Williamson Tea

KENYA LIMITED

Annual Report

&

Financial Statements

2009

Williamson Tea

FINANCIAL STATEMENTS
FOR TE YEAR ENDED 31ST MARCH 2009

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Williamson Tea

NOTICE OF THE MEETING

NOTICE IS HEREBY GIVEN that the Fifty Ninth ANNUAL GENERAL MEETING of the Shareholders will be held at the Sarova Panafric Nairobi, Kenyatta Avenue, on Thursday 6 August 2009 at 10.00 a.m for the following purposes.

1. To read the Auditors' Report on the financial statements for the year ended 31 March 2009.

2. To receive and adopt the Report of the Directors together with the audited financial statements for the year ended 31 March 2009.

3. To declare a dividend.

4. To elect Directors:

   N G Sandys-Lumsdaine and A S Marsh retire by rotation and being eligible offer themselves for re-election.

5. To approve the remuneration of the Directors.

6. To authorize the Directors to reappoint/appoint Auditors and agree their remuneration.

7. To transact such other business as may be brought before the meeting.

BY ORDER OF THE BOARD

G.K. MASAKI
SECRETARY
Thursday June 4, 2009

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

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

Other wholly owned companies:

Williamson Power Limited	– GENERATOR SERVICES
Tea Properties Limited	– PROPERTY INVESTMENT
Lelsa Tea Estates Limited	– DORMANT

Other:

Williamson Developments Limited – (50%) owned)	– PROPERTY MANAGEMENT

DIRECTORS AND PROFESSIONAL ADVISERS

DIRECTORS

N G Sandys-Lumsdaine* - Chairman
A L Carmichael* - Managing Director
S C A Koech
P Magor*
E N K Wanjama
D B White
A S Marsh *

* British

SECRETARY

G K Masaki
Certified Public Secretary (Kenya)
P O Box 42281 - 00100, Nairobi

REGISTERED OFFICE

1st Floor, Williamson House,
4th Ngong Avenue,
P O Box 42281 – 00100, Nairobi

AUDITORS

Deloitte & Touche
Certified Public Accountants (Kenya)
"Kirungii", Ring Road, Westlands, P O Box 40092 – 00100, Nairobi

BANKERS

Barclays Bank of Kenya Limited
Barclays Plaza Business Centre, P O Box 46661– 00100, Nairobi

Standard Chartered Bank Kenya Limited
Kenyatta Avenue Branch, P O Box 40310 – 00100, Nairobi

LAWYERS

Kaplan & Stratton
9th Floor, Williamson House, 4th Ngong Avenue, P O Box 40111 - 00100, Nairobi

Walker Kontos
Hakika House, Bishops Road, P O Box 60680 - 00200, Nairobi

Williamson Tea

FINANCIAL HIGHLIGHTS

		2009	2008	2007	2006	2005
Tea Production						
Area under tea	Hectare	2,144	2,144	2,089	2,082	2,073
Made tea - own	'000 Kgs	6,420	5,256	6,665	5,436	6,783
- Bought leaf	'000 Kgs	3,646	3,129	3,374	3,126	3,603
Total	'000 Kgs	10,066	8,385	10,039	8,562	10,386
Tea sold	'000 Kgs	9,382	9,215	9,085	9,285	10,244
Average price per Kg gross Sh/Ct		148/34	117/74	132/08	105/90	116/75
Turnover (Sh'000)		1,489,982	1,185,755	1,206,528	985,059	1,198,588
Profit (Sh'000)						
Profit/(loss) before taxation		145,341	(143,984)	214,067	(86,666)	139,754
Taxation (charge)/credit		(35,471)	46,467	(71,233)	28,391	(43,182)
Profit/(loss) after taxation		109,870	(97,517)	142,834	(58,275)	96,572
Attributable to:						
Minority interest		(631)	(10,780)	3,163	(3,227)	8,341
Equity holders of the parent		110,501	(86,737)	139,671	(55,048)	88,231
Retained profit/(loss) for the year		109,870	(97,517)	142,834	(58,275)	96,572
Capital employed (Sh'000)						
Property, plant & equipment		1,004,372	998,978	960,450	693,869	714,215
Investments and long term receivables		771,451	738,340	773,777	680,832	646,319
Current assets		915,042	602,701	774,134	523,927	654,384
Biological assets		1,230,300	1,240,306	1,246,488	1,256,146	1,317,036
Total assets		3,921,165	3,580,325	3,754,849	3,154,774	3,331,954
Financed by (Sh'000)						
Share capital		43,782	43,782	43,782	43,782	43,782
Reserves		2,507,198	2,401,075	2,531,594	2,192,435	2,291,265
Shareholders' funds		2,550,980	2,444,857	2,575,376	2,236,217	2,335,047
Minority interest		78,471	79,237	91,979	82,043	87,295
Medium term borrowings		208,572	123,622	41,163	44,447	19,110
Non current liabilities		106,868	122,497	122,454	113,949	118,261
Current liabilities		389,146	221,997	296,256	165,273	223,816
Deferred income taxes		587,128	588,115	627,621	512,865	548,425
		3,921,165	3,580,325	3,754,849	3,154,794	3,331,954
Earnings/(loss) per share	Sh	12.62	(9.91)	15.96	(6.29)	10.08
Dividend per share	%	80	10	100	10	100
Dividend per share	Sh	4.00	0.50	5.00	0.50	5.00
Dividend cover	Times	3.15	-	3.19	-	2.02
Exchange Rates	US $	80.45	62.80	68.40	71.90	77.00
	UK £	115.12	125.21	134.99	125.40	141.00

Williamson Tea

CHAIRMAN'S STATEMENT

Results

I am pleased to report the Group recorded a profit of Kshs.122.6 Million resulting from its operating activities. The supply and demand equation for World Tea has shifted from one of over-supply to a more balanced situation. This has helped to support World Tea prices. However, the supply balance remains unpredictable as witnessed during the September through to December 2008 when crops improved and prices crashed. A drought in Kenya and other parts of the Tea growing World then followed forcing prices back up. The Kenya shilling depreciated against the trading currencies and this also contributed to our favourable results. Both the property and generator divisions contributed a total of KShs 11.6 million towards the Group profit.

The tensions following violence over the December 2007 election results gradually reduced during the year. However we are mindful that total reconciliation is very far from complete and we cannot therefore predict any impact this may have on our business in future.

Throughout the year substantial sums have been outstanding in unpaid VAT refund claims inspite of regular follow up but it is encouraging some refunds have now been received.

We continue to invest in plant and machinery and implement further operational efficiencies so as to minimize any potential future problems outside of our control, such as exchange rates fluctuations. Rising costs of inputs especially electricity and fertilizer and rising labour costs as well are all risks to our future performance.

In order to serve our large customer base to the best of our ability, we continue to expand our processing capabilities to meet their different demands.

We remain primarily a farming business and therefore our operations will always be very subject to prevailing weather conditions.

Our Management Staff and workforce have performed admirably well and should be thanked for their efforts in ensuring our business continues to prosper.

Dividends

In view of the favourable results, the Directors are recommending a first and final Dividend payment of Kshs 4.00 per share or 80% Dividend.

Crop

During the year, the Group manufactured a total of 10.1 Million kilos of Made Tea, which is an increase from last year's 8.4 Million due to the strong support from our small tea growers.

Tea Market

The gross average Tea Price increased to KShs 148.34 per kilo from last year's gross average of Kshs 117.74. This was due to the decreased supply of Tea from the other Tea growing Countries and a weaker Kenya Shilling. The Exchange rate closed at KShs 80.45 to the Dollar compared to last year's closing rate of KShs 62.80, but since then the Kenya Shilling has again strengthened.

Corporate Social Responsibility

The Group continues to embrace Social enhancing ethics, food safety standards and sustainable agricultural practices and as a recognition has been certified by Fair Trade, ISO 2200:2005 and Rainforest Alliance d.

Our own Workers and the surrounding Communities have benefited from the social premiums paid from the successful sale of our tea to Fair Trade outlets.

The Group will continue to support and where possible extend these activities in the future.

Williamson Tea

CHAIRMAN'S STATEMENT (Continued)

Health and Education

The Group provides extensive medical services to our employees with 5 health clinics and actively participates in the Nandi Hills Doctors' Scheme including visiting Doctor Services and HIV/AIDS prevention programmes.

Through the Kenya Tea Growers Association, the Group continues to support the running and development of various sponsored Primary and Secondary Schools in Kericho and Nandi. We continue to operate 4 Primary Schools and 1 Secondary School together with bursary schemes for gifted students proceeding to secondary education.

Welfare

The number of permanent and seasonal employees exceeded 3,878 with over 15,500 of their dependants who also benefit from the social and welfare amenities provided.

During the year, the Group spent over Kshs 65.5 Million on employee pensions, gratuities, leave and medical expenses over and above employees direct wages.

Capital projects specifically relating to employees welfare cost the Group over Kshs 15.8 Million.

Appreciation

I would like to thank all our Management staff, in particular Samuel Thumbi our Visiting Agent, and the Leadership of Ishmael Sang, Tom Lloyd and Sospeter Angira at Changoi, Tinderet and Kaimosi respectively. My thanks also go to our Nairobi Head Office Staff together with Martin Opiyo and his Team at Williamson Power.

Finally I would also like to thank my fellow Directors for their valuable contribution and advice.

NIGEL SANDYS-LUMSDAINE

CHAIRMAN.

Thursday, June 4, 2009

Williamson Tea

NAKALA YA MWENYEKITI

Matokeo

Ninafuraha kutoa habari ya kwamba Kundi lilipata faida ya shillingi millioni 122.6 kutoka kwa shughuli za kibiashara. Ulinganifu wa kadiri ya kutaka na kupatikana kwa chai ulimwenguni umebadilika kutoka hali ya zao kubwa hadi ule wa usawa. Hali hii imesaidia kuimarisha bei ya chai ulimwenguni. Hali ya kuwemo kwa usawa wa viwango vya mali haibashiriki kama vile ilivyoonekana mnamo mwezi wa Septemba hadi Decemba mwaka wa 2008, wakati mazao yaliimarika na bei kupungua hadi kiasi ya chini kabisa. Ukame uliofuata nchini Kenya na pande zinginezo ulimwenguni ulisababisha kuimarika kwa bei. Shillingi ya Kenya ilishuka ikilinganishwa na fedha zingine za ulimwengu hali ambayo ilichangia matokeo mema. Kazi ya Uhandisi na Mali ilichangia jumla ya shillingi millioni 11.6 kwa faida ya Kundi.

Matukio ya vita kufuatia uchaguzi mkuu wa mwaka wa 2007 yalipungua. Ingawa mapatano ya kudumu hayajapatikana ni vigumu kwetu kubashiri pigo na hatari hali hii itasababisha kwa biashara zetu kwa siku za usoni.

Mwakani kiasi kubwa cha fedha bado zinabakia na kudaiwa kutoka kwa Shirika la kutoza Ushuru la Kenya ambazo bado tunaendelea kufuatilia. Inatia moyo kuona ya kwamba tuliweza kurejeshewa kiasi kizuri cha fedha hizo mwaka huu.

Tutaendelea kugharamia na kustawisha utendaji kazi tukiwania kupunguza gharama za uzalishaji. Tutagharamia rasilmali kwa viwanda na kwa mitambo ili kupunguza shida zozote za siku za usoni kama vile upadilishaji wa kifedha na Nchi za nje. Kuendelea kupanda kwa gharama ya vifaa, nguvu za umeme na mbolea pamoja na mishahara kwa wafanyi kazi, zinachangia hali isiyoeleweka kwa matokeo yetu siku za usoni.

Ili kutoshelesha wateja wetu ambao ni wengi kwa kadiri ya uwezo wetu tutaendelea kupanua utenda kazi wetu kote kundini.

Tukiendelea kama wakulima, kazi yetu ya kilimo itaendelea kutegemea hali ya anga.

Wafanyi kazi wetu wote na Mameneja wao wamefanya kazi ya kuridhisha na inafaa wapongezwe kwa juhudi zao za kuendelesha na kuimarisha biashara zetu.

Mgao

Kufuatia matokeo haya ya kufaa wakurugenzi wamependekeza mgao wa kwanza na mwisho wa Shillingi Nne kwa kila hisa moja au gawio la asilimia themanini, yaani 80%

Zao

Mwaka huu kundi lilizalisha jumla ya kilo milioni 10.1 ya majani chai ambayo ni ongezeko ikilinganishwa na zao la mwaka uliopita la milioni 8.4 kufuatia kuongezeka kwa mchango wa wakulima wa nje.

Soko ya Majani Chai

Jumla ya wastani ya bei ya majani chai iliongezeka hadi shillingi ya Kenya 148.34 kwa kilo ikilinganishwa na ya mwaka uliopita ambayo ilikuwa shillingi 117.74. Hii ilisababishwa na upungufu wa zao kutoka nchi zingine za nje na shillingi ya Kenya kupungua dhamani. Viwango vya ubadilishanaji mwishoni wa mwaka vilikuwa shillingi ya Kenya 80.45 ikilinganishwa na Dolla moja ya Marekani. Mwaka uliyopita ilikuwa shillingi 62.80 kwa dolla moja. Tangu mwisho wa mwaka shillingi ya Kenya imeendelea kuimarika zaidi.

Williamson Tea

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 Sh'000	2008 Sh'000
REVENUE	3(b)	1,489,982	1,185,755
FAIR VALUE LOSS ON -Tea bushes	18	(63,757)	(29,099)
-Timber trees	18	12,716	10,238
OPERATING INCOME		1,438,941	1,166,894
COST OF SALES		(1,053,504)	(1,055,936)
GROSS PROFIT		385,437	110,958
OTHER INCOME		35,674	37,408
FAIR VALUE CHANGES ON -Firewood	18	33,750	(836)
DISTRIBUTION COSTS		(152,450)	(102,926)
ADMINISTRATIVE EXPENSES		(123,974)	(115,612)
FINANCE COSTS	6(a)	(18,235)	(8,047)
FINANCE INCOME	6(b)	151	-
EXCHANGE LOSSES		(54,795)	(24,150)
SHARE OF RESULTS OF ASSOCIATE COMPANIES	15	39,783	(40,779)
PROFIT /(LOSS) BEFORE TAXATION		145,341	(143,984)
TAXATION (CHARGE)/CREDIT	7	(35,471)	46,467
PROFIT/(LOSS) FOR THE YEAR	8	109,870	(97,517)
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE PARENT		110,501	(86,737)
MINORITY INTEREST	25	(631)	(10,780)
		109,870	(97,517)
COMPRISING:			
PROFIT /(LOSS) ARISING FROM OPERATING ACTIVITIES		122,605	(72,949)
LOSS ARISING FROM CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS (NET OF ATTRIBUTABLE TAXATION)		(12,104)	(13,788)
MINORITY INTEREST		(631)	(10,780)
PROFIT /(LOSS) FOR THE YEAR		109,870	(97,517)
EARNINGS /(LOSS) PER SHARE - Basic and diluted	9	Sh 12.62	Sh (9.91)
DIVIDENDS PER SHARE	10	Sh 4.00	Sh 0.50

Williamson Tea

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Williamson Tea

NAKALA YA MWENYEKITI(Yaendelea)

Uwajibikaji wa Kampuni

Kundini tunaendelea na mipango ya mambo ya kijamii, na kuzingatia hali bora ya uzalishaji chakula na mambo ya kilimo bora. Na hivi sasa tumethibitishwa na mashirika mbali mbali pamoja na yale ya Fair Trade, ISO 22000:2005 na pia ya Rainforest Alliance.

Wafanyi kazi wetu na jamii inayotuzunguka wamefaidika na michango ya ziada kutoka kwa mauzo ya chai kwa mashirika ya Fair Trade.

Kundi litaendelea kuchangia na kueneza mipango hii siku za usoni.

Afya na Elimu

Kundi linatoa huduma ya matibabu thabiti kwa wafanyi kazi wote na iko na vituo 5 vya afya ikishirikiana vilivyo na Shirika la Nandi Hills Doctors Scheme na Madakitari kwa kutembelea wagonjwa pamoja na kuwasaidia kwa azimio la kuzuia maradhi ya Ukimwi.

Kupitia Shirika la Kenya Tea Growers Association, kundi linaendelea kusaidia na kuendesha mashule ya msingi na ya upili kule Kericho na Nandi. Tunaendelea kuendesha shule 4 za msingi na 1 ya upili na pia tunasaidia kwa kugharamia karo ya wanafunzi werevu kutoka shule za msingi wanaostahili kuendelea na masomo kwa shule za upili.

Mambo ya Jamii

Jumla ya wafanyi kazi wa kudumu na wa vibarua ilizidi 3,878 na kuna watu 15,500 wanaowategemea na waliofaidika kutoka kwa uwajibikaji wa Kampuni.

Mwakani kundi liligharamia shillingi millioni 65.5 kwa wafanyi kazi kwa marupurupu wakati wa kusitaafu, kwenda likizoni pamoja na za matibabu. Hii ni mbali na Mshahara waliyolipwa.

Rasilmali kwa miradi ya kuzingatia mambo ya kijamii ya wafanyi kazi kundini iligharimu shillingi millioni 15.8.

Shukrani

Ningependa kuwashukru Mameneja wetu wote hasa Bwana Samuel Thumbi ambaye anasimamia ustadi kote kundini pamoja na uongozi wa Bwana Ishmael Sang,Tom Lloyd na Sospeter Angira wakiwa kule Changoi,Tinderet na Kaimosi kikadirifu. Shukrani zangu pia ni kwa wafanyi kazi wetu wa Ofisi Kuu ya Nairobi pamoja na Bwana Martin Opiyo na wenzake kule Williamson Power.

Mwisho ningependa kutoa shukrani zangu kwa wakurugenzi wenzangu kwa mchango wao na ushauri mwema.

NIGEL SANDYS-LUMSDAINE

MWENYEKITI

Alhamisi Juni 4, 2009

Williamson Tea

CORPORATE GOVERNANCE

Corporate Governance is the process and structure used to direct and manage business affairs of the Company towards enhancing prosperity and corporate accounting with the ultimate objective of realizing shareholders long term value while taking into account the interest of other stakeholders.

The Company is committed to business integrity and professionalism in all its activities. As part of this commitment the Board fully supports issues articulated by the Capital Market Authority so as to bring the level of Governance in line with International Standards.

We confirm that we are governed by the Rules and Regulations as issued by both the Nairobi Stock Exchange (NSE) and the Capital Markets Authority (CMA).

BOARD OF DIRECTORS

The role of the Chairman and the Managing Director has been separated and the composition of the Board is compliant with good corporate governance practices. The full Board meets at least once every quarter for scheduled meetings and on other occasions as required for to consider exceptional matters. The business of the Board is to consider strategic issues and to review annual and half year accounts and annual budgets and to monitor operational performance. The Directors are given appropriate and timely information to enable them maintain full and effective control. Except for direction and guidance on general policy, the Board has delegated authority for conduct of the day-to-day business to the Chief Executive assisted by a Team of able Managerial Staff.

AUDIT COMMITTEE

This committee was constituted by the Board in 1998. The Members of this committee are all non-executive Directors and professionals. It meets at least four times in the year. The committee responsibilities include:

- All areas of corporate governance, with specific reference to issues of risk management;
- Review of interim and annual financial statements to ensure compliance with disclosure; Requirements;
- Maintenance and review of Group's system of accounting and internal controls;
- Liaising with external auditors of the Group.

Every year the committee visits each of the Group's farms for a full day. In addition to this the committee held six meetings during the past year.

INTERNAL CONTROLS

The Board is responsible for the Company's system of internal controls and for reviewing their effectiveness. The Company has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information.

The systems in place are designed to ensure that authority is obtained for any major transaction and that the Company complies with all Kenya Laws and Regulations, including those that govern sound financial management. Procedures are in place to ensure that all assets are subject to proper physical controls and these are professionally revalued every three years.

COMMUNICATION WITH SHARE HOLDERS

The Company places a great deal of importance on communication with its shareholders and publishes in the local dailies its financial statements on half year and annual basis. The full report and accounts are distributed to all shareholders on an annual basis.

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 2009 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.	Kirtesh P.Shah	Nairobi	300,621	3.43
4.	Barclays (Kenya) Nominees Ltd A/C 9280	Nairobi	172,700	1.97
5.	Barclays (Kenya) Nominees Ltd A/c 9230	Nairobi	115,792	1.32
6.	Old Mutual Life Assurance Co.Ltd	Nairobi	112,444	1.28
7.	Satchu Aly-Khan	Nairobi	103,800	1.19
8.	Phoenix of E.A.Assurance CO.Ltd	Nairobi	84,856	0.97
9.	Travis (E.A) Ltd	Nairobi	77,366	0.88
10.	Barclays (Kenya) Nominees Ltd A/C 1256	Nairobi	75,500	0.86

Analysis of Shareholders

By region:

Region	Number	Shares held	%
Foreign investors	67	4,957,379	56.62
Local & East Africa investors (Individuals)	1,075	2,127,015	24.29
Local & East Africa investors (Institutional)	154	1,671,926	19.09
	1,296	8,756,320	100.00

By shares distribution:

Less than 500	572	147,359	1.68
500-10,000	663	1,426,494	16.29
10,001-100,000	54	1,668,773	19.06
100,001-1,000,000	6	1,007,530	11.51
Above 1,000,000	1	4,506,164	51.46
	1,296	8,756,320	100.00

Williamson Tea

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the Group for the year ended 31 March 2009.

ACTIVITIES

The principal activities of the Group are the cultivation, manufacture and sale of tea, investment in property and the sale and servicing of generators.

GROUP RESULTS

	Sh'000
Profit before taxation	145,341
Taxation charge	(35,471)
Profit after taxation	109,870
Attributable to:	
Equity holders of parent company	110,501
Minority interest	(631)
Profit for the year	109,870

DIVIDENDS

The directors recommend the payment of a first and final dividend of Sh 4 per share totalling Sh 35,025,280 (2008: Sh 0.5 per share totalling Sh 4,378,200) in respect of the year.

DIRECTORS

The current board of directors is shown on page 3.

N G Sandys-Lumsdaine and A S Marsh retire by rotation in accordance with section 94 of the company's Articles of Association and, being eligible, offer themselves for re-election.

AUDITORS

Deloitte & Touche, having expressed their willingness, continue in office in accordance with the provisions of section 159 (2) of the Companies Act.

