under finance leases are recognised as assets of the Group at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into Kenya Shillings at the rates of exchange ruling at the balance sheet date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Gains and losses on exchange are dealt with in the income statement.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables

Trade payables are stated at their nominal value.

Investments

Quoted investments are stated at market value. Unquoted investments are stated at cost less provision for impairment.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (Continued)

Segmental reporting

Segment results include revenue and expenses directly attributable to a segment.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Capital expenditure represents the total cost incurred during the year to acquire segment assets that are expected to be used during more than one period (property, plant and equipment).

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. In particular, comparative figures have been adjusted for change in presentation to ensure compliance with International Accounting Standard No. 41 on agriculture.

2 SEGMENTAL INFORMATION

(a) Primary reporting format - Business segments

	Tea Sh'000	Property Sh'000	Generator trading Sh'000	Group Sh'000
2004				
Tea revenue	855,610	-	-	855,610
Rental income	-	32,147	-	32,147
Generator sales & service	-	-	38,189	38,189
Other incomes	24,161	-	-	24,161
Operating profit	64,588	23,358	4,661	92,607
Group's share of associated companies' results	15,287	(188)	-	15,099
Segment assets	2,891,301	303,273	44,062	3,238,636
Segment liabilities	857,698	86,428	14,858	958,984
Depreciation	69,912	-	2,026	71,938
Capital expenditure	28,639	-	150	28,789
	=====	=====	=====	=====
2003-Restated				
Tea revenue	837,958	-	-	837,958
Rental income	-	33,676	-	33,676
Generator sales & service	-	-	59,061	59,061
Other incomes	16,298	-	-	16,298
Operating profit	51,105	25,729	749	77,583
Group's share of associated companies' results	13,771	(563)	-	13,208
Segment assets	2,852,590	300,000	51,576	3,204,166
Segment liabilities	913,040	50,649	8,410	972,099
Depreciation	81,995	195	2,078	84,268
Capital expenditure	73,451	-	1,812	75,263
	=====	=====	=====	=====



NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2004 Sh'000	2003 Sh'000
2 SEGMENTAL INFORMATION (Continued)		
(b) Secondary reporting - geographical segments		
The group's tea revenue is derived from the following markets:		
United Kingdom	628,352	560,040
Kenya	183,994	271,484
Egypt	43,264	6,434
	<u>855,610</u>	<u>837,958</u>
3 (a) RECONCILIATION OF REVENUE FROM SALE OF TEA TO OPERATING INCOME		
Revenue from tea sales	855,610	837,958
Fair value adjustment on biological assets	10,550	33,671
Net decrease in actual cost of biological assets	(16,358)	(19,126)
Net increase/(decrease) in tea stocks at fair value	64,414	(12,927)
	<u>914,216</u>	<u>839,576</u>
(b) OPERATING PROFIT		
The operating profit is arrived at after charging:		
Amortisation	51	50
Depreciation	71,938	84,268
Directors' remuneration:		
Fees	750	678
Other emoluments	15,792	16,750
Staff costs (Note 4)	345,106	311,885
Auditors' remuneration	3,538	3,237
Loss on disposal of property plant and equipment	-	1,217
and after crediting:		
Profit on disposal of property plant and equipment	(4,863)	-
	<u>=====</u>	<u>=====</u>
4 STAFF COSTS		
Wages and salaries	283,598	267,965
Social security costs (NSSF)	10,073	9,667
Pension costs (defined contribution plan)	5,321	4,390
Terminal benefits	26,759	8,985
Leave pay provision	9,428	11,206
Medical expenses	9,927	9,672
	<u>345,106</u>	<u>311,885</u>
	<u>=====</u>	<u>=====</u>
The average number of staff employed by the group during the year was as follows:	Number	Number
Permanent	4,121	3,937
Seasonal	711	652
	<u>4,832</u>	<u>4,589</u>
	<u>=====</u>	<u>=====</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2004 Sh'000	2003 Sh'000
5 NET FINANCE INCOME/(COSTS)		
Interest expense:		
- bank overdrafts	(3,544)	(4,726)
- bank loans	(4,050)	(5,551)
- group loans	(976)	-
- finance leases	(369)	(471)
	<u>(8,939)</u>	<u>(10,748)</u>
Interest on short term deposits	1,484	4,060
Dividend income	1,496	1,456
Net foreign exchange gain	15,141	3,229
	<u>9,182</u>	<u>(2,003)</u>
	<u>=====</u>	<u>=====</u>
6 TAXATION		
(a) TAX CHARGE		
Current taxation based on the adjusted profit at 30%	27,291	17,703
Prior year under provision	-	(410)
	<u>27,291</u>	<u>17,293</u>
Deferred tax charge-note 26	6,832	6,243
	<u>34,123</u>	<u>23,536</u>
	<u>=====</u>	<u>=====</u>
Share of associated company's taxation:		
Current taxation	6,077	2,668
Deferred tax charge	905	3,428
	<u>6,982</u>	<u>6,096</u>
	<u>=====</u>	<u>=====</u>
	<u>41,105</u>	<u>29,632</u>
	<u>=====</u>	<u>=====</u>
(b) RECONCILIATION OF EXPECTED TAX BASED ON ACCOUNTING PROFIT TO TAX EXPENSE		
Accounting profit before taxation	123,870	94,884
	<u>=====</u>	<u>=====</u>
Tax at the applicable rate of 30%	37,161	28,465
Tax effect of expenses not deductible for tax purposes	4,655	2,274
Tax effect of income not taxable	(711)	(697)
Prior year under provision	-	(410)
	<u>41,105</u>	<u>29,632</u>
	<u>=====</u>	<u>=====</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 PROFIT AFTER TAXATION