BY ORDER OF THE BOARD

G K MASAKI
Secretary

Thursday, June 4, 2009

Williamson Tea

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 Sh'000	2008 Sh'000
REVENUE	3(b)	1,489,982	1,185,755
FAIR VALUE LOSS ON -Tea bushes	18	(63,757)	(29,099)
-Timber trees	18	12,716	10,238
OPERATING INCOME		1,438,941	1,166,894
COST OF SALES		(1,053,504)	(1,055,936)
GROSS PROFIT		385,437	110,958
OTHER INCOME		35,674	37,408
FAIR VALUE CHANGES ON -Firewood	18	33,750	(836)
DISTRIBUTION COSTS		(152,450)	(102,926)
ADMINISTRATIVE EXPENSES		(123,974)	(115,612)
FINANCE COSTS	6(a)	(18,235)	(8,047)
FINANCE INCOME	6(b)	151	-
EXCHANGE LOSSES		(54,795)	(24,150)
SHARE OF RESULTS OF ASSOCIATE COMPANIES	15	39,783	(40,779)
PROFIT /(LOSS) BEFORE TAXATION		145,341	(143,984)
TAXATION (CHARGE)/CREDIT	7	(35,471)	46,467
PROFIT/(LOSS) FOR THE YEAR	8	109,870	(97,517)
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE PARENT		110,501	(86,737)
MINORITY INTEREST	25	(631)	(10,780)
		109,870	(97,517)
COMPRISING:			
PROFIT /(LOSS) ARISING FROM OPERATING ACTIVITIES		122,605	(72,949)
LOSS ARISING FROM CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS (NET OF ATTRIBUTABLE TAXATION)		(12,104)	(13,788)
MINORITY INTEREST		(631)	(10,780)
PROFIT /(LOSS) FOR THE YEAR		109,870	(97,517)
EARNINGS /(LOSS) PER SHARE - Basic and diluted	9	Sh 12.62	Sh (9.91)
DIVIDENDS PER SHARE	10	Sh 4.00	Sh 0.50

Williamson Tea

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the Group for the year ended 31 March 2009.

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AUDITORS

Deloitte & Touche, having expressed their willingness, continue in office in accordance with the provisions of section 159 (2) of the Companies Act.

BY ORDER OF THE BOARD

G K MASAKI
Secretary

Thursday, June 4, 2009

Williamson Tea

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan 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 of 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 that the company and its subsidiaries 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 are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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 Kenyan 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 of the company and of the Group's 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 a going concern for at least the next twelve months from the date of this statement.

D.B. WHITE
Director

E.N.K.WANJAMA
Director

4 June, 2009

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

Report on the Financial Statements

We have audited the accompanying financial statements of Williamson Tea Kenya Limited and its subsidiaries, set out on pages 14 to 55 which comprise the consolidated and company balance sheets as at 31 March 2009, and the consolidated income statement, consolidated and company statements of changes in equity and consolidated cash flow statement 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 the requirements of the Kenyan Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 the audit to obtain reasonable assurance whether 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 our 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, we considered the internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of financial affairs of the company and of its subsidiaries as at 31 March 2009 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

Report on Other Legal Requirements

As required by the Kenyan Companies Act we report to you, based on our audit, that:

(a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
(b) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
(c) the company's balance sheet is in agreement with the books of account.

Deloitte & Touche
Certified Public Accountants (Kenya)

4 June, 2009

Williamson Tea

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 Sh'000	2008 Sh'000
REVENUE	3(b)	1,489,982	1,185,755
FAIR VALUE LOSS ON -Tea bushes	18	(63,757)	(29,099)
-Timber trees	18	12,716	10,238
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COST OF SALES		(1,053,504)	(1,055,936)
GROSS PROFIT		385,437	110,958
OTHER INCOME		35,674	37,408
FAIR VALUE CHANGES ON -Firewood	18	33,750	(836)
DISTRIBUTION COSTS		(152,450)	(102,926)
ADMINISTRATIVE EXPENSES		(123,974)	(115,612)
FINANCE COSTS	6(a)	(18,235)	(8,047)
FINANCE INCOME	6(b)	151	-
EXCHANGE LOSSES		(54,795)	(24,150)
SHARE OF RESULTS OF ASSOCIATE COMPANIES	15	39,783	(40,779)
PROFIT /(LOSS) BEFORE TAXATION		145,341	(143,984)
TAXATION (CHARGE)/CREDIT	7	(35,471)	46,467
PROFIT/(LOSS) FOR THE YEAR	8	109,870	(97,517)
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE PARENT		110,501	(86,737)
MINORITY INTEREST	25	(631)	(10,780)
		109,870	(97,517)
COMPRISING:			
PROFIT /(LOSS) ARISING FROM OPERATING ACTIVITIES		122,605	(72,949)
LOSS ARISING FROM CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS (NET OF ATTRIBUTABLE TAXATION)		(12,104)	(13,788)
MINORITY INTEREST		(631)	(10,780)
PROFIT /(LOSS) FOR THE YEAR		109,870	(97,517)
EARNINGS /(LOSS) PER SHARE - Basic and diluted	9	Sh 12.62	Sh (9.91)
DIVIDENDS PER SHARE	10	Sh 4.00	Sh 0.50

Williamson Tea

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2009

	Note	2009 Sh'000	2008 Sh'000
ASSETS			
Non current assets			
Property, plant and equipment	11	1,004,372	998,978
Intangible assets	12	5,986	-
Prepaid operating leases	13	77,130	77,214
Investment property	14	394,500	394,500
Investment in associate companies	15	292,486	265,277
Other investments	17	1,349	1,349
Biological assets	18	1,230,300	1,240,306
		3,006,123	2,977,624
Current assets			
Inventories	19	270,808	121,251
Trade and other receivables	20	498,190	344,240
Due from associate companies	21(a)	8,990	50,291
Loans to associate company	22(b)	23,333	-
Taxation recoverable	7(c)	7,212	19,174
Cash and bank balances		106,509	67,745
		915,042	602,701
Total assets		3,921,165	3,580,325
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	24	43,782	43,782
Revaluation surplus		296,486	326,901
Revenue reserve		2,210,712	2,074,174
Equity attributable to equity holders of parent company		2,550,980	2,444,857
Minority interest	25	78,471	79,237
Total equity		2,629,451	2,524,094
Non current liabilities			
Deferred income taxes	26	587,127	588,115
Service gratuity	27	106,868	122,497
Borrowings	28	25,111	10,976
Finance lease obligations	29	82,503	58,613
		801,609	780,201
Current liabilities			
Borrowings	28	62,157	47,372
Finance lease obligations	29	38,801	6,661
Trade and other payables	30	374,763	216,082
Due to associate company	21(d)	5,016	1,001
Unclaimed dividends	31	4,712	4,914
Taxation payable	7(c)	4,656	-
		490,105	276,030
Total equity and liabilities		3,921,165	3,580,325

The financial statements on pages 14 to 55 were approved by the board of directors on 4 June, 2009 and were signed on its behalf by:

D.B. WHITE } Directors
E.N.K. WANJAMA

Williamson Tea

COMPANY BALANCE SHEET
AS AT 31 MARCH 2009

	Note	2009 Sh'000	2008 Sh'000
ASSETS			
Non current assets			
Property, plant and equipment	11	407,753	448,373
Intangible assets	12	2,660	-
Prepaid operating leases	13	11,812	11,825
Investment property	14	394,500	394,500
Investment in associate companies	15	79,837	79,837
Investment in subsidiary companies	16	109,877	109,877
Other investments	17	546	546
Biological assets	18	542,830	627,727
		1,549,815	1,672,685
Current assets			
Inventories	19	94,762	45,231
Trade and other receivables	20	228,127	121,009
Due from associate companies	21(a)	8,185	45,555
Due from subsidiary companies	21(b)	30,171	92,912
Loans to subsidiary companies	22(a)	49,563	7,500
Loan to associate company	22(b)	23,333	-
Tax recoverable	7(c)	-	7,784
Cash and bank balances		59,204	47,342
		493,345	367,333
Total assets		2,043,160	2,040,018
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	24	43,782	43,782
Revaluation surplus		147,563	157,710
Revenue reserve		1,322,897	1,303,868
Shareholders' funds		1,514,242	1,505,360
Non current liabilities			
Deferred income taxes	26	295,707	316,376
Service gratuity	27	43,470	65,980
Borrowings	28	5,073	7,063
Finance lease obligations	29	4,933	6,018
		349,183	395,437
Current liabilities			
Trade and other payables	30	137,687	104,878
Due to subsidiary companies	21(c)	28,136	26,362
Taxation payable	7(c)	4,613	-
Borrowings	28	1,628	1,565
Finance lease obligations	29	2,959	1,502
Unclaimed dividends	31	4,712	4,914
		179,735	139,221
Total equity and liabilities		2,043,160	2,040,018

The financial statements on pages 14 to 55 were approved by the board of directors on 4 June 2009 and were signed on its behalf by:

D.B. WHITE
E.N.K. WANJAMA } Directors

Williamson Tea

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2009

	Share capital	Revaluation surplus	Revenue reserve			Equity attributable to equity holders of parent	Minority interest	Total
			Biological assets gains/(losses)	Other	Total			
	Sh'000	Sh'000	Sh'000	Sh'000	Sh'000	Sh'000	Sh'000	Sh'000
At 1 April 2007	43,782	359,415	506,957	1,665,222	2,172,179	2,575,376	91,979	2,667,355
Excess depreciation transfer	-	(46,146)	-	46,146	46,146	-	-	-
Deferred tax on excess depreciation	-	13,935	-	(13,935)	(13,935)	-	-	-
Surplus realised on disposal of revalued assets	-	(303)	-	303	303	-	-	-
Loss for the year	-	-	(13,788)	(72,949)	(86,737)	(86,737)	(10,780)	(97,517)
Dividends paid – 2007	-	-	-	(43,782)	(43,782)	(43,782)	(1,962)	(45,744)
At 31 March 2008	43,782	326,901	493,169	1,581,005	2,074,174	2,444,857	79,237	2,524,094
At 1 April 2008	43,782	326,901	493,169	1,581,005	2,074,174	2,444,857	79,237	2,524,094
Excess depreciation transfer	-	(50,574)	-	50,574	50,574	-	-	-
Deferred tax on excess depreciation	-	15,172	-	(15,172)	(15,172)	-	-	-
Reversal of excess depreciation over transferred in prior years	-	6,584	-	(6,584)	(6,584)	-	-	-
Surplus realised on disposal of revalued assets	-	(2,281)	-	2,281	2,281	-	-	-
Deferred tax on revaluation surplus realised on disposal of revalued assets	-	684	-	(684)	(684)	-	-	-
Profit for the year	-	-	(12,104)	122,605	110,501	110,501	(631)	109,870
Dividends paid – 2008	-	-	-	(4,378)	(4,378)	(4,378)	(135)	(4,513)
At 31 March 2009	43,782	296,486	481,065	1,729,647	2,210,712	2,550,980	78,471	2,629,451

The revaluation surplus arises on revaluation of property, plant and equipment and is not distributable.
The revenue reserve on biological assets represents surplus arising from fair valuation of biological assets in line with IAS 41 on Agriculture.
Other revenue reserves represents accumulated surplus arising from normal operating activities.

Williamson Tea

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2009

	Share capital	Revaluation surplus	Revenue reserve: Biological assets gains/(losses)	Revenue reserve: Other	Revenue reserve: Total	Total
	Sh'000	Sh'000	Sh'000	Sh'000	Sh'000	Sh'000
At 1 April 2007	43,782	175,776	233,649	1,052,518	1,286,167	1,505,725
Excess depreciation transfer	-	(25,808)	-	25,808	25,808	-
Deferred tax on excess depreciation	-	7,742	-	(7,742)	(7,742)	-
Profit for the year	-	-	48,409	(4,992)	43,417	43,417
Dividends paid – 2008	-	-	-	(43,782)	(43,782)	(43,782)
At 31 March 2008	43,782	157,710	282,058	1,021,810	1,303,868	1,505,360
At 1 April 2008	43,782	157,710	282,058	1,021,810	1,303,868	1,505,360
Excess depreciation transfer	-	(23,901)	-	23,901	23,901	-
Deferred tax on excess depreciation	-	7,170	-	(7,170)	(7,170)	-
Reversal of excess depreciation over transferred in previous years	-	6,584	-	(6,584)	(6,584)	-
Profit for the year	-	-	(60,905)	74,165	13,260	13,260
Dividends paid – 2008	-	-	-	(4,378)	(4,378)	(4,378)
At 31 March 2009	43,782	147,563	221,153	1,101,744	1,322,897	1,514,242

The revaluation surplus arises on revaluation of property, plant and equipment and is not distributable.
The revenue reserve on biological assets represents surplus arising from fair valuation of biological assets in line with IAS 41 on Agriculture.
Other revenue reserves represents accumulated surplus arising from normal operating activities

Williamson Tea

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 Sh'000	2008 Sh'000
OPERATING ACTIVITIES			
Cash generated from operations	32(a)	135,549	3,159
Interest paid	6(a)	(18,235)	(8,047)
Interest received	6(b)	151	-
Taxation paid	7(c)	(8,041)	(39,784)
Net cash generated/(used in) from operating activities		109,424	(44,672)
INVESTING ACTIVITIES			
Purchase of plant and equipment	32(d)	(92,074)	(85,762)
Proceeds from disposal of plant and equipment		1,884	8,474
Assets transferred to associate company	11	1,997	-
Expenditure on biological assets		(7,285)	(11,703)
Loan to associate company		(23,333)	-
Dividend received - from associate company	15	774	7,727
- other		3,796	1,480
Net cash used in investing activities		(114,241)	(79,784)
FINANCING ACTIVITIES			
Loans received	32(b)	138,230	3,011
Loans repaid	32(b)	(103,455)	(1,844)
Exchange differences on loans	32(b)	(11,002)	(1,049)
Asset finance loans repaid	32(c)	(5,704)	-
Exchange differences on asset finance loans	32(c)	25,080	(4,186)
Dividends paid to shareholders	31	(4,580)	(42,421)
Dividends paid to minority interest	25	(135)	(1,962)
Net cash generated/ (used in) financing activities		38,434	(48,451)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		33,617	(172,907)
CASH AND CASH EQUIVALENTS AT 1 APRIL		29,764	202,671
CASH AND CASH EQUIVALENTS AT 31 MARCH	32(e)	63,381	29,764

1 ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Adoption of new and revised International Financial Reporting Standards (IFRSs) and Interpretations (IFRIC)

(i) Standards and interpretations effective in the current period

The following new interpretations issued by the International Financial Reporting Interpretations Committee and revised standards are effective in the current period:

- IFRIC 12, Service Concession Arrangements (effective for accounting periods beginning on or after 1 January 2008);
- IFRIC 13, Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 July 2008);
- IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for accounting periods beginning on or after 1 January 2008);
- IFRIC 16, Hedges of a Net Investment in a Foreign Operation (effective for accounting periods beginning on or after 1 October 2008).
- IAS 39, Financial Instruments: Recognition and Measurement, Reclassification of financial assets (effective from 1 November 2008);
- IFRS 7, Financial Instruments: Recognition and Measurement, Consequential disclosures arising from amendments to October 2008 amendments to IAS 39 (effective from 1 November 2008).

Adoption of these interpretations and revised standards has not led to any changes in the Group's accounting policies.

(ii) New and revised standards and interpretations in issue not yet adopted

At the date of authorisation of these financial statements, the following revised standards and interpretations were in issue but not yet effective.

- IFRIC 15, Agreements for the construction of Real Estate (effective for accounting periods beginning on or after 1 January 2009);
- IFRIC 17, Distributions of Non-cash Assets to Owners (effective for accounting periods beginning on or after 1 January 2009);
- IFRIC 18, Transfer of assets to Customers (effective for the accounting periods beginning on or after 1 July 2009);
- IFRS 1, First-Time Adoption of International Financial Reporting Standards – Amendment relating to cost of an investment on first-time adoption (effective for accounting periods beginning on or after 1 January 2009);
- IFRS 3, Business Combinations - Comprehensive revision on applying the acquisition method (effective for accounting periods beginning on or after 1 July 2009);
- IFRS 8, Operating Segments (effective for accounting periods beginning on or after 1 January 2009);
- IAS 1 (Revised), Presentation of financial instruments (effective for accounting periods on or after 1 January 2009)
- IAS 23, Borrowing Costs, Comprehensive revision to prohibit immediate expensing and amendments resulting from May 2008 improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2009);

1 **ACCOUNTING POLICIES (Continued)**

Adoption of new and revised International Financial Reporting Standards (IFRSs) and Interpretations (IFRIC) (Continued)

(ii) New and revised standards and interpretations in issue not yet adopted (Continued)

- IAS 27, Consolidated and Separate Financial Statements: Consequential amendments arising from amendments to IFRS 3 (effective for accounting periods beginning on or after 1 July 2009);
- IAS 28, Investments in Associates: Consequential amendments arising from amendments to IFRS 3 (effective for accounting periods beginning on or after 1 July 2009);
- IAS 31, Interests in Joint Ventures: Consequential amendments arising from amendments to IFRS 3 (effective for accounting periods beginning on or after 1 July 2009);
- IAS 32, Financial Instruments: Presentation: Amendments relating to puttable instruments and obligations arising on liquidation (effective for accounting periods beginning on or after 1 January 2009);
- IAS 39, Financial Instruments: Recognition and Measurement: Amendments for eligible hedged items (effective for accounting periods beginning on or after 1 July 2009);
- "Improvements to IFRSs was issued in May 2008 and its requirements are effective over a range of dates, with the earliest effective date being for annual periods beginning on or after 1 January 2009. This comprises a number of amendments to IFRSs, which resulted from the IASB's annual improvements project.

(iii) Impact of the new and revised standards and interpretations in issue but not yet adopted

The following standards, in particular, will be of considerable relevance to the financial statements of the Group and company, when effective:

IFRS 3 (Revised), Business Combinations

IFRS 3 (Revised) "Business Combinations" was issued in January 2008 and will apply to business combinations occurring on or after 1 April 2010. The revised standard introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that a business acquisition occurs and future reported results. Assets and liabilities arising from business combinations before 1 April 2010 will not be restated and thus there will be no effect on the Group's results or financial position on adoption. However, this standard is likely to have a significant impact on the accounting for business acquisitions post adoption.

IAS 1 (Revised), Presentation of financial statements

IAS 1 (Revised) "Presentation of Financial Statements" was issued in September 2007 and will be effective for annual periods beginning on or after 1 January 2009. The revised standard introduces the concept of a statement of comprehensive income, which enables users of the financial statements to analyse changes in a company's equity resulting from transactions with owners separately from non-owner changes. The revised standard provides the option of presenting items of income and expense and components of other comprehensive income either as a single statement of comprehensive income or in two separate statements. The Group does not currently believe the adoption of this revised standard will have a material impact on the consolidated results or financial position of the Group.

1 **ACCOUNTING POLICIES (Continued)**

(iii) Impact of the new and revised standards and interpretations in issue but not yet adopted (Continued)

IAS 23 (Revised), Borrowing Costs

IAS 23 (Revised) "Borrowing Costs" was issued in March 2007 and will be effective for annual periods beginning on or after 1 January 2009. It requires the capitalisation of borrowing costs, to the extent they are directly attributable to the acquisition, production or construction of a qualifying asset. The existing option of immediate recognition of those borrowing costs as an expense has been removed. The Group is currently assessing the impact and expected timing of adoption of this standard on the Group's results and financial position.

IAS 27 (Revised), Consolidated and Separate Financial Statements

An amendment to IAS 27 "Consolidated and Separate Financial Statements" was issued in January 2008 and is effective for annual periods beginning on or after 1 July 2009. The amendment requires that when a transaction occurs with non-controlling interests in Group entities that do not result in a change in control, the difference between the consideration paid or received and the recorded non-controlling interest should be recognised in equity. In cases where control is lost, any retained interest should be remeasured to fair value with the difference between fair value and the previous carrying value being recognised immediately in the income statement. Transactions occurring before 1 April 2010 will not be restated and thus there will be no effect on the Group's results or financial position on adoption. However, the Group has historically entered into transactions that are within the scope of this standard and may do so in the future.

IFRS 8, Operating segments

IFRS 8, 'Operating segments', replaces IAS 14, 'Segment reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments will be reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker.

Impact of other standards and interpretations

Improvements to IFRSs" were issued in May 2008 and April 2009 and their requirements are effective over a range of dates, with the earliest effective date being annual periods beginning on or after 1 January 2009. This comprises a number of amendments to IFRSs, which resulted from the IASB's annual improvements project. The directors are currently assessing the impact and expected timing of adoption of these amendments on the Group's results and financial position.

The IASBs annual improvements process deals with non-urgent, minor amendments to standards.

The Group's principal accounting policies are set out below:

Basis of preparation

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

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (Continued)

Consolidation (continued)

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 16, and include the Group's share of the results of the associate companies as disclosed in note 15, all made up to 31 March.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Investments in subsidiary companies in the company's books are carried at cost less provision for impairment.

Investments in associate companies

Investments in associated undertakings are accounted for using 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.

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. A listing of the Group's associated undertakings is shown in note 15.

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

Revenue recognition

Sales are recognised upon despatch of products and are stated net of returns, discounts and value added tax.

Rental income is recognised on the accruals basis and dividend income is recognised when the shareholder's right to receive payment has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Inventories

Made tea inventories are stated at the net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Changes in that value are recognised in profit or loss in the period of the change.

Firewood is stated at production cost.

Consumable stores inventories are stated at the weighted average cost.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (continued)

Biological assets

Biological assets (tea bushes, fuel plantations and timber plantations) and agricultural produce have been stated at their fair value less estimated point-of-sale costs.

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 values of fuel and timber plantations are determined based on the prices existing in the market. Details of the significant assumptions made in determining the fair value of biological assets are set out on note 18.

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

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 items of property, plant and equipment from time to time. The last valuation was performed as at 31 March 2007.

The bases of valuation are as follows:

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

Increases in the carrying amount arising on revaluation are credited to a revaluation surplus. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to the income statement.

Capital work in progress

Capital work in progress relates to property and plant under construction. Cost includes materials, direct labour and any other direct expenses incurred in respect of the project. The amounts are transferred to the appropriate property, plant and equipment categories once the project is completed and commissioned.

Depreciation

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

Other items of 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 %
Tractors and accessories	10-25 %
Motor vehicles	25 %
Office equipment, furniture and fittings	10 %
Computers	25 %

Each year the difference between depreciation based on the revalued carrying amount of an asset (the depreciation charged to the income statement) and depreciation based on the asset's original cost is transferred from the revaluation surplus to revenue reserves

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (continued)

Intangible assets-computer software costs

Costs incurred on computer software are accounted for at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight line basis over the estimated useful lives not exceeding a period of 3 years.

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 property

Investment property is treated as long term investment and carried at market value for existing use as determined regularly by external independent valuers. Investment property is not subject to depreciation. Changes in the 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.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

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.

The Group's unionisable staff who resign or whose services are terminated either due to illness or other reasons after 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)

Retirement benefit obligations

The Group operates a defined contribution scheme for eligible non-unionisable employees. The assets of the scheme are held in a separate trustee administered fund. 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 Fund 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.

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

Monetary 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

A financial asset or liability is recognised when the company becomes party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (continued)

Financial instruments (Continued)

Financial assets

Classification

The company classifies its financial assets into the following categories: Financial assets at fair value through profit or loss; loans, advances and receivables; held- to- maturity investments; and available-for-sale assets. Management determines the appropriate classification of its investments at initial recognition.

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

This category has two sub-categories: Financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

(ii) Loans, advances and receivables

Loans, advances and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable.

(iii) Held to maturity investments

Financial assets with fixed or determinable payments and fixed maturity where the company has the positive intent and ability to hold to maturity other than loans and receivables originated by the company are measured at amortised cost.

(iv) Available-for-sale financial assets

Financial assets that are not (a) financial assets at fair value through profit or loss, (b) loans, advances and receivables, or (c) financial assets held to maturity are classified as available-for-sale.

Recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where 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, advances and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of "financial assets at fair value through profit or loss" are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the company's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment and uncollectability of financial assets

At each balance sheet date, all financial assets are subject to review for impairment. If it is probable that the company will not be able to collect all amounts due (principal and interest) according to the contractual terms of loans, receivables, or held-to-maturity investments carried at amortised cost, an impairment or bad debt loss has occurred. The carrying amount of the asset is reduced to its estimated recoverable amount either directly or through use of an allowance account. The amount of the loss incurred is included in income statement for the period.

If a loss on a financial asset carried at fair value (recoverable amount is below original acquisition cost) has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative net loss that had been recognised directly in equity is removed from equity and recognised in the income statement for the period even though the financial asset has not been derecognised.

Financial liabilities

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue 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 they arise.

Trade payables

Trade payables are carried at cost which is measured at the fair or contracted value of the consideration to be paid in future in respect of goods and services supplied by the suppliers, whether billed or not, to the company.

Dividends payable

Dividends payable on ordinary shares are charged to retained earnings in the period in which they are declared. Proposed dividends are not accrued for until ratified in an Annual General Meeting.

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.

2 CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the company's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. 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.
These are dealt with below:

(i) Critical judgements in applying the company's accounting policies

Held to maturity investments

The company follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity financial assets. This classification requires significant judgement. In making this judgement, the company evaluates its intention and ability to hold such investments to maturity. If the company fails to keep these assets to maturity, for example selling an insignificant amount close to maturity, it will be required to classify the entire class as available-for-sale. The assets would therefore have to be measured at fair value and not amortised cost with the difference arising from this change in valuation being a corresponding entry in the fair value reserve in shareholders' equity.

(ii) Key sources of estimation uncertainty

Biological assets

In determining the fair value of biological assets, the company uses the present value of expected discounted cashflows from the assets in their present location and condition. The discounted cash flows are estimates based on historical data relating to yields, prices of made tea and exchange rates, and on any projected changes in point of sale costs. The methodology and assumptions used are reviewed regularly to try to minimize differences between estimates and actual experience, but material differences can and do arise.
The significant assumptions, and a note as to an instance where there has been a material change as a result of reviewing the assumptions, are set out in note 18.

Property, plant and equipment

Critical estimates are made by directors in determining the useful lives and residual values to property, plant and equipment based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

3 SEGMENTAL INFORMATION

(a) Primary reporting format – Business segments

	Tea Sh,000	Property Sh,000	Generator trading Sh,000	Group Sh,000
2009				
Revenue	1,391,736	29,466	68,780	1,489,982
Other income	35,494	180	-	35,674
Profit before tax (excluding associate)	93,960	4,439	7,159	105,558
Group's share of associate companies' results before tax	39,783	-	-	39,783
Segment assets	3,460,156	394,500	66,509	3,921,165
Segment liabilities	1,281,525	-	10,189	1,291,714
Depreciation	105,188	-	1,049	106,237
Amortisation of prepaid operating lease	84			84
Amortisation of intangible assets	2,661	-	332	2,993
Capital expenditure	128,231	-	497	128,728
2008				
Revenue	1,095,341	30,261	60,153	1,185,755
Other income	37,408	-	-	37,408
Loss before tax (excluding associate)	(131,180)	21,601	6,374	(103,205)
Group's share of associated companies' results before tax	(40,779)	-	-	(40.779)
Segment assets	3,120,022	394,500	65,803	3,580,325
Segment liabilities	1,042,257	-	13,974	1,056,231
Depreciation	107,876	-	1,094	108,970
Amortisation	84	-	-	84
Capital expenditure	154,741	-	481	155,222

(b) Secondary reporting – geographical segments

The Group's revenue is derived from the following markets:

	2009 Sh'000	2008 Sh'000
Offshore	1,294,170	956,972
Kenya	195,812	228,783
	1,489,982	1,185,755

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2009 Sh'000	2008 Sh'000
4	**PROFIT/(LOSS) BEFORE TAX**		
	The profit/(loss) before tax is arrived at after charging:		
	Amortisation (note 13)	84	84
	Amortisation of intangible assets (note 12)	2,992	-
	Depreciation (note 11)	106,237	108,970
	Directors' remuneration:		
	Fees	1,000	500
	Other emoluments	11,092	10,345
	Staff costs (Note 5)	481,239	421,827
	Auditors' remuneration	4,892	4,892
	Loss on disposal of property, plant and equipment	4,238	-
	and after crediting:		
	Operating lease rental income	34,292	30,262
	Fair value of agricultural produce harvested during the year	127,366	147,858
	Dividend income	3,796	1,480
	Profit on disposal of property, plant and equipment	-	2,562

		2009 Sh'000	2008 Sh'000
5	**STAFF COSTS**		
	Wages and salaries	413,106	346,309
	Social security costs (NSSF)	9,559	10,139
	Pension costs (defined contribution plan)	4,861	5,308
	Service gratuity and other terminal benefits	20,162	24,108
	Leave pay	21,045	24,380
	Medical expenses	12,506	11,583
		481,239	421,827

			2009 Sh'000	2008 Sh'000
6	(a)	**FINANCE COSTS**		
		Interest expense on:		
		- bank overdrafts	6,793	5,733
		- bank loans	10,756	2,314
		- Group loans	686	-
			18,235	8,047
	b)	**FINANCE INCOME**		
		Bank interest receivable	151	-

	GROUP 2009 Sh'000	GROUP 2008 Sh'000	COMPANY 2009 Sh'000	COMPANY 2008 Sh'000
7 TAXATION				
(a) TAX (CREDIT)/CHARGE				
Current taxation based on the adjusted profit at 30%				
-current year	24,523	9,125	17,579	6,683
-prior year under/ (over) provision	136	(2,933)	-	110
	24,659	6,192	17,579	6,793
Deferred tax (credit)/charge-note 26				
-current year	8,358	(39,506)	(13,975)	3,494
-prior year over provision	(9,346)	-	(6,694)	-
	(988)	(39,506)	(20,669)	3,494
	23,671	(33,314)	(3,090)	10,287
Share of associate company's taxation:				
Current taxation	4,044	11	-	-
Deferred tax charge/(credit)	7,756	(13,164)	-	-
	11,800	(13,153)	-	-
Tax charge/(credit)	35,471	(46,467)	(3,090)	10,287
(b) RECONCILIATION OF EXPECTED TAX BASED ON ACCOUNTING PROFIT/ (LOSS) TO TAX CHARGE/ (CREDIT)				
Accounting profit/(loss) before taxation	145,341	(143,984)	10,170	53,704
Tax at the applicable rate of 30%	43,602	(43,195)	3,051	16,111
Tax effect of expenses not deductible for tax purposes	2,658	15,696	1,454	5,931
Tax effect of income not taxable	(1,579)	(16,035)	(901)	(11,865)
Prior year (over)/under provision of current tax	136	(2,933)	-	110
Prior year overprovision of deferred tax	(9,346)	-	(6,694)	-
Tax charge/(credit)	35,471	(46,467)	(3,090)	10,287

7 TAXATION (Continued)

(c) TAX MOVEMENT

	GROUP 2009 Sh'000	GROUP 2008 Sh'000	COMPANY 2009 Sh'000	COMPANY 2008 Sh'000
At beginning of the year:				
Payable	-	23,120	(7,784)	16,634
Recoverable	(19,174)	(8,702)	-	-
	(19,174)	14,418	(7,784)	16,634
Taxation charge	24,659	6,192	17,579	6,793
Taxation paid	(8,041)	(39,784)	(5,182)	(31,211)
At end of the year				
Net tax (recoverable)/payable	2,556	(19,174)	4,613	(7,784)
Comprising:				
Tax payable	4,656	-	4,613	-
Tax recoverable	(7,212)	(19,174)	-	(7,784)
	(2,556)	(19,174)	4,613	(7,784)

8 PROFIT FOR THE YEAR - COMPANY

The company profit for the year of Sh 13,260,000 (2008 – Sh 43,417,000) has been dealt with in the financial statements of Williamson Tea Kenya Limited.

9 EARNINGS/(LOSS) PER SHARE

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

	2009	2008
Earnings		
Earnings/(loss) for purposes of basic and diluted earnings per share (Sh'000)	110,501	(86,737)
Number of shares		
Number of ordinary shares	8,756,320	8,756,320
Earnings/(loss) per share		
Basic and diluted (Sh)	12.62	(9.91)

There were no potentially dilutive shares outstanding at 31 March 2009 or 31 March 2008.

10 PROPOSED DIVIDEND

In respect of the current year, the directors propose that a dividend of Sh 4 per share (2008 – Sh 0.50 per share) amounting to a total of Sh 35,025,280 (2008 – Sh 4,378,200) will be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Freehold land & 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 2007	606,299	315,408	78,888	45,658	20,151	23,992	7,517	1,097,913
Additions	3,166	85,863	22,078	15,588	4,049	2,180	22,298	155,222
Disposals	-	(5,750)	(12,419)	(4,323)	(3,175)	(3,693)	-	(29,360)
Transfers	704	-	-	-	-	-	(704)	-
Reclassification to biological assets	-	-	-	-	-	-	(1,812)	(1,812)
At 31 March 2008	610,169	395,521	88,547	56,923	21,025	22,479	27,299	1,221,963
Comprising:								
At Valuation 2007	606,299	309,658	-	-	-	-	-	915,957
At Cost	3,870	85,863	88,547	56,923	21,025	22,479	27,299	306,006
	610,169	395,521	88,547	56,923	21,025	22,479	27,299	1,221,963
At 1 April 2008	610,169	395,521	88,547	56,923	21,025	22,479	27,299	1,221,963
Additions	20,270	86,979	824	672	3,352	1,043	15,588	128,728
Disposals	-	(4,655)	(265)	(3,327)	(1,714)	(251)	-	(10,212)
Reclassification	8,288	7,398	-	-	-	-	(15,686)	-
Transfer to intangible assets	-	-	-	-	-	-	(8,978)	(8,978)
Transfer to Associate company	-	-	-	-	-	-	(1,997)	(1,997)
Write off	(2,860)	-	-	-	-	-	-	(2,860)
At 31 March 2009	635,867	485,243	89,106	54,268	22,663	23,271	16,226	1,326,644
Comprising:								
At Valuation 2007	611,727	305,003	-	-	-	-	-	916,730
At Cost	24,140	172,991	89,106	54,268	22,663	23,271	23,475	409,914
	635,867	477,994	89,106	54,268	22,663	23,271	23,475	1,326,644

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

GROUP

	Freehold land & 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
DEPRECIATION								
At 1 April 2007	-	-	63,263	40,233	15,054	18,913	-	137,463
Charge for the year	54,701	35,217	8,962	5,996	1,429	2,665	-	108,970
Eliminated on disposal	-	-	(12,419)	(4,170)	(3,170)	(3,689)	-	(23,448)
At 31 March 2008	54,701	35,217	59,806	42,059	13,313	17,889	-	222,985
At 1 April 2008	54,701	35,217	59,806	42,059	13,313	17,889	-	222,985
Charge for the year	47,415	38,788	10,347	5,952	1,604	2,131	-	106,237
Eliminated on disposal	-	(993)	(265)	(3,327)	(1,382)	(253)	-	(6,220)
Eliminated on write off	(730)	-	-	-	-	-	-	(730)
At 31 March 2009	101,386	73,012	69,888	44,684	13,535	19,767	-	322,272
NET BOOK VALUE								
At 31 March 2009	534,481	412,231	19,218	9,584	9,128	3,504	16,226	1,004,372
At 31 March 2008	555,468	360,304	28,741	14,864	7,712	4,590	27,299	998,978
NET BOOK VALUE (Cost basis)								
At 31 March 2009	228,451	282,220	19,218	9,584	9,128	3,504	16,226	568,331
At 31 March 2008	215,143	215,995	28,741	14,864	7,712	4,590	27,299	514,344

Land, building and machinery were last revalued as at 31 March 2007 by Lloyd Masika Limited, registered valuers and estate agents on the basis of open market value for the existing use.

Included in property, plant and equipment are assets with an original cost of Sh 98,376,700 (2008 - Sh 91,688,076) which are fully depreciated and whose normal depreciation charge for the year would have been Sh 20,726,411 (2008 -Sh 16,991,334).

Land and buildings with net book value of Sh 534,481,000 (2008 - Sh 555,468,000) have been charged to secure banking facilities granted to the Group as disclosed in note 28.

Motor vehicles and machinery with a net book value of Sh 108,250 ,000 (2008 - Shs 81,101,000) are subject of a finance lease as disclosed on note 29.

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

COMPANY

	Freehold land & 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 2007	319,829	117,744	33,838	12,129	9,487	12,640	6,322	511,989
Additions	-	8,513	4,810	10,276	1,866	723	14,010	40,198
Disposals	-	-	(3,933)	(1,435)	(3,175)	(3,692)	-	(12,235)
Reclassification to biological assets	-	-	-	-	-	-	(1,322)	(1,322)
At 31 March 2008	319,829	126,257	34,715	20,970	8,178	9,671	19,010	538,630
Comprising:								
At Valuation 2007	319,829	117,744	-	-	-	-	-	437,573
At Cost	-	8,513	34,715	20,970	8,178	9,671	19,010	101,057
	319,829	126,257	34,715	20,970	8,178	9,671	19,010	538,630
At 1 April 2008	319,829	126,257	34,715	20,970	8,178	9,671	19,010	538,630
Additions	4,029	2,726	824	80	2,130	625	2,653	13,067
Disposals	-	-	-	(3,084)	(238)	-	-	(3,322)
Reclassification	2,476	6,291	-	-	-	-	(8,767)	-
Transfer to intangible assets (note 12)	-	-	-	-	-	-	(3,990)	(3,990)
Transfer to related companies	-	-	-	-	-	-	(6,985)	(6,985)
At 31 March 2009	326,334	135,274	35,539	17,966	10,070	10,296	1,921	537,400
Comprising:								
At Valuation 2007	319,829	117,744	-	-	-	-	-	437,573
At Cost	6,505	17,530	35,539	17,966	10,070	10,296	1,921	99,827
	326,334	135,274	35,539	17,966	10,070	10,296	1,921	537,400

Williamson Tea

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

COMPANY

	Freehold land & 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
DEPRECIATION								
At 1 April 2007	-	-	26,755	11,094	6,990	10,749	-	55,588
Charge for the year	27,195	13,991	2,805	1,538	499	868	-	46,896
Eliminated on disposal	-	-	(3,933)	(1,435)	(3,170)	(3,689)	-	(12,227)
At 31 March 2008	27,195	13,991	25,627	11,197	4,319	7,928	-	90,257
At 1 April 2008	27,195	13,991	25,627	11,197	4,319	7,928	-	90,257
Charge for the year	23,055	12,435	2,755	2,741	830	755	-	42,571
Eliminated on disposal	-	-	-	(3,084)	(97)	-	-	(3,181)
At 31 March 2009	50,250	26,426	28,382	10,854	5,052	8,683	-	129,647
NET BOOK VALUE								
At 31 March 2009	276,084	108,848	7,157	7,112	5,018	1,613	1,921	407,753
At 31 March 2008	292,634	112,266	9,088	9,773	3,859	1,743	19,010	448,373
NET BOOK VALUE (Cost basis)								
At 31 March 2009	110,409	78,710	7,157	7,112	5,018	1,613	1,921	211,940
At 31 March 2008	108,433	76,753	9,088	9,773	3,859	1,743	19,010	228,659

Land, buildings and machinery were revalued as at 31 March 2007 by Lloyd Masika Limited, registered valuers and estate agents on a replacement cost basis.

Included in property, plant and equipment are assets with an original cost of Sh 41,586,136 (2008 - Sh 41,143,440) which are fully depreciated and whose normal depreciation charge for the year would have been Sh 8,834,074 (2008 - Sh 7,355,643).

Land, buildings and development with net book value of Sh 276,084,000 (2008 - Sh 292,634,000) have been charged to secure banking facilities granted to the company as disclosed in note 28.

Motor vehicles and machinery with a net book value of Sh 6,114,031 (2008: 7,476,270) are subject of a finance lease as disclosed on note 29.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 INTANGIBLE ASSETS

	GROUP 2009 Sh'000	GROUP 2008 Sh'000	COMPANY 2009 Sh'000	COMPANY 2008 Sh'000
COST				
At 1 April	-	-	-	-
Reclassification from property, plant and equipment	8,978	-	3,990	-
31 March	8,978	-	3,990	-
AMORTISATION				
At 1 April	-	-	-	-
Amortisation for the year	2,992		1,330	-
At 31 March	2,992	-	1,330	-
At 31 March	5,986	-	2,660	-

13 PREPAID OPERATING LEASES

	GROUP 2009 Sh'000	GROUP 2008 Sh'000	COMPANY 2009 Sh'000	COMPANY 2008 Sh'000
COST				
At 1 April	81,581	81,581	12,613	12,613
AMORTISATION				
At 1 April	4,367	4,283	788	775
Amortisation for the year	84	84	13	13
At 31 March	4,451	4,367	801	788
NET BOOK VALUE				
At 31 March	77,130	77,214	11,812	11,825

Leasehold land has been charged to secure banking facilities granted to the Group as disclosed in note 28.

Leasehold land was last revalued as at 31 March 2007 by Lloyd Masika Ltd, registered valuers and estate agents, at Sh 169.75 million at that time, based on open market value.

14 INVESTMENT PROPERTY

	GROUP & COMPANY 2009 Sh'000	GROUP & COMPANY 2008 Sh'000
At fair value:		
At 1 April	394,500	394,500
Gain in market value	-	-
At 31 March	394,500	394,500
COST	182,233	182,233

The investment property was revalued as at 31 March 2007 by Lloyd Masika Limited, Registered Valuers and Estate Agents on an open market value basis. The directors are of the opinion that the fair value of the property has not materially changed from the previous year.

	2009 Sh'000	2008 Sh'000
15 INVESTMENT IN ASSOCIATE COMPANIES		
Available for sale		
GROUP		
Kapchorua Tea Company Limited (Quoted) - 39.56% owned: At share of net assets (market value - Sh 105,236,000) 2008 - Sh 116,083,500)	272,671	245,789
Williamson Developments Limited (Unquoted) - 50% Share of net assets	19,815	19,488
	292,486	265,277
COMPANY		
Available for sale		
Kapchorua Tea Company Limited (Quoted); 39.56% owned: At cost - (market value - Sh 105,236,000) 2008 - Sh 116,083,500)	49,479	49,479
Williamson Developments Limited (Unquoted) - 50% owned at cost	30,358	30,358
	79,837	79,837
The movement in Group investment in associate companies is as follows:		
At 1 April	265,277	300,630
Share of profit/(loss) before taxation	39,783	(40,779)
Share of tax	(11,800)	13,153
Dividend received	(774)	(7,727)
At 31 March	292,486	265,277

The details of the above associate companies are as follows:

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

19 INVENTORIES

	GROUP 2009 Sh'000	GROUP 2008 Sh'000	COMPANY 2009 Sh'000	COMPANY 2008 Sh'000
Tea stocks	192,851	66,041	77,802	26,000
Firewood	5,189	4,899	1,343	844
Stores	68,785	45,235	15,617	18,387
Generators	578	802	-	-
Work in progress	348	1,030	-	-
Goods in transit	3,057	3,244	-	-
	270,808	121,251	94,762	45,231

20 TRADE AND OTHER RECEIVABLES

	GROUP 2009 Sh'000	GROUP 2008 Sh'000	COMPANY 2009 Sh'000	COMPANY 2008 Sh'000
Trade	298,778	229,591	96,269	71,813
Staff	36,383	18,364	24,174	6,664
VAT receivable	50,549	51,110	-	-
Loans to directors	-	1,343	-	1,343
Other	112,480	43,832	107,684	41,189
	498,190	344,240	228,127	121,009

21 BALANCES WITH RELATED COMPANIES

(a) DUE FROM ASSOCIATE COMPANIES

	GROUP 2009 Sh'000	GROUP 2008 Sh'000	COMPANY 2009 Sh'000	COMPANY 2008 Sh'000
Kapchorua Tea Company Limited	6,694	47,534	5,943	42,853
Williamson Development Limited	2,296	2,757	2,242	2,702
	8,990	50,291	8,185	45,555

(b) DUE FROM SUBSIDIARY COMPANIES

COMPANY	2009 Sh'000	2008 Sh'000
Kaimosi Tea Estates Limited	9,270	55,624
Williamson Power Limited	3,648	3,234
Tinderet Tea Estates (1989) Limited	17,253	34,054
	30,171	92,912

21 BALANCES WITH RELATED COMPANIES (Continued)

	2009 Sh'00	2008 Sh'000
(c) DUE TO SUBSIDIARY COMPANIES		
COMPANY		
Tea Properties Limited	25,467	25,841
Tinderet Tea Estates (1989) Limited	-	57
Williamson Power Limited	708	464
Kaimosi Tea Estates Limited	1,961	-
	28,136	26,362
(d) DUE TO ASSOCIATE COMPANY - **GROUP**		
Kapchorua Tea Company Limited	5,016	1,001

22 LOANS TO RELATED COMPANIES

(a) LOAN TO SUBSIDIARY COMPANIES - **COMPANY**

Kaimosi Tea Estate Limited	26,250	7,500
Tinderet Tea Estate (1989) Limited	23,313	-
	49,563	7,500

The loans to the subsidiary companies are unsecured and are repayable quarterly within two years. The effective interest rate on the loans as at 31 March 2009 was 6.5 % (2008 - 6.92 %).

	2009 Sh'000	2008 Sh'000
(b) LOAN TO ASSOCIATE COMPANY - **GROUP AND COMPANY**		
Kapchorua Tea Company Limited	23,333	-

The loan to the associated company is unsecured and is repayable quarterly within a year. The effective interest on the loan as at 31 March 2009 was 6.5%.

23 RELATED PARTIES

The Group transacts with the ultimate holding company and other companies related to it by virtue of common shareholding.

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

	2009 Sh'000	2008 Sh'000
Sales through a related party (Williamson Tea Holdings Limited - parent)	1,294,170	956,972
Agency commission and charges received (Kapchorua Tea Company Limited - associate)	27,784	22,103
Agency fees-Cohen & Griffiths Ltd	38,825	23,234
Green leaf sales to Kapchorua Tea Company Limited	-	5,181
Green leaf purchases from Kapchorua Tea Company Limited	19,377	-
Firewood sales to Kapchorua Tea Company Limited	3,912	-

23 RELATED PARTIES (Continued)

Loan from parent company

The Group received a loan of GBP 200,000 during the financial year ended 31 March 2008 for purchase of factory machinery from Williamson Tea Holdings Limited, the ultimate holding company. The loan is repayable in eight quarterly instalments with a one year moratorium granted on both principal and interest. The Group received a further loan of GBP 272,650 during the financial year ended 31 March 2009 for purchase of farm machinery from George Williamson & Co Limited, a related company. The interest rate on the loans is Bank of England plus 1.5 %. The balance outstanding on the shareholder loan at 31 March 2009 is disclosed in note 28.