A profit after taxation of Sh 32,569,000 (2003 - Sh 28,683,000) has been dealt with in the financial statements of Williamson Tea Kenya Limited.

8 EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to shareholders the number of ordinary shares in issue during the year.

	2004 Sh'000	2003 (Restated) Sh'000
Earnings		
Earnings for purposes of basic and diluted earnings per share	80,421	64,354
	=====	=====
Number of shares		
Number of ordinary shares (thousands)	8,756	8,756
	=====	=====
Earnings per share		
Basic (Sh)	9.18	7.35
	=====	=====
Diluted (Sh)	9.18	7.35
	=====	=====

There were no potentially dilutive shares outstanding at 31 March 2004 or 31 March 2003.

9 PROPOSED DIVIDEND

At the annual general meeting to be held on 28 July 2004, a first and final dividend is to be proposed in respect of 2004 of Sh 3.75 per share (2003 - Sh 3.75 per share) amounting to a total of Sh 32,836,200 (2003 - Sh 32,836,200).



NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Freehold land and buildings Sh 000	Machinery & equipment Sh 000	Tractors & accessories Sh 000	Motor Vehicles Sh 000	Office equipment furniture & fittings Sh 000	Computers Sh 000	Work in progress Sh 000	Total Sh 000
COST OR VALUATION								
At 1 April 2003								
as previously reported	1,050,504	269,218	80,482	44,322	24,503	16,881	235	1,486,145
Prior year adjustment due to the adoption of IAS 41*	(548,802)	-	-	-	-	-	-	(548,802)
Restated	501,702	269,218	80,482	44,322	24,503	16,881	235	937,343
Additions	4,430	4,566	7,796	6,958	959	3,596	484	28,789
Disposals	-	(900)	(12,050)	(4,394)	(491)	(723)	-	(18,558)
Transfers	-	235	-	-	-	-	(235)	-
Transferred to investment properties	-	(1,795)	-	-	-	-	-	(1,795)
At 31 March 2004	506,132	271,324	76,228	46,886	24,971	19,754	484	945,779
Comprising								
At Valuation 2002	499,623	243,796	-	-	-	-	-	743,419
At Cost	6,509	27,528	76,228	46,886	24,971	19,754	484	202,360
	506,132	271,324	76,228	46,886	24,971	19,754	484	945,779
DEPRECIATION								
At 1 April 2003	34,586	31,944	64,327	30,213	13,969	10,884	-	185,923
Charge for the year	29,505	23,293	8,352	6,319	1,857	2,612	-	71,938
Eliminated on disposal	-	(540)	(12,051)	(3,444)	(374)	(669)	-	(17,078)
Transferred to investment property	-	(195)	-	-	-	-	-	(195)
At 31 March 2004	64,091	54,502	60,628	33,088	15,452	12,827	-	240,588
NET BOOK VALUE								
At 31 March 2004	442,041	216,822	15,600	13,798	9,519	6,927	484	705,191
At 31 March 2003- restated	467,116	237,274	16,155	14,109	10,534	5,997	235	751,420
NET BOOK VALUE (Cost basis)								
At 31 March 2004	205,411	153,449	15,600	13,798	9,519	6,927	484	405,188
At 31 March 2003- restated	217,599	163,219	16,155	14,109	10,534	5,997	235	427,848

*Tea development costs previously accounted for at valuation are now disclosed separately in the balance sheet as biological assets at fair value following the adoption of IAS 41 on agriculture during the year.

Land, building and machinery were last revalued as at 31 March 2002 by Lloyd Masika Limited, registered valuers and estate agents.

Included in property, plant and equipment are assets with an original cost of Sh 86,093,000 (2003- Sh 84,267,000) which are fully depreciated and whose normal depreciation charge for the year would have been Sh 17,028,000 (2003 -Sh 16,667,000).