	2009 Sh'000	2008 Sh'000
Compensation of key management personnel		
The remuneration of directors and other members of key management during the period was as follows:		
Salaries and other benefits	61,959	67,511
Fees and allowances for services as directors	1,000	1,000
	62,959	68,511

24 SHARE CAPITAL

	2009 Sh'000	2008 Sh'000
Authorised:		
17,512,640 shares of Sh 5 each	87,563	87,563
Issued and fully paid:		
8,756,320 shares of Sh 5 each	43,782	43,782

25 MINORITY INTEREST

	2009 Sh'000	2008 Sh'000
At 1 April	79,237	91,979
Share of loss	(631)	(10,780)
Dividend paid	(135)	(1,962)
At 31 March	78,471	79,237
Represented by:		
Holding in Tinderet Tea Estates (1989) Limited	18%	18%

	2009 Sh'000	2008 Sh'000
15 INVESTMENT IN ASSOCIATE COMPANIES		
Available for sale		
GROUP		
Kapchorua Tea Company Limited (Quoted) - 39.56% owned: At share of net assets (market value - Sh 105,236,000) 2008 - Sh 116,083,500)	272,671	245,789
Williamson Developments Limited (Unquoted) - 50% Share of net assets	19,815	19,488
	292,486	265,277
COMPANY		
Available for sale		
Kapchorua Tea Company Limited (Quoted); 39.56% owned: At cost - (market value - Sh 105,236,000) 2008 - Sh 116,083,500)	49,479	49,479
Williamson Developments Limited (Unquoted) - 50% owned at cost	30,358	30,358
	79,837	79,837
The movement in Group investment in associate companies is as follows:		
At 1 April	265,277	300,630
Share of profit/(loss) before taxation	39,783	(40,779)
Share of tax	(11,800)	13,153
Dividend received	(774)	(7,727)
At 31 March	292,486	265,277

The details of the above associate companies are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2009 Sh'000	2008 Sh'000
16 INVESTMENT IN SUBSIDIARY COMPANIES		
(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 Properties Limited	2	2
Lelsa Tea Estates Limited	-	-
	6,554	6,554
(b) Unquoted investment at cost in Partly owned subsidiaries Tinderet Tea Estates (1989) Limited (82% owned)	103,323	103,323
	109,877	109,877

The details of the above subsidiary companies are as follows:

Company	*Share capital Sh*	*Country of Incorporation*	*Principal activity*
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 Properties Limited	2,000	Kenya	Property investment.
Lelsa Tea Estates Limited	4,000,000	Kenya	Dormant company.
Tinderet Tea Estates (1989) Limited	100,000	Kenya	Cultivation, manufacture and sale of tea.

	2009 Sh'000	2008 Sh'000
17 OTHER INVESTMENTS		
Available for sale		
Unquoted investments at cost		
Group		
999,326 Shares (2008 – 999,326) shares of Sh 10 each in Kenya Tea Packers Limited	1,349	1,349
Company		
403,545 Shares (2008 – 403,545) shares of Sh 10 each in Kenya Tea Packers Limited	546	546

Williamson Tea

10 BIOLOGICAL ASSETS

GROUP	Tea bushes Sh'000	Timber Total trees Sh'000	Total Fuel trees Sh'000	2009 Sh'000	2008 Sh'000
Carrying amount at 1 April 2008	936,717	181,208	122,381	1,240,306	1,246,488
Expenditure on biological assets	7,417	348	1,641	9,406	12,919
Transfer from property, plant and equipment	-	-	-	-	1,812
Decrease due to harvest	-	(980)	(1,141)	(2,121)	(1,216)
	944,134	180,576	122,881	1,247,591	1,260,003
(Losses)/gains arising from changes in fair value attributable to physical changes	(10,278)	12,716	33,750	36,188	(7,637)
Loss arising from changes in fair value attributable to price changes	(53,479)	-	-	(53,479)	(12,060)
Net fair value (loss)/gain	(63,757)	12,716	33,750	(17,291)	(19,697)
Carrying amount at 31 March 2009	880,377	193,292	156,631	1,230,300	1,240,306

COMPANY	Tea bushes Sh'000	Timber Total trees Sh'000	Total Fuel trees Sh'000	2009 Sh'000	2008 Sh'000
Carrying amount at 1 April 2008	513,293	59,361	55,074	627,727	556,674
Expenditure on biological assets	944	146	1,271	2,360	1,004
Transfer from property, plant and equipment	-	-	-	-	1,322
Decrease due to harvest	-	-	(250)	(250)	(429)
	514,237	59,507	56,095	629,837	558,571
(Loss)/gain arising from changes in fair value attributable to physical changes	4,408	5,645	36,296	46,349	(19,532)
Gain arising from changes in fair value attributable to price changes	(133,356)	-	-	(133,356)	88,688
Net fair value (loss)/gain	(128,948)	5,645	36,296	(87,007)	69,156
Carrying amount at 31 March 2009	385,289	65,152	92,391	542,830	627,727

Significant assumptions made in determining the fair values of biological assets are:

- The expected lifespan of the plantations (tea bushes 30 years; firewood and timber trees between 5 and 25 years depending on the species of the tree).
- Tea selling prices are to remain constant, based on the dollar average for the last five years and the ruling rate of exchange at year end; firewood and timber prices are also to remain constant.
- Tea bush fair values are 60% of discounted future cash flows less point-of-sale and tea-processing costs; the remaining 40% is assigned to regeneration of tea leaf.
- Discount rates to be applied to discount the expected net cash flows arising from the asset should be 14.8% per annum.
- Point-of-sale and tea-processing costs will be the same as for the last financial year except where material changes are to be expected from projected changes in operational procedures.

As stated in Note 2, despite the company reviewing methodology and assumptions to try to minimize differences between estimates and actual experience, material differences can and do arise. In 2009 the tea bushes realized a loss from changes in fair value attributable to price changes and anticipated increase of point-of-sale costs in 2010 and after of Sh 53,479,000.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	GROUP 2009 Sh'000	GROUP 2008 Sh'000	COMPANY 2009 Sh'000	COMPANY 2008 Sh'000
19 INVENTORIES				
Tea stocks	192,851	66,041	77,802	26,000
Firewood	5,189	4,899	1,343	844
Stores	68,785	45,235	15,617	18,387
Generators	578	802	-	-
Work in progress	348	1,030	-	-
Goods in transit	3,057	3,244	-	-
	270,808	121,251	94,762	45,231
20 TRADE AND OTHER RECEIVABLES				
Trade	298,778	229,591	96,269	71,813
Staff	36,383	18,364	24,174	6,664
VAT receivable	50,549	51,110	-	-
Loans to directors	-	1,343	-	1,343
Other	112,480	43,832	107,684	41,189
	498,190	344,240	228,127	121,009

	GROUP 2009 Sh'000	GROUP 2008 Sh'000	COMPANY 2009 Sh'000	COMPANY 2008 Sh'000
21 BALANCES WITH RELATED COMPANIES				
(a) DUE FROM ASSOCIATE COMPANIES				
Kapchorua Tea Company Limited	6,694	47,534	5,943	42,853
Williamson Development Limited	2,296	2,757	2,242	2,702
	8,990	50,291	8,185	45,555

	2009 Sh'000	2008 Sh'000
(b) DUE FROM SUBSIDIARY COMPANIES		
COMPANY		
Kaimosi Tea Estates Limited	9,270	55,624
Williamson Power Limited	3,648	3,234
Tinderet Tea Estates (1989) Limited	17,253	34,054
	30,171	92,912

Williamson Tea

21 BALANCES WITH RELATED COMPANIES (Continued)

	2009 Sh'00	2008 Sh'000
(c) DUE TO SUBSIDIARY COMPANIES		
COMPANY		
Tea Properties Limited	25,467	25,841
Tinderet Tea Estates (1989) Limited	-	57
Williamson Power Limited	708	464
Kaimosi Tea Estates Limited	1,961	-
	28,136	26,362

(d) DUE TO ASSOCIATE COMPANY - **GROUP**

	2009	2008
Kapchorua Tea Company Limited	5,016	1,001

22 LOANS TO RELATED COMPANIES

(a) LOAN TO SUBSIDIARY COMPANIES - **COMPANY**

	2009	2008
Kaimosi Tea Estate Limited	26,250	7,500
Tinderet Tea Estate (1989) Limited	23,313	-
	49,563	7,500

The loans to the subsidiary companies are unsecured and are repayable quarterly within two years. The effective interest rate on the loans as at 31 March 2009 was 6.5 % (2008 - 6.92 %).

	2009 Sh'000	2008 Sh'000
(b) LOAN TO ASSOCIATE COMPANY - **GROUP AND COMPANY**		
Kapchorua Tea Company Limited	23,333	-

The loan to the associated company is unsecured and is repayable quarterly within a year. The effective interest on the loan as at 31 March 2009 was 6.5%.

23 RELATED PARTIES

The Group transacts with the ultimate holding company and other companies related to it by virtue of common shareholding.

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

	2009 Sh'000	2008 Sh'000
Sales through a related party (Williamson Tea Holdings Limited - parent)	1,294,170	956,972
Agency commission and charges received (Kapchorua Tea Company Limited - associate)	27,784	22,103
Agency fees-Cohen & Griffiths Ltd	38,825	23,234
Green leaf sales to Kapchorua Tea Company Limited	-	5,181
Green leaf purchases from Kapchorua Tea Company Limited	19,377	-
Firewood sales to Kapchorua Tea Company Limited	3,912	-

23 RELATED PARTIES (Continued)

Loan from parent company

The Group received a loan of GBP 200,000 during the financial year ended 31 March 2008 for purchase of factory machinery from Williamson Tea Holdings Limited, the ultimate holding company. The loan is repayable in eight quarterly instalments with a one year moratorium granted on both principal and interest. The Group received a further loan of GBP 272,650 during the financial year ended 31 March 2009 for purchase of farm machinery from George Williamson & Co Limited, a related company. The interest rate on the loans is Bank of England plus 1.5 %. The balance outstanding on the shareholder loan at 31 March 2009 is disclosed in note 28.

	2009 Sh'000	2008 Sh'000
Compensation of key management personnel		
The remuneration of directors and other members of key management during the period was as follows:		
Salaries and other benefits	61,959	67,511
Fees and allowances for services as directors	1,000	1,000
	62,959	68,511

24 SHARE CAPITAL

	2009 Sh'000	2008 Sh'000
Authorised:		
17,512,640 shares of Sh 5 each	87,563	87,563
Issued and fully paid:		
8,756,320 shares of Sh 5 each	43,782	43,782

25 MINORITY INTEREST

	2009 Sh'000	2008 Sh'000
At 1 April	79,237	91,979
Share of loss	(631)	(10,780)
Dividend paid	(135)	(1,962)
At 31 March	78,471	79,237
Represented by:		
Holding in Tinderet Tea Estates (1989) Limited	18%	18%

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	
	2009 Sh'000	2008 Sh'000	2009 Sh'000	2008 Sh'000
The net deferred taxation liability is attributable to the following items:				
Deferred tax liabilities:				
Accelerated capital allowances	268,071	229,306	100,848	98,085
Revaluation of investment property	66,521	66,521	66,521	66,521
Revaluation surplus	121,765	145,128	48,250	62,004
Fair value adjustments - biological assets	215,901	221,411	94,781	120,882
Unrealised exchange gains	1,984	-	405	-
	674,242	662,366	310,805	347,492
Deferred tax assets:				
Unrealised exchange losses	(6,141)	(3,543)	(345)	(1,476)
Service gratuity provision	(32,061)	(36,749)	(13,041)	(19,794)
Leave pay provision	(3,547)	(4,245)	(1,229)	(1,843)
Inventories general provision	(763)	(583)	(483)	(253)
Tax losses	(44,357)	(29,131)	-	(7,750)
Accelerated depreciation charges	(246)	-	-	-
	(87,115)	(74,251)	(15,098)	(31,116)
Net deferred tax liability	587,127	588,115	295,707	316,376

The movement on the deferred tax account is as follows:

	GROUP		COMPANY	
	2009 Sh'000	2008 Sh'000	2009 Sh'000	2008 Sh'000
At 1 April	588,115	627,621	316,376	312,882
Income statement tax charge / (credit) (note 7a)				
- current year	8,358	(39,506)	(13,975)	3,494
- Prior year overprovision	(9,346)	-	(6,694)	-
At 31 March	587,127	588,115	295,707	316,376

	GROUP		COMPANY	
	2009	2008	2009	2008
	Sh'000	Sh'000	Sh'000	Sh'000
27 SERVICE GRATUITY				
At start of the year	122,497	122,274	65,980	67,616
Provision during the year	14,356	12,593	633	7,557
Payments in the year	(29,985)	(12,370)	(23,143)	(9,193)
At 31 March	106,868	122,497	43,470	65,980

28 BORROWINGS

a) Loans

	GROUP 2009 Sh'000	GROUP 2008 Sh'000	COMPANY 2009 Sh'000	COMPANY 2008 Sh'000
Bank overdraft	43,128	37,981	-	-
Shareholder loan	33,547	20,367	6,701	8,628
Bank Loan	10,593	-	-	-
	87,268	58,348	6,701	8.628

The borrowings are repayable as follows:

	GROUP 2009 Sh'000	GROUP 2008 Sh'000	COMPANY 2009 Sh'000	COMPANY 2008 Sh'000
On demand and within one year	62,157	47,372	1,628	1,565
In the second to fifth year	25,111	10,976	5,073	7,063
	87,268	58,348	6,701	8,628

Analysis of borrowings by currency

Group

	Borrowings in USD Sh'000	Borrowings in GBP Sh'000	Total Sh'000
2009			
Bank overdrafts	43,128	-	43,128
Shareholder loan	-	33,547	33,547
Bank Loan	10,593	-	10,593
	53,721	33,547	87,268
2008			
Bank overdrafts	37,981	-	37,981
Shareholder loan	-	20,367	20,367
	37,981	20,367	58,348

28 BORROWINGS (Continued)

a) Loans (Continued)

Analysis of borrowings by currency

Company	Borrowings in USD Sh'000	Borrowings in GBP Sh'000	Total Sh'000
2009			
Shareholder loan	-	6,701	6,701
2008			
Shareholder loan	-	8,268	8,628

b) Interest rates

The average interest rates paid by the Group were as follows:	2009	2008
Share holder loan - GBP	BOE +1.5%	BOE+1.5%
Bank overdraft - KSh	13.75%	13.75%
Bank overdraft - US$	8.5%	6.82%

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 million and a legal charge over the company's property in Tinderet (LR 11490) for Sh 94 million.
4. 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.
5. The share holder's loan is unsecured and repayable in two years.

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 133,619,000 (2008 - Sh 164,359,000). The borrowing facilities consist of loans, bank overdrafts, letters of credit and guarantees.

29 FINANCE LEASE OBLIGATIONS

GROUP

	Minimum lease payments minimum lease payments		Present value of (including finance charges) (excluding finance charges)	
	2009 Sh'000	2008 Sh'000	2009 Sh'000	2008 Sh'000
Within one year	42,099	10,258	38,801	6,661
In second to fifth year	89,516	73,002	82,503	58,613
	131,615	83,260	121,304	65,274
Less: Future finance charges	(10,311)	(17,986)	-	-
Present value of lease obligations	121,304	65,274	121,304	65,274
Amounts due for settlement within one year			(38,801)	(6,661)
Amounts due for settlement after one year			82,503	58,613

COMPANY

	Minimum lease payments minimum lease payments		Present value of (including finance charges) (excluding finance charges)	
	2009 Sh'000	2008 Sh'000	2009 Sh'000	2008 Sh'000
Within one year	3,211	1,915	2,959	1,502
In second year to fifth year	5,352	7,674	4,933	6,018
	8,563	9,589	7,892	7,520
Less: Future finance charges	(671)	(2,069)	-	-
Present value of lease obligations	7,892	7,520	7,892	7,520
Amounts due for settlement within one year			(2,959)	(1,502)
Amounts due for settlement after one year			4,933	6,018

The average lease period is 3 years. The average interest rate was 7%.

The finance lease is secured by motor vehicles and machinery which are the subject of the finance lease.

	GROUP		COMPANY	
	2009	2008	2009	2008
	Sh'000	Sh'000	Sh'000	Sh'000
30 TRADE AND OTHER PAYABLES				
Trade payables	91,346	21,613	27,227	8,241
Green leaf provision	134,134	50,388	21,079	10,928
Leave provision	11,828	14,154	4,097	6,145
Accruals and other payables	137,455	129,927	85,284	79,564
	374,763	216,082	137,687	104,878

31 UNCLAIMED DIVIDENDS

	2009	2008
	Sh'000	Sh'000
GROUP & COMPANY		
At beginning of the year	4,914	3,553
Declared in the year	4,378	43,782
Dividends claimed	(4,580)	(42,421)
At end of year	4,712	4,914

32 NOTES TO THE CASH FLOW STATEMENT

GROUP

(a) Reconciliation of (loss)/profit before tax to cash generated from operations

	2009	2008
Profit/(loss) before tax	145,341	(143,984)
Adjustments for:		
Depreciation	106,237	108,970
Amortisation of prepaid operating leases	84	84
Amortisation of intangible assets	2,992	-
Loss/(profit) on disposal of plant and equipment	4,238	(2,562)
Share of results of associates	(39,783)	40,779
Fair value adjustment on biological assets	17,291	19,697
Interest paid	18,235	8,047
Interest received	(151)	-
Dividend received	(3,796)	(1,480)
Profit before working capital changes	250,688	29,551
(Increase)/decrease in inventories	(149,557)	94,228
Increase in trade and other receivables	(153,950)	(42,419)
Increase/(decrease) in trade and other payables	158,681	(53,501)
Movement in associate companies balances	45,316	(24,743)
(Decrease)/increase in service gratuity	(15,629)	43
Cash generated from operations	135,549	3,159

32 NOTES TO THE CASH FLOW STATEMENT (Continued)

	2009 Sh'000	2008 Sh'000
(b) Analysis of changes in loans		
At 1 April	20,367	20,249
Loans received	181,358	3,011
Loans repaid	(103,455)	(1,844)
Exchange (gain)/loss	(11,002)	(1,049)
At 31 March	87,268	20,367
(c) Analysis of changes in asset finance loan		
At 1 April	65,274	-
Asset finance loans received	36,654	69,460
Asset finance loans repaid	(5,704)	-
Exchange (gain)/loss	25,080	(4,186)
At 31 March	121,304	65,274
(d) Analysis non cash transactions- purchase of plant and equipment		
Additions in the year	128,728	155,222
Amounts subject of a finance lease	(36,654)	(69,460)
	92,074	85,762
(e) Analysis of cash and cash equivalents		
Cash and bank balances	106,509	67,745
Bank overdrafts	(43,128)	(37,981)
At 31 March	63,381	29,764

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.

33 CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2009 Sh'000	2008 Sh'000	2009 Sh'000	2008 Sh'000
Authorised but not contracted for	77,608	126,661	29,201	28,338
Authorised and contracted for	-	23,303	-	4,210
	77,608	149,964	29,201	32,548

The Group intends to finance these commitments from internally generated funds, asset financing from the banks and loans from overseas Shareholders.

34 OPERATING LEASE COMMITMENTS

The Group as a lessor

Property rental income earned during the year amounted to Sh 29,646,366 (2008 - Sh 30,261,774). At the balance sheet date, the Group had contracted with tenants for the following future lease receivables.

	2009 Sh'000	2008 Sh'000
Within one year	29,169	21,690
In the second to fifth years inclusive	28,741	18,466
	57,910	40,156

Leases are negotiated for an average term of six years for both residential properties and 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.

35 CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 March 2009.

36 CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 28 and 29, cash and cash equivalents and equity attributable to equity holders, comprising issued capital and retained earnings.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	2009 Sh	2008 Sh
Share capital	43,782	43,782
Retained earnings	2,210,712	2,074,174
Equity	2,254,494	2,117,956
Total borrowings	208,572	123,622
Less: cash	(106,509)	(67,745)
Net debt	102,063	55,877
Total Capital	2,356,557	2,173,833
Gearing	4.33%	2.63%

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including credit risk and the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the finance department under policies approved by the Board of Directors. Finance identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments and investing excess liquidity.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

Credit risk

Credit risk is managed on a Group-wide basis. Credit risk arises from cash and cash equivalents, deposits with banks, as well as trade and other receivables. The Group management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

The amount that best represents the Group's maximum exposure to credit risk as at 31 March 2009 is made up as follows:

	Fully performing Sh'000	Past due Sh'000	Total Sh'000
Trade receivables	282,790	15,988	298,778
Cash and bank balance	106,578	-	106,578

The amount that best represents the Group's maximum exposure to credit risk as at 31 March 2008 is made up as follows:

	Fully performing Sh'000	Past due Sh'000	Total Sh'000
Trade receivables	211,951	17,640	229,591
Cash and bank balances	67,745	-	67,745

The customers under the fully performing category are paying their debts as they continue trading.

The receivables that are past due relate to trade receivables overdue by over 60 days. The receivables are not impaired and continue to be paid. The finance department is actively following these receivables. No collateral is held with respect to the debt.

The Group has no debt that is considered to be impaired.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

The following table analyses the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Financial liabilities	Up to 1month Sh'000	1-3 months Sh'000	3-12 months Sh'000	1-5 years Sh'000	Over 5 years Sh'000	Total Sh'000
At 31 March 2009						
Trade payables	65,253	295,772	1,910	-	-	362,935
Finance lease obligations	3,508	7,016	31,575	89,516	-	131,615
Borrowings	59,882	6,948	31,272	45,438	-	143,540
	128,643	309,736	64,757	134,954	-	638,090
At 31 March 2008						
Trade payables	107,326	94,602	-	-	-	201,928
Finance lease obligations	1,109	1,353	9,977	52,835	-	65,274
Borrowings	37,981	9,391	3,055	10,976	-	61,403
Total financial liabilities	146,416	105,346	13,032	63,811	-	328,605

Market risk

(i) Foreign exchange risk

The Group undertakes certain transactions denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the balance sheet date are as follows:

	USD Sh'000	GBP Sh'000	EURO Sh'000
2009			
Assets			
Bank and cash balances	18,104	37,433	13,428
Trade receivables	136,747	98,549	6,425
Liabilities			
Borrowings	155,629	47,938	1,433
Finance lease obligations	7,892	-	-
2008			
Assets			
Bank and cash balances	18,849	24,353	1,579
Trade receivables	65,593	117,765	2,086
Liabilities			
Borrowings	-	8,628	-
Finance lease obligations	65,274	-	-

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market risk (Continued)

Interest rate risks - Increase / Decrease of 1% in Net Interest Margin

The following sensitivity analysis shows how profit and equity would change if the market risk variables had been different on the balance sheet date with all other variables held constant.

	2009 Sh'000		**2008 Sh'000**	
	Effect on Profit	**Effect on equity**	**Effect on profit**	**Effect on equity**
Currency - GB pounds				
+ 1% KSh Movement	4,956	3,469	1,265	884
-1 %KSh Movement	(4,956)	(3,469)	(1,265)	(884)
Currency - US dollars	1,217	852	525	367
+ 1% KSh Movement	(1,217)	(852)	(525)	(367)
- 1% KSh Movement				
Currency - Euro				
+ 1 % Movement	2,985	2,090	29	20
-1 % Movement	(2,985)	(2,090)	(29)	(20)

(iii) Interest rate risk

Interest rate risks arise from fluctuations in the bank borrowing rates. The interest rates vary from time to time depending on the prevailing economic circumstances. The Group closely monitors the interest rate trends to minimize the potential adverse impact of interest rate changes. The table below summarises the exposure to interest rate risk at the balance sheet date. Included in the table are the Group's financial instruments at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

	Up to 1month Sh'000	1-3 months Sh'000	3-12 months Sh'000	1-5 years Sh'000	Over 5 years Sh'000	Non interest bearing Sh'000	Total Sh'000
At 31 March 2009							
Financial assets							
Cash and bank balances	-	-	-	-	-	101,297	101,297
Total financial assets	-	-	-	-	-	101,297	101,297
Financial liabilities							
Finance lease obligations	3,258	6,516	29,320	82,210	-	-	121,304
Borrowings	57,033	6,622	29,806	43,371	-	-	136,832
Total financial liabilities	60,291	13,138	59,126	125,581	-	-	258,136
Interest sensitivity gap	(60,291)	(13,138)	(59,126)	(125,581)	-	101,297	(156,839)
At 31 March 2008							
Total assets	67,745	-	-	-	-	-	67,745
Total financial liabilities	38,536	4,013	11,487	69,586		-	123,622
Interest sensitivity gap	29,209	(4,013)	(11,487)	(69,586)	-	-	(55,877)

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market risk (Continued)

Foreign exchange risk - Appreciation/Depreciation of Ksh against other currencies by 1%

The following sensitivity analysis shows how profit and equity would change if the market risk variables had been different on the balance sheet date with all other variables held constant.

	2009 Sh'000		2008 Sh'000	
	Effect on Profit	**Effect on equity**	**Effect on profit**	**Effect on equity**
+ 1% Movement	203	142	289	201
-1 % Movement	(203)	(142)	(289)	(201)

38 COUNTRY OF INCORPORATION

All the companies in the Group are incorporated and domiciled in Kenya under the Companies Act.

39 ULTIMATE HOLDING COMPANY

The immediate holding company is Ngong Holdings Limited, incorporated in the United Kingdom. The ultimate holding company is Williamson Tea Holdings Limited, a company incorporated in the United Kingdom.

40 CURRENCY

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

Williamson Tea

PROXY FORM FOR ANNUAL GENERAL MEETING

THE SECRETARY,
WILLIAMSON TEA KENYA LTD,
1st FLOOR, WILLIAMSON HOUSE,
4th NGONG AVENUE,
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 6th August, 2009 and at any adjournment thereof.

Dated this .... day of 2009

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.

Williamson Tea

POLL BALLOT PAPER

Name:______________________________

Address:____________________________

____

____

Share Account No: _____________________

No. of shares: _________________________

ITEM NO:	IN FAVOUR	AGAINST
☐	☐	☐
☐	☐	☐
☐	☐	☐
☐	☐	☐
☐	☐	☐
☐	☐	☐

PLEASE TICK AS APPROPRIATE

Signature:______________________________

Williamson Tea

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KENYA LIMITED

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Williamson Tea

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

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Williamson Tea

NOTICE OF THE MEETING

NOTICE IS HEREBY GIVEN that the Fifty Eighth ANNUAL GENERAL MEETING of the Shareholders will be held at the Nairobi Club, Ngong Road, on Thursday 31 July 2008 at 10.00 a.m for the following purposes.

Special Business

1. To re-appoint a Director

   Mr D B White who attained the age 70 on 5 February 2005 and duly re-appointed in subsequent Annual General Meetings pursuant to Section 186(5) of the Companies Act retires by rotation at the Fifty Eighth Annual General Meeting for Thursday 31 July 2008.

   SPECIAL NOTICE is hereby given of the Board's recommendation to members to consider the re-appointment of Mr. D B White to the Board, and if thought fit, pass the following resolution as an ORDINARY RESOLUTION.

   "That Mr. D B White be and hereby re-appointed as a Director pursuant to Section 186(5) of the Companies Act."

Ordinary Business

2. To receive and adopt the report of the Directors together with the audited financial statements for the year ended 31 March 2008.

3. To declare a dividend.

4. To elect Directors:

   Mr. S C A Koech retires by rotation and being eligible offers himself for re-election.

   In accordance with Article 114 of the Articles of Association, Mr. A L Carmichael who was appointed a Director of the Company on 1 February 2008 retires, and being eligible offers himself for re-election.

5. To approve the remuneration of the Directors.

6. To authorize the Directors to agree the remuneration of the Auditors.

7. To transact such other competent business as may be brought before the meeting.

BY ORDER OF THE BOARD

2008|1576

M M WACHIRA
SECRETARY

Wednesday, June 12, 2008

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

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
	Other wholly owned companies:	
	Williamson Power Limited	– GENERATOR SERVICES
	Tea Properties Limited	– DORMANT
	Tea Manufacturing and Supplies Limited	– PROPERTY INVESTMENT
	Lelsa Tea Estates Limited	– DORMANT
	Other:	
	Williamson Developments Limited – (50%) owned)	– PROPERTY MANAGEMENT

DIRECTORS AND PROFESSIONAL ADVISERS

DIRECTORS

N G Sandys-Lumsdaine* - Chairman
A L Carmichael* - Managing Director
S C A Koech
P Magor*
E N K Wanjama
D B White
A S Marsh*

* British

SECRETARY

M. M. Wachira
Certified Public Secretary (Kenya)
P O Box 42281 – 00100, Nairobi

REGISTERED OFFICE

1st Floor, Williamson House,
4th Ngong Avenue,
P O Box 42281 – 00100, Nairobi

AUDITORS

Deloitte & Touche
Certified Public Accountants (Kenya)
"Kirungii", Ring Road, Westlands, P O Box 40092 – 00100, Nairobi

BANKERS

Barclays Bank of Kenya Limited
Barclays Plaza Business Centre, P O Box 46661– 00100, Nairobi

Standard Chartered Bank Kenya Limited
Kenyatta Avenue Branch, P O Box 40310 – 00100, Nairobi

LAWYERS

Kaplan & Stratton
9th Floor, Williamson House, 4th Ngong Avenue, P O Box 40111 - 00100, Nairobi

Walker Kontos
Hakika House, Bishops Road, P O Box 60680 - 00200, Nairobi

Williamson Tea

FINANCIAL HIGHLIGHTS

		2008	2007	2006	2005	2004
Tea Production						
Area under tea	Hectare	2,144	2,089	2,082	2,073	2,047
Made tea - own	'000 Kgs	5,256	6,665	5,436	6,783	5,938
- Bought leaf	'000 Kgs	3,129	3,374	3,126	3,603	1,972
Total	'000 Kgs	8,385	10,039	8,562	10,386	7,910
Tea sold	'000 Kgs	9,215	9,085	9,285	10,244	7,246
Average price per Kg gross Sh/Ct		117/74	132/08	105/90	116/75	118/08
Turnover (Sh'000)		1,095,341	1,206,528	985,059	1,198,588	855,610
Profit (Sh'000)						
(Loss)/profit before taxation		(143,984)	214,067	(86,666)	139,754	123,870
Taxation Credit/(Charge)		46,467	(71,233)	28,391	(43,182)	(41,105)
(Loss)/profit after taxation		(97,517)	142,834	(58,275)	96,572	82,765
Minority interest		10,780	(3,163)	3,227	(8,341)	(2,344)
Retained (loss)/profit for the year		(86,737)	139,671	(55,048)	88,231	80,421
Capital employed (Sh'000)						
Property, plant & equipment		998,978	960,450	693,869	714,215	705,191
Investments and long term receivables		738,340	773,777	680,832	646,319	636,484
Current assets		602,701	774,134	523,947	654,384	560,769
Biological assets		1,240,306	1,246,488	1,256,146	1,317,036	1,336,192
Total assets		3,580,325	3,754,849	3,154,794	3,331,954	3,238,636
Financed by (Sh'000)						
Share capital		43,782	43,782	43,782	43,782	43,782
Reserves		2,401,075	2,531,594	2,192,435	2,291,265	2,235,870
Shareholders' funds		2,444,857	2,574,376	2,236,217	2,335,047	2,279,652
Minority interest		79,237	91,979	82,043	87,295	80,304
Medium term borrowings		123,622	41,163	44,447	19,110	45,195
Non current liabilities		122,497	122,454	113,949	118,261	90,327
Current liabilities		221,997	296,256	165,273	223,816	180,090
Deferred income taxes		588,115	627,621	512,865	548,425	563,068
		3,580,325	3,754,849	3,154,794	3,331,954	3,238,636
(Loss)/earnings per share	Cents	(991)	1,595	(629)	1,008	918
Dividend per share	%	10	100	10	100	75
Dividend per share	Cents	50	500	50	500	375
Dividend cover	Times	-	2.02	-	2.02	2.45
Exchange rates	US $	62.80	68.40	71.90	75.00	76.40

Williamson Tea

CHAIRMAN'S STATEMENT

Results

It is with regret that I have to report the losses the Group incurred from its operating activities of over Kshs 73.4 Million in 2007/8 against last year's favourable profits of Kshs 162.6 Million. These unfavourable results arise from depressed World Tea prices throughout much of the year as a result of over supply in the International Market. This trend began during the second period of last year. A severe drought then hit our Farms during the last quarter which assisted a partial recovery in prices but without the production to capitalize on this. The situation was further aggravated by the strong Kenya Shilling against the trading currencies especially in the last quarter of the year. Labour related costs, especially wages are the major component of our production costs and do not benefit from the strong Kenya Shilling. Both the Property and Generator divisions contributed a total of Kshs 38 million to off-set the operating loss from the Farms.

There was a further decline on Biological Assets represented by the tea and fuel plantations by Kshs 19.7 Million compared to a reduction of Kshs 36.8 Million last year. This is due to reduced margins resulting from increasing costs of production and lower sales realizations exacerbated by the strong Kenya Shilling. In determining the fair value of Biological Assets, the Group uses the present value of expected cash flows from the assets, discounted at the current market determined pre tax rate in line with International Financial Reporting Standards.

The violence and turmoil following December 2007 disputed election results had a direct impact on all our Farm management staff and workers. In Kericho, we lost 70% of our workforce. The position outside Kericho was less severe, however the ripple effects of the troubles are far reaching and we await a final resolution to the troubles.

Our Management, Staff and workforce who were able to continue on our Farms should be thanked for their enormous efforts in ensuring that our business continued to run and that no damage to any property took place.

Our business plan is long term and our investment in new machinery reflects this. We are primarily a farming business and the welfare of our employees is the cornerstone to the long term success of the Group.

Dividends

In view of the unfavourable results the Directors are recommending a first and final Dividend payment of Kshs 0.5 per share or 10% payable from the reserves.

Crop

During the year, the Group manufactured a total of 8.4 Million kilos of Made Tea, a drop from last year's 10 Million. The severe drought experienced from November 2007 to March 2008 caused this reduction in crop. However we continued to receive strong support from our small Tea Growers in spite of increased pressure from our competitors.

During the year, the Farms harvested some areas of their standing timber which made a positive contribution to the Group . The Farms carry out regular assessments of their timber stocks and the timber market to ensure that harvesting of timber is operated in a sustainable manner.

Tea Market

The gross average Tea Price decreased to Kshs 117.74 per kilo from last year's gross average of Kshs 132.08. This was due to depressed prices for much of the year and the strong Kenya Shilling. The Exchange rate closed at Kshs 62.80 to the Dollar compared to last year's closing rate of Kshs 68.40.

Corporate Social Responsibility

The Group has now attained the Fair Trade accreditation and premium payments have been received for the benefit of the workers.

During the year, the Group factories also attained the ISO 22000 certification which incorporates HACCP certification, a confirmation of our high standards in manufacturing process. We have recently completed Rainforest Alliance audits and certification, thus reaffirming our commitment to conduct our business in a sustainable and environmentally friendly manner.

We maintain certificates of compliance from the Ethical Tea Partnership from the United Kingdom, again confirming the high standards of our operating procedures and corporate social responsibility.

We place high priority to the welfare of our employees and consistently invest in areas which directly benefit them including:

Health and Education

The Group provides extensive medical services to the employees with 5 Health Clinics and actively participates in the Nandi Hills Doctors' scheme including visiting Doctor Services and HIV/AIDs prevention programmes.

Through Kenya Tea Growers Association the Group continues to support the running and development of various sponsored Primary and Secondary Schools in Kericho and Nandi. We continue to operate 4 Primary Schools and 1 Secondary School together with bursary schemes for gifted students proceeding to Secondary education.

Environment

The Group has for many years been in the forefront with its various projects to protect the environment and ensure energy conservation as detailed below:

- Establishment of wetlands to control and negate factory effluent.
- Recycling of water used within the manufacture of Made Tea.
- Re-forestation and participation in national forestation exercises especially in the Nandi District.
- Construction and maintenance of dams and water supply reservoirs.
- Safe and proper disposal of plastics and non degradable waste materials.
- Pesticide free cultivation practices.

Our preparations and willingness to undergo audits for Rainforest Alliance certification clearly confirms our commitment to ensure our business operations comply with todays environmental requirements.

Welfare

The number of permanent and seasonal employees exceeded 4,377 with over 17,700 of their dependants who also benefit from the social and welfare amenities provided.

During the year, the Group spent over Kshs 75.5 Million on employee pensions, gratuities, leave and medical expenses over and above employee's direct wages.

Costs relating to employees welfare and educational facilities during the year totalled Kshs 46.8 Million additional to the wages and benefits to them.

Strategies and Future prospects

As we face a challenging future and ever increasing operational costs, the Directors and Management have adopted a proactive approach in the following areas:

Machinery upgrade and Modernization

The Group continues to invest heavily on the upgrade and automation of the various operations with a view to reducing the production costs as well as improving the quality of our Tea. This will be facilitated by substantial investments in our plant and machinery. This investment has, on the other hand increased our borrowings.

The Group's modernization programme over the years includes the following:

- Trials in tea and fuel timber species selection to enhance yields and quality.
- Automation of the field operations to enhance productivity and assist in supervision.
- Automation of factory operations to enhance quality.
- Investment in new machinery to enable supply of a variety of teas.
- Completion of outstanding 10 year plans.
- Outsourcing of non key operations, which also assists with local employment.

In our endeavour to meet the diverse customer tastes, we continue to explore different manufacturing processes in order to compliment the Black Tea production. With the additional investment in modern machinery, we hope to achieve premium prices on these products as a way to diversify and sustain our operations.

Staff Training and Motivation

We continue to place a lot of importance to the contribution our workforce and staff make towards our business objectives. Efforts are being made to ensure we recruit the right people with the appropriate skills whilst developing a well motivated team. Several programmes, including training, are designed to ensure that our workforce keeps abreast of the changes in technology and attain skills which increase their productivity and motivation. The Fairtrade certification is one of the efforts the Group has made, at a cost to ensure the welfare of our workers is enhanced through appropriate utilization of the Fairtrade premiums. The ISO 22000 and Rainforest Alliance certifications further confirm the Group's commitment of carrying out business with our workers and environment in mind.

Appreciation

During the year Mr. Alan Carmichael joined the Board as the Managing Director and his contribution is well appreciated. Mr. Carmichael has many years of experience in the tea Industry and will greatly assist in taking the Group through the demanding years ahead. Once again I would like to welcome him on behalf of the Shareholders as he joins the team.

At this juncture I would also like to mention the retirement of Mr. Solomon Koech by the end of August 2008 as the visiting Agent after 38 years of loyal service to the Group. On behalf of all, I take this opportunity to thank Solomon and wish him well in his retirement plans. Mr. Samuel Thumbi the General Manager at Changoi Estate has now taken his position and on your behalf I congratulate him for the promotion and wish him well in his additional and challenging responsibilities.

In conclusion, I would like to thank all the Farms management, staff and employees under the leadership of the General Managers Messrs. Samuel Thumbi, Tom Lloyd and John Kosgei at Changoi, Tinderet and Kaimosi respectively for their efforts during the year. My thanks also go to the Nairobi and Williamson Power staff for their support during the year.

I would also like to thank my fellow Directors for their contribution to the Management of the Group. Their business experience and advice is always most valuable.

NIGEL SANDYS-LUMSDAINE

Chairman

Wednesday, June 12, 2008

Williamson Tea

NAKALA YA MWENYEKITI

Matokeo

Ni kwa sikitiko natoa ripoti hii ya hasara ambayo kundi lilipata kutokana na utenda kazi inayozidi shillingi millioni 73.4 mwaka huu wa 2007/8 ikilinganishwa na faida ya kuridisha ya shillingi millioni 162.6 ya mwaka uliopita. Matokeo haya duni yalisababishwa na upungufu wa bei katika masoko ya kimataifa mwaka msima kufuatia wingi wa mazao katika masoko hayo.Hali hii ilianza kati kati ya mwaka uliopita. Baadaye kulifuatia kipindi cha ukame mkubwa Mashambani hali ambayo ilisababisha kuimalika kwa bei lakini zao lilikuwa la viwango vya chini kuweza kuchangia mapato mema. Hali ya kuendelea kuimalika kwa shillingi ya Kenya pia iliongezea hasara hii hasa hapo mwisho mwisho wa mwaka. Gharama ya mishahara kwa wafanyi kazi huwa sehemu kubwa sana kwa kusalisha mazao na hakuna manufaa yoyote ya kuimalika kwa shillingi ya Kenya.Mali na Kazi ya Uhandisi zilichangia jumla ya shillingi millioni 38 ambazo zilipunguza ile hasara ya Mashambani.

Kulikuwa na upungufu wa zaidi ya shillingi millioni 19.7 kutokana na maisha ya mimea ya michai na ile ya kuni ikilinganishwa na ule wa shillingi millioni 36.8 mwaka uliopita. Hii ilipunguza gharama kufuatia mapato ya chini mwaka huu. Kwa kuafikia hali moja ya maisha ya mimea kundi hutumia thamani ya sasa ya fedha zinazotarajiwa kutoka kwa mimea na kurahisishwa kwa soko la sasa na kuafikiwa kwa viwango vya ushuru kama ilivyo pendekeshwa na kanuni za uhasibu wa kimataifa.

Matukio ya vita kufuatia uchaguzi mkuu wa Decemba 2007 yalizababisha changamoto kubwa kwa wafanyi kazi kote kundini. Kule Kericho tulipoteza asili mia 70 ya wafanyi kazi. Pande zingine nje ya Kericho ziliadhirika kwa kiasi tu lakini shida hizi ziliwacha matatizo mingi ambayo yanahitaji ufumbuzi.

Wafanyi kazi wetu wote pamoja na viongozi waliobaki mashambani wanasitahili kushukuriwa kwa bidii yao kubwa ya kuzingatia kwamba waliendelea na kazi wakati huo na kwa kulinda na kuzuilia mali ya Kampuni isihalibiwe.

Kampuni inazingatia kuendelea kufanya biashara kwa muda mrefu ujao na hali hii inadhibitishwa na jinzi tulivyo gharamia mitambo mipya viwandani. Tuna msingi wa Ukulima na ndiyo sababu tunaangazia usitawi wa wafanyi kazi wetu ilikutuwezesha kufaulu kwa siku za usoni.

Mgao

Kufuatia matokeo haya duni na mgao wa juu wa mwaka uliopita, wakurugenzi wanapendekeza mgao wa kwanza na mwisho wa sumuni au asilimia kumi kwa kila hisa ambayo italipua kutoka kwa mfuko wa akiba.

Zao

Mwaka huu Kampuni ilizalisha jumla ya kilo millioni 8.4 ikilinganishwa na millioni 10 za mwaka uliopita. Kiangazi kubwa kilichotukumba kwanzia mwezi wa Novemba 2007 hadi Marchi 2008 kilisababisha upungufu huu. Wakuzaji wa nje waliendelea kuchangia vizuri ingawa kulikuwa na washindani wetu wanaonunua kwao.

Mwaka huu Mashamba yalifuna miti ya mbao na hii ilichangia faida kwa Kundi. Mashamba yanaendelea kusingatia ufunaji bora wa mazao na kufuna tu wakati soko ya mbao inafaa.

Soko ya Chai

Wastani ya bei ya chai ilipunguka hadi shillingi 117.74 ikilinganishwa na shillingi 132.08 ya mwaka uliopita. Hii ilisababishwa na upungufu wa bei na kuimalika kwa shillingi ya Kenya. Kiwango cha kubadilishana pesa kwa dolla ya Marekani wakati wa kufunga mwaka kilikuwa ni shillingi 62.8 ikilinganishwa na mwaka uliopita ambao kilikuwa shillingi 68.40

Mambo ya Kampuni na Kijamii

Kampuni zote Kundini hivi sasa zimepata vyeti vya Fair Trade na sasa wameleta malipo ya ziada kwa mambo ya jamii kwa ajili ya wafanyi kazi.
Mwaka huu pia viwanda vyote vya Kundi vilipata vyeti vya ISO 22000 ambayo inazingatia uthibitisho kwa mambo ya HACCP inayoonesha viwango vya juu kwa mambo ya uzalizaji bora viwandani kwetu. Hivi sasa tunaendelea na kujitayalisha kwa ukaguzi wa Rainforest Alliance, hii ni kwa kudhibitisha kwao njinzi tunavyoendesha bishara yetu tukizingatia hali bora ya mazingira.

Bado tunamilki vyeti vya Ethical Tea Partnership ya Ulaya ambayo inaendelea kudhibitisha hali bora tunayofanyia

Williamson Tea

NAKALA YA MWENYEKITI(Yaendelea)

Hivi sasa tuna weka kibao mbele kwa usalama wa wafanyi kazi wetu na tunaendelea kuwekesha katika nyanja zile zinazowafaidi ikiwa ni pamoja na:

Kiafya na Elimu

Kampuni inatoa huduma ya afya kwa wafanyi kazi na kuna vituo vitano vya afya, pia inashughurikia azimio la Madaktari wa Nandi Hills ambayo ni pamoja na Madaktari wa kutembelea wagonjwa na huduma za kuzuia ukimwi.

Kupitia hali ya mashauri ya Kenya Tea Growers Association Kundi linachangia uendeshaji wa mashule ya msingi na ya upili kule Kericho na Nandi. Tunaendesha shule 4 za msingi na moja ya upili. Wanafunzi werefu kutoka shule za msingi huzaidiwa kifedha kuwawezesha kuendelea na masomo kwa shule za upili.

Mazingira

Kwa miaka mingi kampuni imekuwa mbele kwa kuzingatia miradi ya kulinda mazingira na kuhakikisha miti ya kuni imeifadhiwa bora kama ilivyosimuliwa hapa chini;

- Kuwepo kwa sehemu ya chemichemi ilikusuhia maji machafu kutoka viwandani.
- Usafishaji maji machafu ya viwanda ilikutumika tena.
- Kukuza upya kwa misitu kuambatana na sera za kitaifa za serikali sana sana kule wilayani Nandi.
- Ujenzi wa maboma ya kuzuia maji na vizuishi vingine vya maji.
- Ukingaji na kuzuia utapakaaji wa takataka ya plastiki ovyo ovyo.
- Kukuza na kuzalisha bila kutumia madawa ya kuua wadudu.