Land and buildings with net book value of Sh 442,041,000 (2003 - Sh 464,116,000) have been charged to secure banking facilities granted to the group as disclosed in note 28. The net book value of motor vehicles includes Sh 1,380,000 (Sh 2,659,000) in respect of assets that are the subject of finance leases.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 PROPERTY, PLANT AND EQUIPMENT (Continued)

COMPANY

	Freehold land and buildings Sh 000	Machinery & equipment Sh 000	Tractors & accessories Sh 000	Motor Vehicles Sh 000	Office equipment furniture & fittings Sh 000	Computers Sh 000	Work in progress Sh 000	Total Sh 000
COST OR VALUATION								
At 1 April 2003								
as previously reported	547,614	114,065	35,739	15,564	11,600	9,819	235	734,636
Prior year adjustment due to adoption of IAS 41* (271,515)	-	-	-	-	-	-	-	(271,515)
Restated	276,099	114,065	35,739	15,564	11,600	9,819	235	463,121
Additions	3,466	2,068	-	1,155	588	2,698	484	10,459
Transferred to investment properties	-	(1795)	-	-	-	-	-	(1,795)
Transfers	-	235	-	-	-	-	(235)	-
Disposals	-	(900)	(5,741)	(1,119)	(328)	(723)	-	(8,811)
At 31 March 2004	279,565	113,673	29,998	15,600	11,860	11,794	484	462,974
Comprising								
At Valuation 2002	276,099	104,626	-	-	-	-	-	380,725
At Cost	3,466	9,047	29,998	15,600	11,860	11,794	484	82,249
	279,565	113,673	29,998	15,600	11,860	11,794	484	462,974
DEPRECIATION								
At 1 April 2003	15,439	12,956	26,817	8,916	7,855	7,691	-	79,674
Charge for the year	15,216	7,841	3,745	2,635	732	1,620	-	31,789
Eliminated on disposal	-	(540)	(5,742)	(1,118)	(275)	(669)	-	(8,344)
Transferred to investment properties	-	(195)	-	-	-	-	-	(195)
At 31 March 2004	30,655	20,062	24,820	10,433	8,312	8,642	-	102,924
NET BOOK VALUE								
At 31 March 2004	248,910	93,611	5,178	5,167	3,548	3,152	484	360,050
At 31 March 2003 - restated	260,660	101,109	8,922	6,648	3,745	2,128	235	383,447
NET BOOK VALUE (Cost basis)								
At 31 March 2004	121,513	61,861	5,178	5,167	3,548	3,152	484	200,903
At 31 March 2003 - restated	126,218	58,202	8,922	6,648	3,745	2,128	235	206,098

*Tea development costs previously accounted for at valuation are now disclosed separately in the balance sheet as biological assets at fair value following the adoption of IAS 41 on agriculture during the year.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 PROPERTY, PLANT AND EQUIPMENT (Continued)

COMPANY (Continued)

Land, buildings and machinery were revalued as at 31 March 2002 by Lloyd Masika Limited, registered valuers and estate agents.

Included in property, plant and equipment are assets with an original cost of Sh 35,852,000 (2003- Sh 40,120,000) which are fully depreciated and whose normal depreciation charge for the year would have been Sh 10,734,000 (2003 - Sh 8,567,000)

Land, buildings and development with net book value of Sh 248,910,000 (2003 - 260,660,000) have been charged to secure banking facilities granted to the company as disclosed in note 28.

11 PREPAID OPERATING LEASES

	GROUP Sh'000	COMPANY Sh'000
At 1 April 2003 and 31 March 2004	50,181	12,613
AMORTISATION		
As 1 April 2003	4,048	723
Amortisation for the year	51	13
At 31 March 2004	4,099	736
NET BOOK VALUE		
At 31 March 2004	46,082	11,877
At 31 March 2003	46,133	11,890

Leasehold land with net book value of Sh 46,083,000 (2003 - Sh 46,133,000) have been charged to secure banking facilities granted to the group as disclosed in note 28.

LLOYD MASIKA LIMITED
REGISTERED VALUERS & ESTATE AGENTS
P.O. BOX 1000, NAIROBI
TEL: 011 254 254 254 254



NOTES TO THE FINANCIAL STATEMENTS (Continued)

	GROUP		COMPANY	
	2004 Sh'000	2003 Sh'000	2004 Sh'000	2003 Sh'000
12 INVESTMENT PROPERTIES				
At 1 April				
Fair value	300,000	300,000	300,000	300,000
Transferred from property plant and Equipment	1,600	-	1,600	-
Additions	1,478	-	1,478	-
Gain in market value	195	-	195	-
	<u>303,273</u>	<u>300,000</u>	<u>303,273</u>	<u>300,000</u>
COST	<u>182,233</u>	<u>179,154</u>	<u>182,233</u>	<u>179,154</u>

The investment properties were revalued as at 31 March 2004 by Lloyd Masika Limited, Registered Valuers and Estate Agents.