Kujitokesha na kuendelea kujitayalisha kwa ukaguzi chini ya Rainforest Alliance, ni kudhibitisha vile tumejitolea kuona kwamba njia bora tunayoendesha bishara yetu na kuzingatia hali bora ya mazingira na matakua ya jamii yetu.

Usitawi

Idadi ya wafanyi kazi wa kudumu na wa muda ilizidi 4,377 na zaidi ya watu 17,700 wanaotegemea Kundi kwa mambo ya usitawi wa jamii.

Mwaka huu Kampuni iligharamia zaidi ya shillingi millioni 75.5 kwa wafanyi kazi kulipia penseni, likizo pamoja na matibabu.

Kundi liligharamia malipo ya ziada ambayo ni tofauti na ile mishahara waliolipua kwa rasilmali ya miradi inayohusu wafanyi kazi kwa jumla ya shillingi millioni 46.8.

Hila na tazamio

Tukitazamia siku za usoni kuna changamoto mingi hasa kwa ongezeko la mishahara na kawi na wakurugenzi na viongozi wamekubali kuendeleza mbinu zingine mpya kwa maeneo yafuatayo:

Kuimaliza Mitambo Viwandani

Kundi linaendelea kugharamia na kusitawisha utenda kazi kwa nia ya kupunguza gharama ya uzalizaji pamoja na kupata mazao ya hali bora. Hii itafanyika kwa kugharamia rasilmali kwa mitambo na viwanda ambayo kwa upande mwingine imeongeza mikobo yetu. Kundi linamipango ya kuwa na mitambo ya kisasa kwa miaka ijayo ambayo ni pamoja na yafutayo;

- Majaribio kupanda michai na miti ya kuni ambayo itazalisha viwango vya juu na mazao bora
- Kutumia mitambo ya kisasa mashambani ilikuchangia mazao na uongozi bora
- Kutumia mitambo ya kisasa viwandani kuimaliza ubora wa mazao
- Kugharamia mitambo mpya kwa ajili ya kuzalisha aina mbali mbali ya chai.
- Kukodisha nje kazi sizizo za kiini ilikuchangia kwa kuajiri watu wa mitaa ya karibu.
- Kumaliza mipango ya miaka kumi ijayo.

Ilikutosheleza wateja wetu tunazingatia na kutafuta mbinu mpya ya kuzalisha mazao bora iliyo tofauti na yale ya kawaida kwa kuongezea thamani kwa chai nyeusi. Kwa kugharamia mitambo mpya tunatarajia kupata bei ya juu kwa mazao yaliyoongezewa thamana kama njia moja ya kueneza biashara zetu.

Williamson Tea

NAKALA YA MWENYEKITI(Yaendelea)

Mafunzo kwa wafanyi kazi

Tunaendelea kuzingatia umuhimu wa wafanyi kazi wetu na mchango wao kwa kazi ya utendaji ilikuimaliza bishara yetu. Mbinu zote zinatumia kuona kwamba wanaoajiliwa ni wale wameitimu na ambao wako na ujuzi wa kufanya kazi waliyoajiliwa kuifanya.
Kuna mipango mingi ya kuhakikisha kwamba mafunzo yanatolewa kwa wafanya kazi ilikuambatana na mabadiliko ya kitekinologia ambayo itaongezea matokeo yao. Mpango wa Fair-trade ni moja wao. Kampuni imegharamia kuhakikisha kwamba wafanyi kazi wanafaidika kwa njia ya mapato kutoka Fair-trade kwa ajili ya usitawi wao. Pia ISO 22000 na Rainforest Alliance ni dhibitisho kwamba Kundi linaendelea na kazi ya kuhakikisha kwamba mambo ya wafanyi kazi na ya mazingira inazingatiwa.

Shukrani

Mwaka huu Bwana Alan Carmichael aliingia kwa Bodi kama Mkurugenzi Mkuu na tunashukru kwa mchango wake hasa mnamo mwishoni wa mwaka. Bwana Carmichael anaujuzi mkubwa kwa soko ya chai na pia kwa kuzalisha na atazaidia Kampuni kwa maitaji yake makuu miaka ijayo. Kwa mara nyingine ningependa kumukaribisha kwa niaba ya wenye hisa.

Wakati huu ningependa pia kuangazia kusitaafu kwa Bwana Solomon Koech ifikiapo mwezi wa Augusti mwaka huu wa 2008 kama Mkrugenzi wa Ustadi baada ya miaka 38 ya kazi tiifu. Kwa niaba ya wote ningependa kujukwa wakati huu kumshukru na kumtakia mema kwa mipango ya kustaafu kwake. Bwana Samuel Thumbi Meneja Mkuu wa Changoi ndiye atakaye chukuwa kutoka kwake na kwaniaba yenu ninampongeza kwa kupanda daraja na kumuombea memo kwa ongezeko ya kazi na changamoto mpya.

Na mwisho ningependa kushukru mamencja wote wa mashambani na wafanyi kazi chini ya uongozi wa Meneja wakuu Bwana Tom Lloyd na John Kosgei wakiwa Tinderet na Kaimosi kwa kazi yao wakati wa mwaka. Shukrani zangu pia zinaendea wafanyi kazi wa offisi ya Nairobi pamoja na wale wa Williamson Power kwa mchango wao mwaka huu.

Pia ningependa kuwashukru wakurugenzi wenzangu kwa kuhudhuria mikutano ya Bodi na vile vile kwa kutembelea mashamba yote nwaka huu. Maarifa yao na ujuzi wa kibiashara walionao ni wa thamani kubwa kwetu.

NIGEL SANDYS-LUMSDAINE

Mwenyekiti

Jumatano Juni 12, 2008

Williamson Tea

CORPORATE GOVERNANCE

Corporate Governance is the process and structure used to direct and manage business affairs of the Company towards enhancing prosperity and corporate accounting with the ultimate objective of realizing shareholders long term value while taking into account the interest of other stakeholders.

The Company is committed to business integrity and professionalism in all its activities. As part of this commitment the Board fully supports issues articulated by the Capital Market Authority so as to bring the level of Governance in line with International Standards.

We confirm that we are governed by the Rules and Regulations as issued by both the Nairobi Stock Exchange (NSE) and the Capital Markets Authority (CMA).

BOARD OF DIRECTORS

The full Board meets at least once every quarter for scheduled meetings and on other occasions to deal with specific matters that may require attention between the scheduled meetings. The Directors are given appropriate and timely information so that they can make well informed and balanced business decisions as well as planning for the future and growth of the Company. Scheduled meetings include review of annual and half year accounts and annual budgets together with monitoring of business and operational issues. Except for direction and guidance on general policy, the Board has delegated authority for conduct of the day-to-day business to the Chief Executive assisted by a Team of able Managerial Staff.

AUDIT COMMITTEE

The Board constituted the Audit Committee in 1998 which meets at least four times in the year and chaired by an independent non executive Director. Its responsibilities include but not limited to review of financial information in particular half year and annual financial statements, annual budgets, liaison with the external auditor and maintaining oversight on internal controls.

INTERNAL CONTROLS

The Board is responsible for the Company's system of internal controls and for reviewing their effectiveness. The Company has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information.

The systems in place are designed to ensure that authority is obtained for any major transaction and that the Company complies with all Kenya Laws and Regulations, including those that govern sound financial management. Procedures are in place to ensure that all assets are subject to proper physical controls and these are professionally revalued every three years.

COMMUNICATION WITH SHARE HOLDERS

The Company places a great deal of importance on communication with its shareholders and publishers in the local dailies its financial statements on half year and annual basis. The full year report and accounts are distributed to all shareholders on an annual basis.

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.

Williamson Tea

CORPORATE GOVERNANCE (Continued)

As at 31 March 2008 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.	Kirtesh P.Shah	Nairobi	291,221	3.33
4.	Barclays (Kenya) Nominees Ltd A/C 9323 Nr	Nairobi	175,700	2.01
5.	Barclays (Kenya) Nominees Ltd A/c 9230	Nairobi	115,792	1.32
6.	Old Mutual Life Assurance Co.Ltd	Nairobi	112,444	1.28
7.	Kenya Commercial Bank Staff Pension	Nairobi	112,011	1.28
8.	Satchu Aly-Khan	Nairobi	103,800	1.19
9.	Barclays (Kenya) Nominees Ltd A/c 1256	Nairobi	100,000	1.14
10.	Phoenix E.A. Assurance Co. Ltd	Nairobi	84,856	0.97

Analysis of Shareholders

By region:

Region	Number	Shares Held	%
Foreign investors	61	4,942,939	56.50
Local & East Africa investors (Individuals)	1,077	2,086,106	23.80
Local & East Africa investors (Institutional)	161	1,727,275	19.70
	1,299	8,756,320	100.00

By shares distribution:

Less than 500	574	148,196	1.70
500-10,000	667	1,445,497	16.50
10,001- 100,000	50	1,533,922	17.50
100,001-1,000,000	7	1,122,541	12.84
Above 1,000,000	1	4,506,164	51.46
	1,299	8,756,320	100.00

Williamson Tea

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the group for the year ended 31 March 2008.

ACTIVITIES

The principal activities of the group are the cultivation, manufacture and sale of tea, investment in property and the sale and servicing of generators.

GROUP RESULTS

	Sh'000
Loss before taxation	(143,984)
Taxation credit	46,467
Loss after taxation	(97,517)
Atributable to:	
Equity holders of parent company	(86,737)
Minority interest	(10,780)
Loss for the year	(97,517)

DIVIDENDS

The directors recommend the payment of a first and final dividend of Sh 0.5 per share, totalling Sh. 4,378,200 in respect of the year.

DIRECTORS

The current board of directors is shown on page 3.

D B White and S C A Koech retire by rotation in accordance with section 94 of the company's Articles of Association and, being eligible, offer themselves for re-election.

In accordance with Article 114 of the Articles of Association, Mr. A L Carmichael who was appointed a Director of the Company on 1 February 2008 retires, and being eligible offers himself for re-election.

AUDITORS

Deloitte & Touche, having expressed their willingness, continue in office in accordance with the provisions of section 159 (2) of the Companies Act.

BY ORDER OF THE BOARD

M.M. WACHIRA

Secretary

Wednesday, June 12, 2008

Williamson Tea

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	Note	2008 Sh'000	2007 Sh'000
REVENUE FROM SALE OF TEA	3(b)	1,095,341	1,206,528
FAIR VALUE LOSS ON TEA	17	(29,099)	(42,071)
OPERATING INCOME		1,066,242	1,164,457
COST OF SALES		(1,019,782)	(932,757)
GROSS PROFIT		46,460	231,700
OTHER OPERATING INCOME		127,822	179,049
FAIR VALUE CHANGES ON – Timber	17	10,238	9,317
- Firewood	17	(836)	(4,097)
DISTRIBUTION COSTS		(102,926)	(82,208)
ADMINISTRATIVE EXPENSES		(151,766)	(113,527)
FINANCE COSTS	6	(32,197)	(6,980)
SHARE OF RESULTS OF ASSOCIATE COMPANIES	14	(40,779)	813
(LOSS)/PROFIT BEFORE TAXATION		(143,984)	214,067
TAXATION CREDIT/(CHARGE)	7	46,467	(71,233)
(LOSS)/PROFIT AFTER TAXATION FOR THE YEAR	8	(97,517)	142,834
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE PARENT		(86,737)	139,671
MINORITY INTEREST	26	(10,780)	3,163
		(97,517)	142,834
COMPRISING:			
(LOSS)/PROFIT ARISING FROM OPERATING ACTIVITIES		(73,451)	162,617
LOSS ARISING FROM CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS (NET OF ATTRIBUTABLE TAXATION)		(13,286)	(22,946)
MINORITY INTEREST		(10,780)	3,163
(LOSS)/PROFIT FOR THE YEAR		(97,517)	142,834
(LOSS)/EARNINGS PER SHARE - Basic and diluted	9	Sh (9.91)	Sh 15.95
DIVIDENDS PER SHARE	10	Sh 0.50	Sh 5.00

Williamson Tea

REPORT OF THE DIRECTORS

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BY ORDER OF THE BOARD

M.M. WACHIRA

Secretary

Wednesday, June 12, 2008

Williamson Tea

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 of 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 that 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 are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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 of the company and of the group's 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.

A. L. CARMICHAEL

Director

12 June, 2008

E. N. K. WANJAMA

Director

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

We have audited the financial statements of Williamson Tea Kenya Limited and its subsidiaries set out on pages 16 to 56 which comprise the consolidated and company balance sheets as at 31 March 2008, and the consolidated income statement, consolidated and company statements of changes in equity and consolidated cash flow statement for the year then ended, together with the summary of significant accounting policies and other explanatory notes, 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

The group's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the provisions of the Kenyan Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. Our responsibility is to express an opinion on these 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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether 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 our judgment and include an assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered internal controls relevant to the group'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 group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

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 of group at 31 March 2008 and of the loss and cash flows of the group for the year then ended in accordance with International Financial Reporting Standards and comply with the Kenyan Companies Act.

Deloitte & Touche
Certified Public Accountants

27 June, 2008

Williamson Tea

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008

	Note	2008 Sh'000	2007 Sh'000
REVENUE FROM SALE OF TEA	3(b)	1,095,341	1,206,528
FAIR VALUE LOSS ON TEA	17	(29,099)	(42,071)
OPERATING INCOME		1,066,242	1,164,457
COST OF SALES		(1,019,782)	(932,757)
GROSS PROFIT		46,460	231,700
OTHER OPERATING INCOME		127,822	179,049
FAIR VALUE CHANGES ON – Timber	17	10,238	9,317
- Firewood	17	(836)	(4,097)
DISTRIBUTION COSTS		(102,926)	(82,208)
ADMINISTRATIVE EXPENSES		(151,766)	(113,527)
FINANCE COSTS	6	(32,197)	(6,980)
SHARE OF RESULTS OF ASSOCIATE COMPANIES	14	(40,779)	813
(LOSS)/PROFIT BEFORE TAXATION		(143,984)	214,067
TAXATION CREDIT/(CHARGE)	7	46,467	(71,233)
(LOSS)/PROFIT AFTER TAXATION FOR THE YEAR	8	(97,517)	142,834
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE PARENT		(86,737)	139,671
MINORITY INTEREST	26	(10,780)	3,163
		(97,517)	142,834
COMPRISING:			
(LOSS)/PROFIT ARISING FROM OPERATING ACTIVITIES		(73,451)	162,617
LOSS ARISING FROM CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS (NET OF ATTRIBUTABLE TAXATION)		(13,286)	(22,946)
MINORITY INTEREST		(10,780)	3,163
(LOSS)/PROFIT FOR THE YEAR		(97,517)	142,834
(LOSS)/EARNINGS PER SHARE - Basic and diluted	9	Sh (9.91)	Sh 15.95
DIVIDENDS PER SHARE	10	Sh 0.50	Sh 5.00

Williamson Tea

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008

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	Note	2008 Sh'000	2007 Sh'000
ASSETS			
Non current assets			
Property, plant and equipment	11	998,978	960,450
Prepaid operating leases	12	77,214	77,298
Investment properties	13	394,500	394,500
Investment in associate companies	14	265,277	300,630
Other investments	16	1,349	1,349
Biological assets	17	1,240,306	1,246,488
		2,977,624	2,980,715
Current assets			
Inventories	18	121,251	215,479
Trade and other receivables	19	344,240	301,821
Due from associate companies	20	50,291	24,547
Taxation recoverable	7(c)	19,174	8,702
Short term deposits	23	-	59,935
Cash and bank balances		67,745	163,650
		602,701	774,134
Total assets		3,580,325	3,754,849
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	25	43,782	43,782
Revaluation surplus		326,901	359,415
Revenue reserve		2,074,174	2,172,179
Equity attributable to equity holders of parent company		2,444,857	2,575,376
Minority interest	26	79,237	91,979
Total equity		2,524,094	2,667,355
Non current liabilities			
Deferred income taxes	27	588,115	627,621
Service gratuity	28	122,497	122,454
Borrowings	29	10,976	12,655
Finance lease obligations	30	58,613	-
		780,201	762,730
Current liabilities			
Trade and other payables	31	216,082	269,583
Due to associate companies	20	1,001	-
Taxation payable	7(c)	-	23,120
Borrowings	29	47,372	28,508
Finance lease obligations	30	6,661	-
Unclaimed dividends	32	4,914	3,553
		276,030	324,764
Total equity and liabilities		3,580,325	3,754,849

The financial statements on pages 16 to 56 were approved by the board of directors on 12 June 2008 and were signed on its behalf by:

A.L. CARMICHAEL } Directors
E.N.K. WANJAMA

Williamson Tea

COMPANY BALANCE SHEET
AS AT 31 MARCH 2008

	Note	2008 Sh'000	2007 Sh'000
ASSETS			
Non current assets			
Property, plant and equipment	11	448,373	456,401
Prepaid operating leases	12	11,825	11,838
Investment properties	13	394,500	394,500
Investment in associate companies	14	79,837	79,837
Investment in subsidiary companies	15	109,877	109,877
Other investments	16	546	546
Biological assets	17	627,727	556,674
		1,672,685	1,609,673
Current assets			
Inventories	18	45,231	69,447
Trade and other receivables	19	121,009	114,634
Due from associate companies	20	45,555	20,588
Due from subsidiary companies	21	92,912	59,980
Loans to subsidiary companies	22	7,500	7,500
Tax recoverable	7(c)	7,784	-
Short term deposits	23	-	59,935
Cash and bank balances		47,342	82,140
		367,333	414,224
Total assets		2,040,018	2,023,897
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	25	43,782	43,782
Revaluation surplus		157,710	175,776
Revenue reserve		1,303,868	1,286,167
Shareholders' funds		1,505,360	1,505,725
Non current liabilities			
Deferred income taxes	27	316,376	312,882
Service gratuity	28	65,980	67,616
Borrowings	29	7,063	2,109
Finance lease obligations	30	6,018	-
		395,437	382,607
Current liabilities			
Trade and other payables	31	104,878	87,465
Due to subsidiary companies	21	26,362	26,647
Taxation payable	7(c)	-	16,634
Borrowings	29	1,565	1,266
Finance lease obligations	30	1,502	-
Unclaimed dividends	32	4,914	3,553
		139,221	135,565
Total equity and liabilities		2,040,018	2,023,897

The financial statements on pages 16 to 56 were approved by the board of directors on 12 June 2008 and were signed on its behalf by:

A.L. CARMICHAEL } Directors
E.N.K. WANJAMA

Williamson Tea

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2008

	Share capital	Revaluation surplus	Revenue reserve: Biological assets gains/(losses)	Revenue reserve: Other	Revenue reserve: Total	Equity attributable to equity holders of the parent	Minority interest	Total
	Sh'000	Sh'000	Sh'000	Sh'000	Sh'000	Sh '000	Sh '000	Sh'000
At 1 April 2006	43,782	163,996	529,903	1,498,536	2,028,439	2,236,217	82,043	2,318,260
Revaluation surplus	-	257,997	-	-	-	257,997	9,869	267,866
Deferred tax revaluation surplus (note 27)	-	(77,400)	-	-	-	(77,400)	(2,961)	(80,361)
Share of associate revaluation surplus	-	23,269	-	-	-	23,269	-	23,269
Surplus realised on disposal of revalued assets	-	(449)	-	449	449	-	-	-
Excess depreciation transfer	-	(11,618)	-	11,618	11,618	-	-	-
Deferred tax on excess depreciation	-	3,620	-	(3,620)	(3,620)	-	-	-
Profit for the year	-	-	(22,946)	162,617	139,671	139,671	3,163	142,834
Dividends paid - 2006	-	-	-	(4,378)	(4,378)	(4,378)	(135)	(4,513)
At 31 March 2007	43,782	359,415	506,957	1,665,222	2,172,179	2,575,376	91,979	2,667,355
At 1 April 2007	43,782	359,415	506,957	1,665,222	2,172,179	2,575,376	91,979	2,667,355
Excess depreciation transfer	-	(46,146)	-	46,146	46,146	-	-	-
Deferred tax on excess depreciation	-	13,935	-	(13,935)	(13,935)	-	-	-
Surplus realised on disposal of revalued assets	-	(303)	-	303	303	-	-	-
Loss for the year	-	-	(13,286)	(73,451)	(86,737)	(86,737)	(10,780)	(97,517)
Dividends paid -2007				(43,782)	(43,782)	(43,782)	(1,962)	(45,744)
At 31 March 2008	43,782	326,901	493,671	1,580,503	2,074,174	2,444,857	79,237	2,524,094

The revaluation surplus arises on revaluation of property, plant and equipment and is not distributable.
The revenue reserve on biological assets represents surplus arising from fair valuation of biological assets in line IAS 41 on Agriculture.
Other revenue reserves represents accumulated surplus arising from normal operating activities.

Williamson Tea

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2008

	Share capital	Revaluation surplus	Revenue reserve: Biological assets gains/(losses)	Revenue reserve: Other	Revenue reserve: Total	Total
	Sh'000	Sh;000	Sh'000	Sh'000	Sh;000	Sh'000
At 1 April 2006	43,782	98,490	233,162	944,009	1,177,171	1,319,443
Revaluation surplus	-	119,606	-	-	-	119,606
Deferred tax on revaluation surplus (note 27)	-	(35,882)	-	-	-	(35,882)
Excess depreciation transfer	-	(9,197)	-	9,197	9,197	-
Deferred tax on excess depreciation	-	2,759	-	(2,759)	(2,759)	-
Profit for the year	-	-	487	106,449	106,936	106,936
Dividends paid - 2006	-	-	-	(4,378)	(4,378)	(4,378)
At 31 March 2007	43,782	175,776	233,649	1,052,518	1,286,167	1,505,725
At 1 April 2007	43,782	175,776	233,649	1,052,518	1,286,167	1,505,725
Excess depreciation transfer	-	(25,808)	-	25,808	24,808	-
Deferred tax on excess depreciation	-	7,742	-	(7,742)	(7,742)	-
Profit for the year	-	-	48,409	(4,992)	43,417	43,417
Dividends paid - 2007	-	-	-	(43,782)	(43,782)	(43,782)
At 31 March 2008	43,782	157,710	282,058	1,021,810	1,303,868	1,505,360

The revaluation surplus arises on revaluation of property, plant and equipment and is not distributable.
The revenue reserve on biological assets represents surplus arising from fair valuation of biological assets in line with IAS 41 on Agriculture.
Other revenue reserves represents accumulated surplus arising from normal operating activities.