	2004 Sh'000	2003 Sh'000
13 INVESTMENT IN ASSOCIATED COMPANIES		
GROUP		
Kapchorua Tea Company Limited (Quoted); 39.56% owned:		
At share of net assets (market value - Sh 391,200,000 2003 - Sh 212,046,000)	273,630	264,147
Williamson Developments Limited (Unquoted) - 50% Share of net assets	21,012	21,200
	<u>294,642</u>	<u>285,347</u>
COMPANY		
Kapchorua Tea Company Limited (Quoted); 39.56% owned:		
At cost - (market value - Sh 391,200,000 2003 - Sh 212,046,000)	49,479	49,479
Williamson Developments Limited (Unquoted) - 50% owned at cost	30,358	30,358
	<u>79,837</u>	<u>79,837</u>

The movement in Group investment in associated companies is as follows:

At 1 April - as previously stated	181,081	174,521
Prior year adjustments		
-reversal of revaluation surplus on biological assets	(14,523)	(14,595)
-fair value adjustment on biological assets	111,257	105,455
As restated	<u>277,815</u>	<u>265,381</u>
Share of profit before taxation	22,081	19,304
Share of tax	(6,982)	(6,096)
Dividend received	(5,804)	(774)
At 31 March	<u>287,110</u>	<u>277,815</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 INVESTMENT IN ASSOCIATED COMPANIES (Continued)

The details of the above associated companies are as follows:

<i>Company</i>	<i>Share capital Sh</i>	<i>% owned</i>	<i>Country of Incorporation</i>	<i>Principal activity</i>		
Kapchorua Tea Company Ltd	19,560,000	39.56%	Kenya	Cultivation , manufacture and sale of tea	2004 Sh'000	2003 Sh'000
Williamson Developments Ltd	3,600	50 %	Kenya	Property management		

14 INVESTMENT IN SUBSIDIARIES

(a) Unquoted investments at cost in wholly owned subsidiaries:

Kaimosi Tea Estates Limited	2,863	2,863
Williamson Power Limited	3,689	3,689
Tea Manufacturing and Supplies Limited	-	2,000
Tea Properties Limited	2	2
Lelsa Tea Estates Limited	-	-
	<u>6,554</u>	<u>8,554</u>

(b) Unquoted investment at cost in Partly owned subsidiaries
Tinderet Tea Estates (1989) Limited
(82% owned)

103,323	103,323
<u>109,877</u>	<u>111,877</u>

The details of the above subsidiary companies are as follows:

<i>Company</i>	<i>Share capital Sh</i>	<i>Country of Incorporation</i>	<i>Principal activity</i>
Kaimosi Tea Estates Limited	2,540,000	Kenya	Cultivation , manufacture and sale of tea.
Williamson Power Limited	2,880,000	Kenya	Sale, installation and servicing of generators.
Tea Manufacturing and Supplies Limited	2,000,000	Kenya	Dormant company.
Tea Properties Limited	2,000	Kenya	Dormant company.
Lelsa Tea Estates Limited	4,000,000	Kenya	Cultivation, manufacture and sale of tea. The company did not trade in the year.
Tinderet Tea Estates (1989) Limited	100,000	Kenya	Cultivation, manufacture and sale of tea.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

	GROUP		COMPANY	
	2004 Sh'000	2003 Sh'000	2004 Sh'000	2003 Sh'000
15 OTHER INVESTMENTS				
Unquoted:				
At cost				
Trade	15	15	8	8
- Other	3	3	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	18	18	8	8
Quoted:				
At market value	1	1	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	19	19	8	8
	<hr/>	<hr/>	<hr/>	<hr/>

16 BIOLOGICAL ASSETS

GROUP

	Tea bushes Sh '000	Timber trees Sh '000	Fuel trees Sh '000	Total 2004 Sh '000	Total 2003 Sh '000
Carrying amount at 1 April 2003	1,067,566	115,597	142,479	1,325,642	1,291,971
(Loss)/gains arising from changes in fair value attributable to physical changes	(4,179)	(2,499)	13,213	6,535	-
Gain/(loss) arising from changes in fair value attributable to price changes	13,343	-	(1,816)	11,527	24,338
Disposals	-	(106)	(7,406)	(7,512)	9,333
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net gain/(loss)	9,164	(2,605)	3,991	10,550	33,671
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount at 31 March 2004	<u>1,076,730</u>	<u>112,992</u>	<u>146,470</u>	<u>1,336,192</u>	<u>1,325,642</u>

COMPANY

	Tea bushes Sh '000	Timber trees Sh '000	Fuel trees Sh '000	Total 2004 Sh '000	Total 2003 Sh '000
Carrying amount at 1 April 2003	527,974	33,393	84,190	645,557	627,113
(Loss)/gains arising from changes in fair value attributable to physical changes	(2,210)	397	7,553	5,740	-
Gain/(loss) arising from changes in fair value attributable to price changes	4,432	-	-	4,432	18,444
Disposals	-	-	(6,847)	(6,847)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net gain	2,222	397	706	3,325	18,444
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount at 31 March 2004	<u>530,196</u>	<u>33,790</u>	<u>84,896</u>	<u>648,882</u>	<u>645,557</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 BIOLOGICAL ASSETS (Continued)

- Significant assumptions made in determining the fair values of biological assets and agricultural produce are:
- Tea bushes will have a minimum productive life of 30 years.
- The expected market price of tea will remain constant, based on average price for the last five years. Firewood and timber prices are expected to remain constant.
- A discount rate of 15% per annum is applied to the expected net cash flows arising from the asset.
- Based on the biological transformation which the tea bushes and tea leaf undergo, 60% of future made tea cash flows less income attributable to tea processing and point of sale costs are discounted to determine the fair value of tea bushes. The remaining 40% of the tea leaf fair value is assigned to the regeneration of tea leaf and is recognised in the year of harvest.
- The maturity period of firewood and timber trees is expected to be between 5 and 25 years depending on the species of the tree.

	GROUP		COMPANY	
	2004 Sh'000	2003 Sh'000	2004 Sh'000	2003 Sh'000
17 INVENTORIES				
Tea stocks	130,373	65,959	64,412	31,987
Firewood	3,780	5,390	1,240	1,769
Stores	33,117	32,388	5,540	3,977
Generators	2,864	6,482	-	-
Work in progress	991	374	-	-
Goods in transit	5	31	-	-
Other	342	148	-	-
	<u>171,472</u>	<u>110,772</u>	<u>71,192</u>	<u>37,733</u>
	=====	=====	=====	=====
18 TRADE AND OTHER RECEIVABLES				
Trade	173,473	182,070	65,288	71,771
Staff	39,848	42,626	23,744	27,028
Loans to directors	3,114	7,568	3,114	7,568
Other	29,587	41,896	21,634	28,985
	<u>246,022</u>	<u>274,160</u>	<u>113,780</u>	<u>135,352</u>
	=====	=====	=====	=====



NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2004 Sh'000	2003 Sh'000
19 DUE FROM SUBSIDIARY COMPANIES		
Kaimosi Tea Estates Limited	6,500	1,788
Williamson Power Limited	6,350	11,447
Tinderet Tea Estates (1989) Limited	5,240	2,819
	<u>18,090</u>	<u>16,054</u>
DUE TO SUBSIDIARY COMPANY		
Tea Properties Limited	66,132	66,132
Williamson Power Limited	649	-
	<u>66,781</u>	<u>66,132</u>
20 LOANS TO SUBSIDIARY COMPANIES		
Kaimosi Tea Estate Limited	23,374	22,708
Tinderet Tea Estates (1989) Limited	15,602	15,000
	<u>38,976</u>	<u>37,708</u>

The loans to subsidiary companies mature within one year. The effective interest rate on the loans as at 31 March 2004 was 4% (2003-6%).

	GROUP		COMPANY	
	2004 Sh'000	2003 Sh'000	2004 Sh'000	2003 Sh'000
21 INVESTMENTS IN UNIT TRUSTS				
Old Mutual Investment Services Limited	35,197	-	30,146	-

The investments in unit trusts are redeemable on demand and are carried at amortised cost. The effective rate of return as at 31 March 2004 was 4%.

	GROUP		COMPANY	
	2004 Sh'000	2003 Sh'000	2004 Sh'000	2003 Sh'000
22 SHORT TERM DEPOSITS				
NIC Bank Limited	-	8,000	-	8,000
Commercial Bank of Africa Limited	-	10,000	-	10,000
Credit Agricole Indosuez	-	6,000	-	6,000
	<u>-</u>	<u>24,000</u>	<u>-</u>	<u>24,000</u>

The effective interest rate on short term deposits as at 31 March 2003 was 4% and they mature within 90 days of the balance sheet date.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 RELATED PARTIES

The group transacts with the ultimate holding company and other companies related to it by virtue of common shareholding. These transactions were at arm's length and in the normal course of business.

During the year, the following transactions were entered into with related parties:

	2004 Sh'000	2003 Sh'000
Sales through a related party (Williamson Tea Holdings plc - parent)	615,223	560,040
Commissions paid on private tea sales (Williamson Tea Holdings plc - parent)	8,487	17,368
Technical expertise (Williamson Tea Holdings plc - parent)	5,918	-
Agency commission received (Kapchorua Tea Company Limited - associate)	16,023	10,415
Licence fees (Williamson Tea Holdings plc)	5,918	-
Guarantee in respect of banking facilities (Subati Limited - common ownership)	62,240	-
	<u>=====</u>	<u>=====</u>

The group received a loan of GBP 200,000 during the financial year ended 31 March 2003 for purchase of factory machinery from Williamson Tea Holdings Plc, the immediate holding company. The loan is repayable in twelve quarterly instalments with a one year moratorium granted on both principal and interest. The interest rate on the loan is 4.96%. The balance outstanding on the shareholder loan at 31 March 2004 is disclosed in note 28.