Williamson Tea

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	Note	2008 Sh'000	2007 Sh'000
OPERATING ACTIVITIES			
Cash generated from operations	33(a)	2,110	224,912
Interest paid	6	(8,047)	(4,468)
Taxation paid	7(c)	(39,784)	(13,974)
Net cash (used in)/generated from operating activities		(45,721)	206,470
INVESTING ACTIVITIES			
Purchase of plant and equipment	33(c)	(89,948)	(62,185)
Purchase of Zinga farm by Tea Properties Limited		-	(38,900)
Proceeds from disposal of plant and equipment		8,474	2,221
Expenditure on biological assets		(11,703)	(27,193)
Dividend received - from associated company	14	7,727	774
- other		1,480	1,446
Net cash used in investing activities		(83,970)	(123,837)
FINANCING ACTIVITIES			
Loans received	33(b)	3,011	18,585
Loans repaid	33(b)	(1,844)	(17,768)
Dividends paid to shareholders	32	(42,421)	(3,018)
Dividends paid to minority interest	26	(1,962)	(135)
Net cash used in financing activities		(43,216)	(2,336)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(172,907)	80,297
CASH AND CASH EQUIVALENTS AT 1 APRIL		202,671	122,374
CASH AND CASH EQUIVALENTS AT 31 MARCH	33(d)	29,764	202,671

Williamson Tea

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

1 ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted are as stated below:

Adoption of new and revised International Financial Reporting Standards (IFRS)

Standards and Interpretations effective in the current period

In the current year, the group has adopted IFRS 7 Financial Instruments: Disclosures which is effective for annual periods beginning 1 January 2007 and the consequential amendments to IAS 1 Presentation of Financial Statements.

The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the group's financial instruments and management of capital.

Four interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are IFRIC 7; Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies, IFRIC 8; Scope of IFRS 2, IFRIC 9; Reassessment of embedded derivatives and IFRIC 10; Interim Financial Reporting and Impairment. The adoption of these interpretations has not led to any changes in the group's accounting policies.

Standards and Interpretations issued but not effective in the current period

At the date of approval of these financial statements, the following new or revised Standards and Interpretations were in issue but not yet effective:

- IFRS 8 on Operating Segments
- IFRIC 11 - IFRS 2 Group and Treasury Share Transactions
- IFRIC 12 - Service Concession Arrangements
- IFRIC 13 - IAS 18 Revenue: Customer Loyalty Programs
- IFRIC 14 – IAS 19 Employee Benefits: Effect of Minimum Funding Requirements on Asset Ceiling.

The adoption of these standards and interpretations, when effective, will have no material impact on the financial statements of the group.

Basis of preparation

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

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.

Williamson Tea

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

1 ACCOUNTING POLICIES (Continued)

Consolidation (Continued)

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 15, and include the group's share of the results of the associate companies as disclosed in note 14, all made up to 31 March.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Investments in subsidiary companies in the company's books are carried at cost less provision for impairment.

Investments in associate companies

Investments in associated undertakings are accounted for using 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.

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. A listing of the group's associated undertakings is shown in note 14.

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

Revenue recognition

Sales are recognised upon despatch of products and are stated net of returns, discounts and value added tax.

Rental income is recognised on the accruals basis and dividend income is recognised when the shareholder's right to receive payment has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Inventories

Made tea inventories are stated at the lower of cost and net realisable value. Made tea cost comprises fair value of tea leaf less estimated point of sale costs at the point of harvest plus actual costs incurred in the processing of green leaf to made tea. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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

Consumable stores inventories are stated at weighted average cost.

Williamson Tea

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

1 ACCOUNTING POLICIES (continued)

Biological assets

Biological assets (tea bushes, fuel plantations and timber plantations) and agricultural produce have been stated at their fair value less estimated point-of-sale costs.

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 values of fuel and timber plantations are determined based on the prices existing in the market. Details of the significant assumptions made in determining the fair value of biological assets are set out on note 17.

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

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 items of property, plant and equipment from time to time. The last valuation was performed as at 31 March 2007.

The bases of valuation are as follows:

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

Increases in the carrying amount arising on revaluation are credited to a revaluation surplus. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to the income statement.

Depreciation

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

Other items of 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%
Tractors and accessories	10 - 25%
Motor vehicles	25%
Office equipment, furniture and fittings	10%
Computers	25%

Each year the difference between depreciation based on the revalued carrying amount of an asset (the depreciation charged to the income statement) and depreciation based on the asset's original cost is transferred from the revaluation surplus to revenue reserves.

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.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised

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.

The group's unionisable staff who resign or whose services are terminated either due to illness or other reasons after 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.

Retirement benefit obligations

The group operates a defined contribution scheme for eligible non-unionisable employees. The assets of the scheme are held in a separate trustee administered fund.. 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.

Williamson Tea

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

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

The group classifies its financial assets into the following categories: Financial assets at fair value through profit or loss; loans and receivables; held- to- maturity investments; and available-for-sale assets. Management determines the appropriate classification of its investments at initial recognition.

Financial assets at fair value through profit or loss

This category has two sub-categories: Financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable.

Held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale occurs other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and classified as available for sale.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

1 ACCOUNTING POLICIES (continued)

Financial instruments (Continued)

Available-for-sale financial assets

Financial assets that are not (a) financial assets at fair value through profit or loss, (b) loans and receivables, or (c) financial assets held to maturity.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where 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 and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of "financial assets at fair value through profit or loss" are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement.

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.

Investments

Unquoted investments are classified as available for sale and are stated at fair value.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid
investments that are readily convertible to a known amounts of cash and are subject to an insignificant risk of changes in value.

Dividends payable

Dividends payable on ordinary shares are charged to retained earnings in the period in which they are declared. Proposed dividends are not accrued for until ratified in an Annual General Meeting.

Williamson Tea

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

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.

2 CRITICAL JUDGMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

In the process of applying the group's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates and judgments 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. These are dealt with below:

Biological assets

In determining the fair value of biological assets ,the group uses the present value of expected cashflows from the asset discounted at the current market determined pre tax rate. The objective of a calculation of the present value of expected net cash flows is to determine the fair value of a biological asset in its present location and condition. The group considers this in determining an appropriate discount rate to be used and in estimating expected net cash flows. Management uses estimates based on historical data relating to yields, prices of made tea and exchange rates. The methodology and assumptions used for estimating both the amount and timing of future cashflows are reviewed to reduce any differences between estimates and actual experience. The significant assumptions are set out in note 17.

Property, plant and equipment

Critical estimates are made by directors in determining the useful lives and residual values to property, plant and equipment based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

Impairment losses

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs. Any impairment losses are recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss, other than that arising from goodwill, is recognised as income immediately.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 SEGMENTAL INFORMATION

(a) Primary reporting format – Business segments

	Tea Sh '000	Property Sh '000	Generator trading Sh '000	Group Sh '000
2008				
Revenue	1,095,341	-	-	1,095,341
Other operating revenue	17,669	30,261	79,892	127,822
Loss before tax	(182,354)	31,996	6,374	(143,984)
Group's share of associated	-	-	-	-
companies' results	(40,779)	-	-	(40,779)
Segment assets	3,120,022	394,500	65,803	3,580,325
Segment liabilities	1,042,257	-	13,974	1,056,231
Depreciation	107,876	-	1,094	108,970
Amortisation	84	-	-	84
Capital expenditure	154,741	-	481	155,222
2007				
Revenue	1,206,528	-	-	1,206,528
Other operating revenue	31,738	70,693	76,618	179,049
Profit before tax	143,493	64,162	6,412	214,067
Group's share of associated				
companies' results	813	-	-	813
Segment assets	3,303,199	394,500	57,150	3,754,849
Segment liabilities	1,073,700	-	13,794	1,087,494
Depreciation	67,814	-	1,307	69,121
Amortisation	83	-	-	83
Capital expenditure	61,961		224	62,185

(b) Secondary reporting – geographical segments

The group's tea revenue is derived from the following markets:

	2008 Sh'000	2007 Sh'000
Offshore	956,972	1,050,876
Kenya	138,369	155,652
	1,095,341	1,206,528

Williamson Tea

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2008 Sh'000	2007 Sh'000
4	(LOSS)/PROFIT BEFORE TAX		
	The (loss)/profit before tax is arrived at after charging:		
	Amortisation (note 12)	84	83
	Depreciation (note 11)	108,970	69,121
	Directors' remuneration:		
	Fees	500	583
	Other emoluments	10,345	10,408
	Staff costs (Note 5)	421,827	414,079
	Auditors' remuneration	4,892	4,491
	and after crediting:		
	Operating lease rental income	30,262	31,193
	Fair value of agricultural produce harvested during the year	147,858	385,746
	Dividend income	1,480	1,446
	Profit on disposal of property plant and equipment	2,562	372
	Gain on valuation of investment property	-	39,500
5	STAFF COSTS		
	Wages and salaries	346,309	355,366
	Social security costs (NSSF)	10,139	11,219
	Pension costs (defined contribution plan)	5,308	2,842
	Service gratuity and other terminal benefits	24,108	21,092
	Leave pay	24,380	7,067
	Medical expenses	11,583	16,493
		421,827	414,079
	The average number of staff employed by the group during the year was as follows:	Number	Number
	Permanent	3,474	3,692
	Seasonal	903	1,285
		4,377	4,977
		Sh'000	Sh'000
6	FINANCE COSTS		
	Interest expense:		
	- bank overdrafts	5,733	2,950
	- bank loans	2,314	1,351
	- group loans	-	167
	Net foreign exchange losses	24,150	2,512
		32,197	6,980

	GROUP 2008 Sh'000	GROUP 2007 Sh'000	COMPANY 2008 Sh'000	COMPANY 2007 Sh'000
7 TAXATION				
(a) TAX CHARGE				
Current taxation based on the adjusted profit at 30%				
-current year	9,125	37,931	6,683	22,766
-prior year	(2,933)	(2,273)	110	(2,274)
	6,192	35,658	6,793	20,492
Deferred tax (credit)/charge-note 27	(39,506)	34,395	3,494	25,659
	(33,314)	70,053	10,287	46,151
Share of associated company's taxation:				
Current taxation	11	3,276	-	-
Deferred tax credit	(13,164)	(2,096)	-	-
	(13,153)	1,180	-	-
	(46,467)	71,233	10,287	46,151
(b) RECONCILIATION OF EXPECTED TAX BASED ON ACCOUNTING (LOSS) /PROFIT TO TAX (CREDIT)/EXPENSE				
Accounting (loss)/profit before taxation	(143,984)	214,067	53,704	153,087
Tax at the applicable rate of 30%	(43,195)	64,220	16,111	45,926
Tax effect of expenses not deductible for tax purposes	15,696	27,406	5,931	22,002
Tax effect of income not taxable	(16,035)	(18,120)	(11,865)	(19,953)
Prior year (over)/under provision of current tax	(2,933)	(2,273)	110	(1,824)
	(46,467)	71,233	10,287	46,151

Williamson Tea

7 TAXATION (Continued)

	GROUP		COMPANY	
	2008	2007	2008	2007
	Sh'000	Sh'000	Sh'000	Sh'000
(c) TAX MOVEMENT				
At beginning of the year:				
Payable	23,120	8,691	16,634	8,691
Recoverable	(8,702)	(15,957)	-	(1,640)
	14,418	(7,266)	16,634	7,051
Taxation charge	6,192	35,658	6,793	20,492
Taxation paid	(39,784)	(13,974)	(31,211)	(10,909)
At end of the year				
Net tax(recoverable)/payable	(19,174)	14,418	(7,784)	16,634
Comprising:				
Payable	-	23,120	-	16,634
Recoverable	(19,174)	(8,702)	(7,784)	-
	(19,174)	14,418	(7,784)	16,634

8 PROFIT AFTER TAXATION - COMPANY

The company profit after taxation of Sh 43,417,000 (2007 – Sh 106,936,000) has been dealt with in the financial statements of Williamson Tea Kenya Limited.

9 EARNINGS PER SHARE

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

	2008	2007
Earnings		
(Loss)/earnings for purposes of basic and diluted earnings per share (Sh'000)	(86,737)	139,671
Number of shares		
Number of ordinary shares (thousands)	8,756	8,756
Earnings/(loss) per share		
Basic (Sh) and diluted (Sh)	(9.91)	15.95

There were no potentially dilutive shares outstanding at 31 March 2008 or 31 March 2007.

10 PROPOSED DIVIDEND

In respect of the current year, the directors propose that a dividend of Sh 0.50 per share (2007 – Sh 5 per share) amounting to a total of Sh 4,378,200 (2007 – Sh 43,782,000) will be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting to be held on 31 July 2008 and has not been included as a liability in these financial statements.

11 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Freehold land & 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 2006	539,821	316,849	81,647	47,143	19,652	21,174	9,231	1,035,517
Additions	10,527	30,066	108	1,261	499	2,768	16,956	62,185
Additions on acquisition of farm	7,500	-	-	-	-	-	-	7,500
Disposals	(1,790)	(357)	(2,867)	(2,746)	-	-	-	(7,760)
Revaluation	32,259	(31,788)	-	-	-	-	-	471
Reclassification	17,982	638	-	-	-	50	(18,670)	-
At 31 March 2007	606,299	315,408	78,888	45,658	20,151	23,992	7,517	1,097,913
Comprising:								
At Valuation 2007	606,299	315,408	-	-	-	-	-	921,707
At Cost	-	-	78,888	45,658	20,151	23,992	7,517	176,206
	606,299	315,408	78,888	45,658	20,151	23,992	7,517	1,097,913
At 1 April 2007	606,299	315,408	78,888	45,658	20,151	23,992	7,517	1,097,913
Additions	3,166	85,863	22,078	15,588	4,049	2,180	22,298	155,222
Disposals	-	(5,750)	(12,419)	(4,323)	(3,175)	(3,693)	-	(29,360)
Reclassification	704	-	-	-	-	-	(2,516)	(1,812)
At 31 March 2008	610,169	395,521	88,547	56,923	21,025	22,479	27,299	1,221,963
Comprising:								
At Valuation 2007	606,299	309,658	-	-	-	-	-	915,917
At Cost	3,870	85,863	88,547	56,923	21,025	22,479	27,299	306,006
	610,169	395,521	88,547	56,923	21,025	22,479	27,299	1,221,963

Williamson Tea

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

GROUP

	Freehold land & 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
DEPRECIATION								
At 1 April 2006	120,956	92,719	61,629	36,331	13,784	16,229	-	341,648
Charge for the year	30,893	23,896	4,501	5,877	1,270	2,684	-	69,121
Eliminated on disposal	(703)	(366)	(2,867)	(1,975)	-	-	-	(5,911)
Write back on revaluation	(151,146)	(116,249)	-	-	-	-	-	(267,395)
At 31 March 2007	-	-	63,263	40,233	15,054	18,913	-	137,463
At 1 April 2007	-	-	63,263	40,233	15,054	18,913	-	137,463
Charge for the year	54,701	35,217	8,962	5,996	1,429	2,665	-	108,970
Eliminated on disposal	-	-	(12,419)	(4,170)	(3,170)	(3,689)	-	(23,448)
At 31 March 2008	54,701	35,217	59,806	42,059	13,313	17,889	-	222,985
NET BOOK VALUE								
At 31 March 2008	555,468	360,304	28,741	14,864	7,712	4,590	27,299	998,978
At 31 March 2007	606,299	315,408	15,625	5,425	5,097	5,079	7,517	960,450
NET BOOK VALUE (Cost basis)								
At 31 March 2008	215,143	215,995	28,741	14,864	7,712	4,590	27,299	514,344
At 31 March 2007	209,067	180,095	15,625	5,425	5,097	5,079	7,517	427,905

Land, building and machinery were last revalued as at 31 March 2007 by Lloyd Masika Limited, registered valuers and estate agents on the basis of open market value for the existing use.

Included in the property, plant and equipment are assets with an original cost of Sh. 91,688,076 (2007 - Sh. 75,702,000) which are fully depreciated and whose normal depreciation charge for the year would have been Sh. 16,991,334 (2007 - Sh. 16,548,000).

Land and buildings with net book value of Sh. 555,468,000 (2007 - Sh. 606,299,000) have been charged to secure banking facilities granted to the group as disclosed in note 29.

Motor vehicles and machinery with a net book value of Sh. 36,561,000 are subject of a finance lease as disclosed on note 30.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

COMPANY

	Freehold land & 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 2006	295,249	132,394	35,186	13,669	9,045	11,109	1,179	497,831
Additions	3,384	7,265	99	-	442	1,531	6,322	19,043
Disposals	-	-	(1,447)	(1,540)	-	-	-	(2,987)
Revaluation	20,017	(21,915)	-	-	-	-	-	(1,898)
Reclassification	1,179	-	-	-	-	-	(1,179)	-
At 31 March 2007	319,829	117,744	33,838	12,129	9,487	12,640	6,322	511,989
Comprising:								
At Valuation 2007	319,829	117,744	-	-	-	-	-	437,573
At Cost	-	-	33,838	12,129	9,487	12,640	6,322	74,416
	319,829	117,744	33,838	12,129	9,487	12,640	6,322	511,989
At 1 April 2007	319,829	117,744	33,838	12,129	9,487	12,640	6,322	511,989
Additions	-	8,513	4,810	10,276	1,866	723	14,010	40,198
Disposal	-	-	(3,933)	(1,435)	(3,175)	(3,692)	-	(12,235)
Reclassification	-	-	-	-	-	-	(1,322)	(1,322)
At 31 March 2008	319,829	126,257	34,715	20,970	8,178	9,671	19,010	538,630
Comprising:								
At Valuation 2007	319,829	117,744	-	-	-	-	-	437,573
At Cost	--	8,513	34,715	20,970	8,178	9,671	19,010	101,057
	319,829	126,257	34,715	20,970	8,178	9,671	19,010	538,630

Williamson Tea

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

COMPANY

	Freehold land & 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
DEPRECIATION								
At 1 April 2006	60,225	35,361	25,934	10,322	6,550	9,431	-	147,823
Charge for the year	16,043	9,875	2,268	1,542	440	1,318	-	31,486
Eliminated on disposal	-	-	(1,447)	(770)	-	-	-	(2,217)
Write back revaluation	(76,268)	(45,236)	-	-	-	-	-	(121,504)
At 31 March 2007	-	-	26,755	11,094	6,990	10,749	-	55,588
At 1 April 2007	-	-	26,755	11,094	6,990	10,749	-	55,588
Charge for the year	27,195	13,991	2,805	1,538	499	868	-	46,896
Eliminated on disposal	-	-	(3,933)	(1,435)	(3,170)	(3,689)	-	(12,227)
At 31 March 2008	27,195	13,991	25,627	11,197	4,319	7,928	-	90,257
NET BOOK VALUE								
At 31 March 2008	292,634	112,266	9,088	9,773	3,859	1,743	19,010	448,373
At 31 March 2007	319,829	117,744	7,083	1,035	2,497	1,891	6,322	456,401
NET BOOK VALUE (Cost basis)								
At 31 March 2008	108,433	76,753	9,088	9,773	3,859	1,743	19,010	228,659
At 31 March 2007	118,254	74,550	7,083	1,035	2,497	1,891	6,322	211,632

Land, buildings and mchinery were valued at 31 March 2007 by Lloys Masika Limited, registered valuers and estate agenys.

Included in the property, plants and equipmente are assets with an original cost of Sh. 41,143,440 (2007 - Sh. 42,640,000) which are fully depreciated and those normal depreciation charges for the year which have been Sh. 7,355,643 (2007 - Sh. 9,051,000).

Land, buildings anad development with net book value of Sh. 292,634,000 (2007 - Sh. 319,829,000) have been charged to secure baking facilities granted to the company as disclosed in note 29.

Motor vehicles with a net book value of Sh. 14,789,000 are subject of a financial lease as disclosed in note 30.

12 PREPAID OPERATING LEASES

	GROUP		COMPANY	
	2008	2007	2008	2007
	Sh'000	Sh'000	Sh'000	Sh'000
COST				
At 1 April and 31 March	81,581	81,581	12,613	12,613
AMORTISATION				
At 1 April	4,283	4,200	775	762
Amortisation for the year	84	83	13	13
At 31 March	4,367	4,283	788	775
NET BOOK VALUE				
At 31 March	77,214	77,298	11,825	11,838

Leasehold land has been charged to secure banking facilities granted to the group as disclosed in note 29.

Leasehold land was last revalued as at 31 March 2007 by Lloyd Masika Ltd, registered valuers and estate agents, at Sh 169.75 million at that time, based on open market value.

13 INVESTMENT PROPERTIES

	GROUP & COMPANY	
	2008	2007
	Sh'000	Sh'000
At fair value:		
At 1 April	394,500	355,000
Gain in market value	-	39,500
At 31 March	394,500	394,500
COST	182,233	182,233

The investment properties were revalued as at 31 March 2007 by Lloyd Masika Limited, Registered Valuers and Estate Agents on an open market value basis. The directors are of the opinion that the fair value of the property has not materially changed from the previous year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2008 Sh'000	2007 Sh'000
14	INVESTMENT IN ASSOCIATE COMPANIES		
	Available for sale		
	GROUP		
	Kapchorua Tea Company Limited (Quoted) - 39.56% owned: At share of net assets (market value - Sh 116,083,500 2007 – Sh 173,351,000)	245,789	281,132
	Williamson Developments Limited (Unquoted) - 50% Share of net assets	19,488	19,498
		265,277	300,630
	COMPANY		
	Available for sale		
	Kapchorua Tea Company Limited (Quoted); 39.56% owned: At cost - (market value – Sh 116,083,500 2007 – Sh 173,351,000)	49,479	49,479
	Williamson Developments Limited (Unquoted) - 50% owned at cost	30,358	30,358
		79,837	79,837
	The movement in group investment in associated companies is as follows:		
	At 1 April	300,630	278,502
	Share of (loss)/profit before taxation	(40,779)	813
	Share of tax	13,153	(1,180)
	Share of revaluation surplus	-	23,269
	Dividend received	(7,727)	(774)
	At 31 March	265,277	300,630

The details of the above associated companies are as follows:

Company	*Share Capital Sh.*	*% Owned*	*Country of Incorporation*	*Principal activity*
Kapchorua Tea Company Ltd.	19,560,000	39.56%	Kenya	Cultivation, manufacturer and sale of tea.
Williamson Developments Ltd.	3,600	50%	Kenya	Property management.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2008 Sh'000	2007 Sh'000
15	INVESTMENT IN SUBSIDIARY COMPANIES		
(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	-	-
	Tea Properties Limited	2	2
	Lelsa Tea Estates Limited	-	-
		6,554	6,554
(b)	Unquoted investment at cost in Partly owned subsidiaries Tinderet Tea Estates (1989) Limited (82% owned)	103,323	103,323
		109,877	109,877

The details of the above subsidiary companies are as follows:

Company	*Share capital Sh*	*Country of Incorporation*	*Principal activity*
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	Property Investment
Lelsa Tea Estates Limited	4,000,000	Kenya	Dormant company.
Tinderet Tea Estates (1989) Limited	100,000	Kenya	Cultivation, manufacture and sale of tea.