	2004 Sh'000	2003 Sh'000
24 SHARE CAPITAL		
Authorised:		
17,512,640 shares of Sh 5 each	87,563	87,563
	<u>=====</u>	<u>=====</u>
Issued and fully paid:		
8,756,320 shares of Sh 5 each	43,782	43,782
	<u>=====</u>	<u>=====</u>

25 MINORITY INTEREST

At 1 April - as previously stated	51,640	50,565
Prior year adjustments		
- fair value adjustment on biological assets	32,210	32,387
- reversal of revaluation surplus on biological assets	(5,084)	(5,084)
	<u>78,766</u>	<u>77,868</u>
As restated		
Share of profit	2,344	898
Dividend paid	(806)	-
	<u>=====</u>	<u>=====</u>
At 31 March	80,304	78,766
	<u>=====</u>	<u>=====</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 DEFERRED INCOME TAXES

Deferred income taxes are calculated on all temporary differences under the liability method using the enacted tax rate of 30%

	GROUP		COMPANY	
	2004	2003	2004	2003
	Sh'000	Sh'000	Sh'000	Sh'000
The net deferred taxation liability is attributable to the following items:				
Accelerated capital allowances	185,806	180,800	92,196	93,294
Unrealised exchange gains	98	32	83	325
Service gratuity provision	(27,098)	(25,079)	(15,420)	(14,072)
Leave pay provision	(4,052)	(2,996)	(2,368)	(2,112)
Revaluation surplus	136,736	143,419	80,130	82,329
Tax losses	(5,713)	(15,899)	(5,713)	(11,683)
Fair value adjustments	277,291	275,959	132,162	131,698
	<u>563,068</u>	<u>556,236</u>	<u>281,070</u>	<u>279,779</u>

The movement on the deferred tax account is as follows:

	GROUP		COMPANY	
	2004	2003	2004	2003
	Sh'000	Sh'000	Sh'000	Sh'000
At beginning of year				
As previously reported	323,595	321,440	167,017	164,301
-reversal of revaluation surplus	(40,798)	(40,914)	(18,319)	(18,412)
-fair value adjustment	273,416	269,467	131,058	128,788
-prior year overprovision	23	-	23	-
	<u>556,236</u>	<u>549,993</u>	<u>279,779</u>	<u>274,677</u>
As restated 1 April	556,236	549,993	279,779	274,677
Income statement tax charge	6,832	6,243	1,291	5,102
	<u>563,068</u>	<u>556,236</u>	<u>281,070</u>	<u>279,779</u>

27 SERVICE GRATUITY

At 1 April	83,597	83,907	45,905	50,270
Provision during the year	17,849	8,985	12,323	(697)
Payments in the year	(11,119)	(9,295)	(6,830)	(3,668)
	<u>90,327</u>	<u>83,597</u>	<u>51,398</u>	<u>45,905</u>

The service gratuity represents the present value of future obligations for staff in accordance with the service contracts.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

	GROUP 2004 Sh'000	2003 Sh'000	COMPANY 2004 Sh'000	2003 Sh'000
28 BORROWINGS				
a) Loans				
Bank overdraft	1,001	55,700	1,001	9,725
Bank loans	42,231	57,563	20,698	27,403
Shareholder loan	20,730	24,033	21,311	24,033
	<u>63,962</u>	<u>137,296</u>	<u>43,010</u>	<u>61,161</u>
The borrowings are repayable as follows:				
On demand and within one year	18,886	79,641	15,202	24,732
In the second year	25,831	23,940	14,201	15,008
In the third to fifth year inclusive	19,245	33,715	13,607	21,421
	<u>63,962</u>	<u>137,296</u>	<u>43,010</u>	<u>61,161</u>
Amounts due for settlement within one year	(18,886)	(79,641)	(15,202)	(24,732)
Amounts due for settlement after one year	<u>45,076</u>	<u>57,655</u>	<u>27,808</u>	<u>36,429</u>
Analysis of borrowings by currency				
Group				
	Borrowings In KES Sh'000	Borrowings in USD Sh'000	Borrowings in GBP Sh'000	TOTAL Sh'000
2004				
Bank overdrafts	1,001	-	-	1,001
Bank loans	-	41,650	-	41,650
Shareholder loan	-	-	21,311	21,311
	<u>1,001</u>	<u>41,650</u>	<u>21,311</u>	<u>63,962</u>
2003				
Bank overdrafts	9,785	45,915	-	55,700
Bank loans	-	57,563	-	57,563
Shareholder loan	-	-	24,033	24,033
	<u>9,785</u>	<u>103,478</u>	<u>24,033</u>	<u>137,296</u>
Analysis of borrowings by currency				
Company				
	Borrowings In KES Sh'000	Borrowings in USD Sh'000	Borrowings in GBP Sh'000	TOTAL Sh'000
2004				
Bank overdrafts	1,001	-	-	1,001
Bank loans	-	20,698	-	20,698
Shareholder loan	-	-	21,311	21,311
	<u>1,001</u>	<u>20,698</u>	<u>21,311</u>	<u>43,010</u>
2003				
Bank overdrafts	9,725	-	-	9,725
Bank loans	-	27,403	-	27,403
Shareholder loan	-	-	24,033	24,033
	<u>9,725</u>	<u>27,403</u>	<u>24,033</u>	<u>61,161</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 BORROWINGS (Continued)

b) Interest rates	2004	2003
The average interest rates paid by the group were as follows:		
Bank loans	8.0	7.5
Share holder loan -GBP	4.9	5.0
Bank overdraft-KSh	11.75	15.0
Bank overdraft -US\$	8.00	7.5
	===	===

c) Details of securities for loans and bank overdrafts

The loan facilities with Barclays Bank of Kenya Limited are secured by:

GROUP

1. Joint and several debenture between Kaimosi Tea Estates Limited, Williamson Tea Kenya Limited, Tea Properties Limited, Changoi and Lelsa to Barclays Bank of Kenya Limited stamped and registered to cover Sh 104 million.
2. Legal mortgage over LR Nos. 1892,1893,1894,1895,1896 and 1899 (Kaimosi Tea Estates) registered and stamped to cover Sh 104 million supplemental to the debenture.
3. A fixed and floating debenture over all the assets of Tinderet Tea Estates (1989) Limited for Sh 94,000,000 and a legal charge over the company's property in Tinderet (LR 11490) for Sh 91,000,000.

The bank overdraft facility with Standard Chartered Bank Kenya Limited is secured by an all assets debenture supported by a collateral legal charge over LR 11297 (Changoi Estate) Kericho of Sh 84 million.

COMPANY

1. Joint and several debenture between Kaimosi Tea Estates Limited, Williamson Tea Kenya Limited, Tea Properties Limited and Lelsa to Barclays Bank of Kenya Limited stamped and registered to cover Sh 104 million.
2. All assets debenture supported by a collateral charge over LR 11297 (Changoi Estate) Kericho to Standard Chartered Bank of Kenya Limited registered to cover Sh 84 million.

d) Undrawn facilities

The group had undrawn committed borrowing facilities amounting to Sh 151,233,000. (2003 - Sh 154,772,000). The borrowing facilities consist of loans, bank overdrafts, letters of credit and guarantees.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

29 FINANCE LEASE OBLIGATIONS - GROUP

	Minimum lease payments (including finance charges)		Present value of minimum lease payments (excluding finance charges)	
	2004 Sh'000	2003 Sh'000	2004 Sh'000	2003 Sh'000
Within one year	1,054	1,361	790	969
In second year	143	1,150	119	791
In the third to fifth year inclusive	-	22	-	119
	<u>1,197</u>	<u>2,533</u>	<u>909</u>	<u>1,879</u>
Less: Future finance charges	(288)	(654)	-	-
	<u>909</u>	<u>1,879</u>	<u>909</u>	<u>1,879</u>
Present value of lease obligations	909	1,879	909	1,879
	=====	=====		
Amounts due for settlement within one year			(790)	(969)
			<u>(790)</u>	<u>(969)</u>
Amounts due for settlement after one year			119	910
			<u>119</u>	<u>910</u>

The average lease period is 3 years. The average interest rates paid was 12.7% (2003 - 12.5%).

The finance leases are secured by motor vehicles which are the subject of the finance leases.

30 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2004 Sh'000	2003 Sh'000	2004 Sh'000	2003 Sh'000
Trade payables	17,369	27,309	10,187	15,657
Green leaf provision	42,270	30,094	9,979	2,252
Other payables	89,661	52,388	40,886	29,815
	<u>149,300</u>	<u>109,791</u>	<u>61,052</u>	<u>47,724</u>
	=====	=====	=====	=====



NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 NOTES TO THE CASH FLOW STATEMENT

	2004 Sh'000	2003 Sh'000
(a) Reconciliation of operating profit to cash generated from operations		
Operating profit	92,607	77,583
Adjustments for:		
Depreciation	71,938	84,268
Amortisation	51	50
(Profit)/loss on disposal of plant and equipment	(4,863)	1,217
Exchange differences	15,141	3,329
Unrealised exchange loss on borrowings	3,995	808
Fair value adjustment on biological assets	(10,550)	(33,671)
Gain on revaluation of investment property	(195)	-
	<hr/>	<hr/>
Operating profit before working capital changes	168,124	133,584
(Increase)/decrease in inventories	(60,700)	25,477
Decrease/(increase) in trade and other receivables	28,138	(20,294)
Increase/(decrease) in trade and other payables	39,509	(30,807)
Movement in associated company balances	(4,000)	6,009
Increase in service gratuity	6,730	(310)
Increase in investment in unit trusts	(35,197)	-
	<hr/>	<hr/>
Cash generated from operations	142,604	113,659
	<hr/>	<hr/>
(b) Analysis of changes in loans		
At 1 April	81,596	97,379
Loans repaid	(22,630)	(16,591)
Exchange loss	3,995	808
	<hr/>	<hr/>
At 31 March	62,961	81,596
	<hr/>	<hr/>
(c) Analysis of cash and cash equivalents		
Short term deposits	-	24,000
Cash and bank balances	102,338	93,176
Bank overdrafts	(1,001)	(55,700)
	<hr/>	<hr/>
At 31 March	101,337	61,476
	<hr/>	<hr/>

For the purpose of the cash flow statement, cash equivalents include short term liquid investments which are readily convertible to known amounts of cash and which were within three months to maturity when acquired; less advances from banks repayable within three months from the date of the advance.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

	GROUP		COMPANY	
	2004 Sh'000	2003 Sh'000	2004 Sh'000	2003 Sh'000
32 CAPITAL COMMITMENTS				
Authorised but not contracted for	87,538	80,191	32,765	36,299
	=====	=====	=====	=====

The company intends to finance these commitments from internally generated funds.