		2008 Sh'000	2007 Sh'000
16	OTHER INVESTMENTS Available for sale Unquoted investments at cost		
	Group 999,326 Shares (2007 – 999,326) shares of Sh 10 each in Kenya Tea Packers Limited	1,349	1,349
	Company 403,545 Shares (2007 – 403,545) shares of Sh 10 each in Kenya Tea Packers Limited	546	546

Williamson Tea

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 BIOLOGICAL ASSETS

GROUP

	Tea bushes Sh'000	Timber trees Sh'000	Fuel trees Sh'000	Total 2008 Sh'000	Total 2007 Sh'000
Carrying amount at 1 April 2007	953,428	169,810	123,250	1,246,488	1,256,146
Expenditure on biological assets	10,576	1,224	1,119	12,919	29,963
Transfer from property, plant and equipment	1,812	-	-	1,812	-
Decrease due to harvest	-	(64)	(1,152)	(1,216)	(2,770)
	965,816	170,970	123,217	1,260,003	1,283,339
(Losses)/gains arising from changes in fair value attributable to physical changes	(17,039)	10,238	(836)	(7,637)	(6,614)
Loss arising from changes in fair value attributable to price changes	(12,060)	-	-	(12,060)	(30,237)
Net fair value (loss)/gain	(29,099)	10,238	(836)	(19,697)	(36,851)
Carrying amount at 31 March 2008	936,717	181,208	122,381	1,240,306	1,246,488

COMPANY

	Tea bushes Sh'000	Timber trees Sh'000	Fuel trees Sh'000	Total 2008 Sh'000	Total 2007 Sh'000
Carrying amounts at 1 April 2007	440,710	55,268	60,696	556,674	555,236
Expenditure on biological assets	164	811	29	1,004	1,814
Transfer from property, plant and equipment	1,322	-	-	1,322	-
Decrease due to harvest	-	(16)	(413)	(429)	(1,071)
	442,196	56,063	60,312	558,571	555,979
(Loss)/gain arising from changes in fair value attributable to physical changes	(17,590)	3,297	(5,239)	(19,532)	(5,978)
Gain arising from changes in fair value attributable to price changes	88,688	-	-	88,688	6,673
Net fair value gain/(loss)	71,098	3,297	(5,239)	69,156	695
Carrying amount at 31 March 2008	513,294	59,360	55,073	627,727	556,674

Significant assumptions made in determining the fair values of biological assets are:

- Tea bushes are considered to be productive for an estimated period of 30 years.
- The expected market price of tea will remain constant, based on the dollar average price for the last five years and the ruling rate of exchange at year end. Firewood and timber prices are also expected to remain constant.
- A discount rate of 14.8% per annum is applied to discount 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 cash flows less point of sale costs and tea processing income are discounted to determine the fair value of tea bushes. The remaining 40% of net market value is assigned to regeneration of tea leaf.
- The maturity period of firewood and timber trees is between 5 and 25 years depending on the species of the tree.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		GROUP		COMPANY	
		2008	2007	2008	2007
		Sh'000	Sh'000	Sh'000	Sh'000
18	INVENTORIES				
	Tea stocks	66,041	156,488	26,000	52,660
	Firewood	4,899	3,237	844	752
	Stores	45,235	53,793	18,387	16,035
	Generators	802	1,642	-	-
	Work in progress	1,030	164	-	-
	Goods in transit	3,244	155	-	-
		121,251	215,479	45,231	69,447
19	TRADE AND OTHER RECEIVABLES				
	Trade	229,591	219,974	71,813	77,406
	Staff	18,364	19,103	6,664	10,236
	VAT receivable	51,110	31,265	-	18,154
	Loans to directors	1,343	970	1,343	970
	Other	43,832	30,509	41,189	7,868
		344,240	301,821	121,009	114,634

The loans to directors are interest free and repayable within a year.

		GROUP 2008	GROUP 2007	COMPANY 2008	COMPANY 2007
20	DUE FROM ASSOCIATE COMPANIES				
	Kapchorua Tea Company Limited	47,534	20,246	42,853	16,287
	Williamson Development Limited	2,757	4,301	2,702	4,301
		50,291	24,547	45,555	20,588
	DUE TO ASSOCIATE COMPANIES				
	Kapchorua Tea Company Limited	1,001	-	-	-

		2008 Sh'000	2007 Sh'000
21	**DUE FROM SUBSIDIARY COMPANIES**		
	COMPANY		
	Kaimosi Tea Estates Limited	55,624	38,606
	Williamson Power Limited	3,234	2,271
	Tinderet Tea Estates (1989) Limited	34,054	19,103
		92,912	59,980
	DUE TO SUBSIDIARY COMPANIES		
	COMPANY		
	Tea Properties Limited	25,841	26,647
	Tinderet Tea Estates (1989) Limited	57	-
	Williamson Power Limited	464	-
		26,362	26,647
22	**LOAN TO SUBSIDIARY COMPANIES**		
	Kaimosi Tea Estate Limited	7,500	7,500

The loan to the subsidiary company is unsecured and matures within one year. The effective interest rate on the loan as at 31 March 2008 was 6.92 % (2007 – 6.92%).

		GROUP		COMPANY	
		2008 Sh'000	2007 Sh'000	2008 Sh'000	2007 Sh'000
23	**SHORT TERM DEPOSITS**				
	NIC Bank Limited	-	41,935	-	41,935
	Bank of Africa Limited	-	5,000	-	5,000
	Commercial Bank of Africa	-	13,000	-	13,000
		-	59,935	-	59,935

The effective interest rate on short term deposits as at 31 March 2007 was 6.5% and they matured within 90 days of the balance sheet date.

Williamson Tea

24 RELATED PARTIES

The group transacts with the ultimate holding company and other companies related to it by virtue of common shareholding.

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

	2008 Sh'000	2007 Sh'000
Sales through a related party (Williamson Tea Holdings Limited – parent)	579,717	1,060,539
Technical support (Williamson Tea Holdings Limited – parent)	-	13,559
Agency commission and charges received (Kapchorua Tea Company Limited – associate)	22,103	23,728
Licence fees (George Williamson & Co Limited)	-	13,559
Agency fees-Cohen & Griffiths Ltd	23,234	-
Green leaf sales to Kapchorua Tea Company Limited	5,181	6,101

Loan from parent company

The group received a loan of GBP 200,000 during the financial year ended 31 March 2007 for purchase of factory machinery from Williamson Tea Holdings Limited, the ultimate holding company. The loan is repayable in eight quarterly instalments with a one year moratorium granted on both principal and interest. The group received a further loan of GBP 51,750 during the financial year ended 31 March 2008 for purchase of farm machinery from George Williamson & Co Limited, a related company. The interest rate on the loans is BOE plus 1.5 %. The balance outstanding on the shareholder loan at 31 March 2008 is disclosed in note 29.

	2008 Sh'000	2007 Sh'000
Compensation of key management personnel		
The remuneration of directors and other members of key management during the period was as follows:		
Salaries and other benefits	67,511	56,079
Fees and allowances for services as directors	1,000	1,053
	68,511	57,132

25 SHARE CAPITAL

	2008	2007
Authorised:		
17,512,640 shares of Sh 5 each	87,563	87,563
Issued and fully paid:		
8,756,320 shares of Sh 5 each	43,782	43,782

26 MINORITY INTEREST

	2008	2007
At 1 April	91,979	82,043
Share of (loss)/profit	(10,780)	3,163
Dividend paid	(1,962)	(135)
Share of revaluation surplus net of deferred tax	-	6,908
At 31 March	79,237	91,979
Represented by:		
Holding in Tinderet Tea Estates (1989) Limited	18%	18%

27 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	
	2008	2007	2008	2007
	Sh'000	Sh'000	Sh'000	Sh'000
The net deferred taxation liability is attributable to the following items:				
Deferred tax liabilities:				
Accelerated capital allowances	229,306	223,257	98,085	98,048
Revaluation of investment property	66,521	66,521	66,521	66,521
Revaluation surplus	145,128	159,609	62,004	68,993
Fair value adjustments - biological assets	221,411	227,320	120,882	100,135
Fair value adjustments – inventories	-	1,827	-	1,681
	662,366	678,534	347,492	335,378
Deferred tax assets:				
Unrealised exchange gains	(3,543)	(38)	(1,476)	(159)
Service gratuity provision	(36,749)	(36,735)	(19,794)	(20,284)
Leave pay provision	(4,245)	(4,223)	(1,843)	(1,794)
Inventories general provision	(583)	(580)	(253)	(259)
Tax losses	(29,131)	(9,337)	(7,750)	-
	(74,251)	(50,913)	(31,116)	(22,496)
Net deferred tax liability	588,115	627,621	316,376	312,882

The movement on the deferred tax account is as follows:

	GROUP		COMPANY	
	2008	2007	2008	2007
	Sh'000	Sh'000	Sh'000	Sh'000
At 1 April	627,621	512,865	312,882	251,341
Income statement tax (credit)/charge (note 7a)	(39,506)	34,395	-	25,659
Deferred tax on revaluation surplus charged directly to equity	-	80,361	(20,112)	35,882
At 31 March	588,115	627,621	292,770	312,882

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	GROUP		COMPANY	
	2008	2007	2008	2007
	Sh'000	Sh'000	Sh'000	Sh'000
28 SERVICE GRATUITY				
At 1 April	122,274	113,949	67,616	67,077
Provision during the year	12,593	21,592	7,557	8,766
Payments in the year	(12,370)	(13,087)	(9,193)	(8,227)
At 31 March	122,497	122,454	65,980	67,616
29 BORROWINGS				
a) Loans				
Bank overdraft	37,981	20,914	-	-
Shareholder loan	20,367	20,249	8,628	3,375
	58,348	41,163	8,628	3,375
The borrowings are repayable as follows:				
On demand and within one year	47,372	28,508	1,565	1,266
In the second to fifth year	10,976	12,655	7,063	2,109
	58,348	41,163	8,628	3,375

Analysis of borrowings by currency

Group

	Borrowings in USD	Borrowigs in GBP	Total
	Sh'000	Sh'000	Sh'000
2008			
Bank overdrafts	37,981	-	37,981
Shareholder loan	-	20,367	20,367
	37,981	20,367	58,348
2007			
Bank overdrafts	20,914	-	20,914
Shareholder loan	-	20,249	20,249
	20,914	20,249	41,163

29 BORROWINGS (Continued)

Analysis of borrowings by currency

Company

	Borrowings in USD Sh'000	Borrowigs in GBP Sh'000	Total Sh'000
2008			
Shareholder loan	-	8,628	8,628
2007			
Shareholder loan	-	3,375	3,375

b) Interest rates

	2008	2007
The average interest rates paid by the group were as follows:		
Share holder loan - GBP	BOE & LIBOR +1.5%	LIBOR+1.5%
Bank overdraft - KSh	13.75%	13.75%
Bank overdraft - US$	6.82%	6.82%

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 million and a legal charge over the company's property in Tinderet (LR 11490) for Sh 94 million.

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.

The share holder's loan is unsecured and repayable in two years.

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 164,359,000 (2007 - Sh 119,250,000).

The borrowing facilities consist of loans, bank overdrafts, letters of credit and guarantees.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 FINANCE LEASE OBLIGATIONS

GROUP

	Minimum lease payments (including finance charges)		Present value of minimum lease payments (excluding finance charges)	
	2008	2007	2008	2007
	Sh'000	Sh'000	Sh'000	Sh'000
Within one year	10,258	-	6,661	-
In second year	73,002	-	58,613	-
	83,260	-	65,274	-
Less: Future finance charges	(17,986)	-	-	-
Present value of lease obligations	65,274	-	65,274	-
Amounts due for settlement within one year			(6,661)	-
Amounts due for settlement after one year			58,613	-

COMPANY

	Minimum lease payments (including finance charges)		Present value of minimum lease payments (excluding finance charges)	
	2008	2007	2008	2007
	Sh'000	Sh'000	Sh'000	Sh'000
Within one year	1,915	-	1,502	-
In second year	7,674	-	6,018	-
	9,589	-	7,520	-
Less: Future finance charges	(2,069)	-	-	-
Present value of lease obligations	7,520	-	7,520	-
Amounts due for settlement within one year			(1,502)	-
Amounts due for settlement after one year			6,018	-

The average lease period is 3 years. The average interest rate was 14%.

The finance lease is secured by motor vehicles and machinery which are the subject of the finance lease.

Williamson Tea

		GROUP		COMPANY	
		2008	2007	2008	2007
		Sh'000	Sh'000	Sh'000	Sh'000
31	TRADE AND OTHER PAYABLES				
	Trade payables	21,613	33,143	8,241	10,445
	Green leaf provision	50,388	104,554	10,928	19,150
	Leave provision	14,154	14,076	6,145	5,979
	Accruals and other payables	129,927	117,810	79,564	51,891
		216,082	269,583	104,878	87,465

32 UNCLAIMED DIVIDENDS

GROUP & COMPANY

	2008	2007
	Sh'000	Sh'000
At beginning of the year	3,553	2,193
Declared in the year	43,782	4,378
Dividends claimed	(42,421)	(3,018)
At end of year	4,914	3,553

33 NOTES TO THE CASH FLOW STATEMENT

GROUP

(a) Reconciliation of (loss)/profit before tax to cash generated from operations

	2008	2007
	Sh'000	Sh'000
(Loss)/profit before tax	(143,984)	214,067
Adjustments for:		
Depreciation	108,970	69,121
Amortisation	84	83
Profit on disposal of plant and equipment	(2,562)	(372)
Share of results of associates	40,779	(813)
Exchange differences	(1,049)	1,664
Fair value adjustment on biological assets	19,697	36,851
Fair value gain on investment property	-	(39,500)
Interest paid	8,047	4,468
Dividend received	(1,480)	(1,446)
Profit before working capital changes	28,502	284,123
Decrease/(increase) in inventories	94,228	(115,163)
Increase in trade and other receivables	(42,419)	(67,711)
(Decrease)/increase in trade and other payables	(53,501)	115,194
Movement in associate companies balances	(24,743)	(36)
Increase in service gratuity	43	8,505
Cash generated from operations	2,110	224,912

33 NOTES TO THE CASH FLOW STATEMENT (Continued)

	2008 Sh'000	2007 Sh'000
(b) Analysis of changes in loans		
At 1 April	20,249	17,768
Loans received	3,011	18,585
Loans repaid	(1,844)	(17,768)
Exchange (gain)/loss	(1,049)	1,664
At 31 March	20,367	20,249
(c) Analysis of purchase of plant and equipment		
Additions in the year	155,222	62,185
Amounts subject of a finance lease	(65,274)	-
	89,948	62,185
(d) Analysis of cash and cash equivalents		
Short term deposits	-	59,935
Cash and bank balances	67,745	163,650
Bank overdrafts	(37,981)	(20,914)
At 31 March	29,764	202,671

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.

34 CAPITAL COMMITMENTS

	GROUP 2008 Sh'000	GROUP 2007 Sh'000	COMPANY 2008 Sh'000	COMPANY 2007 Sh'000
Authorised but not contracted for	126,661	185,866	28,338	29,656
Authorised and contracted for	23,303	-	4,210	-
	149,964	185,866	32,548	29,656

The Group intends to finance these commitments from internally generated funds, asset financing from the banks and loans from overseas Shareholders.

35 OPERATING LEASE COMMITMENTS

The group as a lessor

Property rental income earned during the year amounted to Sh 31,193,307 (2007 – Sh 30,380,479). At the balance sheet date, the group had contracted with tenants for the following future lease receivables.

	2008 Sh'000	2007 Sh'000
Within one year	21,690	29,590
In the second to fifth years inclusive	18,466	75,329
	40,156	104,919

Leases are negotiated for an average term of two years for residential properties and six 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	
	2008 Sh'000	2007 Sh'000	2008 Sh'000	2007 Sh'000
36 CONTINGENT LIABILITIES				
Guarantees in respect of banking facilities granted to related company, Subati Limited	-	73,413	-	73,413

A suit has been filed against the company by a former employee for wrongful dismissal. No liability has been recognised in these financial statements, as in the opinion of the directors, the company has no liability.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

37 CAPITAL MANAGEMENT

The group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 29 and 30, cash and cash equivalents and equity attributable to equity holders, comprising issued capital and retained earnings.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	2008 Sh'000	2007 Sh'000
Share capital	43,782	43,782
Retained earnings	2,074,174	2,193,271
Equity	2,117,956	2,237,053
Total borrowings	123,622	41,163
Less: cash and cash equivalents	(67,745)	(163,650)
Net debt	55,877	(122,487)
Total Capital	2,173,833	2,114,566
Gearing	2.63%	-

38 FINANACIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's activities expose it to a variety of financial risks, including credit risk and the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the finance department under policies approved by the Board of Directors. Finance identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments and investing excess liquidity.

The group has policies in place to ensure that sales are made to customers with an appropriate credit history.

38 FINANACIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

Credit risk is managed on a group-wide basis. Credit risk arises from cash and cash equivalents, deposits with banks, as well as trade and other receivables. The group management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

The amount that best represents the group's maximum exposure to credit risk as at 31 March 2008 is made up as follows:

	Fully performing Sh'000	Past due Sh'000	Total Sh'000
Trade and other receivables	326,600	17,640	344,240
Due from related parties	50,291	-	50,291
Cash and bank balances	67,745	-	67,745

The amount that best represents the group's maximum exposure to credit risk as at 31 March 2007 is made up as follows:

	Fully performing Sh'000	Past due Sh'000	Total Sh'000
Trade and other receivables	301,821	-	301,821
Due from related parties	24,547	-	24,547
Cash and bank balances	163,650	-	163,650

The customers under the fully performing category are paying their debts as they continue trading.

The receivables that are past due related to trade receivables overdue by over 60 days. The receivables are not impaired and continue to be paid. The finance department is actively following these receivables. No collateral is held with respect to the debt.

The group has no debt that is considered to be impaired.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the group's short, medium and long term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

38 FINANACIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

The following table analyses the group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Up to 1month Sh'000	1-3 months Sh'000	3-12 months Sh'000	1-5 years Sh'000	Over 5 years Sh'000	Total Sh'000
At 31 March 2008						
Financial assets						
Trade and other receivables	175,912	76,692	91,636	-	-	344,240
Due from related parties	-	50,291	-	-	-	50,291
Cash and bank balances	67,745	-	-	-	-	67,745
Total financial assets	243,657	126,983	91,636	-	-	462,276
Liabilities						
Trade and other payables	107,326	108,756	-	-	-	216,082
Due to related parties	-	1,001	-	-	-	1,001
Finance lease obligations	1,109	1,353	9,977	52,835	-	65,274
Borrowings	37,981	9,391	3,055	10,976	-	61,403
Total financial liabilities	146,416	120,501	13,032	63,811	-	343,760
Net liquidity gap	97,241	6,482	78,604	(63,811)	-	118,516
At 31 March 2007						
Total financial assets	293,293	72,882	42,552	-	-	408,727
Total financial liabilities	(104,672)	(194,314)	(16,166)	(12,655)	-	(327,807)
Net liquidity gap	188,621	(121,432)	26,386	(12,655)	-	80,920

38 FINANACIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market risk

(i) Foreign exchange risk

The group undertakes certain transactions denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters.

The carrying amounts of the group's foreign currency denominated monetary assets and liabilities at the balance sheet date are as follows:

	USD Sh'000	GBP Sh'000	EURO Sh'000
2008			
Assets			
Bank and cash balances	18,849	24,353	1,579
Trade receivables	65,593	117,765	2,086
Liabilities			
Borrowings	-	8,628	-
Finance lease obligations	65,274	-	-
2007			
Assets			
Bank and cash balances	58,785	101,828	3,524
Trade receivables	58,038	112,045	7,908
Liabilities			
Borrowings	-	3,375	-

Foreign exchange risk – Appreciation/Depreciation of Ksh against other currencies by 1%

The following sensitivity analysis shows how profit and equity would change if the market risk variables had been different on the balance sheet date with all other variables held constant.

	2008 Sh'000		2007 Sh'000	
	Effect on Profit	Effect on Equity	Effect on Profit	Effect on Equity
Currency - GB pounds				
+ 1% KSh Movement	1,265	884	1,935	1,354
-1 %KSh Movement	(1,265)	(884)	(1,935)	(1,354)
Currency - US dollars				
+ 1% KSh Movement	525	367	963	673
- 1% KSh Movement	(525)	(367)	(963)	(673)
Currency - Euro				
+ 1 % Movement	29	20	101	71
-1 % Movement	(29)	(20)	(101)	(71)

38 FINANACIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Tea price risk

The group derives its income mainly from the sale of its black tea and prices are dependant on the international market.

The following sensitivity analysis shows how profit and equity would change if the tea price had been different with all other variables held constant:

	2008 Sh'000		2007 Sh'000	
	Effect on Profit	Effect on Equity	Effect on Profit	Effect on Equity
Tea price				
+ 1% Movement	10,954	7,667	12,065	8,445
-1% Movement	(10,954)	(7,667)	(12,065)	(8,445)

(iii) Interest rate risk

Interest rate risks arise from fluctuations in the bank borrowing rates. The interest rates vary from time to time depending on the prevailing economic circumstances. The group closely monitors the interest rate trends to minimize the potential adverse impact of interest rate changes. The table below summarises the exposure to interest rate risk at the balance sheet date. Included in the table are the group's financial instruments at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

	Up to 1month Sh'000	1-3 months Sh'000	3-12 months Sh'000	1-5 years Sh'000	Over 5 years Sh'000	Non interest bearing Sh'000	Total Sh'000
At 31 March 2008							
Assets							
Cash and bank balances	67,745	-	-	-	-	-	67,745
Total financial assets	67,745	-	-	-	-	-	67,745
Liabilities							
Finance lease obligations	555	1,666	4,443	58,610	-	-	65,274
Borrowings	37,981	2,347	7,044	10,976	-	-	58,348
Total financial liabilities	38,536	4,013	11,487	69,586	-	-	123,622
Interest sensitivity gap	29,209	(4,013)	(11,487)	(69,586)	-	-	(55,877)
At 31 March 2007							
Total assets	163,650	-	-	-	-	-	163,650
Total financial liabilities	(20,914)	(1,899)	(5,695)	(12,655)	-	-	(41,163)
Interest sensitivity gap	142,736	(1,899)	(5,695)	(12,655)	-	-	122,487

38 FINANACIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market risk (Continued)

Interest rate risks – Increase / Decrease of 1% in Net Interest Margin

The following sensitivity analysis shows how profit and equity would change if the market risk variables had been different on the balance sheet date with all other variables held constant.

	2008 Sh'000		2007 Sh'000	
	Effect on Profit	Effect on Equity	Effect on Profit	Effect on Equity
+ 1% Movement	289	201	203	133
-1 % Movement	(289)	(201)	(203)	(133)

39 COUNTRY OF INCORPORATION

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

40 ULTIMATE HOLDING COMPANY

The immediate holding company is Ngong Holdings Limited, incorporated in the United Kingdom. The ultimate holding company is Williamson Tea Holdings Limited, a company incorporated in the United Kingdom.

41 CURRENCY

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

Williamson Tea

PROXY FORM FOR ANNUAL GENERAL MEETING

THE SECRETARY,
WILLIAMSON TEA KENYA LTD,
1st FLOOR, WILLIAMSON HOUSE,
4th NGONG AVENUE,
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 31st July 2008 and at any adjournment thereof.

Dated this ....day of..2008

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.

Williamson Tea

POLL BALLOT PAPER

Name:____________________________

Address:____________________________

____

____

Share Account No: ____________________

No. of shares: ________________________

ITEM NO:	IN FAVOUR	AGAINST
☐	☐	☐
☐	☐	☐
☐	☐	☐
☐	☐	☐
☐	☐	☐
☐	☐	☐

PLEASE TICK AS APPROPRIATE

Signature:____________________________

NOTES

Williamson Tea

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