33 OPERATING LEASE COMMITMENTS

The group as a lessor

Property rental income earned during the year was Sh 32,147,000 (2003 - Sh 34,326,000). At the balance sheet date, the group had contracted with tenants for the following future lease receivables.

	2004 Sh'000	2003 Sh'000
Within one year	18,870	27,863
In the second to fifth years inclusive	89,419	39,141
	=====	=====
	108,289	67,004
	=====	=====

Leases are negotiated for an average term of two years for residential properties and four years for non-residential properties, and rentals are reviewed annually. The leases are cancellable with no penalty when the tenants give three months notice to vacate the premises.

	GROUP		COMPANY	
	2004 Sh'000	2003 Sh'000	2004 Sh'000	2003 Sh'000
34 CONTINGENT LIABILITIES				
Guarantees in respect of banking facilities granted to related company, Subati Limited	62,240	-	62,240	-
	=====	=====	=====	=====
	62,240	-	62,240	-
	=====	=====	=====	=====

34 FAIR VALUE

The directors consider that there is no material difference between the fair value and carrying value of the company's financial assets and liabilities where fair value details have not been presented.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

35 RISK MANAGEMENT POLICIES

The financial risk management objectives and policies are as outlined below:

Credit risk

The company's credit risk is primarily attributable to its trade receivables.

The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The credit risk on trade receivables is limited because the customers are companies with high credit ratings.

Price Risk

The Company is exposed to financial risks arising from changes in tea prices. The Company does not anticipate that tea prices will decline significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of a decline in tea prices. The Company reviews its outlook for tea prices regularly in considering the need for active financial risk management.

36 COUNTRY OF INCORPORATION

All the companies in the group are incorporated in Kenya under the Companies Act.

37 ULTIMATE HOLDING COMPANY

The ultimate holding company is Williamson Tea Holdings Plc. a company incorporated in the United Kingdom.

38 CURRENCY

These financial statements are presented in Kenya Shillings thousands (Sh'000).



THREE YEAR COMPARATIVE STATEMENT

		2004	2003 *Restated	2002 *Restated
Tea Production				
Area under tea	Hectare	1,593	2,015	1,991
Made tea - own	'000 Kgs	5,938	5,857	6,394
- Bought leaf	'000 Kgs	1,972	1,419	1,120
Total	'000 Kgs	7,910	7,276	7,514
Tea sold	'000 Kgs	7,246	7,396	8,477
Average price per Kg gross Sh/Ct		118/08	113/29	103/65
Turnover (Sh'000)		855,610	837,958	878,641
Profit (Sh'000)				
Profit/(loss) before taxation		123,870	94,884	23,014
Taxation		(41,105)	(29,632)	(9,738)
Profit after taxation		82,765	65,252	13,276
Minority interest		(2,344)	(898)	(1,063)
Dividends		(32,836)	(32,836)	(4,378)
Net profit for the year		47,585	31,518	7,835
Capital employed (Sh'000)				
Property, plant & equipment		705,191	751,420	792,803
Investments and long term receivables		636,484	623,967	595,688
Current assets		560,769	503,137	487,404
Biological assets		1,336,192	1,325,642	1,291,971
Total assets		3,238,636	3,204,166	3,167,866
Financed by (Sh'000)				
Share capital		43,782	43,782	43,782
Reserves		2,235,870	2,188,285	2,167,230
Shareholders' funds		2,279,652	2,232,067	2,211,012
Minority interest		80,304	78,766	79,052
Medium term borrowings		45,195	58,565	83,240
Non current liabilities		90,327	83,597	34,568
Current liabilities		180,090	194,935	194,928
Deferred income taxes		563,068	556,236	565,066
		3,238,636	3,204,166	3,167,866
Earnings per share	Cents	918	735	89
Dividend per share	%	75	75	20
Dividend per share	Cents	375	375	100
Dividend cover	Times	2.45	1.97	0.89



PROXY FORM FOR ANNUAL GENERAL MEETING

THE SECRETARY,
WILLIAMSON TEA KENYA LTD.,
P.O. BOX 42281 - 00100,
NAIROBI.

I/WE *CAPITAL LETTERS PLEASE*

of

being a Member/Members of Williamson Tea Kenya Limited hereby appoint

.....

of

or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday 28th July, 2004 and at any adjournment thereof.

Dated this day of 20

Signature

Address

.....

.....

I desire to vote* in favour of the resolution
against

*NOTE: Unless otherwise directed a Proxy holder will vote as he thinks fit and in respect of the member's total holding.